PROFILE 2014

Economic Report on the Screen-based Media Production Industry in Canada

CMPA Canadian Media Production Association Screen-based entrepreneurs

Canada

AQPM CINÉMA TÉLÉVISION WEB

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Economic Report on the Screen-based Media Production Industry in Canada

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

Production facts and figures prepared by Nordicity Group Ltd.

The Canadian Media Production Association (CMPA), the Association québécoise de la production médiatique (AQPM), the Department of Canadian Heritage, and Nordicity Group Ltd. have once again collaborated to prepare *Profile 2014*. *Profile 2014* marks the 18th edition of the annual economic report prepared by CMPA and its project partners.

Profile 2014 provides an analysis of economic activity in Canada's screen-based production industry during the period April 1, 2013 to March 31, 2014. It also provides comprehensive reviews of the historical trends in production activity between the fiscal years of 2004/05 and 2013/14.

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AT A GLANCE: SCREEN-BASED PRODUCTION IN CANADA

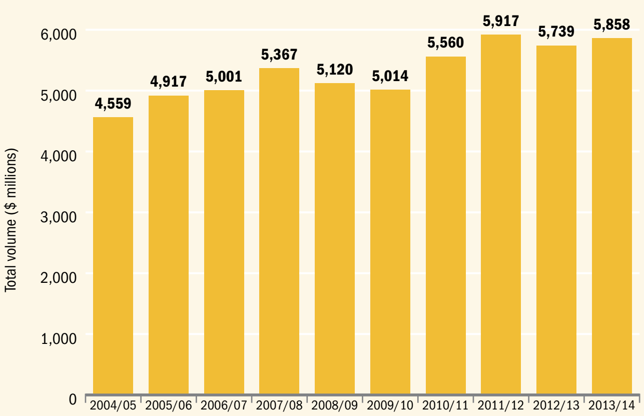
The screen-based production industry in Canada is a major source of economic activity and jobs for Canadians across the country. The industry comprises film and television production as well as convergent digital media production.

The film and television production segment comprises three key sectors:

1. The **Canadian Film and Television Production** sector is the largest of the key sectors. It can further be subdivided into two sub-sectors: **Television Production** and **Theatrical Feature Film Production**. Canadian production comprises films and television programs 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) of the Department of Canadian Heritage or the Canadian Radio-television and Telecommunications Commission (CRTC).
2. The **Foreign Location and Service Production** (FLS) sector is the second-largest segment and largely comprises feature films and television programs filmed in Canada by foreign producers or by Canadian service producers.[1] For the majority of FLS projects, the copyright is held by non-Canadian producers; however, for approximately 10% of projects, the copyright is held by Canadians (Exhibit 3-8).
3. The **Broadcaster In-house Production** sector includes television programs made by Canadian television broadcasters in their own facilities as opposed to being made by an external production company that is either independent or affiliated with the broadcaster. Broadcaster in-house production comprises primarily news, sports and current affairs programming.

The screen-based production industry also includes **Convergent Digital Media Production**, which comprises screen-based content and applications for digital media platforms (e.g., video games, interactive web content, on-demand content, podcasts, webisodes, and mobisodes), which are associated with films and television programs. Global production statistics in *Profile 2014* such as total film and television production and jobs in Canada do not include figures for convergent digital media production.

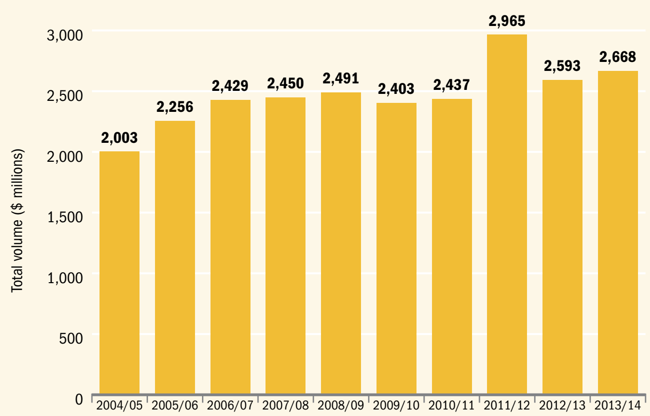
Total film and television production in Canada*



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

- $5.86 billion in production volume[2]
- 2.1% increase in production volume from 2012/13
- $2.5 billion in export value
- 125,400 full-time equivalent jobs (FTEs)

Canadian film and television production

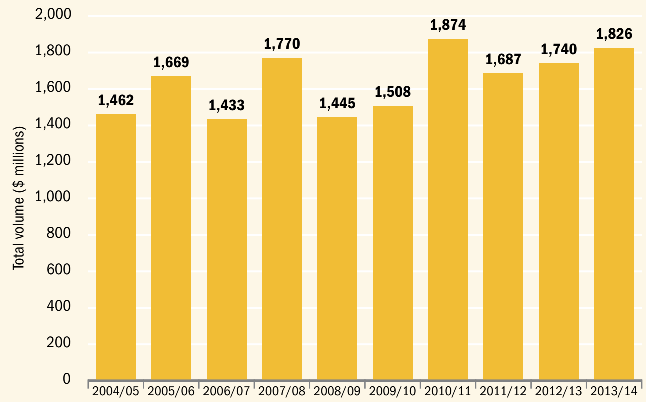


Source: Estimates based on data collected from CAVCO and CRTC.

- $2.67 billion in production volume
- 2.9% increase in production volume from 2012/13
- $2.29 billion in television production
- $376 million in theatrical film production
- 588 television series
- 84 theatrical feature films
- 57,100 FTEs

1. Canadian service producers are producers who provide production and/or post-production services in Canada on behalf of non-Canadian producers.
2. *Production volume or volume of production* refers to the sum of production budgets.

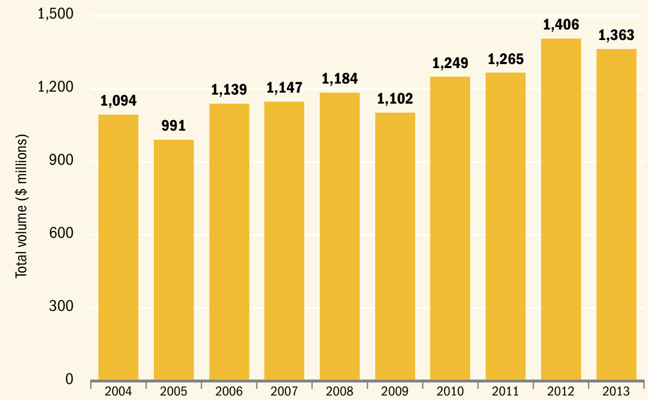
Foreign location and service production



Source: Association of Provincial Funding Agencies

- $1.83 billion in production volume
- 4.9% increase in production volume from 2012/13
- 91 theatrical feature films
- 92 television series
- 51 MOWs, mini-series, pilots and other types of television programs
- 39,100 FTEs

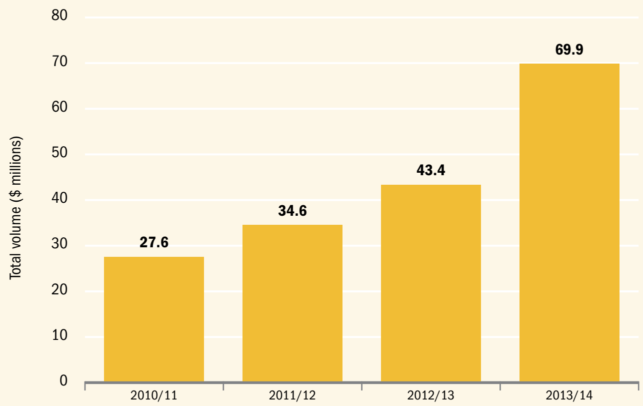
Broadcaster in-house production



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

- $1.36 billion in production volume
- 3.1% decrease in production volume from 2012/13
- $750 million in conventional television expenditures
- $614 million in specialty and pay television expenditures
- 29,200 FTEs

Convergent digital media production*



Source: Estimates based on data from Bell Fund, Canada Media Fund (CMF), Ontario Media Development Corporation (OMDC), Shaw Rocket Fund and a survey of CMPA and AQPM members.
Note: Statistics for 2012/13 and 2013/14 include estimates for the production that took place without financial support from Bell Fund, CMF, OMDC or Shaw Rocket Fund, and therefore are not directly comparable to statistics for 2010/11 and 2011/12.
See Notes on Methodology *for more information.*

- $69.9 million in production volume
- 61.1% increase in production volume from 2012/13
- 342 projects
- Average project size: $205,000
- 1,610 FTEs

* *Convergent digital media production includes content developed for digital media platforms and integrated with a traditional audiovisual product (typically a television series) in order to enhance or deepen the audience experience of screen-based content.*

THE SCREEN-BASED MARKET IN CANADA

- Population of Canada (2014): 35.5 million[1]
- Per-capita volume of film and television production in Canada (2013/14): $165
- Number of private households (2011): 13.3 million[1]
- Number of movie theatre screens in Canada (2012): 2,927[1]
- Number of paid theatre admissions in Canada (2012): 115.3 million[1]
- Number of television services available in Canada (2013): 644[2]
  - Canadian television services: 402[2]
  - Non-Canadian television services: 242[2]
- Percentage of households subscribing to multi-channel television programming services (2013): 85%[2]
- Number of subscribers to multi-channel television programming services (2013)*: 11.9 million[2]
  - Cable-television and Internet protocol TV (IPTV) subscribers: 9.2 million[2]*
  - Direct-to-home satellite (DTH) and multipoint distribution systems (MDS) subscribers: 2.7 million[2]
- Digital television penetration rate among multi-channel households (2013): 84%[3]

Sources: 1. Statistics Canada, 2. CRTC, 3. Mediastats and CRTC.
* *Includes an estimate of subscribers to broadcasting distribution undertakings that did not report financial and operating data to the CRTC in 2013.*

1. SCREEN-BASED PRODUCTION IN CANADA

The screen-based production industry in Canada comprises film and television production as well as convergent digital media production. Film and television production includes screen-based content made by independent Canadian producers, Canadian broadcasters and broadcaster-affiliated producers, and foreign producers shooting films and television programs on-location in Canada. Convergent digital media production includes screen-based content and applications for digital media platforms (e.g., video games, interactive web content, on-demand content, podcasts, webisodes, and mobisodes), which are associated with films and television programs.

FILM AND TELEVISION PRODUCTION

After experiencing a drop of 2.1% in 2012/13 — from a ten-year peak the prior year — the total volume of film and television production in Canada increased by 2.1% to $5.86 billion in 2013/14 — bringing production volume almost back to the peak it reached in 2011/12. This growth was relatively broad-based: all but one key industry sector, broadcaster in-house production, experienced an increase in production volume in 2013/14.

The foreign location and service (FLS) production sector made the largest contribution to the industry's overall growth in 2013/14, and also recorded the fastest growth rate. The total volume of FLS was up by $86 million, or 4.9%, compared to 2012/13, as a slightly weaker Canadian dollar and competitive tax credits and rebates helped to continue to draw foreign producers to Canada. All of the increase in 2013/14 was due to a bounce-back in feature film production. It was up by $215 million, while television production was down by $129 million.

The second largest contribution to overall industry growth in 2013/14 came from the Canadian television sub-sector. The volume of production increased by $60 million, or 2.7%, to $2.29 billion in 2013/14. The gains in this sub-sector were almost entirely due to a higher volume of television series production. It was $83 million higher in 2013/14, even though the number of series actually fell by 7.4%. Nearly every genre made a contribution to the increase in Canadian television production in 2013/14; only the lifestyle genre experienced a decrease in production. On a language basis, however, the sub-sector's growth was entirely due to higher levels of production in the English-language market. The volume of French-language production was unchanged in 2013/14.

Canadian theatrical feature film[3] production was also higher in 2013/14. This sub-sector grew by $15.1 million, or 4.2%. What is notable about this sub-sector's increase is that it was largely built on significantly higher budgets for individual films — particularly in the English-language market. The average budget for English-language films jumped from $4.2 million to $7 million in 2013/14. Across both language markets, the share of fiction films with budgets of $10 million or higher increased from 5% to 9% of the total number of fiction films produced in 2013/14. As discussed later in this report, the higher average budgets in this sub-sector can be traced back to a small number of very high-budget films, particularly audiovisual treaty coproductions, that were produced in 2013/14.

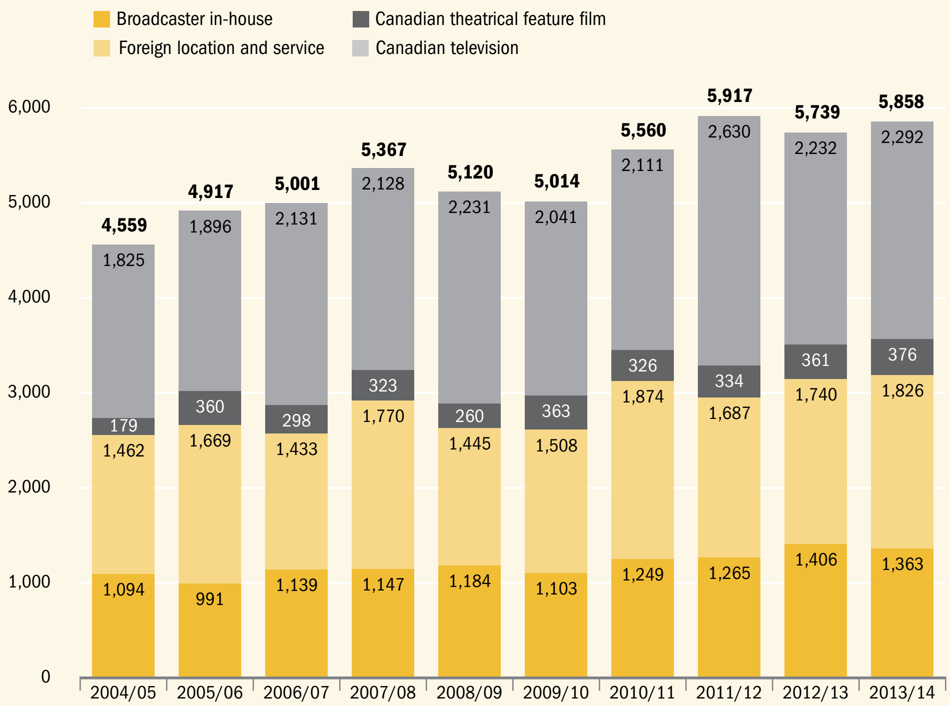
3 Canadian theatrical feature film production includes films of 75 minutes or longer with theatres as their primary release window.

The broadcaster in-house production sector was the only one to display a decrease in production volume in 2013/14. With no Olympic Games in 2013 and an NHL lockout during the 2013 broadcast year (September 1, 2012 to August 31, 2013), spending on sports programming at both private specialty services and the CBC fell. This drop in spending on sports programming helped to pull total broadcaster in-house production down to $1.36 billion. This represented a decrease of $43 million, or 3.1%, and was the first year-over-year decrease since the 2008/09 recession. Despite the decrease experienced in this sector during the 2013 broadcast year, production volume was still higher than it was in the 2011 broadcast year (September 1, 2010 to August 31, 2011) and previous broadcast years.

VOLUME

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

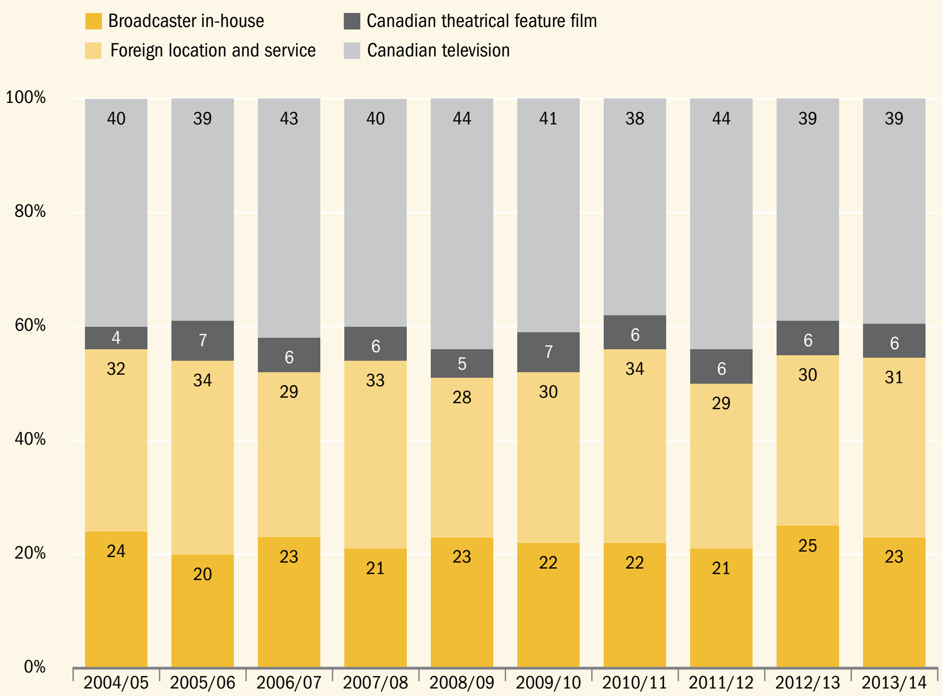
The total volume of film and television production in Canada increased by 2.1% to $5.86 billion.



Source: Estimates based on data collected from Canadian Audio-Visual Certification Office (CAVCO), Canadian Radio-television and Telecommunications Commission (CRTC), CBC/Radio-Canada and the Association of Provincial Funding Agencies.
Note: Some totals may not sum due to rounding.

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

Canadian film and television production accounted for 45% of total film and television production in Canada in 2013/14; it was followed in size by the FLS sector with a 31% share.

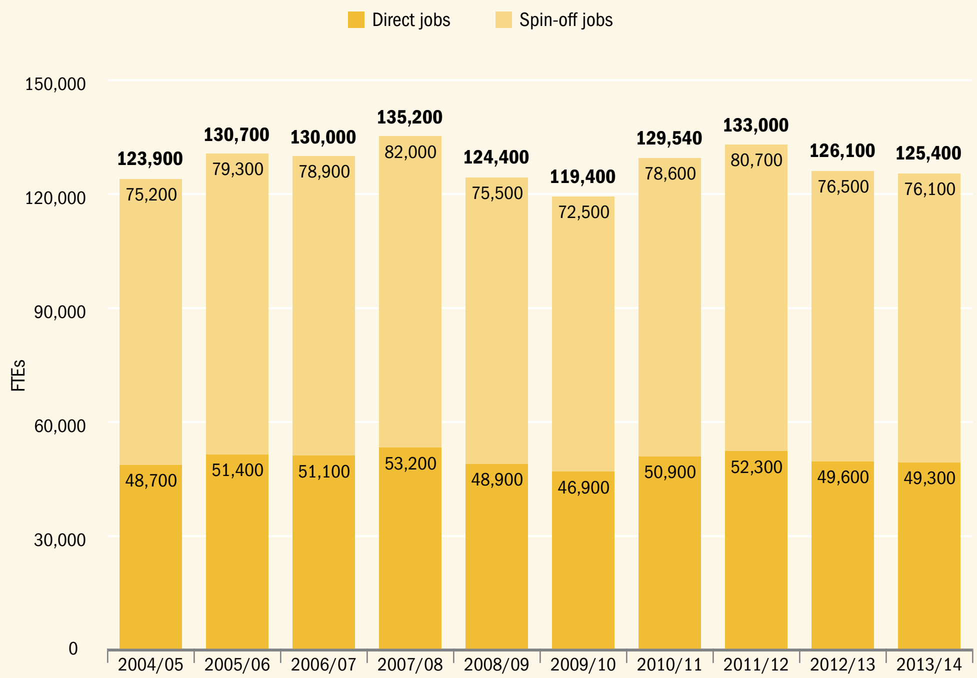


Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada and the Association of Provincial Funding Agencies.
Note: Some totals may not sum due to rounding.

EMPLOYMENT AND GROSS DOMESTIC PRODUCT (GDP)

Exhibit 1-3 Number of FTEs generated by total film and television production in Canada

Film and television production in Canada generated 125,400 full-time equivalent jobs (FTEs) in 2013/14 and generated $7.5 billion in GDP for the Canadian economy.



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 Notes on Methodology *for a description of the job-estimation methodology.*

Exhibit 1-4 Summary of the economic impact of film and television production in Canada, 2013/14

		Canadian production	FLS production	Broadcaster in-house production	Total
Direct	Employment (FTEs)	22,500	15,400	11,500	**49,300**
	Labour income ($ millions)	1,334	858	682	**2,874**
	GDP ($ millions)	1,387	895	709	**2,991**
Spin-off	Employment (FTEs)	34,600	23,700	17,700	**76,100**
	Labour income ($ millions)	1,346	924	690	**2,960**
	GDP ($ millions)	2,005	1,460	1,029	**4,494**
Total	Employment (FTEs)	57,100	39,100	29,200	**125,400**
	Labour income ($ millions)	2,680	1,783	1,372	**5,834**
	GDP ($ millions)	3,392	2,355	1,737	**7,485**

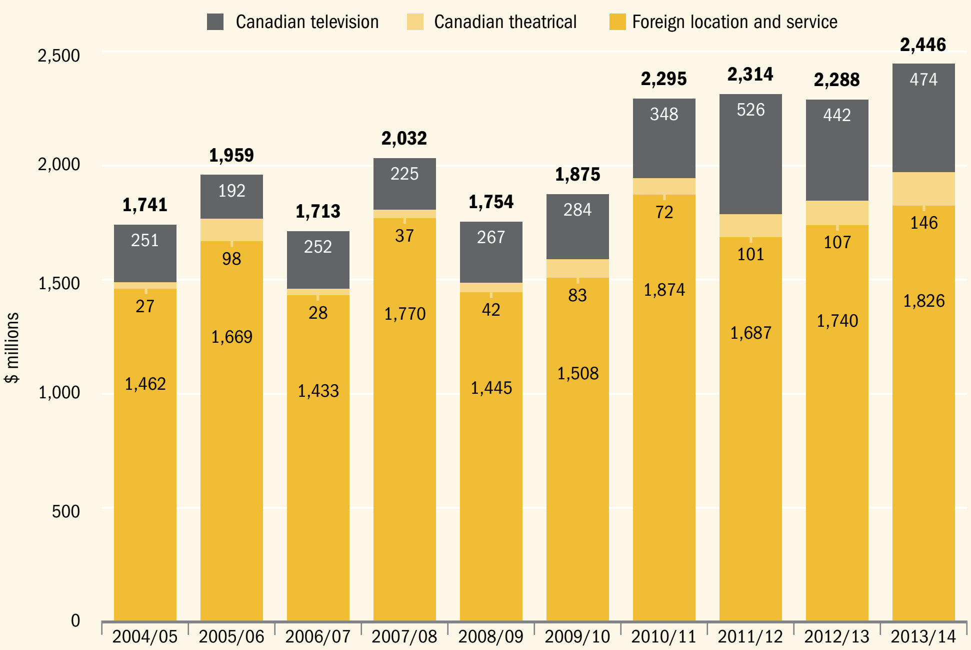
Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, the Association of Provincial Funding Agencies, Statistics Canada and the Conference Board of Canada.
Note: See Notes on Methodology *for a description of methodology. Some totals may not sum due to rounding.*

EXPORT VALUE AND SECONDARY SALES

Export value tracks the value of international financial participation in the film and television production industry in Canada. It 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 and service production in Canada.[4]

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

The export value of films and television programs produced in Canada reached a ten-year high of $2.5 billion in 2013/14. An increase in FLS production combined with higher levels of foreign financing of Canadian television and theatrical feature films contributed to the overall increase in export value.



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

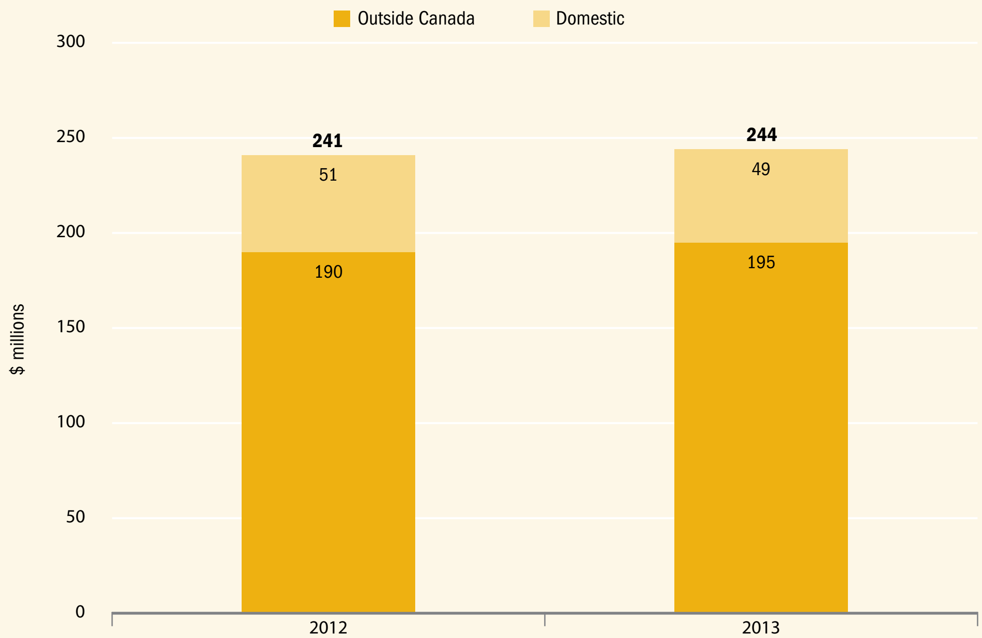
In addition to pre-sale financing (i.e. export value), Canadian producers can also earn revenue from secondary sales and rights income — from both domestic and international sources. Secondary sales and rights income includes revenue earned from: video on demand (VOD) and subscription VOD (SVOD); home video sales and rentals (i.e. DVD and Blu-ray); the licensing of content to broadcasters in Canada and other territories after the Canadian premiere of the content; format licensing; and merchandising, music or publishing rights.

As the statistics in Exhibit 1-6 show, the majority of secondary sales and rights income earned by Canadian production companies is derived from companies based outside of Canada. This secondary sales and rights income from outside of Canada is in addition to the foreign income earned by producers through pre-sale financing.

4 In the case of treaty coproductions, the data used to estimate export value only includes the financing of the Canadian budget. As a result, the foreign budgets for treaty coproductions do not directly contribute to export value. Treaty coproductions only contribute to export value if the financing of the Canadian budget includes a foreign pre-sale or distribution advance.

Exhibit 1-6 Canadian producers' secondary sales and rights income, international and domestic

Canadian producers earned approximately $244 million in revenue from secondary sales and rights income in 2013. Of this amount, $195 million, or 80%, originated from outside Canada.



Source: Estimates based on data collected from a survey of Canadian Media Production Association (CMPA) and Association québécoise de la production médiatique (AQPM) members.
See Notes on Methodology *for the definition of secondary sales and rights income.*

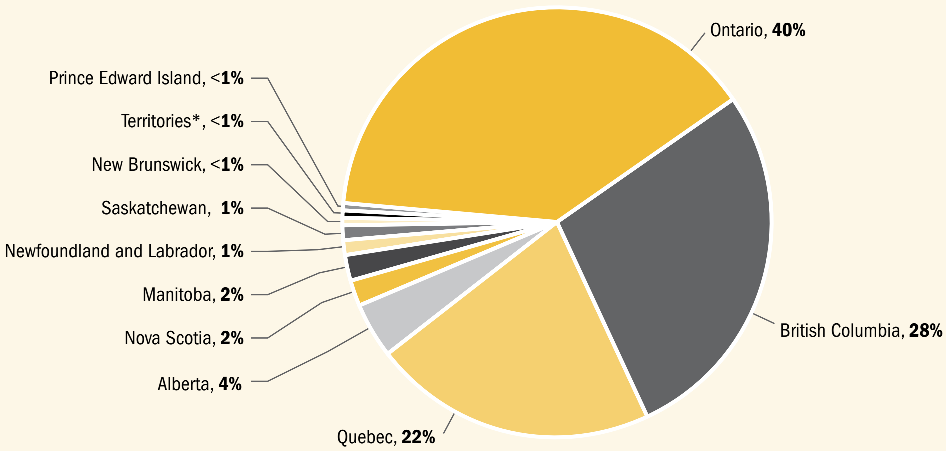
PROVINCES AND TERRITORIES

Exhibit 1-7 Total volume of film and television production in Canada, by province and territory

($ millions)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ontario	1,951	1,951	1,792	1,961	1,903	1,910	2,077	2,559	2,379	2,337
British Columbia	927	1,369	1,392	1,683	1,329	1,399	1,729	1,571	1,589	1,611
Quebec	1,240	1,130	1,247	1,214	1,346	1,274	1,321	1,305	1,335	1,314
Alberta	118	138	179	179	181	153	148	167	154	243
Nova Scotia	117	135	156	93	151	107	99	104	98	122
Manitoba	95	80	124	107	55	72	69	76	76	104
Newfoundland and Labrador	7	22	7	12	12	40	43	43	42	48
Saskatchewan	71	58	73	82	101	33	49	55	38	46
New Brunswick	27	18	19	22	30	19	19	27	18	24
Territories*	2	10	9	8	9	4	5	6	6	6
Prince Edward Island	2	5	3	6	2	1	2	4	2	2
Total	**4,559**	**4,917**	**5,001**	**5,367**	**5,120**	**5,014**	**5,560**	**5,917**	**5,739**	**5,858**

Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada and the 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 2014 *due to such differences as data collection periods (fiscal vs. calendar year) and production activity reported on the basis of location of spend. Some totals may not sum due to rounding.*
** Includes Yukon, Nunavut and Northwest Territories.*

Exhibit 1-8 Share of total volume of film and television production in Canada, by province and territory, 2013/14



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

Exhibit 1-9 Total direct and spin-off FTEs generated by film and television production in Canada, by province and territory

($ millions)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ontario	44,740	44,280	39,770	42,640	39,920	40,380	42,560	50,990	46,500	44,410
British Columbia	24,870	36,250	35,290	41,580	31,450	32,530	39,880	35,740	34,780	34,080
Quebec	42,720	38,130	41,010	38,750	41,060	37,060	38,050	36,590	36,400	34,960
Alberta	3,510	3,970	4,880	4,650	4,340	3,680	3,450	3,830	3,440	5,150
Nova Scotia	3,250	3,670	4,120	2,380	3,890	2,790	2,430	2,470	2,270	2,730
Manitoba	1,970	1,630	2,440	2,050	1,000	1,290	1,220	1,270	1,260	1,690
Saskatchewan	1,950	1,530	1,860	2,010	2,270	730	1,040	1,140	760	870
Newfoundland and Labrador	150	420	140	200	200	680	700	660	650	690
New Brunswick	660	440	440	500	660	410	400	570	380	460
Prince Edward Island	90	240	150	280	80	40	90	160	90	80
Territories*	40	190	160	150	160	60	90	100	100	90
Total	**123,900**	**130,700**	**130,000**	**135,200**	**124,400**	**119,400**	**129,500**	**133,000**	**126,100**	**125,400**

Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, the Association of Provincial Funding Agencies and Statistics Canada.
Note: Some totals may not sum due to rounding. See Notes on Methodology *for a description of the job-estimation methodology.*
** Includes Yukon, Nunavut and Northwest Territories.*

Exhibit 1-10 Direct FTEs employed in film and television production in Canada, by province and territory

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ontario	19,960	19,680	17,820	19,050	18,020	18,020	19,010	22,600	20,700	19,910
British Columbia	9,870	14,330	14,070	16,530	12,650	12,920	15,850	14,090	13,770	13,600
Quebec	13,970	12,410	13,480	12,690	13,620	12,130	12,460	11,870	11,870	11,410
Alberta	1,220	1,370	1,700	1,620	1,530	1,280	1,200	1,320	1,190	1,800
Nova Scotia	1,350	1,520	1,720	990	1,640	1,160	1,010	1,020	940	1,140
Manitoba	1,100	910	1,370	1,150	570	720	680	710	700	950
Saskatchewan	820	640	790	850	970	310	440	480	320	370
Newfoundland and Labrador	80	240	80	120	120	390	410	380	370	400
New Brunswick	320	210	210	240	320	200	190	270	180	220
Territories*	20	90	80	70	80	30	40	50	50	40
Prince Edward Island	20	60	40	70	20	10	20	40	20	20
Total	**48,700**	**51,400**	**51,100**	**53,200**	**48,900**	**46,900**	**50,900**	**52,300**	**49,600**	**49,300**

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 sum due to rounding. See Notes on Methodology *for a description of the job-estimation methodology.*
** Includes Yukon, Nunavut and Northwest Territories.*

CONVERGENT DIGITAL MEDIA PRODUCTION

Digital media production refers to the creation of content and experiences across a range of online communications platforms — from mobile devices, to computers, to smart TVs. Digital media production varies greatly in format: from applications used in passing, on a person's daily commute, to rich and immersive experiential content supported by multi-million dollar budgets. As audiences continue to expand their use of digital devices (i.e., computers, smartphones, tablet devices) to find, access and enjoy screen-based content, digital media production is becoming increasingly important to the audiovisual experience.

Convergent digital media refers specifically to the digital media components of broadcast television projects. Such components are typically standalone products that relate to, extend, and/or enhance the associated television production. Examples of convergent digital media products include the Wild Kratts Creature Math app, which is an educational math app, based on the *Wild Kratts* children's television series, and the website for *1, 2, 3…Géant*, which includes interactive educational games that support childhood cognitive development and motor skills.

Convergent digital media products are often stimulated by the Canada Media Fund (CMF) Convergent Stream program, which encourages the production of value-added digital media content that is associated with CMF-funded television productions.

The CMF program guidelines define a "Digital Media Component" as original content that is separate and distinct from the Television Component. A rich and substantial Digital Media Component provides a coherent and added-value digital or social media experience to the audience before, during or after the broadcast of the Television Component. It expands the television viewer's experience beyond simple fact-finding about the Television Component and aims to augment engagement. It can be either one or a mix of the following:

1. Interactive or linear original content related to the television component of the Convergent Stream but created specifically to be consumed on digital media platforms.
2. Activities and applications using digital and social media aimed at locating, leveraging or building audiences.
3. Interactive online activities or applications providing a synchronised experience during the broadcast of the television component of the Convergent Stream.

In 2013/14, Canadian digital media producers made a total of 342 convergent digital media projects, accounting for $69.9 million in total volume. At the same time, the average project budget for a convergent digital media project grew in 2013/14 by 54% (from $134,000 in 2012/13 to $205,000 in 2013/14). This change suggests that the cost and/or sophistication of convergent digital media products has increased.

VOLUME

Exhibit 1-11 Convergent digital media production

In 2013/14, the total volume of convergent digital media production climbed to nearly $70 million.

	2010/11	2011/12	2012/13*	2013/14*
Total volume of production	$ 27.6 million	$ 34.6 million	$ 43.4 million	$ 69.9 million
Number of projects	160	217	324	342
Average project budget	$ 126,000	$ 159,000	$ 134,000	$ $205,000

Source: Estimates based on data from Bell Fund, Canada Media Fund (CMF), Ontario Media Development Corporation (OMDC), and Shaw Rocket Fund and a survey of CMPA and AQPM members.
** Statistics for 2012/13 and 2013/14 include estimates for the production that took place without financial support from Bell Fund, CMF, OMDC or Shaw Rocket Fund, and therefore are not directly comparable to statistics for 2010/11 and 2011/12. See* Notes on Methodology *for more information.*

EMPLOYMENT AND GDP

Exhibit 1-12 Summary of the economic impact of convergent digital media production, 2013/14

Convergent digital media production generated 1,610 FTEs in 2013/14 and $118.1 million in GDP for the Canadian economy.

	Direct	Spin-off	Total
Employment (FTEs)	780	830	1,610
Labour income ($ millions)	52.4	30.9	83.3
GDP ($ millions)	55.2	62.9	118.1

Source: Estimates based on data from Bell Fund, CMF, OMDC, Shaw Rocket Fund, and a survey of CMPA and AQPM members.
Note: See Notes on Methodology *for a description of methodology.*

CONSUMERS' MEDIA CONSUMPTION PATTERNS

Media consumption patterns in Canada continued to evolve in 2013 as Canadians increased their use of alternative digital platforms to access film and television content. Canadians can choose from a large array of digital platforms available over the Internet, on Internet-connected mobile communications devices, or through broadcasting distribution undertakings (BDUs). Most Canadian broadcasters offer programming directly through their websites, and on apps for mobile platforms and tablets. Via the Internet, Canadians can also access films and television programs through Netflix, Apple iTunes, the National Film Board of Canada, Cineplex and video game consoles. Most BDUs in Canada also offer on-demand services through digital set-top boxes, which also act as personal video recorders (PVRs). BDUs have also recently established their online video streaming services to compete with Netflix and Apple iTunes. For example, in November 2014, Rogers Media and Shaw Media joined forces to launch a new online video streaming service called shomi; in December 2014, Bell Media launched CraveTV.

Personal video recorders (PVRs)

In terms of household penetration, PVRs are still the most prevalent alternative platform in Canada. In the English-language market, 46% of Canadians owned a PVR in 2013 (Exhibit 1-13), up from 43% in 2012. In the French-language market, the penetration rate was 42%, up from 39% in 2012 (Exhibit 1-14).

Internet

Canadians' use of the Internet as an alternative platform for accessing television programming also continued to grow in 2013. The percentage of Canadians in the English-language market who watched television programming over the Internet increased from 38% to 42% in 2013.[5] In the French-language market, the percentage rose from 34% to 39%.

Cellphones and tablets

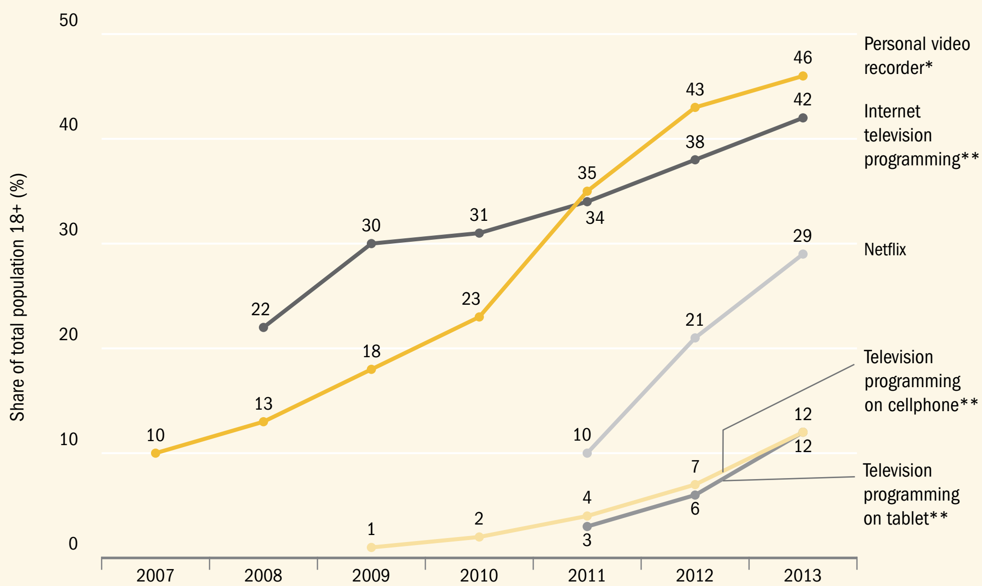
Despite the much smaller screen, tablets and cellphones are playing a growing role in Canadians' media consumption patterns because of their portability. In 2013, 12% of Canadians in the English-language market used a tablet to watch television programming; in the French-language market the share was 10%. In the case of cellphones, 12% of Canadians in the English-language market used them to watch television programming in 2013; in the French-language market, the adoption rate was 7%.

Netflix

Netflix and Apple iTunes are also popular destinations for accessing films and television programming in Canada. Indeed, in 2013, 29% of Canadians in the English-language market had used Netflix. In the French-language market, the rate of Netflix adoption was only 7%, since services such as CBC/Radio-Canada's ICI Tout.tv and Videotron's illico.tv already serve the market.

Exhibit 1-13 Adoption rates for alternative video platforms, English-language market

The adoption of new video platforms in Canada continued to increase in 2013. Over 40% of Canadians now watch television programming via an Internet connection. The adoption of PVRs, and mobile platforms such as tablets and smartphones (i.e. cellphones) also increased. The fastest rate of adoption was displayed by Netflix in the English-language market. In 2013, 29% of Canadians reported that they subscribed to Netflix, up from 21% in 2012.



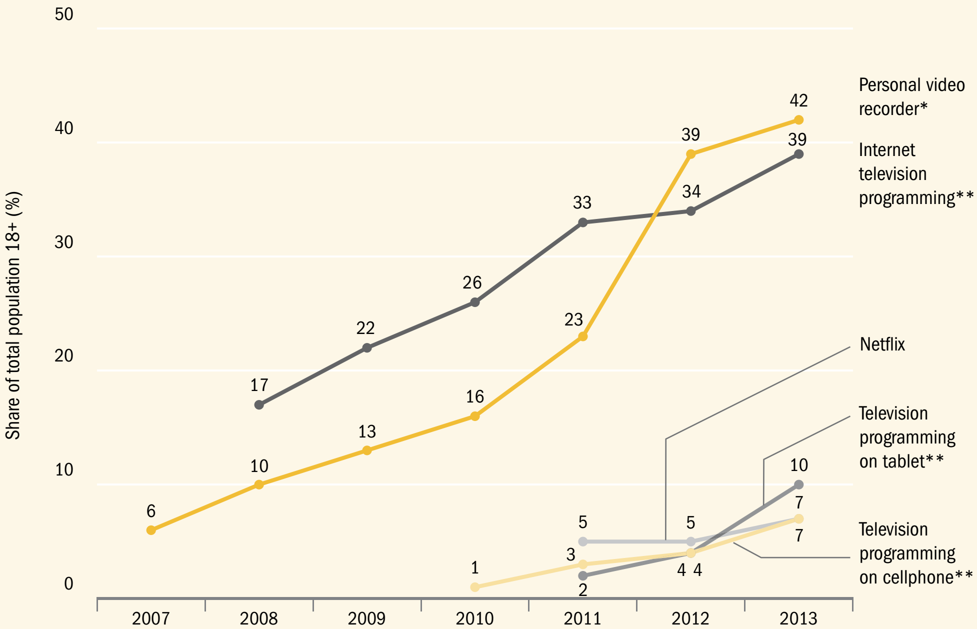
Source: Media Technology Monitor 2013 (see CRTC, Communications Monitoring Report 2014, p. 84).

** Possessed a PVR.*

*** Watched a TV program or clip from a TV program available on the Internet during the past month*

5 The statistics for viewing of television programming over the Internet include access by all types of Internet-connected devices such as desktop computers, laptops, cellphones and tablets.

Exhibit 1-14 Adoption rates for alternative video platforms, French-language market



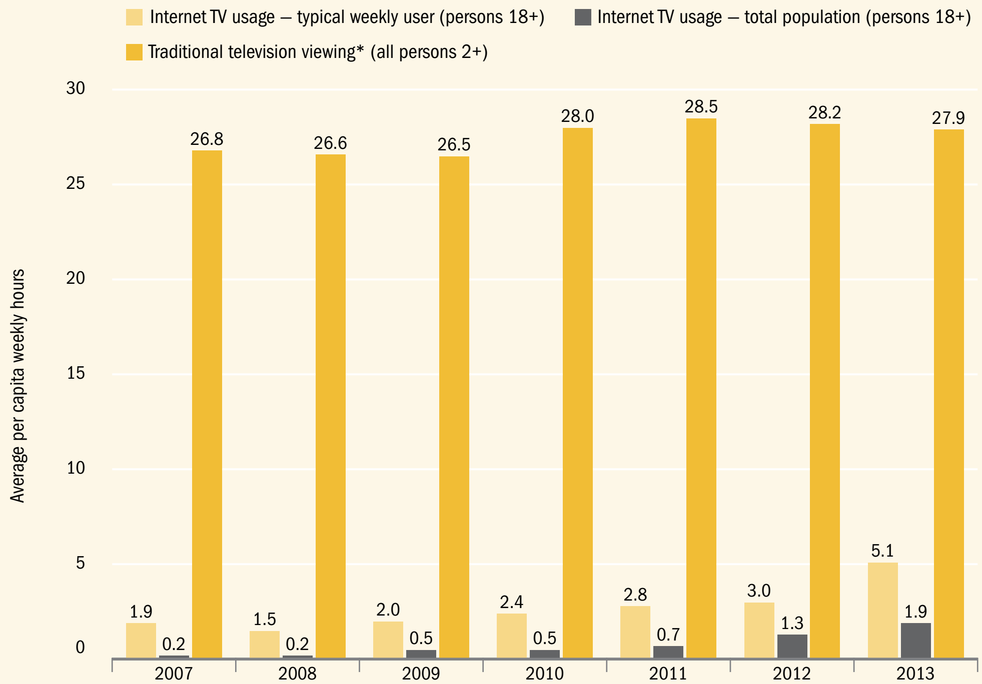
Source: Media Technology Monitor 2013 (see CRTC, Communications Monitoring Report 2014, p. 84).
** Possessed a PVR.*
*** Watched a TV program or clip from a TV program available on the Internet during the past month*

While Canadians are clearly expanding their video-consumption platform options to include the Internet, actual viewing levels suggest that traditional television remains, by far, the primary platform. In 2013, Canadians (2+) spent an average of 27.9 hours per week watching television via traditional methods (Exhibit 1-15). This was down from 28.2 hours in 2012, but still above the average of 27.5 hours per week for the past seven years.

Meanwhile, Canadians (18+) reported that they spent, on average, 1.9 hours per week watching television on the Internet. This is only a fraction of traditional television viewing, but is growing quickly. As recently as 2011, the rate of use was only 0.7 hours per week. Among typical weekly users (18+) of Internet television, the average rate of viewing climbed to 5.1 hours per week. Once again, the rate is less than one-fifth of the rate for traditional television viewing, but it is growing quickly. In just one year it jumped by 70%.

Exhibit 1-15 Average weekly hours of television viewing in Canada, traditional television vs. Internet television*

In 2013, Canadians (2+) spent an average of 27.9 hours per week watching television via traditional methods, such as cable or satellite platforms. Among typical Internet users in Canada (18+), average viewing of television on the Internet jumped by 70% to 5.1 hours per week. Across all adult Canadians (18+) viewing of television on the Internet increased by 46% to 1.9 hours week.



Source: Numeris and Media Technology Monitor 2013 (see CRTC, Communications Monitoring Report 2014, *pp. 86-87).*
** Traditional television viewing includes television viewing via over-the-air signal reception, cable, satellite or MDS. Internet TV usage includes access by all types of Internet-connected devices such as desktop computers, laptops, cellphones and tablets.*

ECONOMIC IMPACT OF SELECTED SECTORS IN THE FILM AND TELEVISION VALUE CHAIN

Film and television production represents just one segment in the much larger film and television value chain. The film and television production segment generates the content, while the other segments of the value chain — from distribution through exhibition, broadcasting and broadcasting distribution — also add economic value to this content before it reaches audiences. Distributors manage financing risk and the marketing of film and television content to the public. The exhibition segment provides a venue — physical or online — where the public can discover and consume film content. The broadcasting and broadcasting distribution segments provide both content-curation and the technology that permits the public to discover and consume television content. In this section, we present statistics for the economic contribution of some of these other segments of the film and television value chain.

Economic impact of selected sectors in the film and television value chain

	Direct	Spin-off	Total
EMPLOYMENT (FTEs)			
Film and television production (2013/14)	49,300	76,100	125,400
Convergent digital media production (2013/14)	690	740	1,430
Distribution (2011)	1,100	6,400	7,500
Exhibition (2013)	8,400	10,900	19,300
Broadcasting* (2013)	6,700	15,300	22,000
Broadcasting distribution (2013)	29,400	27,800	57,200
LABOUR INCOME ($ MILLIONS)			
Film and television production (2013/14)	2,874	2,960	5,834
Convergent digital media production (2013/14)	46.5	27.4	73.9
Distribution (2011)	89	283	372
Exhibition (2013)	221	474	695
Broadcasting* (2013)	457	775	1,232
Broadcasting distribution (2013)	2,345	1,323	3,668
GDP ($ MILLIONS)			
Film and television production (2013/14)	2,991	4,494	7,485
Convergent digital media production (2013/14)	49.0	55.8	104.8
Distribution (2011)	432	496	928
Exhibition (2013)	419	881	1,299
Broadcasting* (2013)	1,624	1,234	2,859
Broadcasting distribution (2013)	3,858	2,371	6,230

Source: Nordicity estimates based on data from CRTC, Movie Theatre Association of Canada (MTAC), Cineplex Entertainment and Statistics Canada.
** Excludes in-house production.*
Note: Some totals may not sum due to rounding.

2. CANADIAN FILM AND TELEVISION PRODUCTION

Canadian film and television production includes all film and television production made by Canadian production companies. Most Canadian production is made by independent production companies, although broadcaster-affiliated production companies[6] also account for some production in this sector.

The statistics for Canadian film and television production presented in this report cover the production of films and television programs certified by the Canadian Audio-Visual Certification Office (CAVCO) and/or the Canadian Radio-television and Telecommunications Commission (CRTC). This sector excludes broadcaster in-house production: that is, television programming such as news, sports and public affairs programming, produced by Canadian broadcasters. It also excludes any films or television programs made by Canadians, which did not receive certification from CAVCO or the CRTC.

HIGHLIGHTS

- The volume of Canadian film and television increased by 2.9% to $2.67 billion.
- Canadian film and television production generated a total of 57,100 FTEs in Canada, including 22,500 direct FTEs in cast and crew roles on film and television projects.
- Canadian film and television production generated GDP of $3.4 billion for the Canadian economy, including $1.4 billion in direct GDP and $2 billion in spin-off GDP.
- English-language production increased by 4.6% to just over $2 billion.
- French-language production decreased by 2.1% to $643 million.
- Canadian film and television production in the fiction genre increased by 3.3% to $1.5 billion.
- Children's and youth production jumped by 18.4% to $392 million.
- Documentary production increased by 7.6% to $341 million.
- The production of lifestyle programming fell by 25.5% to $237 million.
- Production in the variety and performing arts (VAPA) genre increased by 14.3% to $112 million. The French-language market accounted for 75% of total VAPA production.
- Production in the magazine programming genre increased by 12.2% to $92 million. The French-language market accounted for the entire volume of magazine programming production.
- Canadian animation production fell by 18.8% to $168 million.
- Canadian film and television production by Ontario-based producers decreased by 3.6% to $1.1 billion or 42% of the national total.
- Canadian film and television production by Quebec-based producers increased by 5.5% to $876 million or 33% of the national total.

6 Affiliated production companies are production companies in which a Canadian broadcaster owns or controls at least 30% of the (voting) equity.

Canadian film and television production grew by 2.9% in 2013/14 with Canadian television production increasing by 2.7% to $2.29 billion and theatrical feature film increasing by 4.2% to $376 million. Underlying the overall growth in Canadian production, there were a variety of significant shifts in the composition of production activity. Many of these shifts confirm that the sector was continuing to position itself for international audiences and markets. That being said, certain genres and sub-sectors that have historically been successful in the international marketplace experienced pressures from market and policy developments beyond Canada's borders.

Both Canadian television and Canadian theatrical feature film production experienced higher levels of foreign financing in 2013/14 — helping lift Canada's total export value in film and television production to a ten-year high of $2.45 billion (Exhibit 1-5). According to industry sources, Canadian television producers were doing more work with international partners and financing in 2013/14; however, they appear to have done much of it outside of audiovisual coproduction treaties. Instead of working within the treaties — as they did with programs such as *The Tudors* and *The Borgias* — Canadian producers are selling more programming directly to large international and/or foreign broadcasters and distributors — a trend echoed by several broadcast and production executives, and also revealed in the overall financing and treaty coproduction statistics.

In 2013, the total volume of Canadian treaty coproduction in the television sub-sector was down by 25% from 2012 and by 39% compared to 2011 (Exhibit 2-64). Meanwhile, during the 2013/14 fiscal year, foreign financing of Canadian television production was at a five-year high. Canadian television programs attracted $223 million in foreign financing, or 10% of total financing (Exhibit 2-45), which represents an increase of close to 45% since 2010/11. However, virtually all of this increase in foreign financing was in the English-language market (Exhibit 2-47), and more than half of total foreign financing was in the fiction genre (Exhibit 2-46).

In addition, format licensing is another important element of Canadian producers' international sales efforts – and one that does not show up in the above pre-sale financing statistics. As noted elsewhere in this report, Montreal-area-based Sphère Média Plus has had success in licensing the adaptation rights to *Le Monde de Charlotte* to NBC; 11 Television has sold format rights for *Cover Me Canada* to China's Enlight Media;[7] and Toronto-based Bristow Global Media (BGM) sold format rights to *Pressure Cooker* to BBC Worldwide.[8] The latter is the first series announced from the strategic creative partnership between BGM and Fresh One Productions (based in the United Kingdom [UK]), which is co-developing new formats tailored for Canada but suitable for international adaptations.

The production activity and audience statistics provide further evidence of the growing international competitiveness of Canadian television programming. While Canadian broadcasters are commissioning a fewer number of series, they report that budgets for major Canadian English-language dramas have never been higher. The number of television series fell by 7.4% from 635 to 588 in 2013/14 (Exhibit 2-35), even as the total volume of series production (both French- and English-language) increased by approximately 4.4% (Exhibit 2-34). As a result, the average project budget for a television series was 12.8% higher in 2013/14.

Canadian broadcasters' increasing focus on higher-budget television series has translated into higher-quality production, which has helped lead to better engagement with Canadian audiences and has given Canadian producers and distributors better prospects for international sales. During the 2014 broadcast year, six of the top ten series in the English-language market attracted over one million viewers, with long-running drama series such as *Rookie Blue*, *Motive* and *The Listener* leading the way (Exhibit 2-71). All of the top ten television series in Canada's French-language market garnered average audiences of over one million (Exhibit 2-73). Two series, *La Voix* and *Unité 9* attracted over two million viewers. A survey of Canadian producers indicates that secondary sales to broadcasters and distributors outside of Canada topped $195 million in 2013 — an increase of $5 million from the year before (Exhibit 1-6).

Animation — one of Canada's historically strong segments of international performance –experienced a notable decline in 2013/14. The total volume of Canadian animation production fell by 18.8% to $168 million in 2013/14, or just $17 million higher than its ten-year low of $151 million (Exhibit 2-22). Despite this year-over-year

7 Kevin Ritchie (2013), "Cover Me Canada format heads to China," Playback, April 24, 2013.

8 Barry Walsh (2014), "BBCWW to shop Pressure Cooker internationally," Playback, October 14, 2014.

decline in animation production, Canadian producers of children's and youth animation programming continued to land numerous library sales on the international markets on a regular basis in 2013. Programs such as *The Backyardigans*, *Arthur*, *Justin Time* and the *Wild Kratts* continued to be popular on broadcasters outside of Canada and earned nominations for Daytime Emmy Awards.[9] Indeed, the production of children's and youth programming in Canada continued to grow in 2013/14. All of this growth, however, was in the English-language live action segment, which increased from $99 million to $177 million, while French-language live action children's and youth production declined 4.3% from $70 million to $67 million (Exhibit 2-10). Overall, the total volume of children's and youth production — live action and animation — was up by $61 million — from $331 million to $392 million (Exhibit 2-8). According to industry sources, there was indeed a trend toward more commissioning of live action programming in the genre, leading to a few more shows in this segment of the genre where the budgets have increased.

All the television genres, with the exception of the lifestyle programming genre, experienced higher levels of television production in 2013/14 compared to 2012/13. The lifestyle genre fell 25.4%, which is somewhat surprising given its record of three years of steady growth (Exhibit 2-36). Despite these gains, however, no genre approached its 2011/12 peak — a ten-year record for fiction, lifestyle, and children's and youth genres.

Overall, Canadian theatrical feature film production increased by 4.2% to $376 million in 2013/14 (Exhibit 2-74). However, once again, the underlying statistics point to more significant shifts in the sub-sector that suggest it is continuing to position itself to become more internationally competitive. As with the financing of Canadian television, foreign financing of Canadian theatrical feature film production was at a five-year high of $113 million in 2013/14, accounting for 30% of total financing (Exhibit 2-86). Five years ago, foreign financing accounted for just 16% of total budgets, or $57 million annually. However, the trend toward foreign financing is observed primarily in the English-language market, where it accounts for 37% of total financing compared to 1% in the French language market (Exhibit 2-87).

Unlike the Canadian television production sub-sector, the data for the feature film sub-sector indicate that treaty coproduction continued to play an important role in Canadian producers' creation of globally competitive feature film content. Indeed, it was a higher number of Canadian-majority treaty coproductions supported by Telefilm Canada during the 2013/14 fiscal year that caused the agency's total volume of Canadian feature film fund (CFFF)-supported production to reach a ten-year high of $251 million in 2013/14 (Exhibit 2-88).[10] The total volume of treaty coproduction in Canada's theatrical feature film sub-sector was 37% higher in 2013 than 2012, increasing to $252 million, even though activity only increased by two projects (Exhibit 2-90). This increase in total volume was primarily driven by the production of *Pompeii* (2013), a particularly high-budget Canada-Germany film coproduction. This and other projects not only lifted total production volume in the English-language market, from $150 million to $224 million, it pushed the average budget in this language market up from $11.5 million to $16 million (Exhibit 2-91). In contrast, the volume of treaty coproduction in Canada's French-language theatrical feature film market decreased from $34 million to $29 million, with the Canadian share of budgets in this market segment declining from 53% to 31% (Exhibit 2-92).

Globally competitive feature film production often requires globally competitive budgets — at least budgets that can be competitive within the independent film segment. An analysis by the British Film Institute found that among independently produced British films released between 2003 and 2011, those with budgets over £5 million (C$9 million) had median international box office earnings that were over five times that of films with budgets between £2 and £5 million (C$4 and C$9 million).[11] The evidence from the Canadian market, clearly demonstrate that Canada's English-language feature producers were producing more higher-budget films in 2013/14. In 2013/14, the average budget of English-language Canadian feature films jumped from $4.2 million to $7 million — a 67% increase (Exhibit 2-82). The number of fiction features with budgets of $10 million or higher also increased — going from 5% to 9% (Exhibit 2-84). At the same time, the number of fiction features below the $1 million threshold fell from 25% to 11%.

9 Matt Sylvain (2013), "Canuck productions net numerous Daytime Emmy noms," Playback, May 2, 2013.

10 Note that the figure of $251 million in CFFF-supported feature film production only includes feature films supported by the CFFF Production Program, and excludes production supported by other production funds administered by Telefilm Canada.

11 British Film Institute (2014), *BFI Statistical Yearbook 2014*, p. 85.

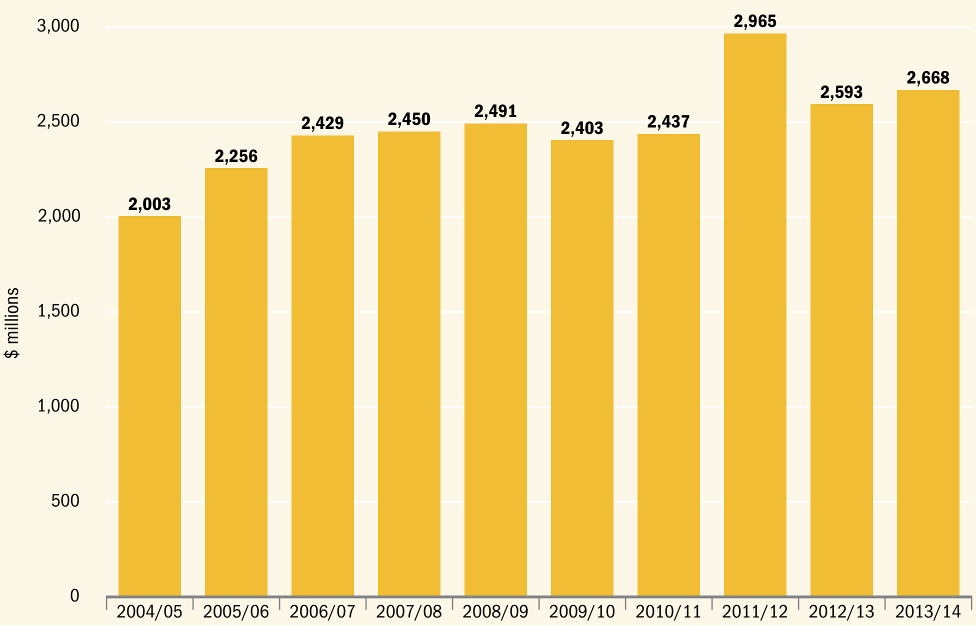
After a spike in the total Canadian production volume in 2011/12 — which was largely due to a combination of spending from television benefits packages[12] and increased broadcasting distribution undertakings (BDU) contributions to the production funds (e.g. Canada Media Fund [CMF], Local Programming Improvement Fund [LPIF] and independent production funds) in 2010 and 2011[13] — the growth in Canadian film and television production appears to have returned to a trajectory of steady growth since 2009/10. If Canadian producers, broadcasters and distributors can continue the trend toward higher-budget, high quality content then the industry should be able to continue to increase both its pre-sale and post-premiere revenue from foreign sources and thereby provide the basis for sustainable, private-sector-financed growth in the future.

TOTAL CANADIAN FILM AND TELEVISION PRODUCTION

VOLUME

Exhibit 2-1 Volume of total Canadian film and television production

The total volume of Canadian film and television production increased by 2.9% to $2.67 billion in 2013/14, and was 33% higher than the level in 2004/05. Production was higher in every genre except the lifestyle genre, which displayed its first year-over-year decrease since CAVCO started to track it as a separate genre in 2010/11.



Source: Estimates based on data collected from CAVCO.
Note: Canadian production includes CAVCO-certified film and television production, and an estimate for CRTC-certified television production. See Notes on Methodology *for additional information.*

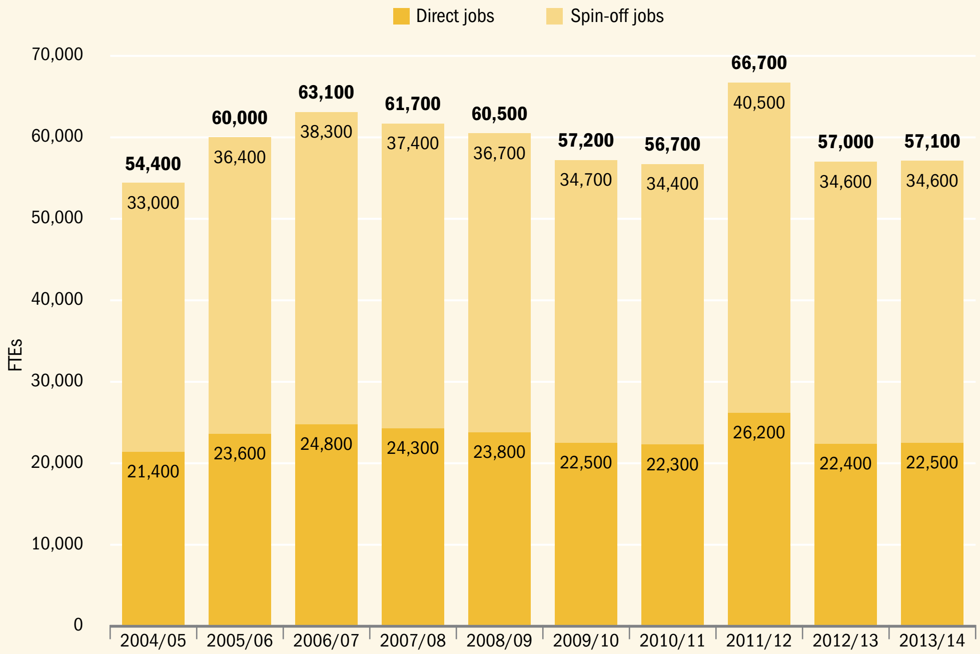
12 Television benefits packages refers to tangible investments resulting from the transaction of broadcasting undertakings. According to the Canadian Television Benefits Monitor (2011), the combined value of on-screen and/or programming-related benefits for 15 benefits packages in 2010 was $747.6 million, of which 33% had been spent by August 31, 2010.

13 CRTC (2014), *Communications Monitoring Report*, p. 129.

EMPLOYMENT AND GDP

Exhibit 2-2 Number of FTEs generated by total Canadian film and television production

Canadian film and television production generated 57,100 full-time equivalent jobs (FTEs) and $3.4 billion in gross domestic product (GDP) for the Canadian economy in 2013/14.



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

Exhibit 2-3 Summary of the economic impact of total Canadian film and television production, 2013/14

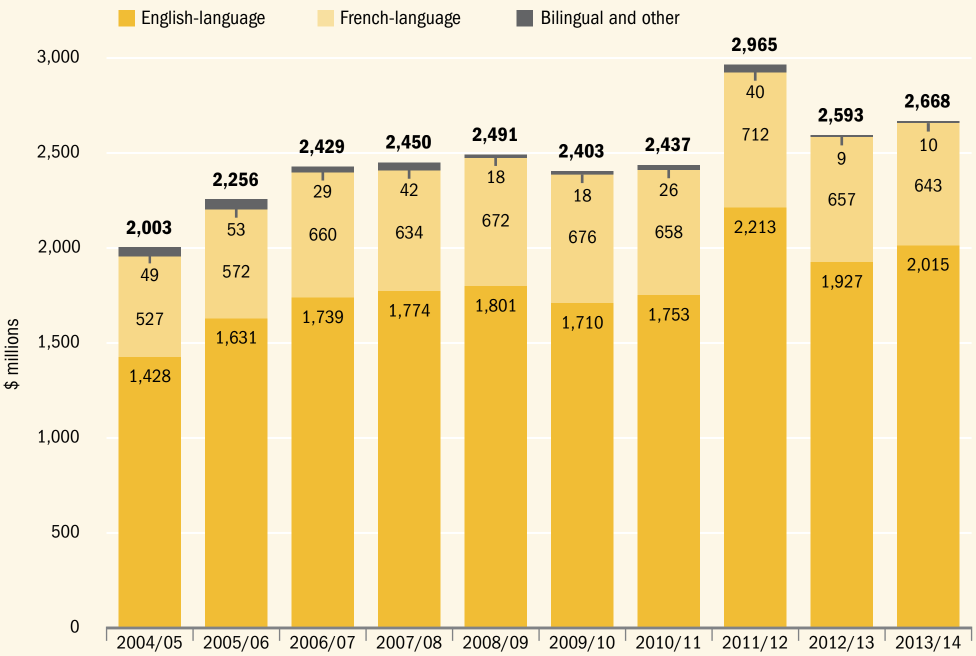
	Direct	Spin-off	Total
Employment (FTEs)	22,500	34,600	57,100
Labour income ($ millions)	1,334	1,346	2,680
GDP ($ millions)	1,387	2,005	3,392

Source: Estimates based on data from CAVCO, Statistics Canada and the Conference Board of Canada.
Note: Some totals may not sum due to rounding. See Notes on Methodology *for a description of methodology.*

LANGUAGE

Exhibit 2-4 Volume of total Canadian film and television production, by language

English-language production was up by 4.6% in 2013/14, while French-language production was down by 2.1%.



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

SUCCESSFUL FRENCH-LANGUAGE POLICE DRAMA, *19-2*, PICKED UP BY BRAVO AND ADAPTED FOR THE ENGLISH-LANGUAGE MARKET

The French-language drama, *19-2*, debuted on Radio-Canada in 2011 and garnered not only impressive viewer ratings, but also critical acclaim. During the 2011 broadcast year, *19-2* was the top performing French-language television program funded by the CMF, with an average minute audience of over 1.4 million. The premiere episode of its second season captured over 1.5 million viewers — a 39% share of the market in Quebec. In 2011, the series picked up the Best Francophone Rockie Award at the Banff World Media Festival, in addition to 13 Prix Gémeaux, including the award for outstanding drama series.

In 2013, Bravo announced the production of an English-language version. The remake was coproduced by Montreal's Sphère Média Plus and Écho Média, in association with Bell Media. It is not often the case that a French-language television program exported into the English-language Canadian market achieves the level of success of *19-2*, but the combination of a closely replicated storyline, an experienced production team and strong support from Bravo turned out to be a winning one. It also garnered ten nominations at the 2015 Canadian Screen Awards.

The English-language adaptation was filmed entirely in Montreal during the fall of 2013 and premiered on Bravo on January 2014 with approximately 140,000 viewers, making it the most-watched debut of an original series on the specialty service since *The Borgias* premiered in 2010. The next evening, an encore presentation on CTV brought in an additional 872,000 viewers. Over its first season, *19-2* averaged 190,000 viewers per episode and boosted the timeslot on Bravo by 82% in the 18-49 age bracket.

Several other Sphère Média Plus productions have been adapted for the English-language market, with many notable formats being sold internationally. *Sophie*, based on *Les hauts et les bas de Sophie Paquin*, aired on CBC for two seasons from 2007 to 2009 and was eventually bought by ABC Family. Similarly, *Rumours* — inspired by *Rumeurs* — had a brief run on CBC. Adaptations of Quebec productions have also been developed outside of Canada, with NBC purchasing the adaptation rights to *Le Monde de Charlotte* (2000–2004) from Sphère Média Plus in 2011 and developing a pilot in 2012 titled *Isabel*.

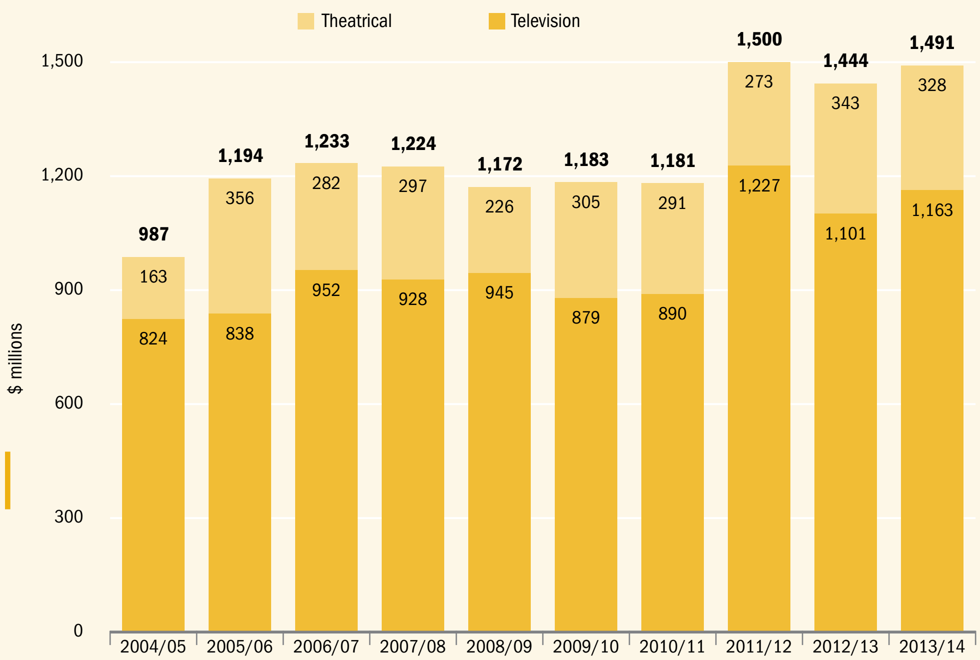
In 2015, the highly-anticipated third season of *19-2*'s French-language original continues its run on Radio-Canada and the second season of the English-language version returns to Bravo.

GENRES

Fiction (drama and comedy)

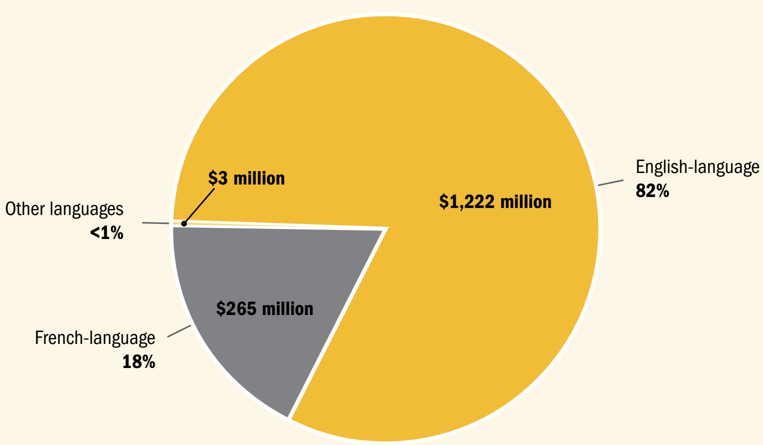
Exhibit 2-5 Volume of Canadian fiction production

The volume of fiction production increased by 3.3% to just under $1. 5 billion in 2013/14, as a $15 million decrease in theatrical feature film production was offset by a $63 million increase in television production.



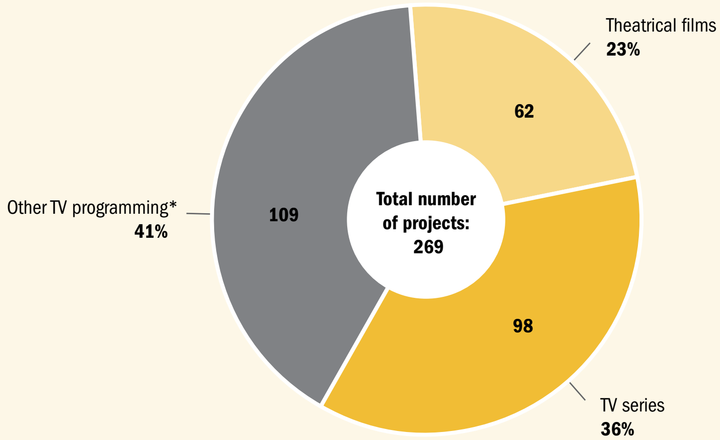
Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding.

Exhibit 2-6 Volume of Canadian fiction production, by language, 2013/14



Source: Estimates based on data collected from CAVCO.
Note: Total may not sum due to rounding.

Exhibit 2-7 Number and share of Canadian fiction projects, by type, 2013/14

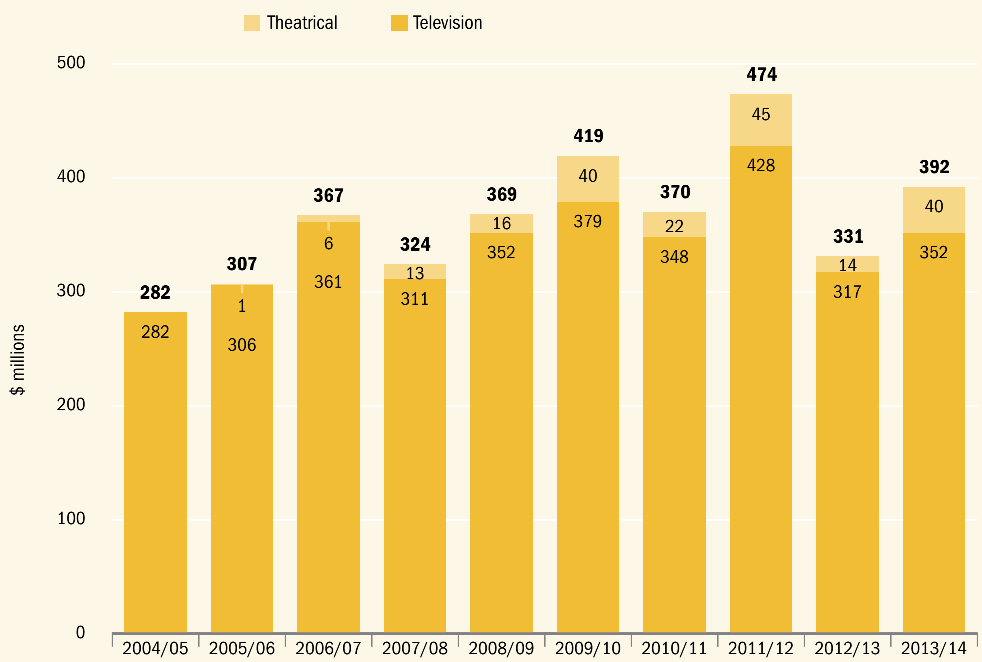


Source: Estimates based on data collected from CAVCO.
** Other TV programming category includes movies-of-the-week (MOWs), mini-series, single-episode programming and pilots.*

Children's and Youth

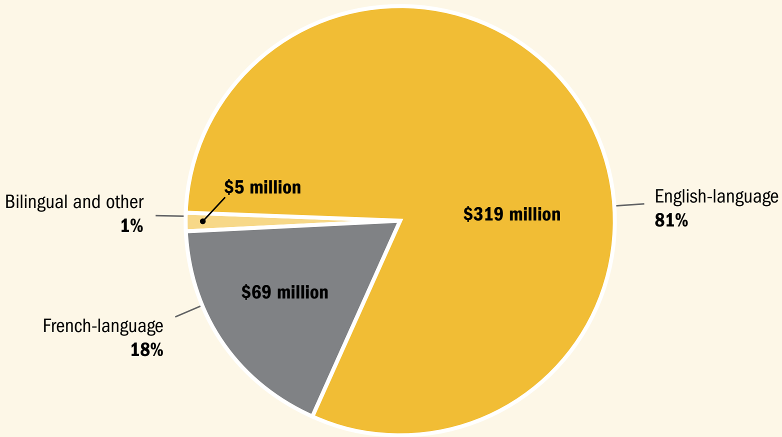
Exhibit 2-8 Volume of Canadian children's and youth production

After falling in 2012/13 by 30% from a ten-year high in 2011/12, the total volume of children's and youth production increased by 18.4% in 2013/14 to reach $392 million. Increases in both the television and theatrical sub-sectors contributed to the genre's rebound in 2013/14.



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

Exhibit 2-9 Volume of Canadian children's and youth production, by language, 2013/14



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

Film and television production can be grouped into two categories: live action and animation. A more detailed look at the breakdown of children's and youth production reveals that a large share of the English-language production 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.

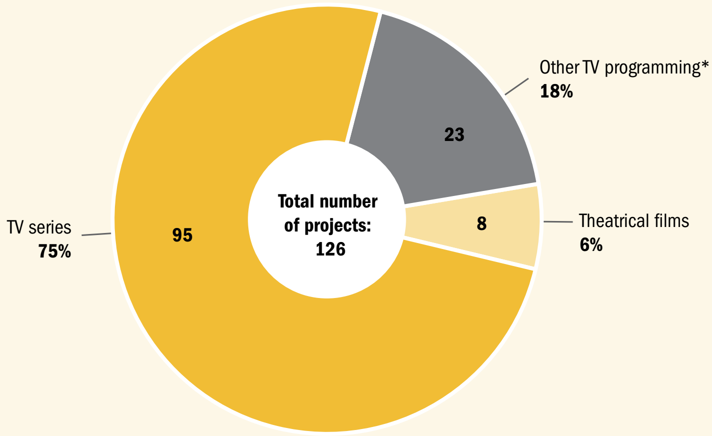
Exhibit 2-10 Volume of Canadian children's and youth production, by language and category

The increase in the total volume of children's and youth production in 2013/14 was driven by higher levels of live action production. This form of production increased by $78 million, or 46.2%. In contrast, the total volume of animation production in the children's and youth genre actually decreased by $14 million, or 9.9%. Indeed, both language markets experienced decreases in animation production in the children's and youth genre in 2013/14. As a result of these relative rates of growth, the split between live action and animation production in the children's and youth genre returned in 2013/14 to a situation where live action production accounted for more than 60% of total children's and youth production, after dipping to 50% in 2012/13.

	2012/13			2013/14		
$ millions	Live Action	Animation	Total	Live Action	Animation	Total
English-language	99	154	253	177	142	319
French-language	70	7	77	67	2	69
Bilingual and other	0	1	1	3	1	5
Total	**169**	**162**	**331**	**247**	**146**	**392**

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

Exhibit 2-11 Number and share of children's and youth projects, by type, 2013/14

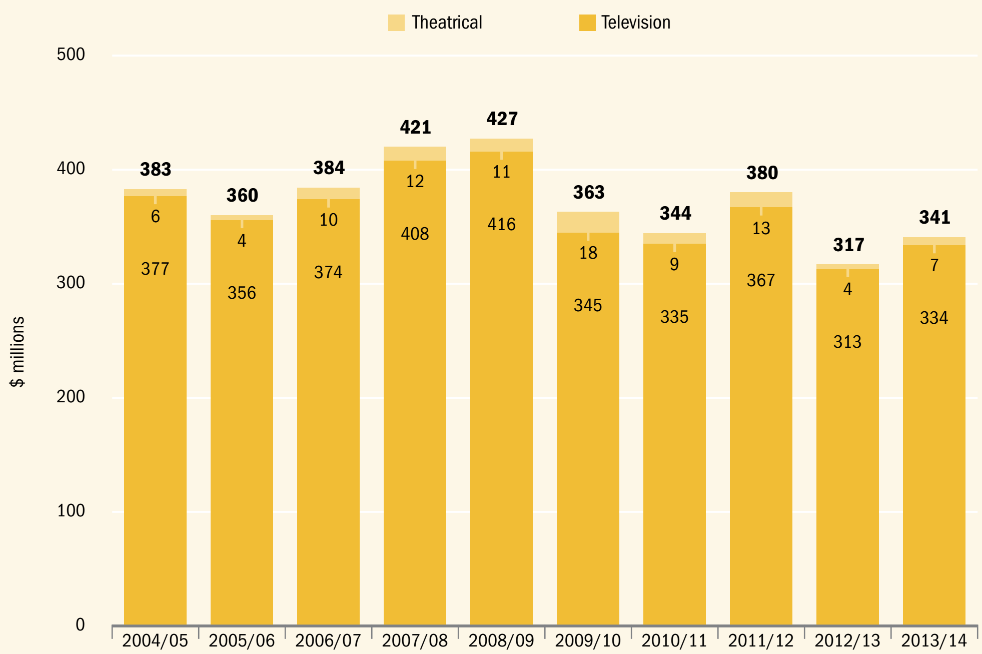


Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding.
** Other TV programming category includes MOWs, mini-series, single-episode programming and pilots.*

Documentary

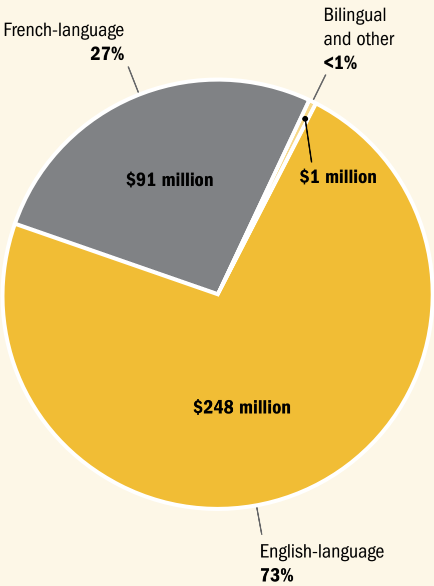
Exhibit 2-12 Total volume of documentary production

Higher levels of both television and theatrical feature film production raised the total volume of documentary production by 7.6% to $341 million in 2013/14. Despite this small recovery in production volume in 2013/14, production activity remained weak by historical standards: total production volume in 2013/14 was the second lowest recorded during the past ten years.



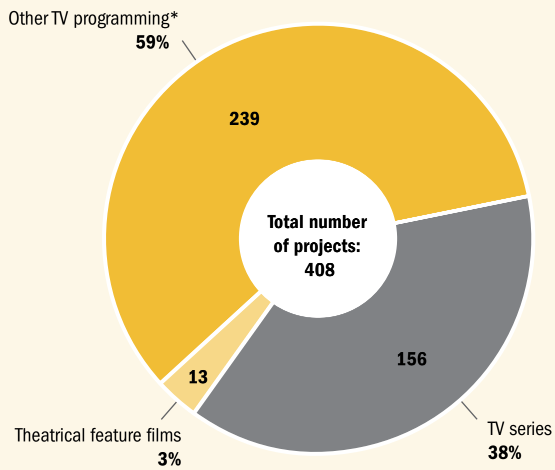
Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding.

Exhibit 2-13 Volume of documentary production, by language, 2013/14



Source: Estimates based on data collected from CAVCO.

Exhibit 2-14 Number and share of documentary projects, by type, 2013/14

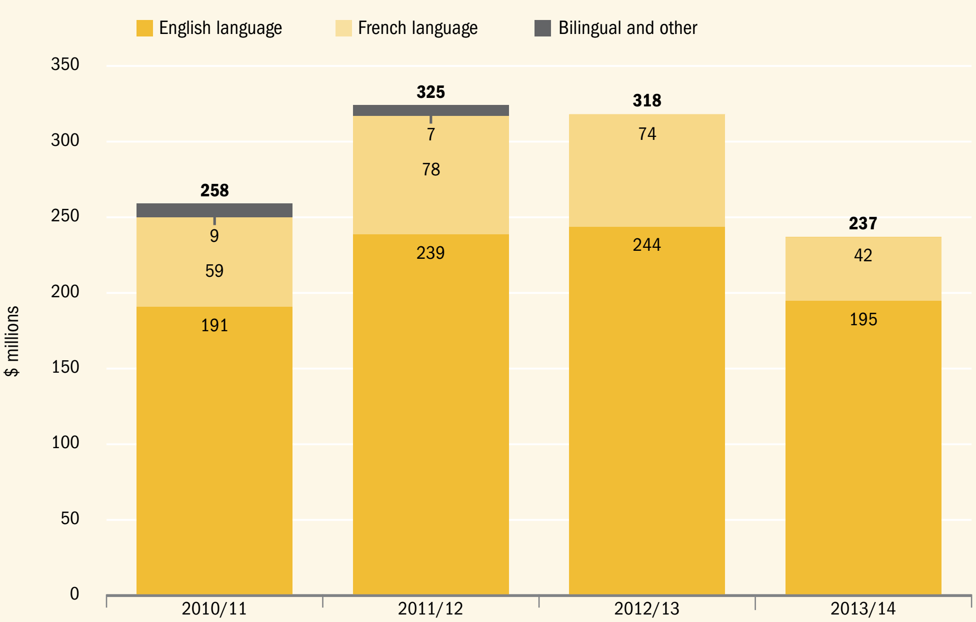


Source: Estimates based on data collected from CAVCO.
** Other TV programming category includes Movies-of-the-week (MOWs), mini-series, single-episode programming and pilots.*

Lifestyle

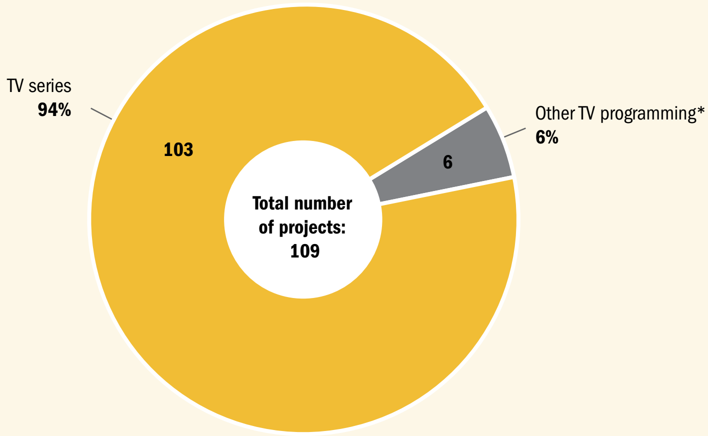
Exhibit 2-15 Total volume of lifestyle production, by language

Lower levels of lifestyle programming in both the English- and French-language markets led to an overall decrease of 25.5% in the genre's total production volume in 2013/14.



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

Exhibit 2-16 Number and share of lifestyle projects, by type, 2013/14

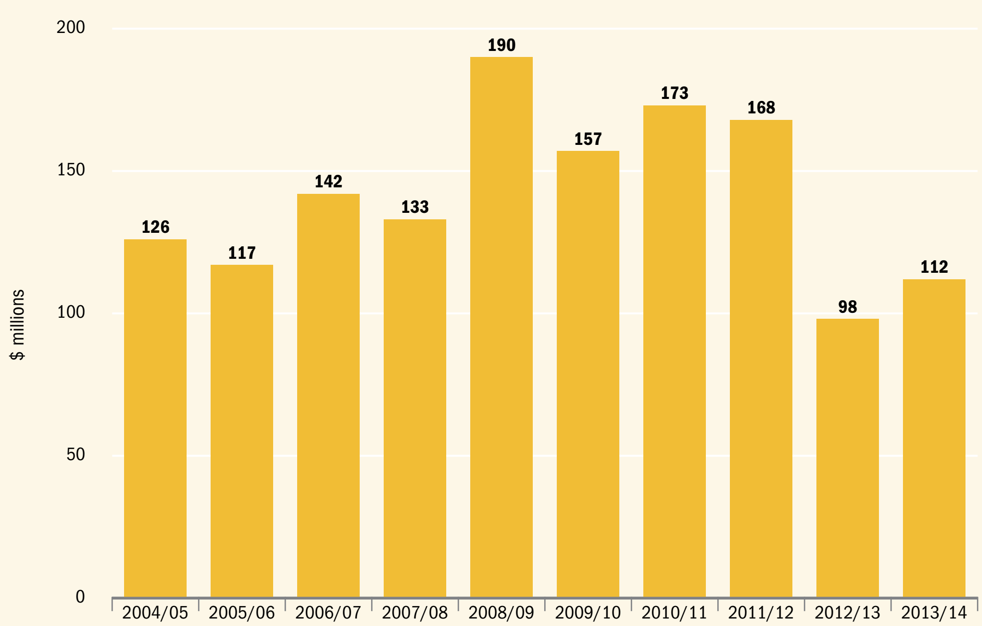


Source: Estimates based on data collected from CAVCO.
** Other TV programming category includes MOWs, mini-series, single-episode programming and pilots.*

Variety and Performing Arts

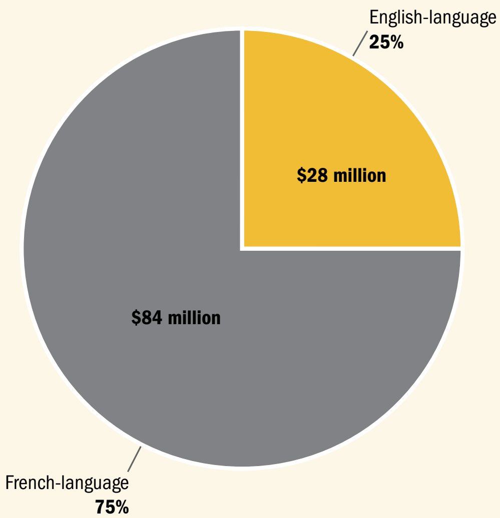
Exhibit 2-17 Total volume of VAPA production

After falling by 41.7% in 2012/13, production of VAPA programming recovered by 14.3% to $112 million in 2013/14. Despite this recovery, production activity was still weak by historical standards: it was at the second lowest level recorded during the past ten years.



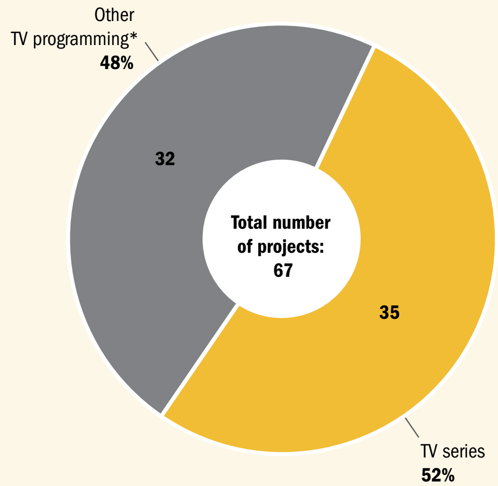
Source: Estimates based on data collected from CAVCO.

Exhibit 2-18 Volume of VAPA production, by language, 2013/14



Source: Estimates based on data collected from CAVCO.

Exhibit 2-19 Number and share of VAPA projects, by type, 2013/14

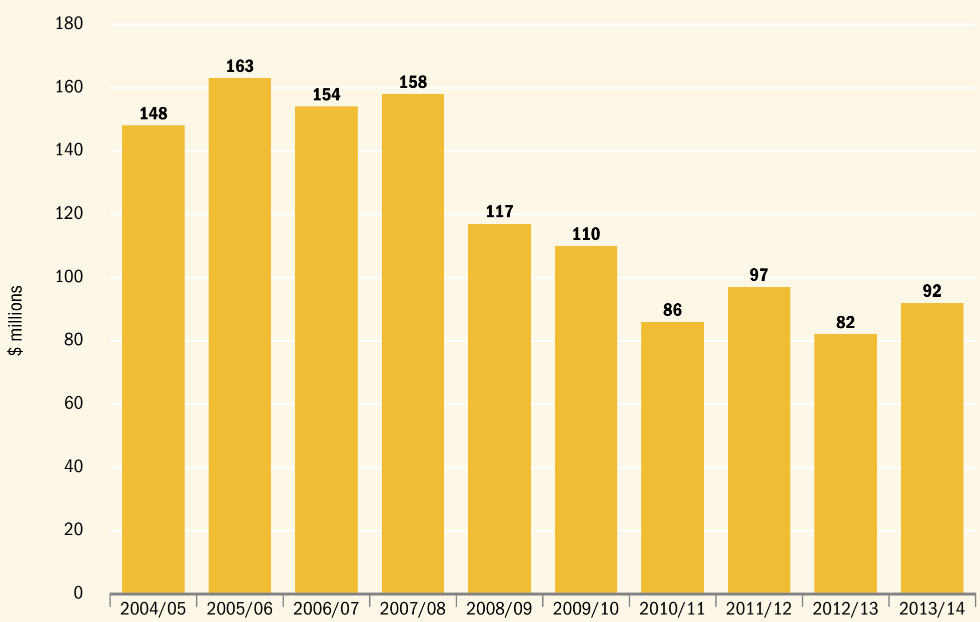


Source: Estimates based on data collected from CAVCO.
** Other TV programming category includes single-episode television programming, mini-series and television pilots.*

Magazine Programming

Exhibit 2-20 Total volume of magazine programming production

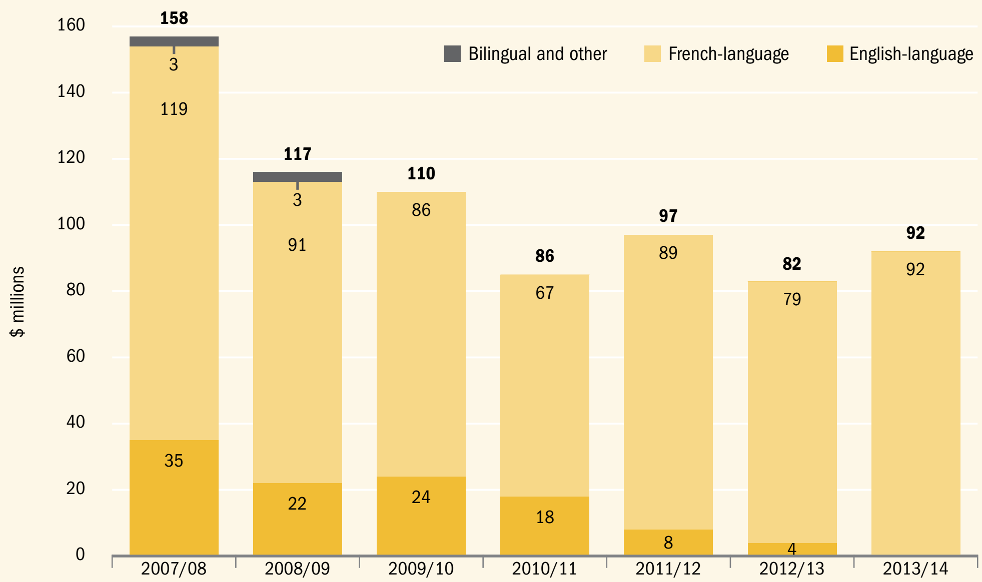
The total volume of magazine programming increased by 12.2% in 2013/14, but was still approximately 40% lower than the levels reached between 2004/05 and 2007/08.



Source: Estimates based on data collected from CAVCO.

Exhibit 2-21 Volume of magazine programming production, by language

In 2013/14, the French-language market accounted for 100% of the production of magazine programming in Canada.

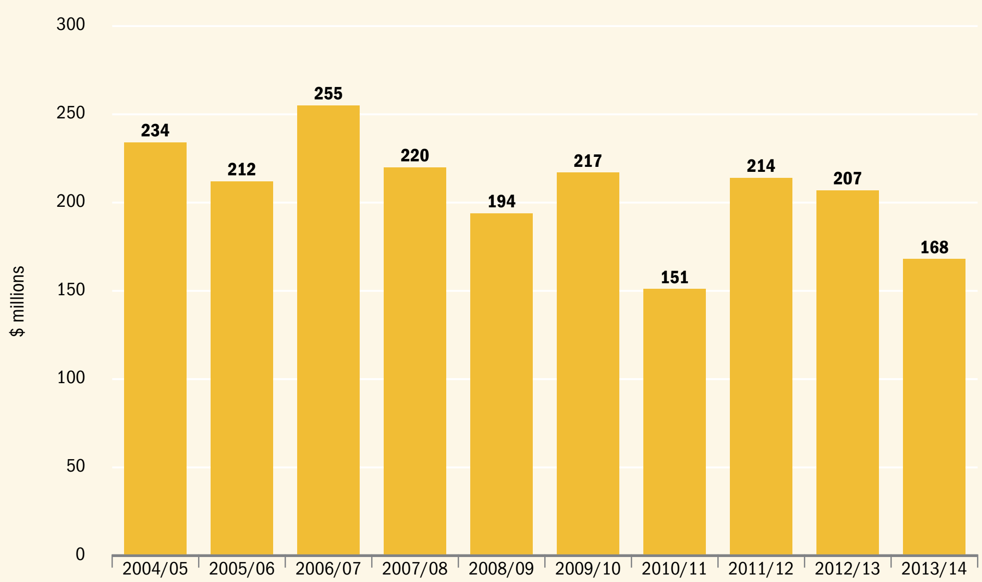


Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding.

Animation

Exhibit 2-22 Total volume of Canadian animation production†

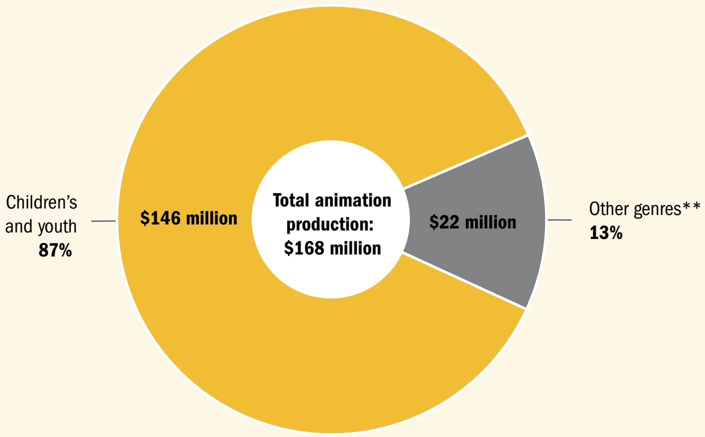
Animation production, across all genres, fell by 18.8% to $168 million in 2013/14, and was also 18.8% below the ten-year average of $207 million.



Source: Estimates based on data collected from CAVCO.
† Includes television and theatrical production.

Exhibit 2-23 Volume of Canadian animation production, by genre, 2013/14†

The children's and youth genre accounted for the vast majority of Canadian animation production in 2013/14.



Source: Estimates based on data collected from CAVCO.
† Includes television and theatrical production.
** Other genres category includes production in the documentary, VAPA, and educational/instructional genres.*

Exhibit 2-24 Volume of Canadian animation television production, by language

($ millions)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
English-language	215	183	223	192	171	178	134	164	153	145
French-language	11	15	23	16	18	35	9	23	15	9
Bilingual and other	6	13	4	12	4	3	2	1	1	1
Total	**231**	**210**	**249**	**220**	**193**	**216**	**145**	**188**	**169**	**155**

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

PROVINCES AND TERRITORIES

Exhibit 2-25 Volume of Canadian film and television production, by province and territory

($ millions)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2013/14 share of total
Ontario	782	934	824	937	1,005	1,035	1,114	1,448	1,168	1,126	42%
Quebec	733	821	882	836	861	907	838	896	830	876	33%
British Columbia	276	302	440	421	340	221	272	369	409	428	16%
Nova Scotia	68	58	75	50	57	53	40	55	43	73	3%
Alberta	57	38	59	89	92	82	64	68	58	63	2%
Newfoundland and Labrador	2	15	2	7	6	31	33	34	33	38	1%
Manitoba	28	33	72	38	40	44	39	47	30	34	1%
Saskatchewan	37	38	58	51	73	15	27	30	13	19	<1%
New Brunswick	19	10	10	16	14	14	8	16	7	11	<1%
Territories*	1	3	3	1	1	2	1	1	2	1	<1%
Prince Edward Island	1	3	2	5	0	0	0	3	0	0	<1%
Total	**2,003**	**2,256**	**2,429**	**2,450**	**2,491**	**2,403**	**2,437**	**2,965**	**2,593**	**2,668**	**100%**

Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum 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 2014 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 financing for Canadian film and television production draws upon a variety of private and public sources. In 2013/14, 47% of total financing came from purely private sector sources, including Canadian and foreign broadcasters; 42% of total financing came from public sources including public broadcasters; and 11% of total financing came from the CMF, a public-private partnership.

Exhibit 2-26 Financing for Canadian film and television production

From a financing perspective, a large share of the growth in production volume in 2013/14 was fueled by a 35% increase in foreign financing. Foreign financing rose by $87 million to $336 million in 2013/14 – the largest increase among the ten different financing sources tracked in *Profile*.

	2009/10		2010/11		2011/12		2012/13		2013/14	
	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions
Private broadcaster licence fees	19	455	21	500	19	563	18	458	15	394
Public broadcaster licence fees	8	199	7	179	7	218	9	224	10	280
Federal tax credits	10	229	10	235	10	295	10	255	10	271
Provincial tax credits	18	439	18	430	19	552	18	478	18	485
Canadian distributor	6	155	9	225	12	351	11	289	11	283
Foreign	9	212	8	195	9	276	10	249	13	336
Canada Media Fund	13	307	12	282	10	303	12	300	11	282
Canada Feature Film Fund – Telefilm Canada	3	67	3	67	2	60	3	66	2	60
Other public*	2	58	3	68	2	57	2	64	1	40
Other private**	12	282	10	254	10	290	8	210	9	237
Total	**100**	**2,403**	**100**	**2,437**	**100**	**2,965**	**100**	**2,593**	**100**	**2,668**

Source: Estimates based on data obtained from CAVCO, CMF and Telefilm Canada.
Note: Some totals may not sum due to rounding.
** Other public includes financing from provincial governments, and other government departments and agencies.*
*** Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.*

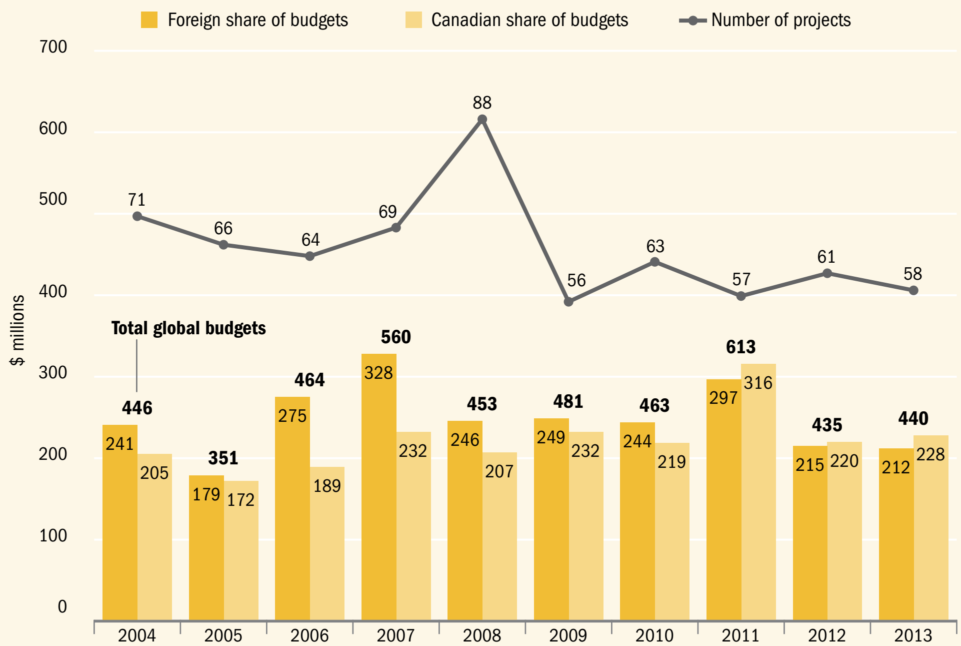
AUDIOVISUAL TREATY COPRODUCTION[14]

The Government of Canada currently has audiovisual coproduction treaties and Memoranda of Understanding with 54 partner countries. A list of partner countries can be found on Telefilm Canada's web site at www.telefilm.ca/en/coproductions/coproductions/agreements. These treaties offer Canadian and foreign producers the opportunity to combine their creative, technical and financial resources to make audiovisual treaty coproductions that could be granted a national production status in each of the partnering countries. Audiovisual treaty coproductions that obtain national production status enable Canadian producers to access incentives available in Canada for the Canadian expenses that are eligible and it also enables foreign producers to access their own country's incentives, if any, for the foreign portion of the budget. Partnering production companies can take either a majority or minority participation position in an audiovisual treaty coproduction depending on the proportion of financing each producer brings to the project.

14 The Canadian share of total audiovisual treaty coproduction volume (or the Canadian share of total global budgets for coproductions) is already included in production volume figures throughout this report.

Exhibit 2-27 Total volume* and activity of audiovisual treaty coproduction

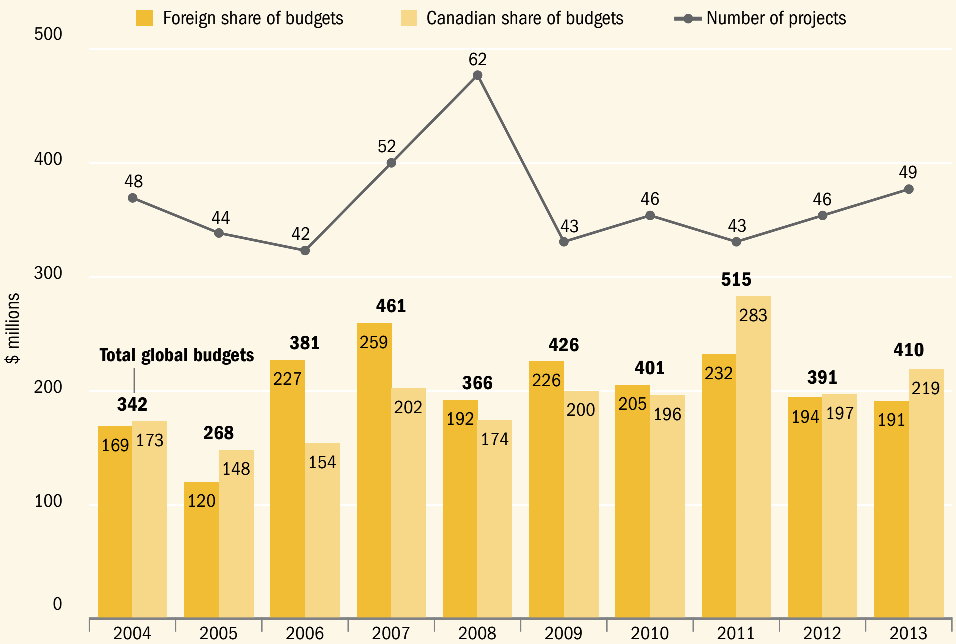
Higher levels of audiovisual treaty coproduction volumes in the English-language market and theatrical sub-sector offset declines in both the French-language market and the television sub-sector to yield an overall increase of 1.1% in total volume (i.e. total global budgets) in 2013. The number of projects did fall slightly – from 61 to 58 – however, Canada's share of the total volume in 2013 did increase slightly – from 50.6% to 51.8%.



Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.
** The total volume of coproduction refers to the value of total global budgets for coproduction projects. The total volume of production includes the financial participation of Canadian producers (i.e. Canadian share of budgets) and foreign producers (i.e. foreign share of budgets).*

Exhibit 2-28 Total volume and activity of audiovisual treaty coproduction, English-language production

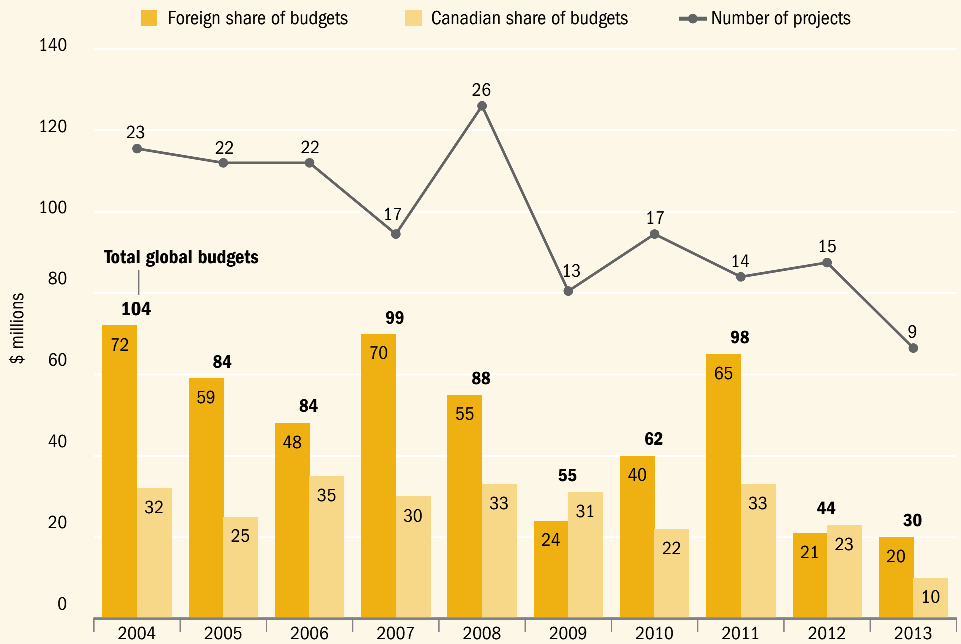
The total volume of English-language audiovisual treaty coproduction increased 4.9% to $410 million, as the number of treaty coproduction projects increased from 46 to 49. The Canadian share of budgets also increased, by 11.1%, to $219 million.



Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.

Exhibit 2-29 Total volume of audiovisual treaty coproduction, French-language production

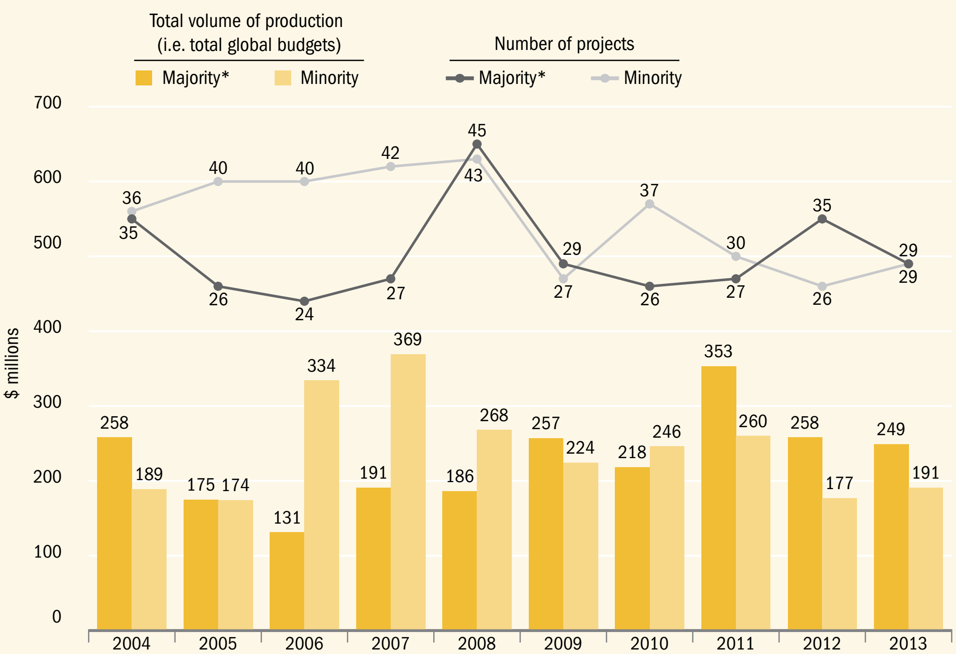
The total volume of French-language audiovisual treaty coproduction decreased 31.8% in 2013 to a ten-year low of $30 million. The Canadian share of treaty coproduction budgets fell at an even faster rate – 56.5% – and also hit a ten-year low of $10 million in 2013, as the number of projects dropped from 15 to 9.



Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.

Exhibit 2-30 Audiovisual treaty coproduction, majority* vs. minority Canadian production

Canada was a majority (or equal) partner for half of its audiovisual treaty coproduction projects in 2013. These 29 majority projects accounted for nearly two-thirds of the total volume of Canada's audiovisual treaty coproductions.



Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.
** Includes equal-participation projects.*

Exhibit 2-31 Audiovisual treaty coproduction partner countries, 2004-2013

Between 2004 and 2013, Canada's audiovisual treaty coproduction activity was highest with France and the United Kingdom (UK). Other major coproduction partner countries included Germany, Australia, and Ireland.

	Number of projects	Total volume ($M)	Canadian share of budgets	
			$M	%
France	222	1,461	698	48
United Kingdom	187	1,026	541	53
Germany	29	540	300	56
Australia	27	140	68	48
Ireland	20	381	112	29
South Africa	8	89	40	45
Philippines	8	43	32	75
Belgium	8	33	13	39
Brazil	8	33	17	50
Singapore	7	51	30	59
Other bipartite	79	353	201	57
Multipartite*	50	556	170	31
Total	**653**	**4,707**	**2,220**	**47**

Source: Telefilm Canada.
Statistics as of September 2014. Some totals may not sum due to rounding.
** Multipartite production includes audiovisual treaty coproduction projects where Canada has two or more partner countries.*

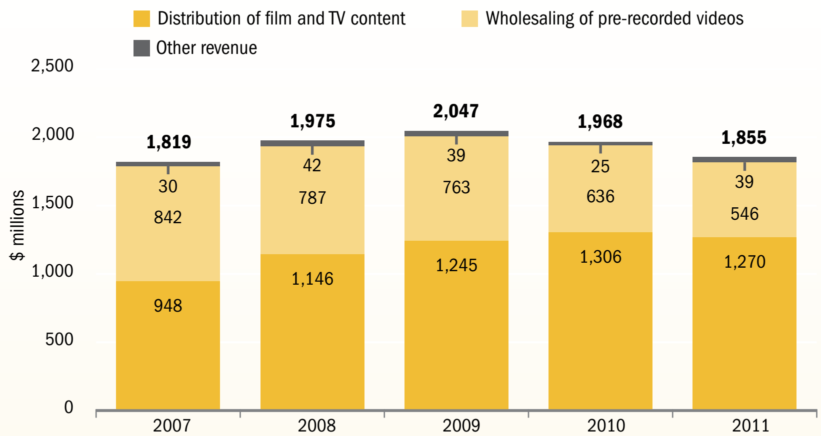
DISTRIBUTION SECTOR

Canada's distribution sector includes both Canadian-controlled and foreign-controlled companies that distribute film and television content through theatres, television broadcasters, DVD wholesaling and other video platforms. Some of the leading Canadian-controlled distribution companies include eOne Distribution and Mongrel Media. The foreign-controlled distribution companies operating in Canada include the distribution arms of major Hollywood studios.

In recent years, distribution companies in Canada have experienced a significant decline in revenue from the wholesaling of pre-recorded video (i.e. DVDs) as consumer demand for this medium has fallen. Distribution companies in Canada have, however, been able to maintain their level of revenue from the distribution of film and television content. In 2011, the majority of this revenue (56%), in fact, came from the distribution of television programming to Canadian broadcasters.

Total revenue in the Canadian distribution sector

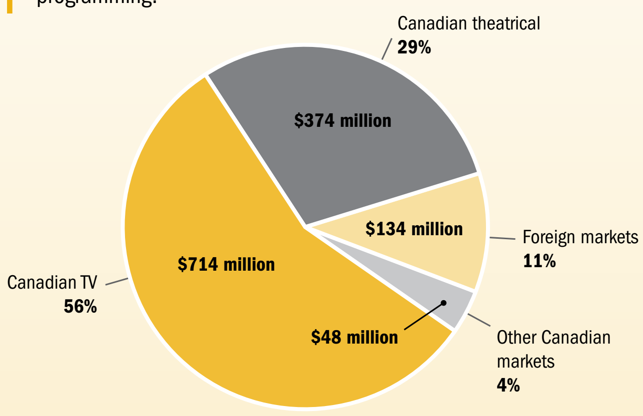
In 2011, distribution companies operating in Canada earned total revenue of $1.86 billion.[15]



Source: Statistics Canada, catalogue no. 87F0010X.

Revenue from distribution of film and television content, by market, 2011

The majority of distribution sector revenue in Canada (56%) in 2011 was earned from the distribution of television programming.



Source: Statistics Canada, catalogue no. 87F0010X.

15 2011 is the most recent year of data published by Statistics Canada for the film and video distribution sector.

TELEVISION PRODUCTION

Canadian television production includes the production of television series, mini-series, TV movies (including MOWs and feature-length television programs), single-episode television programming and television pilots. It consists of productions that are certified as Canadian content by either the Canadian Audio-visual Certification Office (CAVCO) or the Canadian Radio-television and Telecommunications Commission (CRTC).

Television production is produced across various genres, including fiction (i.e., drama and comedy), children's and youth, documentary, lifestyle, magazine programming, and variety and performance arts (VAPA). This sector excludes broadcaster in-house production, that is, television programming such as news, sports and public affairs programming produced by Canadian broadcasters.[16]

Canadian television productions have long been popular in the French-language market, where primetime series regularly garner audiences in excess of one million viewers. In recent years, Canadian television dramas in the English-language market have also attracted larger audiences.

HIGHLIGHTS FROM 2013/14

- Canadian television production increased by 2.7%, to $2.29 billion.
- Canadian television production generated a total of 49,100 FTEs, including 19,300 direct FTEs in the production of Canadian television programs.
- The number of Canadian television series dropped from 635 to 588, while the production volume actually increased by 4.4% to over $1.9 billion.
- English-language television production volume increased by 3.6%, while French-language television production was unchanged.
- The average budget for English-language fiction programming was virtually unchanged at $1.3 million per hour. Average hourly budgets were higher in the children's and youth, documentary and lifestyle genres, and lower in the VAPA genre.
- In the French-language market, the average budget for fiction programming rose by 8% to $486,000 per hour. Average hourly budgets were also higher in the children's and youth, and VAPA genres, but lower in the documentary, lifestyle and magazine genres.
- Canadian television production by Ontario-based producers totalled $977 million or 43% of the national total.
- Canadian television production by Quebec-based producers totalled $681 million or 30% of the national total.
- Canadian broadcasters' licence fees accounted for 24% of total financing for English-language television production and 46% of total financing for French-language television production.
- The average per-hour broadcast licence fee for English-language Canadian fiction productions was $206,000; for French-language productions, the average was $140,000 per hour — albeit on a much lower average budget.
- The CMF made financial contributions of $282 million to support $1.13 billion in television production volume — and thereby accounted for 25% of these projects' total financing.
- Canadian budgets for English-language treaty coproductions in the television sub-sector decreased by 25%; Canadian budgets for French-language treaty coproduction fell from $5 million to $1 million.
- Seven of the top ten Canadian television series during the 2014 broadcast year were in the French-language market.
- Canadian programming accounted for 55% of total viewing in the French-language market during the 2013 broadcast year; in the English-language market, Canadian programming accounted for 26%.

16 Statistics for the volume of broadcaster in-house production can be found in Section 4 of this report.

In 2013/14, total Canadian television production spending was largely stable, increasing slightly by 2.7%, with very little change in the composition of spending in terms of series and MOWs. However, there was a significant drop in the number of series (from 635 to 588) and mini-series (from 56 to 39 [Exhibit 2-35]), which points to an increase in average budgets.

Over the last five years, the quality of television programming from Canada and the United States is perceived to have increased considerably, initiated in part by the launch of speciality and pay services and driven further by online video streaming services creating original programming. With competition increasing externally (between other regulated groups and non-regulated platforms) and internally (between channels of the same group), broadcasters report focusing more on creating a few brand-defining landmark Canadian hits, rather than commissioning many low-budget television programs that are generally viewed as being less successful in attracting audiences.

In addition to a crowded marketplace, viewing patterns are evolving from appointment television to time-shifted and binge viewing. In the hopes of drawing (and keeping) audiences, brands and advertising revenues, commissioning trends are moving toward more expensive, one-hour character-led series in the drama and reality categories as these have better chances of drawing audiences no matter when, where and how the shows are consumed. According to the broadcast industry, hourly budgets have never been higher for the handful of major Canadian dramas, and this can be correlated to larger audiences tuning into these programs. In addition to high end drama, broadcast groups are also investing in one-hour reality adaptations of foreign formats, such as *The Amazing Race Canada*, *Master Chef Canada* and *Big Brother*. And while there is also demand for comedy programming, often in the form of half-hour series, this demand can fluctuate. For instance, industry sources report that after an unsuccessful show, a broadcaster may temporarily shy away from the genre.[17]

The rise of demand for higher quality drama productions has had implications for commissioning and acquisition strategies, as well as production models and financing. Average hourly budgets in 2013/14 were indeed 4% higher in the children's and youth genre, 14% higher in the documentary genre and 7% higher in the lifestyle genre, but 5% lower in the VAPA genre, which is a relatively small segment (Exhibit 2-38). Although the average budget in the fiction genre remained largely unchanged at $1.3 million per hour (Exhibit 2-38), broadcast executives report investing in bigger and more expensive — but fewer — drama and unscripted series. Currently, it may be difficult to observe much change in commissioning trends on an average basis given that over the last year, broadcasters tended to be generally more in development with independent production companies and commissioning less new original series at the moment. Several successful Canadian dramas are in their second and third seasons, with some notably entering seasons five (*The Listener),* six (*Yamaska*), eight (*Heartland*) and thirteen (*Degrassi*). According to broadcasters, budgets on successful, established shows do not tend to change significantly.

On an average basis, fiction budgets may also appear unchanged as there are a handful of new big-budget, drama productions and the remaining fiction projects (e.g., sketch comedy) require a different scale of production. This is leading to television projects clustering at either end of the budget spectrum, and industry leaders increasingly seeing the need to be nimble at creating both high and low budget productions.

As a result of investing more per show, broadcasters are buying a fewer number of fiction series. In addition, there has been a minor trend toward reducing the number of episodes from 13 to 10 — a popular length for serialized, genre programming on speciality. With shorter-run seasons reducing broadcaster risk and spending, commissioning trends on speciality services continue to transfer over to conventional. This trend toward short-order programming — which includes miniseries, limited series, event series and anthologies series is likely not yet fully reflected in the 2013/14 statistics and is expected to further increase in the future. In fact, in 2013/14, the volume of mini-series declined 20% from $88 million to $70 million, while the number declined further by 30% (from 56 to 39). As with television series, the pattern for mini-series indicates that spending per project has gone up, rising 14.2% on average.

The growth of online video streaming services and subscription video-on-demand (SVOD in Canada is also leading to scheduling experiments. For instance, HBO Canada's six-episode original series, *Sensitive Skin*, released all its episodes online and on-demand following the broadcast premiere of the first episode. It is the

17 Louis Fournier (2014), *Impact Study on the Group License Policy 2.5 Years Later*, a report prepared for CMPA, p.5.

first program to be released in this way for a broadcast in Canada, and according to Bell Media, the short series' format made it a good fit for test-running a binge watching strategy.[18]

Nearly a third (32%) of Canadians in the English-language market had a Netflix subscription in fall 2013, a 40% increase since 2012.[19] However, the majority of television watching is still scheduled viewing; thus the Canadian rights market remains sound, and is expected to remain so in the medium term.[20] Broadcaster spending, however, has been slightly affected by declining revenues. Even though production volume was up 2.7% to its second largest level over the last decade, the 2013/14 production volume was nonetheless 12.9% lower than in 2011/12 (Exhibit 2-33).

The year 2011/12 was a banner year due to many factors: broadcaster revenue was up in 2010/11 leading to higher licence fees and more Canadian Program Expenditure (CPE) and Programs of National Interest (PNI) spending on big-budget drama and format shows. Increased spending on English-language fiction dramas such as *Combat Hospital* led to strong foreign presales. It was also in advance of the Bell Media Inc. licence renewal and there was an incremental lift from outlays in corporate benefits packages, particularly from the BCE-CTVglobemedia 2011 transaction, which continues to support domestic Canadian television.

As of August 2013, 37% of the BCE-CTV globemedia benefits fund for on-screen and/or programming-related benefits have been spent, with the remaining amount of the required $100 million on PNI development and production to be spent by August 2018.[21] Likewise, 28% of the 2010 Shaw-Canwest transaction benefits (worth over $80 million for PNI) had been spent by August 2013.[22] The BCE-Astral benefits package, which includes $140 million for PNI programs, has yet to take real effect. Over the next few years, as financial resources from the benefits package do flow into the production industry, they will primarily impact on French-language production market.[23]

Despite this investment, the share of private broadcaster licence fees for English-language Canadian television production declined from 21% in 2009/10 to 16% in 2013/14 (Exhibit 2-47), partially as a result of the increasing share of foreign investment, which increased to 13% ($220 million) in 2013/14 compared to 10% ($150 million) in 2009/10. The vast majority of this investment went to English-language fiction programming and to a lesser degree, children's and youth programming (Exhibit 2-46).

To finance larger productions, Canadian producers are increasingly going after global investors and major Canadian television series and mini-series are receiving pre-sales from US networks. With viewership declining and program costs increasing, the pooling of resources has become even more vital and US broadcasters are reportedly more willing to do cross-border collaborations given the global financial situation. Canadian broadcasters have also started to get involved in the development phase sooner with their co-financing US partners. For instance, *Orphan Black*, which was among *TIME* Magazine's top ten television shows of 2013, premiered both on Space and BBC America. The show broke ratings records for the Canadian speciality channel, leading to an encore run on CTV and an acquisition by BBC 3 in the UK. Other Canadian genre shows are also seeing success in the US; for instance, the American channel, Syfy, picked up several Canadian originals including *Bitten*, *Lost Girl* and *Continuum* and Canadian-shot *Haven* and *Being Human*.

In contrast to growing foreign investment, English-language treaty coproduction activity for television dropped 25% in terms of the Canadian share total budgets – from $112 million to $84 million – even though the number of projects increased slightly from 33 to 35 (Exhibit 2-65). French-language treaty coproduction for television dropped to a decade low of three projects with the total volume of the Canadian share of budgets dropping to $1 million. French-language television coproduction was already very low, revealing coproduction activity with France was more on the English-language side.

18 Val Maloney (2014), "HBO Canada tests binge strategy with Sensitive Skin," *Playback*, July 4, 2014.

19 Media Technology Monitor (2014), *Internet TV has Changed: The Rise of Netflix.*

20 Peter Miller (2014), *The State of the Canadian Program Rights Market: 2014*, prepared for CMPA and Friends of Canadian Broadcasting and Canada Media Fund, p. 56.

21 Boon Dog Professional Services Inc. (2014), *Canadian Television Benefits Monitor: Tracking Spending on Television Benefits Packages* (prepared for CMPA) CMPA), p. 11.

22 Boon Dog Professional Services Inc. (2014), p. 14.

23 Boon Dog Professional Services Inc. (2014), p. 2.

International partnerships in the children's television business are also changing – instead of coproducing with France, the UK or Australia, Canadian producers are stepping up presales with broadcasters that have international broadcast footprints and the skills to distribute content on a more global basis (e.g. Disney XD, Nickelodeon). According to industry sources in children's and youth television, there is less of a need to enter into treaty coproductions. As an example, one of Canada's largest producers of children's and youth and programming, DHX Media, announced in November 2014 that it had entered into a partnership with China National Television to launch a streaming service dedicated to DHX Media's titles – including its library and future projects originating from its animation studios in Vancouver, Toronto and Halifax.[24] Since Canada does not currently have a coproduction treaty with China which covers television production, these new projects may be produced as co-ventures. These trends are consistent with coproduction statistics for the genre. The number of children's and youth coproductions made by Canadian producers decreased to eight in 2013, a significant decline from a high of 23 in 2008 (Exhibit 2-64).

A series of high-profile channel ownership changes in 2013/14 led to some concern about domestic industry consolidation given that the new owners also had in-house production arms. However, media reports suggest that independent producers do not see these changes as unnerving and the production volume in children's and youth increased 11.2% over the previous year.[25] Producers in this space are benefiting from increasing consumption through the development of online video streaming services and the increasing popularity of YouTube, more customers, rising content values, and more acquisition opportunities.

Youth programming (for ages 15 to 24), however, is in a state of flux as this audience base has the highest rate of cord cutting and alternative platform use, leaving broadcasters trying to figure out how to reach increasingly elusive audiences for channels such as MTV and MuchMusic. Beyond longstanding successful shows like *Degrassi,* there are few commissions, some acquisitions and a higher proportional amount of in-house programming.

Generally, on a genre-basis, total Canadian television production spending grew in all categories. The only exception was in the lifestyle genre, where both the English- and French-language markets experienced a significant, 25.4% drop in volume. As with the case of drama, broadcasters are buying fewer titles in this segment as the cost of lifestyle programming increased, which broadcast industry sources see as being driven by higher production values. In addition, the decline in commissioning factual non-scripted series has been linked to the implementation of the group licensing policy in 2012. Group broadcasters have employed the new flexibility to allocate additional resources to drama series and format reality series, which has been detrimental to factual non-scripted series. As a result, certain speciality services have had to offer lower licence fees or cut down on the number of projects.[26]

Furthermore, the decline may be related to categorization — some former lifestyle commissioning activity may be falling into the documentary genre, which increased by 6.8% ($21 million); average budgets have also increased 14%. In other words, there may be a trend toward creating more docu-soaps and living histories, which are eligible documentary programming under CMF guidelines, as well as docu-series. For instance, the original six-part docu-series, *Emergency Room: Life and Death at VGH,* received a $2.25 million from Knowledge Network — the equivalent of its annual budget for commissioned original programming.[27] Other sub-genres in the category, such as feature length documentary, have reportedly fallen out of favour on broadcast channels as they are generally more challenging to program and market.

On a provincial level, Ontario-based producers accounted for 43% of total Canadian television production in 2013/14. Indeed, over 86% of Ontario's domestic film and television independent production activity stems from domestic television production (Exhibit 2-44). Notable television series include the first season of the period drama *Reign*, as well as *Saving Hope*, *Degrassi* and *Murdoch Mysteries*.

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24 Julianna Cummins (2014), "DHX pacts with China's CNTV to launch streamer," *Playback*, November 10, 2014.

25 Andy Fry (2014), "This is…the kids business in Canada — Part 2," *Playback*, June 12, 2014.

26 Fournier (2014), p. 5.

27 Julianna Cummins (2014), "Lark Productions tackles first docu-series with Knowledge," *Playback*, January 20, 2014.

As with Ontario, production volume by Quebec-based producers remained largely stable over the last year with notable productions including *Unité 9* and *Les jeunes loups*, and *19-2* in both French- and English-languages. Meanwhile, British Columbia's domestic television production has been steadily growing, and in 2013/14, the province marked its highest volume of Canadian television production in the last decade with an 18% share of the total volume of Canadian television production (Exhibit 2-44).

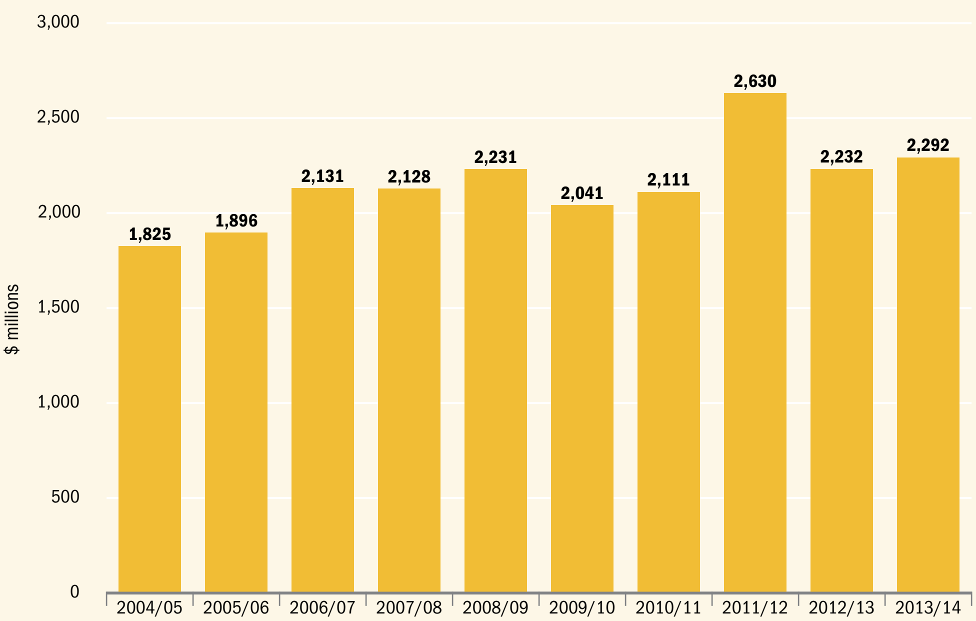
The market development in British Columbia can be attributed to a number of high-quality and high-budget drama series, such as *Motive* (Season 3 shooting in Vancouver), *Continuum*, and the new serialized western, *Strange Empire*. There has also been significant growth and a high number of recent hits on the unscripted side, including *Chopped Canada*, *Yukon Gold* and *Ice Pilots NWT*. In addition, there has been growth in domestic children's animation with production companies like Nerd Corps Entertainment and Atomic Cartoons, which have benefitted from the talent pool and strong growth in British Columbia's visual effects (VFX) industry.

Overall, trends in Canadian television are pointing to maturity in the industry with producers and writers at the top of their game and obtaining a critical mass of work. Despite the increased sophistication and diversity of Canadian television, however, it is still a time of disruptive technological transition from traditional to digital. Trends including personalization, customization and convenience are shaping the industry, especially as unbundling and pick-and-pay discussions were prevalent both in Canada and the US in 2013/14. Without subscriber and advertising growth, the traditional television business models are vulnerable and the outcome of the CRTC *Let's Talk TV* hearings, and the timeline for the rollout of the related regulatory decisions, will likely be significant.

VOLUME

Exhibit 2-32 Total volume of Canadian television production

The total volume of Canadian television production increased by 2.7% to $2.29 billion in 2013/14, and was 25.6% higher than it was in 2004/05.

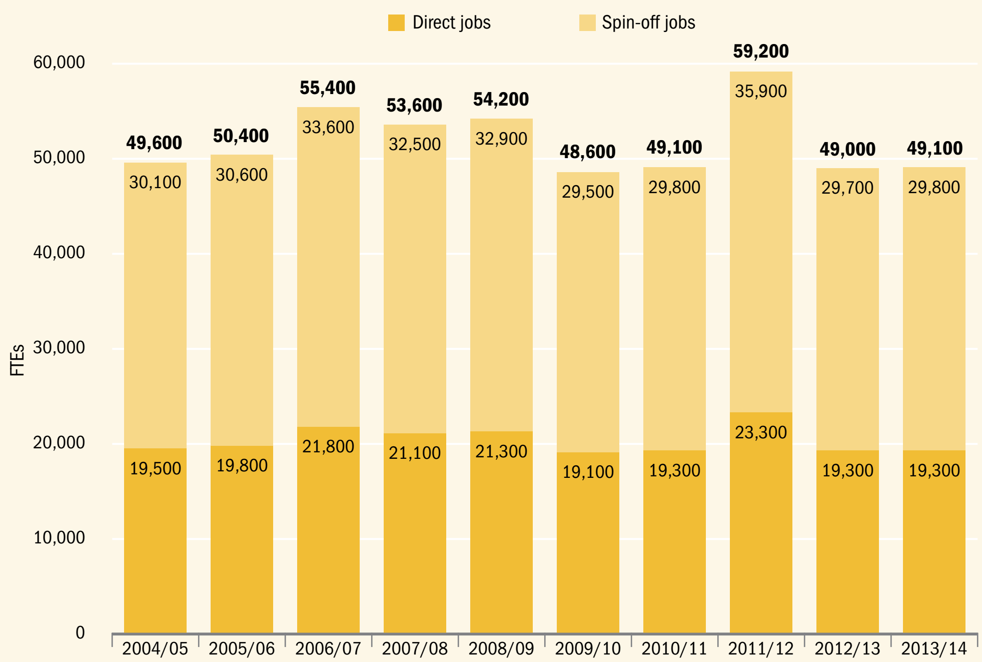


Source: Estimates based on data collected from CAVCO.
Note: Canadian television production includes CAVCO-certified television production and an estimate for CRTC-certified production. Canadian television production also includes film productions for non-theatrical release.

EMPLOYMENT

Exhibit 2-33 Number of FTEs generated by Canadian television production

Canadian television production supported 49,100 FTEs in Canada in 2013/14.



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

TYPES

Exhibit 2-34 Volume of television production, by type

The number of Canadian television series dropped from 635 to 588 in 2013/14, even though the total volume of television series production increased by 4.4% to over $1.9 billion. The volume of television series production in 2013/14 was still 11.3% lower than the ten-year high of $2.2 billion in 2011/12.

($ millions)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Series	1,371	1,320	1,497	1,586	1,743	1,630	1,749	2,202	1,870	1,953
TV movies	221	362	346	302	240	153	167	157	156	160
Mini-series	78	62	103	96	88	118	67	82	88	70
Other TV*	154	152	186	143	159	140	128	190	119	109
Total	**1,825**	**1,896**	**2,131**	**2,128**	**2,231**	**2,041**	**2,111**	**2,630**	**2,232**	**2,292**

Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding.
** Other TV category includes single-episode television programming and television pilots.*

Exhibit 2-35 Number of television projects, by type

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Series	683	715	710	724	717	643	647	717	635	588
TV movies	134	175	204	176	164	109	116	106	101	106
Mini-series	55	44	45	40	43	47	46	49	56	39
Other TV*	453	406	374	381	370	372	306	378	289	263
Total	**1,325**	**1,340**	**1,334**	**1,321**	**1,294**	**1,171**	**1,115**	**1,250**	**1,080**	**997**

Source: Estimates based on data collected from CAVCO.
** Other TV category includes single-episode television programming and television pilots.*

GENRES

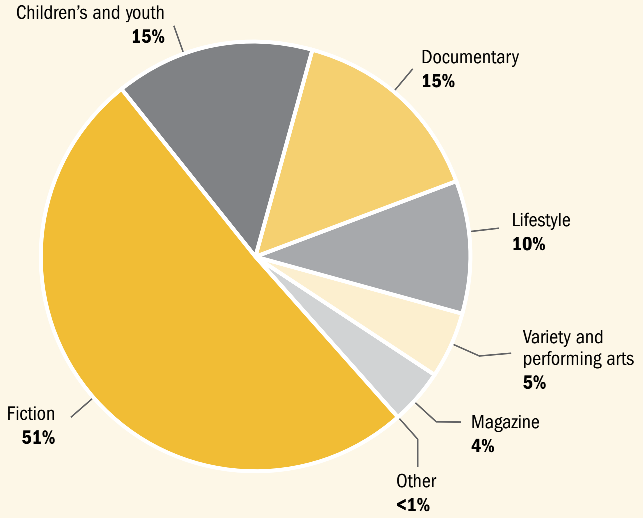
Exhibit 2-36 Volume of television production, by genre

All genres, except lifestyle, experienced an increase in volume in 2013/14.

($ millions)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Fiction	824	838	952	928	945	879	890	1,227	1,101	1,163
Children's and youth	282	306	361	311	352	379	348	428	317	352
Documentary	377	356	374	408	416	345	335	367	313	334
Lifestyle*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	258	325	318	237
Variety and performing arts	126	117	142	133	183	157	170	165	98	111
Magazine	148	163	154	158	117	110	86	97	82	92
Other	68	115	149	190	217	172	25	20	3	3
Total	**1,825**	**1,896**	**2,131**	**2,128**	**2,231**	**2,041**	**2,111**	**2,630**	**2,232**	**2,292**

Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding.
n.a.: Data not available.
** Prior to 2010/11, lifestyle programming was included in the Other genre category.*

Exhibit 2-37 Share of total volume of Canadian television production, by genre, 2013/14



Source: Estimates based on data collected from CAVCO.
Note: Total may not sum due to rounding.

BUDGETS

English-Language Production

Exhibit 2-38 Budgets of English-language Canadian television production, by genre

Average budgets in the fiction genre remained just over $1.3 million per hour in 2013/14. Average budgets in all other genres except VAPA increased in 2013/14. The largest increase was in the documentary genre, where the average budget increased by $44,000 per hour, or 14% compared to 2012/13.

$ 000s per hour	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Fiction										
Average	1,315	1,348	1,515	1,615	1,515	1,323	1,232	1,655	1,320	1,309
Median	1,179	1,250	1,520	1,523	1,257	1,367	1,207	1,424	1,311	1,219
Children's and youth										
Average	722	556	611	607	820	788	863	791	695	726
Median	550	462	638	420	496	653	500	598	510	633
Documentary										
Average	302	310	322	324	334	410	347	368	312	356
Median	250	229	252	244	291	263	286	268	264	343
Lifestyle										
Average	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	266	287	322	343
Median	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	288	301	352	368
Variety and performing arts										
Average	343	439	478	396	476	367	529	574	384	364
Median	261	350	255	295	318	262	231	420	206	193
Magazine										
Average	82	115	75	80	101	156	99	47	35	–
Median	56	60	34	42	55	76	37	47	35	–

Source: Estimates based on data collected from CAVCO.
– : Data not reported due to the size of the sample of projects.
n.a.: Data not available.
Note: Data and calculations exclude the foreign budgets of treaty coproductions and television programs that only received certification from CRTC.

French-Language Production

Exhibit 2-39 Budgets of French-language Canadian television production, by genre

In the French-language market, average budgets were higher in the fiction, children's and youth, and VAPA genres in 2013/14.

$ 000s per hour	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Fiction										
Average	456	526	501	520	520	621	517	425	450	486
Median	363	493	450	510	376	467	504	327	367	455
Children's and youth										
Average	238	189	213	209	243	233	206	330	170	193
Median	121	151	155	115	179	163	150	171	145	154
Documentary										
Average	207	239	209	223	234	228	252	211	218	209
Median	172	199	171	190	189	197	211	169	186	170
Lifestyle										
Average	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	113	115	113	74
Median	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	83	79	76	63
Variety and performing arts										
Average	197	174	192	278	311	212	220	204	231	293
Median	141	130	143	150	168	161	163	146	170	209
Magazine										
Average	55	48	58	57	49	67	51	66	108	68
Median	41	40	37	46	46	50	42	54	62	63

Source: Estimates based on data collected from CAVCO.
Note: Data and calculations exclude the foreign budgets of treaty coproductions and television programs that only received certification from CRTC.
n.a.: Data not available.

eOne EXPECTED TO CONTINUE MINI-SERIES SUCCESS WITH THE BOOK OF NEGROES

eOne is a global leader in the acquisition, production and distribution of filmed entertainment content. The company has a robust television division, which has a rights library of over 2,800 hours of TV programming. eOne experienced great success with the miniseries *Klondike*, produced in 2013 in Alberta as a co-venture with Discovery Channel and Nomadic Pictures, in association with Ridley Scott and Scott Free Television. Set in the Yukon, but filmed in Alberta with support from the Alberta Media Fund, the series premiered in January 2014 and drew an estimated 645,000 viewers in Canada and 3.4 million viewers in the US.

eOne's next miniseries venture is *The Book of Negroes*, which premiered at MIPCOM's Opening Night Gala in Cannes in October 2014. Based on the novel by Canadian author Lawrence Hill, which sold over one million copies worldwide, the six-part miniseries is a Canada-South Africa treaty coproduction filmed in South Africa, Nova Scotia and Ontario under award-winning Canadian director Clement Virgo. The star-studded cast includes Academy Award winners Louis Gossett Jr. and Cuba Gooding Jr., as well as Academy Award nominee and winner of multiple Emmy and Tony awards, Jane Alexander. The series also features familiar faces from Canadian television including, Allan Hawco (*Republic of Doyle*), Greg Bryk (*Bitten*) and Lyriq Bent (*Rookie Blue*).

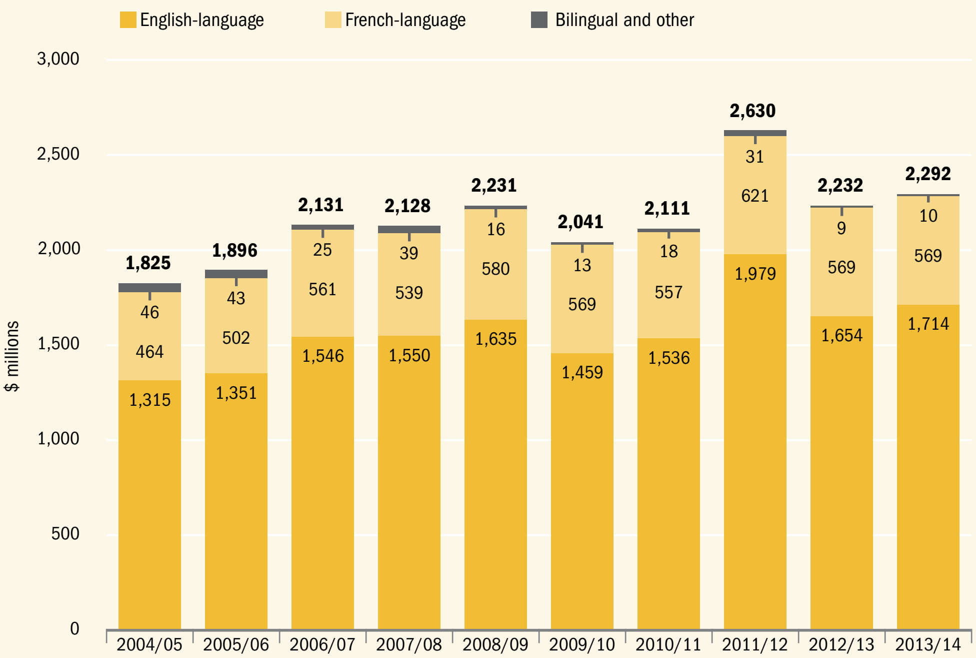
The highly anticipated miniseries, to be aired on CBC and BET in the winter of 2015, is a treaty co-production between eOne, Conquering Lion Pictures (Toronto), Idlewild Films (Nova Scotia) and Out of Africa Entertainment (South Africa). The international collaboration opened up opportunities to film in South Africa and Nova Scotia, as well as facilitating international distribution reach.

Both of these productions are exemplary of the North American commissioning trend toward more short-run, high-concept and big-budget programming with international financing and broadcast partners.

LANGUAGE

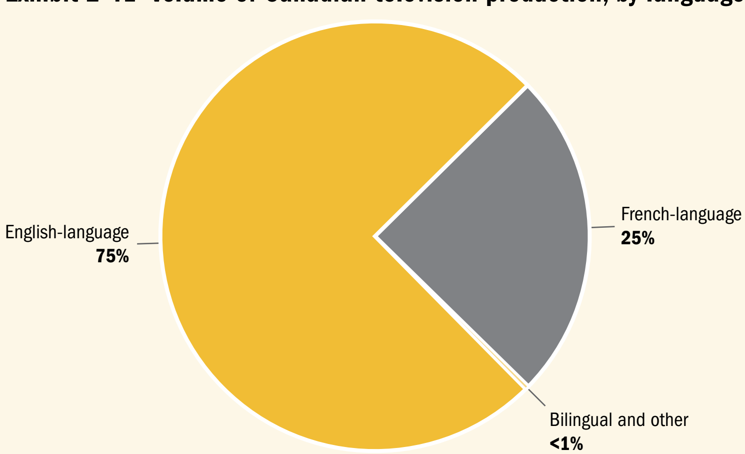
Exhibit 2-40 Volume of Canadian television production, by language

The volume of English-language production increased by 3.6% in 2013/14, while French-language production was unchanged.



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

Exhibit 2-41 Volume of Canadian television production, by language, 2013/14 share



Source: Estimates based on data collected from CAVCO.
Note: Total may not sum due to rounding.

Exhibit 2-42 Volume of Canadian television production, by genre and language

($ millions)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Fiction										
English-language	645	677	762	738	774	695	690	1,036	903	965
French-language	166	162	190	180	171	183	198	191	194	195
Bilingual and other	12	0	0	10	0	1	1	1	4	3
Total	**824**	**838**	**952**	**928**	**945**	**879**	**890**	**1,227**	**1,101**	**1,163**
Children's and youth										
English-language	245	255	289	252	273	299	294	316	242	281
French-language	32	38	68	47	76	76	52	97	74	67
Bilingual and other	5	13	4	12	4	4	2	15	1	5
Total	**282**	**306**	**361**	**311**	**352**	**379**	**348**	**428**	**317**	**352**
Documentary										
English-language	279	235	270	314	324	252	248	282	221	244
French-language	79	100	87	86	89	90	85	82	88	88
Bilingual and other	19	21	16	8	3	2	1	4	4	1
Total	**377**	**356**	**374**	**408**	**416**	**345**	**335**	**367**	**313**	**334**
Lifestyle										
English-language	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	191	239	244	195
French-language	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	59	78	74	42
Bilingual and other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9	7	0	0
Total	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**258**	**325**	**318**	**237**
Variety and performing arts										
English-language	44	44	51	50	77	76	74	81	39	27
French-language	77	67	88	77	100	75	91	80	59	84
Bilingual and other	5	6	3	6	6	6	5	4	0	0
Total	**126**	**117**	**142**	**133**	**183**	**157**	**170**	**165**	**98**	**111**
Magazine										
English-language	48	53	44	35	22	24	18	8	4	0
French-language	97	107	109	119	91	86	67	89	79	92
Bilingual and other	3	3	1	3	3	0	0	0	0	0
Total	**148**	**163**	**154**	**158**	**117**	**110**	**86**	**97**	**82**	**92**
Other genres*										
English-language	55	87	130	160	164	112	20	16	2	2
French-language	13	27	19	30	53	59	4	4	1	1
Bilingual and other	1	2	0	0	0	0	0	0	0	0
Total	**68**	**116**	**149**	**190**	**217**	**172**	**25**	**20**	**3**	**3**

Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding.
n.a.: Data not available.
** Prior to 2010/11, lifestyle programming was included in the Other genre category.*

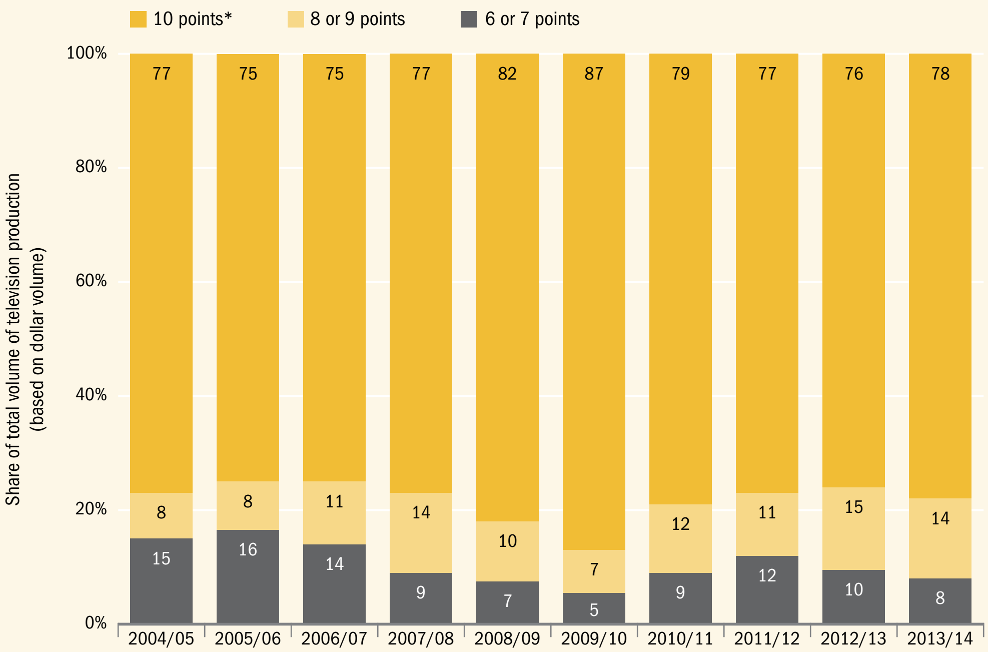
CANADIAN CONTENT POINTS

CAVCO and the CRTC use an established Canadian content points scale based on job title to certify films and television programs, so that Canadian broadcasters can then use the films or television programs to meet their Canadian television exhibition requirements. The content points scale is also used to determine if a film or television programs is eligible to receive the Canadian Film or Video Production Tax Credit (among other eligibility criteria). In general, the number of Canadian content points increases as the share of key creative positions occupied by Canadians increases. To qualify as Canadian content, a film or television program (that is not an audiovisual treaty coproduction) must obtain a minimum of six points; the maximum number of points a film or television program can obtain is ten.[28]

28 A documentary project can receive certification even if it obtains fewer than six points, provided that the project does not involve performers or other functions such as art director or music composer. However, all the filled key creative positions must be occupied by Canadians.

Exhibit 2-43 Television production, by Canadian content points (excludes audiovisual treaty coproduction)

The share of production volume with maximum Canadian content points (i.e. 10/10 points) increased to 78% in 2013/14, from 76% the year before.



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 sum due to rounding.
For more information on the Canadian content points scale, please visit: www.canadianheritage.gc.ca/cavco.

PROVINCES AND TERRITORIES

Exhibit 2-44 Volume of Canadian television production, by province and territory

Canada's largest production centres, Ontario and Quebec, experienced slight decreases in Canadian television production in 2013/14. All other provinces except Saskatchewan and the Territories experienced higher levels of Canadian television production.

($ millions)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2013/14 share of total
Ontario	714	734	731	829	959	944	993	1,276	1,004	977	43%
Quebec	642	721	758	715	731	678	711	762	689	681	30%
British Columbia	265	258	398	356	287	196	231	361	376	417	18%
Nova Scotia	62	48	54	46	47	44	29	52	35	73	3%
Alberta	56	37	54	80	92	80	63	67	58	61	3%
Newfoundland and Labrador	2	15	2	6	5	31	33	33	31	37	2%
Manitoba	26	32	63	34	40	44	25	39	23	33	1%
New Brunswick	19	10	10	16	11	13	8	15	7	8	<1%
Saskatchewan	37	38	58	42	58	11	16	21	8	1	<1%
Territories*	1	0	0	1	1	2	1	1	2	1	<1%
Prince Edward Island	1	3	2	5	0	0	0	3	0	0	<1%
Total	**1,825**	**1,896**	**2,131**	**2,128**	**2,231**	**2,041**	**2,111**	**2,630**	**2,232**	**2,292**	**100%**

Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding.
** Includes Yukon, Nunavut and Northwest Territories.*
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 2014 *due to such differences as data collection periods (fiscal vs. calendar year) and production activity reported on the basis of location of spend.*

BUFFALO GAL PICTURES' FOCUS ON COLLABORATION BRINGS NEW TELEVISION AND FILM PRODUCTIONS TO WINNIPEG

Winnipeg-based Buffalo Gal Pictures continues to make waves in both film and television production. In 2012, the company wrapped up production on the last season of the HBO hit series, *Less than Kind*, which it produced with Breakthrough Films & Television since 2008. The last season of the show aired in 2013, ending a four-season, award-winning run which included multiple Gemini, Canadian Comedy, and Canadian Screen Awards. Buffalo Gal also collaborated with Infinity Films and Welldone Productions on *Siberia*, a mock-reality show set in Siberia, but filmed in Winnipeg, which premiered on NBC in July 2013.

The company's most recent television project is the highly-anticipated *The Pinkertons*, which premiered on first-run syndication in the US in fall 2014. By mid-July in 2014, Rohrs Media Group had already secured distribution of the series in 88% of the US, covering 24 of the top 25 markets. Zodiak Rights, responsible for the program's international distribution, launched *The Pinkertons* at MIPCOM in October. The 22-episode action-drama is also produced with Rosetta Media.

Also on the television front, Buffalo Gal is working on *Sunnyside*, a sketch-comedy series commissioned by Rogers for CityTV in 2014 and produced in partnership with Toronto-based Counterfeit Pictures.

On the feature film front, Buffalo Gal Pictures was recently part of the treaty coproduction team behind *Aloft*, with partners Wanda Vision (Spain), Arcadia Motion Pictures (Spain), and Noodle Production (France). It is the first English-language feature written and directed by Claudia Llosa, an Academy Award nominee and multiple award-winner from Peru, and was entirely shot in Winnipeg. It premiered at the 64th Berlin International Film Festival in early 2014, where it closed a distribution deal with Sony Pictures Classics.

FINANCING

Canadian television production is financed through a variety of private and public sources within Canada, as well as foreign broadcasters, distributors and other private investors. Production in the English-language and French-language markets typically displays different average financing structures. For example, English-language production has historically attracted more financing from Canadian distributors and foreign sources, whereas French-language production has drawn a larger share of its financing from broadcast licence fees.

Exhibit 2-45 Financing of Canadian television production

In 2013/14, Canadian broadcasters' licence fees — private and public — accounted for a combined 29% of total financing. In the French-language market, Canadian broadcasters' licence fees accounted for 46% of total financing; in the English-language market, they accounted for 24%.

Overall, Canadian distributor and foreign sources accounted for 11% and 10%, respectively, in 2013/14. In the English-language market, the shares were 14% and 13%. In the French-language market, where foreign financing has historically played a much lower role in pre-sale television financing, the shares were both under one percent. Despite the lower levels of pre-sale financing for French-language television programs, many French-language producers have been successful in the licensing of formats — a form of international revenue that would not show up in the financing statistics for Canadian television production.

	2009/10		2010/11		2011/12		2012/13		2013/14	
	%	$M	%	$M	%	$M	%	$M	%	$M
Private broadcaster licence fees	22	451	23	491	21	561	20	456	17	392
Public broadcaster licence fees	10	198	8	179	8	216	10	221	12	280
Federal tax credit	10	205	10	215	10	271	10	232	11	243
Provincial tax credits	18	361	17	367	18	479	18	404	18	412
Canadian distributor	6	128	9	193	12	328	11	255	11	250
Foreign	8	156	7	155	8	198	8	176	10	223
CMF	15	307	13	282	12	303	13	300	12	282
Other public*	1	24	2	32	1	28	1	19	1	20
Other private**	10	210	9	197	9	246	8	170	8	190
Total	**100**	**2,041**	**100**	**2,111**	**100**	**2,630**	**100**	**2,232**	**100**	**2,292**

Source: Estimates based on data obtained from CAVCO and CMF.
Note: Some totals may not sum due to rounding.
* *Other public includes financing from provincial governments, and other government departments and agencies.*
** *Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.*

Exhibit 2-46 Financing of Canadian television production, by genre, 2013/14†

The financing of Canadian television production also varies by genre. In 2013/14, broadcaster licence fees accounted for 21% of the total financing for fiction production, but 58% in the lifestyle genre. In the children's and youth genre, 14% of the total financing was from foreign sources – the highest share across all genres. This relatively high contribution from foreign sources reflects the fact that many Canadian children's and youth programs – from *Degrassi* through *Arthur* – have a long track record of success with audiences outside of Canada. In all other genres except the fiction genre (11%), foreign sources account for under 10% of total financing.

	Fiction	Children's and Youth	Documentary	Lifestyle	Variety and Performing Arts	Magazine	Other genres††	All genres
	Share of total financing (%)							
Private broadcaster licence fees	11	12	24	41	18	32	29	17
Public broadcaster licence fees	10	9	8	17	32	30	21	12
Federal tax credit	11	10	10	11	11	12	12	11
Provincial tax credits	18	22	17	13	17	17	16	18
Canadian distributor	15	7	11	6	0	<1	15	11
Foreign	11	14	8	6	1	0	0	10
CMF	13	16	17	0	14	0	0	12
Other public*	1	2	2	1	1	<1	0	1
Other private**	10	9	4	5	5	8	6	8
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
	Amount of financing ($ millions)							
Private broadcaster licence fees	123	43	79	97	20	29	1	392
Public broadcaster licence fees	118	33	25	41	36	28	1	280
Federal tax credit	123	35	34	27	12	11	<1	243
Provincial tax credits	212	78	56	31	19	16	<1	412
Canadian distributor	175	24	35	15	<1	<1	<1	250
Foreign	133	48	27	14	1	0	0	223
CMF	152	56	57	0	16	0	0	282
Other public*	8	6	6	2	1	<1	0	20
Other private**	120	30	14	11	5	7	<1	190
Total	**1,163**	**353**	**334**	**237**	**111**	**92**	**3**	**2,292**

Source: Estimates based on data obtained from CAVCO and CMF.
Note: Some totals may not sum due to rounding.
† Only television programming in the fiction (i.e. drama), children's and youth, documentary and VAPA genres is eligible for CMF funding.
†† Other genres include educational and instructional programming.
** Other public includes financing from provincial governments, and other government departments and agencies.*
*** Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.*

Exhibit 2-47 Financing of English-language Canadian television production

	2009/10		2010/11		2011/12		2012/13		2013/14	
	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions
Private broadcaster licence fees	21	312	22	338	20	396	19	320	16	267
Public broadcaster licence fees	6	85	5	73	5	94	6	99	8	146
Federal tax credit	10	141	10	153	10	200	10	170	10	180
Provincial tax credits	18	267	18	276	19	369	19	307	18	315
Canadian distributor	8	121	12	188	16	321	16	257	14	245
Foreign	10	150	10	152	9	178	10	173	13	220
CMF	14	203	12	183	10	199	12	197	11	183
Other public*	2	24	1	20	1	23	<1	5	<1	6
Other private**	11	156	10	152	10	198	8	125	9	153
Total	**100**	**1,459**	**100**	**1,536**	**100**	**1,979**	**100**	**1,654**	**100**	**1,714**

Source: Estimates based on data obtained from CAVCO and CMF.
Note: Some totals may not sum due to rounding.
** Other public includes financing from provincial governments, and other government departments and agencies.*
*** Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.*

Exhibit 2-48 Financing of French-language Canadian television production

	2009/10		2010/11		2011/12		2012/13		2013/14	
	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions
Private broadcaster licence fees	25	140	26	146	26	158	24	134	22	124
Public broadcaster licence fees	20	116	19	108	19	120	22	123	24	136
Federal tax credit	11	63	11	59	11	68	11	61	11	62
Provincial tax credits	16	92	16	89	17	104	17	95	17	95
Canadian distributor	1	3	<1	2	1	4	1	3	<1	2
Foreign	<1	2	<1	1	3	17	<1	3	<1	1
CMF	18	100	17	94	16	97	17	96	16	92
Other public*	<1	2	2	14	1	6	2	11	3	16
Other private**	9	53	8	43	8	48	8	43	7	41
Total	**100**	**569**	**100**	**557**	**100**	**621**	**100**	**569**	**100**	**569**

Source: Estimates based on data obtained from CAVCO and CMF.
Note: Some totals may not sum due to rounding.
** Other public includes financing from provincial governments, and other government departments and agencies.*
*** Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.*

Exhibit 2-49 Financing of English-language Canadian television production, by genre, 2013/14†

	Fiction	Children's and Youth	Documentary	Lifestyle	Variety and Performing Arts	Magazine	Other genres††	All genres
	Share of total financing (%)							
Private broadcaster licence fees	10	13	26	38	10	–	0	16
Public broadcaster licence fees	8	5	7	16	21	–	27	8
Federal tax credit	11	10	10	11	9	–	11	10
Provincial tax credits	18	22	17	15	16	–	25	18
Canadian distributor	18	8	13	8	<1	–	26	14
Foreign	14	17	11	7	4	–	0	13
CMF	11	14	13	0	33	–	0	11
Other public*	0	1	1	1	4	–	0	<1
Other private**	11	9	3	4	0	–	10	9
Total	**100**	**100**	**100**	**100**	**100**	**–**	**100**	**100**
	Amount of financing ($ millions)							
Private broadcaster licence fees	92	36	62	74	3	0	0	267
Public broadcaster licence fees	77	15	16	31	6	0	1	146
Federal tax credit	103	29	25	21	2	0	<1	180
Provincial tax credits	178	63	40	30	4	0	<1	315
Canadian distributor	172	23	33	15	<1	0	1	245
Foreign	132	47	27	13	1	0	0	220
CMF	104	39	31	0	9	0	0	183
Other public*	0	3	3	2	1	0	0	6
Other private**	108	26	8	8	0	0	<1	153
Total	**965**	**281**	**244**	**195**	**27**	**0**	**2**	**1,714**

Source: Estimates based on data obtained from CAVCO and CMF.
Note: Some totals may not sum due to rounding.
† Only television programming in the fiction (i.e. drama), children's and youth, documentary and VAPA genres is eligible for CMF funding.
†† Other genres include educational and instructional programming.
** Other public includes financing from provincial governments, and other government departments and agencies.*
*** Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.*

Exhibit 2-50 Financing of French-language Canadian television production, by genre, 2013/14†

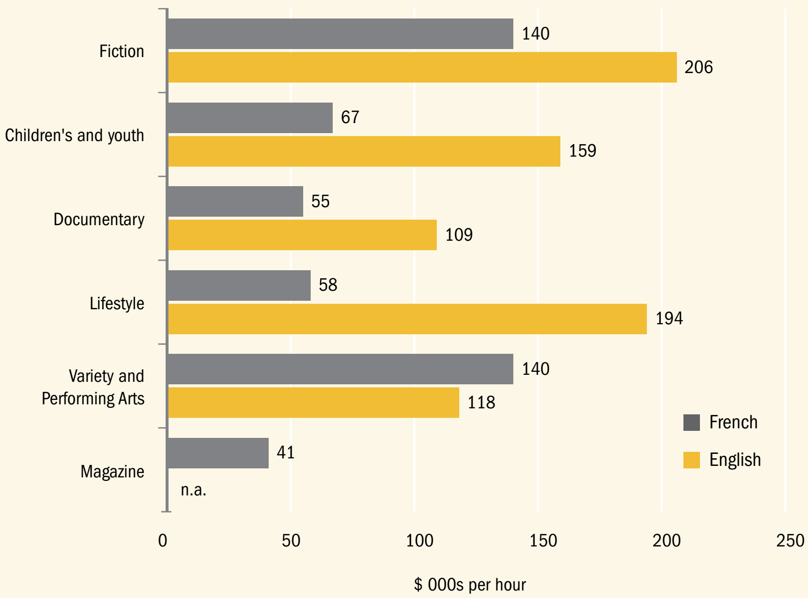
	Fiction	Children's and Youth	Documentary	Lifestyle	Variety and Performing Arts	Magazine	Other genres††	All genres
	Share of total financing (%)							
Private broadcaster licence fees	16	10	19	55	20	32	71	22
Public broadcaster licence fees	21	25	10	24	35	30	13	24
Federal tax credit	10	11	10	13	12	12	14	11
Provincial tax credits	18	20	19	2	17	17	2	17
Canadian distributor	<1	<1	2	0	<1	<1	0	<1
Foreign	<1	0	<1	0	1	0	0	<1
CMF	24	23	26	0	7	0	0	16
Other public*	5	3	6	<1	1	<1	0	3
Other private**	6	7	8	6	7	8	<1	7
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
	Amount of financing ($ millions)							
Private broadcaster licence fees	31	7	16	23	17	29	1	124
Public broadcaster licence fees	41	17	9	10	30	28	<1	136
Federal tax credit	20	7	9	5	10	11	<1	62
Provincial tax credits	34	14	17	1	14	16	<1	95
Canadian distributor	<1	<1	2	0	<1	<1	0	2
Foreign	<1	0	0	0	<1	0	0	1
CMF	47	16	23	0	6	0	0	92
Other public*	10	2	5	<1	1	<1	0	16
Other private**	11	5	7	2	6	7	<1	41
Total	**195**	**67**	**88**	**42**	**84**	**92**	**1**	**569**

Source: Estimates based on data obtained from CAVCO and CMF.
Note: Some totals may not sum due to rounding.
† Only television programming in the fiction (i.e. drama), children's and youth, documentary and VAPA genres is eligible for CMF funding.
†† Other genres include educational and instructional programming.
** Other public includes financing from provincial governments, and other government departments and agencies.*
*** Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.*

BROADCASTER LICENCE FEES

Exhibit 2-51 Average per-hour licence fees paid by Canadian broadcasters for Canadian television programming, 2013/14

In the fiction genre, the average licence fee in 2013/14 was $206,000 per hour for an English-language production and $140,000 per hour for a French-language production — albeit on a much lower average budget. Average licence fees were also relatively high in the lifestyle genre, where English-language productions received $194,000 per hour.

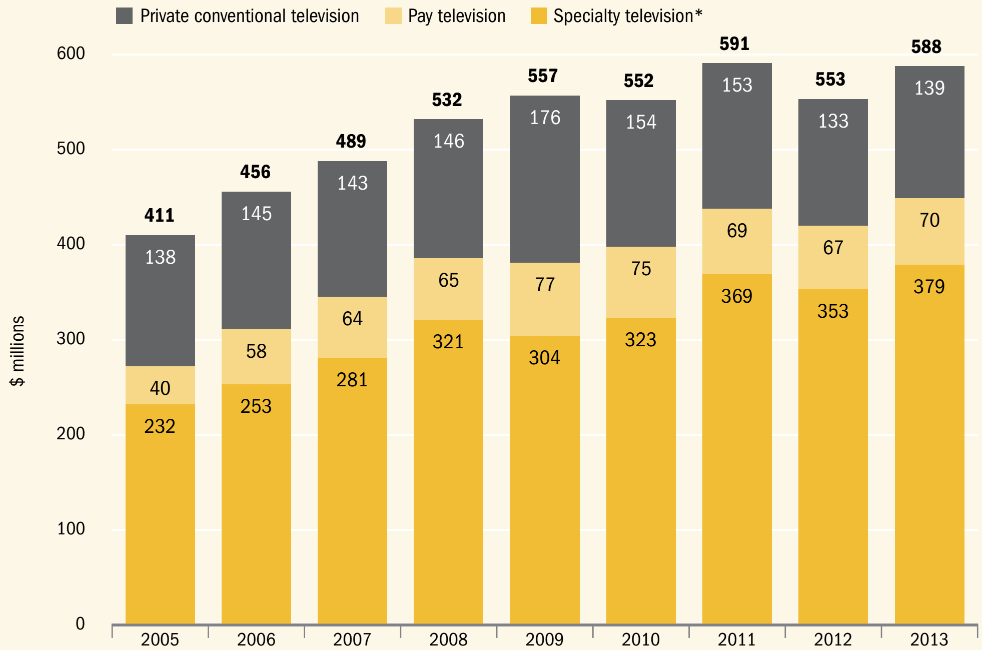


Source: Estimates based on data obtained from CAVCO for a sample of 2013/14 projects.
n.a.: No data available since no projects produced in 2013/14.

BROADCASTER SPENDING

Exhibit 2-52 Expenditures on Canadian independent production by private Canadian broadcasters

After falling during the 2012 broadcast year (September 1, 2011 to August 31, 2012), Canadian private broadcasters' spending on independent production increased by 6.3% during the 2013 broadcast year (September 1, 2012 to August 31, 2013) to $588 million. All segments of the broadcasting sector experienced increases; however, it was a $26 million increase in spending by specialty television services which accounted for just under three-quarters of the increase in 2013.



Source: CRTC

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

Notes: Some totals may not sum 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.

SEGMENTS OF THE CANADIAN BROADCASTING SECTOR

The Canadian broadcasting sector comprises four key segments. The private conventional television segment includes private broadcasters that maintain over-the-air infrastructure to broadcast to households, although the vast majority of Canadian households now receive conventional television signals via cable or satellite television providers. The public conventional television segment includes CBC/Radio Canada and provincial educational broadcasters in Quebec, Ontario and British Columbia. Services in the specialty television segment are only available via cable or satellite television providers and typically provide sports, 24-hour news, movies, arts and other thematic programming. Specialty television services earn revenue from a combination of subscription fees and advertising. Pay television services are also only available via cable or satellite television services. They typically feature premium programming such as recently released films and do not earn revenue from advertising; instead they rely on subscription or transactional payments (i.e., pay-per-view or video-on-demand services) from subscribers.

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 [voting] equity).

Exhibit 2-53 Expenditures by private Canadian broadcasters* on broadcaster-affiliated production

Without an Olympics in 2013, private Canadian broadcasters' spending on sports fell to only $5 million, thus bringing down their overall spending on broadcaster-affiliated production by 39.8% – from $171 million to $103 million. However, at this level, broadcaster-affiliated production was still higher than the levels reached in all the non-Olympics years since 2005. Despite this overall decrease Canadian broadcasters spending on broadcaster-affiliated production in the drama and comedy, and long-form documentary genres were at their highest level in nine years in 2013.

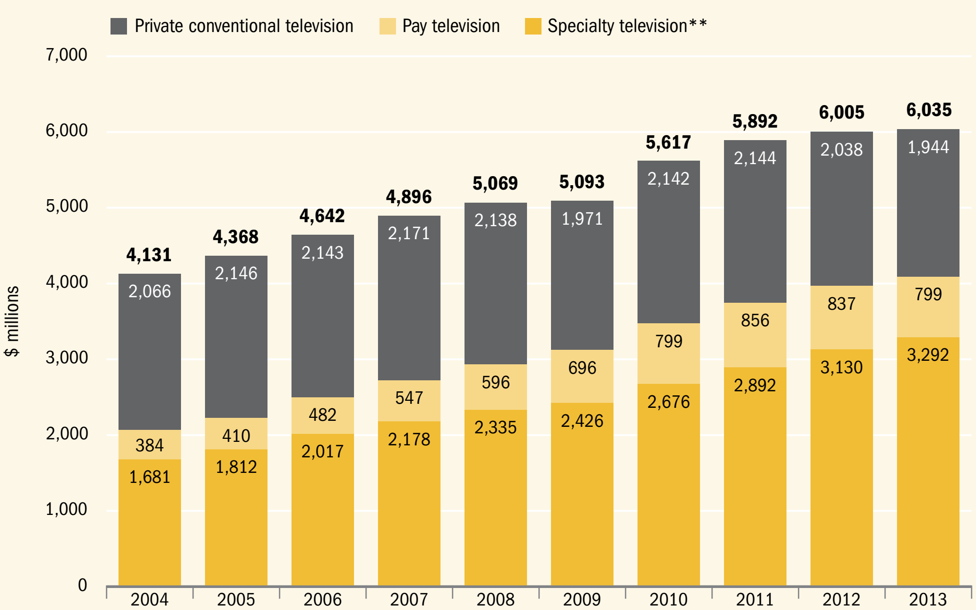
($ millions)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Drama and comedy	12	9	11	4	6	1	8	10	13
Long-form documentary	0	0	0	0	0	5	10	7	10
Sport	1	0	0	1	0	161	0	86	5
Other genres	79	82	79	82	72	69	65	68	58
Total	**92**	**92**	**89**	**86**	**79**	**236**	**83**	**171**	**103**

Source: CRTC.
** Includes private conventional services, private pay and specialty services, and CBC/Radio-Canada's specialty services.*
Note: Some totals may not sum due to rounding.

Private Television Broadcasting Revenues

Exhibit 2-54 Total revenue of private Canadian broadcasters*

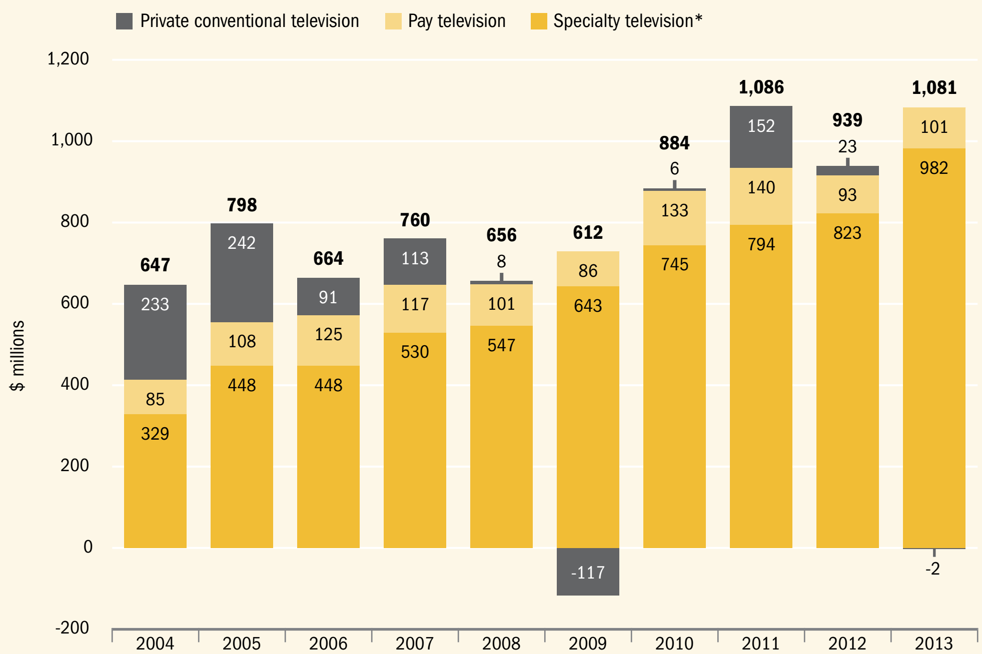
Revenues in Canada's private broadcasting industry during the 2013 broadcast year increased for the tenth consecutive year, although the annual growth rate slowed to 0.5%



Source: CRTC.
** Total revenue differs from figures reported in Broadcasting Sector box (below) due to exclusion of CBC/Radio-Canada's conventional television services.*
*** Includes CBC/Radio-Canada's specialty television services.*

Exhibit 2-55 Total PBIT of private Canadian broadcasters*

A $159 million increase in profit before interest and taxes (PBIT) in the specialty television sub-sector pushed the broadcasting sector's overall PBIT back above $1 billion during the 2013 broadcast year. However, all of this increase was in the specialty and pay television segments, as PBIT in the private conventional segment actually dropped to negative $2 million in 2013.



Source: CRTC.
** includes CBC/Radio-Canada's specialty television services.*

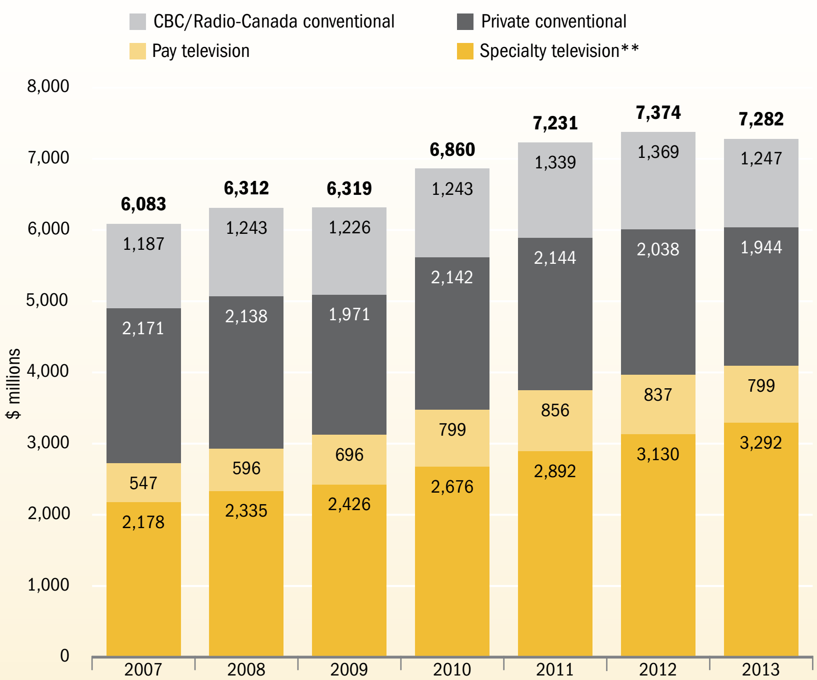
BROADCASTING SECTOR

The Canadian broadcasting sector can be grouped into four key segments: (i) private conventional services, (ii) public conventional (i.e. CBC/Radio Canada's conventional services)[29] (iii) specialty television, and (iv) pay television. In 2013, there were 402 individual Canadian television services authorized to broadcast in Canada.[30]

In Exhibit 2-54, we reported that private Canadian broadcasters earned just over $6 billion in revenue during the 2013 broadcasting year. Adding CBC/Radio-Canada's conventional services' revenue lifts the overall revenue in Canada's broadcasting sector to $7.28 billion in 2013.

Total revenue* in the broadcasting sector, by sub-sector

Total revenue in Canada's broadcasting sector decreased by 1.2% in 2013, as each sub-sector, except the specialty television sub-sector, experienced reduced revenue.



Source: Nordicity estimates based on data from CRTC.
** Total revenue differs from figures reported in Exhibit 2-54 due to inclusion of CBC/Radio-Canada's conventional television services.*
*** Includes revenue earned by specialty television services owned by CBC/Radio-Canada.*

29 The revenue of public educational broadcasters has been excluded from the statistics in this report.

30 CRTC, (2014) Communications Monitoring Report, p. 85.

CANADA MEDIA FUND (CMF)

The CMF is funded by the Government of Canada, and cable and satellite distributors (also known as broadcasting distribution undertakings [BDUs]). The CMF has a mandate to support the creation of Canadian convergent digital content across multiple platforms, including television, and leading-edge new media applications, as well as experimental content applications or software for the Internet, wireless and other emerging digital platforms.

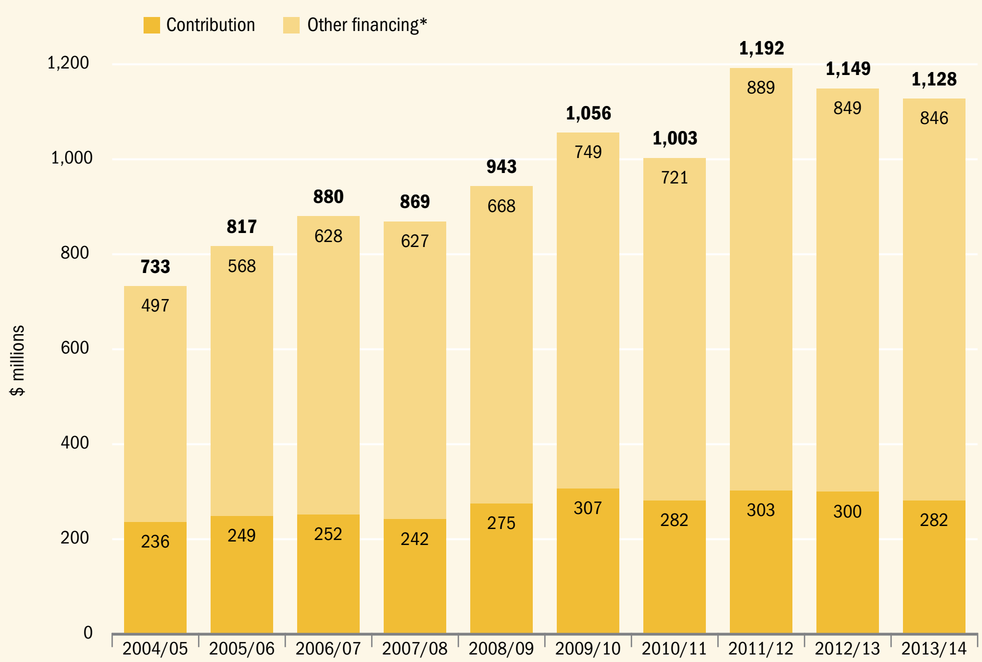
The CMF was officially launched on April 1, 2010 to respond to changes brought about by new technologies and evolving consumer demand. It replaced the former Canadian Television Fund (CTF) and the Canada New Media Fund.

During its inaugural fiscal year of operation, 2010/11, the CMF launched a new slate of programs, with an overall program budget of more than $350 million for screen-based media across two funding streams: the Convergent Stream and the Experimental Stream. The Convergent Stream provides financial support to screen-based projects with television content and content or applications for at least one additional digital media platform. The Experimental Stream funds the creation of innovative digital media content and software applications. This section provides an overview of the screen-based production supported by the CMF's Convergent Stream.

Volume

Exhibit 2-56 Total volume of Canadian television production with CMF contributions

CMF funding of $282 million supported $1.13 billion[31] of television production in 2013/14 and generated 25,100 FTEs. The total volume of television production supported by the CMF decreased by 1.8% in 2013/14, as CMF contributions dropped by 6% compared to 2012/13.

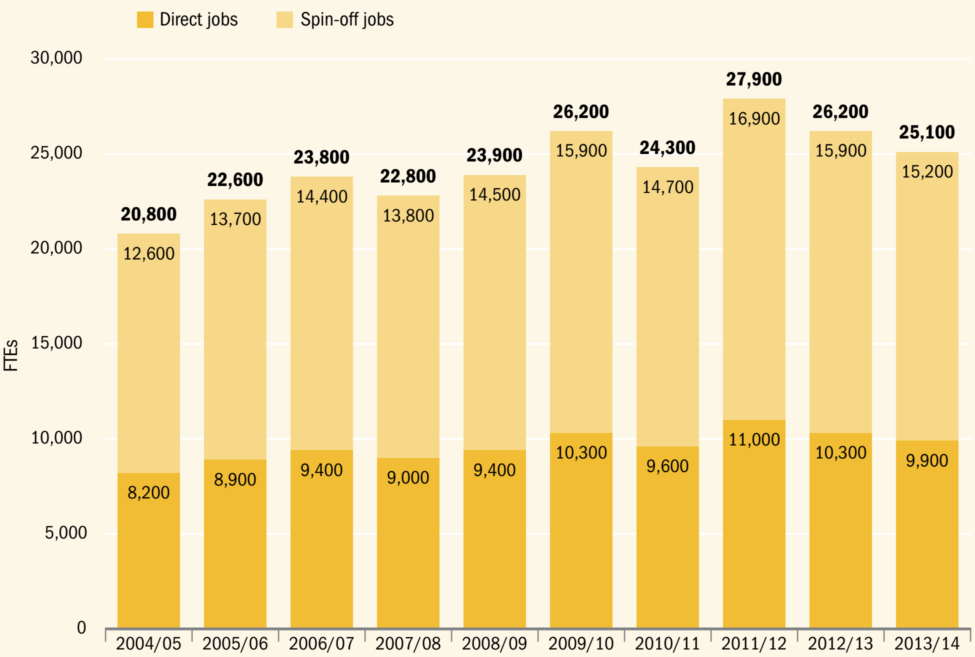


Source: CMF.
Some totals may not sum due to rounding.
** Other financing includes contributions from production companies, broadcasters, other government sources and distributors.*

31 Canada Media Fund, custom tabulations. Funding and production statistics only include television-platform component of Convergent Stream projects.

Jobs Generated by CMF-Supported Production

Exhibit 2-57 Number of FTEs generated by CMF-supported production



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

Hours of Television Production

Exhibit 2-58 Number of CMF-supported hours of television production, by genre

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Documentary	810	837	798	806	761	821	715	828	828	886
Children's and youth	782	717	681	693	646	639	695	812	785	712
Drama (i.e., fiction)	472	525	549	480	580	610	659	613	671	661
Variety and performing arts	313	197	270	217	223	352	422	549	404	321
Total	**2,376**	**2,276**	**2,297**	**2,195**	**2,210**	**2,422**	**2,491**	**2,801**	**2,688**	**2,580**

Source: CMF.
Note: Some totals may not sum due to rounding.

Contributions to television production

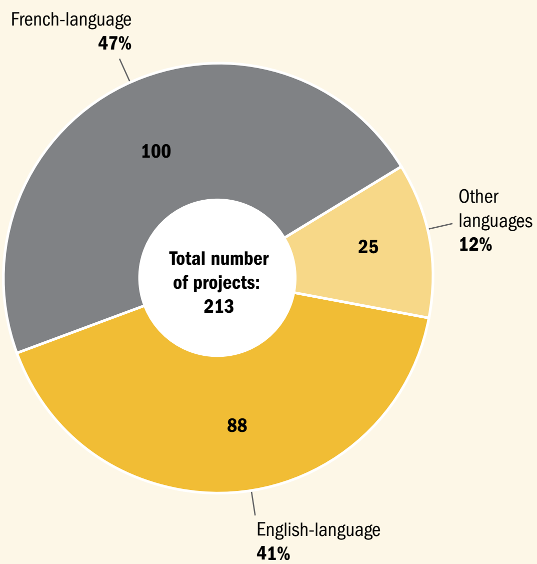
Exhibit 2-59 CMF contributions to television production, by genre

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
($ millions)										
Documentary	46.5	48.3	51.6	53.4	55.0	61.0	56.0	64.0	58.2	57.0
Children's and youth	45.0	46.3	46.3	49.2	49.0	55.0	54.0	57.0	56.8	56.0
Drama (i.e., fiction)	133.8	146.3	143.6	130.7	162.0	178.0	160.0	159.0	166.9	152.0
Variety and performing arts	10.2	8.0	10.2	9.1	10.0	13.0	13.0	23.0	18.3	16.0
Total	**235.5**	**248.9**	**251.7**	**242.4**	**275.0**	**307.0**	**282.0**	**303.0**	**300.1**	**282.0**
Share of total										
Documentary	20%	19%	21%	22%	20%	20%	20%	21%	19%	20%
Children's and youth	19%	19%	18%	20%	18%	18%	19%	19%	19%	20%
Drama (i.e., fiction)	57%	59%	57%	54%	59%	58%	57%	53%	56%	54%
Variety and performing arts	4%	3%	4%	4%	4%	4%	5%	8%	6%	6%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: CMF.
Note: Some totals may not sum due to rounding.

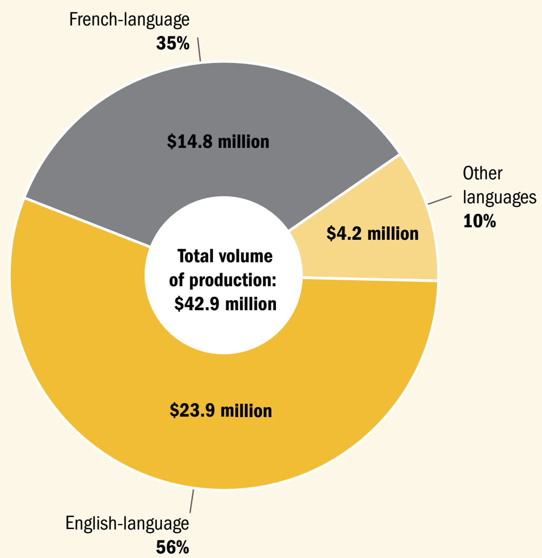
CMF-supported convergent digital media production

Exhibit 2-60 CMF-supported convergent digital media projects, by language, 2013/14



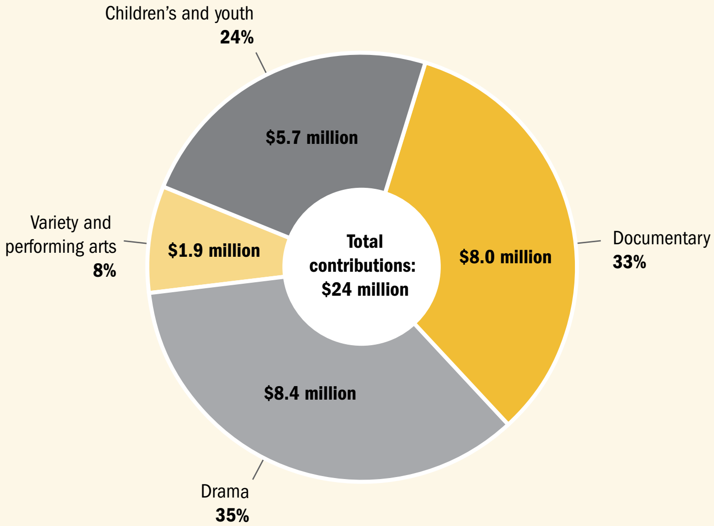
Source: CMF.

Exhibit 2-61 Volume of CMF-supported convergent digital media production, by language, 2013/14



Source: CMF.
Note: Some totals may not sum due to rounding

Exhibit 2-62 CMF contributions to convergent digital media production, by television genre, 2013/14

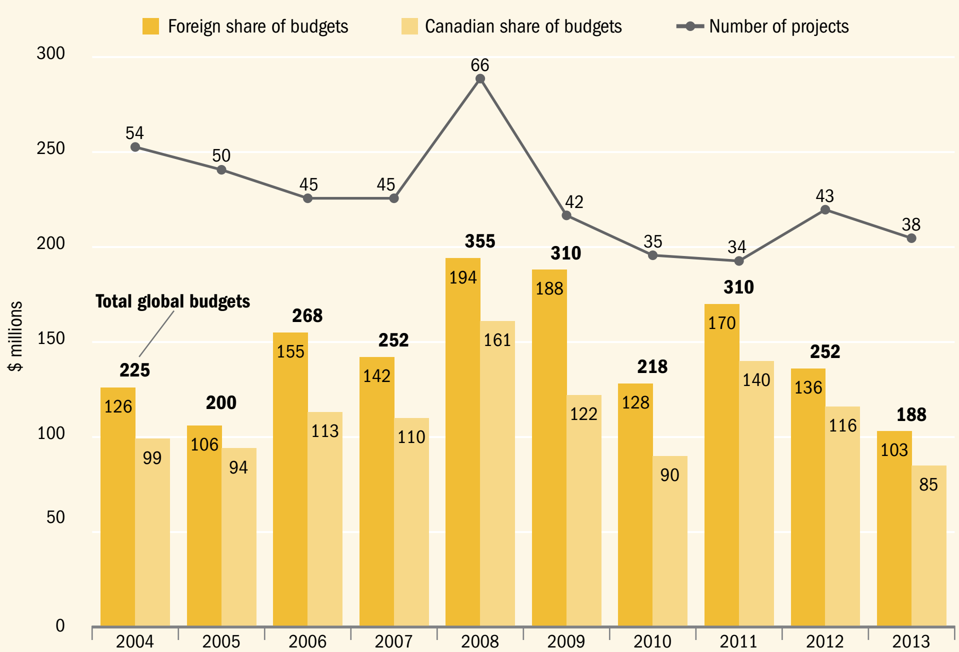


Source: CMF.

AUDIOVISUAL TREATY COPRODUCTION

Exhibit 2-63 Total volume* and activity of audiovisual treaty coproduction, television sub-sector

Canada's total volume of audiovisual treaty coproduction in the television sub-sector (as determined by the total global budgets of these projects) declined by 25.4% in 2013 to $188 million – a ten-year low.



Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.
** The total volume of coproduction refers to the value of total global budgets for coproduction projects. The total volume of production includes the financial participation of Canadian producers (i.e. Canadian share of budgets) and foreign producers (i.e. foreign share of budgets).*

Exhibit 2-64 Total volume and activity of audiovisual treaty coproduction, television sub-sector, by genre

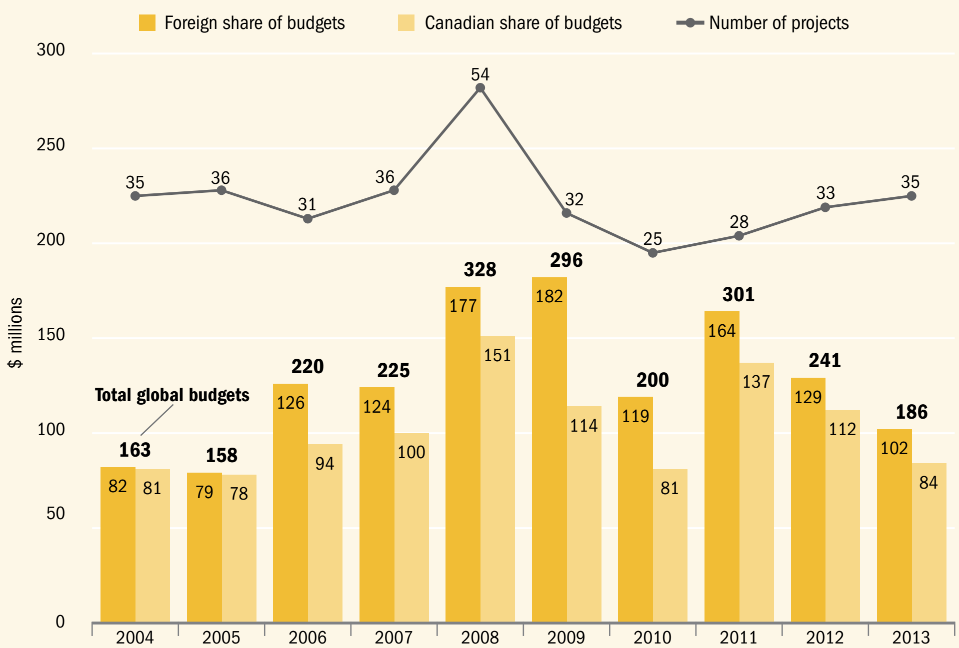
All genres experienced a decrease in the volume of coproduction in the television sub-sector in 2013; however, the overall drop in television sub-sector coproduction in 2013 was due, in large part, to a 32% drop in the volume of drama (i.e. fiction) coproduction.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total volume of production ($ millions)										
Drama (fiction)	53	9	105	97	104	159	148	203	153	104
Documentary	41	56	31	48	71	48	28	36	53	42
Children's and youth	131	135	132	106	181	104	43	72	45	42
Total	**225**	**200**	**268**	**252**	**355**	**310**	**218**	**310**	**252**	**188**
Number of projects										
Drama (fiction)	6	–*	7	6	11	6	9	6	8	8
Documentary	31	–*	21	22	32	22	19	17	27	22
Children's and youth	17	–*	17	17	23	14	7	11	8	8
Total	**54**	**50**	**45**	**45**	**66**	**42**	**35**	**34**	**43**	**38**
Average project budgets ($ millions)										
Drama (fiction)	8.8	–*	15.0	16.2	9.5	26.5	16.4	33.8	19.1	13.0
Documentary	1.3	–*	1.5	2.2	2.2	2.2	1.5	2.1	2.0	1.9
Children's and youth	7.7	–*	7.8	6.2	7.9	7.4	6.1	6.5	5.6	5.3
All genres	**4.2**	**4.1**	**6.0**	**5.6**	**5.4**	**7.4**	**6.2**	**9.1**	**5.9**	**4.9**

Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.
** Statistics suppressed due to confidentiality.*

Exhibit 2-65 Total volume and activity of audiovisual treaty coproduction, television sub-sector, English-language production

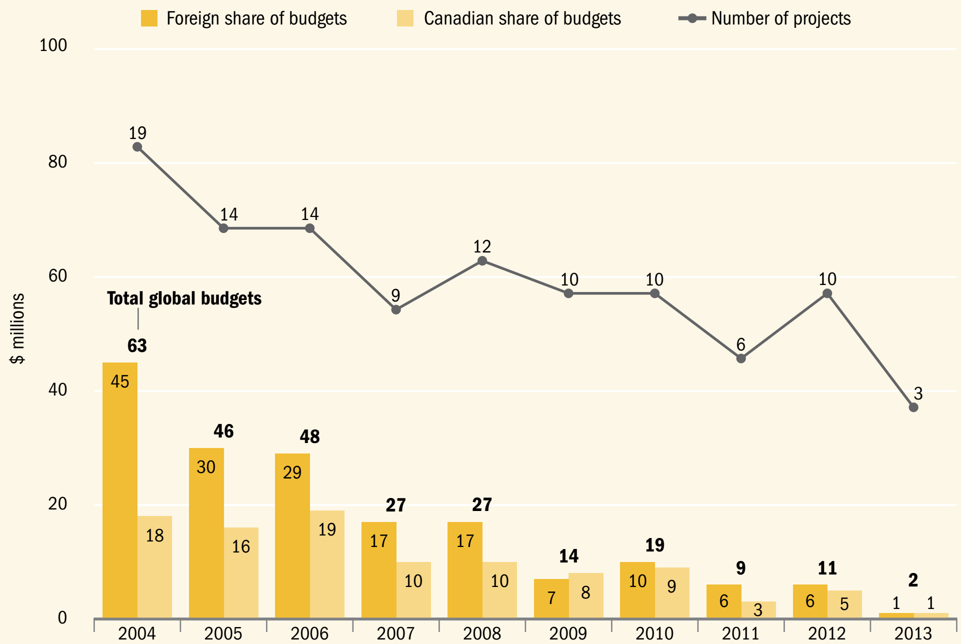
The total volume of English-language audiovisual treaty coproduction in the television sub-sector was down by 22.8% in 2013, even though the number of projects increased from 33 to 35.



Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.

Exhibit 2-66 Total volume and activity of audiovisual treaty coproduction, television sub-sector, French-language production

In the French-language market, the volume of coproduction in the television sub-sector fell to $2 million in 2013 as the number of projects dropped from 10 to 3.



Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.

Exhibit 2-67 Audiovisual treaty coproduction partner countries, television sub-sector, 2004-2013

Between 2004 and 2013, Canada's audiovisual treaty coproduction activity in the television sub-sector was highest with the UK and France. Over the same time period, television projects with producers in Australia, Ireland and Germany also yielded over $100 million in total production volume.

	Number of projects	Total volume ($M)	Canadian share of budgets	
			$M	%
United Kingdom	159	685	379	55
France	153	686	324	47
Australia	24	131	64	49
Ireland	14	340	82	24
Germany	13	126	36	29
Philippines	8	43	32	75
Singapore	7	51	30	58
Brazil	7	28	13	47
South Korea	5	24	10	42
South Africa	4	55	27	49
Other bipartite	29	114	55	48
Multipartite*	29	295	79	27
Total	**452**	**2,581**	**1,131**	**44**

Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.
** Multipartite production includes audiovisual treaty coproduction projects where Canada has two or more partner countries.*

AUDIENCES

The following section presents statistics on the size and share of television audiences in Canada. The lists of top ten television programs are drawn from Numeris's database of audience statistics for the 2014 broadcast year (September 1, 2013 to August 31, 2014). The list of top television programs is based only on television programs in the CMF-supported genres (drama, children's and youth, documentary, and VAPA). In cases where the same title ranks in multiple occurrences, only the audience level of the top ranking instance has been used. The statistics on Canadian programming's audience share in each of the CMF genres is based on data from 2013 broadcast year (September 1, 2012 to August 31, 2013).

Top-Rated Television Programs

Exhibit 2-68 Top ten television series in Canada, 2014 broadcast year*

Two Canadian television programs, *La Voix* and *Unité 9*, were among the top ten shows in Canada during the 2014 broadcast year.

Program (country of origin)	Average Minute Audience (000s)
1. Big Bang Theory (U.S.)	3,337
2. La Voix (Canada)	2,715
3. NCIS (U.S.)	2,453
4. Under the Dome (U.S.)	2,410
5. Grey's Anatomy (U.S.)	2,261
6. NCIS: Los Angeles (U.S.)	2,168
7. Criminal Minds (U.S.)	2,121
8. Unité 9 (Canada)	2,100
9. C.S.I. (U.S.)	2,097
10. Marvel's Agents of S.H.I.E.L.D. (U.S.)	2,024

Source: CMF Research (Numeris), 2014.
** Television series include all television projects with more than three episodes televised during a single broadcast year.*

Exhibit 2-69 Top ten Canadian-produced television series, 2014 broadcast year*

Program	Average Minute Audience (000s)
1. La Voix	2,715
2. Unité 9	2,100
3. Les beaux malaises	1,900
4. Rookie Blue	1,634
5. Les jeunes loups	1,622
6. Saving Hope	1,491
7. Yamaska	1,372
8. LOL :-)	1,337
9. Toute la vérité	1,327
10. Motive	1,291

Source: CMF Research (Numeris), 2014.
** Television series include all television projects with more than three episodes televised during a single broadcast year.*

English-Language Market

Exhibit 2-70 Television audience share of Canadian programming, English-language market, peak-viewing period

Canadian programming maintained its overall audience share of 26% during the 2013 broadcast year.

Broadcast year	2006	2007	2008	2009	2010	2011	2012	2013
Drama (fiction)	15%	13%	12%	13%	16%	15%	16%	17%
Documentary	55%	48%	49%	49%	35%	35%	50%	52%
Children's and youth	52%	30%	43%	45%	46%	44%	40%	39%
Variety and performing arts	32%	25%	31%	29%	20%	19%	26%	19%
All TV genres	**34%**	**29%**	**31%**	**34%**	**22%**	**22%**	**26%**	**26%**

Source: CMF Research (Numeris), 2014.

Exhibit 2-71 Top ten Canadian television series in the English-language market, 2014 broadcast year*

Five Canadian drama series and the competition program, *Battle of the Blades*, attracted audiences of over one million during the 2014 broadcast year.

Program	Average Minute Audience (000s)
1. Rookie Blue	1,634
2. Saving Hope	1,491
3. Motive	1,291
4. Murdoch Mysteries	1,147
5. The Listener	1,114
6. Battle of the Blades	1,043
7. Remedy	966
8. Vikings	904
9. Rick Mercer Report	836
10. Played	736

Source: CMF Research (Numeris), 2014.
** Television series include all television projects with more than three episodes televised during a single broadcast year.*

French-Language Market

Exhibit 2-72 Television audience share of Canadian programming, French-language market, peak-viewing period

Canadian programming maintained its overall audience share of 55% during the 2013 broadcast year.

Broadcast year	2006	2007	2008	2009	2010	2011	2012	2013
Drama (fiction)	61%	56%	52%	55%	52%	48%	33%	34%
Documentary	77%	71%	74%	77%	74%	76%	77%	77%
Children's and youth	66%	72%	63%	75%	81%	76%	60%	63%
Variety and performing arts	93%	93%	79%	84%	85%	87%	91%	91%
All TV genres	**65%**	**68%**	**66%**	**67%**	**63%**	**62%**	**55%**	**55%**

Source: CMF Research (Numeris), 2014.

Exhibit 2-73 Top ten Canadian television series in the French-language market, 2014 broadcast year*

All the top ten Canadian television programs in the French-language market during the 2014 broadcast year attracted audiences of over one million.

Program	Average Minute Audience (000s)
1. La Voix	2,715
2. Unité 9	2,100
3. Les beaux malaises	1,900
4. Les jeunes loups	1,622
5. Yamaska	1,372
6. LOL :-)	1,337
7. Toute la vérité	1,327
8. Les pêcheurs	1,202
9. Les Parent	1,170
10. Mémoires vives	1,153

Source: CMF Research (Numeris), 2014.
** Television series include all television projects with more than three episodes televised during a single broadcast year.*

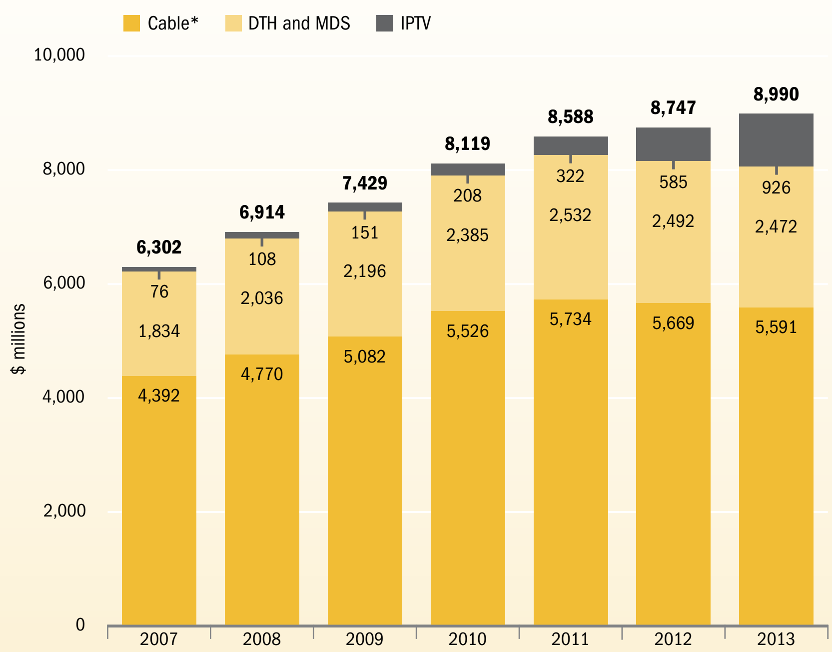
BROADCASTING DISTRIBUTION SECTOR

The broadcasting distribution sector includes cable, direct-to-home (DTH) satellite, multipoint distribution services (MDS) and Internet protocol TV (IPTV) services which allow Canadian households and businesses to access licensed television programming services, including conventional and pay and specialty services, by subscribing to channel packages and certain à la carte services. In fact, 85% of Canadian households access television services through BDUs – i.e. cable, DTH satellite, MDS and IPTV.

While the broadcasting distribution sector does not directly commission or licence television content from producers, it makes important indirect contributions to the financing of Canadian television production. In 2013, the broadcasting distribution sector contributed $477 million to funds that support the production of Canadian programming.[32] This total included $216 million in contributions to the CMF.[33] The broadcasting distribution sector also operated video-on-demand (VOD) services and remitted over $3.1 billion in carriage fees to Canadian and non-Canadian television services in 2013;[34] these carriage fees ultimately help finance Canadian television production.

Total revenue in the Canadian broadcasting distribution sector

In 2013, Canada's broadcasting distribution sector earned total revenues of just under $9 billion. All of the sector's revenue growth in 2013 was fuelled by the expanding IPTV sub-segment; both the cable television and DTH satellite sub-segments experienced declining revenue.



Source: CRTC.
** Includes non-reporting cable television licensees.*

32 CRTC, 2014, *Broadcast Distribution: Statistical and Financial Summaries*, 2009-2013, p. 27.

33 *Ibid*.

34 CRTC, 2014, pp. 7 and 26.

THEATRICAL FEATURE FILM PRODUCTION

Canadian theatrical feature film sub-sector produces feature-length films, which are intended for primary release in movie theatres. [35] Recent examples of notable Canadian theatrical feature films, include *The Mortal Instruments: City of Bones*, *Louis Cyr* and *Mama*.

HIGHLIGHTS FROM 2013/14

- Canadian theatrical feature film production increased by 4.2%, to $376 million.
- Canadian producers made 84 theatrical feature films.
- Canadian theatrical feature film production generated a total of 8,100 FTEs of employment in Canada, including 3,200 direct FTEs in the sub-sector itself.
- English-language theatrical feature film production increased by 10.4% to $301 million. French-language theatrical feature film production decreased by 16.2% to $74 million. Theatrical feature films produced in other languages accounted for approximately $1 million in production.
- The average budget of all theatrical feature films in the fiction genre jumped to $5.3 million.
- The average budget of English-language feature films increased to $7 million, while the average budget for French-language films was unchanged at $2.8 million.
- The share of theatrical feature films in the fiction genre with budgets over $10 million increased from 5% to 9%.
- Theatrical feature films produced by Quebec-based producers (in all languages) accounted for 52% of the national volume.
- The volume of theatrical feature films produced by Quebec-based producers increased by 37.1%, significantly outpacing the sub-sector's overall increase of 4.2%.
- The volume of theatrical feature films produced by Ontario-based producers decreased by 9.6%, and accounted for 40% of the national volume.
- Public sources accounted for 48% of total financing of Canadian theatrical feature film production. Telefilm's CFFF[36], alone, accounted for 16% of all financing.
- Foreign financing of Canadian theatrical feature film production totalled $113 million or 30% of total financing.
- Canadian budgets for English-language treaty coproductions in the feature film sub-sector increased by 58.8%; Canadian budgets for French-language treaty coproduction dropped by 50%.
- Canadian films exhibited in French accounted for 9% of the box office in the French-language market. Canadian films exhibited in English accounted for 1.2% of the box office in the English-language market.

35 For this report, the feature film category includes all films 75 minutes and over in length.

36 The statistics presented in this report for the CFFF only include films supported through Telefilm Canada's main production program. Canadian feature films that only received funding from one of Telefilm Canada's other production-assistance programs would be excluded from these statistics.

The total volume of Canadian theatrical feature film production continued to grow for the third straight year in 2013/14. The 4.2% increase over last year was driven entirely by gains in English-language feature film production, which increased by 10.4% to a decade-high of $301 million (Exhibit 2-77), despite the number of projects falling sharply from the previous year (from 74 to 50) (Exhibit 2-78). This notable gain also offset a 16.2% decline in the volume of French-language feature film production to $74 million last year, a continuing downward trend since its 2009/10 decade peak of $106 million.

Behind the sub-sector's growth in 2013/14 was a rise in the average budget of English-language feature films in the fiction genre, which reached a ten-year high in 2013/14. Not only did the average fiction film budget grow by 80% to $7 million, but the median budget increased from $1.6 million to $3 million. In a relatively small sub-sector such as theatrical feature film, a significant increase in the average budget could be due to one or several very large projects. The sharp increase in the median budget, however, would suggest a broad-based increase in budgets.

Feature film budgets are being driven up as the result of a trend in Canada toward the creation of fewer, more commercial, international projects. There has been downward pressure on what distributors can invest in the financing of middle-market projects as these projects are reportedly more difficult to distribute in foreign markets and therefore, have limited value internationally.[37] While minimum guarantees[38] for most independent, smaller films have been getting smaller over the years — with producers sharing more risk (and, commensurately, the potential financial rewards)— minimum guarantees have remained strong for higher-budget films, and have, in fact, been increasing on select, star driven projects.[39] Industry sources confirm that higher-budget films are often better positioned to attract international financing and are proving more effective in terms of leveraging public financing to secure private investment.

In 2013/14, Telefilm invested $60 million through its Canada Feature Film Fund (CFFF) Production Program, which was $6 million less than the previous year, but was accompanied by a sharp rise in financial leverage of other financing, which increased by 49% from $128 million to $191 million in 2013/14 (Exhibit 2-88)[40]. This increase in leverage is largely the result of more majority-Canadian coproduction activity in the English-language market in 2013.[41] In the English-language market, the Canadian share of coproduction budgets increased by nearly 60% to $135 million — the second highest level of the past decade. Private sources of financing also led to $14.5 million in growth — this gain can be partially traced to Telefilm's recent[42] changes to Production Program guidelines that encourage private financing and demonstrated market interest.[43]

In 2013, audiovisual treaty coproductions took place between Canada and nine of its 54 treaty coproduction partners, with France, the United Kingdom (UK) and Germany being Canada's leading partners over the last decade. As with previous years, producers from Ontario and Quebec dominated the volume of treaty coproductions in 2013. Several high-budget treaty coproductions in Ontario included the Canada-Germany treaty coproductions *Pompeii* and *Maps to the Stars*. In Quebec, six of the nine treaty coproductions in 2013 took place with France, including the films *Brick Mansions* and *Les loups*. Over the last decade, Canada's annual levels of treaty coproduction activity have fluctuated in the feature film sub-sector, largely as a result of external factors. For instance, the growth trend in treaty coproductions slowed following the global economic slowdown in 2008, when levels fell to the lowest point in the decade.

37 FilmTake.com (2014), *Q1 Presale Advance Report: The Latest International Film Distribution Data and Insights*, July 14, 2014, p. 6.

38 A minimum guarantee is the advance amount that a distributor pays a producer or sales agent for the right to sell a production in a specified territory or to licence it to exhibitors, broadcasters and other retailers.

39 Gregg Goldstein (2012), "Distribs go multiplatform diving: Movie bows increasingly include day-date VOD, streaming options," Variety, May 19, 2012.

40 The statistics in this section may differ from statistics reported by Telefilm Canada in its annual report. Beginning with the 2012/13 Annual Report, Telefilm Canada reports only the level of production supported by all of its assistance programs on a combined basis. The statistics in this section include data from the CFFF Production Program and exclude data from Theatrical Documentary Program and support for post-production.

41 Telefilm Canada's calculation of total production volume and financial leverage includes the value of foreign financing in cases where a project is a majority-Canadian coproduction; for minority-Canadian coproductions, the value of foreign financing is excluded.

42 Changes to the program were pursued in two phases with the Selective component revised in October 2012 and the Performance Envelope revised in December 2013.

43 Telefilm Canada (2014), *TALENT. TOGETHER. 2013-2014 Annual Report*, p. 20.

Growth in 2013/14 was funded by increasing foreign investment, which was up by $40 million compared to 2012/13 (Exhibit 2-86). The average share of foreign financing in production budgets increased from 16% in 2009/10 to 30% in 2013/14 due to increasing investment from foreign broadcasters, distributors and private investors, who are also looking to participate sooner in the production cycle. Industry sources also report that the Canadian feature film industry experienced a "halo effect" from the economic downturn; over the last few years, film investors that were previously looking to the US invested in Canadian projects instead.

The share of financing from Canadian distributors also increased over the same five-year period, albeit modestly from 7% to 9% (Exhibit 2-86). This growth occurred within a shifting landscape among key players. In 2012, eOne acquired Alliance, creating Canada's — and the UK's — largest independent film distributor with reach into Belgium, the Netherlands, Spain and the US, among others. While the merger allowed for a more worldwide focus and larger budgets for Canadian content, it also meant fewer distribution options for Canadian film producers in 2013/14. Competition among distributors, however, increased over the last two years with multiple smaller players entering the Canadian market, including Elevation Pictures, Search Engine Pictures, D Films and Pacific Northwest Pictures. These companies offer filmmakers new distribution options beyond eOne and Mongrel Media and are focusing on a smaller slate of projects and leveraging ancillary market opportunities such as digital downloading and video-on-demand (VOD).[44]

In the documentary genre, production increased from $4 million to $7 million in 2013/14, as the number of films increased from 7 to 13 (Exhibit 2-81). However, documentary production activity in the theatrical sub-sector was still less than half its ten-year high of $18 million in 2009/10 (Exhibit 2-81). This increase over the last year could, in part, be due to declining exhibition costs due to digital screening possibilities and more theatrical documentary screening opportunities through the Bloor Hot Docs Cinema, which opened in Toronto in 2012 and devotes the majority of its screen time to documentaries. This annual growth, however, likely does not reflect the long term trend for theatrical documentary. According to industry sources, as feature-length documentaries are increasingly popular on VOD platforms, distributors find there is a slight disincentive to invest heavily in a documentary's theatrical release. The sale of worldwide rights on iTunes, Netflix and Amazon are reported to be the future for feature documentaries.[45]

Looking to trends at a provincial level, Quebec-based producers contributed over half (52%) of the total domestic volume of Canadian theatrical film in 2013/14 (Exhibit 2-85). Despite French-language theatrical feature film production decreasing by 16.2% in 2013/14 (Exhibit 2-77), the total volume of Quebec feature film production rose by 37%. Several major Quebec francophone directors and producers have experienced box office success on the English-language side of the market in recent years and are looking to increase the number of English-language films in their slate. Industry sources in Quebec report that it is increasingly difficult to attract international financing for French-language feature films and that there is more openness to English-language production, even from France. For instance, EuropaCorp, a major feature film producer and distributor in France and Europe, announced it is looking to expand its production of English-language films, while cutting the number of French-language movies.[46]

In 2013/14, Ontario saw the volume of domestic features decrease by 10%, but it hosted a series of notable larger budget productions including: the aforementioned Germany-Canada coproductions *Pompeii* and *Maps to the Stars*, as well as *The Captive*. The latter two films joined *Mommy* to compete for the Palme d'Or at Cannes in 2014 — setting a record for the number of Canadian films in the competition.

In British Columbia, the volume of Canadian feature film production has been highly cyclical, with the province contributing about $11 million, or 3% of the total domestic volume in 2013/14. Similar to the experience of other regions outside central Canada, film producers in British Columbia face limited access to distribution partners and decision makers. Manitoba experienced the growing trend in recent years toward more international production with a diverse set of international partners, including Spain for the treaty coproduction *Aloft*, Italy for *Midnight Sun* and Germany for *Reasonable Doubt*.

44 Etan Vlessing (2014b), "Diving into Canada's evolving indie distributor game," *Playback*, October 6, 2014.

45 FilmTake.com (2014), p. 6.

46 Film.Take.com (2014), p. 38.

Despite the significant impact that the 2012 cancellation of Saskatchewan's tax credit had on television (Exhibit 2-44), the province recorded the third highest volume of theatrical film production among the provinces, with $17 million in production (5% of the Canadian feature film total). Two feature films, *WolfCop* and *Corner Gas: The Movie*, went into production in the province in 2013/14 through resourceful approaches. *WolfCop* was the first film to be funded through CineCoup's film accelerator. The producers of *Corner Gas: The Movie* used a combination of interprovincial financing from several traditional and alternative sources to complete the project's $8.5 million budget. The production and promotion of the movie reboot of the successful Canadian series was financed through the producers' crowdfunding campaign, Ontario tax credits, direct grants from public agencies including Tourism Saskatchewan, and a Bell Media license. The production experimented with a shortened one month theatrical release schedule, rolling out over one month as a multiplatform event with an initial five-day theatrical debut with in-theatre cast appearances, giveaways and a fan competition. Immediately after the initial theatre run, the feature debuted on CTV and CTV GO, after a special preview for The Movie Network and TMN GO subscribers. It also played on The Comedy Network, was sold as a special collector's edition DVD, was available on CraveTV and received an extended theatre, all within December 2014.

The short theatrical release for *Corner Gas: The Movie* reflects a marketplace that is no longer governed by linear releases and windows. One development noted to be impacting the release windows for films is Netflix, which has grown large enough to finance its first original movie — a sequel to *Crouching Tiger, Hidden Dragon* with the Weinstein Co. — that will debut simultaneously on Netflix and in IMAX theatres in 2015, making it the company's first of several *day-and-date*[47] titles. As the industry experiments with day-and-date continue, it will become all about timing with each film requiring unique strategies to reach ever-more specific target audiences.

While there has been growth overall in the Canadian feature film sector, many of the same ongoing challenges remain. [48] The exhibition sector is highly concentrated and Canadian film distributors are finding the three vertically-integrated broadcasters to be increasingly substituting Canadian films with ongoing series. [49].

Although traditional promotional and exhibition opportunities are becoming more restricted, opportunities for innovative approaches also exist. With falling DVD sales, Canadian distributors are altering acquisition strategies and looking to capitalize on digital downloading and the growth in VOD. For instance, at the Toronto International Film Festival (TIFF) and Sundance in 2013, half of all licensing agreements were with North American VOD buyers.[50] Engaging audiences with crowdfunding and creating viewing events through social media and in-theatre appearances are helping draw audiences, and box office revenues in Canada were over $1 billion for the fifth straight year (Exhibit 2-94). The perception of quality when it comes to Canadian films is also going up — according to a Telefilm Canada survey, 43% of English-speaking Canadians found that the Canadian film industry improved over the last few years, while 60% of Francophone Quebecers also agreed with this statement.[51]

47 Day-and-date refers to a strategy of releasing films simultaneously in theatres and on other distribution platforms such as DVD, VOD, online video streaming services, or pay television.

48 Etan Vlessing (2013), "Hussain Amarshi to head up indie distributor lobby," *Playback*, December 4, 2013.

49 Vlessing "Hussain Amarshi" (2013); Communications MDR (2012), The Canadian Feature Film Distribution Sector in Review: Trends, Policies and Market Developments, p. 7.

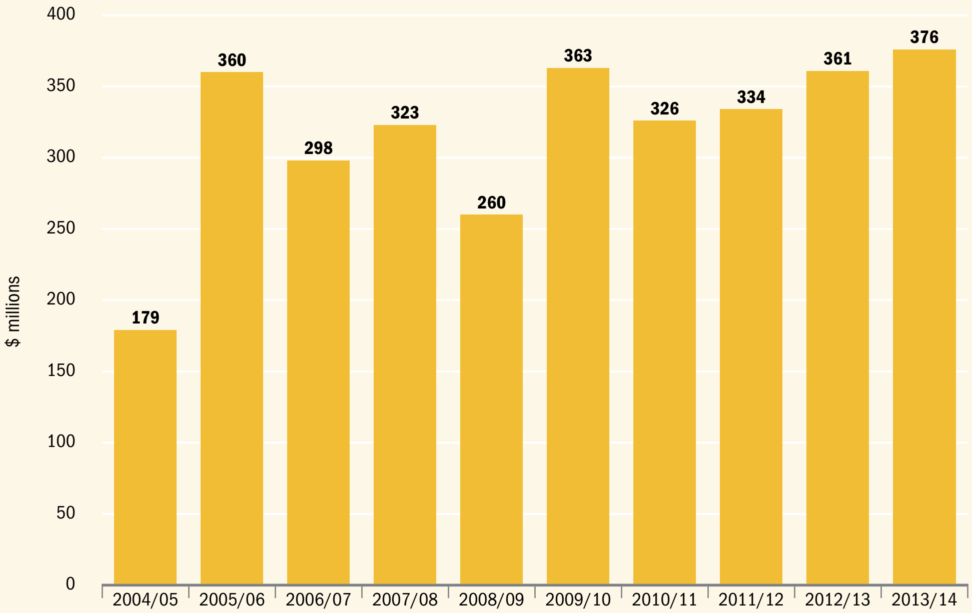
50 FilmTake.com (2014), p. 6.

51 Telefilm Canada (2013), *Film Consumers in Canada*, pp. 10-11.

VOLUME

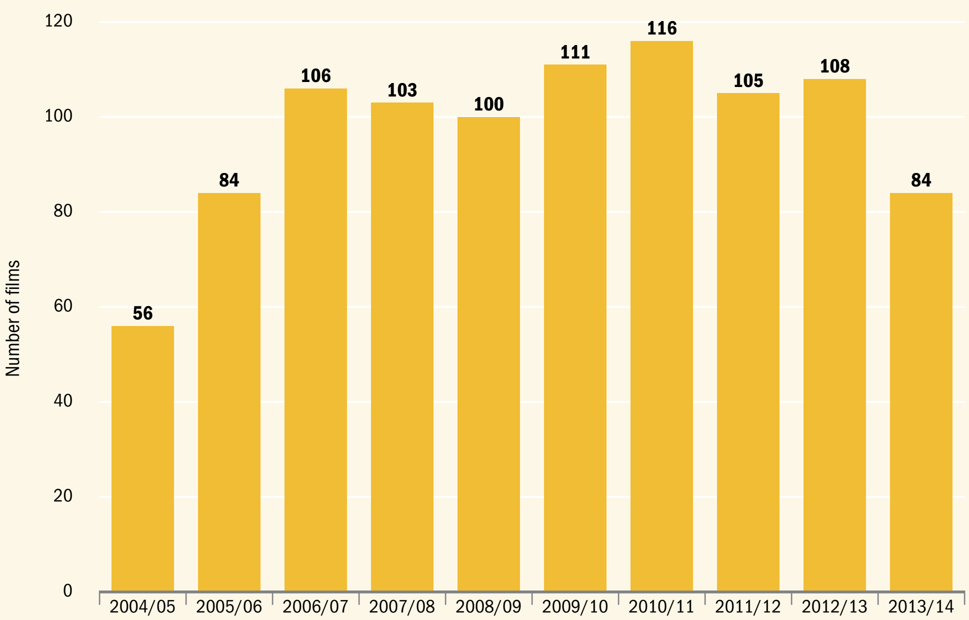
Exhibit 2-74 Total volume of Canadian theatrical feature film production

The total volume of Canadian theatrical feature film production increased by 4.2% to $376 million in 2013/14, although the total number of feature films produced dropped from 108 to 84.



Source: Estimates based on data collected from CAVCO.

Exhibit 2-75 Number of Canadian theatrical feature films produced in Canada on an annual basis

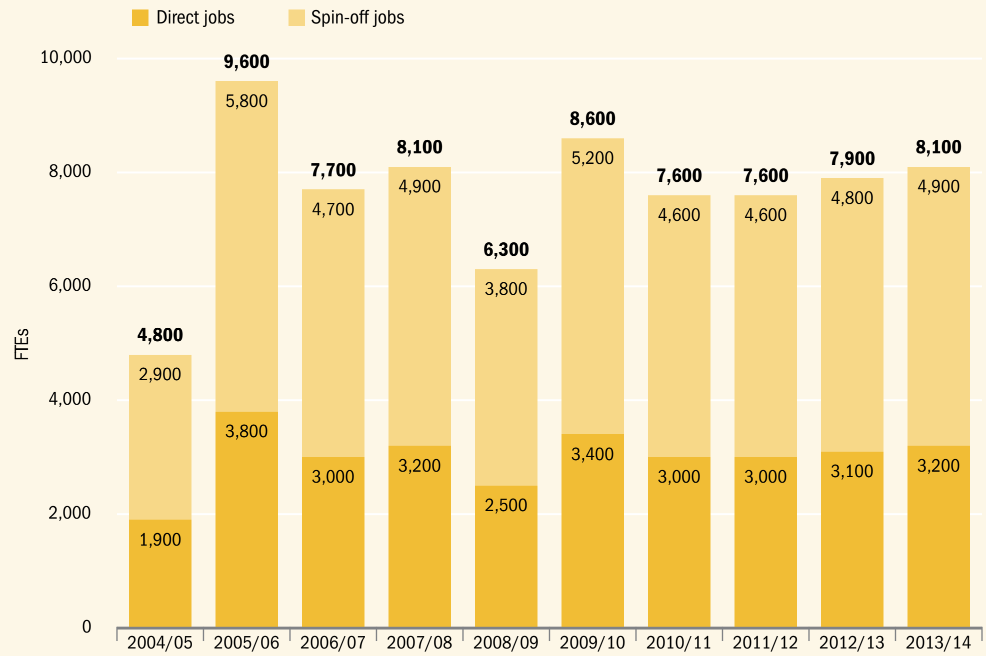


Source: Estimates based on data collected from CAVCO.

EMPLOYMENT

Exhibit 2-76 Number of FTEs generated by Canadian theatrical feature film production

Canadian theatrical feature film production supported 8,100 FTEs in Canada in 2013/14.

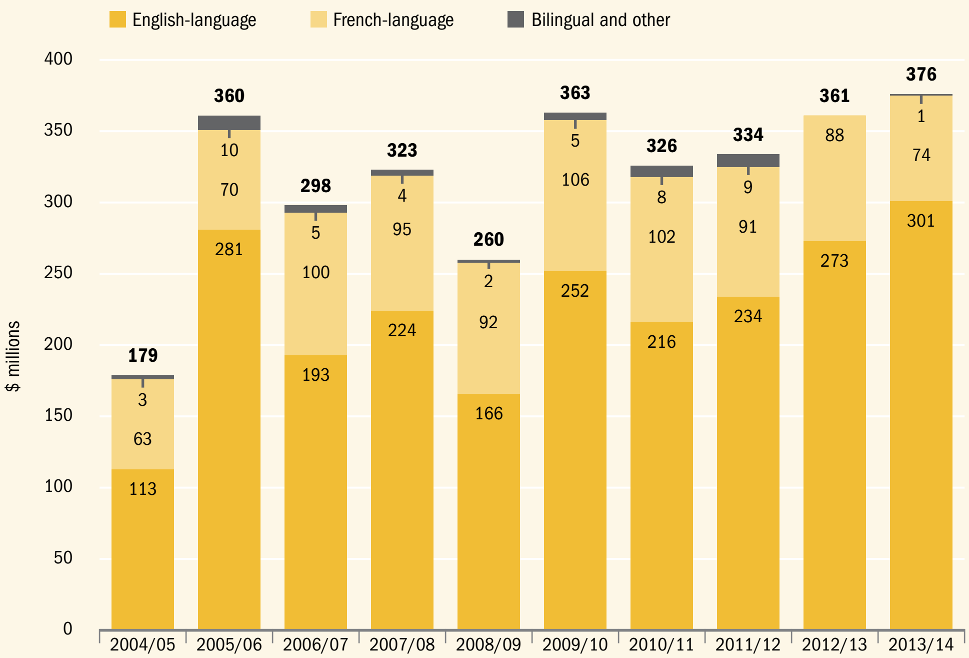


Source: Estimates based on data from CAVCO, Statistics Canada and the Conference Board of Canada.
Note: See Notes on Methodology *for a description of the job-estimation methodology.*

LANGUAGE

Exhibit 2-77 Volume of Canadian theatrical feature film production, by language

Canadians produced 50 English-language theatrical feature films in 2013/14 with budgets totalling $301 million. They also produced 34 theatrical feature films in French or other languages with total budgets of $75 million.



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

Exhibit 2-78 Number of theatrical feature films, by language

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
English	36	57	69	63	63	70	66	68	74	50
French / Bilingual and other	20	27	37	40	37	41	50	37	34	34
Total	**56**	**84**	**106**	**103**	**100**	**111**	**116**	**105**	**108**	**84**

Source: Estimates based on data collected from CAVCO.
Note: Due to the low number of projects in the bilingual and other category, the data for this language category has been combined with the data for French-language market.

GENRES

Exhibit 2-79 Volume of Canadian theatrical feature film production, by genre

The majority of theatrical feature film production was in the fiction genre in 2013/14. Canadians produced a total of 62 fiction feature films in 2013/14, with total budgets of $328 million. The fiction genre accounted for 87% of total production volume in the theatrical feature film sub-sector and 73% of the total number of films.

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Fiction	163	356	282	297	226	305	291	273	343	328
Other genres	15	4	16	26	34	58	35	62	18	48
Total	**179**	**360**	**298**	**323**	**260**	**363**	**326**	**334**	**361**	**365**

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

Exhibit 2-80 Number of Canadian theatrical feature films, by genre

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Fiction	51	83	98	89	88	84	85	76	92	62
Other genres	10	9	15	23	25	27	31	29	16	22
Total	**61**	**92**	**113**	**112**	**113**	**111**	**116**	**105**	**108**	**84**

Source: Estimates based on data from CAVCO.

Exhibit 2-81 Theatrical documentary feature film production

Canadians' production of documentary feature films for theatrical release increased in 2013/14. The number of films increased from 7 to 13 in 2013/14, while production volume increased from $4 million to $7 million. Still, the volume and number of productions in 2013/14 remained below the levels recorded between 2006/07 and 2009/10.

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Volume ($ millions)	6	4	10	12	11	18	9	13	4	7
Number of films	6	8	14	17	17	18	20	16	7	13

Source: Estimates based on data from CAVCO.
Note: Data for documentary films is included in the 'Other genres' category in the overall breakdown of feature film production by genre.

BUDGETS

Exhibit 2-82 Budgets of theatrical feature films (fiction genre only)

The average budget for Canadian theatrical feature films jumped to a ten-year high of $5.3 million in 2013/14 — up by 43% from 2012/13. This sharp increase was due to a small number of very large budget films produced in the English-language market. As a result, the average budget for English-language theatrical feature films increased to $7 million in 2013/14, while the average in the French-language market was unchanged.

($ millions per film)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
English-language										
Average	3.1	4.4	2.9	3.9	2.5	4.2	3.8	3.7	4.2	7.0
Median	1.5	2.1	2.0	2.1	1.4	1.4	1.8	1.2	1.6	3.0
French-language										
Average	3.6	3.3	3.1	2.8	2.7	2.6	2.9	3.4	2.8	2.8
Median	4.1	3.5	3.2	1.6	2.1	1.9	2.2	2.2	2.0	2.3
All languages*										
Average	3.2	4.2	3.0	3.5	2.6	3.6	3.4	3.6	3.7	5.3
Median	1.9	2.7	2.1	2.0	1.7	1.5	2.0	1.6	1.9	2.6

Source: Estimates based on data from CAVCO.
Note: Calculations exclude the foreign budgets of audiovisual treaty coproductions.
** including other languages*

Exhibit 2-83 Average budgets of CFFF-supported theatrical feature films (fiction genre only)

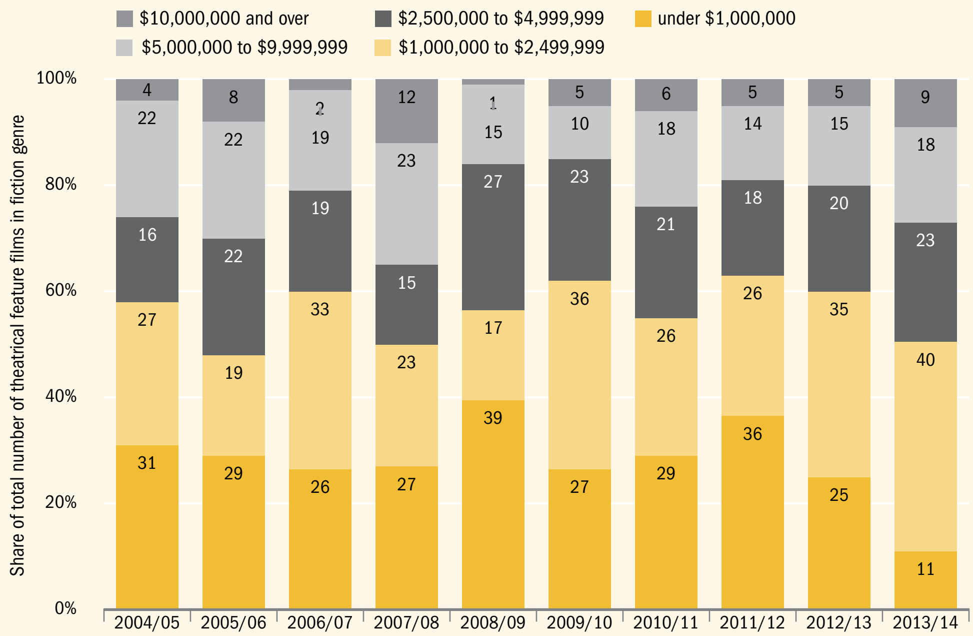
While average budgets were higher across the whole sector, the average budget for Telefilm CFFF-supported theatrical feature films was up by only 6.3% to $3.4 million in 2013/14. In the French-language market, the average budget for CFFF-supported films was higher than the average across all films ($2.8 million).

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
English-language	6.3	5.4	3.8	5.9	4.6	4.1	4.2	3.7	3.4	3.4
French-language	4.9	3.8	3.6	4.0	4.0	4.2	3.6	3.2	3.0	3.4
All languages	5.8	4.7	3.7	5.1	4.3	4.2	3.9	3.5	3.2	3.4

Source: Telefilm Canada.
Notes: Calculations exclude the foreign share of audiovisual treaty coproduction budgets in which Canada was a minority partner.
Statistics for 2004/05 to 2007/08 only include data from the CFFF Production Program and exclude data from the Low Budget Independent Feature Film Assistance Program. Statistics for 2008/09 to 2012/13 include data for the Production Program and the Low Budget Independent Feature Film Assistance Program. In 2013/14, the Low Budget Independent Feature Film Assistance Program was rolled into the Production Program.

Exhibit 2-84 Theatrical feature film projects, by budget size (fiction genre only)

A breakdown of fiction projects by budget-size bands indicates a shift to higher-budget films in 2013/14. The fiction films with budgets of $10 million or higher increased from 5% to 9%, while the number of projects with budgets under $1 million fell from 25% to 11%. Nevertheless, 51% of films still had a budget of under $2.5 million.



Source: Estimates based on data collected from CAVCO.
Note: Budget calculations exclude the foreign budgets of audiovisual treaty coproductions.

PROVINCES AND TERRITORIES

Exhibit 2-85 Volume of Canadian theatrical feature film production, by province and territory

With $194 million in production volume, Quebec was Canada's largest province for theatrical feature film production in 2013/14. Ontario and Quebec accounted for a combined 92% of the total volume of Canadian theatrical feature film production in 2013/14.

($ millions)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2013/14 share of total
Quebec	92	100	124	121	130	229	127	133	142	194	52%
Ontario	68	200	93	109	46	91	121	171	165	149	40%
Saskatchewan	0	0	0	11	15	3	11	9	4	17	5%
British Columbia	11	44	43	65	53	25	41	7	33	11	3%
New Brunswick	0	0	0	0	3	1	0	1	0	3	<1%
Newfoundland and Labrador	0	0	0	1	2	0	0	1	2	1	<1%
Nova Scotia	5	10	21	3	10	9	11	2	8	0	0%
Manitoba	2	2	8	5	0	1	14	8	7	0	0%
Alberta	1	1	5	9	0	3	2	0	1	0	0%
Territories*	0	3	3	0	0	0	0	0	0	0	0%
Prince Edward Island	0	0	0	0	0	0	0	0	0	0	0%
Total	**179**	**360**	**298**	**323**	**260**	**363**	**326**	**334**	**361**	**376**	**100%**

Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding.
** Territories include Yukon, Nunavut and Northwest Territories.*

CINECOUP EXPLORES AUDIENCE-DRIVEN FILM PRODUCTION

With the launch of CineCoup in late 2012, Vancouver-based digital media entrepreneur J. Joly introduced an innovative approach to film financing. CineCoup's accelerator concept disrupts the traditional progression from development to distribution, funding only projects that have proven demand by an already engaged audience.

The CineCoup model utilizes a proprietary online platform, in addition to social and earned media, to aggregate a fan database and behavioural metrics to package original, market-driven intellectual property. Borrowing from the "lean" tech start-up model, CineCoup reduces the risks associated with the linear approach to content production by introducing an agile, "fail-fast" model.

Filmmakers apply to participate in the CineCoup Film Accelerator by submitting a working title, project profile, and teaser trailer. The selection process, or "social funnel," then takes teams through packaging, developing and marketing their projects. Teams continue to build fan support, in part, through mandatory weekly challenges to further engage fans before a winning project is selected by fan voting.

In its 2013 inaugural cycle, the CineCoup Film Accelerator received applications from 90 teams representing 270 filmmakers from across Canada. The challenges included developing a dialogue-free, narrative snapshot of their film, sharing the inspiration behind their film's idea and "expanding" their films' universe. The responses to these challenges, in the form of short video segments, were then posted on CineCoup's website, where fans could comment and vote on their favourites.

In the later stages of the 2013 accelerator round, the remaining teams submitted scripts, marketing pitches, budgets and production schedules; the top ten teams then launched crowdfunding campaigns to further finance their projects. The winner was chosen by a panel of industry professionals and awarded $1 million in funding and a release in Cineplex theatres.

The winning project in 2013, *WolfCop*, opened in theatres in June 2014, was broadcast on Super Channel in October 2014 and is touring international film festivals in the United Kingdom, Spain and Australia. The audience-driven model did not end with the conclusion of the accelerator round — *WolfCop* fans now have the option to express demand for screenings in their hometowns through the film's website and the team is planning to further use the gathered data and analytics for the sequel, *WolfCop 2*.

As CineCoup prepares to commence its second accelerator cycle, it has also expanded its demand-driven model into comedic television. CBC ComedyCoup, a digital comedy accelerator that was launched in partnership with the CBC, and had teams competing for $500,000 in production financing and a single half-hour primetime-special slot on Canada's national public broadcaster.

FINANCING

Exhibit 2-86 Financing of Canadian theatrical feature film production

Canadian theatrical feature film production drew just under one-half (48%) of its financing from public sources (i.e. public broadcaster licence fees, federal tax credit, provincial tax credits, CFFF – Telefilm and other public) in 2013/14. However, foreign financing grew significantly in 2013/14, increasing its share of total financing from 20% to 30%.

	2009/10		2010/11		2011/12		2012/13		2013/14	
	%	$M	%	$M	%	$M	%	$M	%	$M
Private broadcaster licence fees	1	4	3	8	1	3	<1	2	<1	2
Public broadcaster licence fees	<1	1	<1	1	<1	1	1	4	<1	<1
Federal tax credits	7	24	6	21	7	24	6	23	8	29
Provincial tax credits	21	78	19	63	22	73	21	74	19	72
Canadian distributor	7	26	10	33	7	23	9	34	9	33
Foreign	16	57	12	40	23	78	20	73	30	113
Canada Feature Film Fund – Telefilm	19	69	21	67	18	60	18	66	16	60
Other public*	9	32	11	36	9	29	12	45	5	20
Other private**	20	72	17	57	13	44	11	40	12	47
Total	**100**	**363**	**100**	**326**	**100**	**334**	**100**	**361**	**100**	**376**

Source: Estimates based on data obtained from CAVCO and Telefilm Canada.
Note: Some totals may not sum due to rounding.
** Other public includes financing from provincial governments, and other government departments and agencies.*
*** Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.*

Exhibit 2-87 Financing of Canadian theatrical feature film production, by language

The growth in the foreign financing of Canadian theatrical feature film production in 2013/14 was entirely due to the financing of English-language feature films. Foreign financing of English-language feature films increased from $72 million to $112 million and was, by far, the largest single source of financing with a 37% share. Public sources continued to play a much larger role in the financing of French-language theatrical feature film production than English-language production in 2013/14. Public sources accounted for 80% of financing in the French-language market vs. 40% in the English-language market.

	English-language						French-language					
	2011/12		2012/13		2013/14		2011/12		2012/13		2013/14	
	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions
Private broadcaster licence fees	<1	2	<1	2	<1	2	<1	<1	<1	<1	<1	<1
Public broadcaster licence fees	<1	1	1	3	<1	<1	<1	<1	1	1	<1	<1
Federal tax credits	8	19	8	21	9	26	4	4	3	2	3	2
Provincial tax credits	22	51	20	54	18	56	22	20	23	20	22	16
Canadian distributor	7	17	10	27	9	27	6	6	8	7	8	6
Foreign	29	68	26	72	37	112	9	9	1	1	1	1
Canada Feature Film Fund	15	34	15	42	12	36	29	26	28	25	33	24
Other public*	4	10	7	19	1	4	16	15	29	25	22	17
Other private**	14	32	12	33	13	39	12	11	7	6	10	8
Total	**100**	**234**	**100**	**273**	**100**	**301**	**100**	**91**	**100**	**88**	**100**	**74**

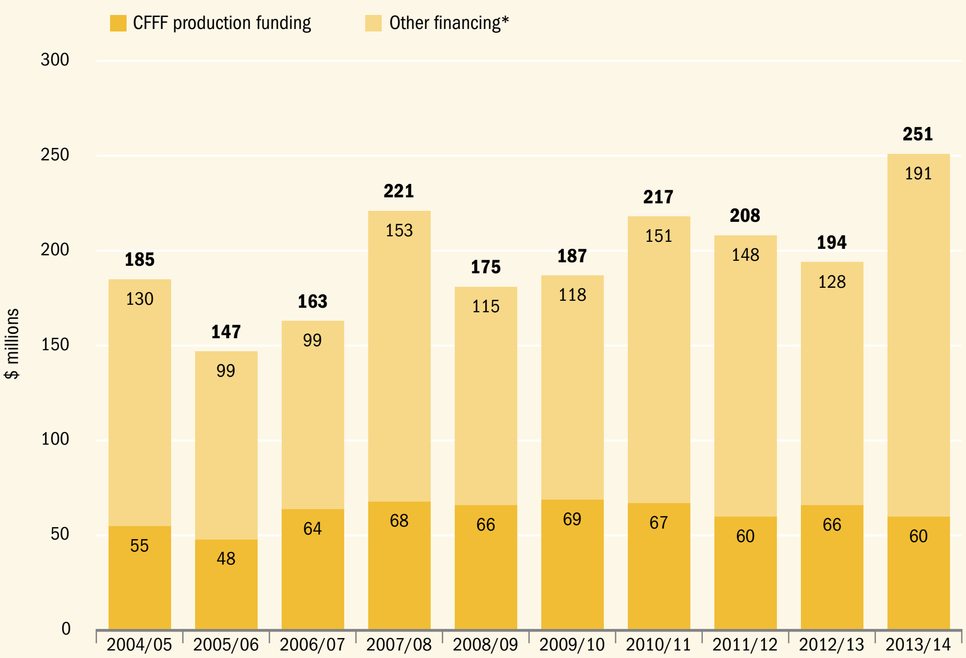
Source: Estimates based on data obtained from CAVCO and Telefilm Canada.
Note: Some totals may not sum due to rounding.
** Other public includes financing from provincial governments, and other government departments and agencies.*
*** Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.*

CANADA FEATURE FILM FUND (CFFF) (TELEFILM CANADA)

The 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 production in that sub-sector.

In 2013/14, the CFFF provided $92 million in financial support to the development, production, distribution marketing and promotion of Canadian feature films.[52] This total financial support included $65 million in financing for feature film production. The vast majority of this production financing was distributed through the CFFF Production Program. In 2013-14, the CFFF Production Program provided $60 million in financing to 73 Canadian feature films, with combined budgets of $251 million.[53]

Exhibit 2-88 Total Canadian theatrical feature film production volume with contributions from the CFFF Production Program

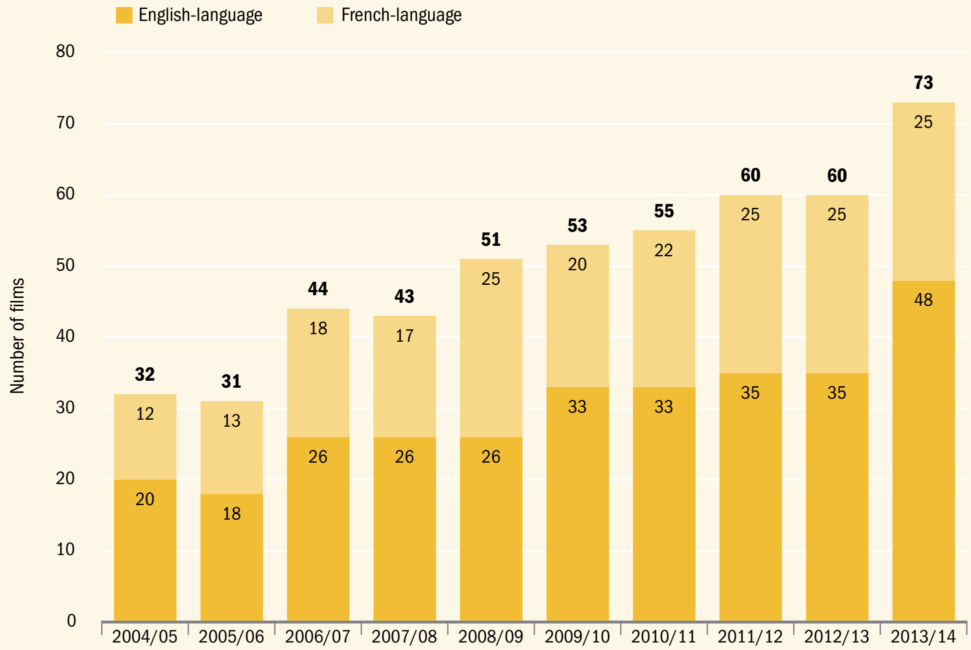


Source: Telefilm Canada.
** Other financing includes contributions from production companies, broadcasters, other government sources and distributors.*
Notes: Calculations exclude the foreign share of audiovisual treaty coproduction budgets in which Canada was a minority partner.
Statistics for 2004/05 to 2007/08 only include data from the CFFF Production Program and exclude data from the Low Budget Independent Feature Film Assistance Program. Statistics for 2008/09 to 2012/13 include data for the Production Program and the Low Budget Independent Feature Film Assistance Program. In 2013/14, the Low Budget Independent Feature Film Assistance Program was rolled into the Production Program.

52 Telefilm Canada (2014), p. 5.

53 The statistics in this section may differ from statistics reported by Telefilm Canada in its annual report. Beginning with the 2012/13 Annual Report, Telefilm Canada reports only the level of production supported by all of its assistance programs on a combined basis. The statistics in this section include data from the CFFF Production Program and exclude data from Theatrical Documentary Program and support for post-production.

Exhibit 2-89 Number of Canadian theatrical feature films that received financial support from the CFFF Production Program, by language

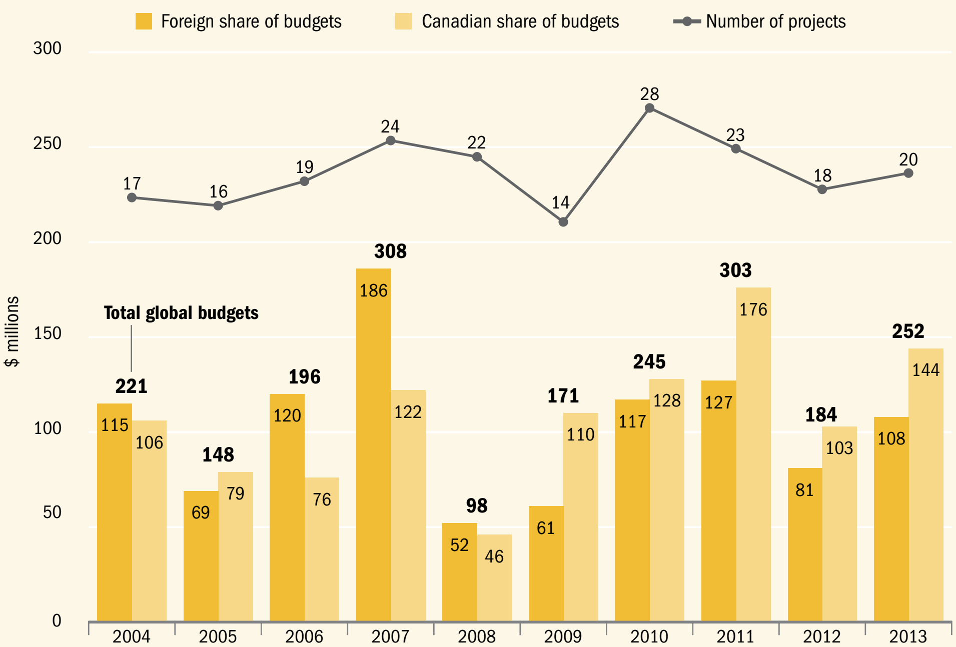


Source: Telefilm Canada.

AUDIOVISUAL TREATY COPRODUCTION

Exhibit 2-90 Total volume* and activity of audiovisual treaty coproduction, theatrical feature film sub-sector

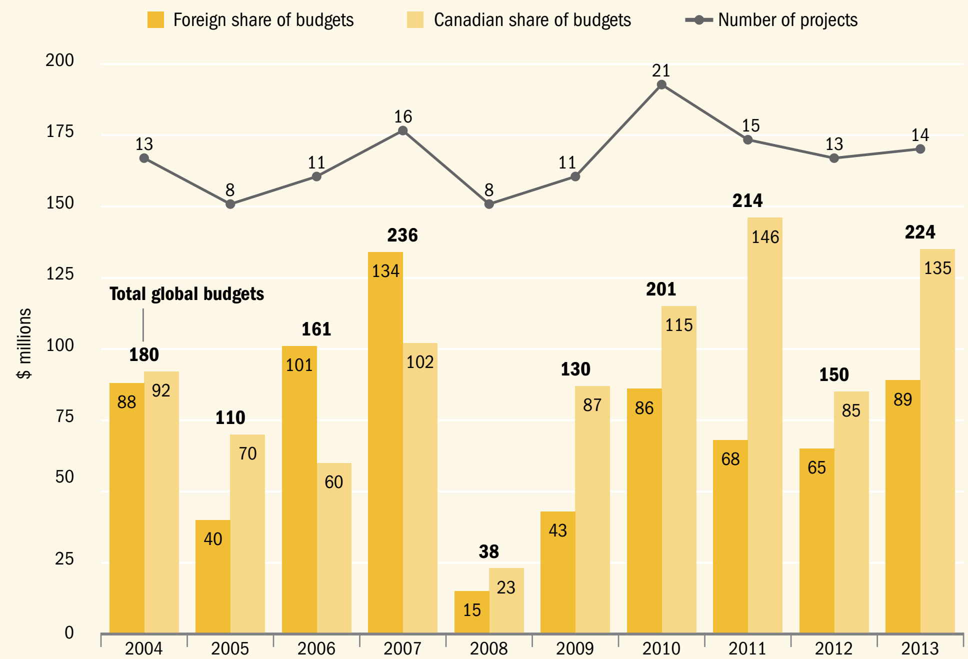
Audiovisual treaty coproduction volume in the theatrical feature film sub-sector increased by 37% in 2013 to a total of $252 million.



Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.
** The total volume of coproduction refers to the value of total global budgets for coproduction projects. The total volume of production includes the financial participation of Canadian producers (i.e. Canadian share of budgets) and foreign producers (i.e. foreign share of budgets).*

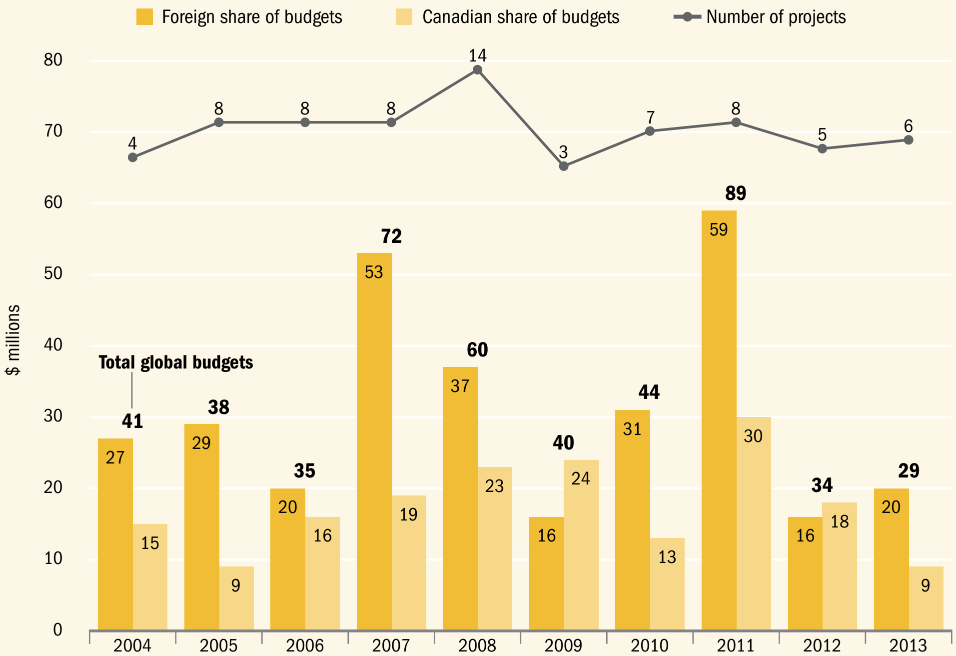
Exhibit 2-91 Total volume and activity of audiovisual treaty coproduction, theatrical feature film sub-sector, English-language production

Treaty coproduction in the French-language market was lower in 2013. However, in the English-language market, treaty coproduction in the theatrical feature film sub-sector increased by 49.3% to $224 million. The Canadian share of budgets in the English-language market increased at an even faster rate – 58.8% – to $135 million.



Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.

Exhibit 2-92 Total volume and activity of audiovisual treaty coproduction, theatrical feature film sub-sector, French-language production



Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.

Exhibit 2-93 Audiovisual treaty coproduction partner countries, theatrical feature film sub-sector, 2004-2013

Between 2004 and 2013, Canada's audiovisual treaty coproduction activity in the theatrical feature film sub-sector was highest with France, the UK and Germany.

			Canadian share of total global budgets	
Country	**Number of projects**	**Total volume ($ millions)**	**$ millions**	**%**
France	69	772	373	48
United Kingdom	28	342	162	47
Germany	16	414	265	64
Belgium	8	33	13	40
Ireland	6	41	30	73
China	5	20	13	68
Spain	4	42	26	62
Italy	4	58	46	79
South Africa	4	33	12	36
Switzerland	4	15	6	42
Other bipartite	32	95	53	55
Multipartite*	21	261	91	35
Total	**201**	**2,127**	**1,090**	**51**

Source: Telefilm Canada.
Note: Statistics as of September 2014. Some totals may not sum due to rounding.
** Multipartite production includes audiovisual treaty coproduction projects where Canada has two or more partner countries.*

DON CARMODY'S BIG-BUDGET CANADIAN-GERMAN COPRODUCTIONS ARE DOMESTIC BOX OFFICE HITS

Don Carmody Productions may have perfected the formula for box office success in Canada, having co-produced several blockbusters with German counterpart Constantin Film International in recent years.

In 2013, the two companies released *The Mortal Instruments: City of Bones*, with production kicking off at Toronto's Cinespace Film Studios in August 2012 with an estimated budget of $60 million. Based on the first in a series of young adult fantasy books, the film appealed to a younger audience and grossed $4.34 million in Canada, making it the most successful Canadian production of the year in Canada and as such, the recipient of the Cineplex Golden Reel Award. Internationally, box office revenue for the film totaled approximately $100 million.

This level of box office success, both in Canada and abroad, is not new for the Canadian-German coproduction team, also behind the *Resident Evil* franchise. In 2010, *Resident Evil: Afterlife* surpassed $280 million at the global box office to become the most successful Canadian feature film in history. In 2012, *Resident Evil: Retribution* grossed $250 million world-wide, bringing the total global box office revenue of the franchise to over $930 million. Both installments also received Cineplex Golden Reel Awards as the highest grossing films in Canada in their release year. In 2012, the second and third highest grossing films in the English-language market, *Goon* and *Silent Hill: Revelation*, were also Don Carmody productions.

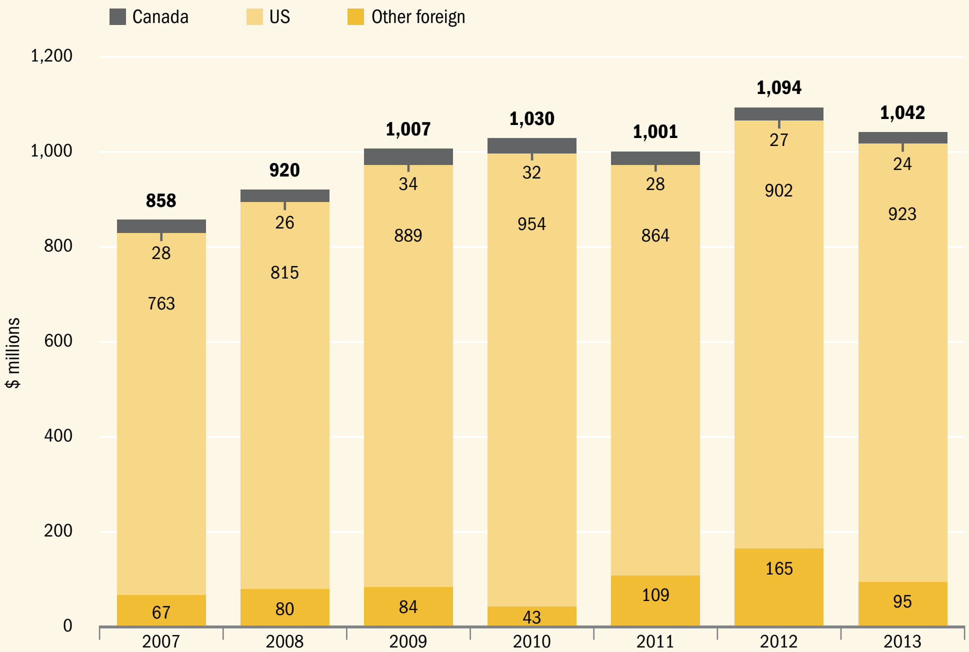
The Canadian-German duo's most recent project, *Pompeii*, began shooting in March 2013, once again primarily in Toronto at Cinespace Film Studios. With an estimated budget of $90 million, the production was far more reliant on special effects than any of its predecessors. Visual effects (VFX) accounted for 20% of the film's overall budget and were expertly handled by Toronto-based VFX firm, Mr. X, which was also involved in *The Mortal Instruments: City of Bones* and the *Resident Evil* series.

These recent box-office successes have brought Don Carmody's Cineplex Golden Reel count up to eight, which along with the producer's previous involvement in critically-acclaimed and award-winning films such as *Chicago* and *Good Will Hunting*, position him as one of Canada's most successful producers.

NATIONAL BOX OFFICE TRENDS

Exhibit 2-94 Box office revenues in Canada, by origin of production

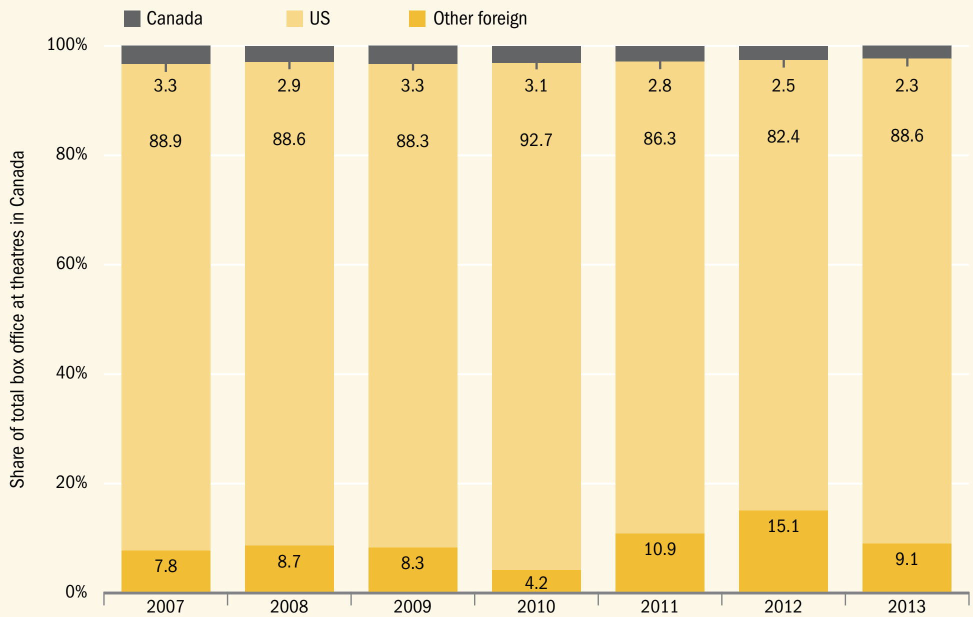
While Canadians are able to access a growing array of digital distribution platforms including cable and satellite VOD services, iTunes and Netflix, the latest box office statistics show that Canadians are still avid theatre-goers. The total box office in Canada decreased by 4.8% in 2013, but remained over $1 billion for the fifth straight year.



Source: Movie Theatre Association of Canada (MTAC).
Note: Some totals may not sum due to rounding.

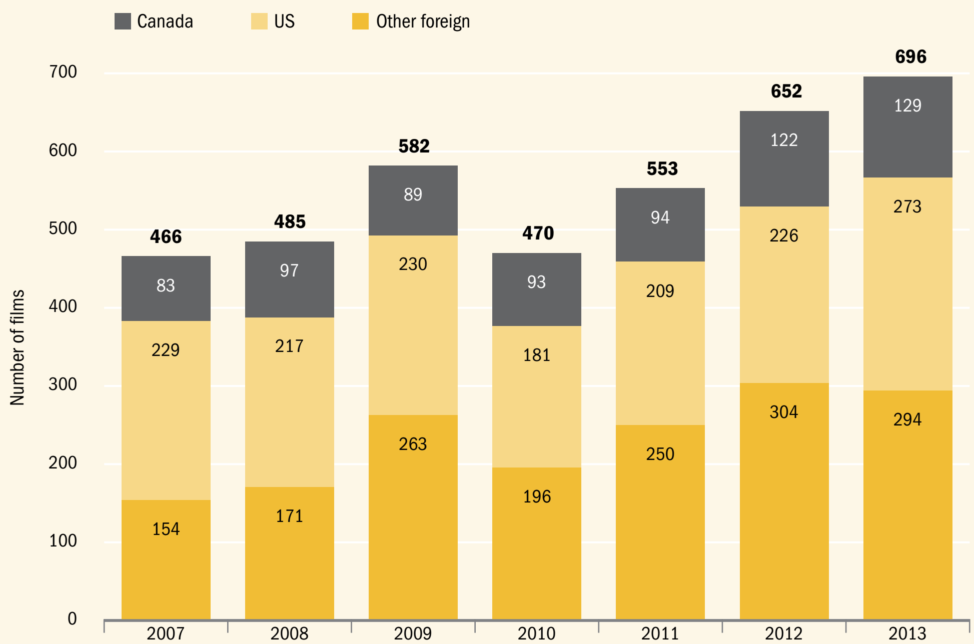
Exhibit 2-95 Share of total box office revenues in Canada, by origin of production

Canadian feature films captured 2.3% of the total box office in Canada in 2013.



Source: MTAC.
Note: Some totals may not sum due to rounding.

Exhibit 2-96 Number of new-release feature films playing in theatres in Canada, by origin of production



Source: Department of Canadian Heritage analysis of data from MTAC.
Note: Data only include feature films released for the first time in theatres in a particular year. For example, the statistics for 2013 only include the number of films released in Canadian theatres for the first time in 2013.

BOX OFFICE BY LINGUISTIC MARKET

Historically, Canadian feature films have displayed contrasting box office performance patterns in Canada's two major language markets. In this section, we examine separately the box office statistics for theatres in Canada's French-language and English-language markets.[54]

Exhibit 2-97 Box office revenues and market share at theatres in Canada, by linguistic market

In 2013, Canadian feature films' box office share in the French-language market was unchanged at 9% — the lowest level in the past seven years. In the English-language market, Canadian feature films' market share dipped slightly to 1.2% in 2013 after reaching a seven-year high of 1.5% in 2012.

	2007	2008	2009	2010	2011	2012	2013
French-language market							
($ millions)							
Box office of Canadian feature films	20.8	17.4	27	20.1	19.8	12.9	12.6
Box office of foreign feature films	107.6	108.5	118	129.8	127.3	130.2	126.7
Total box office of feature films	128.5	125.9	145	149.9	147.1	143.1	139.3
Canadian feature films' share	16.2%	13.8%	18.5%	13.4%	13.5%	9.0%	9.0%
(Number of feature films playing in theatres in Canada)							
Canadian	84	79	78	74	76	78	97
Foreign	328	293	316	293	279	310	301
Total	412	372	394	367	355	388	398
Ratio of foreign to Canadian feature films	3.9	3.7	4.1	4.0	3.7	4.0	3.1
English-language market							
($ millions)							
Box office of Canadian feature films	6.9	8.5	6.8	12.1	8.1	13.9	11.2
Box office of foreign feature films	722.2	786.0	855	867.9	845.8	937.2	893.0
Total box office of feature films	729.1	794.5	862	880	852.9	951.2	915.3
Canadian feature films' share	1.0%	1.1%	0.8%	1.4%	0.9%	1.5%	1.2%
(Number of feature films playing in theatres in Canada)							
Canadian	63	72	71	70	76	80	111
Foreign	438	436	422	406	568	803	867
Total	501	508	493	476	644	883	978
Ratio of foreign to Canadian feature films	7.0	6.1	5.9	5.8	7.5	10.0	7.8

Source: MTAC.
Note: Some totals may not sum due to rounding.

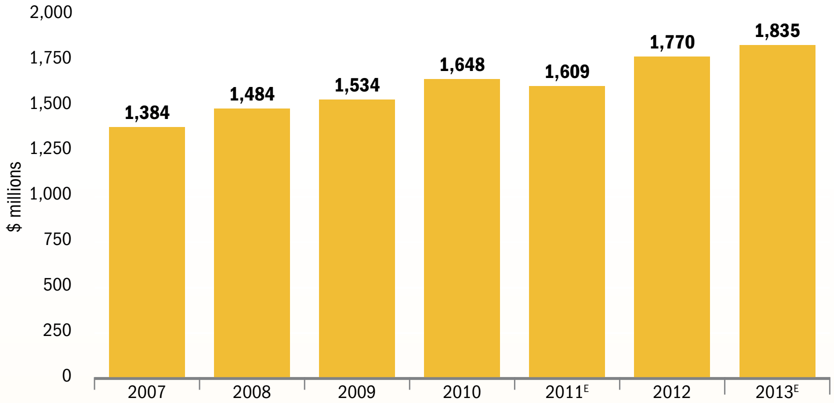
54 In Canada, the French-language market refers to all films presented in French. This includes films for which the original language of production was French, as well as other films dubbed into French, or presented with French subtitles. The English-language market refers to all films presented in English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

EXHIBITION SECTOR IN CANADA

The exhibition sector includes theatre chains and independent theatres that exhibit theatrical feature films. Despite the growth in online digital distribution platforms, the theatrical exhibition industry remains an important window for the release of feature films in Canada. This is reflected by the fact that the sector has continued to experience growing levels of box office receipts and revenue from other sources in recent years.

Total revenue in the exhibition sector

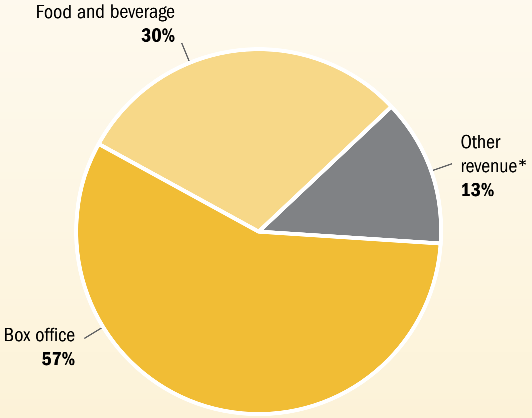
In 2013, the exhibition sector in Canada earned estimated total revenue of $1.84 billion.



Source: Nordicity estimates based on data from MTAC, Cineplex Inc. and Statistics Canada, catalogue no. 87F0009X.
E — Estimates made in lieu of statistics published by Statistics Canada.
Note: See Motion Picture Association-Canada and Canadian Media Production Association (2013), The Economic Contribution of the Film and Television Sector in Canada *for additional description of methodology.*

Sources of revenue in the exhibition sector, 2013

Total revenue in the exhibition sector in 2013 included $1 billion in box office revenue, $548 million in food and beverage sales, and $244 million in revenue from other sources.



Source: Nordicity estimates based on data from MTAC, Cineplex Inc. and Statistics Canada, catalogue no. 87F0009X.
** Includes revenue earned from sale of in-theatre advertising.*
Note: See Motion Picture Association-Canada and Canadian Media Production Association (2013), The Economic Contribution of the Film and Television Sector in Canada *for additional description of methodology.*

TOP FEATURE FILMS BY LANGUAGE OF PRESENTATION

Exhibit 2-98 Top ten feature films presented in the English-language market, Canada, 2013

Title	Box office receipts* ($ millions)	Country of origin
1. Iron Man 3	32.31	US-China
2. The Hunger Games: Catching Fire	31.13	US
3. Despicable Me 2	28.80	US
4. The Hobbit: The Desolation of Smaug	25.40	US
5. Star Trek Into Darkness	24.75	US
6. Man of Steel	23.36	US-UK
7. Gravity	22.40	US-UK
8. Frozen	21.28	US
9. Thor: The Dark World	18.42	US
10. Monsters University	17.72	US

Source: MTAC.
** Box office receipts earned between January 1 and December 31, 2013. This amount may under-represent a particular film's total box office receipts, if the film played in Canadian cinemas across two calendar years.*

Exhibit 2-99 Top ten feature films presented in the French-language market, Canada, 2013

Title	Box office receipts* ($ millions)	Country of origin
1. The Hunger Games : L'embrasement (The Hunger Games: Catching Fire)	4.56	US
2. Louis Cyr	4.21	Canada
3. Iron Man 3	4.15	US- China
4. Les aventures de Tintin (The Adventures of Tintin)	3.78	US
5. Rapides et dangereux 6 (Fast & Furious 6)	3.74	US
6. Les Schtroumpfs 2 (The Smurfs 2)	3.72	US
7. Détestable moi 2 (Despicable Me 2)	3.58	US
8. Le Hobbit : La désolation de Smaug (The Hobbit: The Desolation of Smaug)	3.56	US
9. L'homme d'acier (Man of Steel)	2.56	US-UK
10. L'université des monstres (Monsters University)	2.53	US

Source: MTAC.
** Box office receipts earned between January 1 and December 31, 2013. This amount may under-represent a particular film's total box office receipts, if the film played in Canadian cinemas across two calendar years.*

Exhibit 2-100 Top ten Canadian-produced feature films presented in the English-language market, 2013

Two Canadian feature films earned well over $1 million at the box office in the Canadian English-language market in 2013. In fact, *The Mortal Instruments: City of Bones* and *Mama* both earned over $3 million at the box office in Canada.

Title	Box office receipts* ($ millions)	Original language of production
1. The Mortal Instruments: City of Bones	4.34	English
2. Mama	3.28	English
3. Revolution	0.52	English
4. The Right Kind of Wrong	0.51	English
5. Still Mine	0.45	English
6. Watermark	0.35	English
7. Midnight's Children	0.30	English
8. The Colony	0.27	English
9. The Art of the Steal	0.17	English
10 Home Again	0.09	English

Source: MTAC.
** Box office receipts earned between January 1 and December 31, 2013. This amount may under-represent a particular film's total box office receipts, if the film played in Canadian cinemas across two calendar years.*

Exhibit 2-101 Top ten Canadian-produced feature films presented in the French-language market, 2013

Four feature films earned over $1 million in the smaller French-language market, with *Louis Cyr* earning over $4 million.

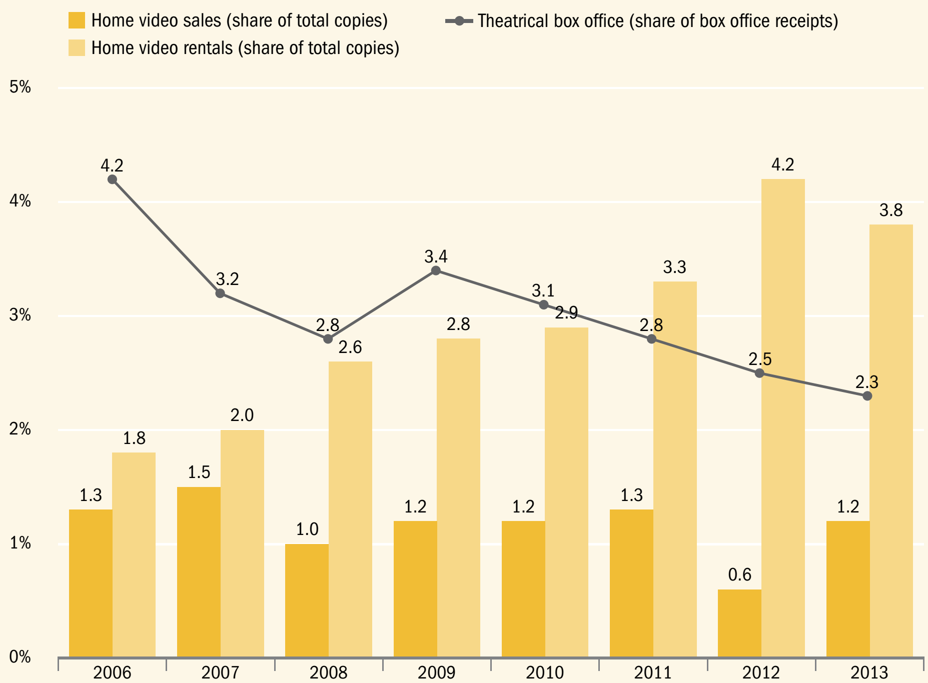
Title	Box office receipts* ($ millions)	Original language of production
1. Louis Cyr	4.21	French
2. Gabrielle	1.29	French
3. Il était une fois les Boys	1.17	French
4. Les Pee Wee : l'hiver qui a changé ma vie (3D)	1.01	French
5. La cité des ténèbres : La coupe mortelle (The Mortal Instruments: City of Bones)	0.81	English
6. Amsterdam	0.54	French
7. Mama	0.50	English
8. Le démantèlement	0.46	French
9. La légende de Sarila (The Legend of Sarila)	0.41	English
10. Hot Dog	0.39	French

Source: MTAC.
** Box office receipts earned between January 1 and December 31, 2013. This amount may under-represent a particular film's total box office receipts, if the film played in Canadian cinemas across two calendar years.*

HOME VIDEO, VIDEO ON DEMAND AND TELEVISION MARKETS

While the movie theatre window represents a key platform for the exhibition of feature films, other platforms such as home video rental and sales (i.e., Blu-ray Disc and DVDs), and various television-release windows (i.e., VOD, pay-per-view, specialty and pay television, and conventional television) also account for a large share of the overall audience for feature films. In fact, these post-theatre platforms often account for the majority of viewing and revenues earned by a feature film. The statistics in this section include the market share held by Canadian feature films on home video and television platforms, and therefore present a better picture of Canadian feature films' market share within Canada than simply theatrical box office. However, the statistics in this section do not include online platforms and thereby exclude a fast-growing platform for feature film viewing in Canada.

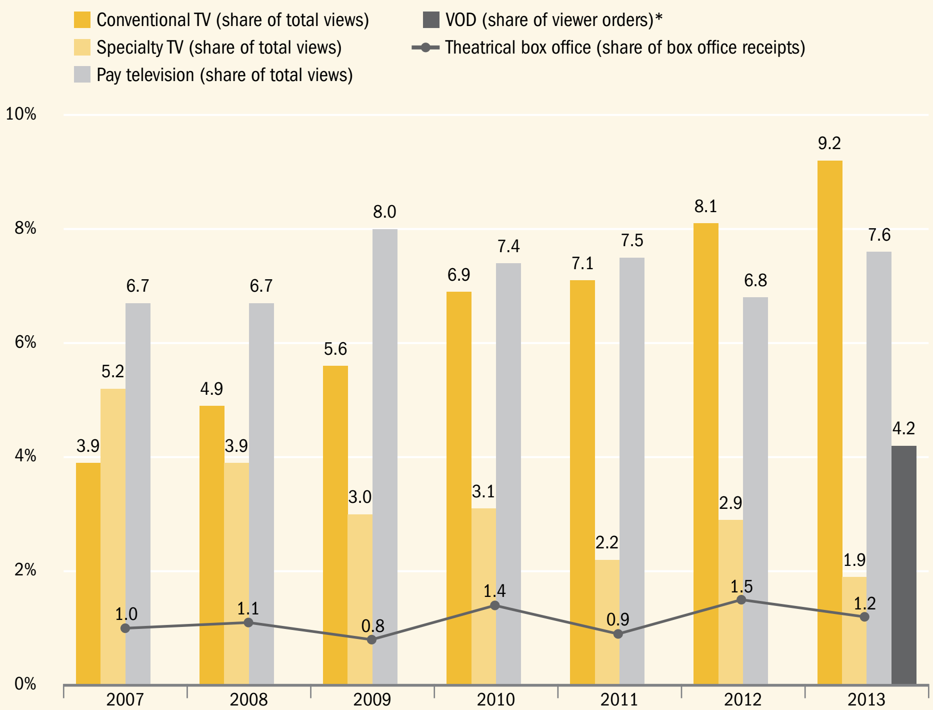
Exhibit 2-102 Market share of Canadian feature films in Canada, home video vs. theatrical box office



Source: Department of Canadian Heritage analysis of data from Nielsen VideoScan (sales), Rentrak Corporation (rentals) and MTAC (theatrical box office).
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 800 feature film titles that had theatrical release. Market shares are based on the share of total copies.

Exhibit 2-103 Market share of Canadian feature films exhibited in English in Canada, television windows vs. theatrical box office

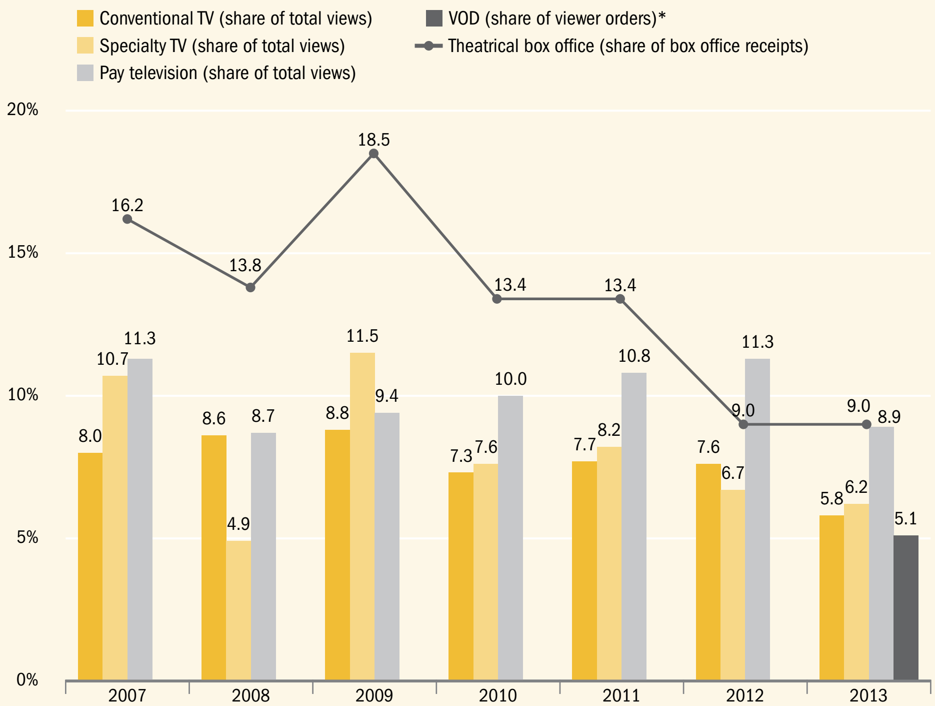
In the English-language market, Canadian feature films' share of audiences on each television platform exceeded their 1.2% share of the box office. Canadian films' share of audiences on the conventional television platform increased for the sixth consecutive year to reach 9.2% in 2013.



Source: Department of Canadian Heritage analysis of data from Numeris (television markets), CRTC (VOD) and MTAC (theatrical box office).
Note: For the television markets, the total number of views was estimated by dividing the total number of minutes spent watching a feature film by the average duration of the film. Only feature films that had a theatrical release were considered in this analysis. Market shares are based on total views.
** Includes free and paid orders. Data not available prior to 2013.*

Exhibit 2-104 Market share of Canadian feature films exhibited in French in Canada, television windows vs. theatrical box office

In contrast, in the French-language market, Canadian feature films' share of audiences on each television platform was lower than the 9% market share held at the theatrical box office.



Source: Department of Canadian Heritage analysis of data from Numeris (television markets), CRTC (VOD) and MTAC (theatrical box office).
Note: For the television markets, the total number of views was estimated by dividing the total number of minutes spent watching a feature film by the average duration of the film. Only feature films that had a theatrical release were considered in this analysis. Market shares are based on total views.
** Includes free and paid orders. Data not available prior to 2013.*

3. FOREIGN LOCATION AND SERVICE PRODUCTION

The foreign location and service (FLS) production sector largely comprises feature films and television programs filmed in Canada by foreign producers or Canadian service producers.[55] For the majority of FLS projects, the copyright is held by non-Canadian producers; however, for approximately 10% of projects, the copyright is held by Canadians (Exhibit 3-8).

During the past five years, Canada's FLS production sector has contributed to numerous films that achieved successful global box office runs. Some recent Hollywood films that have either shot in Canada or had their VFX work done in Canada include *Dawn of the Planet of the Apes*, *The Amazing Spider-Man 3* and *Tomorrowland*. Canada has also become a destination for the filming of several American television series and mini-series such as *Once Upon a Time*, *Bates Motel* and *Hemlock Grove*, which have been commissioned by the networks as well as online video streaming services.

HIGHLIGHTS FROM 2013/14

- The total volume of FLS production in Canada increased by 4.9%, to $1.83 billion.
- There were a total of 234 FLS production projects in Canada — a 6.4% increase.
- FLS production activity increased as the value of the Canadian dollar declined slightly.
- FLS production generated a total of 39,100 full-time equivalent jobs (FTEs), including 15,400 direct FTEs in film and television production and a further 23,700 spin-off FTEs.
- FLS production generated gross domestic product (GDP) of $2.4 billion for the Canadian economy, including $895 million in direct GDP and nearly $1.5 billion in spin-off GDP.
- British Columbia's FLS production totalled just under $1.1 billion or 59% of the national total.
- Ontario's FLS production increased by 11.8% to $446 million and accounted for 24% of the national total.
- Quebec's FLS production fell by 30.6% to $147 million and accounted for 8% of the national total.
- Feature film production accounted for just under one-half of the total production volume, and 39% of projects.
- United States (US) producers were the source of 76% of all FLS projects.

55 Canadian service producers include producers who provide production and/or post-production services in Canada on behalf of non-Canadian producers.

In 2013/14, FLS activity in Canada grew by 4.9% to over $1.8 billion (Exhibit 3-1) amidst an increasingly competitive international market for attracting FLS production. The volume of FLS production in 2013/14 was nonetheless 8.2% below the ten-year high in 2010/11, and has not returned to the previous level due to global competition, specifically from the US. The upswing last year was due, in large part, to steady volumes of FLS production in British Columbia and increases in Ontario and Alberta, which, respectively, accounted for 59%, 24% and 5% of total FLS production in Canada. The rise of tentpole[56] productions and the weakening of the Canadian dollar helped drive the level of FLS activity.

At the start of 2014, the Canadian currency was at its lowest value against the US dollar in three years (Exhibit 3-2). US studios and independent producers were attracted to the currency savings offered in Canada, as well as the tax credits and quality infrastructure that Canada has built its reputation on in recent years.

In terms of type of production, the total volume of FLS feature films in Canada increased 33.5% in 2013/14, or by more than $200 million (Exhibit 3-6), while the number of feature films remained largely unchanged (decreasing slightly from 93 to 91) (Exhibit 3-7). This reflects a larger trend in Hollywood to focus on a fewer number of projects with larger budgets. In fact, last year saw a record low number of films being produced by major studios, their subsidiaries, and partners, leaving many independently-packaged projects with A-list directors and cast.[57] As mentioned earlier, there has also been a trend in the global film industry to move away from the production of mid-budget feature films and produce larger-budget sequels, prequels and adaptations targeted to mainstream and young audiences.

In contrast, the total volume of FLS television production decreased by over $150 million, while the number of FLS television series actually increased (from 85 to 92) (Exhibit 3-7). The drop in production volume, however, potentially reflects a trend toward shrinking television seasons (i.e., fewer episodes per series), rather than simply a decline in average budgets. As opposed to the traditional 22-episode order, US networks are now more likely to commit to 10-13 episodes. There has also been a big push toward short-order, limited series programming. This trend allows for more attention to high-quality writing and production, and an increased likelihood of casting A-list stars, for what is described now as a *four-season business* in which networks are strategically finding tentpole shows throughout the year.[58] Given this trend, it is not surprising that the volume of production with fewer than six episodes rose by 26% to $163 million.

Accounting for 59% of the national FLS production volume in 2013/14 (Exhibit 3-5), British Columbia had a strong year for big-budget foreign film production, and remained Canada's foremost centre for FLS production. It hosted the much anticipated feature film adaptation of *Fifty Shades of Grey,* for example. On the television side, notable productions included ABC Studios' *Once Upon a Time* (now shooting its fourth season in Vancouver), the "contemporary prequel" *Bates Motel* and the superhero franchise drama, *Arrow*. A few pilots shooting in 2013 were also picked up, such as *The 100* and *Girlfriends' Guide to Divorce*, which points to continued strong television production for the province in the near future.

Moreover, although production activity in British Columbia has been largely stable over the last three years, after dropping by almost $300 million from a high of $1.36 billion in 2010/11 (Exhibit 3-5), computer animation and visual effects (VFX) production in the province is a significant growth area. There were over 30 feature projects undertaken in British Columbia in 2012/13 that were exclusively VFX projects, with expenditures totalling over $200 million. With more VFX companies establishing offices or expanding existing ones in Vancouver, the city has become a major international VFX centre and the growing segment is continuing to obtain a larger share of the total spend. In 2013, several notable international films came to Vancouver for VFX-only, including *Iron Man 3* and *Edge of Tomorrow.*

Meanwhile, over the same three-year period since 2010/11, Ontario's FLS production nearly doubled, from $224 million to $446 million (Exhibit 3-5). Ontario benefited from the introduction of the all-spend provisions

56 A tentpole release is defined as a theatrically-released, big-budget Hollywood movie that is anticipated to generate sufficient revenue to compensate the studios for movies that are less profitable.

57 FilmTake.com (2014), p. 6.

58 Lacey Rose, Marisa Guthrie and Lesley Goldberg (2014), "TV Upfronts: Studio Chiefs on Trends, Surprises and That Big Disappointment," *Hollywood Reporter*, May 16, 2014.

for the Ontario Production Services Tax Credit in 2009, and with its established base for Canadian television, it was reportedly able to capitalize on the trend toward high-concept television drama. The number of television series grew from 18 in 2012 to 23 in 2013, a record number of foreign series for Ontario.[59] Notable productions were typically no more than 13 episodes, including: *Covert Affairs*, *Hannibal*, *The Strain* and the Netflix Original, *Hemlock Grove*.

Quebec experiences larger annual fluctuations in FLS production volume compared to British Columbia and Ontario due to its focus on feature film production rather than television. FLS television production in Quebec accounts for less than a quarter of total FLS volume over the last two years. American production accounts for the largest share of service production, but the proportion varies greatly from year to year, accounting for as much as 68% of all service production in 2012/13 to as little as 28% in 2013/14. Production in Quebec trended higher in 2012/13 with five more feature films with higher average budgets and a considerable amount of VFX-only activity, including *Twilight Breaking Dawn* and *Pacific Rim*. While 2013/14 did not see as many large American productions shooting, and FLS production fell 30.6% from the previous year, Quebec's VFX companies drew productions such as *The Host* and *Hunger Games*: *Catching Fire*.

In Alberta, feature film productions such as Warner Brothers' Interstellar and Cut Bank, as well as US-Canada series such as Fargo and Klondike, contributed to significant increases. From 2010/11, Alberta's volume of FLS production increased from $4 million to $88 million. The ten-episode *Fargo* was originally introduced as a limited series, another previously identified trend, but was renewed for a second season to follow an anthology format (i.e., non-recurring cast) — another recent trend popularized by *American Horror Story* and *True Detective*. *Klondike*, the first-ever scripted mini-series for Discovery Channel was also shot in Alberta.

Manitoba's level of FLS doubled in 2013/14 to $47 million in part through feature films including *Heaven is For Real* ($12 million budget), *Strings*, and a handful of movies-of-the-week (MOWs). The film projects were produced along with local companies including Original Pictures and Buffalo Gal Pictures.

The stability and availability of film incentives, as well as exchange rates, continues to influence producers' choice of filming location. Filming incentives and the value of the Canadian dollar have played significant roles in supporting the growth in Canada's FLS sector over the past decade. This growth contrasts greatly to the experience in California, where nearly two dozen VFX firms have closed or gone bankrupt in the past decade.[60] In 2013, the number of one-hour television series made in California hit a nine-year low, and the state's market share declined from 65% of all produced shows in 2005 to just 28%. Of the 30 big-budget tentpole feature films with budgets of over $75 million released in 2013, only two were filmed primarily in California, as major productions were drawn to Canada and other US states offering increasingly competitive incentives.[61] In response to growing competition, California enacted the Film & Television Tax Credit Program; in September 2014, the program's annual cap was tripled to US$330 million.[62] It is expected that some tentpole productions by taxable corporations in the state will return to California in the future.

From 2015 and beyond, the landscape for attracting FLS production is expected to become even more competitive. In 2014 several leading jurisdictions such as the United Kingdom (UK) and California — as well as other smaller, yet notable, jurisdictions such as Ireland and Malta — enacted upgrades or amendments to their film incentive programs. However, Canada's talented crews and stable incentives — which are uncapped, refundable and bankable — will continue to make Canada a competitive choice for FLS producers.

59 Ontario Media Development Corporation (2014), *Ontario film and television production in the calendar years 2011-2013*.

60 California Film Commission (2014) Film and Television Tax Credit Program Progress Report, p. 27.

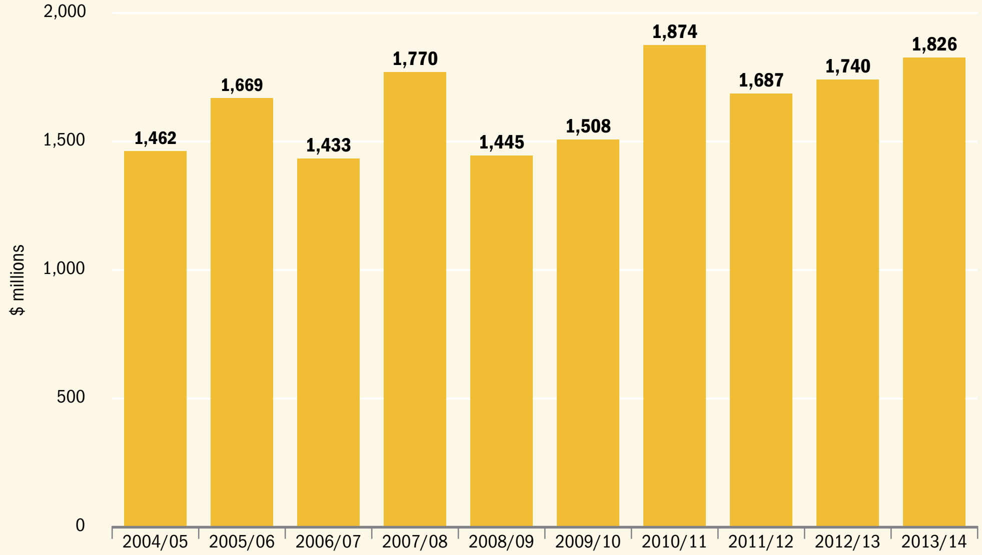
61 *Ibid*, pp. 4 and 25.

62 California Film Commission (2014), "California Film & Television Tax Credit Program — New Program Summary AB 1839," p.1.

VOLUME

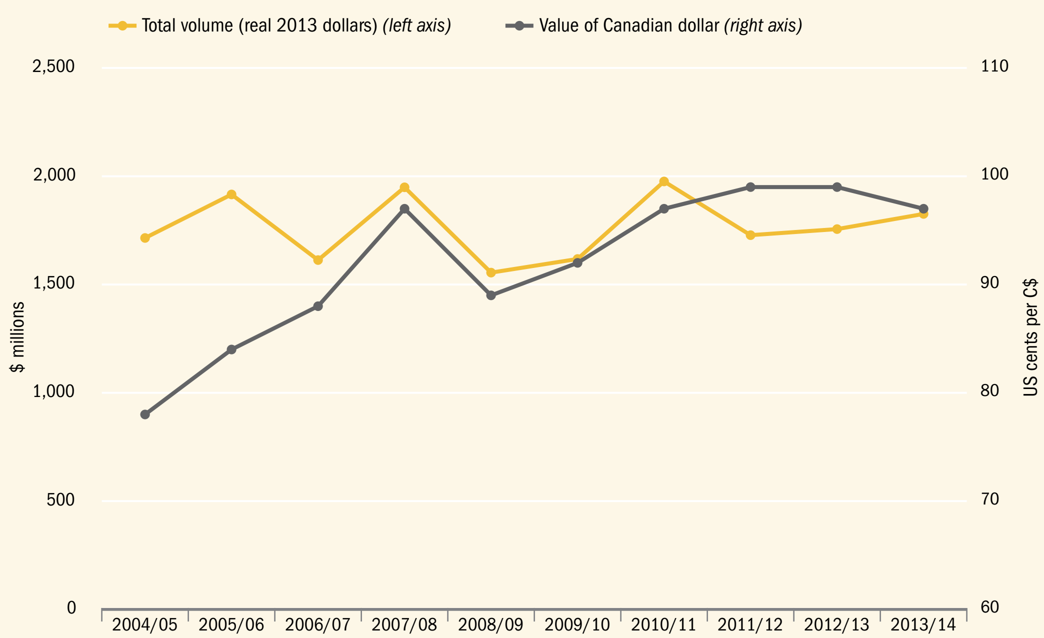
Exhibit 3-1 Total volume of foreign location and service production

The total volume of FLS production increased by 4.9% in 2013/14, but was still below the ten-year peak of $1.87 billion reached in 2010/11. A slightly lower dollar helped attract more FLS production to Canada, with most of the increased activity coming from the production of feature films in Ontario and television series in Alberta.



Source: Association of Provincial Funding Agencies.

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

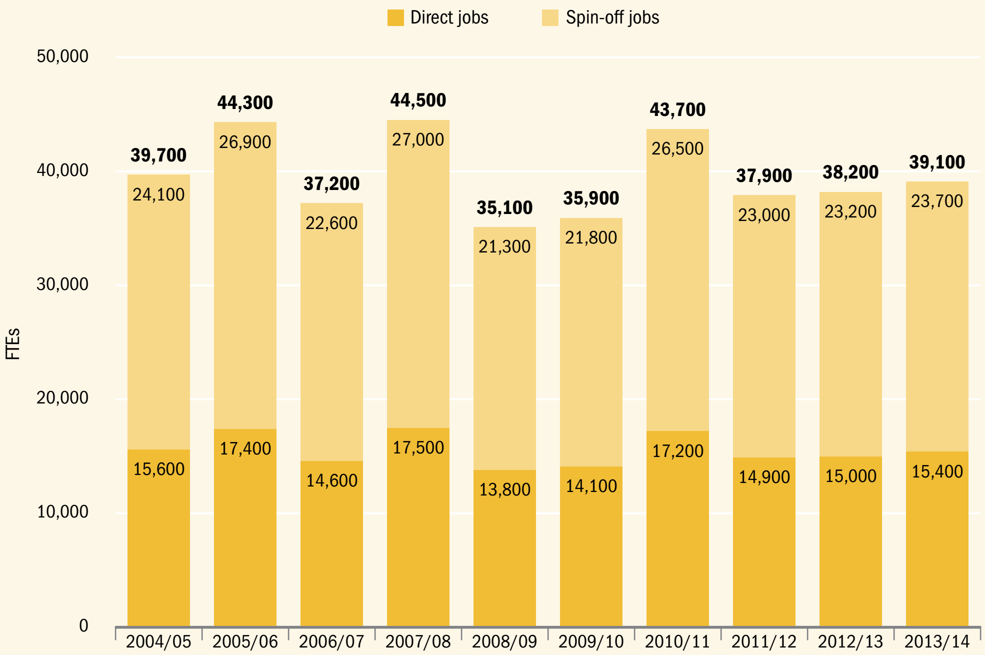


Source: Bank of Canada and Association of Provincial Funding Agencies.

EMPLOYMENT AND GDP

Exhibit 3-3 Number of FTEs generated by foreign location and service production

FLS production generated 39,100 FTEs in 2013/14 and generated over $2.36 billion in GDP for the Canadian economy.



Source: Estimates based on data from the Association of Provincial Funding Agencies, Statistics Canada and Conference Board of Canada.
Note: See Notes on Methodology *for a description of the job-estimation methodology.*

Exhibit 3-4 Summary of the economic impact of foreign location and service production, 2013/14

	Direct	Spin-off	Total
Employment (FTEs)	15,400	23,700	**39,100**
Labour income ($ millions)	858	924	**1,783**
GDP ($ millions)	895	1,460	**2,355**

Source: Estimates based on data from data from the Association of Provincial Funding Agencies, Statistics Canada and the Conference Board of Canada.
Note: See Notes on Methodology *for a description of methodology.*

PROVINCES AND TERRITORIES

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

British Columbia was Canada's leading province for FLS production in 2013/14 with nearly $1.1 billion in volume and 59% of the national total. Ontario, Alberta and Manitoba all experienced significant increases in FLS production activity. In Ontario and Manitoba this was largely due to the filming of features; in Alberta, the growth was linked to television series such as *Klondike* and *Fargo*.

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	Share of 2013/14 total
British Columbia	567	973	861	1,174	900	1,092	1,364	1,102	1,076	1,080	59%
Ontario	521	455	288	350	206	225	224	382	399	446	24%
Quebec	261	99	125	120	211	122	240	157	212	147	8%
Alberta	n/a	37	54	24	20	7	4	13	4	88	5%
Manitoba	54	34	38	56	2	15	11	8	23	47	3%
Nova Scotia	36	61	63	29	80	43	31	22	25	17	1%
Territories*	<1	4	3	5	6	0	1	3	2	2	<1%
Saskatchewan	23	n/a	n/a	13	9	n/a	0	1	1	0	0%
Newfoundland and Labrador	0	0	0	0	0	0	0	0	0	0	0%
Prince Edward Island	0	0	0	n/a	n/a	n/a	n/a	n/a	0	0	0%
New Brunswick	0	0	0	0	10	0	n/a	n/a	0	0	0%
Total	**1,462**	**1,670**	**1,433**	**1,770**	**1,445**	**1,508**	**1,874**	**1,687**	**1,740**	**1,826**	**100%**

Source: Association of Provincial Funding Agencies.
Note: Some totals may not sum due to rounding.
n/a — Data not available or suppressed for confidentiality.
** Territories include Yukon, Nunavut and Northwest Territories.*

GENER8 REVOLUTIONIZES 3D CONVERSION, TAKES ON DATA MANAGEMENT, DIGITAL DISTRIBUTION AND VFX

Based in Vancouver, Gener8 has established itself as an innovative market leader in 3D post-conversion. The company's big break came in 2011, when it was awarded the contract to convert *Harry Potter and the Deathly Hallows: Part 2* from 2D to 3D, followed by *The Amazing Spider-Man* and *Ghost Rider: Spirit of Vengeance*. Since then, Gener8 has become a model of success in Vancouver's growing post-production and visual effects cluster. The company was listed on the Canadian Securities Exchange (CSE) in 2013.

Gener8's proprietary technology, G83D, allows stereoscopic effects to be added in post-production, providing studios with a more efficient and flexible alternative to shooting in 3D. In effect, G83D enables each frame of every shot to be virtually reconstructed and "re-filmed" in 3D. The result, which the company has called "virtual native 3D," is comparable to a film fully shot in 3D. In 2013, Gener8 received $450,000 through the Industrial Research Assistance Program (IRAP) from the National Research Council of Canada in support of its continued R&D in 3D conversion. In September 2014, the company was awarded the Technology & New Product Award from the International 3D & Advanced Imaging Society for G83D.

Building on its success in the 3D conversion market, Gener8 has expanded along the film and television value chain to provide data management and distribution services to filmmakers and studios. With the launch of its technology division Cumul8, the company introduced large-scale data storage and analytics services to the entertainment industry. In addition, the company's stake and investment in the innovative digital film distribution platform Reelhouse has been on the rise. Through customizable online profiles, Reelhouse enables independent filmmakers to directly distribute content, engage viewers and experiment with alternative monetisation models.

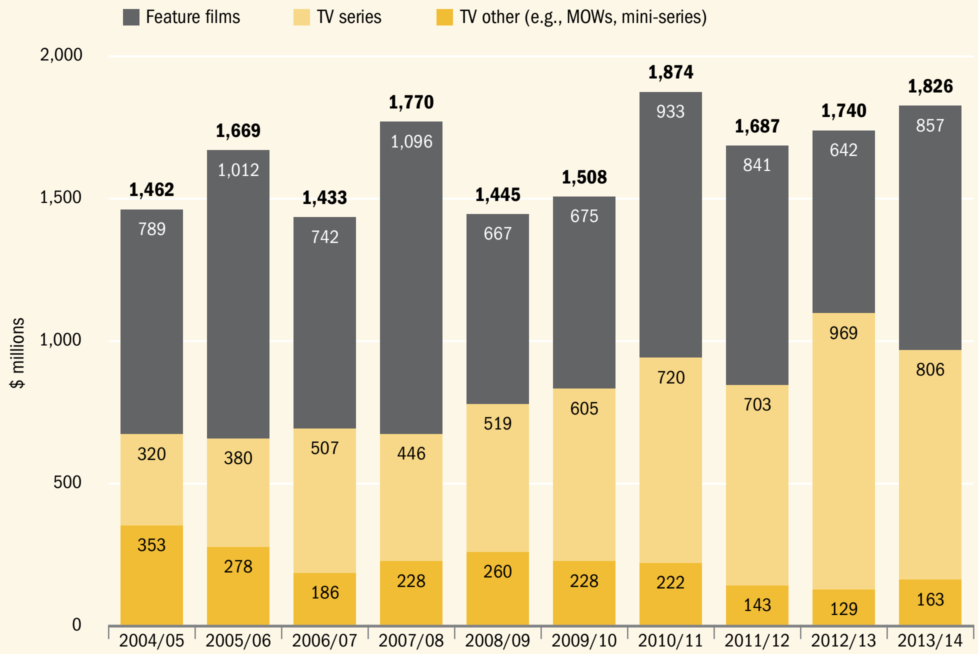
In addition to exploring complementary revenue streams, Gener8's growth has been driven by strategic partnerships. In 2014, the company signed a multi-picture agreement with Rainmaker Productions, a computer animation studio also based in Vancouver.

Gener8's most recent projects include *Guardians of the Galaxy, Captain America*, *Maleficent*, and *The Grandmaster*, an Oscar nominated Chinese production being converted to 3D nearly two years after its original release.

TYPES

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

With several big-budget films shooting in 2013/14, the volume of feature film production expanded to account for 47% of total volume and 39% of the total number of FLS projects. Meanwhile, television series production declined from a ten-year high of $969 million in 2012/13.



Source: Association of Provincial Funding Agencies.
Note: Some totals may not sum due to rounding.

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

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Feature films	52	87	74	103	89	53	66	99	93	91
TV series	37	28	32	62	57	61	76	78	85	92
TV other*	66	92	56	63	71	67	81	58	42	51
Total	**155**	**207**	**162**	**228**	**217**	**181**	**223**	**235**	**220**	**234**

Source: Association of Provincial Funding Agencies.
Note: Totals are based on available data and make no allowance for unavailable data.
** Includes MOWs, mini-series single-episode programming and pilots.*

COUNTRY

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

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of projects							
United States	165	158	139	194	185	171	177
France	6	1	1	7	8	9	7
United Kingdom	2	4	4	4	5	3	7
Germany	4	4	4	1	2	1	4
Other	14	14	18	1	8	9	13
Canada*	37	36	15	16	27	27	26
Total	**228**	**217**	**181**	**223**	**235**	**220**	**234**
Percentage of total							
United States	72%	73%	77%	87%	79%	78%	76%
France	3%	0%	1%	3%	3%	4%	3%
United Kingdom	1%	2%	2%	2%	2%	1%	3%
Germany	2%	2%	2%	<1%	1%	0%	2%
Other	6%	6%	10%	<1%	3%	4%	6%
Canada*	16%	17%	8%	7%	11%	12%	11%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Association of Provincial Funding Agencies.

** 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 coproductions, but outside of the auspices of an audiovisual coproduction treaty.*

4. BROADCASTER IN-HOUSE PRODUCTION

Broadcaster in-house production (“in-house production”) refers to television programs made internally by private conventional television broadcasters, public broadcasters, and pay and specialty television services[63]. In-house production largely comprises news and sports programming, but can also include productions in other genres.

HIGHLIGHTS FROM 2013

- In-house production decreased by 3.1% during the 2013 broadcast year (September 1, 2012 to August 31, 2013) to $1.36 billion.
- In-house production decreased at both private and public conventional broadcasters (−2.7%) as well as in the combined specialty, pay, pay-per-view (PPV) and video-on-demand (VOD)[64] sub-sector (−3.3%)
- In-house production generated a total of 29,200 full-time equivalent jobs (FTEs) in Canada, including 11,500 direct FTEs in the sector itself.
- The sector generated an estimated $1.74 billion in gross domestic product (GDP) for the Canadian economy, including $709 million of direct GDP and over $1 billion in spin-off GDP.
- Ontario accounted for the majority (56%) of the total volume of in-house production.
- Quebec accounted for 21% of the total volume of in-house production, or $291 million. In-house production in the province declined by less than one percent.

63 Note that the statistics in this section exclude data for provincial educational (television) services.

64 The VOD statistics in this section only includes data for VOD services licensed by the CRTC.

Between 2004 and 2012, Canada's in-house production sector displayed relatively steady growth — punctuated by only two years of annual declines — culminating in an all-time high of $1.41 billion in expenditures in 2012, before declining to $1.36 billion in in 2013 (Exhibit 4-1). This decline in 2013 — a 3.1% decrease — was the first annual decline since the 2008/09 recession which led to a significant drop in advertising spend in the 2009 broadcasting year. As with previous declines in in-house production over the past decade, both the conventional and specialty and pay television segments experienced decreases. During this downturn both segments each experienced decreases of $21 million.

In the conventional segment, in-house expenditures were down by 2.7% in 2013 to $750 million (Exhibit 4-1). This decrease was linked to reduced spending on music and variety programming by private conventional broadcasters as well as significantly lower spending on sports programming at CBC/Radio-Canada.[65] The latter was due to the 2012/13 National Hockey League lockout which reduced the regular season from 82 to 48 games.

In the specialty and pay television segment, the year-over-year decrease of 3.3% was concentrated in sports and human interest programming. In-house production spending was 2.9% lower at Canada's largest sports television service, TSN, and 18.4% lower at The Score, which was consolidated into the larger Rogers Sportsnet family of sports channels and renamed Sportsnet 360.[66] At Canada's largest French-language sports service, RDS, in-house spending was down by 11.7% in 2013.[67] The declines at TSN and RDS were likely part of the normalization of annual spending that occurs following coverage of an Olympic Games — in this case the 2012 London Olympics.

In-house spending was also lower at several of Canada's news channels, including CBC News Network (–7.0%), RDI (-0.9%), Business News Network (–1.3%), Sun News (–7.8%) and CityNews (–25.1%).[68] These declines were offset somewhat by slightly higher spending at CTV News Channel (9.9%) and Le Canal Nouvelles (9.8%).[69]

Despite the declines in 2013, it has been the specialty and pay segment — and the specialty segment in particular — which has underpinned the overall growth in in-house production expenditures between 2004 and 2013. Indeed, conventional broadcasters' in-house production has actually decreased by $3 million between to $750 million between 2004 and 2013 (Exhibit 4-1). After accounting for inflation, therefore, conventional broadcasters' in-house expenditures have actually decreased by 8.3% since 2004.The specialty and pay segment in contrast increased its in-house production expenditures by 80% between 2004 and 2013 — from $341 million to $614 million.

The growth in the specialty segment came from a combination of higher spending at established news and sports services as well additional in-house spending from new services that have launched since 2004 — between 2004 and 2013, the number of licensed Canadian specialty television services increased from 101 to 296. The established news and sports services (i.e. CBC News Network, CTV News Channel, RDI, LCN, TSN, Sportsnet, Sportsnet 360 [formerly The Score] and RDS) combined to account for approximately $120 million in growth in in-house spending — or about 44% of the overall growth.[70] The new news and sports services launched since 2004, including BNN, Sun News, CityNews, Sportsnet One and RDS Info, combined to generate an additional $45 million in in-house spending.[71] In total, therefore, news and sports services increased their in-house spending by $165 million between 2004 and 2013, and thereby, accounted for approximately 40% of net growth of $273 million.

65 CRTC, 2014a, *Conventional Television: Statistical and Financial Summaries 2009-2013*, pp. 7 and 19; and CRTC, 2013a, *Conventional Television: Statistical and Financial Summaries 2008-2012*, pp. 7 and 19.

66 CRTC, 2014b, *Individual Pay Television, Pay-per-View, Video-on-Demand and Specialty Services: Statistical and Financial Summaries, 2009-2013*; and CRTC, 2013b, *Pay Television, Pay-per-View, Video-on-Demand and Specialty Services:: Statistical and Financial Summaries, 2008-2012*.

67 *Ibid*.

68 *Ibid*.

69 *Ibid*.

70 CRTC, 2014b, *Individual Pay Television, Pay-per-View, Video-on-Demand and Specialty Services: Statistical and Financial Summaries, 2009-2013*; and CRTC, 2009, *Pay Television, Pay-per-View, Video-on-Demand and Specialty Services: Statistical and Financial Summaries, 2004-2008*.

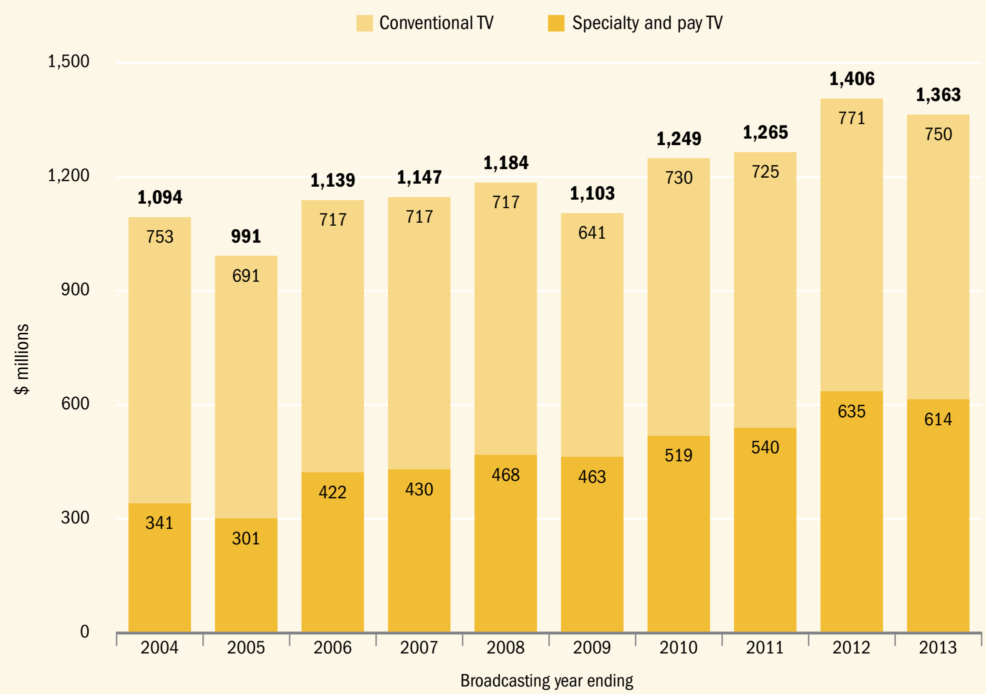
71 *Ibid*.

Over the long-term, the migration of sports programming to specialty television services has kept a lid on the growth of in-house production at conventional broadcasters. The transfer of the rights to *Hockey Night in Canada* from CBC to Rogers Communications Inc. should further reduce in-house spending in the conventional segment over the next several years, since the programming rights payments are likely to be recognized in the specialty segment. The other key element of conventional in-house production, news programming, appears to be maintaining its position. Even in the face of competition from the Internet and 24-hour specialty television news outlets, CBC/Radio-Canada's spending on conventional news production was up 8.3% in 2013, while private conventional broadcasters held their spending virtually unchanged.[72] Of course, in the current environment of vertical integration and horizontal integration, the distinction between conventional and specialty news — for both private and public broadcasters — is much less relevant.

VOLUME

Exhibit 4-1 Total volume of broadcaster in-house production, by segment

After three consecutive years of increases, in-house production decreased by 3.1% to $1.36 billion in 2013, as the 2012 NHL lockout and lack of Olympics dragged down spending on sports programming. Despite the decrease in 2013, the level of in-house production was still 23.6% higher than in 2009.



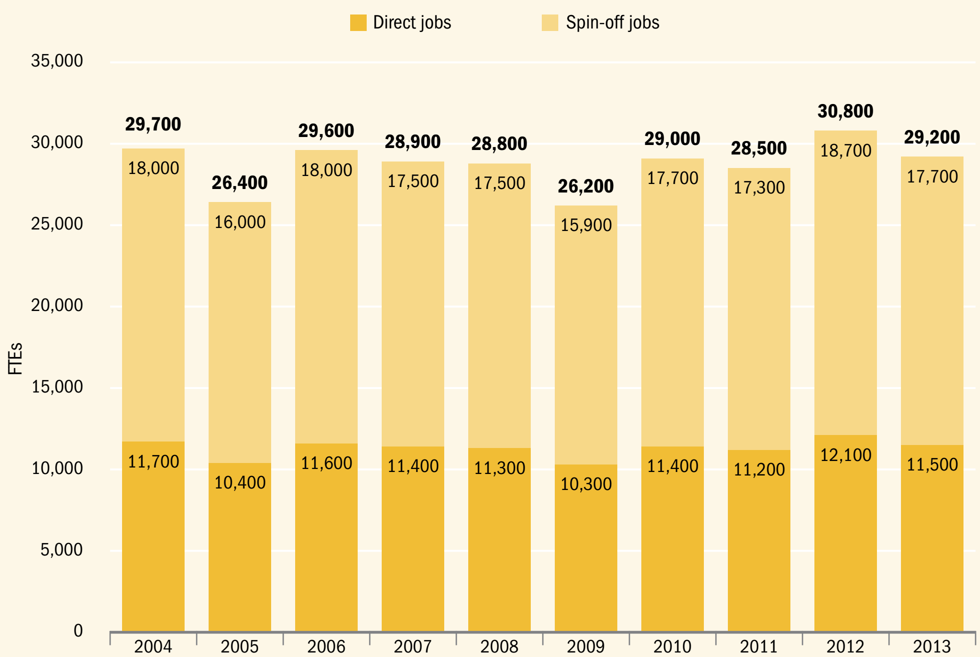
Source: Estimates based on data from CRTC and CBC/Radio-Canada.
Note: Some totals may not sum due to rounding.

72 CRTC, 2014a, pp. 7 and 19; and CRTC, 2013a, pp. 7 and 19.

EMPLOYMENT AND GDP

Exhibit 4-2 Number of FTEs generated by broadcaster in-house production

In-house production supported 29,200 FTEs in 2013 and generated $1.74 billion in GDP for the Canadian economy.



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

Exhibit 4-3 Summary of the economic impact of broadcaster in-house production, 2013

	Direct	Spin-off	Total
Employment (FTEs)	11,500	17,700	**29,200**
Labour income ($ millions)	682	690	**1,372**
GDP ($ millions)	709	1,029	**1,737**

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

PROVINCES AND TERRITORIES

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

($ millions)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 share of total
Ontario	648	563	680	674	692	649	739	729	811	765	56%
Quebec	246	210	239	258	273	245	242	252	293	291	21%
British Columbia	84	94	90	88	89	86	93	100	104	103	8%
Alberta	61	63	65	67	68	64	79	86	92	92	7%
Nova Scotia	14	16	17	15	14	12	29	28	31	32	2%
Saskatchewan	12	13	16	18	18	16	22	24	26	28	2%
Manitoba	13	13	14	13	13	12	19	21	23	24	2%
New Brunswick	8	8	8	7	7	5	11	11	12	13	<1%
Newfoundland and Labrador	5	8	5	6	6	9	9	9	10	11	<1%
Territories*	1	2	3	2	2	2	3	3	3	3	<1%
Prince Edward Island	1	1	1	1	1	1	2	2	2	2	<1%
Total	**1,094**	**991**	**1,139**	**1,147**	**1,184**	**1,102**	**1,249**	**1,265**	**1,406**	**1,363**	**100%**

Source: Estimates based on data collected from CRTC, CBC/Radio-Canada, and Statistics Canada.
Note: Some totals may not sum due to rounding. See Notes on Methodology *for a description of methodology.*
** Territories include Yukon, Nunavut and Northwest Territories.*

NOTES ON METHODOLOGY

Estimates of Canadian Production

The estimates of Canadian production are based on data from CAVCO of the Department of Canadian Heritage. In order to account for the 42-month CAVCO application lag, Nordicity applied a gross-up factor of 9.1% to the raw CAVCO statistics for 2013/14. This rate of 9.1% was based on historical rates of under-coverage observed in the CAVCO statistics over the past decade, with particular weight given to the rates of under-coverage observed in recent years.

Estimates of CRTC-Certified Canadian Television Production

The estimates of Canadian television production include an estimate of CRTC-certified television production (i.e. television production exclusively certified by the CRTC). Research conducted by Nordicity and the Department of Canadian Heritage indicates that CRTC-certified television production accounts for an estimated 13.5% of total Canadian production; this rate is used in *Profile 2014* to estimate the total volume of CRTC-certified production.

Revisions to Historical Statistics

Due the 42-month application lag at CAVCO, it is possible that the data from CAVCO may not provide a comprehensive indication of production volume until up to four years after the end of a particular fiscal year. As a result, the Canadian production statistics reported in *Profile 2014* for the previous three years (2010/11, 2011/12 and 2012/13) have been revised to reflect all currently available data from CAVCO.

Short films

Short films include films under 75 minutes in length. In *Profile 2012* and earlier editions, data for theatrical short films was included in the overall statistics for Canadian theatrical production. Beginning in *Profile 2013*, data for theatrical short films was included in the statistics for Canadian television production for 2012/13 and 2013/14. The historical statistics for 2009/10 through 2011/12 have also been revised to reflect this change. For the years prior to 2009/10, data for theatrical short films remains within the statistics for Canadian theatrical production, since we were unable to implement historical revisions for those years.

Although the definition of theatrical short films would imply that they should be included in the Canadian theatrical production statistics, by removing them, we can better isolate data on theatrical feature films. Furthermore, we note that the low volume of theatrical short film production reported in previous editions of *Profile* suggests that applicants had, in fact, reported many theatrical short films in the Canadian television production category.

Canada Media Fund

The statistics reported for the CMF include data for Convergent Stream production supported by the CMF starting in 2010/11. The data for prior years correspond with production supported by the Canadian Television Fund.

In-house Production

A complete set of provincial statistics was 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.

Convergent Digital Media Production

The convergent digital media production statistics are derived from the collection of data from funding agencies in Canada supporting that type of production (i.e., CMF, Bell Fund, OMDC and Shaw Rocket Fund). Projects funded by more than one agency are counted only once in the derivation of the estimate of production volume and tabulation of the total number of projects.

The collection of the data for convergent digital media production began in 2011, therefore only four years of data are available at this time.

Beginning with *Profile 2013*, a survey was conducted of CMPA and AQPM members in order to obtain data that could be used to estimate the number of convergent digital media projects and production volume that was made without financial support from CMF, Bell Fund, OMDC or Shaw Rocket Fund. These estimates have been incorporated into the statistics from 2012/13 onwards. As a result, the statistics for 2012/13 and 2013/14 are not directly comparable to the statistics for previous years.

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.

The data used to estimate export value only include the financing of the Canadian budget of treaty coproductions. As a result, the foreign budgets for treaty coproductions do not directly contribute to export value. Treaty coproductions only contribute to export value if the financing of the Canadian budget includes a foreign presale or distribution advance.

Secondary sales and rights income

Secondary sales and rights income includes revenue earned from other than pre-sale broadcast licence fees and includes sources such as: (i) the licensing of content to broadcasters in Canada and other territories after the Canadian premiere of the content; (ii) VOD and subscription VOD; (iii) home video sales and rentals (i.e. DVD and Blu-ray); (iv) format licensing; and, (v) merchandising, music or publishing rights.

The estimates for secondary sales and rights income are based on data collected through an online survey of CMPA and AQPM members. The survey-sample results were grossed up using a ratio based on the share of total Canadian film and television production accounted for by survey respondents.

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 divided 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 2013/14 was $59,423. 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 (excluding overtime) of employees paid by the hour in Canada (see Statistics Canada, CANSIM Table 281-0030).

Average FTE salary in the film and television production industry

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Average FTE salary	$46,793	$47,869	$48,922	$50,488	$52,305	$53,404	$54,578	$56,543	$57,900	$59,423

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 a 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*.

Provincial adjustment factor for average FTE salary

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Alberta	1.037	1.057	1.073	1.091	1.134	1.122	1.126	1.125	1.124	1.136
British Columbia	1.003	0.998	1.011	1.008	1.005	1.013	0.999	0.986	0.997	0.997
Manitoba	0.916	0.924	0.922	0.920	0.934	0.939	0.934	0.945	0.946	0.926
New Brunswick	0.917	0.926	0.931	0.925	0.907	0.908	0.906	0.906	0.901	0.891
Newfoundland and Labrador	0.959	0.972	0.980	0.988	0.969	0.955	0.959	0.987	1.004	1.027
Nova Scotia	0.926	0.934	0.927	0.925	0.884	0.868	0.901	0.903	0.907	0.899
Ontario	1.045	1.036	1.028	1.020	1.010	0.992	1.001	1.001	0.992	0.988
Prince Edward Island	0.829	0.832	0.823	0.835	0.825	0.864	0.856	0.860	0.850	0.843
Quebec	0.948	0.951	0.945	0.948	0.945	0.984	0.971	0.972	0.971	0.969
Saskatchewan	0.926	0.942	0.950	0.958	0.996	1.019	1.025	1.029	1.048	1.064
Territories	1.137	1.134	1.118	1.124	1.124	1.172	1.179	1.185	1.173	1.184

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

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.

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 $59,423. 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 $39,000.

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 1.13 times 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. For broadcaster in-house production, we used a rate of 1.17, which better reflected the higher rate of profitability in the Canadian broadcast industry.

Similar economic modelling (also based on Statistics Canada's input-output tables and analysis found in the 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.

Research Interviews and Case Studies

In addition to the data analysis and modelling, 11 research interviews were conducted with representatives from the media sector in Canada. The interviewees included production representatives from production companies, broadcasters, distributors, the production services industry, and federal and provincial funding agencies. The information gathered through these research interviews was used to interpret the trends in the data. The case studies were prepared on the basis of secondary research and consultation with the case study subjects.