

Profile 2011

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





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

Production facts and figures prepared by Nordicity Group Ltd.

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Nordicity is a powerful analytical engine with expertise in policy, regulatory and economic analysis; business strategy and planning; financial forecasting; and market assessments. Because of Nordicity's international presence, it has become widely recognized for its ability to translate developments and best practices between markets.

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CONTENTS

At a Glance: Screen-based Production in Canada	4	<i>Theatrical Production</i>	56
1. Film and Television Production in Canada	6	Volume.	57
Volume.	7	Employment	58
Employment and GDP	9	Language	59
Export Value	10	Genres.	60
Provinces and Territories	11	Budgets	61
2. Canadian Film and Television Production	13	Provinces and Territories	62
<i>Total Canadian Film and Television Production.</i>	14	Financing	63
Volume.	14	Canada Feature Film Fund	64
Employment and GDP	15	Treaty Coproduction	66
Language	16	National Box Office Trends.	68
Genres.	16	Box Office by Linguistic Market	70
Provinces and Territories	26	Top Films by Language of Presentation.	71
Financing	27	Home Video and Television Market Share	73
Treaty Coproduction	28	3. Foreign Location and Service Production	76
<i>Television Production</i>	31	Volume	77
Volume.	32	Employment and GDP	78
Employment	33	Provinces and Territories	79
Types	33	Types	80
Genres.	34	Country	82
Budgets	35	4. Broadcaster In-House Production	83
Language	37	Volume	84
Canadian Content Points	38	Employment and GDP	85
Provinces and Territories	39	Provinces and Territories	86
Financing	40	5. Convergent Interactive Digital Media Production	87
Broadcaster Licence Fees	43	Volume.	88
Broadcaster Spending.	44	Employment and GDP	88
Canada Media Fund	46	Canada Media Fund	89
Treaty Coproduction	49	Canadians' Use of Alternative Digital Platforms	90
Audiences	52	Notes on Methodology	92

ABOUT PROFILE 2011

The Canadian Media Production Association (CMPA), the Association des producteurs de films et de télévision du Québec (APFTQ), the Department of Canadian Heritage, and Nordicity Group Ltd. have once again collaborated to prepare **Profile 2011**. *Profile 2011* marks the 15th edition of the annual economic report prepared by CMPA and its project partners.

Since 1997, the annual *Profile* series of economic reports has provided industry, government and the public with a comprehensive statistical report on the economic trends in Canada's screen-based production industry.

Profile 2011 provides an analysis of economic activity in Canada's screen-based production industry during the period, April 1, 2010 to March 31, 2011. It also reviews the historical trends in production activity between the fiscal years of 2001/02 and 2010/11.

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 right across the country. The industry is comprised of four key sectors:

1. The **Canadian Film and Television Production** sector is the largest of the four key sectors. It can be further subdivided into two sub-sectors: Television Production and Theatrical Production. Canadian Production is comprised of 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 Audiovisual Certification Office (CAVCO) of the Department of Canadian Heritage or the Canadian Radio-television and Telecommunications Commission (CRTC).
2. The **Foreign Location and Service (FLS) Production** sector is the second-largest segment and is largely comprised of feature films and television programs filmed in Canada by foreign producers or by Canadian service producers on behalf of foreign producers. The majority of foreign location and service production is made by producers based in the United States (U.S.); however, approximately 10% to 15% of the production activity in this sector is made by Canadian producers.
3. The **Broadcaster In-House Production** sector includes television programs made by Canadian television broadcasters in their own facilities, and is comprised primarily of news, sports and current affairs programming.
4. The **Convergent Interactive Digital Media Production** sector includes the production of screen-based content and applications for digital media platforms (e.g., video games, interactive web content, on-demand content, podcasts, webisodes and mobisodes), which is associated with films and television programs.

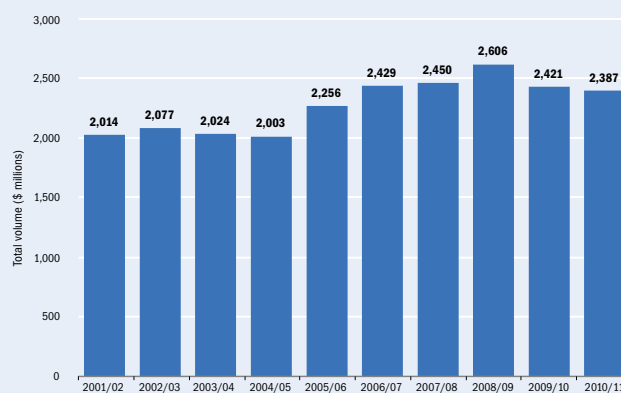
Film and television production in Canada



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

- \$5.49 billion in production volume
- 8.9% increase in production volume
- \$2.26 billion in export value
- 128,000 jobs

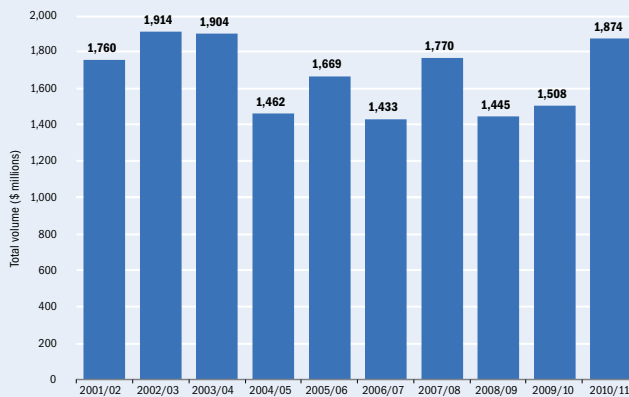
Canadian film and television production



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

- \$2.39 billion in production volume
- 1.4% decrease in volume
- \$2.08 billion in television production
- \$306 million in theatrical film production
- 585 television series
- 93 television movies (including movies-of-the-week [MOWs] and feature-length television programs)
- 39 mini-series
- 86 theatrical feature films
- 55,600 jobs

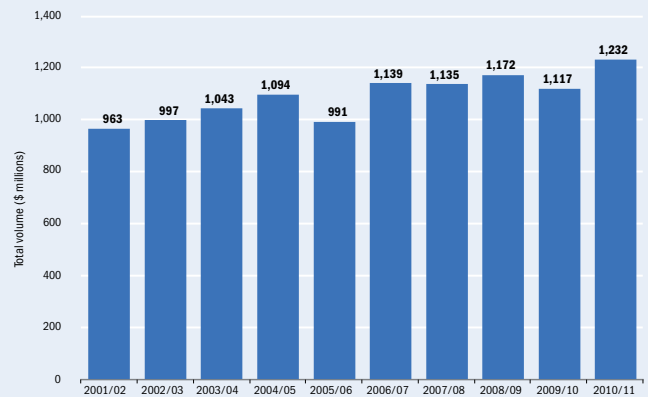
Foreign location and service production



Source: Association of Provincial Funding Agencies

- \$1.87 billion in production volume
- 24.3% increase in production volume
- 66 theatrical feature films
- 76 television series
- 81 MOWs, mini-series, pilots and other types television programs
- 43,700 jobs

Broadcaster in-house production



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

- \$1.23 billion in production volume
- 10.3% increase in volume
- \$730 million in conventional television expenditures
- \$502 million in specialty and pay television expenditures
- 28,700 jobs

Convergent Interactive Digital Media Production*

- \$27.6 million in production volume
- 160 projects
- Average project size: \$126,000
- 640 jobs

* Convergent interactive digital media (IDM) 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 with the screen-based content. The statistics for convergent IDM production represent a new data series for measuring IDM content production activity in Canada for which only a single year of data is available at this time.

CANADIAN FILM AND TELEVISION MARKET

- Population of Canada (2011): 34.5 million¹
- Per-capita volume of film and television production in Canada (2010/11): \$159
- Number of private households (2006): 12.4 million¹
- Number of movie-theatre screens in Canada (2009): 2,691¹
- Number of paid theatre admissions in Canada (2009): 114.4 million¹
- Number of television services available in Canada (2010): 716²
 - Canadian television services: 519²
 - Non-Canadian television services: 197²
- Percentage of households subscribing to multi-channel television programming services (2010): 91%²

- Number of subscribers to multi-channel television programming services (2010)*: 11.5 million²
 - Cable-television and Internet protocol TV (IPTV) subscribers*: 8.3 million²
 - Direct-to-home satellite (DTH) and multipoint distribution systems (MDS) subscribers: 2.9 million²
- Digital television subscribers (multi-channel services only) (September 2010): 8.8 million³
- Digital television penetration rate among multi-channel households (September 2010): 76%³

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

* Includes an estimate of subscribers to broadcasting distribution undertakings that did not report financial and operating data to the CRTC in 2010. This estimate is not included in the statistics for cable, Internet protocol TV (IPTV) and direct-to-home (DTH) satellite television.

1. FILM AND TELEVISION PRODUCTION IN CANADA

Film and television production in Canada includes films and television programs made by independent Canadian producers and Canada's public and private broadcasters. It also includes films and television programs shot by foreign producers in Canada, as well as the value of production services (e.g., visual effects services) acquired by foreign producers from Canadian companies.

In 2010/11, films and television programs produced in Canada – Canadian and foreign—were enjoyed by millions of people across the country and around the world. *Rookie Blue*, *19-2*, *Smallville* and *Supernatural* are just some of the hundreds of television programs produced in Canada in 2010/11. The repertoire of films shot in Canada in 2010/11 ranged from critically acclaimed independent dramas such as *Monsieur Lazhar* to blockbusters such as *Resident Evil: Afterlife* and *Rise of the Planet of the Apes*.

HIGHLIGHTS

- The volume of all film and television production in Canada increased by 8.9% to an all-time high of \$5.49 billion in 2010/11.
- Film and television production in Canada employed 128,000 FTEs in 2010/11, including 50,300 FTEs directly in the production sector.
- Film and television production in Canada generated GDP of \$7.46 billion for the Canadian economy in 2010/11, including \$3.07 billion in production-industry GDP and \$4.39 billion in spin-off GDP.
- The export value of film and television production in Canada increased by 20% to \$2.26 billion in 2010/11.

VOLUME

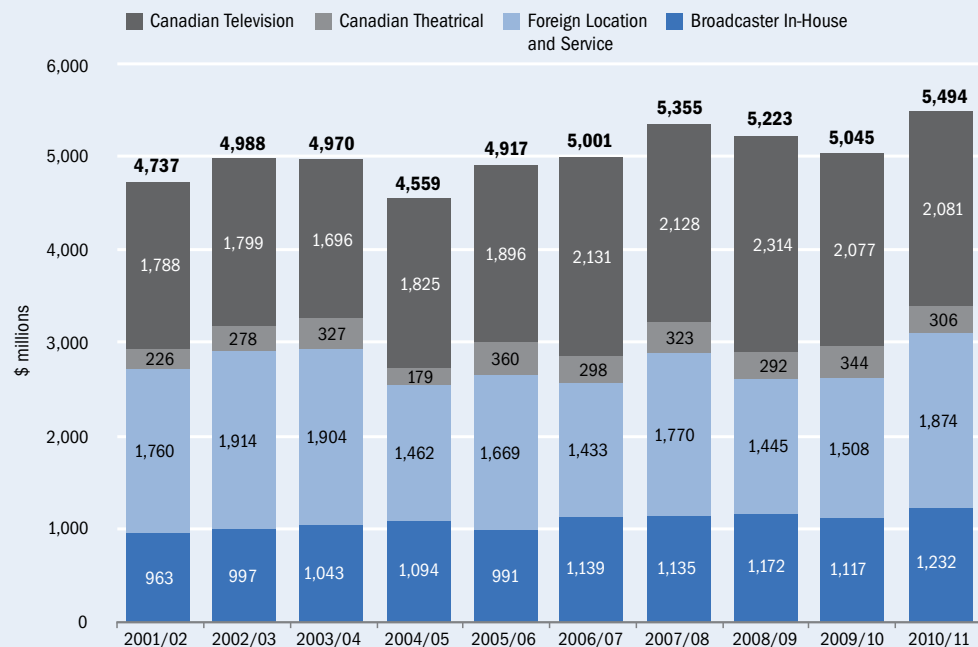
A dramatic rise in FLS production propelled film and television production in Canada to an all-time high of just under \$5.49 billion in 2010/11. Overall, the total volume of film and television production in Canada increased by \$448 million, or 8.9%, compared to 2009/10. Healthy gains in FLS production in British Columbia and a bounce-back in FLS production in Quebec contributed to a \$367 million increase in the total volume of FLS production, and accounted for over four-fifths of the overall increase in the national volume of film and television production in 2010/11.

The broadcaster in-house sector was the other major contributor to the increase in film and television production in 2010/11. Higher spending on news programming at CBC/Radio-Canada and sports programming at TSN led to an overall increase of \$115 million in broadcaster in-house production, and accounted for the bulk of the remaining one-fifth of the overall increase in the national volume of film and television production.

Canadian television production increased slightly in 2010/11—by \$3 million—as a higher volume of fiction television series production in the English-language market offset declines in other types of television programming (e.g., television movies and mini-series) and other genres, particularly the children's and youth, and documentary genres.

The Canadian theatrical production sub-sector was the only part of the film and television production industry to experience a decrease in production in 2010/11. The total volume of Canadian theatrical production dropped by \$38 million, or 11.1%, as the number of very-high-budget (over \$20 million) feature films fell off the 2010/11 production slate.

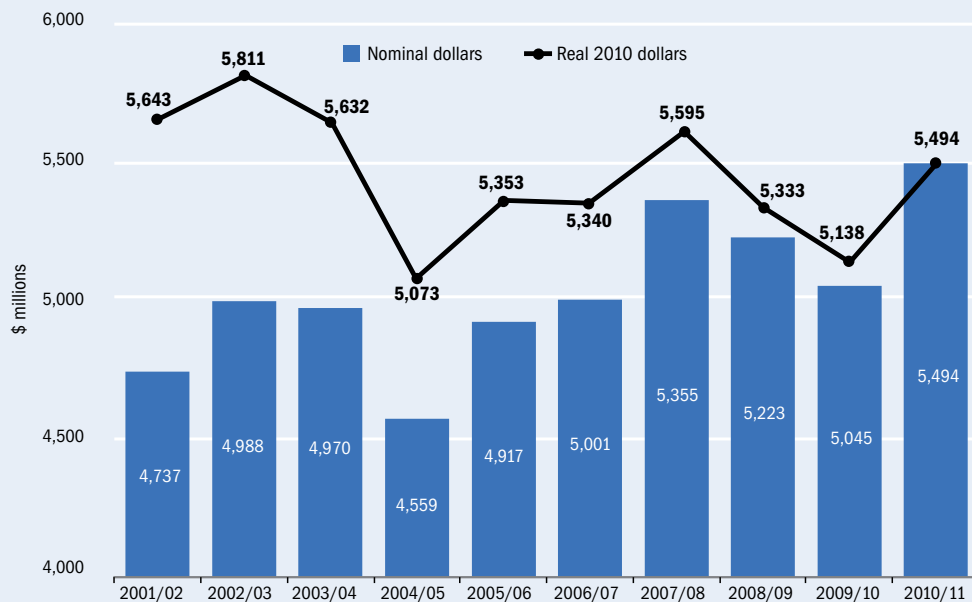
Exhibit 1-1 Total volume of film and television production in Canada



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

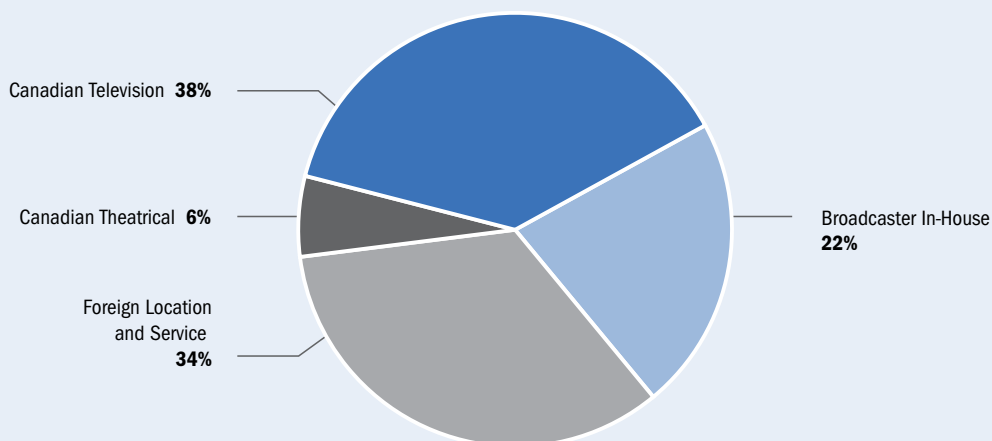
Although the film and television production industry reached an all-time high in 2010/11 on a nominal-dollar basis, it was, in fact, below the real-dollar peak attained in 2002/03. When adjusted for the effect of consumer price inflation, the real-dollar value of film and television production in Canada was consistently higher in the early half of the first decade of the 2000s. On a real-dollar basis, film and television production in Canada reached a ten-year peak of \$5.81 billion in 2002/03, and has been lower in every year since. In 2010/11, the real-dollar value reached \$5.49 billion, but was still 5.5% below the peak in 2002/03.

Exhibit 1-2 Total volume of film and television production in Canada, real inflation-adjusted 2010 dollars



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

Exhibit 1-3 Total volume of film and television production in Canada, share by segment, 2010/11

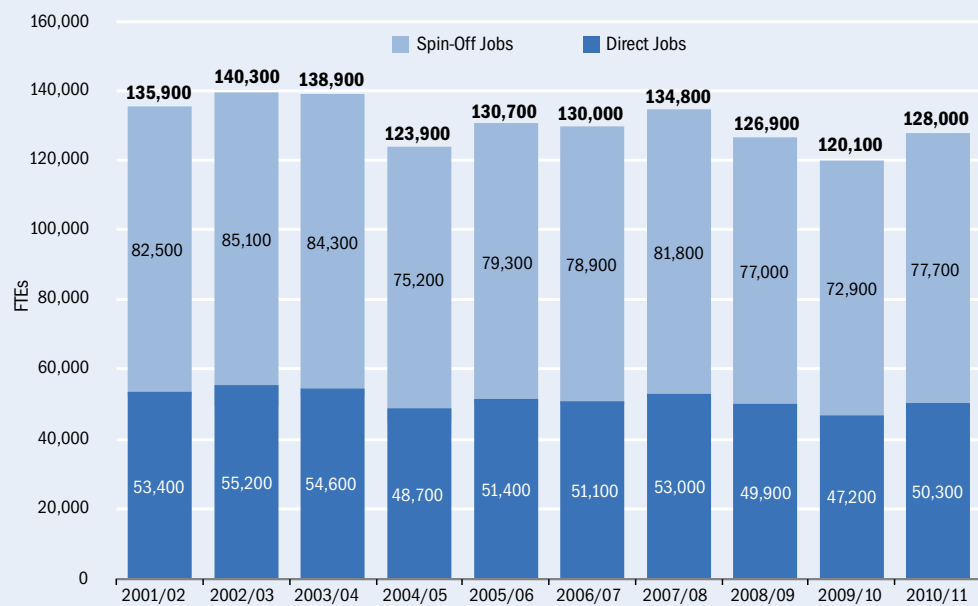


Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, and the Association of Provincial Funding Agencies.

EMPLOYMENT AND GDP

Film and television production continued to be a major source of employment in Canada in 2010/11. In this last year, film and television production led to the employment of an estimated 128,000 individuals on a full-time basis (i.e., full-time equivalent jobs [FTEs]) across Canada, including 50,300 FTEs directly in film and television production, and a further 77,700 spin-off FTEs in other industries in the Canadian economy. These spin-off FTEs resulted from the film and television production industry's purchase of goods and services from other industries, and the economic activity generated by the re-spending of income and profits within the Canadian economy.

Exhibit 1-4 Number of full-time equivalent jobs (FTEs) in film and television production in Canada



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

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

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

Direct production industry employment can be converted to a wage impact by multiplying total FTEs by the average production-industry FTE cost of \$54,578. In 2010/11, employment in film and television production in Canada generated nearly \$2.69 billion in labour income directly in the production industry and a further \$2.89 billion in spin-off labour income. The total labour income generated by film and television production in Canada in 2010/11 was \$5.58 billion.

The direct GDP generated by film and television production in Canada was \$3.07 billion in 2010/11. The spin-off GDP was an estimated \$4.39 billion. In total, film and television production in Canada generated just under \$7.46 billion in GDP in the Canadian economy in 2010/11.

Exhibit 1-5 Summary of the economic impact of film and television production in Canada, 2010/11

	Canadian production	FLS production	Broadcaster in-house production	Total
Direct				
Employment (FTEs)	21,900	17,200	11,300	50,400
Labour income (\$ millions)	1,194	881	616	2,691
GDP (\$ millions)	1,349	1,022	696	3,067
Spin-off				
Employment (FTEs)	33,700	26,500	17,400	77,600
Labour income (\$ millions)	1,254	986	648	2,888
GDP (\$ millions)	1,869	1,558	965	4,392
Total				
Employment (FTEs)	55,600	43,700	28,700	128,000
Labour income (\$ millions)	2,448	1,867	1,264	5,579
GDP (\$ millions)	3,218	2,580	1,661	7,459

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

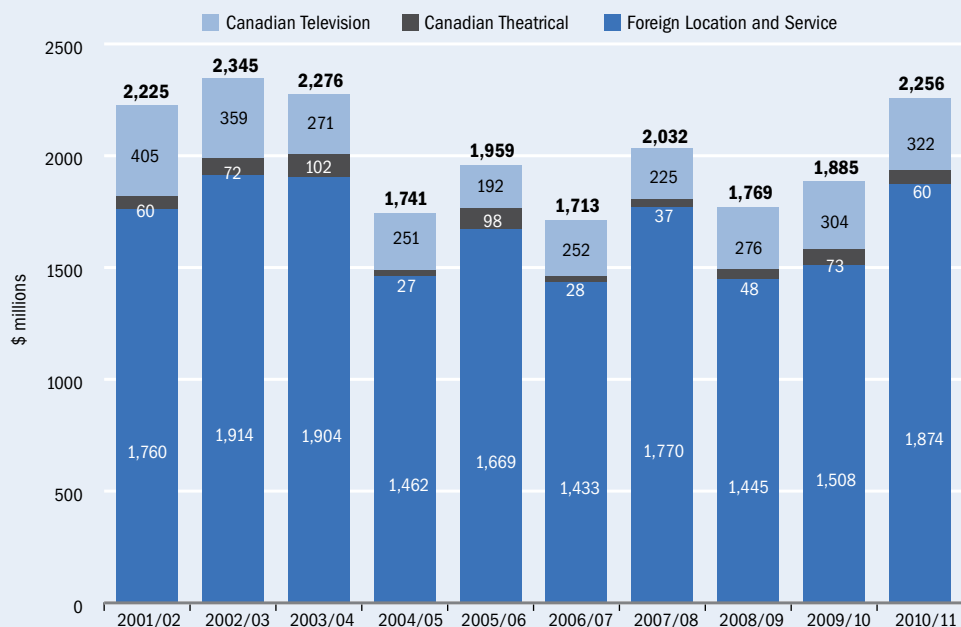
Note: See the Notes on Methodology section for a description of methodology.

EXPORT VALUE

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

In 2010/11, the strong rebound in FLS production propelled the overall export value of film and television production in Canada to a seven-year high of \$2.26 billion. Higher advances from Canadian distributors helped to raise the export value of Canadian television production—from \$304 million to \$322 million—and augment the increase derived from FLS production. Canadian theatrical production, however, experienced a retreat in its export value in 2010/11, as lower levels of foreign financing pushed it down from \$73 million to \$60 million.

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



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 a definition of export value.

PROVINCES AND TERRITORIES

Ontario maintained its position as the leading province for film and television production in Canada in 2010/11. Its total volume of production rose 6.3% to \$2 billion for the first-time in its history. Ontario was followed in the provincial rankings by British Columbia, where film and television production experienced the country's greatest growth—increasing 20.8% to \$1.71 billion—as a result of a sharp rise in FLS production activity. Quebec was the third largest province in terms of film and television production in 2010/11, and the only other province with over \$1 billion in production volume. Its total volume increased by 5.5% to \$1.33 billion, primarily due to a sharp rise in FLS production, which offset a decline in Canadian production. Among Canada's other provinces and territories, only Saskatchewan experienced an increase in the level of production, while the volume of film and television production was unchanged in New Brunswick in 2010/11.

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

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Ontario	1,944	1,915	1,805	1,951	1,951	1,792	1,960	1,935	1,945	2,069
British Columbia*	1,164	1,157	1,550	931	1,379	1,401	1,683	1,361	1,412	1,707
Quebec	1,198	1,381	1,185	1,240	1,130	1,247	1,212	1,375	1,264	1,333
Alberta	153	199	115	118	138	179	179	183	149	133
Nova Scotia	131	139	131	117	135	156	93	152	105	86
Manitoba	74	82	111	95	80	124	107	54	72	62
Saskatchewan	32	84	40	71	58	73	82	105	30	46
Newfoundland and Labrador	16	6	8	7	22	7	12	26	41	39
New Brunswick	17	16	16	27	18	19	22	30	18	18
Prince Edward Island	8	10	6	2	5	3	6	3	7	2
Total	4,737	4,988	4,970	4,559	4,917	5,001	5,355	5,223	5,045	5,494

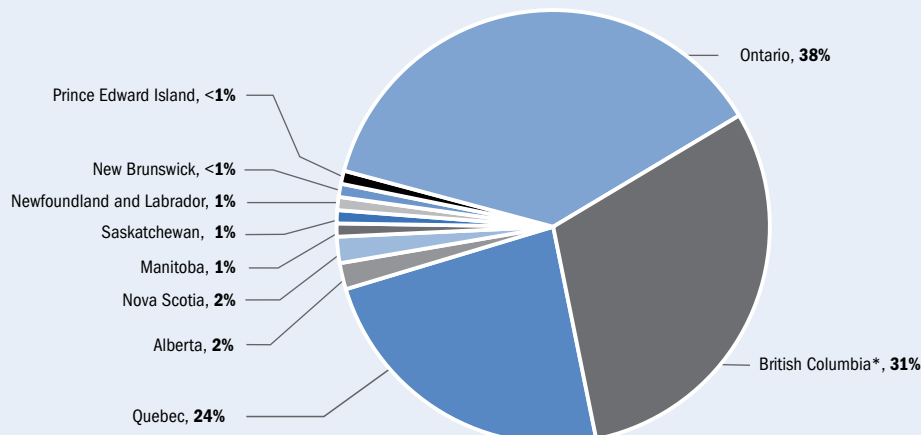
Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada and the Association of Provincial Funding Agencies.

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 2011 due to such differences as data collection periods (fiscal vs. calendar year) and production activity reported on the basis of location of spend.

Note: Some totals may not sum due to rounding.

* Includes the Territories (Nunavut, Yukon, Northwest Territories).

Exhibit 1-8 Share of total volume of production in Canada, by province and territory, 2010/11



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

* Includes the Territories.

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

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Ontario	47,000	45,000	42,400	44,800	44,400	39,700	41,800	39,300	41,300	42,300
British Columbia*	32,800	31,700	42,500	24,900	36,400	35,600	40,700	31,000	32,800	39,100
Quebec	43,300	48,100	42,200	42,800	38,100	41,000	38,000	40,300	36,700	38,400
Alberta	5,000	6,200	3,500	3,500	4,000	4,900	4,500	4,100	3,500	3,200
Nova Scotia	3,900	4,100	3,900	3,400	3,600	4,100	2,400	3,700	2,600	2,200
Manitoba	1,600	1,800	2,300	1,900	1,600	2,500	2,200	1,100	1,200	1,100
Saskatchewan	900	2,300	1,200	1,900	1,400	1,900	1,900	2,200	800	900
Newfoundland and Labrador	400	100	100	100	400	100	100	500	700	700
New Brunswick	400	400	400	600	400	400	400	600	400	400
Prince Edward Island	400	400	400	0	400	0	400	0	400	300
Total	135,900	140,300	138,900	123,900	130,700	130,000	132,400	122,800	120,400	128,000

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. Some totals may not match totals in the exhibit entitled, Number of full-time equivalent jobs (FTEs) in film and television production in Canada (Section 1-2), See Notes on Methodology for a description of the job-estimation methodology.

* Includes the Territories.

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

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Ontario	20,900	20,200	18,900	20,000	19,700	17,800	19,000	18,300	18,400	18,900
British Columbia*	13,000	12,700	16,900	9,900	14,400	14,200	16,500	12,900	13,000	15,600
Quebec	14,100	15,900	13,800	14,000	12,400	13,500	12,700	13,900	12,000	12,600
Alberta	1,700	2,200	1,200	1,200	1,400	1,700	1,600	1,500	1,200	1,100
Nova Scotia	1,600	1,700	1,600	1,400	1,500	1,700	1,000	1,600	1,100	900
Manitoba	900	1,000	1,300	1,100	900	1,400	1,200	600	700	600
Saskatchewan	400	1,000	500	800	600	800	800	1,000	300	400
Newfoundland and Labrador	200	100	100	100	200	100	100	300	400	400
New Brunswick	200	200	200	300	200	200	200	300	200	200
Prince Edward Island	100	100	100	0	100	0	100	0	100	100
Total	50,300	52,800	51,600	46,000	48,200	48,700	53,200	50,400	47,400	50,800

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. Some totals may not match totals in the exhibit entitled, Number of full-time equivalent jobs (FTEs) in film and television production in Canada (Section 1-2), See Notes on Methodology for a description of the job-estimation methodology.

* Includes the Territories.

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 also account for some production in this sector.

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

HIGHLIGHTS

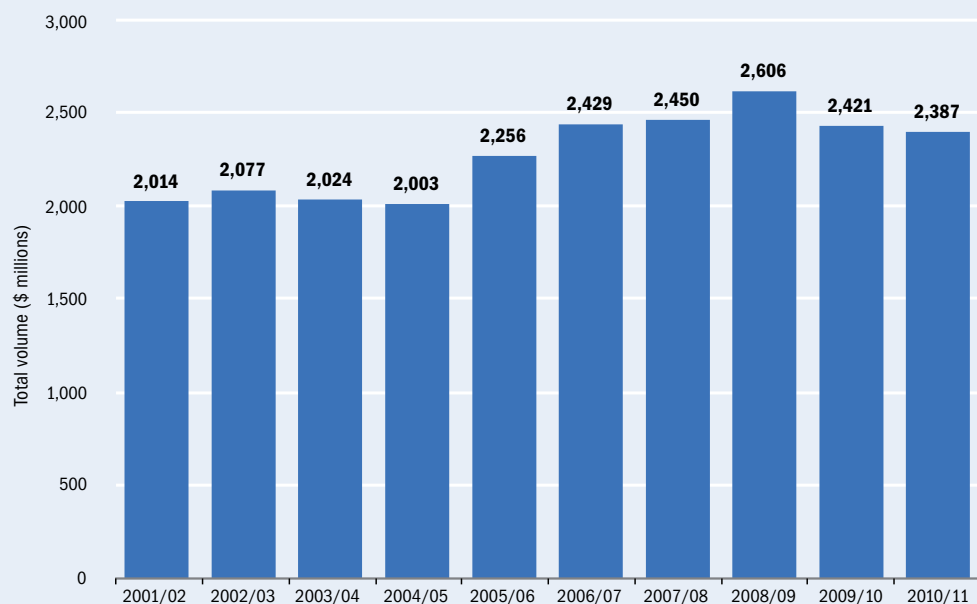
- The volume of Canadian film and television production declined 1.4% to \$2.39 billion in 2010/11.
- Canadian film and television production employed 55,600 FTEs in 2010/11, including 21,900 FTEs directly in the production of Canadian films and television programs.
- Canadian film and television production generated GDP of \$3.22 billion for the Canadian economy in 2010/11, including \$1.35 billion in production-industry GDP and \$1.87 billion in spin-off GDP.
- The volume of English-language production was virtually unchanged at \$1.69 billion; French-language production decreased 3.0% to \$673 million; production in bilingual format and other languages decreased from \$26 million to \$20 million.
- Canadian film and television production in the fiction genre increased by 2.8% to \$1.29 billion.
- Children's and youth production plummeted 22.9% to \$322 million.
- Documentary production fell by 11.3% to \$336 million.
- Production in the variety and performing arts genre increased 31.8% to \$169 million.
- Production in the magazine programming genre fell 21.6% to \$82 million.
- Canadian animation production plummeted by 38.2% to \$136 million.

2.1 TOTAL CANADIAN FILM AND TELEVISION PRODUCTION

VOLUME

After rising in 2009/10 to \$2.42 billion, the volume of Canadian film and television production declined 1.4% in 2010/11 to \$2.39 billion. The decline in 2010/11 can be traced back to a \$38 million decrease in Canadian theatrical production, as Canadian television production actually increased by \$3 million, year-over-year.

Exhibit 2-1 Total volume of Canadian film and television production



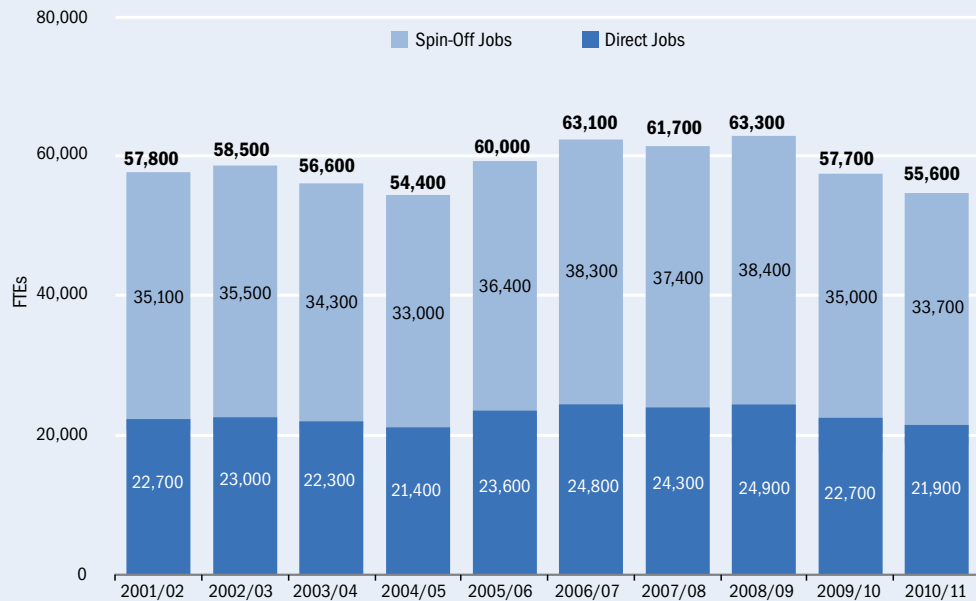
Source: Estimates based on data collected from CAVCO and CRTC.

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

EMPLOYMENT AND GDP

Canadian film and television production employed an estimated 55,600 FTEs in 2010/11, including 21,900 FTEs directly in film and television production, and a further 33,700 spin-off FTEs in other industries in the Canadian economy.

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



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

The employment generated by Canadian film and television production led to \$2.45 billion in labour income for Canadians, including just under \$1.19 billion in labour income directly for production industry workers and nearly \$1.25 billion in labour income for workers in other industries. Canadian film and television production also generated \$3.22 billion in GDP for the Canadian economy in 2010/11. This GDP impact included \$1.35 billion of GDP directly in the production industry and a \$1.87 billion GDP impact in other industries.

Exhibit 2-3 Summary of economic impact of Canadian film and television production, 2010/11

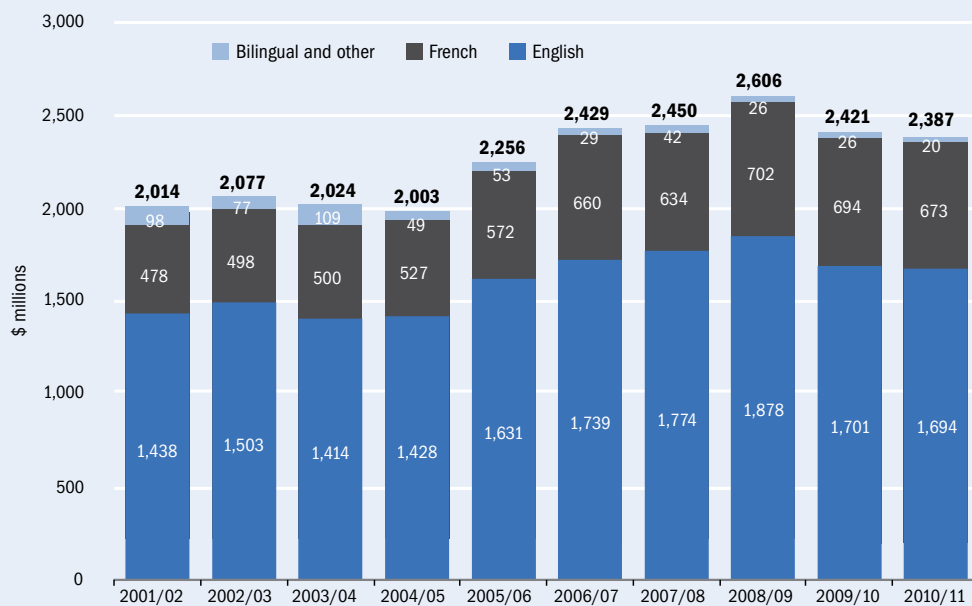
	Direct	Spin-off	Total
Employment (FTEs)	21,900	33,700	55,600
Labour income (\$ millions)	1,194	1,254	2,448
GDP (\$ millions)	1,349	1,869	3,218

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

LANGUAGE

All three production-language groupings followed the overall lower volume of Canadian film and television production in 2010/11; however, the largest decrease was in the French-language market. In the English-language market, Canadian film and television production declined by \$7 million, or less than one percent, due to reduced levels of theatrical production. In the French-language market, Canadian film and television production declined by \$21 million, or 3.0%, as a result of decreases in both production sectors. Canadian film and television production in bilingual format and other languages declined by \$6 million, or 23.1%, largely on account of lower levels of Canadian television production.

Exhibit 2-4 Volume of Canadian production, by language



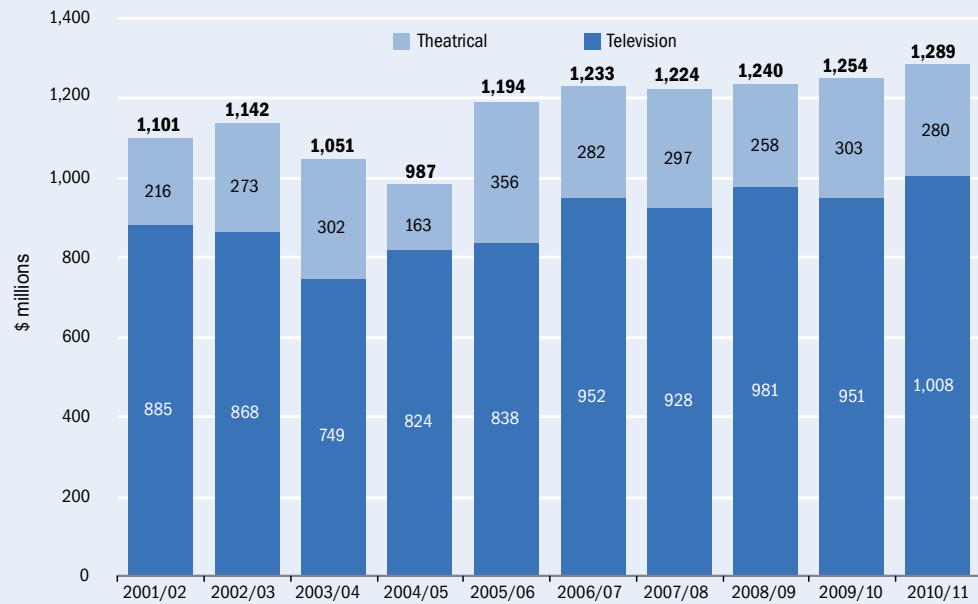
Source: Estimates based on data collected from CAVCO and CRTC.
Note: Some totals may not sum due to rounding.

GENRES

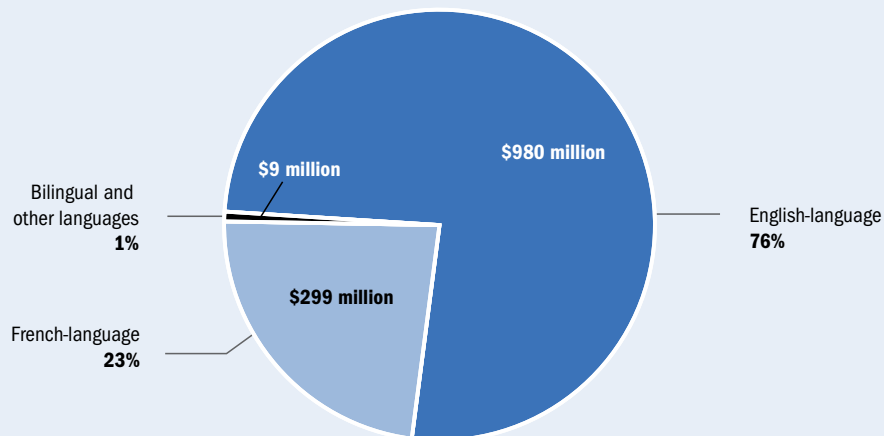
Canadian film and television production includes both live-action and animated films and television productions across a wide array of genres. In this section, we profile production activity in the five largest genres—fiction, children's and youth, documentary, variety and performing arts, and magazine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

Fiction

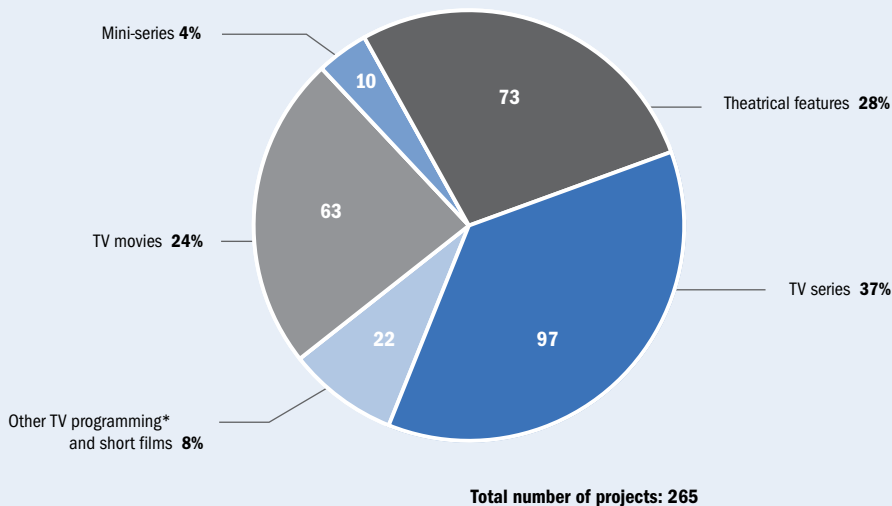
Higher levels of fiction television production, particularly English-language television series, offset a decline in theatrical fiction production and pushed the overall volume of fiction production to a ten-year high of \$1.29 billion in 2010/11. Over three-quarters of the total volume of fiction production originated in the English-language market in 2010/11; television series remained the most prominent type of production, accounting for 37% of total volume.

Exhibit 2-5 Total volume of fiction production

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

Exhibit 2-6 Volume of fiction production, by language, 2010/11

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

Exhibit 2-7 Number and share of fiction projects, by type, 2010/11

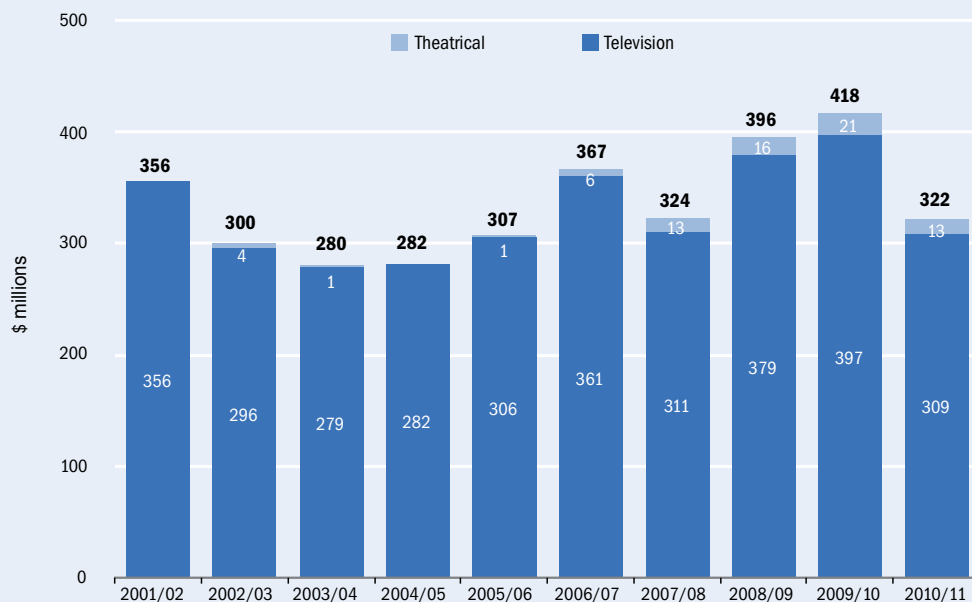
Source: Estimates based on data collected from CAVCO and CRTC.

Note: Some totals may not sum due to rounding.

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

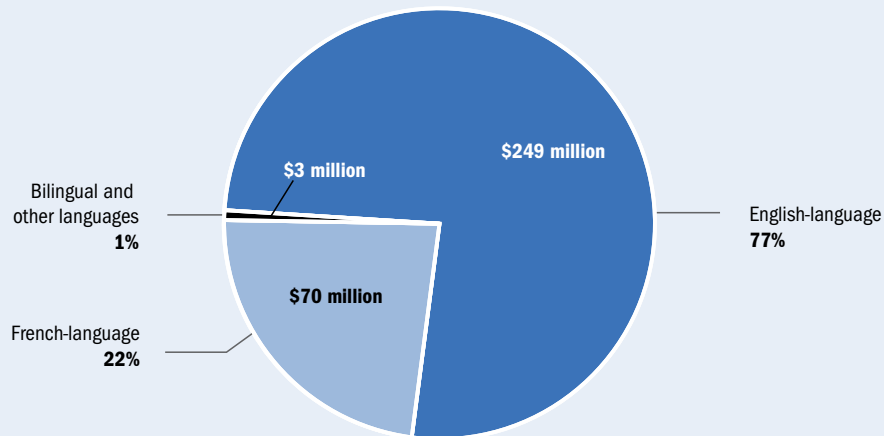
Children's and Youth

After climbing by 35.7% to a ten-year high of \$418 million in 2009/10, the volume of children's and youth production fell to \$322 million in 2010/11. While the theatrical segment was down by \$8 million in 2010/11, the bulk of the decrease in production was concentrated in the television segment. The temporary rise in 2009/10 was due, in part, to animation television movies, the number of which was lower in 2010/11. Moreover, animation television series in this genre also dropped last year.

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

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

Note: Some totals may not sum due to rounding.

Exhibit 2-9 Volume of children's and youth production, by language, 2010/11

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

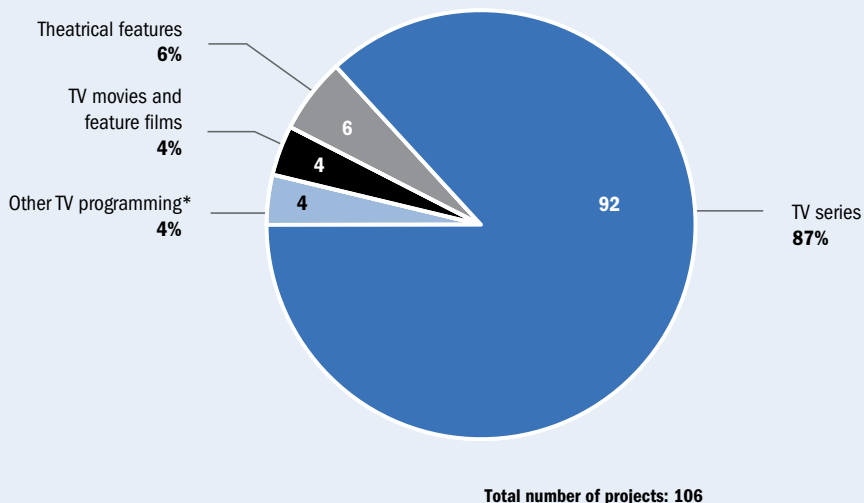
A more detailed look at the breakdown of children's and youth production reveals that a large share of English-language production can be traced back to the fact that most animation production in the genre is originally produced in English. The relatively low volume of animation production originally 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. Indeed, English-language animation production accounted for 94% of total animation production in 2010/11; French-language production accounted for 5% of animation production even though it accounted for 22% of overall children's and youth production.

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

(\$ millions)	2009/10			2010/11		
	Live Action	Animation	Total	Live Action	Animation	Total
English-language	139	162	301	140	110	249
French-language	74	27	101	64	6	70
Bilingual and other languages	<1	13	13	1	1	3
Total	214	202	416	205	117	322

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

Note: Some totals do not sum due to rounding.

Exhibit 2-11 Number and share of children's and youth projects, by type, 2010/11

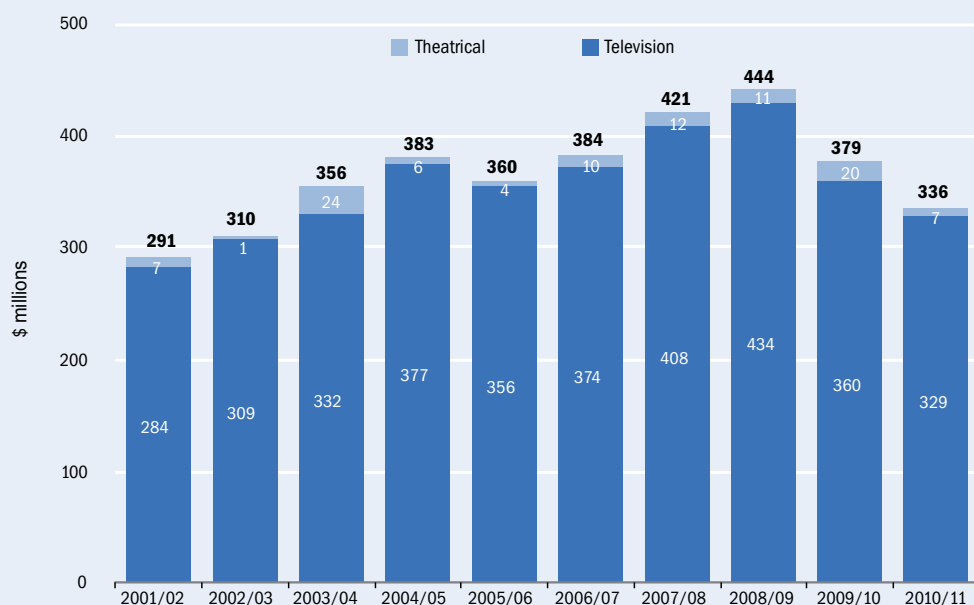
Source: Estimates based on data collected from CAVCO and CRTC.

Note: Some totals may not sum due to rounding.

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

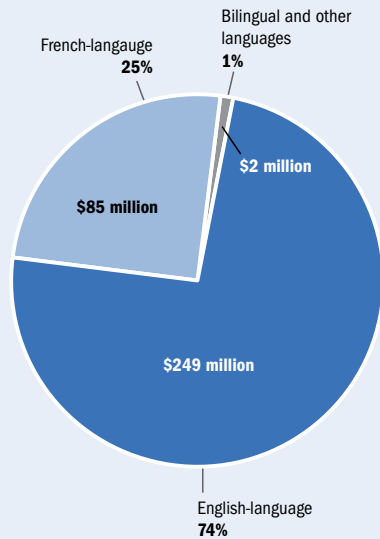
Documentary

After climbing to \$379 million in 2009/10, the total volume of documentary production dropped 11.3% to \$336 million in 2010/11. Both the television and theatrical segments experienced decreased levels of documentary production in 2010/11. The drop in the television sub-sector was, in large part, due to reduced number of television movies, mini-series and single-episode documentaries produced in 2010/11; the volume of documentary television series production was virtually unchanged.

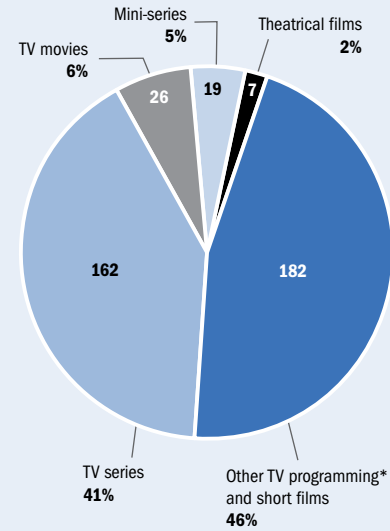
Exhibit 2-12 Total volume of documentary production

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

Note: Some totals may not sum due to rounding.

Exhibit 2-13 Volume of documentary production, by language, 2010/11

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

Exhibit 2-14 Number and share of documentary projects, by type, 2010/11

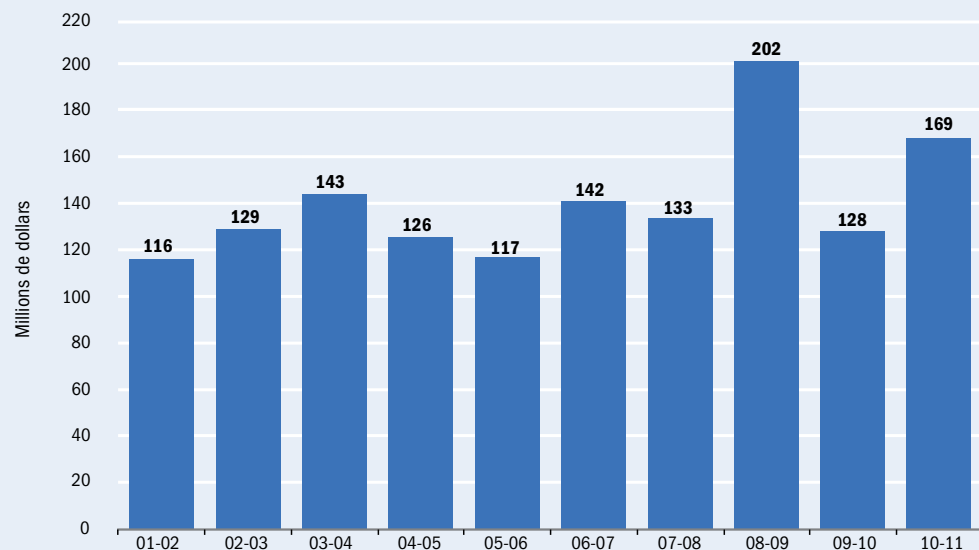
Total number of projects: 396

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

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

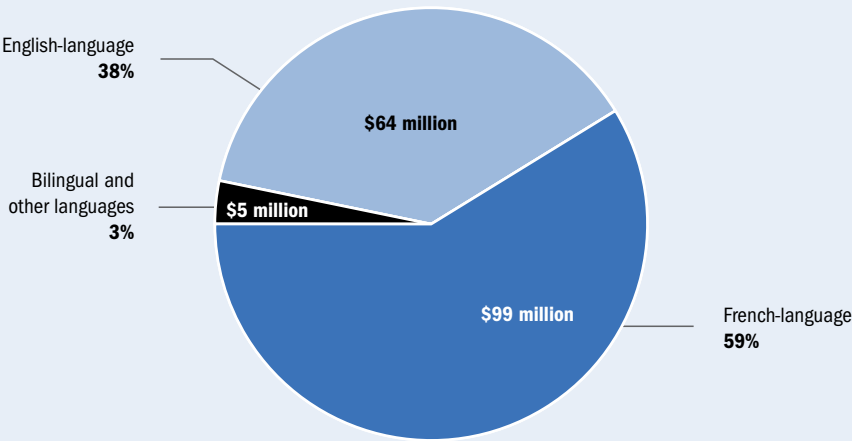
Variety and Performing Arts

The volume of variety and performing arts programming jumped 32% to \$169 million in 2010/11, as television series production in both language markets experienced increases. Although the volume and share of English-language variety and performing arts programming increased in 2010/11, 59% of programming in this genre was in the French-language.

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

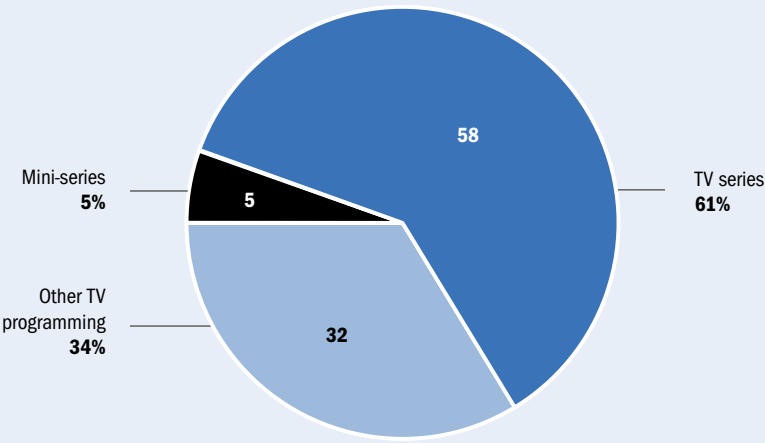
Source: Estimates based on data collected from CAVCO and CRTC.

Exhibit 2-16 Volume of variety and performing arts production, by language, 2010/11



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

Exhibit 2-17 Number and share of variety and performing arts projects, by type, 2010/11



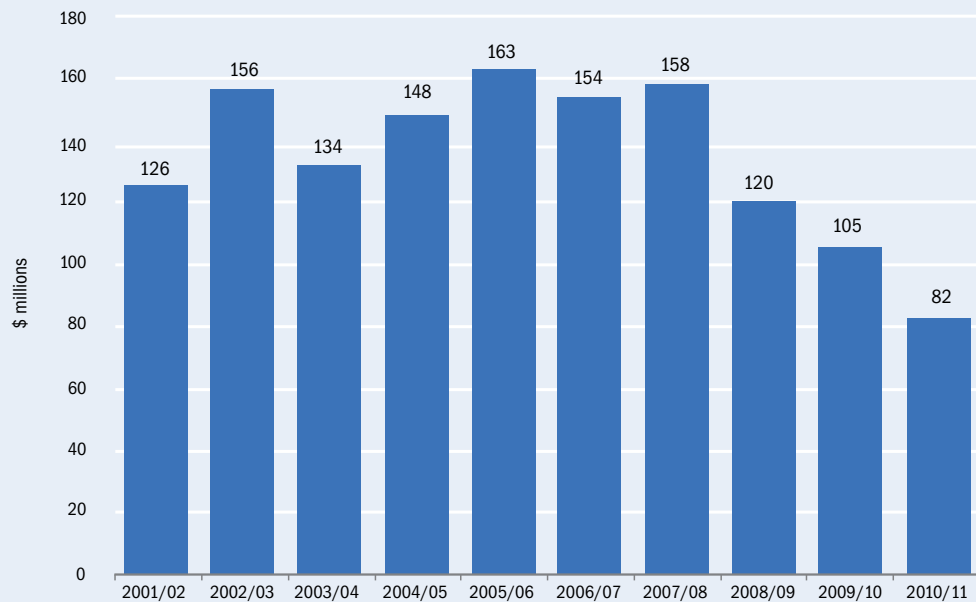
Total number of projects: 95

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

Magazine Programming

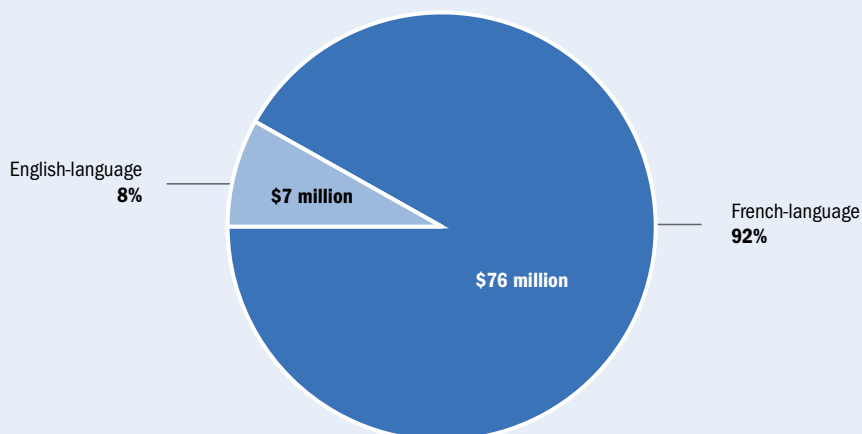
In 2010/11, the magazine programming genre¹ posted its third consecutive decline in production volume. The volume of production—entirely in the Canadian television sub-sector—was down by 21.9% to \$82 million, as both language markets experienced lower levels of television series production in this genre.

Exhibit 2-18 Total volume of magazine programming



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

Exhibit 2-19 Volume of magazine programming, by language, 2010/11



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

¹ The magazine programming genre encompasses a wide variety of different television-programming types, including talk shows, entertainment programs, current affairs programs, lifestyle programming and reality programming.

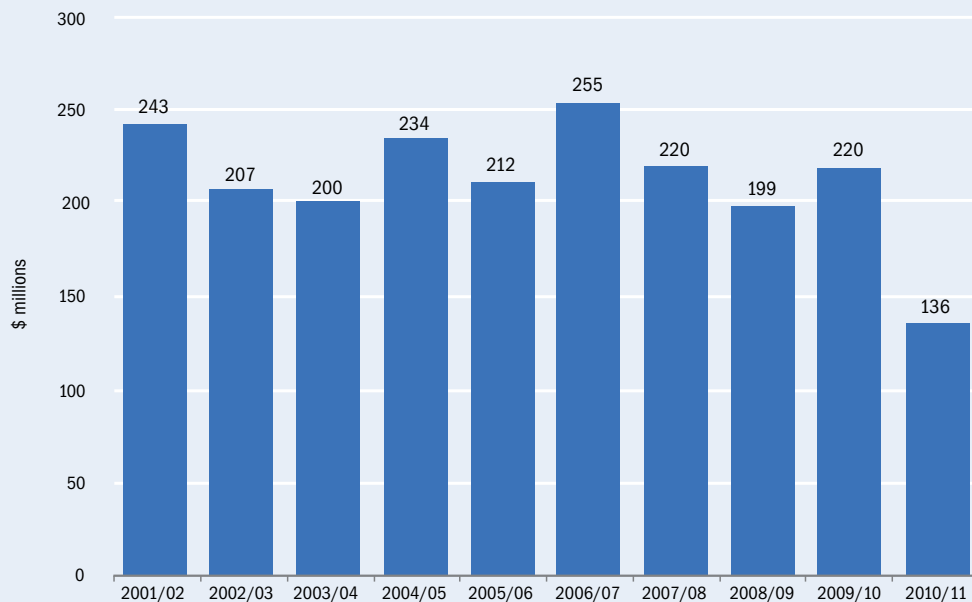
Animation

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

The Canadian film and television production community has long been a global leader in animation production. Several successful independently produced Canadian animation programs such as *Crash Canyon*, *The Doodlebops*, *Johnny Test*, *Chilly Beach*, *RollBots*, and *Babar and the Adventures of Badou* are televised by broadcasters around the world.

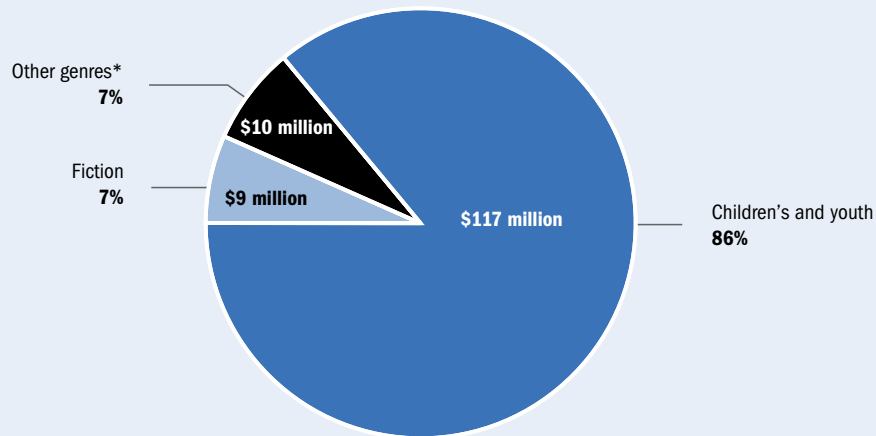
After recovering to \$220 million in 2009/10, Canada's volume of animation plummeted to a ten-year low of \$136 million in 2010/11. Both the English- and French-language markets experienced drops in production volume in 2010/11, although the most pronounced reduction was in the largest segment, English-language children's and youth, where the production of animation television series and television movies was down significantly.

Exhibit 2-20 Total volume of Canadian animation production†



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

† Includes television and theatrical production.

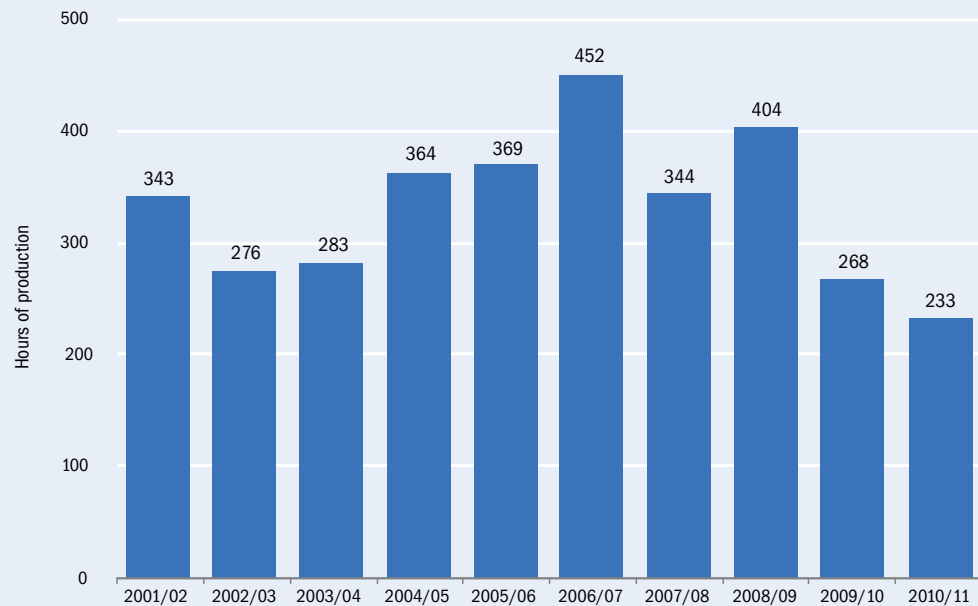
Exhibit 2-21 Volume of Canadian animation production, by genre, 2010/11[†]

Total animation production: \$136 million

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

[†] Includes television and theatrical production.

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

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

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

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

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
English	168	177	152	215	183	223	192	173	171	120
French	20	6	17	11	15	23	16	15	34	10
Bilingual and Other	56	19	15	6	13	4	12	10	13	2
Total	243	201	184	231	210	249	220	198	219	132

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

Note: Some totals may not sum due to rounding.

PROVINCES AND TERRITORIES

Ontario led all other provinces in Canadian film and television production in 2010/11. Its volume of Canadian film and television production increased 3.9% to close to \$1.1 billion, and accounted for 45% of the national volume. Ontario was followed by Quebec; it held 35% of the national total volume, despite its volume of production having dropped 7.0% to \$839 million. Production edged 4.1% higher in British Columbia in 2010/11, increasing to \$256 million.

Alberta, Nova Scotia, Manitoba, Newfoundland and Labrador, and Saskatchewan comprised the middle tier of provinces, based on levels of Canadian film and television production. These five provinces recorded between \$29 million and \$61 million in Canadian film and television production in 2010/11. Among these middle-tier provinces, only Saskatchewan saw its volume of Canadian film and television production increase in 2010/11. Canadian film and television production in Newfoundland and Labrador remained fixed at \$32 million in 2010/11, while the other three provinces comprising this middle tier experienced year-over-year decreases in production.

Producers based in New Brunswick, Prince Edward Island, and the Territories (Nunavut, Yukon, and Northwest Territories) also generated between zero and \$11 million of Canadian film and television production in 2010/11.

Exhibit 2-24 Volume of Canadian film and television production, by province

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2010/11 share of total
Ontario	855	797	875	782	934	824	937	1,038	1,043	1,084	45%
Quebec	743	762	759	733	821	882	836	893	902	839	35%
British Columbia	241	257	220	276	302	440	421	371	238	256	11%
Alberta	62	82	53	57	38	59	89	95	78	61	3%
Nova Scotia	60	65	57	68	58	75	50	58	50	37	2%
Manitoba	20	29	16	28	33	72	38	39	45	36	2%
Newfoundland and Labrador	3	1	3	2	15	2	7	20	32	32	1%
Saskatchewan	18	67	27	37	38	58	51	77	12	29	1%
New Brunswick	6	8	8	19	10	10	13	13	16	11	<1%
Territories*	0	0	0	1	3	3	1	2	2	1	<1%
Prince Edward Island	7	9	5	1	3	2	2	6	5	0	0%
Total	2,014	2,077	2,024	2,003	2,256	2,429	2,450	2,606	2,421	2,387	100%

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

Notes: 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 2011 due to such differences as data collection periods (fiscal vs. calendar year) and production activity reported on the basis of location of spend.

* Territories include Yukon, Nunavut and Northwest Territories.

FINANCING

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

The major private-sector financing sources for Canadian film and television production include private broadcasters, Canadian distributors, other (domestic) private sources and foreign sources (i.e., foreign broadcasters and distributors). In 2010/11, these private sector financing sources accounted for 43% of total production financing, with private Canadian broadcaster licence fees representing the largest single share of private sector financing—20% of total financing and 46% of private sector financing.

Public broadcaster licence fees, federal and provincial tax credits, and funding from the Canada Feature Film Fund (CFFF) all originate from public sector organizations, including federal and provincial governments, CBC/Radio-Canada, provincial educational broadcasters and Telefilm Canada.² In 2010/11, these public sector sources contributed 46% of total financing for Canadian film and television production. Federal and provincial tax credits, combined, accounted for 30% of total project financing. Licence fees from public broadcasters such as CBC/Radio-Canada and provincial educational broadcasters contributed 8%, while the CFFF accounted for 3% of total financing. Other public sources such as provincial funding agency equity investments and the National Film Board of Canada contributed 5% to total financing within the industry.

Canadian film and television productions also received financing from the Canada Media Fund (CMF), a public-private organization, which derived its revenues from contributions made by broadcasting distribution undertakings (i.e., cable, satellite, IPTV and wireless television service providers) and the federal government. In 2010/11, the CMF accounted for 12% of total financing for Canadian film and television production.

Exhibit 2-25 Financing for Canadian production

	2006/07		2007/08		2008/09		2009/10		2010/11	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	20	497	20	476	22	562	16	391	20	474
Public broadcaster licence fees	9	228	11	268	9	230	9	216	8	186
Federal tax credits	9	230	11	262	10	251	10	233	10	232
Provincial tax credits	16	399	14	347	14	370	21	515	20	467
Canadian distributor	7	175	8	205	8	207	5	123	9	219
Foreign	10	234	9	225	11	277	10	254	7	171
Canada Media Fund	10	252	11	242	12	275	13	307	12	282
Canada Feature Film Fund	3	64	3	68	3	65	3	67	3	65
Other public*	2	42	2	68	2	78	9	214	5	115
Other private**	13	309	11	291	10	291	4	100	7	177
Total	100%	2,429	100%	2,451	100%	2,606	100%	2,421	100%	2,387

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

Note: Totals do not sum due to rounding.

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

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

² While these public sector organizations draw most of their revenues from direct government funding, they also obtain revenues from other non-governmental sources. For example, CBC/Radio-Canada sells advertising; provincial educational broadcasters obtain some donations; and, Telefilm Canada earns revenues from projects in which it invests.

FINANCING FROM CANADIAN PRODUCTION COMPANIES

Federal and provincial tax credits represent part of a Canadian production company's contribution in film and television projects. Canadian production companies receive tax credits based on their eligible labour expenditures. In almost all cases, in order to complete their financing, they invest their tax credits directly into their film and television projects.

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

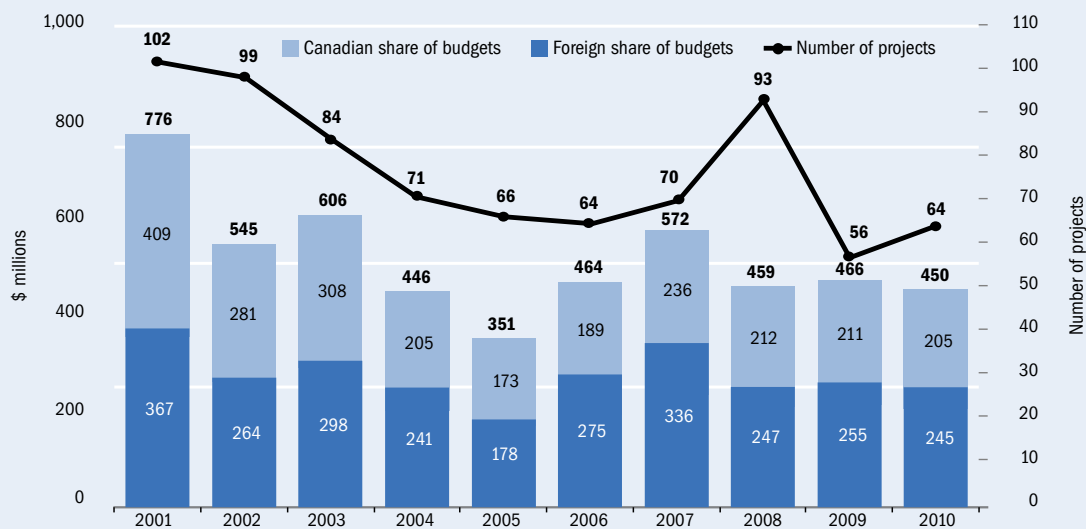
TREATY COPRODUCTION

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

Canada's total volume of treaty coproduction declined 3.4% in 2010 to a total of \$450 million. The Canadian share of budgets accounted for \$205 million of the total volume of Canadian treaty coproduction, or 46% of the total budgets, while the foreign share of budgets accounted for the remaining 54%, or \$245 million.

Since 2001, the trend in Canadian producers' annual number of treaty coproduction projects has, for the most part, followed the trend in production volume. The only notable exception was in 2008, when an unusually large number of television projects lifted the overall total to 93 projects.

Exhibit 2-26 Treaty coproduction with Canada

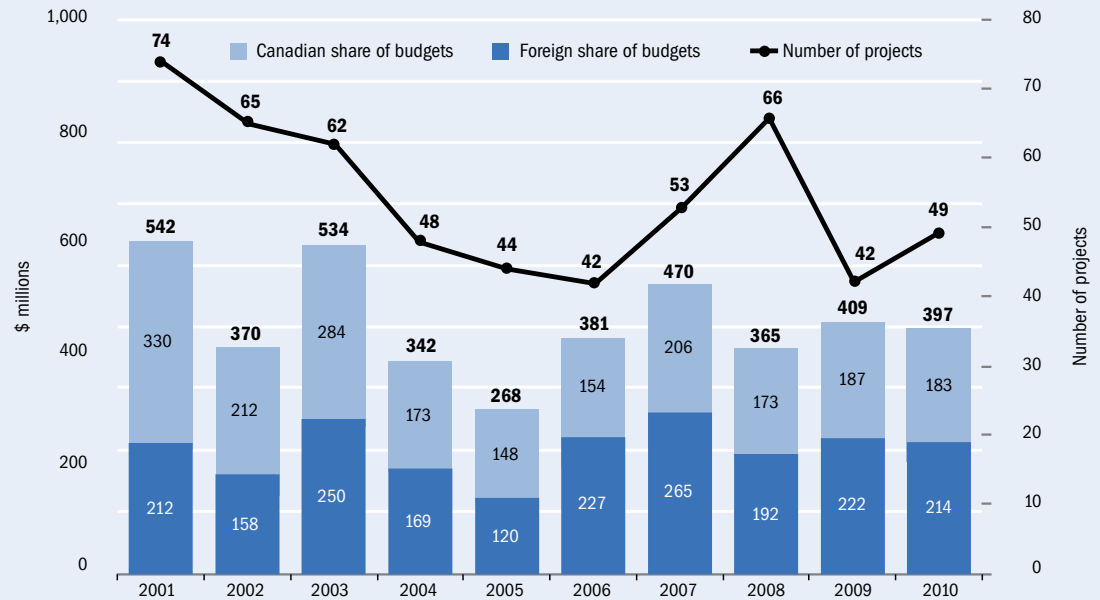


Source: Telefilm Canada.

Note: Some totals may not sum due to rounding. Statistics as of September 2011.

English-language production accounted for most of Canada's treaty coproduction between 2001 and 2010. In 2010, for example, English-language production accounted for \$397 million in total volume, while French-language production accounted for \$54 million. Both language markets experienced declining annual numbers of treaty coproduction projects. Both language markets also experienced lower production volumes in recent years—2009 and 2010—compared to the earlier 2000s.

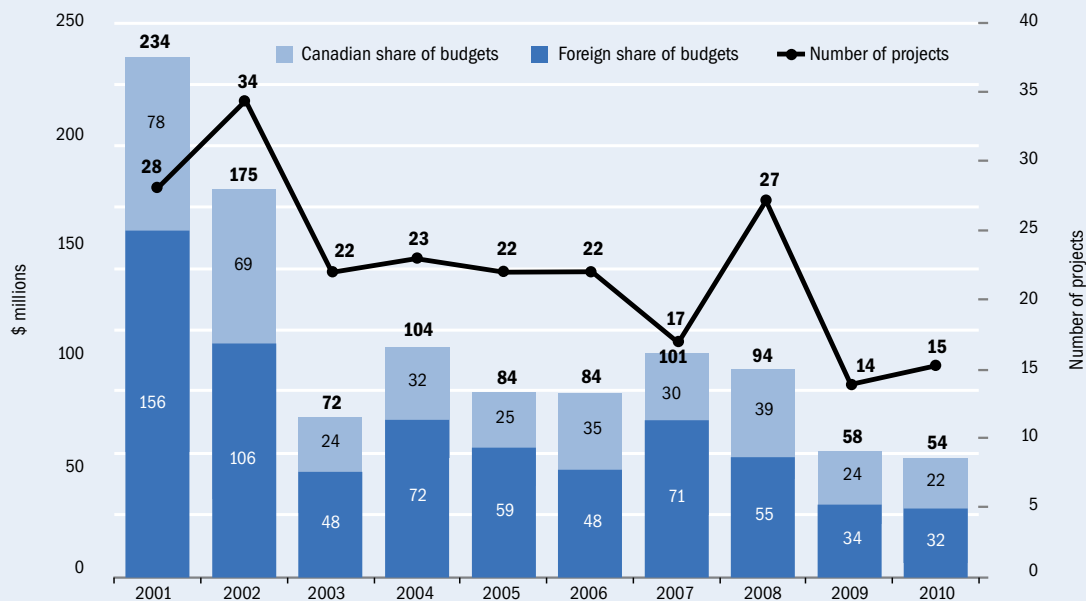
Exhibit 2-27 Canada's total number and volume of treaty coproduction, English-language



Source: Telefilm Canada.

Note: Statistics as of September 2011.

Indeed, French-language production experienced the much steeper decline among the two language markets. The total volume of English-language treaty coproduction in 2010 was 27% lower than the ten-year high of \$542 million in 2001. In contrast, the total volume of French-language treaty coproduction in 2010 was less than one-quarter of the ten-year high of \$234 million reached in 2001.

Exhibit 2-28 Canada's total number and volume of treaty coproduction, French-language

Source: Telefilm Canada.

Note: Statistics as of September 2011.

Between 2001 and 2010, France was Canada's leading bipartite treaty coproduction partner country. It was followed closely by the United Kingdom (U.K.). While the U.K. generated fewer projects and total production volume than France, it actually yielded a higher Canadian share of budgets—\$861 million vs. \$651 million. Canada's other leading bipartite treaty coproduction partner countries (with more than ten projects between 2001 and 2010) included Australia, Germany, Ireland, China and Philippines.

Exhibit 2-29 Treaty coproduction partner countries by number of projects, 2001-2010

Country	Number of projects	Total volume (\$M)	Canadian share of budgets	
			\$M	%
France	276	1,482	651	44
United Kingdom	230	1,476	861	58
Australia	27	180	83	46
Germany	18	197	92	47
Ireland	17	274	83	30
China	13	63	41	65
Philippines	11	62	45	73
South Africa	9	82	36	44
Singapore	7	31	16	53
Japan	7	21	9	41
Other bipartite	72	331	180	54
Multipartite*	81	911	296	32
Total	768	5,111	2,395	47

Source: Telefilm Canada.

Note: Statistics as of September 2011.

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

Some totals may not sum due to rounding.

* Multipartite production includes treaty coproduction projects where Canada has two or more partner countries.

TELEVISION PRODUCTION

Canadian television production includes the production of television series, mini-series, TV movies (including movies-of-the-week [MOWs] and feature-length television programs), single-episode television programming and television pilots. It consists of productions that are certified as Canadian content by either CAVCO or the CRTC, and produced across various genres, including fiction (i.e., drama and comedy), children's and youth, documentary, and variety and performing arts. This sub-sector excludes broadcaster in-house production—that is, news, sports and other genres normally produced by Canadian broadcasters.

Canadian television production has long been popular in the French-language market, where prime time series such as *Lance et compte* and *Les Parent* regularly garner audiences in excess of one million viewers. In recent years, Canadian television drama in the English-language market has enjoyed a resurgence, as prime time dramas such as *Combat Hospital*, *Rookie Blue* and *Flashpoint* experience success with Canadian and international audiences.

HIGHLIGHTS

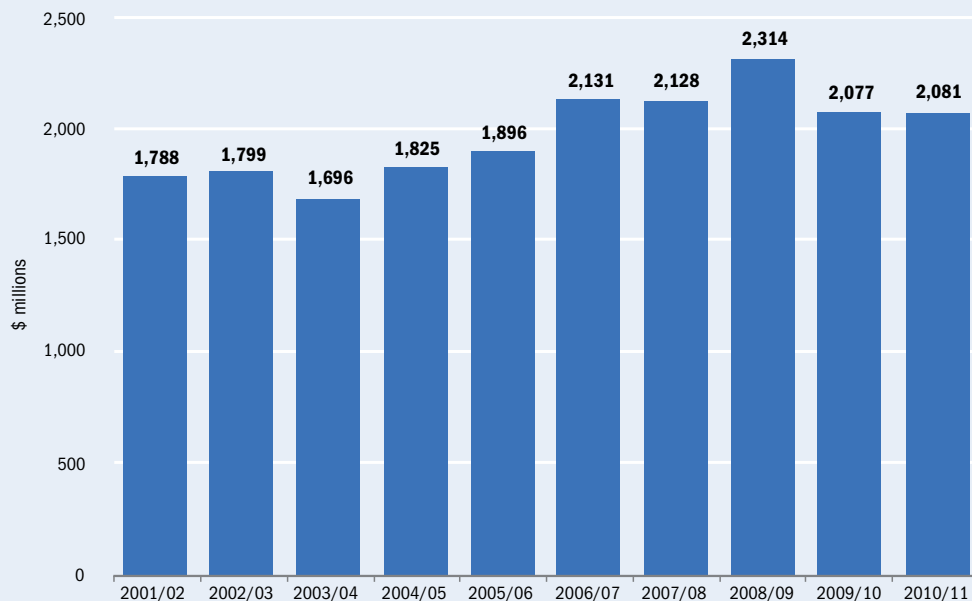
- Canadian television production increased 1.9% to \$2.08 billion in 2010/11.
- Canadian television production generated 48,500 FTEs, including 19,100 FTEs directly in the production of Canadian television programs.
- The volume of television series production increased by 8.0% to \$1.75 billion, although the number of television series produced by Canadians dropped from 597 to 585.
- The increase in Canadian television production was largely due to higher levels of production in the English-language market where the volume of production was up by 2.8%. The volume of French-language television production decreased by 4.0%. Production in bilingual formats and other languages was down by nearly one-half.
- Average per-hour budgets in the English-language market were relatively stable in 2010/11; only the children's and youth genre experienced a significant drop. The average budget for the English-language fiction genre was down slightly to \$1.31 million per hour.
- In the French-language market, the average budget for the fiction genre was off sharply from the ten-year high achieved in 2009/10. The average budgets were higher in the documentary, and variety and performing arts genres. Meanwhile, the children's and youth, and magazine-programming genres saw their average budgets drop in 2010/11.
- The average per-hour broadcast licence fee for English-language Canadian fiction productions was \$330,000; for French-language productions, the average was \$163,000 per hour—albeit on a much lower average budget.
- Canadian television production continued to rely heavily on financing from Canadian broadcasters and tax credits, as financing from foreign and other private sources remained limited in 2010/11. Canadian broadcasters' licence fees contributed 32% of total financing, while federal and provincial tax credits accounted for 28%.
- The CMF made financial contributions of \$282 million to support \$1 billion in television production volume in 2010/11.

VOLUME

The total volume of Canadian television production experienced an increase—albeit measured—in 2010/11, as the resurgence in prime time Canadian drama continued unabated. The volume of Canadian production was up by 1.9% to \$2.08 billion. The total volume was underpinned by the production of television fiction series, as the new drama television series, *Combat Hospital* and *The Listener* joined the returning Canadian police dramas, *Flashpoint* and *Rookie Blue* to bolster the line-up of Canadian programming in the prime time schedule.

As the statistics found throughout this section demonstrate, the growth in Canadian television production in 2010/11 can largely be traced back to growth in the number and volume of fiction television series production in both language markets—but particularly in the English-language market—as well as a large jump in the volume of production in other genres (lifestyle and factual programming) in the English-language market. These increases offset decreases in most other types of television programming (i.e., TV movies, mini-series, single-episode programming) and all other genres except the variety and performing arts genre.

Exhibit 2-30 Total volume of Canadian television production



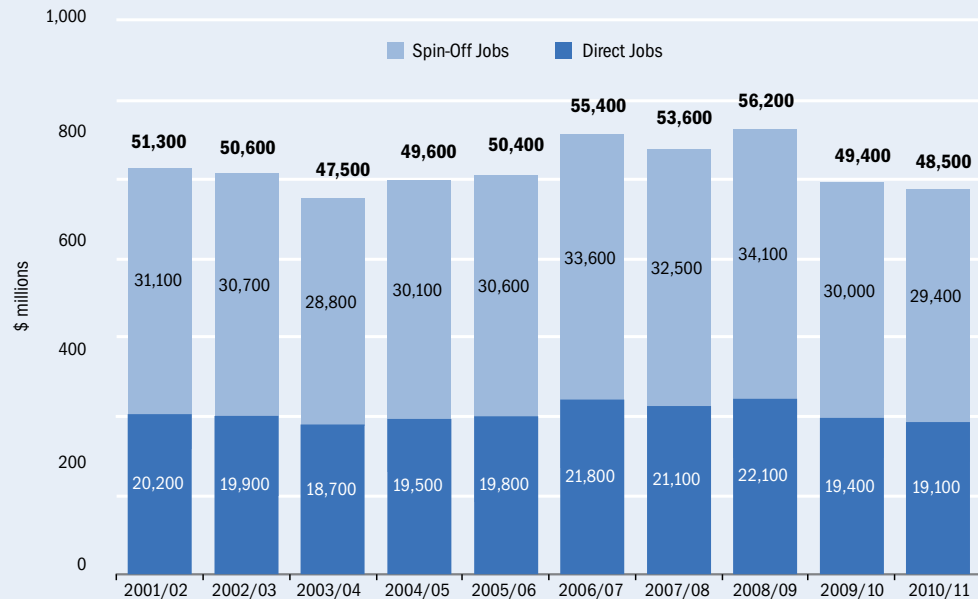
Source: Estimates based on data collected from CAVCO and CRTC.

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

EMPLOYMENT

Canadian television production employed an estimated 48,500 FTEs in 2010/11, including 19,100 FTEs directly in television production, and a further 29,400 spin-off FTEs in other industries in the Canadian economy.

Exhibit 2-31 Number of full-time equivalent jobs (FTEs) in Canadian television production



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

TYPES

The overall increase in Canadian television production in 2010/11 was driven largely by an increase in television series production. All other types of television programming—TV movies, mini-series and other types—experienced a drop in the number of projects and volume of projects. However, these reductions were more than offset by an 8% increase in the volume of television series production. The volume of television series production increased by \$129 million, even though the total number of television series decreased from 597 to 585.

Exhibit 2-32 Volume of television production, by type

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Series	1,412	1,367	1,336	1,371	1,320	1,497	1,586	1,808	1,618	1,747
TV movies	145	179	159	221	362	346	302	254	201	156
Mini-series	85	145	64	78	62	103	96	84	138	63
Other TV*	146	109	138	154	152	186	143	167	120	115
Total	1,788	1,799	1,696	1,825	1,896	2,131	2,128	2,314	2,077	2,081

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

Note: Some totals may not sum due to rounding.

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

Exhibit 2-33 Number of television projects, by type

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Series	613	683	645	683	715	710	724	601	597	585
TV movies	113	114	87	134	175	204	176	123	121	93
Mini-series	39	60	59	55	44	45	40	50	50	39
Other TV*	378	370	420	453	406	374	381	342	334	229
Total	1,143	1,227	1,212	1,325	1,340	1,334	1,321	1,115	1,101	946

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

Note: Some totals may not sum due to rounding.

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

GENRES

Fiction production increased 6% in 2010/11 lifting the genre above the \$1 billion mark for the first time. Production levels in the variety and performing arts genre, and in the other category, which includes lifestyle and other factual programming genres, also increased. Meanwhile the children's and youth, documentary and magazine programming genres all experienced decreases in production volume.

The increase in fiction production was driven by higher levels of television series production, particularly in the English-language market. The number of fiction television series increased from 89 to 97 in 2010/11, with seven of the eight additional television series in the English-language market.

A reduction in children's and youth production was due to a drop in television series production. While both French- and English-language markets experienced declines in television series production, most of the decrease was concentrated in the French-language market.

In the documentary genre, the volume of television series production was relatively stable; however, lower levels of MOW, mini-series and single-episode programming in both language markets contributed to the overall drop in production volume.

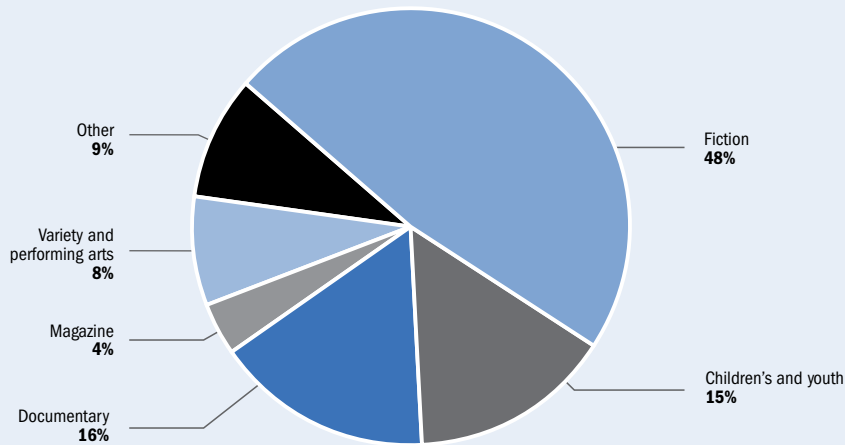
Exhibit 2-34 Volume of television production, by genre

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Fiction	885	868	749	824	838	952	928	981	951	1,008
Children's and youth	356	296	279	282	306	361	311	379	397	309
Documentary	284	309	332	377	356	374	408	434	360	329
Magazine	126	156	134	148	163	154	158	120	105	82
Variety and performing arts	113	129	143	126	117	142	133	196	128	164
Other	25	41	59	68	115	149	190	204	136	189
Total	1,788	1,799	1,696	1,825	1,896	2,131	2,128	2,314	2,077	2,081

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

Note: Some totals may not sum due to rounding.

The magazine programming genre posted its third consecutive annual decrease in volume and hit a ten-year low of \$82 million in 2010/11. Volume decreases appeared in both the French-language and English-language markets. After a drop in 2009/10, the variety and performing arts genre experienced a 28.1% increase in production volume, as the number of television series increased from 46 to 58.

Exhibit 2-35 Share of total volume of Canadian television production, by genre, 2010/11

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

BUDGETS

English-Language Production

Average per-hour budgets in the English-language market were relatively stable in 2010/11; only the children's and youth genre experienced a significant drop. The average budget for the English-language fiction genre was down slightly to \$1.31 million per hour, and remained well below the ten-year high of \$1.89 million per hour reached in 2001/02, when a higher proportion of Canadian television programs benefited from international sales and significant international financing. The average budget in the children's and youth genre did fall to \$663,000 per hour, from a ten-year high of \$987,000 per hour in 2009/10. However, the hourly average in 2010/11 was, in fact, consistent with levels of average budgets within the genre prior to the temporary spike in 2009/10.

Exhibit 2-36 Budgets of English-language Canadian television production, by genre

\$ 000s per hour	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Fiction										
Average	1,885	1,597	1,404	1,315	1,348	1,515	1,615	1,402	1,351	1,308
Median	1,136	1,272	1,104	1,179	1,250	1,520	1,523	1,269	1,332	1,210
Documentary										
Average	276	257	288	302	310	322	324	348	383	365
Median	215	218	237	250	229	252	244	296	264	316
Children's and youth										
Average	764	664	611	722	556	611	607	664	987	663
Median	618	510	456	550	462	638	420	513	762	430
Variety and performing arts										
Average	285	431	366	343	439	478	396	606	387	434
Median	155	325	230	261	350	255	295	319	257	232
Magazine										
Average	89	65	70	82	115	75	80	101	n/a	n/a
Median	55	49	54	56	60	34	42	55	n/a	n/a

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

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

Note: Calculations exclude the foreign budgets of treaty coproductions.

French-Language Production

In the French-language market, the average budget for the fiction genre was off sharply from the ten-year high achieved in 2009/10. The 2009/10 average was lifted by a small group of high-budget feature-length television productions. At an average of \$607,000 per hour, the average budget in 2010/11 was, in fact, higher than the pre-2009/10 average, even though it was 28% lower than the 2009/10 rate.

The average budgets were higher in the documentary, and variety and performing arts genres. Indeed, the documentary genre reached a ten-year peak of \$247,000 per hour in 2010/11. Meanwhile, the children's and youth, and magazine genres saw their average budgets drop in 2010/11. In the children's and youth genre, the average fell to \$186,000 per hour—a ten-year low.

Exhibit 2-37 Budgets of French-language Canadian television production, by genre

\$ 000s per hour	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Fiction										
Average	414	495	458	456	526	501	520	593	838	607
Median	294	417	363	363	493	450	510	455	558	467
Documentary										
Average	210	203	220	207	239	209	223	222	229	247
Median	182	151	176	172	199	171	190	165	203	232
Children's and youth										
Average	255	215	281	238	189	213	209	233	302	186
Median	149	127	160	121	151	155	115	173	165	142
Variety and performing arts										
Average	187	158	192	197	174	192	278	308	209	229
Median	147	141	158	141	130	143	150	163	164	160
Magazine										
Average	42	39	41	55	48	58	57	63	83	71
Median	38	34	35	41	40	37	46	56	58	52

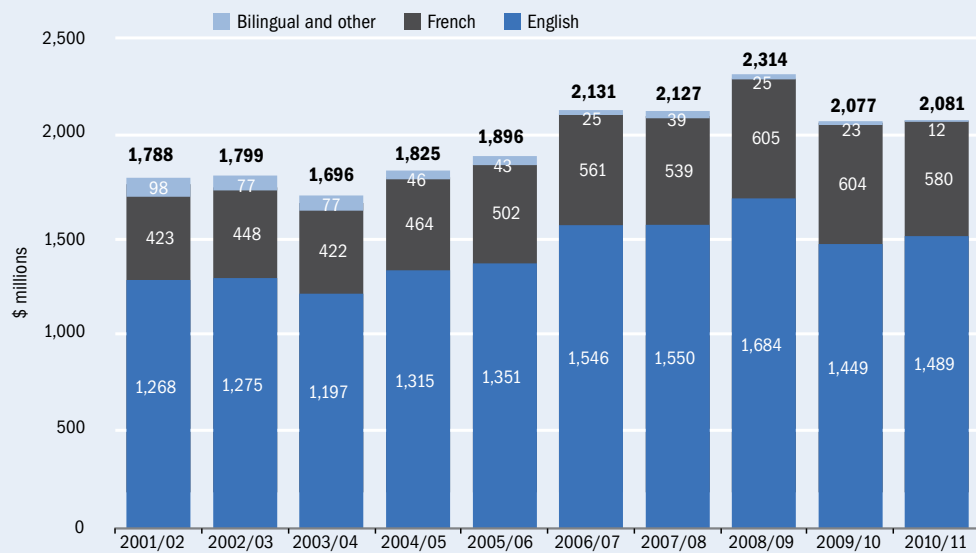
Source: Estimates based on data collected from CAVCO and CRTC.

Note: Calculations exclude the foreign budgets of treaty coproductions..

LANGUAGE

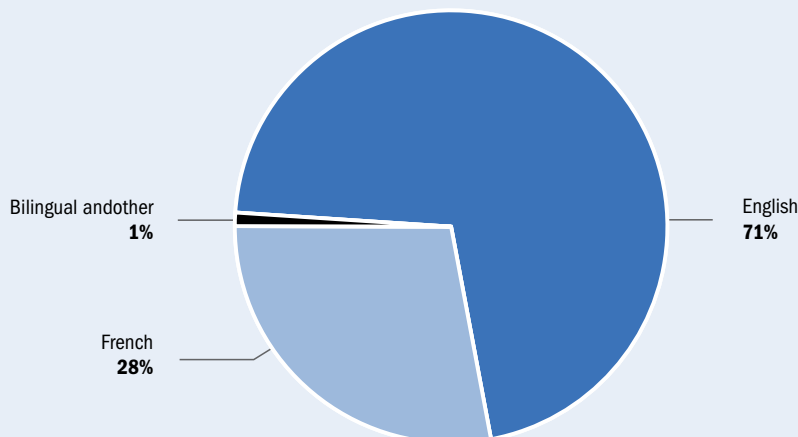
The increase in the total volume of Canadian television production in 2010/11 appears to have been entirely due to a small increase in English-language production, as both French-language production and production in bilingual format or other languages decreased. In both language markets, higher levels of production in the fiction and variety genres offset decreases in children's and youth, documentary and magazine genres. In large part, the divergence between the two genres was due to changes in the other genres category, which includes lifestyle and other factual programming. In the English-language market, production in this category nearly doubled—from \$76 million to \$145 million in 2010/11. In the French-language market, production in other genres dropped from \$60 million to \$44 million in 2010/11.

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



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

Exhibit 2-39 Volume of Canadian television production, by language, 2010/11 share



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

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

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Fiction										
English	732	675	622	645	677	762	738	806	758	793
French	135	153	126	166	162	190	180	174	193	213
Bilingual and other	18	40	0	12	0	0	10	1	1	2
Total	885	868	749	824	838	952	928	981	951	1,008
Children's and youth										
English	246	246	213	245	255	289	252	279	292	240
French	54	41	44	32	38	68	47	91	93	66
Bilingual and other	55	9	22	5	13	4	12	10	13	3
Total	356	296	279	282	306	361	311	379	397	309
Documentary										
English	191	210	227	279	235	270	314	335	261	246
French	79	79	84	79	100	87	86	93	95	81
Bilingual and other	14	20	21	19	21	16	8	5	3	1
Total	284	309	332	377	356	374	408	434	360	329
Variety and performing arts										
English	33	42	45	44	44	51	50	82	39	59
French	70	82	66	77	67	88	77	106	82	99
Bilingual and other	10	6	32	5	6	3	6	7	6	5
Total	113	129	143	126	117	142	133	196	128	164
Magazine										
English	41	65	57	48	53	44	35	23	23	7
French	84	89	76	97	107	109	119	94	82	76
Bilingual and other	1	2	2	3	3	1	3	3	0	0
Total	126	156	134	148	163	154	158	120	105	82
Other genres*										
English	24	37	33	55	87	130	160	158	76	145
French	0	4	26	13	27	19	30	46	60	44
Bilingual and other	0	0	0	1	2	0	0	0	0	0
Total	24	41	59	68	116	149	190	204	136	189

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

Note: Some totals may not sum due to rounding.

* Includes lifestyle and other factual programming.

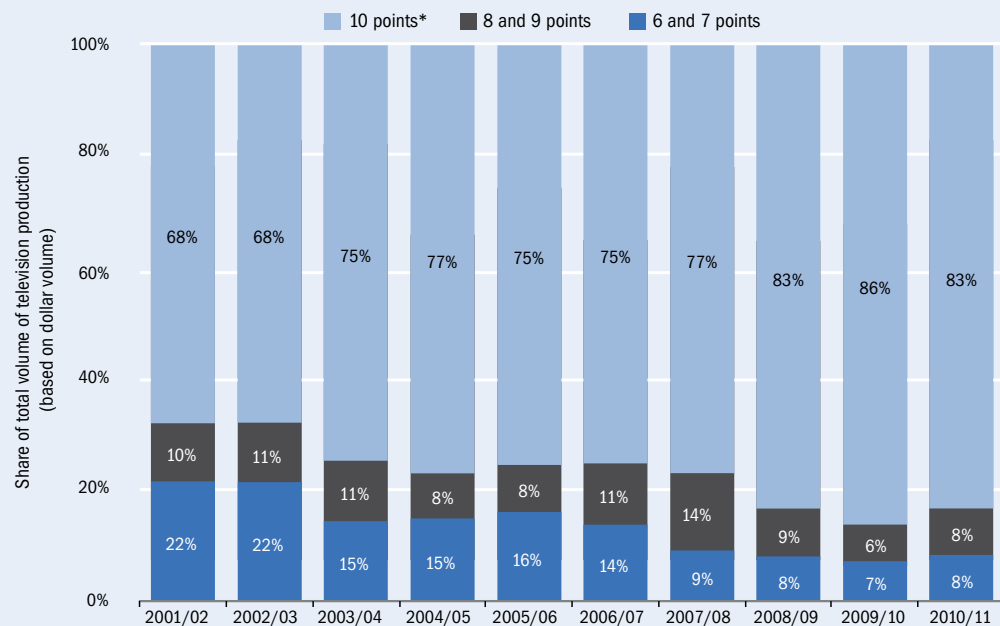
CANADIAN CONTENT POINTS

CAVCO and the CRTC use the Canadian content points scale to certify television programs and films, so that Canadian broadcasters can then use them to meet their Canadian television exhibition requirements. In general, the number of Canadian content points increases as the share of key creative positions occupied by Canadians increases.

There was a slight reversal in 2010/11 to the long-term trend towards higher levels of Canadian content. After reaching a peak of 86% in 2009/10, the share of production volume that attained ten Canadian content points or maximum points declined to 83%. An increase in recent years in the number of Canadian television series created for Canadian and international audiences may, in part, explain the decline in maximum-point pro-

gramming in 2010/11 and the commensurate increase in programming with nine or fewer Canadian content points. Nevertheless, over the long term, the trend has indeed been towards more television programming with maximum Canadian content points. This long-term trend can be explained by the falling demand from international markets for foreign programming, which occurred over the past decade, and Canadian producers' increased focus of producing maximum-point television programming, which is eligible to receive financial assistance from the CMF (which replaced the Canadian Television Fund in 2010/11).

Exhibit 2-41 Television production, by Canadian content points (excludes international treaty coproduction)



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

Ontario maintained its position as Canada's largest province for Canadian television production in 2010/11 with its volume of production increasing 6.7% to \$970 million, gaining a 47% share of national volume. Meanwhile, the volume of Canadian television production in Quebec declined 2.2% in 2010/11. However, with total volume of \$717 million, Quebec remained Canada's second largest market for Canadian television production. After four consecutive years of annual decreases in production volume, producers based in British Columbia expanded their volume of Canadian television production by 4.7% in 2010/11.

Production in all other provinces and territories combined to account for \$170 million in Canadian television production volume, or 8% of the national total. Indeed, the share of the national total volume comprised by all other provinces was brought down from 11% by the fact that each province, except Saskatchewan and Newfoundland and Labrador, experienced annual decreases in 2010/11.

Exhibit 2-42 Volume of Canadian television production, by province and territory

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2010/11 share of total
Ontario	767	710	758	714	734	731	829	983	909	970	47%
Quebec	640	658	575	642	721	758	715	762	733	717	34%
British Columbia	212	208	206	265	258	398	356	303	214	224	11%
Alberta	62	59	51	56	37	54	80	94	73	59	3%
Newfoundland and Labrador	3	1	3	2	15	2	6	12	32	32	2%
Nova Scotia	56	61	49	62	48	54	46	47	42	25	1%
Manitoba	17	23	15	26	32	63	34	38	45	22	1%
Saskatchewan	18	63	27	37	38	58	42	62	10	18	1%
New Brunswick	6	8	8	19	10	10	16	10	13	11	1%
Territories*	0	0	0	1	0	0	1	1	2	1	<1%
Prince Edward Island	7	9	5	1	3	2	5	2	6	0	<1%
Total	1,788	1,799	1,696	1,825	1,896	2,131	2,128	2,314	2,077	2,081	100%

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

Note: Some totals may not sum due to rounding.

* Territories include 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 2011 due to such differences as data collection periods (fiscal vs. calendar year) and production activity reported on the basis of location of spend.

FINANCING

Canadian television production continued to rely heavily on financing from Canadian broadcasters and tax credits in 2010/11.

Canadian broadcasters' licence fees contributed 32% of total financing for Canadian television in 2010/11. Although this share was slightly higher than the share in 2009/10, it was in line with previous years. Federal and provincial tax credits followed Canadian broadcaster licence fees as the second largest source of financing in 2010/11, accounting for a combined 28%. Funding from the Canada Media Fund (CMF) accounted for an increase of total financing in 2010/2011 to 14%.

Financing from foreign sources hit a five-year low of \$123 million in 2010/11, as its share of total financing declined from 10% to 6%. The drop in foreign financing reflects the continued long-term weakness in the foreign presale market, which has adversely affected Canadian production.

Financing from Canadian distributors doubled to \$199 million, as they increased their share of financing from 5% to 10%. Meanwhile, financing from other private sources jumped from \$60 million in 2009/10 to \$147 million in 2010/11; other private sources accounted for 7% of the total financing for Canadian television production in 2010/11.

Exhibit 2-43 Financing of Canadian television production

	2006/07		2007/08		2008/09		2009/10		2010/11	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	23	492	22	468	24	556	19	385	23	469
Public broadcaster licence fees	11	227	12	265	10	229	10	215	9	183
Federal tax credit	10	212	11	242	10	237	10	211	10	213
Provincial tax credits	16	350	14	298	14	317	19	397	18	365
Canadian distributor	7	140	7	150	7	166	5	98	10	199
Foreign	10	218	9	186	10	242	10	206	6	123
Canada Media Fund	12	252	12	242	13	275	15	307	14	282
Other public*	0	2	2	44	1	34	10	198	5	100
Other private**	11	240	11	232	10	257	3	60	7	147
Total	100	2,131	100	2,128	100	2,314	100	2,077	100	2,081

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, independent production funds, broadcaster equity and other Canadian private investors

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

In the fiction genre, tax credits accounted for a larger share (28%) of total financing than broadcaster licence fees (21%). Children's and youth programming also drew the largest portion of its financing from tax credits (30%), followed closely by broadcaster licence fees (26%), and the CMF (17%). The documentary genre relied largely on financing from broadcaster licence fees (33%) and the CMF (17%). The variety and performing arts genre drew most of its financing from broadcaster licence fees (57%), as did the magazine genre (64%); both genres appear to have more limited access to the CMF and international presales and distribution (as indicated by foreign financing and Canadian distributors financing).

Exhibit 2-44 Financing of Canadian television production, by genre, 2010/11

	Fiction		Children's and Youth		Documentary		Variety and Performing Arts		Magazine		All Genres†	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	13	127	19	60	27	87	36	59	38	32	23	469
Public broadcaster licence fees	8	83	7	20	6	20	21	35	26	22	9	183
Federal tax credit	10	100	10	32	10	32	11	18	12	10	10	213
Provincial tax credits	18	182	20	62	17	56	16	26	13	11	18	365
Canadian distributor	14	138	6	20	9	31	0	0	0	0	10	199
Foreign	8	79	9	27	3	11	1	1	0	0	6	123
Canada Media Fund	16	160	17	54	17	56	8	13	0	0	14	282
Other public*	5	51	4	14	5	17	5	8	2	1	5	100
Other private**	9	88	7	20	6	18	2	4	8	6	7	147
Total	100	1,008	100	309	100	329	100	164	100	82	100	2,081

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, independent production funds, broadcaster equity and other Canadian private investors.

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

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

In the English-language market, the largest financing contributions came from tax credits (28%) and Canadian broadcasters (27%). The CMF contributed 12%, while foreign sources and other private sources each contributed 8%. Canadian distributors more than doubled their financing of English-language production in 2010/11, as their contribution increased from an estimated \$90 million in 2009/10 to \$194 million in 2010/11.

Exhibit 2-45 Financing of English-language Canadian television production

	2006/07		2007/08		2008/09		2009/10		2010/11	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	23	352	22	344	24	397	17	251	22	322
Public broadcaster licence fees	6	99	8	125	6	97	6	91	5	70
Federal tax credit	8	126	10	149	8	141	10	143	10	149
Provincial tax credits	19	291	16	249	16	269	20	286	18	265
Canadian distributor	8	126	9	137	9	157	6	90	13	194
Foreign	12	187	12	185	14	230	13	190	8	118
Canada Media Fund	11	165	11	157	12	183	14	203	12	183
Other public*	1	17	2	31	1	24	10	144	5	73
Other private**	12	183	11	174	10	186	3	50	8	116
Total	100	1,546	100	1,550	100	1,684	100	1,449	100	1,489

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, independent production funds, broadcaster equity and other Canadian private investors.

French-language television production continued to be even more reliant on broadcaster licence fees than English-language production in 2010/11. Canadian broadcasters accounted for a combined 45% of financing. Federal and provincial tax credits accounted for 28%, and the CMF contributed 16%. French-language producers appear to have made some inroads in presales for international markets in 2009/10, when the foreign financing of French-language production hit a five-year high of \$12 million. However, in 2010/11, foreign financing retreated to less than one percent of total financing for French-language television production.

Exhibit 2-46 Financing of French-language Canadian television production

	2006/07		2007/08		2008/09		2009/10		2010/11	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	24	136	22	117	25	153	22	132	25	147
Public broadcaster licence fees	23	130	25	135	22	135	21	124	20	117
Federal tax credit	14	79	15	83	15	89	11	65	11	63
Provincial tax credits	10	59	9	49	8	49	17	105	17	97
Canadian distributor	2	11	1	8	1	6	1	5	<1	3
Foreign	1	4	<1	1	1	7	2	12	<1	1
Canada Media Fund	15	84	16	83	17	90	17	100	16	94
Other public*	1	4	2	13	1	9	9	55	5	32
Other private**	10	54	9	51	10	66	1	6	5	27
Total	100	561	100	539	100	605	100	604	100	580

Source: Estimates based on data obtained from CAVCO and CMF.

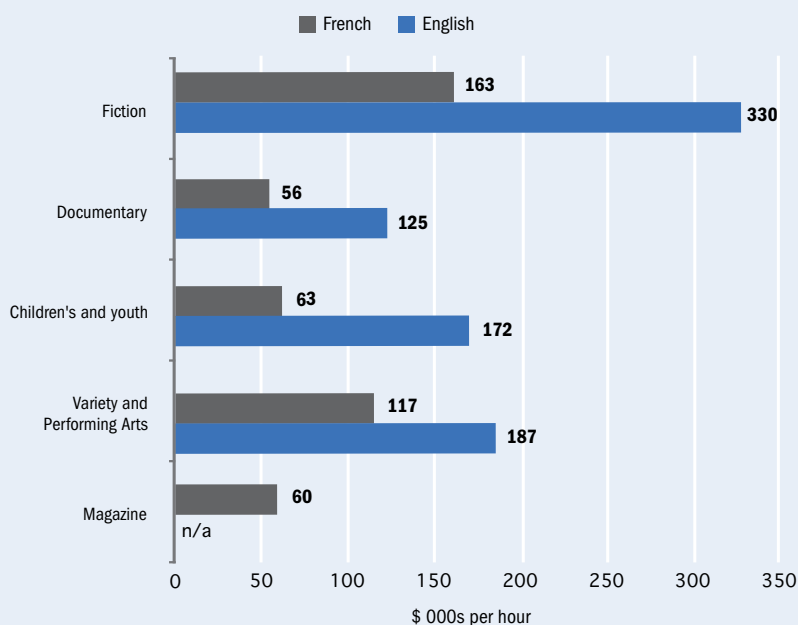
Note: Some totals may not sum due to rounding.

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

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

BROADCASTER LICENCE FEES

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

Exhibit 2-47 Average licence fees paid by Canadian broadcasters for Canadian television programming, 2010/11

Source: Estimates based on data obtained from CAVCO for a sample of 2010/11 projects.

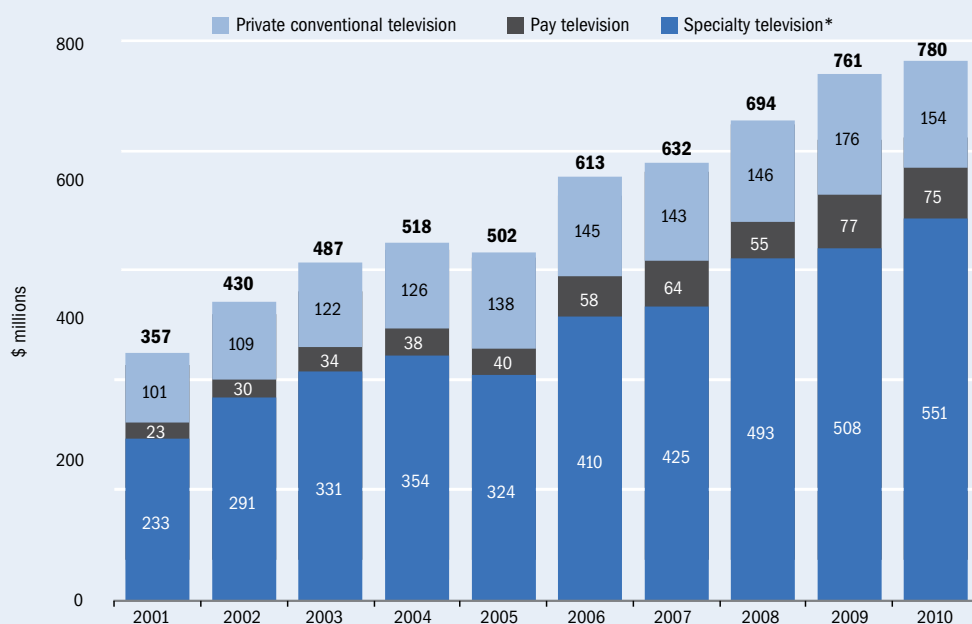
n/a—Data not reported due to the size of the sample of projects.

BROADCASTER SPENDING

Canadian broadcasters license original and repeat programming from both independent Canadian production companies as well as broadcaster-affiliated production companies (production companies in which broadcasters own or control at least 30% of the equity³).

During the 2010 broadcasting year (September 2009 to August 2010) private Canadian broadcasters' spending on independent Canadian production (original and repeat programming) increased 2.5% to a total of \$780 million. However, all of the increase in independent production spending originated from the specialty television segment. Specialty television services' spending on independent production increased 8.5% to \$551 million; while private conventional broadcasters' spending dropped by 12.5% to \$154 million and pay-television services' spending was down slightly to \$75 million.

Exhibit 2-48 Expenditures on Canadian independent production by private Canadian broadcasters



Source: Data obtained from the CRTC

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

Notes: Some totals may not 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

As Canadian broadcasters increased their spending on independent production, they decreased their spending on broadcaster-affiliated production by 20.2%—the fourth consecutive annual decrease.

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

Exhibit 2-49 Expenditures by private Canadian broadcasters* on broadcaster-affiliated production

(\$ millions)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Private conventional broadcasters	37	37	28	44	49	55	50	49	39	19
Specialty* and pay television services	n.a.	n.a.	n.a.	n.a.	43	36	40	37	40	44
Total	n.a.	n.a.	n.a.	n.a.	92	92	90	86	79	63

Source: CRTC.

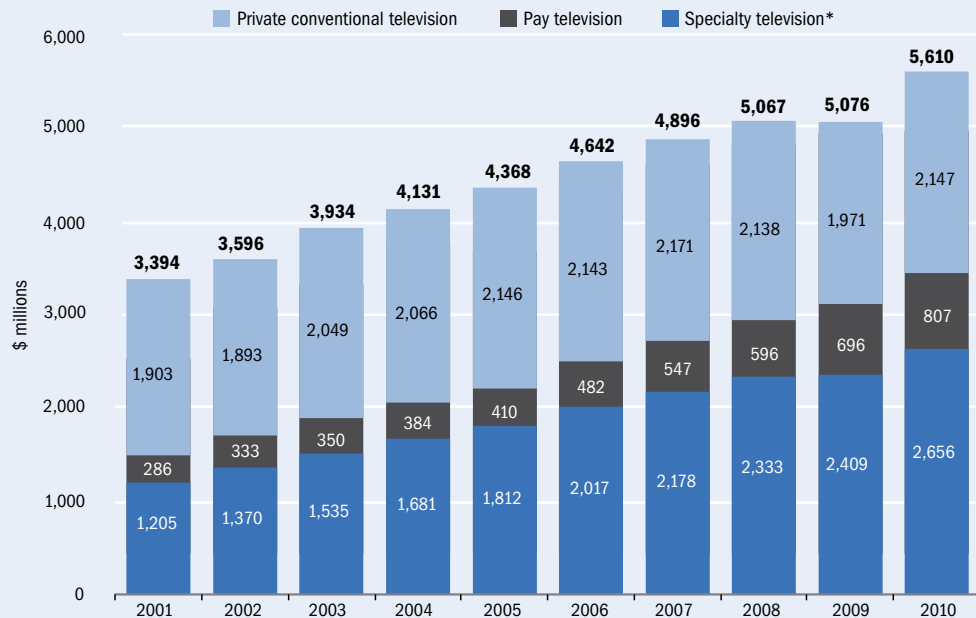
* includes CBC/Radio-Canada's specialty television services.

n.a.—data not available.

Note: Some totals may not sum due to rounding.

Private Television Broadcasting Revenues

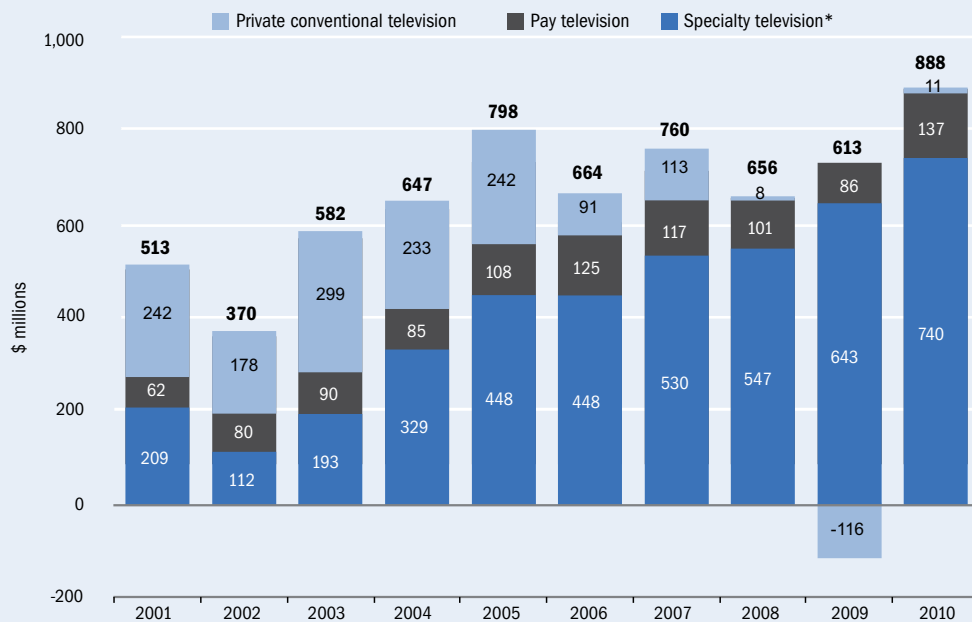
The growth in private broadcasters' revenues stalled in 2009, as the advertising recession adversely affected the whole industry, and private conventional broadcasters, in particular. In 2010, however, the broadcasting industry experienced a robust recovery, as the total revenues of private Canadian broadcasters increased by 10.6% to an all-time high of \$5.61 billion. All three industry segments—specialty, private conventional, and pay television—contributed to the rebound in revenue growth; however, the largest dollar portion of the increase came from the specialty television segment.

Exhibit 2-50 Total revenue of private Canadian broadcasters

Source: Data obtained from the CRTC.

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

The recovery in private Canadian broadcasters' revenues was accompanied by a healthy rebound in the industry's profitability. Private Canadian broadcasters' profits before interest and taxes (PBIT) leaped by 44.9% to reach an all-time high of \$888 million during the 2010 broadcasting year. Private conventional broadcasters' PBIT bounced back from a loss \$116 million in 2009 to a small profit of \$11 million in 2010. At the same time, both the specialty and pay television segments improved their already positive PBIT levels. However, for the second consecutive year, most of the increase in profitability was concentrated in the specialty television segment, where PBIT increased by a net of \$97 million, or 15.1%, to \$740 million. At a PBIT margin of 15.8%, the profitability of private Canadian broadcasters in 2010 was at its highest level since 2005.

Exhibit 2-51 Total profit before interest and taxes (PBIT) of private Canadian broadcasters*

Source: Data obtained from the CRTC.

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

CANADA MEDIA FUND

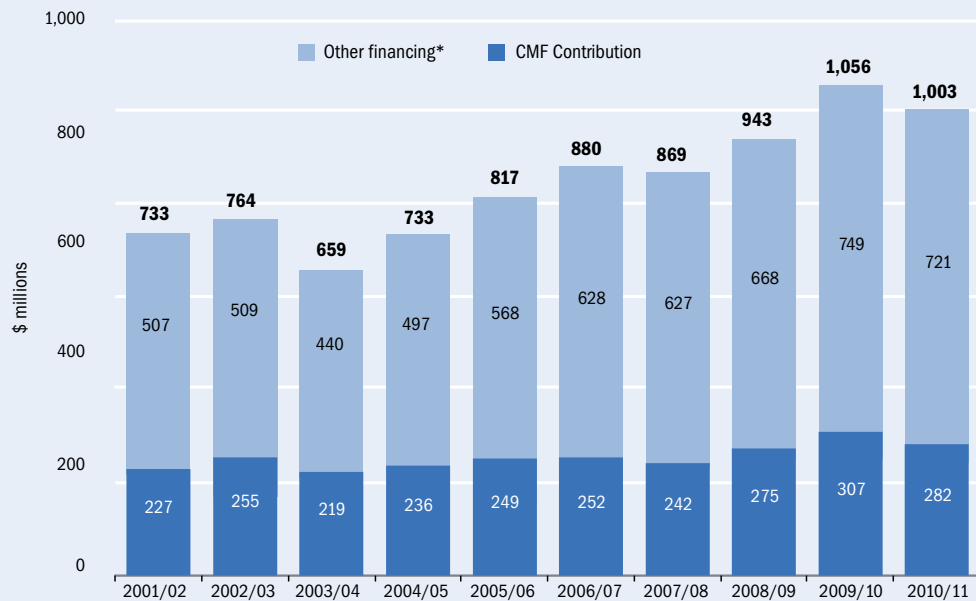
The Canada Media Fund (CMF) is a public-private partnership between the Government of Canada and the cable and satellite distributors, with a mandate to support the creation of Canadian convergent digital content across multiple platforms, including television, and leading-edge new media applications, 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 changing consumer demands. 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 interactive digital media content and software applications. This section provides an overview of the screen-based production supported by the CMF's Convergent Stream.

Volume

The CMF's contribution to Canadian screen-based production was \$282 million in 2010/11, a decline of 8.1% compared to the CTF contribution in 2009/10. Other financing—comprised largely of contributions from production companies, broadcasters, tax credits, and other government sources—contributed an additional \$721 million to CMF-supported productions. Overall, the total volume of television production supported by the CMF declined 5% in 2010/11, but remained over \$1 billion.

Exhibit 2-52 Total volume of Canadian television production with CMF contributions

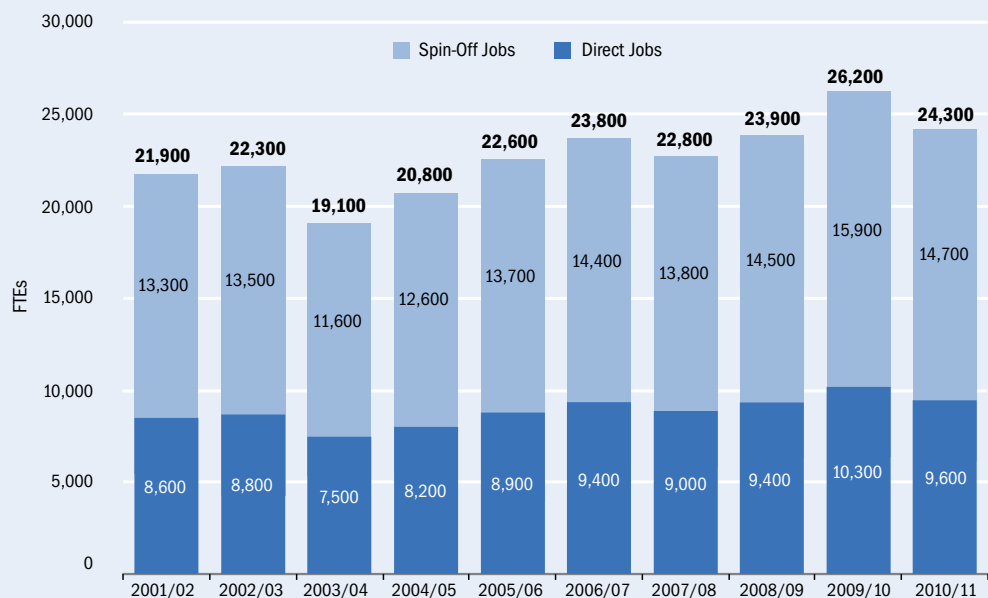
Source: CMF.

Some totals may not sum due to rounding.

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

Jobs Supported by CMF Production

The television production supported by the CMF led to the employment of an estimated 24,300 FTEs across Canada in 2010/11, including 9,600 FTEs directly in television production, and a further 14,700 spin-off FTEs in other industries in the Canadian economy.

Exhibit 2-53 Number of full-time equivalent jobs (FTEs) generated by CMF-supported production

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

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

Hours of Television Production

While the total amount of CMF funding and supported production budgets declined in 2010/11 in relation to the CTF in 2009/10, the number of hours of television production increased 2.8% to 2,491 hours. All genres except the documentary genre experienced increases in the number of hours of CMF-supported television content. The number of CMF-supported hours of documentary production decreased 12.9% to 715.

Exhibit 2-54 Number of CMF-supported hours of television production, by genre

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Documentary	1,120.8	1,000.2	738.5	809.8	836.5	798.2	806.1	761.0	821.0	715.0
Children's and youth	681.5	749.6	595.8	781.8	717.2	680.7	692.5	646.0	639.0	695.0
Drama (i.e., fiction)	624.0	532.0	441.0	471.5	525.0	548.5	479.5	580.0	610.0	659.0
Variety and performing arts	364.2	273.0	366.5	312.5	197.0	270.0	216.7	223.0	352.0	422.0
Total	2,790.5	2,554.8	2,141.8	2,375.6	2,275.7	2,297.3	2,194.8	2,210.0	2,422.0	2,491.0

Source: CMF.

Note: Some totals may not sum due to rounding.

In general, all genres maintained their share of CMF contributions to television in 2010/11, although there was a slight increase in the share of contributions received by children's and youth programming, at the expense of drama programming.

Exhibit 2-55 CMF contributions to television production, by genre

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Documentary	55.7	50.0	44.6	46.5	48.3	51.6	53.4	55.0	61.0	56.0
Children's and youth	48.8	58.1	40.5	45.0	46.3	46.3	49.2	49.0	55.0	54.0
Drama (i.e., fiction)	111.8	135.8	126.1	133.8	146.3	143.6	130.7	162.0	178.0	160.0
Variety and performing arts	10.6	10.4	7.7	10.2	8.0	10.2	9.1	10.0	13.0	13.0
Total	226.9	254.3	218.9	235.5	248.9	251.7	242.4	275.0	307.0	282.0
Percent of total										
Documentary	24.5%	19.7%	20.4%	19.7%	19.4%	20.5%	22.0%	20.0%	19.9%	19.9%
Children's and youth	21.5%	22.8%	18.5%	19.1%	18.6%	18.4%	20.3%	17.8%	17.9%	19.1%
Drama (i.e., fiction)	49.3%	53.4%	57.6%	56.8%	58.8%	57.0%	53.9%	58.9%	58.0%	56.7%
Variety and performing arts	4.7%	4.1%	3.5%	4.3%	3.2%	4.1%	3.8%	3.6%	4.2%	4.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

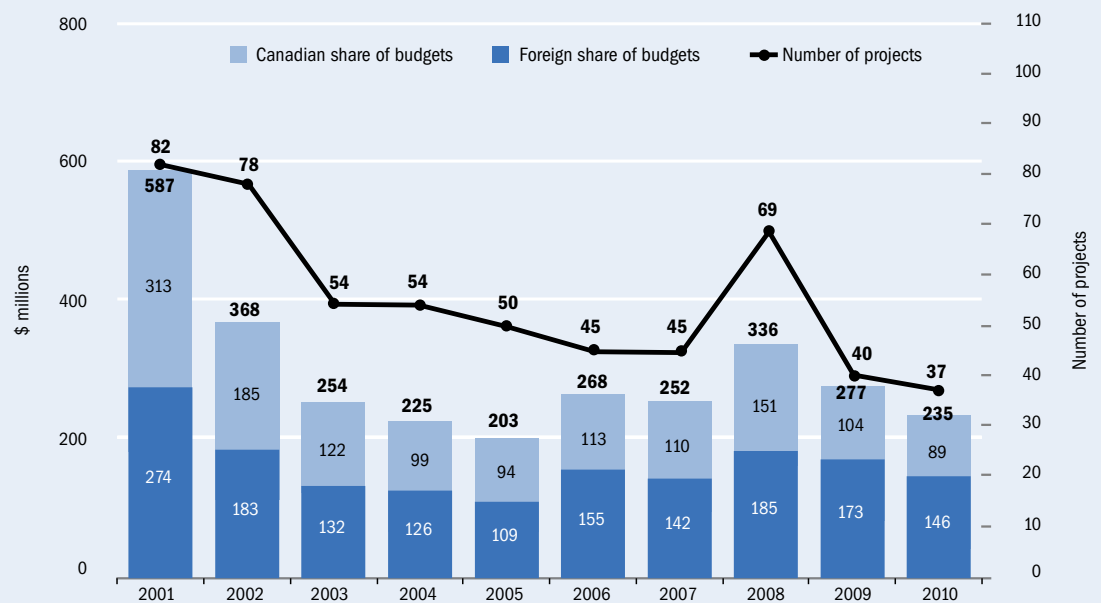
Source: CMF.

Note: Some totals may not sum due to rounding.

TREATY COPRODUCTION

Despite a substantial increase in the volume of treaty coproduction with Canada's largest coproduction partner, France, the total volume (sum of Canadian and foreign budgets) decreased by 15.2% in 2010 to a total of \$235 million. The drop in treaty coproduction in 2010 was broad-based: all genres experienced a decrease in the volume of production with the largest decline in the children's and youth genre. The volume of production dropped by 11.4% in the drama genre; however, at \$140 million, the level of production was well above the levels experienced since 2003, with the exception of 2009. The genre continues to be the most important for Canada's treaty coproduction in the Canadian television sub-sector.

Exhibit 2-56 Treaty coproduction with Canada in the television sub-sector



Source: Telefilm Canada.

Note: Some totals may not sum due to rounding. Statistics as of September 2011.

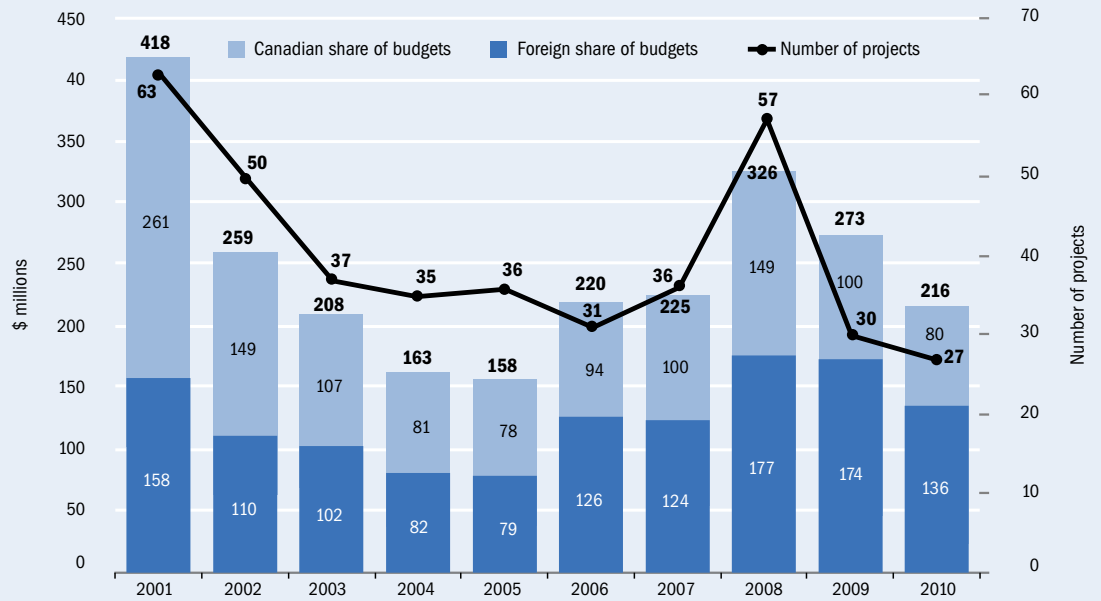
Exhibit 2-57 Treaty coproduction in the television sub-sector, by genre

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total volume of production (\$ millions)										
Fiction	267	171	30	51	7	105	97	101	158	140
Documentary	39	57	27	41	59	31	48	69	43	33
Children's and youth	280	138	196	131	135	132	106	180	87	61
Other	0	2	0	3	2	0	0	2	1	1
Total	587	368	254	225	203	268	252	353	288	235
Number of projects										
Fiction	14	12	5	4	1	7	6	10	5	8
Documentary	32	47	27	31	29	21	22	32	21	20
Children's and youth	36	18	22	17	19	17	17	26	13	8
Other	0	1	0	2	1	0	0	1	1	1
Total	82	78	54	54	50	45	45	69	40	37
Average project budgets (\$ millions)										
Fiction	19.1	14.3	6.0	12.7	7.4	15.0	16.2	10.1	31.6	17.5
Documentary	1.2	1.2	1.0	1.3	2.0	1.5	2.2	2.2	2.0	1.7
Children's and youth	7.8	7.7	8.9	7.7	7.1	7.7	6.2	6.9	6.7	7.6
Other	--	2.2	--	1.4	1.8	--	--	2.0	1.0	1.0
Total	7.2	4.7	4.7	4.2	4.1	6.0	5.6	5.1	7.2	6.4

Source: Telefilm Canada.

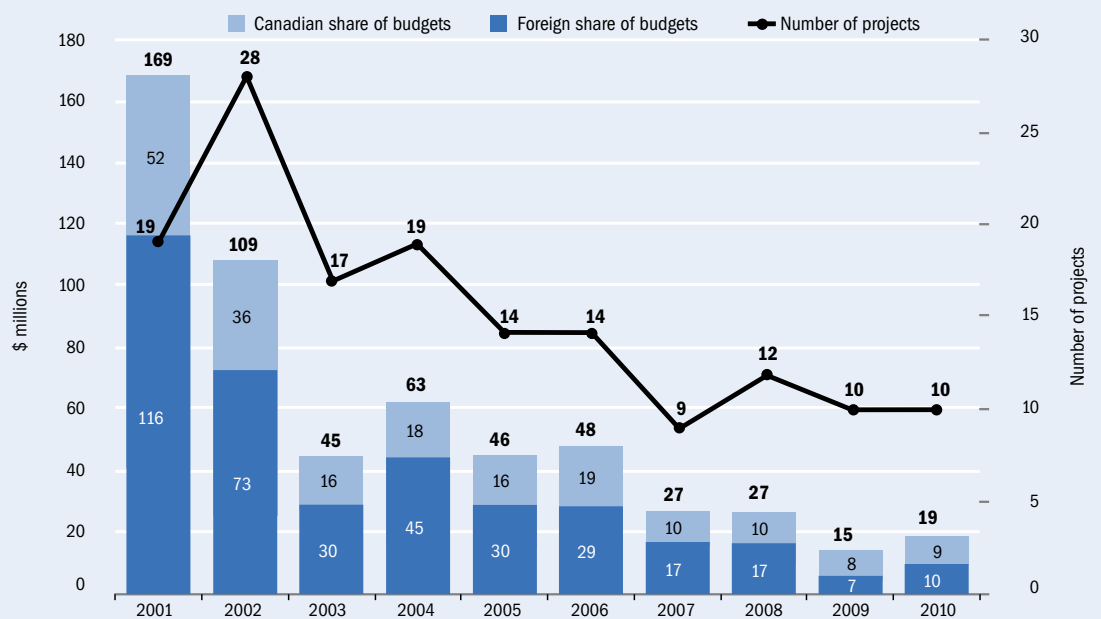
Note: Total volume refers to the global budget rather than only the Canadian portion of the budget. Statistics as of September 2010.

In 2010, the vast majority of Canada's treaty coproduction in the television sub-sector was produced in the English-language. The volume of English-language treaty coproduction in the television sub-sector was \$216 million in 2010, or 92% of the sub-sector's total volume. Indeed, while both language markets experienced a steady decline in television sub-sector treaty coproduction between 2001 and 2005, the English-language market experienced a revival between 2006 and 2008 before falling back in 2009 and 2010. Meanwhile, in the French-language market, television sub-sector treaty coproduction never experienced a similar revival; instead, by 2010, total volume was one-ninth of where it stood in 2001.

Exhibit 2-58 Canada's total number and volume of treaty coproduction, television sub-sector, English-language

Source: Telefilm Canada.

Note: Statistics as of September 2011. Some totals may not sum due to rounding.

Exhibit 2-59 Canada's total number and volume of treaty coproduction, television sub-sector, French-language

Source: Telefilm Canada.

Note: Totals may not sum due to rounding. Statistics as of September 2011.

France was Canada's leading bipartite treaty coproduction partner country between 2001 and 2010; however, it was followed by the UK. Indeed, in the television sector, projects with the UK generated a higher dollar amount of Canadian budgets—\$498 million vs. \$381 million—than projects with France. Canada's other leading bipartite treaty coproduction partner countries (with more than ten projects between 2001 and 2010) included Australia, Ireland, Philippines and Germany.

Exhibit 2-60 Treaty coproduction partner countries by number of projects, television sub-sector, 2001-2010

Country	Number of projects	Total volume (\$M)	Canadian share of budgets	
			\$M	%
France	211	890	381	43
UK	181	841	498	59
Australia	25	175	81	46
Ireland	13	249	65	26
Philippines	11	62	45	73
Germany	10	76	25	32
China	7	43	27	64
Singapore	7	31	16	53
South Korea	6	30	13	42
South Africa	5	56	27	49
Other bipartite	39	176	89	51
Multipartite*	39	405	101	25
Total	554	3,032	1,368	45

Source: Telefilm Canada.

Note: Total volume refers to the global budget rather than only the Canadian portion of the budget. Statistics as of September 2011. Some totals may not sum due to rounding.

* Multipartite production includes treaty coproduction projects where Canada has two or more partner countries.

AUDIENCES

Top-Rated Television Programs

Canadian-produced television programs continued to experience strong competition from American-produced television programs with significantly higher production budgets and promotional machines. Still, numerous Canadian programs garnered average audiences in excess of one million viewers. Among Canada's top ten television programs during the 2011 broadcast year (September 2010 to August 2011), Canadian-produced television series failed to capture a single spot. Canadian television programs also dropped in terms of their overall share of peak-period viewing in both the English-and French-language markets.

During the 2011 broadcast year, *Big Bang Theory* was the highest-rated television series in Canada, with an average minute audience (AMA) of over 3.1 million. The highest-rated Canadian produced television series was the English-language drama, *Combat Hospital*, with an AMA of close to 1.8 million. It was closely followed by the popular English-language police dramas, *Rookie Blue* and *Flashpoint*. The highest-rated French-language Canadian television program during the 2011 broadcast year was *19-2*, with an AMA of 1.4 million.

Exhibit 2-61 Top ten television series in Canada, 2011 broadcast year*

Program (country of origin)	Average Minute Audience** (000s)
1. Big Bang Theory (U.S.)	3,136
2. Grey's Anatomy (U.S.)	2,771
3. Criminal Minds (U.S.)	2,568
4. The Mentalist (U.S.)	2,383
5. NCIS (U.S.)	2,328
6. \$#! My Dad Says (U.S.)	2,202
7. Glee (U.S.)	2,077
8. House (U.S.)	2,016
9. Two and a Half Men (U.S.)	1,961
10. C.S.I. Miami (U.S.)	1,956

Source: CMF Research (BBM Canada).

* September 1, 2010 to August 31, 2011. Television series include all television projects—in the drama, documentary, children's and youth, and variety and performing arts genres—with more than three episodes televised during a single broadcast year.

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

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

Exhibit 2-62 Top ten Canadian-produced television series, 2011 broadcast year*

Program (country of origin)	Average Minute Audience** (000s)
1. Combat Hospital	1,786
2. Rookie Blue	1,575
3. Flashpoint	1,514
4. 19-2	1,416
5. Yamaska	1,303
6. Les Parent	1,295
7. LOL :-)	1,147
8. Toute la vérité	1,132
9. Trauma	1,095
10. Dieu merci!	1,093

Source: CMF Research (BBM Canada).

* September 1, 2010 to August 31, 2011. Television series include all television projects—in the drama, documentary, children's and youth, and variety and performing arts genres—with more than three episodes televised during a single broadcast year.

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

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

French-Language Market

Audience data by genre for the 2009/10 television season (September 2009 to May 2010) indicate that Canadian programming continued to capture the majority of audience share in Canada's French-language market, although the all-tv genres' share did decline from 2008/09. Canadian television programming's share of total audience declined from 67% to 63% during the peak-viewing period (8 p.m. to 11 p.m.), as both the drama and documentary genres experienced slight declines in audience share. Despite this decline in audience share, all of the top ten Canadian produced television programs in the French-language market garnered audiences of over one million viewers.

Exhibit 2-63 Television audience share to Canadian programming, French-language market, peak viewing period

(share of total viewing)	2005/06	2006/07	2007/08	2008/09	2009/10
Drama (fiction)	61%	56%	52%	55%	52%
Documentary	77%	71%	74%	77%	74%
Children's and youth	66%	72%	63%	75%	81%
Variety and performing arts	93%	93%	79%	84%	85%
All TV genres	65%	68%	66%	67%	63%

Source: CMF Research (BBM Canada).

Exhibit 2-64 Top ten Canadian television series in the French-language market, 2011 broadcast year*

Program	Average Minute Audience** (000s)
1. 19-2	1,416
2. Yamaska	1,303
3. Les Parent	1,295
4. LOL :-)	1,147
5. Toute la vérité	1,132
6. Trauma	1,095
7. Dieu merci!	1,093
8. La Promesse	1,090
9. La Série Montréal-Québec	1,080
10. Providence	1,054

Source: CMF Research (BBM Canada).

* September 1, 2010 to August 31, 2011. Television series include all television projects—in the drama, documentary, children's and youth, and variety and performing arts genres—with more than three episodes televised during a single broadcast year.

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

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

English-Language Market

Canadian television programming in the English-language market saw its share of peak-period viewing plummet by 12 percentage points during the 2009/10 television season, after experiencing two consecutive years of share increases. Although the overall audience share of Canadian programming dropped, the audience share held by English-language drama actually increased to a five-year high of 16%. During the 2011 broadcast year, four programs attained AMAs of over one million viewers—double the number during the 2010 broadcast year and the highest number in recent years. Drama series such as *Combat Hospital*, *Rookie Blue*, *Flashpoint* and *The Listener* exemplify the recent resurgence in English-language prime time Canadian drama, which has directly contributed to the increase in Canadian programming's audience share in the drama genre.

Exhibit 2-65 Television audience share to Canadian programming, English-language market, peak viewing period

(share of total viewing)	2005/06	2006/07	2007/08	2008/09	2009/10
Drama (fiction)	15%	13%	12%	13%	16%
Documentary	55%	48%	49%	49%	35%
Children's and youth	52%	30%	43%	45%	46%
Variety and performing arts	32%	25%	31%	29%	20%
All TV genres	34%	29%	31%	34%	22%

Source: CMF Research (BBM Canada).

Exhibit 2-66 Top ten Canadian television series in the English-language market, 2011 broadcast year*

Program	Average Minute Audience** (000s)
1. Combat Hospital	1,768
2. Rookie Blue	1,575
3. Flashpoint	1,514
4. The Listener	1,077
5. Rick Mercer Report	954
6. Republic of Doyle	913
7. Heartland	791
8. The Tudors	769
9. Pillars of the Earth	723
10. Murdoch Mysteries	644

Source: CMF Research (BBM Canada).

* September 1, 2010 to August 31, 2011. Television series include all television projects—in the drama, documentary, children's and youth, and variety and performing arts genres—with more than three episodes televised during a single broadcast year.

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

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

THEATRICAL PRODUCTION

Canadian theatrical production (or theatrical-release production) includes feature films and short films⁴ made with movie theatres as the primary venue for initial release to the public. In recent years, many Canadian theatrical films such as *Piché: entre ciel et terre*, *Resident Evil: Afterlife*, *Incendies*, *Splice* and *Monsieur Lazhar*, have had strong box office runs and earned critical acclaim.

HIGHLIGHTS

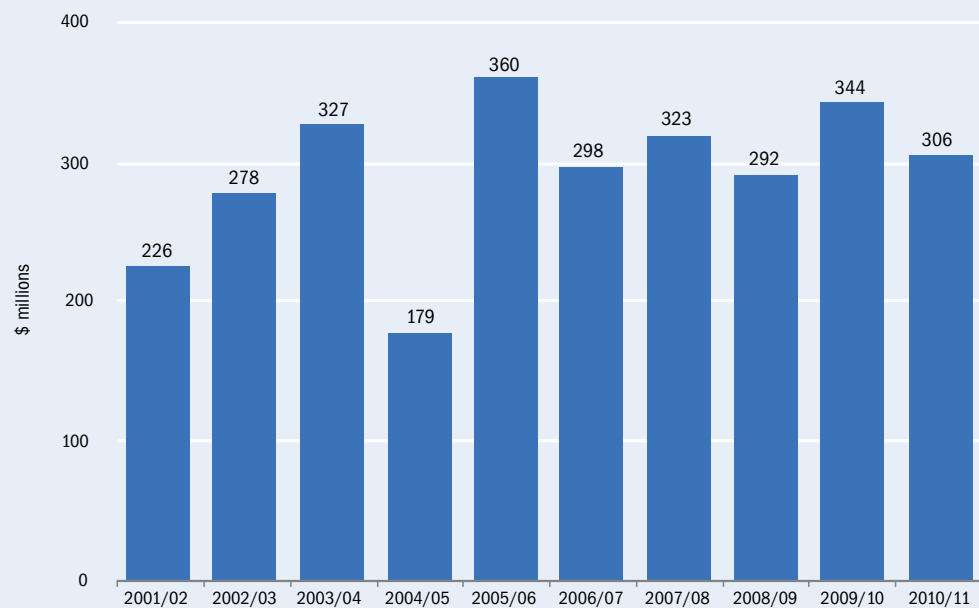
- Canadian theatrical production decreased by 11.1% to \$306 million in 2010/11.
- Canadian producers made 86 feature-length theatrical films and 10 short-length theatrical films.
- The total number of theatrical films made by Canadian producers dropped from 107 to 96.
- Canadian theatrical production generated an estimated 7,100 FTEs, including 2,800 FTEs employed directly in production.
- The volume of theatrical production originally shot in English decreased to \$205 million and accounted for two-thirds of total production volume; the number of English-language films dropped from 67 to 60.
- The volume of theatrical production originally shot in French or other languages increased by 8.6% to \$101 million. The number of French-language films decreased from 36 to 33.
- There were 76 Canadian theatrical films made in the fiction genre, accounting for 92% of the total volume of production.
- The average budget of English-language films declined from \$4.6 million to \$4.1 million in 2010/11. The average budget of French-language films increased from \$3.1 million to \$3.4 million in 2010/11.
- Quebec-based productions accounted for 40% of the total volume of Canadian theatrical production.
- Public sources accounted for approximately two-thirds of total financing of Canadian theatrical-release films. The Canada Feature Film Fund, itself, accounted for 21% of all financing.
- Foreign and private sector financing sources contributed 35% of the total financing for English-language Canadian theatrical production.

⁴ For this report, the feature film category includes all films over 75 minutes in length; the short film category includes films under 75 minutes.

VOLUME

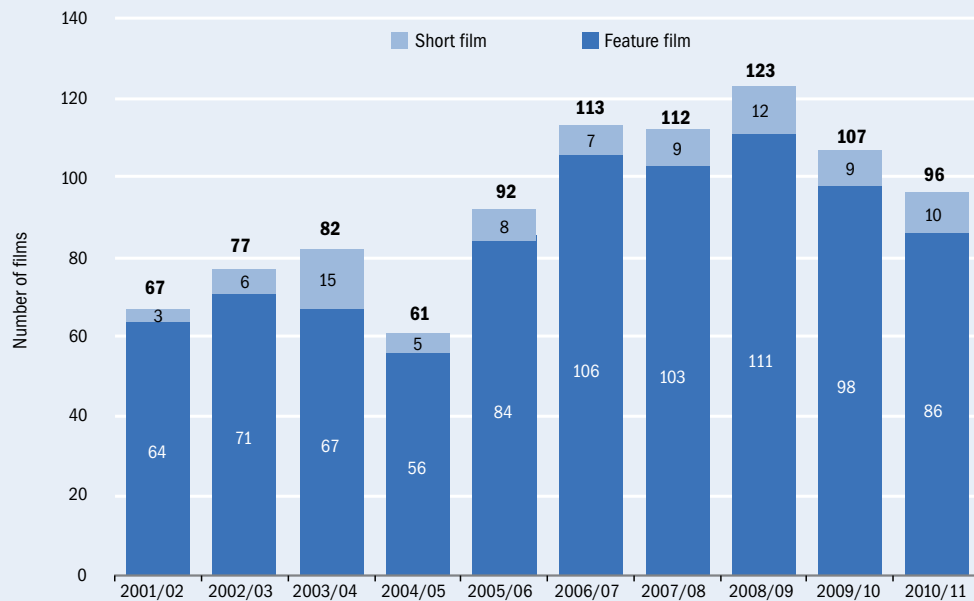
In 2009/10, a small number of very-large-budget English-language feature films, including *Resident Evil: Afterlife* and *Barney's Version*, helped push the total volume of Canadian theatrical production to \$344 million. However, in 2010/11, the total volume of Canadian theatrical production retreated by 11.1% to a total of \$306 million. The drop in production volume was due to not only a drop in the number of feature films shot, but also production of fewer very-large-budget films. Instead, the Canadian theatrical market's production slate was populated by mid-range-budget films, such as *Take this Waltz*, *Café de Flore* and *Monsieur Lazhar*, which were favourites of the 2011 film-festival circuit.

Exhibit 2-67 Total volume of Canadian theatrical production



Source: Estimates based on data collected from CAVCO.

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

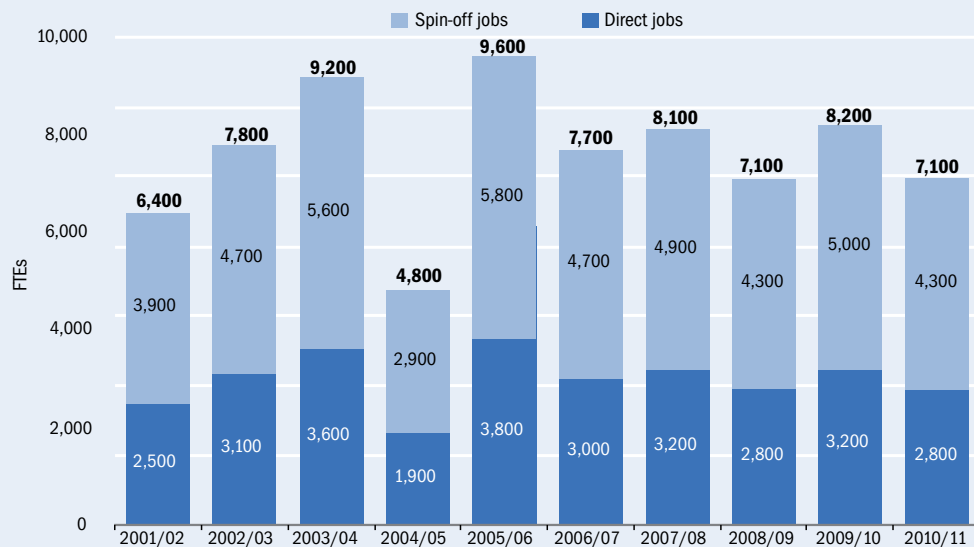
Exhibit 2-68 Number of Canadian theatrical films produced in Canada on an annual basis

Source: Estimates based on data collected from CAVCO.

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

EMPLOYMENT

Canadian theatrical production employed an estimated 7,100 FTEs in 2010/11, including 2,800 FTEs directly in theatrical film production, and a further 4,300 spin-off FTEs in other industries in the Canadian economy.

Exhibit 2-69 Number of full-time equivalent jobs (FTEs) in Canadian theatrical production

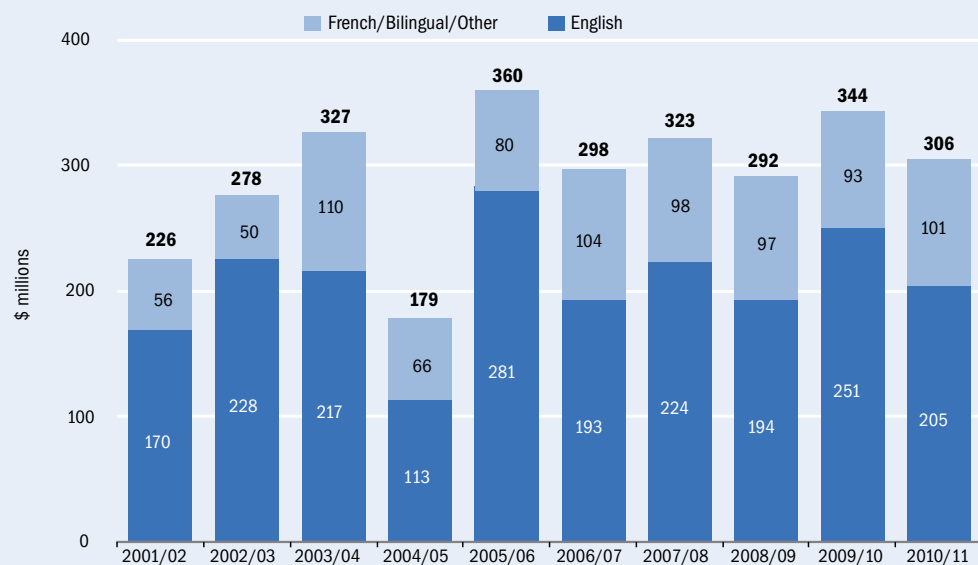
Source: Estimates based on data from CAVCO, Statistics Canada and Conference Board of Canada.

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

LANGUAGE

Although the total volume of theatrical production dropped in 2010/11, only theatrical production originally shot in English fell correspondingly; the volume of theatrical production originally shot in French or other languages (e.g., Aboriginal languages or bilingual format) actually increased. The number of theatrical feature films shot in English dropped from 60 to 52 in 2010/11; the total volume fell by 18.3% to \$205 million, since there were fewer very-large-budget films (i.e., films with budgets over \$20 million) produced in 2010/11. The number of theatrical feature films originally shot in French or other languages also dropped in 2010/11—from 34 to 31. However, the total volume of production increased by 8.6% to \$101 million.

Exhibit 2-70 Volume of Canadian theatrical production, by language



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

Exhibit 2-71 Number of theatrical films, by language

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
English										
Feature film	39	51	39	36	57	69	63	72	60	52
Short film	2	5	9	4	2	3	3	10	7	8
Total	41	56	48	40	59	72	66	82	67	60
French										
Feature film	24	20	26	18	24	35	39	38	34	31
Short film	1	1	5	1	6	3	6	2	2	2
Total	25	21	31	19	30	38	45	40	36	33
Bilingual and other										
Feature film	1	0	2	2	3	2	1	1	4	3
Short film	0	0	1	0	0	1	0	0	0	0
Total	1	0	3	2	3	3	1	1	4	3
Grand Total	67	77	82	61	92	113	112	123	107	96

Source: Estimates based on data collected from CAVCO.
Note: Feature film category includes films over 75 minutes in length; short film category includes films under 75 minutes in length.

GENRES

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

The number of fiction features produced for the theatrical market dropped from 79 to 76 in 2010/11, along with production volume, which declined from \$303 million to \$280 million. There were a total of 20 theatrical films produced in other genres, including documentary, children's and youth, and variety and performing arts.

Exhibit 2-72 Volume of Canadian theatrical production, by genre

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Fiction	216	273	302	163	356	282	297	258	303	280
Other genres	10	5	26	15	4	16	26	33	41	25
Total	226	278	327	179	360	298	323	292	344	306

Source: Estimates based on data from CAVCO.

Note: Some totals may not sum due to rounding.

Exhibit 2-73 Number of Canadian theatrical films, by genre

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Fiction	63	73	68	51	83	98	89	96	79	76
Other genres	4	4	14	10	9	15	23	27	28	20
Total	67	77	82	61	92	113	112	123	107	96

Source: Estimates based on data from CAVCO.

The documentary genre accounted for 7 of the 20 theatrical films produced outside of the fiction genre in 2010/11. Although Canadian documentary producers have access to the \$1.5 million Theatrical Documentary Program (funded by Telefilm Canada and the Rogers Group of Funds), the total number of theatrical documentaries produced in 2010/11 was unchanged compared to 2009/10. Moreover, the volume of theatrical documentary production actually fell in 2010/11—from \$20 million to \$7 million.

Exhibit 2-74 Theatrical documentary films

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Volume (\$ millions)	24	6	4	10	12	11	20	7
Number of films	12	6	8	14	17	19	7	7

Source: Estimates based on data from CAVCO.

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

BUDGETS

Industry-wide statistics on the budgets for Canadian theatrical feature films in the fiction genre indicate that the average budget for English-language fiction feature films declined in 2010/11, after rising sharply in 2009/10. In contrast, the average budget for French-language fiction feature films increased slightly in 2010/11. Overall, the average budget of Canadian fiction feature films was down marginally in 2010/11, even though the proportion of feature films with budgets over \$5 million actually increased in 2010/11—from 19% to 28%.

Exhibit 2-75 Budgets of theatrical feature films (fiction genre only)

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
English										
Average	4.3	4.4	4.8	3.1	4.4	2.9	3.9	2.6	4.6	4.1
Median	2.9	3.5	2.2	1.5	2.1	2.0	2.1	1.8	1.7	3.0
French										
Average	2.3	2.7	3.2	3.6	3.3	3.1	2.8	2.9	3.1	3.4
Median	1.7	2.4	3.0	4.1	3.5	3.2	1.6	3.1	3.4	2.9
All languages*										
Average	3.5	3.9	4.5	3.2	4.2	3.0	3.5	2.7	4.1	3.8
Median	2.2	3.0	2.8	1.9	2.7	2.1	2.0	2.0	1.9	3.0

Source: Estimates based on data from CAVCO.

Note: Calculations exclude the foreign budgets of treaty coproductions.

* including other languages

Feature films supported by the CFFF often have higher average budgets, since they can draw on public funding to supplement other sources of financing. In 2010/11, the average budget of CFFF-supported feature films was \$4 million, slightly higher than the industry-wide average of \$3.8 million. The average budgets of English-language and French-language CFFF films were also slightly higher than the industry-wide averages for each language market.

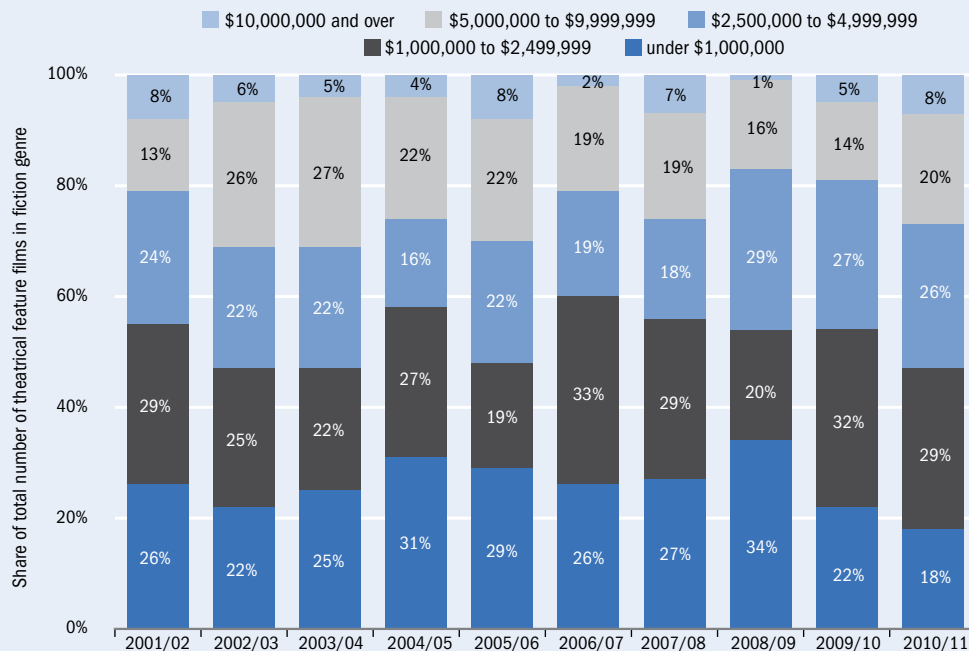
Exhibit 2-76 Average budgets of CFFF-supported theatrical feature films (fiction genre only)

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
English	5.8	3.9	6.8	6.3	5.4	3.8	5.9	4.6	4.1	4.4
French	2.7	3.0	4.8	4.9	3.8	3.6	4.0	4.0	4.2	4.7
All languages	4.6	3.6	5.9	5.8	4.7	3.7	5.1	4.3	4.2	4.0

Source: Telefilm Canada.

Note: Calculations exclude the foreign share of treaty coproduction budgets in which Canada was a minority partner.

Although the overall average budget for Canadian fiction feature films declined in 2010/11, the budget size profile of theatrical fiction feature films remained practically unchanged in 2010/11. Indeed, the percentage of projects with budgets over \$10 million actually increased from 5% to 8%.

Exhibit 2-77 Theatrical feature film projects, by budget size (fiction genre only)

Source: Estimates based on data collected from CAVCO.

Note: Budget calculations exclude the foreign budgets of treaty coproductions.

PROVINCES AND TERRITORIES

Quebec maintained its position as the leading province for Canadian theatrical production in 2010/11, with 40% of the total national volume; although it bore the brunt of decrease in production in 2010/11. In general, there was a slightly wider distribution of theatrical production in Canada compared to 2009/10, as seven provinces hosted at least some theatrical production activity, and several posted increases in their volume of theatrical production.

Montreal's long tradition as a centre for both French-language and English-language producers in Canada, combined with financial support for feature film production from the Société de développement des entreprises culturelles (SODEC), continued to underpin Quebec's high-volume position within Canada, with \$122 million of theatrical production in 2010/11.

Quebec was followed closely by Ontario, with \$113 million in theatrical production, or 37% of the national total. In addition to federal and provincial tax credits, and the CFFF, Ontario producers can also benefit from access to the Ontario Media Development Corporation's Film Fund, which provides \$2.5 million in financial support for the development and production of feature films.

British Columbia, Manitoba, Nova Scotia and Saskatchewan all experienced growth in their volumes of theatrical production. Indeed, three of these provinces—Manitoba, Saskatchewan and Nova Scotia also have equity investment funds available for feature film; however the films must compete with television projects for the limited funds. Newfoundland and Labrador also operates an equity investment program for film and television production; however, it and the remaining provinces experienced either decreases in theatrical production or no production at all.

Exhibit 2-78 Volume of Canadian theatrical production, by province and territory

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2010/11 share of total
Quebec	103	104	185	92	100	124	121	131	169	122	40%
Ontario	87	87	117	68	200	93	109	55	134	113	37%
British Columbia	29	49	14	11	44	43	65	68	25	32	10%
Manitoba	3	6	1	2	2	8	5	0	0	14	5%
Nova Scotia	3	4	8	5	10	21	3	10	9	12	4%
Saskatchewan	0	4	0	0	0	0	11	15	2	11	4%
Alberta	0	24	1	1	1	5	9	0	5	2	1%
New Brunswick	0	0	0	0	0	0	0	3	0	0	0%
Newfoundland and Labrador	1	0	0	0	0	0	1	8	0	0	0%
Territories*	0	0	0	0	3	3	0	0	0	0	0%
Prince Edward Island	0	0	0	0	0	0	0	0	0	0	0%
Total	226	278	327	179	360	298	323	292	344	306	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.

FINANCING

In 2010/11, tax credits and direct public financing from federal and provincial governments accounted for two-thirds of total financing of Canadian theatrical films. In fact, the CFFF was the largest single source of financing for Canadian theatrical production in 2010/11; it contributed \$65 million to production, or 21% of total financing.

Although smaller than the public-funding portion, other (domestic) private financing—which includes investments by production companies, advances from private investors and equity investments by Canadian broadcasters—contributed an estimated \$30 million to the financing of theatrical production, or 10% of total financing. Foreign sources invested an additional \$48 million in Canadian theatrical production, or 16% of the total.

Exhibit 2-79 Financing of Canadian theatrical production

	2006/07		2007/08		2008/09		2009/10		2010/11	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	2	5	2	7	2	6	2	7	1	4
Public broadcaster licence fees	<1	1	1	3	<1	1	<1	1	1	3
Federal tax credit	6	18	6	20	5	14	7	23	6	19
Provincial tax credits	17	49	15	49	18	52	34	118	34	102
Canadian distributor	12	35	17	55	14	41	7	25	7	20
Foreign	6	17	12	39	12	34	14	48	16	48
Canada Feature Film Fund	21	64	27	68	30	65	19	67	21	65
Other public*	14	41	2	24	8	44	5	16	5	15
Other private**	23	69	18	59	12	34	12	40	10	30
Total	100	298	100	323	100	292	100	344	100	306

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, Telefilm Canada, and other government departments and agencies.

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

Exhibit 2-80 Financing of Canadian theatrical production, by language

	English-language				French-language			
	2009/10		2010/11		2009/10		2010/11	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	2	6	2	3	1	1	1	1
Public broadcaster licence fees	<1	1	1	2	<1	<1	1	1
Federal tax credit	8	19	8	16	3	3	3	3
Provincial tax credits	30	75	28	57	46	43	45	45
Canadian distributor	7	18	7	14	8	7	8	8
Foreign	18	44	23	47	0	0	1	1
Canada Feature Film Fund	18	45	20	41	24	22	24	24
Other public*	<1	1	<1	1	8	8	11	11
Other private**	17	43	12	24	9	8	7	7
Total	100	251	100	205	100	93	100	101

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, Telefilm Canada, and other government departments and agencies.

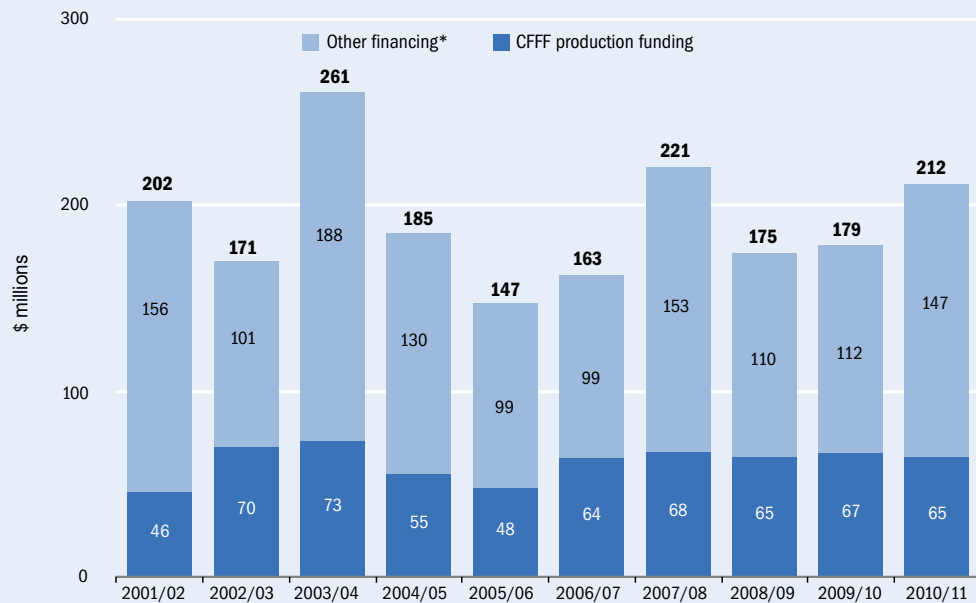
** Other private includes financing from production companies, independent production funds, broadcaster equity and other Canadian private investors.

CANADA FEATURE FILM FUND

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

In 2010/11, the CFFF provided approximately \$97 million in financial support to the development, production, distribution and marketing of Canadian feature films⁵. Out of this \$97 million total, Telefilm Canada provided \$65 million in production financing to 48 feature films. While the production financing disbursed through the CFFF actually declined slightly in 2010/11, the financial leverage, and thus, the total budgets supported by the CFFF increased substantially. The production financing provided by the CFFF triggered an additional \$147 million in feature film financing from other public- and private-sector sources. As a result, the CFFF's financing-leverage ratio (i.e., the ratio of CFFF financing to other financing) leaped from \$1.67 to \$2.26. In total, the CFFF supported \$212 million in feature film production budgets.

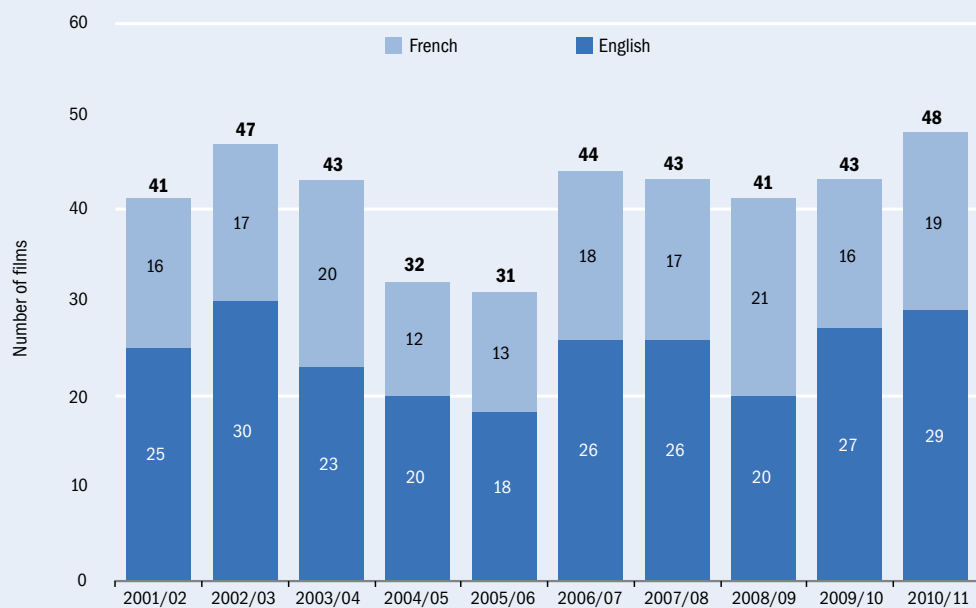
⁵ Telefilm Canada, 2010–2011 Annual Report, p.7.

Exhibit 2-81 Total Canadian feature film production volume with CFFF contributions

Source: Telefilm Canada.

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

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

Exhibit 2-82 Number of Canadian theatrical-release feature films that received financial support from the CFFF, by language

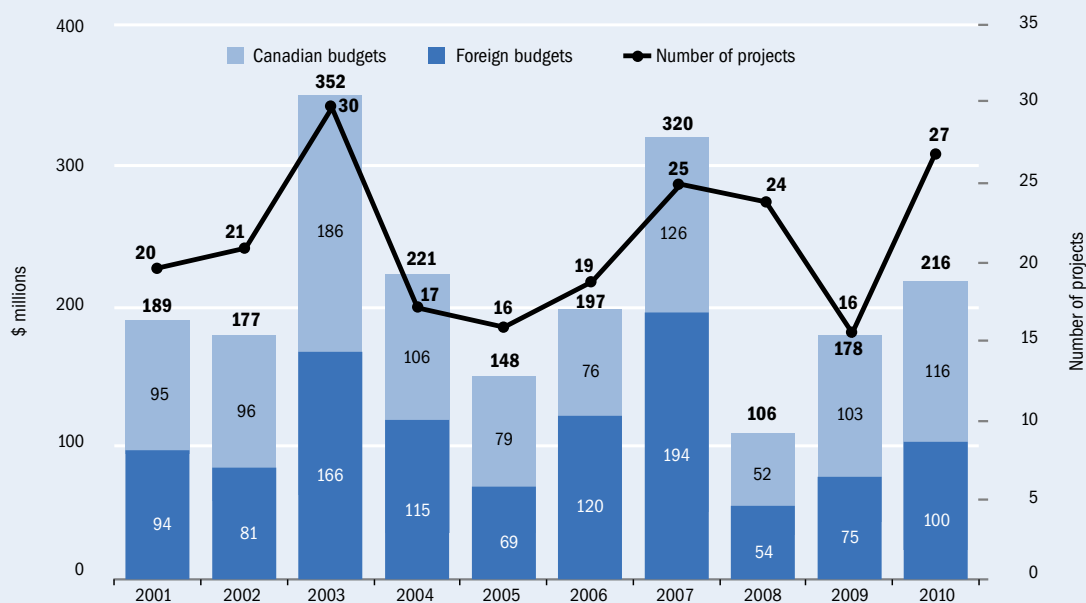
Source: Telefilm Canada.

TREATY COPRODUCTION

Canadian producers have a long history of joining forces with foreign producers to create international treaty coproductions in the theatrical sub-sector. International treaty coproductions permit producers to access global talent and financing, while also utilizing Canadian tax credits, enhancing domestic labour force skills and creating thousands of production jobs for Canadians.

Canadian treaty coproduction activity in the theatrical sub-sector continued to increase in 2010, after reaching a ten-year low in 2008. The number of projects increased from 16 to 27, while the total volume rose from \$178 million to \$216 million. Noteworthy films such as *Incendies* (Canada-France) contributed to the continued recovery of Canada's theatrical coproduction market and positioned France as Canada's leading coproduction partner in 2010.

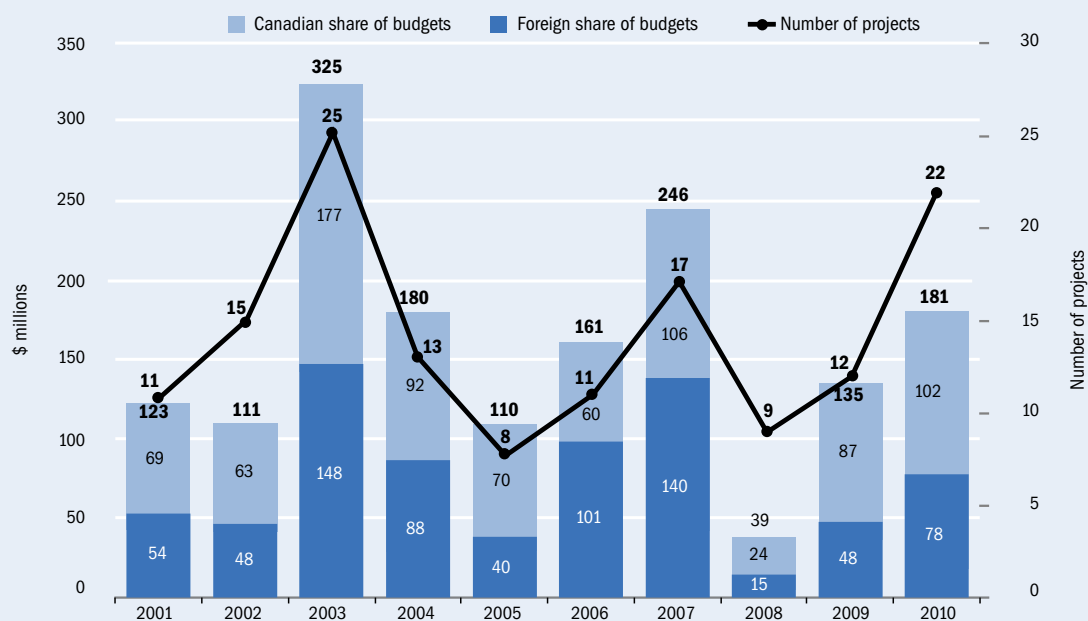
Exhibit 2-83 Treaty coproduction with Canada in the theatrical sub-sector



Source: Telefilm Canada.

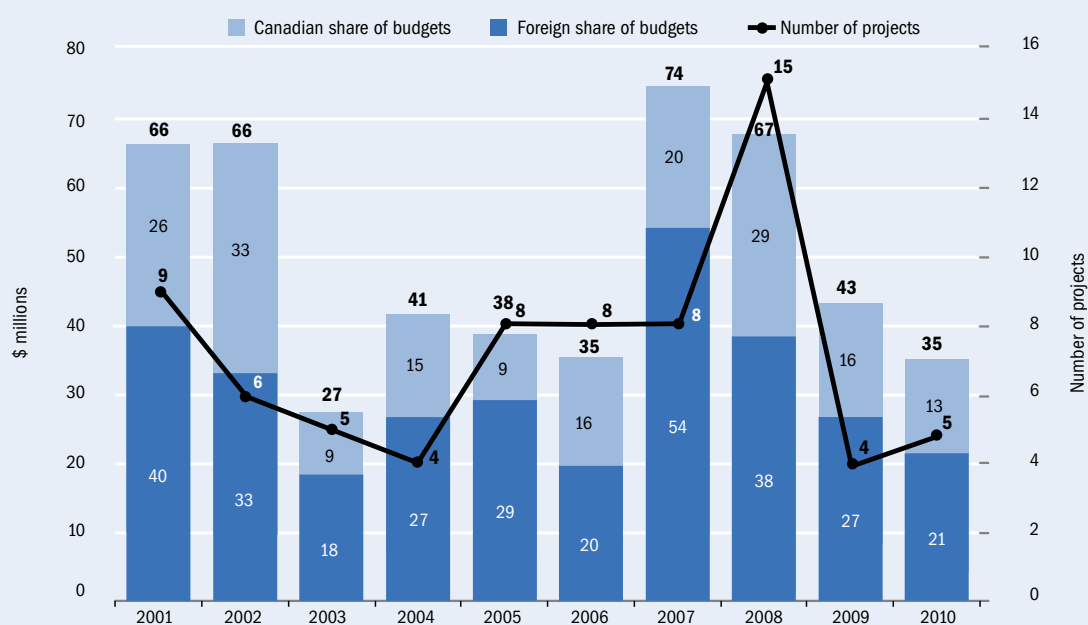
Note: Some totals may not sum due to rounding. Statistics as of September 2011.

Between 2001 and 2010, the vast majority of Canada's number and volume of theatrical sub-sector treaty coproduction was produced in English-language. The volume of English-language production exceeded French-language production in every year except 2008. In 2010, it reached \$181 million, or 84% of the total volume. The annual volume of production in both language markets fluctuated significantly between 2001 and 2010.

Exhibit 2-84 Canada's total number and volume of treaty coproduction, theatrical sub-sector, English-language

Source: Telefilm Canada.

Note: Some totals may not sum due to rounding. Statistics as of September 2011.

Exhibit 2-85 Canada's total number and volume of treaty coproduction, theatrical sub-sector, French-language

Source: Telefilm Canada.

Note: Some totals may not sum due to rounding. Statistics as of September 2011.

Between 2001 and 2010, France was Canada's leading bipartite treaty coproduction partner country in terms of number of projects; however, the UK was Canada's leading partner in terms of total volume and Canadian share of budgets. Canada's other leading bipartite treaty coproduction partner countries (with five or more projects between 2001 and 2010) included Germany, China and Italy.

Exhibit 2-86 Treaty coproduction partner countries by number of projects, theatrical sub-sector, 2001-2010

Country	Number of projects	Total volume (\$M)	Canadian share of budgets	
			\$M	%
France	65	592	271	46%
United Kingdom	49	635	363	57%
Germany	8	121	67	56%
China	6	20	13	66%
Italy	5	59	42	72%
Ireland	4	25	18	74%
South Africa	4	27	9	34%
Japan	3	5	3	64%
Other bipartite	28	88	45	50%
Multipartite*	42	507	195	39%
Total	214	2,078	1,027	49%

Source: Telefilm Canada.

Note: Total volume refers to the global budget rather than only the Canadian portion of the budget. Statistics as of September 2011. Some totals may not sum due to rounding.

* Multipartite production includes treaty coproduction projects where Canada has two or more partner countries.

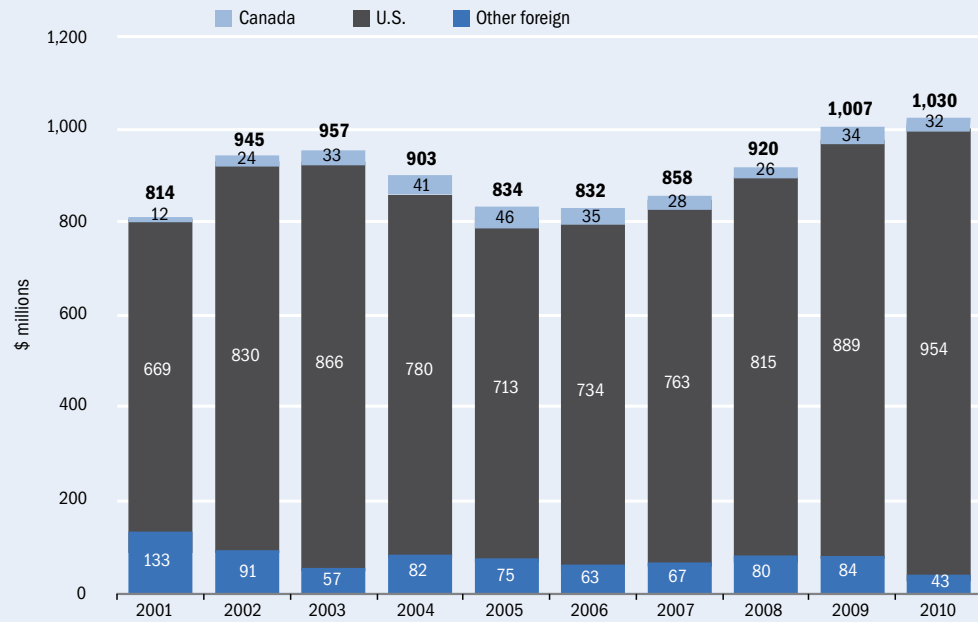
NATIONAL BOX OFFICE TRENDS

Despite the proliferation of digital distribution platforms and continued threat from Internet piracy of video content, the total value of box office receipts at theatres in Canada rose in 2010 for the fourth consecutive year, and to an all-time high. Indeed, while Canadians are able to access a growing array of digital distribution platforms including Netflix, cable and satellite video-on-demand (VOD) services, and iTunes, the statistics indicate that their affinity for the theatre experience has hardly waned. However, it is important to keep in mind that a large portion of the increases in theatrical box office revenues in recent years has been due to the increasing number of 3D releases, and the higher ticket prices charged for 3D films. Indeed, statistics published by the Motion Picture Association of America indicate that the box office receipts of 3D films accounted for 11% of Canada-U.S. box office in 2009 and 21% in 2010.⁶

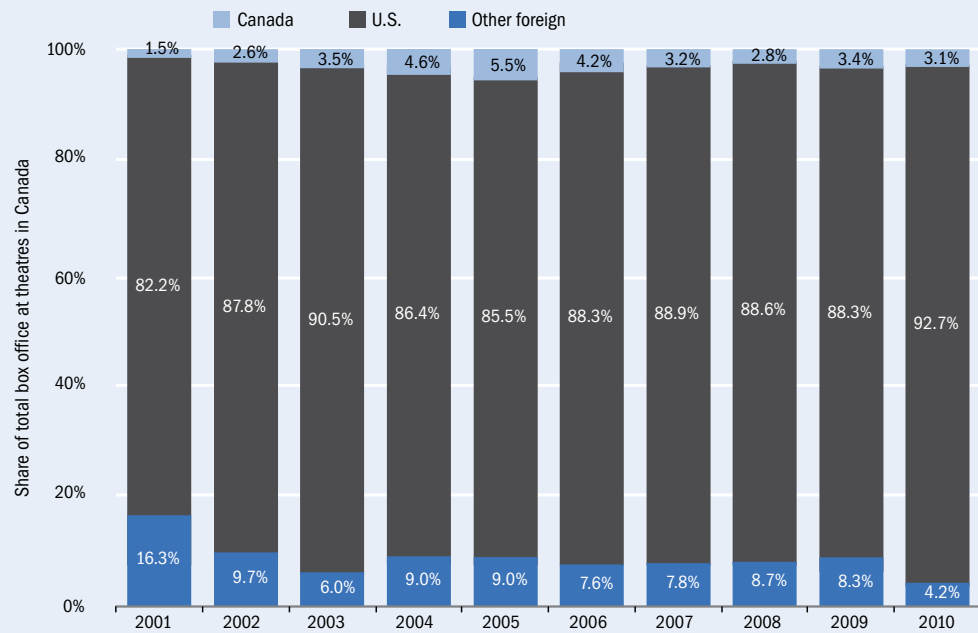
In 2010/11, however, it was American films that largely benefited from increased box office receipts. American films' box office revenues increased to \$954 million, allowing them to expand their market share to just below 93%, even though the number of American films playing in Canada actually fell from 282 to 242. Part of the gain experienced by American films came at the expense of foreign films. Foreign films' box office revenues fell by nearly one-half, to \$43 million; and their market share also dropped by nearly one-half, even though the total number of films in Canadian theatres increased.

The box office revenues earned by Canadian films playing in theatres in Canada also decreased—from \$34 million to \$32 million—even though overall box office revenues in theatres in Canada were \$23 million higher. As such, Canadian films' market share declined from 3.4% to 3.1%.

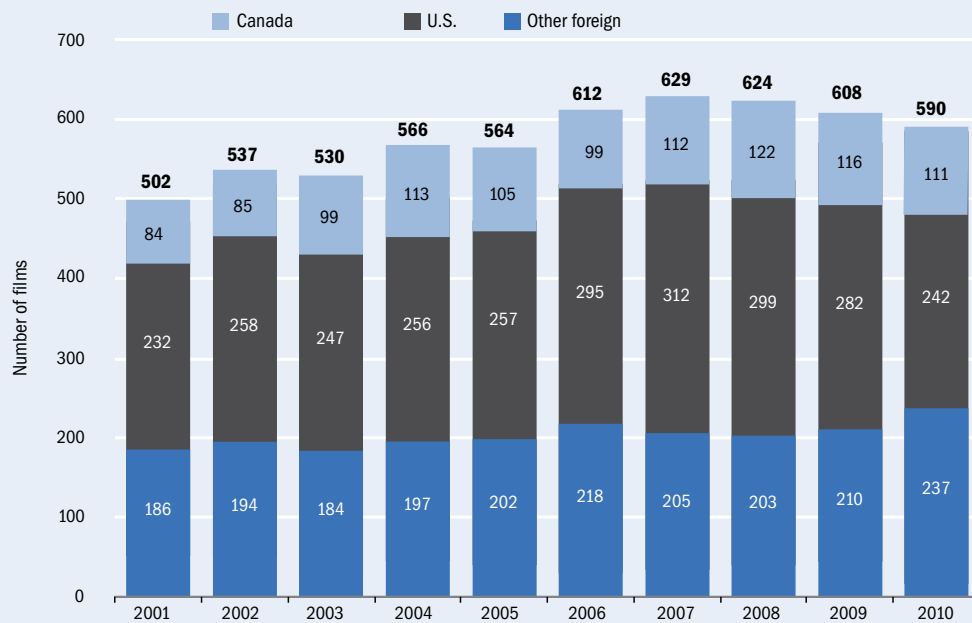
⁶ Motion Picture Association of America, Theatrical Market Statistics 2010, p. 5.

Exhibit 2-87 Box office revenues in Canada, by origin of production

Source: Motion Picture Theatre Associations of Canada (MPTAC).
 Note: Some totals may not sum due to rounding.

Exhibit 2-88 Share of total box office revenues in Canada, by origin of production

Source: Motion Picture Theatre Associations of Canada (MPTAC).
 Note: Some totals may not sum due to rounding.

Exhibit 2-89 Number of films playing in theatres in Canada, by origin of production

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

BOX OFFICE BY LINGUISTIC MARKET

When examined on the basis of Canada's two major language markets⁷ for feature films, the box office performance of Canadian films, once again, varied considerably in 2010. Canadian films' share of the box office in Canada's French-language market did decrease compared to 2009; however, it remained well ahead of the market share of Canadian films in the English-language market. The market share of Canadian films exhibited in the French-language market dropped to 13.4% in 2010—its lowest level since 2002. Still, with total box office revenues of \$20.1 million, Canadian films earned two-thirds more revenue in the French-language market than in the English-language market where Canadian films' box office revenue was \$12.1 million and market share was 1.4%.

⁷ 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).

Exhibit 2-90 Box office revenues and market share at theatres in Canada, by linguistic market

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
French-language market										
(\$ millions)										
Box office of Canadian films	10.5	15.2	26.5	30.0	37.4	22.3	20.8	17.4	26.7	20.1
Box office of foreign films	96.5	107.0	118.0	106.7	101.1	108.1	107.6	108.5	117.9	129.8
Total box office of films	107.0	122.2	144.5	136.7	138.5	130.4	128.5	125.9	144.7	149.9
Canadian films' share	9.8%	12.5%	18.3%	21.2%	27.0%	17.1%	16.2%	13.8%	18.5%	13.4%
(Number of films playing in theatres in Canada)										
Canadian films	49	52	68	86	80	79	84	79	78	74
Foreign films	260	262	289	298	302	344	328	293	316	293
All films	309	314	357	384	382	423	412	372	394	367
Ratio of foreign to Canadian films	5.3	5.0	4.3	3.5	3.8	4.4	3.9	3.7	4.1	4.0
English-language market										
(\$ millions)										
Box office of Canadian films	1.7	8.9	6.8	12.1	8.1	12.5	6.9	8.5	6.8	12.1
Box office of foreign films	702.0	814.0	805.4	754.1	687.4	703.2	722.2	786.0	855.4	867.9
Total box office of films	706.6	822.9	812.2	766.2	695.5	715.7	729.1	794.5	862.2	880.0
Canadian films' share	0.2%	1.1%	0.8%	1.6%	1.2%	1.7%	1.0%	1.1%	0.8%	1.4%
(Number of films playing in theatres in Canada)										
Canadian films	56	60	56	67	62	57	63	72	71	70
Foreign films	336	395	362	377	388	413	438	436	422	406
All films	392	455	418	444	450	470	501	508	493	476
Ratio of foreign to Canadian films	6.0	6.6	6.5	5.6	6.3	7.2	7.0	6.1	5.9	5.8

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

Note: Some totals may not sum due to rounding.

TOP FILMS BY LANGUAGE OF PRESENTATION

All of the ten highest-grossing films in Canada's English-language market in 2010 were American. In Canada's French-language market, only one Canadian film, *Piché: entre ciel et terre*, cracked Canada's top ten with a total box office of \$3.6 million.

Exhibit 2-91 Top ten films presented in the English-language market, 2010

Title	Box office receipts* (\$ millions)	Country of origin
1. Avatar	57.5	U.S.
2. Alice in Wonderland	32.0	U.S.
3. Inception	30.0	U.S.
4. Toy Story 3	27.3	U.S.
5. Iron Man 2	24.0	U.S.
6. Harry Potter and the Deathly Hallows: Part 1	22.7	U.S.
7. The Twilight Saga: Eclipse	22.0	U.S.
8. Despicable Me	19.7	U.S.
9. Shrek Forever After	19.1	U.S.
10. How to Train your Dragon	17.6	U.S.

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

* Box office receipts earned between January 1 and December 31, 2010.

This amount may under-represent a particular films' total box office receipts, if the film played in Canadian cinemas across two calendar years.

Exhibit 2-92 Top ten films presented in the French-language market, 2010

Title	Box office receipts* (\$ millions)	Country of origin
1. Avatar	10.9	U.S.
2. The Twilight Saga: Eclipse	5.7	U.S.
3. Toy Story 3	5.3	U.S.
4. Alice in Wonderland	4.4	U.S.
5. Harry Potter and the Deathly Hallows: Part 1	4.3	U.S.
6. Shrek Forever After	4.0	U.S.
7. Piché: entre ciel et terre	3.6	Canada
8. Inception	3.2	U.S.
9. The Karate Kid	2.8	U.S.
10. Step Up 3	2.7	U.S.

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

* Box office receipts earned between January 1 and December 31, 2010.

This amount may under-represent a particular films' total box office receipts, if the film played in Canadian cinemas across two calendar years.

In 2010, *Resident Evil: Afterlife* was, by far, the top-grossing Canadian film in Canada's English-language market, with a total box office just over \$5.8 million at theatres in Canada. It also earned an additional \$1.1 million at theatres in Canada's French-language market. With total box office receipts of just under \$1.9 million, *Splice* was the only other Canadian film to surpass the \$1 million-mark in Canada's English-language market in 2010; although *The Imaginarium of Dr. Parnassus* also had a strong showing in Canada's English-language market with \$980,000 in revenues.

Exhibit 2-93 Top ten Canadian-produced films presented in the English-language market, 2010

Title	Box office receipts* (\$ millions)	Original language of production
1. Resident Evil: Afterlife	5.84	English
2. Splice	1.87	English
3. The Imaginarium of Dr. Parnassus	0.98	English
4. Fubar 2	0.56	English
5. Gunless	0.54	English
6. The Trotsky	0.36	English
7. Cooking with Stella	0.29	English
8. Score: A Hockey Musical	0.25	English
9. Nowhere Boy	0.22	English
10. Barney's Version	0.18	English

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

* Box office receipts earned between January 1 and December 31, 2010. This amount may under-represent a particular films' total box office receipts, if the film played in Canadian cinemas across two calendar years.

Although *Piché: entre ciel et terre* was the only Canadian film to crack the top-ten in Canada's French-language market, six other films did also earn more than \$1 million in revenue in Canada's French-language market in 2010. In total, seven films earned more than \$1 million at theatres in Canada's French-language market in 2010; the same number as in 2009.

Exhibit 2-94 Top ten Canadian-produced films presented in the French-language market, 2010

Title	Box office receipts* (\$ millions)	Original language of production
1. Piché: entre ciel et terre	3.65	French
2. Incendies	2.52	French
3. Lance et compte	2.33	French
4. Filière 13	1.87	French
5. Resident Evil: Afterlife	1.13	English
6. Les 7 jours du talion	1.06	French
7. Le journal D'Auréliie Laflamme	1.04	French
8. L'Enfant prodige	0.79	French
9. L'Appât	0.75	French
10. Y'en aura pas de facile	0.71	French

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

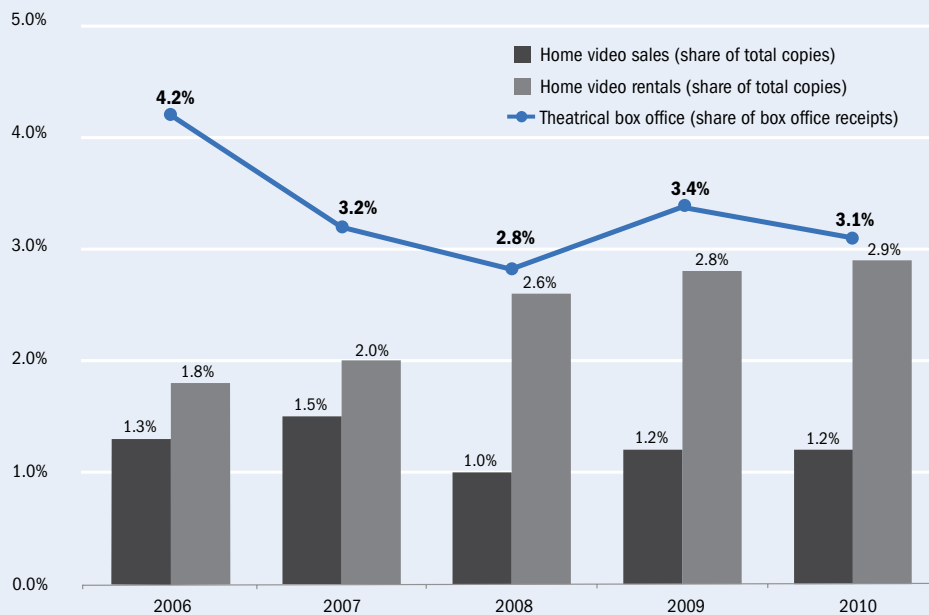
* Box office receipts earned between January 1 and December 31, 2010. This amount may under-represent a particular films' total box office receipts, if the film played in Canadian cinemas across two calendar years.

HOME VIDEO AND TELEVISION MARKET SHARE

While the movie-theatre window represents a key platform for the distribution of feature films, other platforms such as home video rental and sales (i.e., Blu-ray Disc and DVDs), and various television-release windows (i.e., VOD⁸, pay-per-view, specialty and pay television, and conventional television) also account for a large share of the overall audience to any given feature film. In fact, these post-theatre platforms often account for the majority of viewing and revenues earned by a feature film. Statistics for the market share of Canadian feature films on home video and television platforms, therefore, present a more complete picture of their market share within Canada.

A comparison of market share statistics for home video windows and the Canadian theatrical box office indicates that Canadian feature films' box office market share was higher than its share of the home video segment in Canada. Between 2006 and 2010, the market share of Canadian feature films, as measured by the estimated share of total copies, was lower than the overall share of box office revenues in Canada captured by Canadian feature films. However, in recent years there is evidence of some convergence in Canadian films' market share in the home video rental and theatrical windows. In spite of this convergence between the two markets, the recent closure of Blockbuster Video and other movie rental companies are likely to reduce the home video rental window's prominence within the overall theatrical film-viewing market.

Exhibit 2-95 Market share of Canadian feature films in Canada, home video vs. theatrical box office



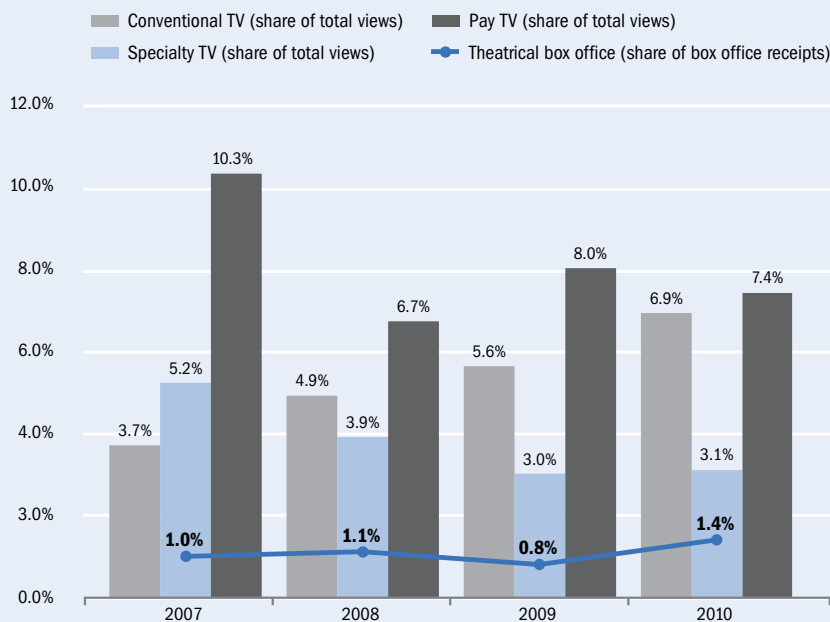
Source: Department of Canadian Heritage analysis of data from Nielsen VideoScan (sales) and Rentrak Corporation (rentals).

Note: Home video sales market share based on share of top 3,000 feature film titles that had theatrical release; home video rentals market share based on share of top 800 feature film titles that had theatrical release.

⁸ The market share calculations in this section exclude the VOD segment.

The relationship between Canadian films market share in the television windows and the theatrical window differs diametrically between the English-language and French-language markets. In the English-language market, Canadian films attained a higher share of total views of feature films on conventional, specialty television and pay television platforms than they attained in the theatrical window. This relationship between audience shares in the theatrical and television windows suggests that Canada's broadcasting regulations in the conventional, specialty television and pay television segments may contribute to building audiences for Canadian feature films. In the theatrical segment, where cinema owners face no exhibition requirements for Canadian films, the market share for films exhibited in English has consistently been lower than in the television windows.

Exhibit 2-96 Market share of Canadian feature films exhibited in English in Canada, television windows vs. theatrical box office

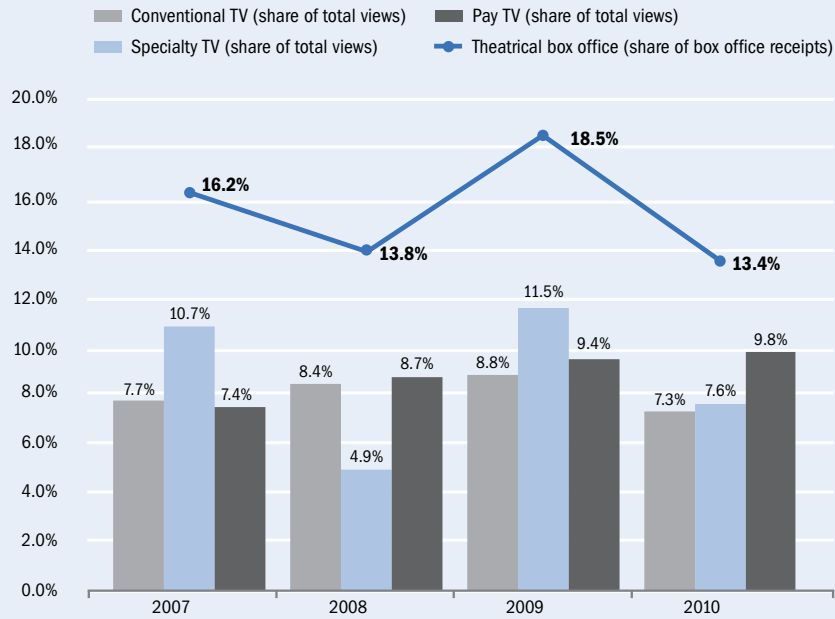


Source: Department of Canadian Heritage analysis of data from BBM Canada.

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.

In the French-language market, the opposite has been the case in recent years. Canadian films' share of the total views to feature films on conventional, specialty-television and pay-television platforms has consistently been well short of the box office share achieved by Canadian films in the theatrical window between 2006 and 2010. Nevertheless, it is worth noting that Canadian films' share of television views in the French-language market were still, in most cases, higher than Canadian films' share of television views in the English-language market between 2006 and 2010.

Exhibit 2-97 Market share of Canadian feature films exhibited in French in Canada, television windows vs. theatrical box office



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

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.

3. FOREIGN LOCATION AND SERVICE PRODUCTION

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

During the past five years, Canada's FLS production sector has generated numerous films that achieved successful global box office runs. Some recent Hollywood films shot in Canada included *Rise of the Planet of the Apes*, *Source Code* and *Contagion*. Canada has also become a destination for the filming of several long-running American television series, including *Supernatural*, *Warehouse 13* and *Blue Mountain State*.

HIGHLIGHTS

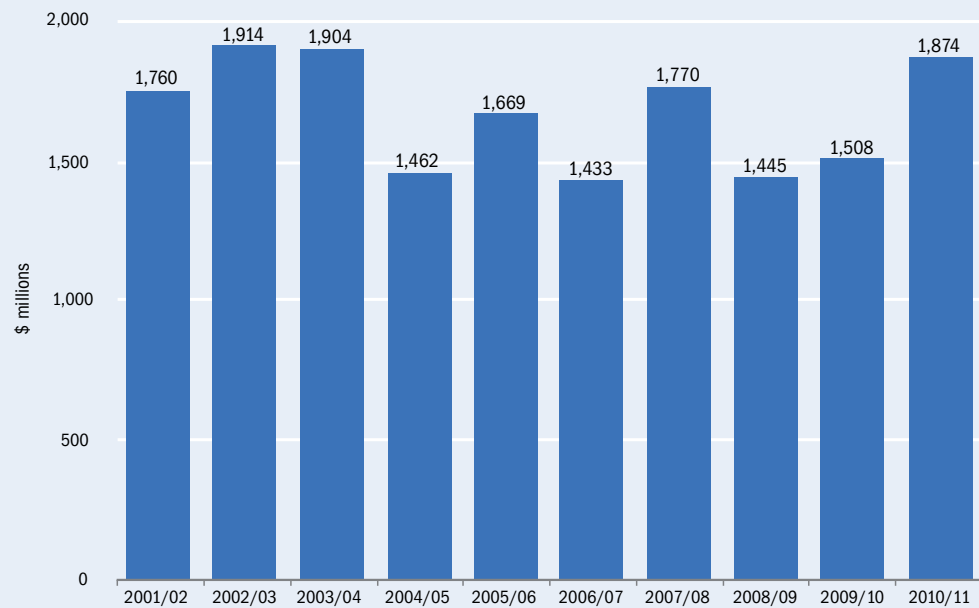
- The total volume of FLS production in Canada jumped to nearly \$1.87 billion in 2010/11—an increase of 24.3% from \$1.51 billion in 2009/10.
- There were a total of 223 FLS production projects in Canada—a 23% increase from 181 in 2009/10.
- FLS production activity increased by almost one-quarter in 2010/11, despite a 5% appreciation in the value of the Canadian dollar.
- FLS production generated employment for 43,700 Canadians on an FTE basis, including 17,200 direct FTEs in film and television production and a further 26,500 spin-off FTEs.
- FLS production generated GDP of \$2.58 billion for the Canadian economy in 2010/11, including \$1.02 billion in production-industry GDP and \$1.56 billion in spin-off GDP.
- British Columbia accounted for 73% of all FLS production volume in Canada in 2010/11—maintaining the share it held in 2009/10.
- Feature film production accounted for one-half of the total production volume in 2010/11, and 30% of projects.
- Approximately nine out of every ten FLS projects in 2010/11 originated from U.S. producers.

VOLUME

Despite the fact that the Canadian dollar appreciated by approximately 5% against the U.S. dollar in 2010/11, Canada continued to maintain its international competitiveness in FLS production. Indeed, the total volume of FLS production catapulted by 24.3% in 2010/11 to \$1.87 billion, restoring the industry's volume to levels not seen since 2002/03 and 2003/04, when the Canadian dollar was trading at US\$0.65 to US\$0.75.

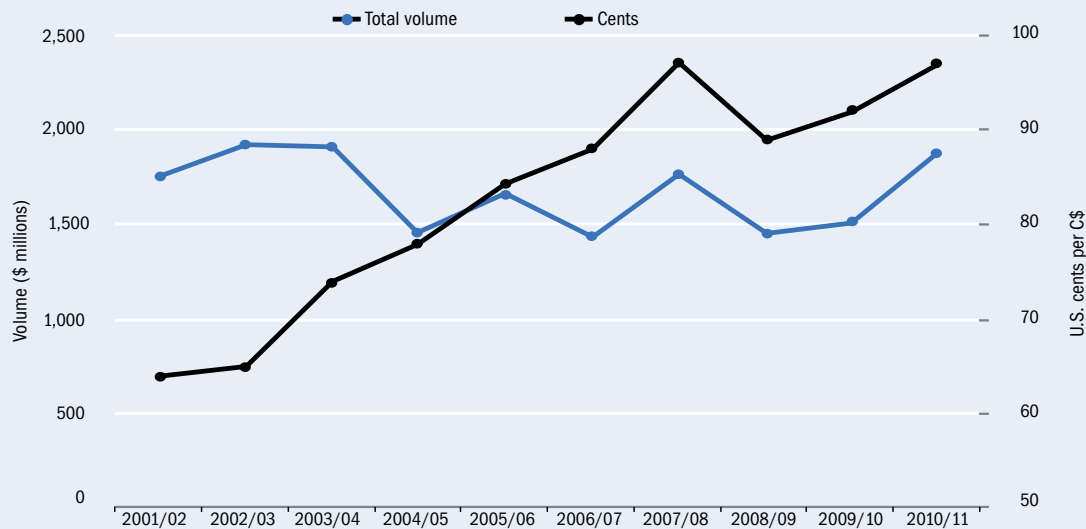
The substantial increase in FLS production activity in 2010/11 can be traced back to strong increases in FLS activity in British Columbia and Quebec. In British Columbia, FLS production rose by 25%, adding \$272 million to the national volume. In Quebec, FLS production doubled, thereby rising by \$118 million in that province in a single year. These two provinces essentially accounted for all of the increase in the national level of FLS production in 2010/11. While both provinces experienced increased levels of television series production, expanding levels of feature film production were the primary drivers of the volume increases.

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



Source: Association of Provincial Funding Agencies.

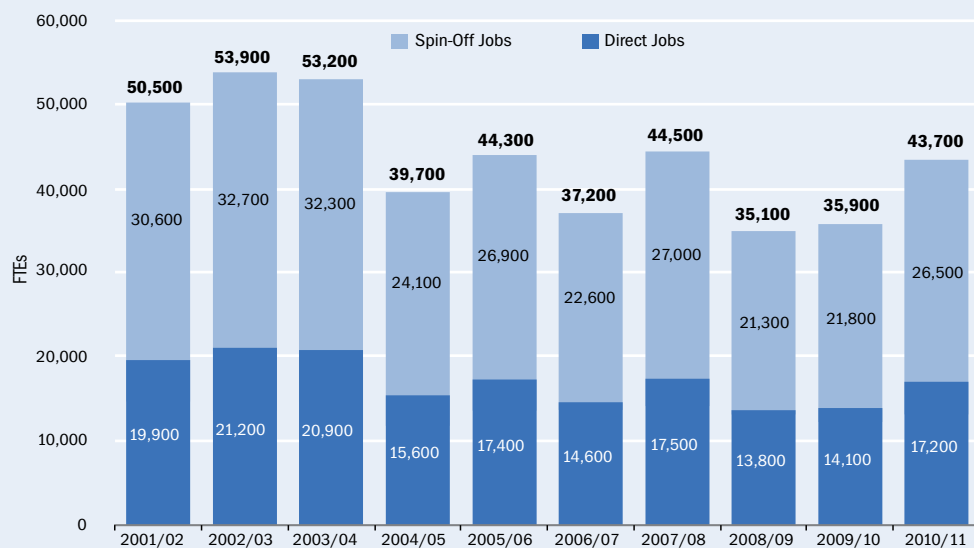
Canada's overall level of FLS production remained relatively stable when compared to—and in spite of—the steady increase in the value of the Canadian dollar. Between 2002/03 and 2010/11, the Canadian dollar appreciated from US\$0.65 to US\$0.97; however, the overall level of FLS production has remained practically unchanged. In recent years, several provinces—particularly Quebec, Ontario and British Columbia—have increased their tax credit rate. In 2010, Quebec and Ontario also modified their tax credits to include *all* Canadian expenditures, no longer limiting the tax credits to Canadian labour expenditures. Canadian provinces have, evidently, been able to mitigate the effects of the appreciating Canadian dollar by ensuring that their tax credits remain competitive.

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

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

EMPLOYMENT AND GDP

FLS production employed an estimated 43,700 FTEs in 2010/11, including 17,200 FTEs directly in film and television production, and a further 26,500 spin-off FTEs in other industries in the Canadian economy. The sharp increase in FLS production in Canada in 2010/11 led to the creation of 3,100 new FTEs directly in film and television production and stimulated the creation of a further 4,700 FTEs throughout the Canadian economy.

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

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

Workers in the FLS industry earned an estimated \$881 million in labour income in 2010/11. The spin-off impact of FLS production created an additional \$986 million in labour income in other industries in the Canadian economy, for a total labour-income impact of \$1.87 billion. FLS production also generated \$2.58 billion in GDP for the Canadian economy in 2010/11. This GDP impact included \$1.02 billion of GDP directly in the production industry and an additional \$1.56 billion in spin-off GDP in other industries.

Exhibit 3-4 Summary of the economic impact of foreign location and service production, 2010/11

	Direct	Spin-off	Total
Employment (FTEs)	17,200	26,500	43,700
Labour income (\$ millions)	881	986	1,867
GDP (\$ millions)	1,022	1,558	2,580

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

PROVINCES AND TERRITORIES

Canada's leading province for FLS production, British Columbia, enjoyed its second consecutive year of increase in production volume, which fuelled the overall rise in national volume. Quebec also contributed to the increase in the national volume as its level of FLS production doubled. Ontario's FLS production remained virtually unchanged in 2010/11, while other provinces either experienced decreases or increases of under \$5 million in total volume.

In British Columbia, an increase in the tax credit rate from 18% to 25% in February 2010 set the stage for a \$272 million increase in FLS production. The province's level of FLS production leaped by 25.0% to reach an all-time high of \$1.36 billion. For the second consecutive year, British Columbia's higher level of FLS production was fuelled by feature film production; the province's feature film production increased by \$212 million to a total of \$697 million. British Columbia hosted the filming of several successful Hollywood films, including *Rise of the Planet of the Apes* and *Red Riding Hood*.⁹ Several long-running American television series, including *Eureka*, *Psych* and *Supernatural*, also helped push the province's total annual volume of FLS television series production to over \$500 million.¹⁰

⁹ Cheryl Binning, "B.C. at your service," *Playback*, May 25, 2010.

¹⁰ *Ibid.*

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

(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2010/11 share of total
British Columbia	857	830	1,236	567	973	861	1,174	900	1,092	1,364	73%
Quebec	215	399	193	261	99	125	120	211	122	240	13%
Ontario	561	549	340	521	455	288	350	206	225	224	12%
Nova Scotia	48	52	51	36	61	63	29	80	43	31	2%
Manitoba	33	34	79	54	34	38	56	n/a	15	11	1%
Alberta	34	50	0	n/a	37	54	24	20	n/a	4	<1%
Yukon	1	0	2	<1	<1	n/a	n/a	n/a	0	1	<1%
Saskatchewan	0	0	0	23	n/a	n/a	13	9	n/a	0	0%
Newfoundland and Labrador	8	0	0	0	0	0	0	0	0	0	0%
Nunavut	0	0	0	0	4	3	5	6	0	0	0%
Prince Edward Island	0	0	n/a	0	0	0	n/a	n/a	n/a	n/a	n/a
Northwest Territories	0	0	0	0	0	0	0	n/a	n/a	n/a	n/a
New Brunswick	3	0	0	0	0	0	0	10	0	n/a	n/a
Total	1,760	1,914	1,904	1,462	1,662	1,433	1,770	1,445	1,508	1,874	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.

The production of ten more feature films in 2010/11 compared to 2009/10—including Hollywood films such as *Source Code* and *Immortals*—helped Quebec double its volume of FLS production, from \$122 million to \$240 million.¹¹ This strong rebound in Quebec's FLS production sector restored the province to the position as Canada's second-largest centre for FLS production.

Ontario's level of FLS production remained stable at \$224 million in 2010/11, as the province hosted the filming of 15 Hollywood feature films, including *Dream House*, *RED* and *The Thing*.¹² Ontario was also the location for several returning American television series including, *Breakout Kings*, *Falling Skies* and *Warehouse 13*.¹³

TYPES

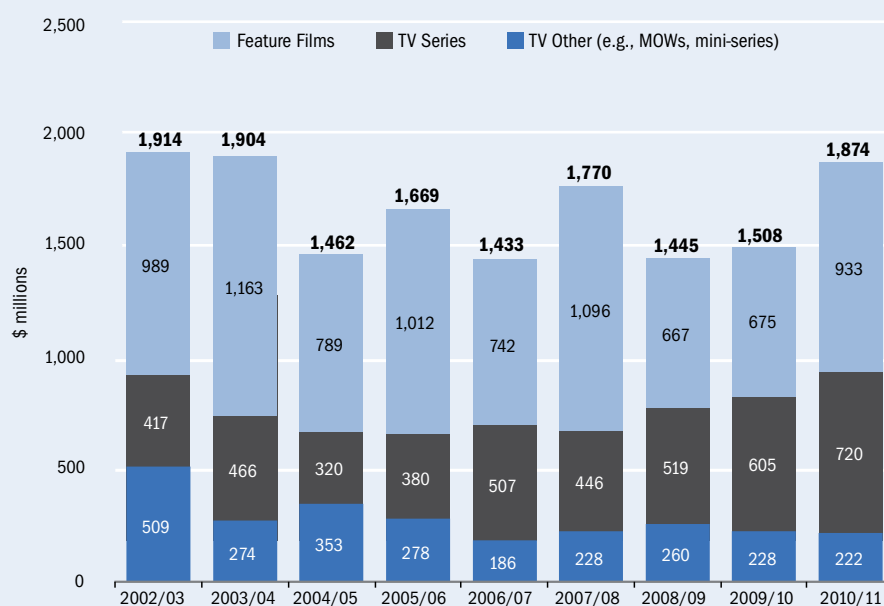
The increase in Canada's FLS production in 2010/11 was broadly based in terms of the types of production: Canada experienced increases in the number and volume of feature films and television series. Feature film production rose by \$258 million to a total of \$933 million, as healthy increases in feature film production in both British Columbia and Quebec helped increase the national total from 53 to 66 productions.

The number of American television series shot in Canada rose from 61 to 76, as the production volume expanded by \$115 million in 2010/11. Most of the increase was concentrated in British Columbia where several long-running American television series returned to shoot new seasons.

¹¹ Patricia Bailey, "Montreal bounces back," *Playback*, April 9, 2010.

¹² Ontario Media Development Corporation, "Ontario Film and Television Production 2008-2010: Backgrounder," February 16, 2011.

¹³ *Ibid.*

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

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

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

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Feature films	n/a	61	52	87	74	103	89	53	66
TV series	n/a	30	37	28	32	62	57	61	76
TV other	n/a	75	66	92	56	63	71	67	81
Total	211	166	155	207	162	228	217	181	223

Source: Association of Provincial Funding Agencies (data are not available for years prior to 2002/03).
 Note: Totals are based on available data and make no allowance for unavailable data.
 n/a - Data not available or reported.

COUNTRY

Canada's FLS production activity continues to be driven by Hollywood. Indeed, in 2010/11, U.S. producers increased both the number and share of FLS production activity in Canada.

In 2010/11, U.S. producers increased the number of FLS projects filmed in Canada from 139 to 194; at the same time, they increased their share of FLS projects from 77% to 87%.

All other countries, particularly France, U.K. and Germany, combined for a total of 13 projects in 2010/11, or 6% of the total number of projects. FLS production in 2010/11 also included 16 projects in which Canadian producers held the copyright; these 16 projects accounted for 7% of the total number of FLS projects in 2010/11.¹⁴

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

	2007/08	2008/09	2009/10	2010/11
Number of projects				
United States	165	158	139	194
France	6	1	1	7
United Kingdom	2	4	4	4
Germany	4	4	4	1
Other	14	14	18	1
Canada	37	36	15	16
Total	228	217	181	223
Percentage of total				
United States	72%	73%	77%	87%
France	3%	0%	1%	3%
United Kingdom	1%	2%	2%	2%
Germany	2%	2%	2%	<1%
Other	6%	6%	10%	<1%
Canada	16%	17%	8%	7%
Total	100%	100%	100%	100%

Source: Association of Provincial Funding Agencies.

¹⁴ 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 a 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, CBC/Radio-Canada, and specialty and pay television services. In-house production is largely comprised of news and sports programming, but can also include production in other genres.

HIGHLIGHTS

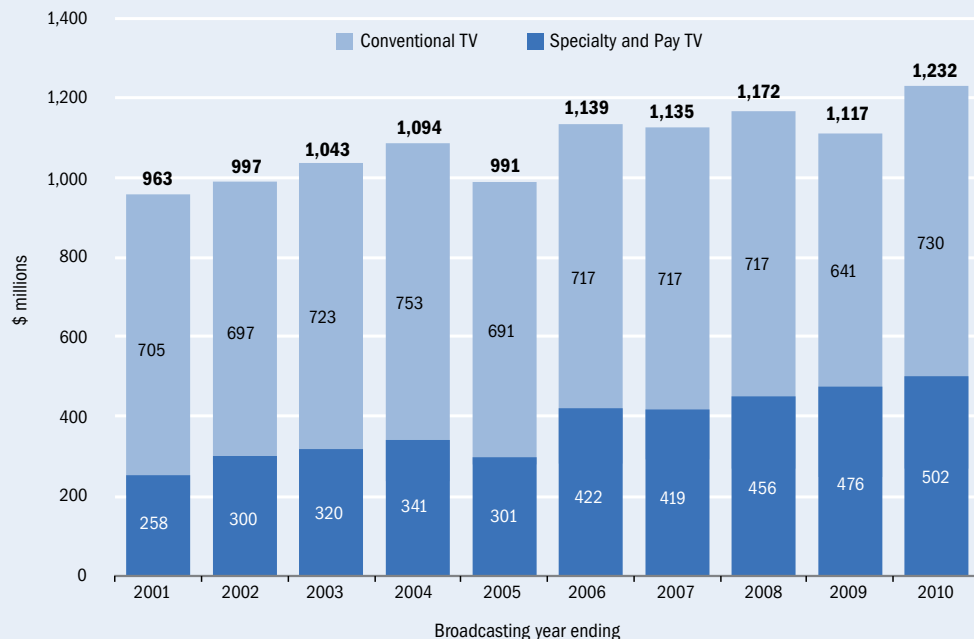
- In-house production increased by 10.3% from the previous year to just over \$1.23 billion in the 2010 broadcasting year (September 1, 2009 to August 31, 2010).
- The increase in this sector's production volume was due largely to increases in the in-house production of news and sports programming at CBC/Radio-Canada and TSN.
- Private and public conventional broadcasters increased their in-house production by 13.9%.
- Pay and specialty television services increased their in-house production by 5.5%; most of the increase was in the sports and news programming categories.
- In-house production employed an estimated 28,700 FTEs in Canada in 2010, including 11,300 FTEs employed by Canadian broadcasters directly in in-house production.
- The sector generated an estimated \$1.66 billion in GDP in the Canadian economy in 2010, including \$696 million of GDP directly in the broadcasting industry.
- Ontario experienced a 12.2% increase in its volume of in-house production in 2010, and maintained the largest share (62%) of total in-house production among Canada's provinces and territories. In-house production in Quebec increased by 6.3%; the province accounted for 21% of Canada's total volume of in-house production.

VOLUME

As the Canadian broadcasting industry recovered from an advertising recession during the 2009 broadcasting year (September 1, 2008 – August 31, 2009) and experienced a rebound in its revenues, its in-house production expenditures followed suit. The total volume of broadcaster in-house production recovered by 10.3% to reach an all-time high of \$1.23 billion in the 2010 broadcasting year (September 1, 2009 – August 31, 2010), after having experienced a 4.7% retreat during the 2009 broadcasting year.

Both the conventional television, and specialty and pay television segments experienced recoveries in in-house production during the 2010 broadcasting year; however, most of the increase was in the conventional television segment. Higher levels of spending on news and sports programming by CBC/Radio-Canada's conventional television services underpinned the conventional television segment's overall recovery.¹⁵ In-house production at private conventional broadcasters, meanwhile, remained virtually unchanged in 2010.¹⁶

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



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

In the specialty and pay television segment, higher levels of in-house news and sports production also drove the increase in volume. These two programming categories accounted for the bulk of the volume increase, as Canada's largest sports and news services—TSN and CBC News Network, respectively—both increased their expenditures on in-house production.¹⁷ At TSN, in-house production expenditures rose by 42% to \$86 million; at CBC News Network, in-house production expenditures increased by 17% to \$60 million.¹⁸

¹⁵ CRTC, Conventional television: statistical and financial summaries, 2006-2010.

¹⁶ *Ibid.*

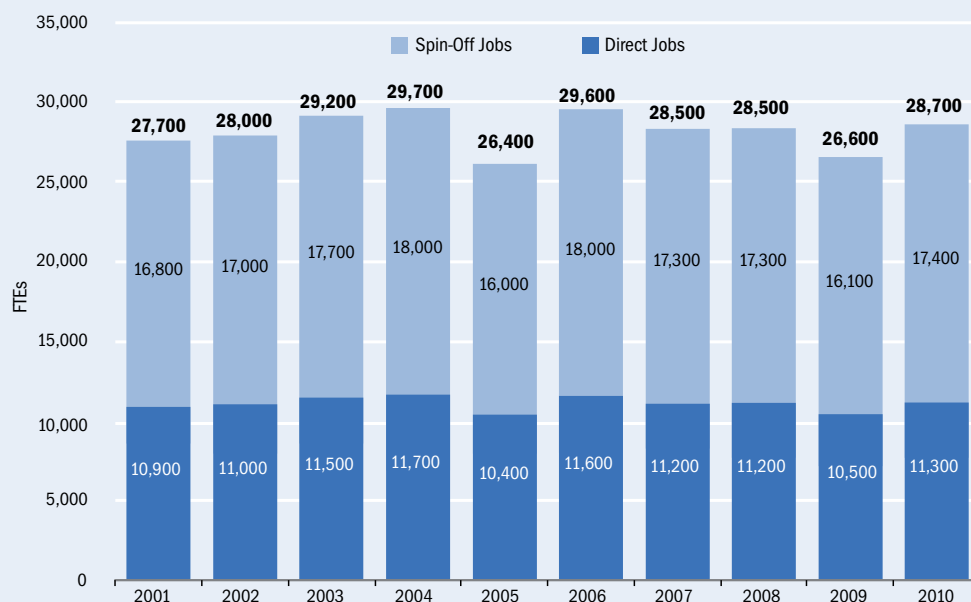
¹⁷ CRTC, Individual pay television, pay-per-view, video-on-demand and specialty and pay television (excludes category 2 specialty services): statistical and financial summaries, 2006-2010.

¹⁸ *Ibid.*

EMPLOYMENT AND GDP

In-house production employs thousands of broadcasting and production professionals in creative and technical roles. In 2010, in-house production employed an estimated 28,700 FTEs, including 11,300 FTEs directly in in-house production at Canadian broadcasters, and a further 17,400 spin-off FTEs in other industries in the Canadian economy.

Exhibit 4-2 Number of full-time equivalent jobs (FTEs) in broadcaster in-house production



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

Workers employed in in-house production earned an estimated \$616 million in labour income in 2010. The spin-off impact of in-house production created an additional \$548 million in labour income for workers in other industries in the Canadian economy, for a total labour-income impact of nearly \$1.26 billion. In-house production also generated nearly \$1.66 billion in GDP for the Canadian economy in 2010, including \$696 million of GDP directly in the broadcasting industry and an additional \$965 million in spin-off GDP in other industries in the Canadian economy.

Exhibit 4-3 Summary of the economic impact of broadcaster in-house production, 2010

	Direct	Spin-off	Total
Employment (FTEs)	11,300	17,400	28,700
Labour income (\$ millions)	616	548	1,264
GDP (\$ millions)	696	965	1,661

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

PROVINCES AND TERRITORIES

The majority of Canada's in-house production activity in 2010 took place in Ontario, where many of Canada's English-language conventional broadcasters, and specialty and pay television services are based. Ontario accounted for 62% of total in-house production in 2010, as the province's volume rebounded 12.2% to \$761 million. As the home for most of Canada's French-language conventional broadcasters, and pay and specialty television services, Quebec accounted for 21% of total in-house production in Canada in 2010. Quebec also experienced a rebound in in-house production during 2010, as its total volume of in-house production increased by 6.3% to \$254 million. British Columbia's volume of in-house production increased to \$84 million, but still remained below the province's peak level of \$96 million reached in 2005.

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

(\$ millions)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010 share of total
Ontario	528	569	589	648	563	680	673	691	678	761	62%
Quebec	240	220	233	246	210	239	256	271	239	254	21%
British Columbia*	64	69	92	87	96	93	82	83	80	84	7%
Alberta	57	67	63	61	63	65	67	68	64	68	5%
Nova Scotia	23	22	23	14	16	17	15	14	12	18	1%
Saskatchewan	14	16	13	12	13	16	18	18	16	17	1%
Manitoba	22	19	15	13	13	14	13	13	12	15	1%
New Brunswick	8	8	8	8	8	8	7	7	5	8	1%
Newfoundland and Labrador	4	5	6	5	8	5	6	6	9	7	1%
Prince Edward Island	1	1	1	1	1	1	1	1	1	1	<1%
Total	962	997	1,043	1,094	991	1,139	1,136	1,172	1,117	1,232	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 the Notes on Methodology section for a description of methodology.

* Includes the Territories

5. CONVERGENT INTERACTIVE DIGITAL MEDIA PRODUCTION

The interactive digital media (IDM) production sector consists of Canadian and non-Canadian individuals and companies that create interactive digital content and environments. These experiences range across platforms—from mobile devices, to computers, to television screens. IDM content varies greatly: 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 expand their use of interactive devices to find, access and enjoy screen-based content, IDM production will become increasingly important to the audiovisual experience.

One key segment of the IDM production industry is the production of *convergent IDM content*. *Profile 2010* presented statistics for Canada's digital media content creation sector. These statistics were based on a survey of digital media companies in Canada that derived more than 50% of their 2008 revenues from digital media creator activities. *Profile 2011*, in contrast, presents statistics, for the first time, for convergent IDM content production. The Canada Media Fund (CMF), the CMPA and Nordicity collaborated on a groundbreaking new data series for measuring IDM content production activity in Canada, using new and standardized economic indicators and multipliers.

Convergent IDM content is 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 with the screen-based content. As defined by the CMF's *Performance Envelope Program Guidelines 2011-2012*, a convergent IDM product consists of a television component and at least one digital media component, which is made available to the Canadian public via a digital network (e.g. internet, mobile or wireless services) and is "rich and substantial."

In addition to providing an overview of the economic impact of the IDM production sector, this section also includes statistics on Canadians' adoption of certain digital media platforms as a means for enjoying video content. These statistics are based on data from the Media Technology Monitor (MTM) survey (as reported in the CRTC's *Communications Monitoring Report 2011*).

HIGHLIGHTS

- The total volume of convergent IDM production was \$27.6 million in 2010/11.
- Convergent IDM production generated employment for 640 Canadians on an FTE basis, including 310 FTEs directly in convergent IDM production.
- Convergent IDM production generated GDP of \$46.7 million for the Canadian economy in 2010/11, including \$21.8 million of GDP in the IDM industry and \$24.9 million in spin-off GDP in other industries.
- In 2010/11, the CMF contributed \$6.2 million to support a total volume of \$16.0 million in convergent IDM production.
- In 2010, 24% of Anglophone Canadians reported watching television programming on the Internet. Among Francophone Canadians, the rate was 20%.
- In 2010, per capita television viewing by Canadians was unchanged at 28.7 hours per week. However, online television viewing increased its share of total viewing to 2.6 hours per week, from 2.2 hours per week in 2009.

VOLUME

Given the somewhat broad definition of convergent IDM products, this category of IDM production encompasses a wide range of products. These projects include rich online games—such as the games developed for the children’s program *Toopy and Binoo*—engrossing users in the worlds of the television program, as well as mobile applications that extend the audiovisual experience in innovative ways. The DM component of convergent IDM projects can also include social, web-based experiences—such as the extensive website built around *Degrassi: the Next Generation*—where viewers of a program can share their reaction, views and opinions. Such websites typically include episode recaps, cast photos and bios, music, and merchandising sales. At times, convergent IDM projects—such as the extension to the *Lost Girl* series—can take the form of a “motion comic,” which combines the graphical style of the traditional comic book with digital animation techniques.

Statistics collected by Nordicity from the Bell Fund, CMF and Shaw Rocket Fund indicate that there were a total of 160 convergent IDM projects produced in Canada in 2010/11. The total volume of production associated with these convergent IDM projects was \$27.6 million, implying that the average project budget was \$126,000.

Exhibit 5-1 Convergent IDM production, 2010/11

Total volume of production	\$27.6 million
Number of projects	160
Average project budget	\$126,000

Source: Estimates based on data from Bell Fund, CMF and Shaw Rocket Fund.

EMPLOYMENT AND GDP

In 2010/11 convergent IDM production generated employment for an estimated 640 FTEs across the Canadian economy. This total employment included 310 FTEs employed directly in convergent IDM production and an additional 330 spin-off FTEs employed in other industries in the Canadian economy.

Workers employed in convergent IDM production earned an estimated \$20.7 million in labour income in 2010/11. The spin-off impact of convergent IDM production also generated an additional \$12.2 million in labour income for workers in other industries in the Canadian economy. The total labour-income impact attributable to convergent IDM production was \$32.9 million.

The \$27.6 million of convergent IDM production in 2010/11 generated an estimated \$46.7 million in GDP for the Canadian economy. Of this total impact, \$21.8 million of GDP was generated directly in the convergent IDM production industry, with an additional \$24.9 million in spin-off GDP generated in other industries in the Canadian economy.

Exhibit 5-2 Summary of the economic impact of broadcaster in-house production, 2010

	Direct	Spin-off	Total
Employment (FTEs)	310	330	640
Labour income (\$ millions)	20.7	12.2	32.9
GDP (\$ millions)	21.8	24.9	46.7

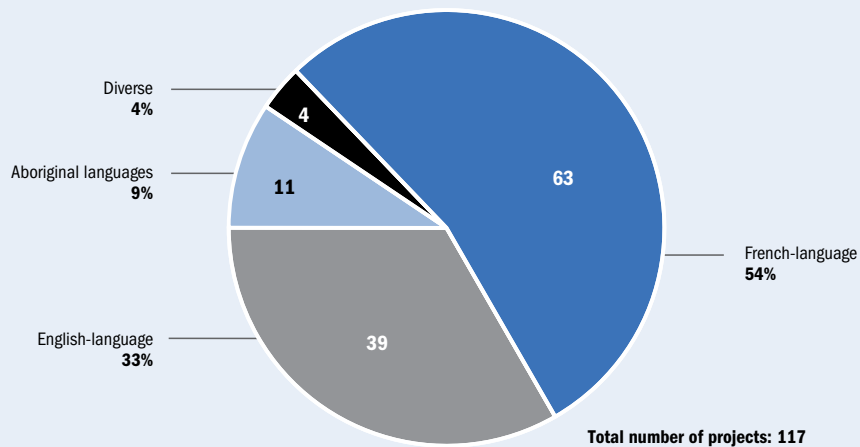
Source: Estimates based on data from Bell Fund, CMF and Shaw Rocket Fund, Statistics Canada and Conference Board of Canada.
Note: See the Notes on Methodology section for a description of methodology.

CANADA MEDIA FUND

The CMF is one of the main sources of public financial support for convergent IDM production in Canada. In 2010/11, the CMF contributed \$6.2 million towards 117 projects, amounting to \$16 million in total project budgets. The average budget of these CMF-supported projects was \$137,000 and range from a budget of \$8,000 to one of more than \$600,000.

Of the 117 projects supported by the CMF, the majority (54%) were French-language, with 33% English-language, 9% Aboriginal-languages, and 3% in the diverse-languages category.

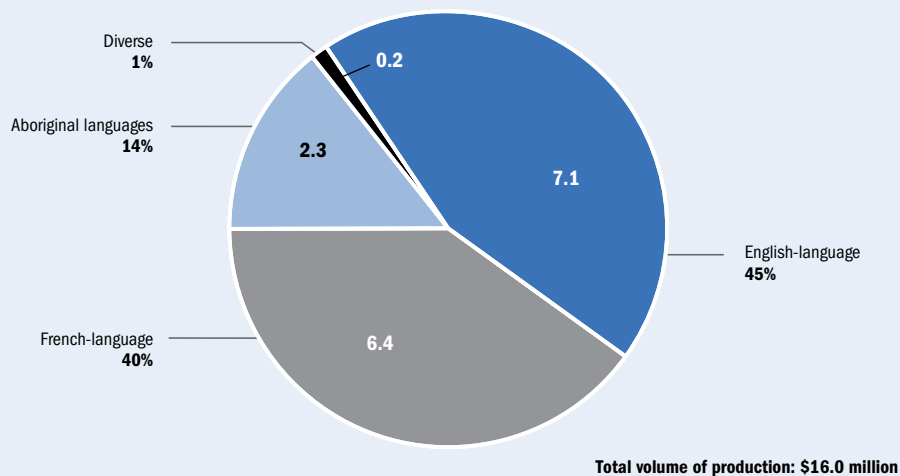
Exhibit 5-3 CMF-supported convergent IDM projects, by language, 2010/11



Source: CMF.

Despite the fewer projects originating in the English language, these represented the largest portion of the \$16.0 million in production volume (45%), though projects in French-language were close behind with 40% of all project budgets.

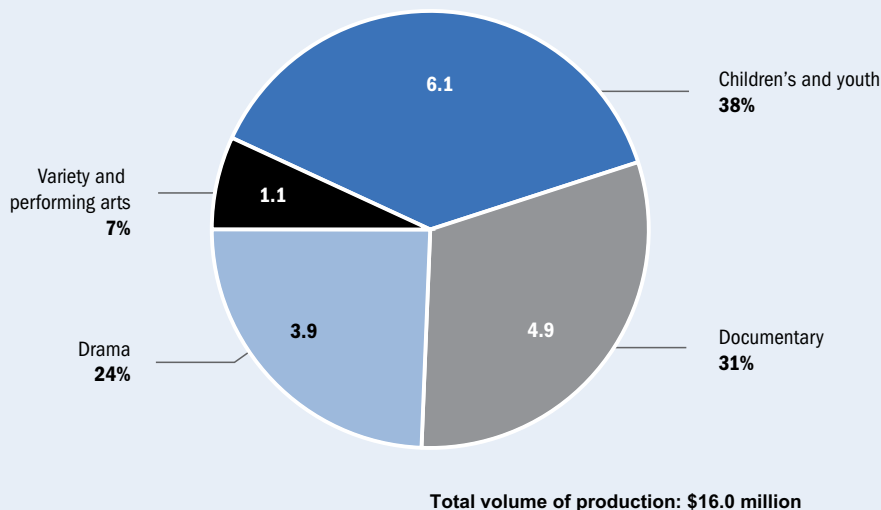
Exhibit 5-4 Volume of CMF-supported convergent IDM production, by language, 2010/11 (\$ millions)



Source: CMF.

In 2010/11, children's and youth programming received the largest share of CMF support for convergent IDM projects (39%) followed by documentaries (28%) and drama programming (25%).

Exhibit 5-5 CMF contributions to convergent IDM production by television-platform genre (\$ millions)



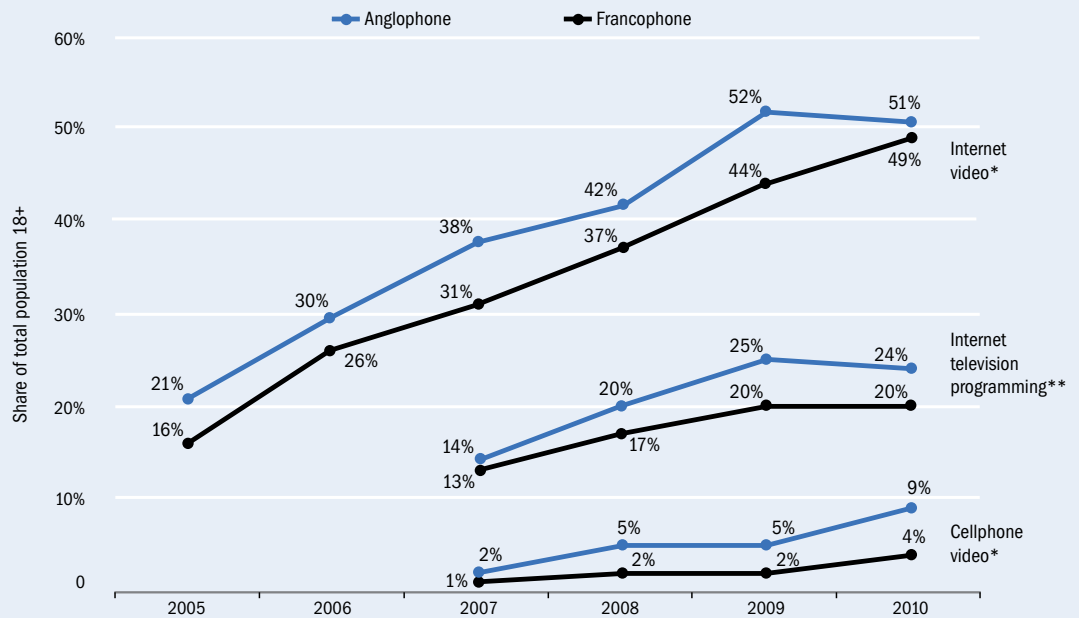
Source: CMF.

CANADIANS' USE OF ALTERNATIVE DIGITAL PLATFORMS

While viewing of Internet video has continued to grow in Canada's Francophone market, it levelled off in the Anglophone market in 2010 at 51%. Additionally, while in previous years the rate of internet video viewing was higher in English Canada (by between 4 and 8 percentage points), rates for Anglophone and Francophone viewing were quite similar in 2010.

Viewing of Internet television programming did not increase in 2010; in fact it dropped by one percentage point to 24% in English Canada, and remained stable at 20% in French Canada. During the same period, viewing of television on cellphones grew in both Anglophone and Francophone markets in Canada (to 9% and 4% respectively), though mobile viewing remains limited.

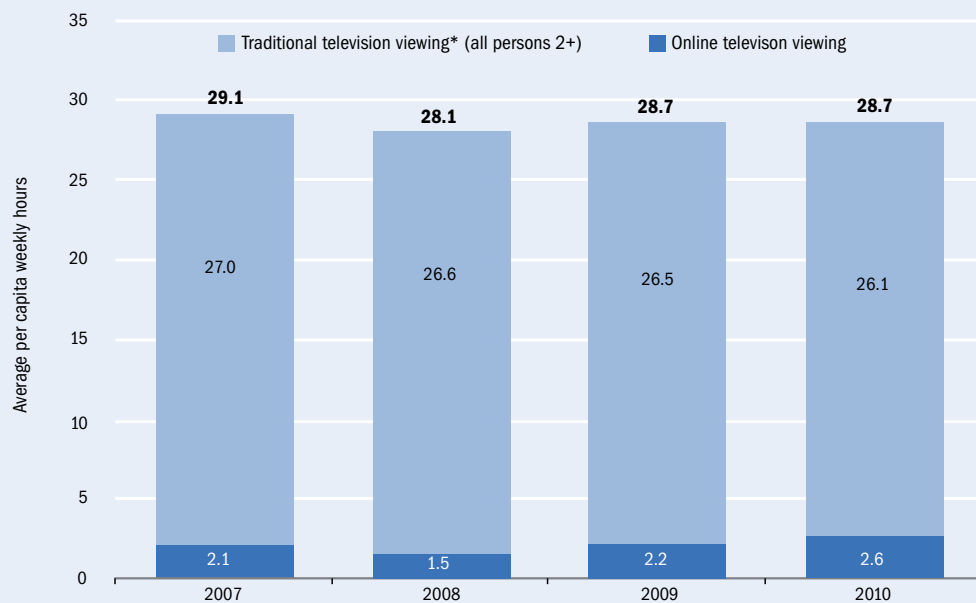
Despite the growth of online television viewing, Canadians spent a mere 2.6 hours per week watching television online, or roughly 9% of all weekly TV viewing hours. This ratio has not changed significantly since 2007.

Exhibit 5-6 Adoption rates for Internet video, Internet television and cellphone video

Source: Media Technology Monitor 2010-11 (see CRTC, Communications Monitoring Report 2011, pp. 102-103).

* Used in the past month

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

Exhibit 5-7 Average weekly hours of television viewing in Canada, traditional television viewing* vs. online television viewing

Source: CRTC Navigating Convergence II: Charting Canadian Communications Change and Regulatory Implications (2011).

* Traditional television viewing includes television viewing via over-the-air signal reception, cable, satellite or multipoint distribution systems.

NOTES ON METHODOLOGY

Estimates of Canadian Production

The estimates of Canadian production are based on data from CAVCO. In order to account for the 42-month CAVCO application lag, Nordicity applied a gross-up factor of 10% to the raw CAVCO statistics for 2010/11. This rate of 10% was based on historical rates of under-coverage observed in the CAVCO statistics during the last ten years.

Estimates of CRTC-Certified Canadian Television Production

The estimates of Canadian television production include an estimate of CRTC-certified television production. Research conducted by Nordicity and the Department of Canadian Heritage indicate that CRTC-certified television production accounts for an estimated 13.5% of total Canadian television production; this rate is used in *Profile 2011* to estimate the total volume of CRTC-certified production.

Revisions to Historical Statistics

Due to the 42-month application lag at CAVCO, it is possible that the data from CAVCO may not provide an accurate 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 2011* for the previous three years (2007/08, 2008/09 and 2009/10) have been revised to reflect all currently available data CAVCO.

Canada Media Fund

The statistics reported for the CMF include data for production supported by the CMF in 2010/11. The data for prior years correspond with production supported by the Canadian Television Fund (CTF).

In-house Production

A complete set of provincial statistics were not available for private broadcaster in-house production in the Prairie Provinces and Atlantic Canada. For the Prairie Provinces, Nordicity developed estimates based on the historical shares observed in the CRTC statistics prior to 2001—before the CRTC began to suppress the provincial statistics. The breakdown of private broadcaster in-house production among the provinces in Atlantic Canada was also based on the development of estimates. Because no historical data existed, each province's share of Atlantic Canada's total GDP was used as the proxy variable for the estimate.

Convergent IDM Production

Profile 2010 presented statistics for Canada's digital media content creation sector. These statistics were based on a survey of digital media companies in Canada that derived more than 50% of their 2008 revenues from digital media creator activities. *Profile 2011*, in contrast, presents statistics, for the first time, for convergent IDM content production.

The convergent IDM production statistics are derived from the collection of funding data from convergent IDM production funding agencies in Canada (i.e., CMF, Bell Fund, Shaw Rocket Fund and provincial funding agencies). 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 IDM production began in 2011, so only a single year of data is available at this time.

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.

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% was based on data provided by CAVCO on the average portion of production budgets comprised of Canadian labour expenditures.

The average FTE salary assumption for 2010/11 was \$54,578. Nordicity developed the average FTE salary assumption based on data from Statistics Canada's 2006 Census. Nordicity made annual adjustments to the average FTE assumptions based on data from Statistics Canada's *Survey of Employment, Payroll and Hours* for annual changes in the average hourly wage of employees paid by the hour in Canada (see Statistics Canada, CANSIM Table 281-0030).

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Average FTE salary	\$44,316	\$45,203	\$45,474	\$46,793	\$47,869	\$48,922	\$50,488	\$52,305	\$53,404	\$54,578

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.

Provincial adjustment factor for average FTE salary

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Alberta	1.020	1.015	1.028	1.037	1.057	1.073	1.091	1.134	1.122	1.126
British Columbia and Territories	1.007	1.005	1.008	1.003	0.998	1.011	1.008	1.005	1.013	0.999
Manitoba	0.897	0.903	0.901	0.916	0.924	0.922	0.920	0.934	0.939	0.934
New Brunswick	0.892	0.903	0.921	0.917	0.926	0.931	0.925	0.907	0.908	0.906
Newfoundland and Labrador	0.919	0.929	0.944	0.959	0.972	0.980	0.988	0.969	0.955	0.959
Nova Scotia	0.908	0.908	0.917	0.926	0.934	0.927	0.925	0.884	0.868	0.901
Ontario	1.050	1.049	1.051	1.045	1.036	1.028	1.020	1.010	0.992	1.001
Prince Edward Island	0.782	0.807	0.807	0.829	0.832	0.823	0.835	0.825	0.864	0.856
Quebec	0.957	0.960	0.947	0.948	0.951	0.945	0.948	0.945	0.984	0.971
Saskatchewan	0.915	0.909	0.915	0.926	0.942	0.950	0.958	0.996	1.019	1.025

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

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

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

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 \$54,578. The estimate of spin-off labour income was derived by multiplying the number of spin-off FTEs by an economy-wide average FTE cost of \$37,000.

Gross Domestic Product

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

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