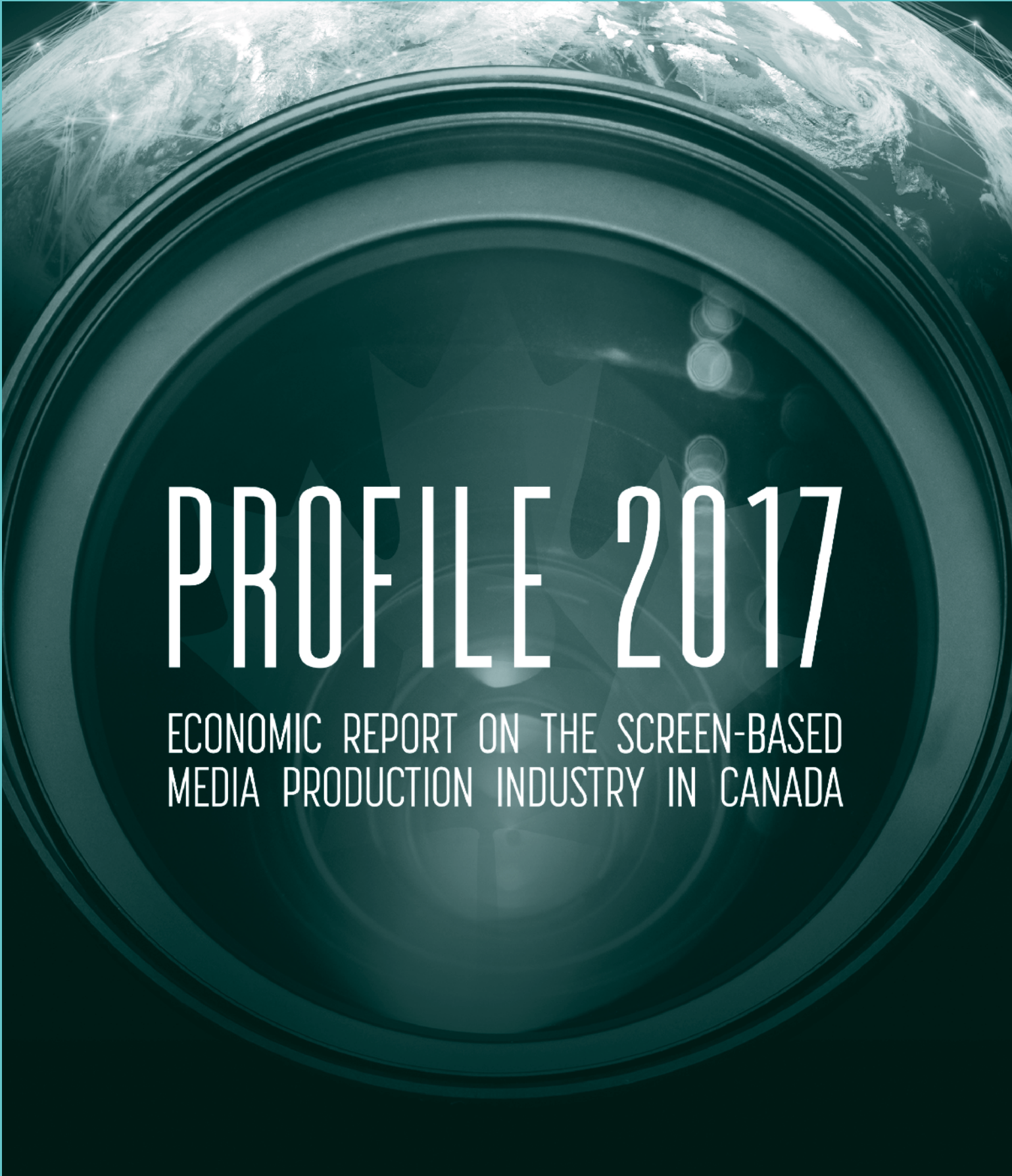




PROFILE 2017

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



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Prepared for the Canadian Media Producers Association, Department of Canadian Heritage,
Telefilm Canada, Association québécoise de la production médiatique

Production facts and figures prepared by Nordicity Group Ltd.

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This report provides an analysis of economic activity in Canada's screen-based production industry during the period April 1, 2016 to March 31, 2017. It also provides comprehensive reviews of the historical trends in production activity between the fiscal years of 2007/08 and 2016/17.



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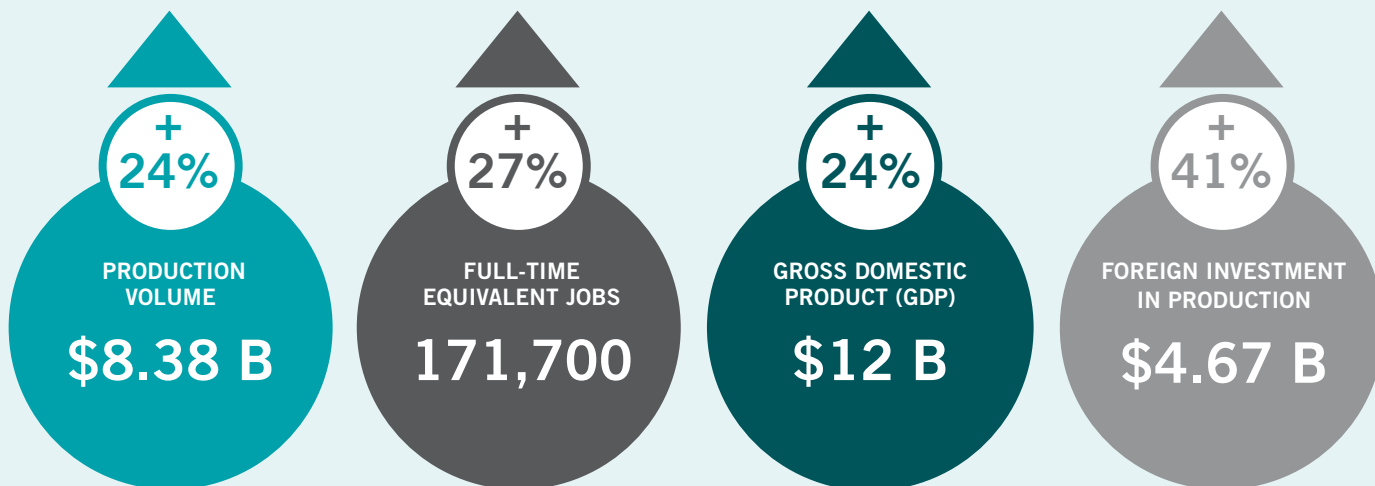
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AT A GLANCE

Screen-based Production in Canada

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

Total Film and Television Production in Canada



The Screen-based Market in Canada

Population of Canada (2016)

36.7 million¹

Per-capita volume of film and television production in Canada (2016/17)

\$228

Number of private households (2011)

13.3 million²

Number of movie theatre screens in Canada (2016)

2,641³

Number of paid admissions to movie theatres in Canada (2016)

100.1 million³

Number of television services available in Canada (2016)

780⁴

- Canadian television services

453⁴

- Non-Canadian services

327⁴

Percentage of households subscribing to broadcasting distribution undertakings (2016)

76.2%⁴

Number of subscribers to broadcasting distribution undertaking services (2016)

11.1 million⁴

- Cable-television

6.5 million⁴

- Internet protocol TV (IPTV) subscribers

2.5 million⁴

- Direct-to-home satellite (DTH) and multipoint distribution systems (MDS) subscribers

2.2 million⁴

Sources: 1. Statistics Canada, CANSIM table 051-0001. 2. Statistics Canada, 2011 Census of Population and Statistics Canada, catalogue no. 98-312-XCB (most recent available data). 3. Statistics Canada, CANSIM table 361-0070. 4. CRTC, Communications Monitoring Report 2017.

Screen Production in Canada

CANADIAN CONTENT (FILM AND TELEVISION)

\$3.30 billion
in production volume ▲ +16%

\$2.99 billion
in television production ▲ +16%

\$318 million
in theatrical film production ▲ +14%

723
television series ▼ <-1%

92
theatrical feature films ▼ -12%

67,800
full-time equivalent jobs ▲ +15%

FOREIGN LOCATION AND SERVICE

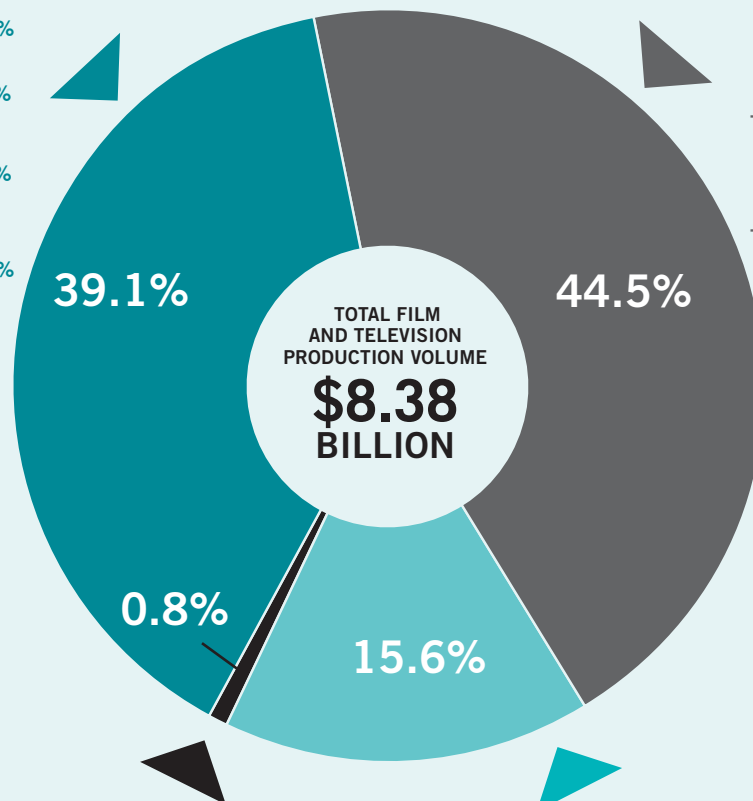
▲ +42% **\$3.76 billion**
in production volume

▲ +43% **183**
theatrical feature films

▼ -5% **149**
television series

▲ +21% **86**
TV movies, mini-series, pilots
and other types of television
programs

▲ +40% **77,000**
full-time equivalent jobs



CONVERGENT DIGITAL MEDIA*

\$68.9 million
in production volume ▲ +5%

264
projects ▼ -19%

\$261,000
average project size ▲ +30%

1,070
full-time equivalent jobs ▲ +2%

BROADCASTER IN-HOUSE

▲ +5% **\$1.32 billion**
in production volume

▲ +13% **\$693 million**
in conventional television
expenditures

▼ -2% **\$623 million**
in specialty and pay television
expenditures

▲ +4% **27,000**
full-time equivalent jobs

Source: **Canadian content:** Estimates based on data collected from the Canadian Audio-Visual Certification Office (CAVCO) and the Canadian Radio-television and Telecommunications Commission (CRTC). **Foreign location and service:** Association of Provincial Funding Agencies (APFA). **Broadcaster in-house:** Estimates based on data from CRTC and CBC/Radio-Canada. **Convergent digital media:** Estimates based on data from Bell Fund, Canada Media Fund (CMF), Ontario Media Development Corporation (OMDC) and Shaw Rocket Fund and a survey of CMPA and AQPM members.

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

Introduction

THE CONTENT EXPLOSION

It could be said that the 21st century world is one of massive production capacity, a time of scarce scarcity, an “age of abundance.”¹ This was true in 2016/17, as the 21st edition of *Profile* illustrates. Indeed, if there is a common thread linking the various elements of the screen-based content sector in Canada, it is the content explosion. It is global viewers hungry for quality screen-based content. It is the proliferation of channels and platforms to deliver that content. It is the surge in production volumes and employment in Canada’s industry.

For a sector that contributed over \$12 billion in gross domestic product (GDP) to the Canadian economy in 2016, this explosion is exciting, and concerning. *Profile 2017* tells the economic story of that development, providing market, technology and policy context for the numbers. The theme of last year’s *Profile* was transition, tempered by both uncertainty about evolving business models in production, distribution and content exploitation. This year, it is clearer that the demand for content is there. What remains unclear is how the content creation business models – currently prevailing in Canada – and supporting government policies can meet this demand in a sustainable manner.

From the Canadian content user’s perspective, there has never been such an abundance of screen-based content, and ways to engage with it. Cumulatively, over the past five years, Canadian content creators have produced over 3,800 new television series and mini-series, over 1,200 theatrical feature films and television movies, and nearly 1,600 convergent digital media (CDM) productions. Each year, on average, 1,300 new Canadian content productions are added to Canada’s cumulative inventory of screen content. In 2016/17 alone, the industry produced 1,188 new television projects (i.e. series and other programs), 92 theatrical feature films, and 264 CDM productions. Production volumes in Canada in 2016/17 reached an all-time high of \$8.38 billion.

More Ways to Engage, and More Engagement

Moreover, there have never been as many ways to experience this content. Canadians have access to nearly 800 television channels, more than half of which are Canadian, including public and private conventional, specialty, pay, video-on-demand (VOD), community services, and others.² We can watch theatrical films on more than 2,600 screens in movie theatres.³ While much is made of the predominance of Netflix and Amazon Prime in the subscription VOD (SVOD) world, Canadians, in fact, can subscribe to more than 30 SVOD services, including Canadian services such as

1 See for example UK science broadcaster James Burke’s preface to Andrew A. Adams and Rachel McCrindle, *Pandora’s Box: Social and Professional Issues of the Information Age* (Chichester, UK: John Wiley and Sons, 2008).

2 CRTC, *Communications Monitoring Report 2017*.

3 Statistics Canada, CANSIM table 361-0070.

Club illico and Sportsnet NOW – with more announced for 2018.⁴ Social media sites including Facebook, Snapchat and Twitter are all licensing and streaming video content – in addition to other ad-driven video content we stream on millions of apps and websites worldwide.

These content outlets are, of course, supplying an avid public. Adults in Canada now watch an average of 28.2 hours of traditional television per week, along with another 3.1 hours per week of television programming online.⁵ And we are not just watching video content – we are engaging with it. Even when we multitask while watching video, our multitasking is often video-related. We are having conversations (via social media, text, and voice) about the video we are watching, we are reading Twitter feeds from the characters in the video, we are playing a show-related interactive game, and we are visiting show-related websites.

Indeed, non-traditional content companies have joined the screen-based video world. It takes deep pockets for a company to buy or create large libraries of video content, and companies like Facebook, Apple, and Amazon have the resources to build their own video content “war chests,” with Apple alone reportedly preparing to spend US\$1 billion next year on global video content,⁶ and Twitter competing with Amazon for programming rights to live events.⁷ This spending is apart from the reported US\$7 billion anticipated to be spent by Netflix, and US\$4.5 billion by Amazon Prime, on global content.⁸

As we move away from ad-driven television and toward online and on-demand content, the form of video is shifting, too. Content creators can pace their video, and work with shorter formats, according to the creative needs of the story, rather than according to the imperatives of ad insertion. As a result, consumer-oriented video formats can range from feature-length films to 23-minute episodic video, 2-minute animation clips, and even 44-second “SnackableTV”.⁹

The World Comes to Canada...

The content explosion is a global phenomenon, bringing opportunities to Canadian creative talent, crews, producers, and distributors. The evidence? More than \$3.7 billion in foreign location and service (FLS) production in Canada – the highest level this country has seen.¹⁰ Every province involved in FLS production saw an increase over last year: British Columbia (46% increase), Ontario (23% increase), Quebec (43% increase), Manitoba (67% increase), Alberta (59% increase), Nova Scotia and the Territories (more than 200% increase). The draw for foreign producers and studios was once the favourable currency exchange rate. Now, they come to Canada mainly for the competitive incentives, skilled crews, award-winning creative talent, state-of-the-art technical facilities, and exceptional locations.

More evidence: the international coproduction treaties with 55 countries and memoranda of understanding (MOUs), and \$503 million in treaty coproduction activity in 2016. Most of this activity over the past 10 years has been with the UK, France, Australia Germany and Ireland, although Canadians also coproduced with a host of other countries including South Africa, Brazil, China, Israel, Singapore and the Philippines. Canada aims to remain a coproduction partner of choice and continually seek new partner countries.

Recognizing the importance of global markets and the value of Canada’s coproduction treaties, the Canada Media Fund (CMF) has pursued bilateral co-development and coproduction agreements, setting aside modest funding envelopes for projects involving Canadian and Irish, Colombian, German, South African, Brazilian, Italian or New Zealand producers, with further such bilateral arrangements being contemplated in the future. And by becoming the first non-European country to join the Council of Europe’s Eurimages fund, in 2017, Canada is building more global opportunities for our screen-based content creators.

The world comes to Canada to work with our talent, producers, studios and financiers. But the world also brings global content into our market. In this sense, the content explosion brings challenges as well as opportunities. Though Canada has policies, programs and regulations to support Canadian content, its market is wide open to global content on

4 Nordicity estimate based on review of international SVOD websites. Announcements for 2018 SVOD launches have been made by CBC and CBS.

5 CRTC, Communications Monitoring Report 2017, p. 157.

6 Tripp Mickle, “Apple Readies \$1 Billion War Chest for Hollywood Programming,” *Wall Street Journal*, August 16, 2017.

7 Arjun Kharpal, “Twitter’s live video ambition risks all-out content spending,” *www.cnn.com*, May 2, 2017.

8 Daniele Alcinii, “Report: Apple makes major push into original content,” *Playback*, August 16, 2017.

9 Bell Media’s mobile video offering, launched in 2017.

10 In nominal or real-dollar terms.

regulated and unregulated platforms. Capturing more than 3% of its domestic box office for Canadian films remains elusive.¹¹ On average, over half of Canada's television viewing is of foreign content.¹²

Exhibit 1 Audience performance of Canadian television programs and feature films

Share of television tuning to Canadian programs during peak-viewing period, 2015/16 broadcast season

English-language	23%
French-language	64%

Share of theatrical box office to Canadian films in 2016

English-language	0.9%
French-language	8.7%

Source: Canada Media Fund (Numeris), Movie Theatre Association of Canada (MTAC).

...and Canada Travels the World

Faced with a small domestic market and regulatory environment in flux, some Canadian screen-based content companies are looking globally for content and business opportunities:

- On the one hand, Canadian companies are acquiring or producing content libraries in Canada, for distribution to the world. In 2016/17, some of these export success stories included *Orphan Black*, the *Love It or List It* format, *Frontier*, *Annedroids*, *Long Time Running* and *19-2*. Distribution advances and foreign financing now make up 29% of the total financing of Canadian television productions; although, as explained below, these indicators of the export potential of Canadian content really apply only to specific genres, formats and languages.
- On the other hand, larger Canadian players are acquiring content catalogues and even facilities in global markets. Examples include Blue Ant's acquisition of New Zealand's Racat Group, Kew Media's acquisition of Content Media Corporation, Lionsgate's acquisition of UK's Primal Media; as well as eOne's purchase of a 70% stake in the UK animation studio, Astley Baker Davies, and its purchase of a 51% stake in the US production company, The Mark Gordon Company. Through these transactions, eOne acquired the international – and not just Canadian – rights to globally popular titles such as *Peppa Pig* and *Criminal Minds*.

The sheer scale of the content explosion is driving Canadian policy for the screen-based content sector. The federal government's Canadian content policy, with its focus on digital creative exports, builds on the sector's momentum. It incorporates a cultural perspective, which brings Canadian stories and points of view to the world; an industrial perspective that leverages the strengths of Canadian screen-based content creators, producers and distributors; and an economic perspective that supports the growth of Canada's digital markets.

The Localized Nature of Global Success

We should celebrate these Canadian global success stories and the opportunities they bring to Canadian creators, producers, distributors, broadcasters and exhibitors. But we should be mindful that not all producers and not all types of production are captured in this global content explosion.

The sources of financing that indicate export potential (i.e. financing from Canadian distributors and directly from foreign sources) account for between 3% and 36%, depending on the genre (Exhibit 2). Still, most of the growth in Canadian television production in 2016/17 was fuelled by financing from Canadian distributors, which was ultimately based on the international demand for Canadian content.

¹¹ See section 12 of this *Profile*, which provides box office data by feature films' country of origin.

¹² Anglophone viewing accounts for approximately three-quarters of total Canadian television viewing, and Francophone viewing for approximately one-quarter (based on CRTC's *Communications Monitoring Report 2017*, tables 4.2.12 and 4.2.13).

Exhibit 2 Sources of financing for Canadian screen-based production, by genre, 2016/17

Release window	Genre	Public funding programs and tax credits	Canadian Broadcasters	Canadian distributors	Foreign sources	Other private sources	Total
Television	Fiction	39%	18%	18%	18%	6%	100%
	Children's and youth	39%	16%	25%	8%	11%	100%
	Documentary	52%	24%	10%	10%	5%	100%
	Lifestyle/human interest	28%	51%	7%	5%	9%	100%
	Variety and performing arts	40%	49%	2%	1%	7%	100%
Theatrical feature films	All genres	60%	1%	14%	5%	20%	100%

Source: Canadian Audio-Visual Certification Office (CAVCO).

Note: Some totals may not sum due to rounding.

Most genres of screen-based content are made for Canadian audiences with Canadian financing, with relatively low foreign pre-sales and sales of completed content. Indeed, among CMF-supported Canadian television projects, English-language drama has been the genre with the most international pre-sales.

Exhibit 3 Cumulative international pre-sales of CMF-Supported television productions, 2006/07 to 2015/16

Genre	Share of cumulative pre-sales
Drama	66.0%
Documentary	12.5%
Animation	12.1%
Children's and youth	9.0%
Variety and performing arts	0.4%
Total	100.0%

Source: CMF.

Exhibit 4 Sales of CMF-supported productions in 2016/17

Genre and language	Share of total sales in 2016/17
English drama	33.3%
English children's and youth	13.1%
English documentary	18.5%
French – all genres	3.1%
Other languages – all genres	0.1%
Games	31.9%
Total	100.0%

Source: CMF.

Includes sales to Canada and foreign markets (sales to Canada account for 8% of total sales).

The world wants scripted, big-budget drama, animation, science-fiction and thriller movies, and reality TV formats. So do Canadians. But Canadians also want locally relevant documentaries, children's and youth programs, variety and performing arts programs, and feature films.

Finding the next *Mohawk Girls*, *Le Cri du Rhinocéros* or *Imagining Canada* – the top-quality “Canadian” programs that do not make it to the top of a list of online search results – can be difficult. However, the objective to support the discoverability of Canadian content put forward as one of the pillars of the federal government's [Creative Canada Policy Framework](#) is applauded by Canada's content producers who continue to reach global and niche audiences with their critically acclaimed, cutting edge and innovative content.

Across the Value Chain, Explosion = Diversification

The exploding demand for content, and competition to attract production activity, means players across the screen-based content sector's value chain are diversifying their strategies. This is true for producers, distributors, broadcasters, broadcasting distribution undertakings (BDUs) such as cable and direct-to-home (DTH) satellite companies, and theatrical exhibitors.

At the **development** stage, producers are spending more on script and concept development and report working more closely with broadcasters and SVOD operators at the earliest stages of the project. Spending by the top 10 producers (in terms of development) has doubled since 2015, and increased by about 3% in the last year.¹³ Producers report looking at marquee talent, devising concepts with global distribution in mind, and leveraging social media to test concepts and marketing ideas – at the development stage.¹⁴

In terms of **production**, the competition among platforms to acquire top-quality, globally-oriented content is reportedly fierce. As some studios want to retain their rights to control the exploitation of their content on digital platforms, large SVOD and social media operators are seeking to commission new, signature, content for their own networks.¹⁵ All of this means that there should be growing opportunities for independent Canadian producers. Still, the challenge for Canadian independent producers will be to retain some rights for other territories or platforms, and not selling them wholesale to a single content platform.

And for all supported genres, a strong *Canadian* market is essential. It provides the crucial first window for most Canadian productions; it is the source of most of the financing of these productions, and it provides the breakthrough for diverse storytellers and producers to make their first productions and establish their careers and businesses. Focusing our attention on global opportunities should not divert us from building and strengthening Canadian companies and content targeting our own audiences.

Canadian distributors – who are often also content producers – are taking their content libraries beyond North America. While a single sale to a global SVOD operator such as Netflix can cover 190 territories (where Netflix is currently available), it can also mean long-term exclusive deals that prevent the Canadian distributor from selling that production to other platforms or territories. Indeed, the data show that the bulk of sales of CMF-funded programs were for worldwide rights, not single territories. This is probably a higher degree of temporal and geographic exclusivity than Canadian distributors and producers are accustomed to, but one that might be necessary to secure part of the growing pot of content financing available from global SVOD platforms.

¹³ Based on *Playback's* annual survey of producers for 2015, 2016 and 2017. While responses are voluntary and involve self-reported financial data, the top 10 firms are fairly consistent from year to year, and therefore we believe the survey provides a useful indicator of development activity. According to the survey, the top 10 producers in development planned on spending \$10.7 million in 2015, \$20.6 million in 2016 and \$21.2 million in 2017.

¹⁴ See for example Jordan Pinto, “Exclusive: eOne maps out the future of its scripted division,” *Playback*, August 29, 2017; Jordan Pinto, “2017 Indie List: The year in review,” *Playback*, June 12, 2017; Jordan Pinto, “On the Slate: Item 7,” *Playback*, July 10, 2017; and Gaëlle Engelberts, “Discoverability: Working with Filter Bubbles,” CMF Trends blog posting, July 6, 2017.

¹⁵ Paul Bond and Georg Szalai, “How Disney's Plan to Pull Movies Could Impact Netflix,” *Hollywood Reporter*, August 9, 2017.

Exhibit 5 International sales of CMF-supported television productions by territory, 2012/13 to 2014/15

Territory	Share of total sales of CMF-supported television programs
World	59%
US	20%
Individual EU countries	7%
All others	14%
Total	100%

Source: CMF

Canadian broadcasters are also competing for high-quality scripted content, and are adapting to the explosion in content platforms in several ways:

- Broadcasters are jointly licensing Canadian content with SVOD services, as was the case with drama series *Alias Grace* and *Cardinal*, and the children's and youth series, *Justin Time GO!*.
- While Canadian broadcasters were typically the first release window for CMF-supported series, changes to funding rules and broadcast group ownership of some digital platforms (e.g. Bell Canada's ownership of CraveTV, or CBC/Radio-Canada's ownership of Tou.tv extra) mean broadcasters can become a second window, after digital or SVOD release of content.
- Broadcasters are negotiating long-term supply deals with key content providers, acquiring multi-platform rights where possible (e.g. Rogers Media Inc.'s acquisition of National Hockey League [NHL] sports rights).
- Broadcast corporate groups are launching their own SVOD offerings: beyond the relatively well-established CraveTV (Bell Canada) or Club illico (Quebecor Media Inc.), Canadians can access Tou.tv extra (CBC/Radio-Canada), Sportsnet NOW (Rogers Media Inc.), History Vault (Corus Entertainment Inc.), and Love Nature (Blue Ant Media Inc.), while CBC/Radio-Canada has announced plans for an English-language SVOD offering to be launched in 2018.

BDUs in Canada and worldwide are responding to the same challenge of “cord-cutting” – declining markets for their core cable or satellite offerings. While Internet protocol TV (IPTV) in Canada (such as Bell Canada's Fibe or Telus Corporation's Optik TV) has grown, and cable-TV operators such as Rogers Communications Canada Inc. and Shaw Communications Inc. are now offering their own IPTV services, it has not stemmed the overall decline in cable TV and DTH satellite subscriptions. Nor has the greater channel packaging flexibility offered by the Canadian Radio-television and Telecommunications Commission (CRTC) to BDUs in its 2016 *Let's Talk TV* decision. Enhanced IPTV services, including 4K (enhanced resolution) video, voice-activated personal video recorders (PVRs), and SVOD access (including Netflix) integrated into IPTV platforms are among the ways that incumbent BDUs are making their video offerings more compelling.

Canadian theatrical exhibitors are continuing the trend observed in last year's *Profile*. With movie attendance declining in theatres, theatrical exhibitors are entering new lines of business to capitalize on the value of their physical venues. At Cineplex Inc., the largest theatrical exhibitor, this diversification has taken the chain into live-event screenings, amusement games and indoor golf driving ranges. Cineplex Inc. also has an online store, Cineplex Store. In August 2017, it announced a partnership with Imax Corporation, one of Canada's most innovative screen sector companies, to open the VR Centre at Cineplex's Scotiabank Theatre in Toronto.¹⁶ Smaller chains have also been diversifying the uses of their space as event and party venues, gaming centres, and other lines of business.

¹⁶ Rebecca Hill-Duty (2017), “IMAX And Cineplex To Create VR Centre In Canada,” VR Focus, August 25, 2017, <https://www.vrfocus.com/2017/08/imax-and-cineplex-to-create-vr-centre-in-canada/>.

For the screen-based content sector, then, capitalizing on the content explosion requires:

- *creators* that compel – with their stories and performances;
- *content* that travels – across platforms, audiences, and territories;
- *platforms* that adapt – to audience preferences, and new technologies; and
- *policies* that strengthen – supporting domestic and export-oriented content strategies.

Public policy environment

Even the producers, distributors and exporters with the greatest international success have benefitted from a robust Canadian policy framework and support programs. A combination of tax credits, regulated contributions and exhibition requirements, public funding, and coproduction treaties and agreements has fostered both domestic and export-oriented content. This fabric of support is constantly challenged by technological changes and a number of important developments over the last year have impacted the policy environment:

- The federal government's [Creative Canada framework](#), announced in September 2017, contained a variety of measures that impact Canadian screen-based production, including an increase in the government's investment in the Canada Media Fund, meant to address any declines in regulated BDU contributions
- The Minister of Canadian Heritage also announced that her government will, "seek commitments from, and pursue agreements with global Internet companies that provide services to Canadians."¹⁷ A first investment from Netflix, concluded under the *Investment Canada Act*, will commit a minimum of \$500 million in original productions in Canada over the next five years.
- Global export development for screen-based content is where the federal government is putting much policy effort, with a planned \$125 million investment in creative exports and the creation of a Creative Industries Council.
- The CRTC also announced changes to the Canadian programming expenditure requirements of large television ownership groups, which could lead to less spending by broadcasters on "programs of national interest (PNI)."¹⁸ This programming includes drama, comedy, documentary and children's programs generally produced by independent production companies. In August 2017, the Governor in Council decided to refer the licence renewal decisions for the television services owned by large ownership groups, including as they pertain to PNI and required levels of original French-language content back to the CRTC for reconsideration and hearing.

The data trends and analysis in *Profile 2017* give rise to a fair bit of optimism for the Canadian screen-based production sector. Top-quality screen-based content is in demand, in Canada and across the globe. But some of the sector's diverse strategies and policies for content creation, packaging, distribution and exhibition are likely to continue to be challenged by evolving technologies and business models over the coming years. The upcoming reviews of key pieces of federal legislation - the *Broadcasting Act*, the *Telecommunications Act* and the *Copyright Act* – will, along with CBC/Radio-Canada's mandate "renewal" announced in fall 2017, play an important role in shaping the way forward. In *Profile 2018*, we will trace the picture of how Canada's screen-based content sector adapts in this age of content abundance.

¹⁷ Government of Canada, *Creative Canada: Policy Framework*, September 2017, section 2.2.

¹⁸ The CRTC's decision to renew the licences of broadcast groups Bell, Corus and Rogers (Decision CRTC 2017-148 to 2017-151, published May 15, 2017) was estimated to result potentially in \$39 million of reduced spending on long-form documentary, drama/comedy, music and variety, and certain awards shows. See Nordicity, "Analysis of Reduced Spending on Independent PNI Production," prepared for CMPA, June 2017.

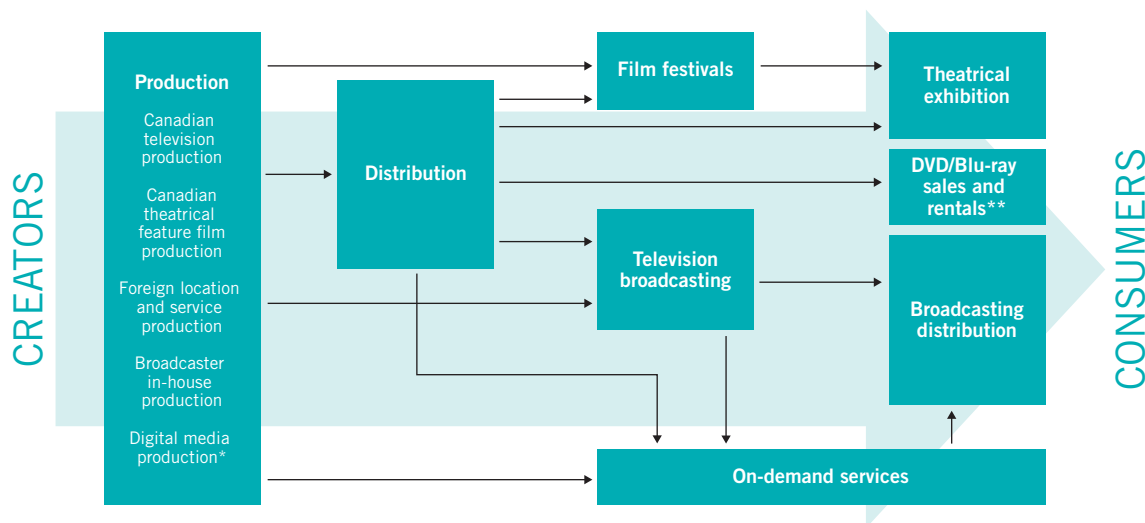
1. Overview of the screen sector in Canada

SCREEN SECTOR VALUE CHAIN

Over the past decade, the combination of digital technology, broadband Internet and new entertainment devices has led to the rapid evolution of the screen sector value chain. Exhibit 1 - 1 depicts the current configuration of the screen sector value chain in Canada in a simplified manner.

- The screen sector value chain begins with production. **Production** converts the creative ideas of the screenwriter and director into a finished film or television program. In this report, the production segment includes pre-production (i.e. development), live-action production, animation production, all post-production, visual effects production (VFX) and digital media production
- The production stage is followed by **distribution**. Canadian and foreign distribution companies typically control the economic rights of films and television programs, and plan and execute the release windowing of these films and television program. Distributors are a key feature of the theatrical market. In television, programs are often licensed directly by producers (or their distribution arms) to first-window broadcasters without a third-party distributor.
- The evolution of the screen sector value chain is most evident in the content consumption stage. **Film festivals** are an important venue through which producers and distributors can raise awareness for their films and sell them into previously unsold territories. They can also generate significant economic benefits for their host cities.
- Most films are still released first in the **theatrical exhibition** window; however, this is not always the case. Some films have their first release on **on-demand services** such as video-on-demand (VOD), subscription VOD (SVOD), transactional VOD (TVOD) or advertising VOD (AVOD); or on **home video** (i.e. DVD/Blu-ray sales and rentals). Some films will be simultaneously released in theatres and on on-demand services or home video (i.e. “day and date” releases).
- For television programming, content consumption typically begins in the **television broadcasting** industry, which includes the conventional television broadcasters, and specialty and pay-television services that operate in Canada.
- As noted above, audiences can also access films and television programs through **on-demand services** such as pay-per-view (PPV), VOD, SVOD or other online services. Many films and television programs use these services as secondary release windows or even first-release windows, thus bypassing the television broadcasting or theatrical exhibition industries altogether.
- For the Canadian screen sector, it is also important to recognize the role of cable-television, direct-to-home satellite (DTH), Internet protocol television (IPTV) and other multipoint distribution systems (MDS). These entities comprise the broadcasting distribution industry and are referred to as **broadcasting distribution** undertakings (BDUs). They play an essential role in ensuring that Canadian audiences can reliably access the screen content available from the television broadcasting industry and certain on-demand services. Some on-demand services, however, exhibit content directly to consumers over broadband Internet connections, thus bypassing Canadian BDUs.

Exhibit 1 - 1 The screen sector value chain in Canada



* This report only contains statistics for convergent digital media (CDM) production. See Section 9 for additional data on this segment.

** Estimates of the revenue and economic impact of DVD/Blu-ray sales and rentals in Canada are not included in this report.

FILM AND TELEVISION PRODUCTION IN CANADA

The film and television production industry in Canada consists of four key segments:

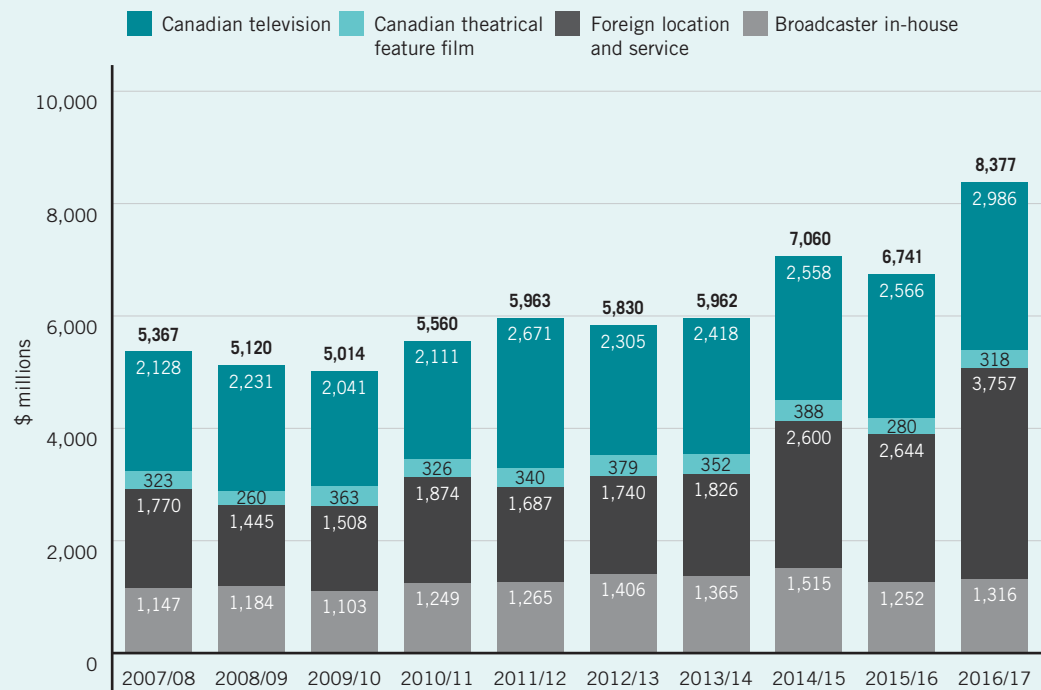
1. The **Canadian television production** segment includes television programs made largely by independent production companies, but also includes television programs made by production companies affiliated with Canadian broadcasters. All of these television programs are certified as Canadian content by the Canadian Audio-Visual Certification Office (CAVCO) of the Department of Canadian Heritage or the Canadian Radio-television and Telecommunications Commission (CRTC).
2. The **Canadian theatrical feature film production** segment includes feature-length films made by independent production companies that were certified as Canadian content by CAVCO.
3. The **Foreign location and service (FLS) production** segment is now the largest single segment of the Canadian screen-based production sector and largely consists of feature films and television programs filmed in Canada by foreign producers or by Canadian service producers.¹⁹ For the majority of FLS projects, the copyright is held by non-Canadian producers; however, for approximately 5% to 10% of projects, the copyright is held by Canadians.
4. The **Broadcaster in-house production** segment includes television programs made by Canadian television broadcasters in their own facilities as opposed to being made by an external production company that is either independent or affiliated with the broadcaster. Broadcaster in-house production comprises primarily news, sports and current affairs programming

¹⁹ Canadian service producers are producers who provide production and/or post-production services in Canada on behalf of non-Canadian producers.

TOTAL VOLUME

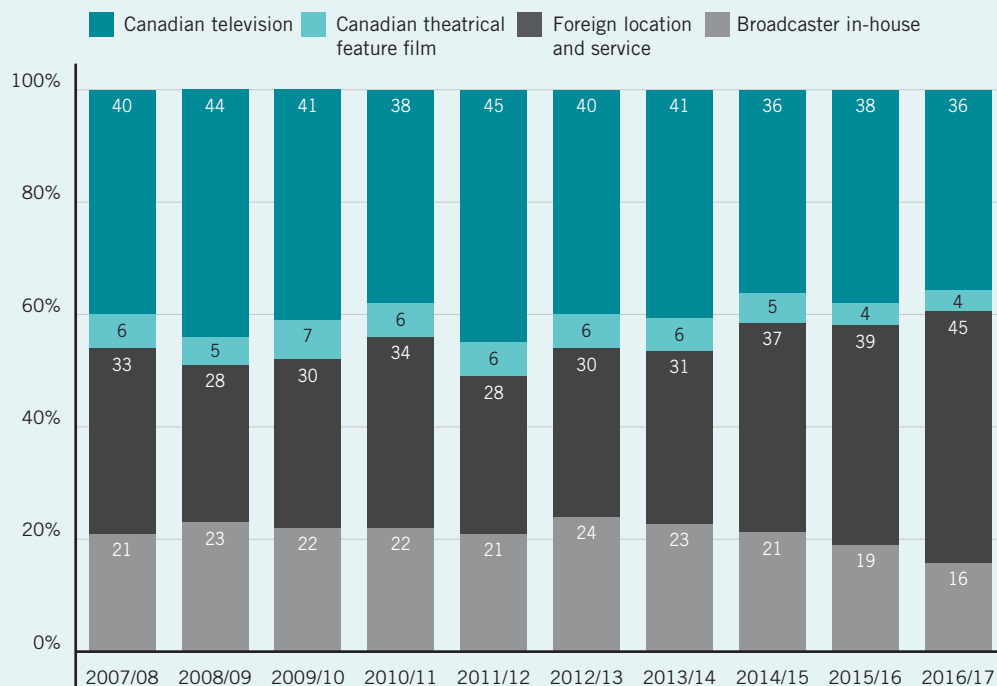
The total volume of film and television production in Canada jumped by 24.3% to an all-time high of \$8.38 billion in 2016/17. Over two-thirds of the growth experienced in 2016/17 was due to a sharp increase in the volume of FLS production in Canada. It rose by over \$1 billion to an all-time high of \$3.76 billion.

Exhibit 1 - 2 Total volume of film and television production in Canada



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

Note: Some totals may not sum due to rounding.

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

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.

REGION

After adding over \$700 million in FLS production and \$100 million in Canadian television production to its total annual volume of production, British Columbia (BC) surpassed Ontario for the first time in 2016/17 to become Canada's largest centre for film and television production. Both BC and Ontario now host nearly \$3 billion in film and television production annually. As the home to Canada's French-language production industry, Quebec was the third largest province in terms of annual film and television production volume, with \$1.75 billion in 2016/17.

Exhibit 1 - 4 Total volume of film and television production in Canada, by province and territory

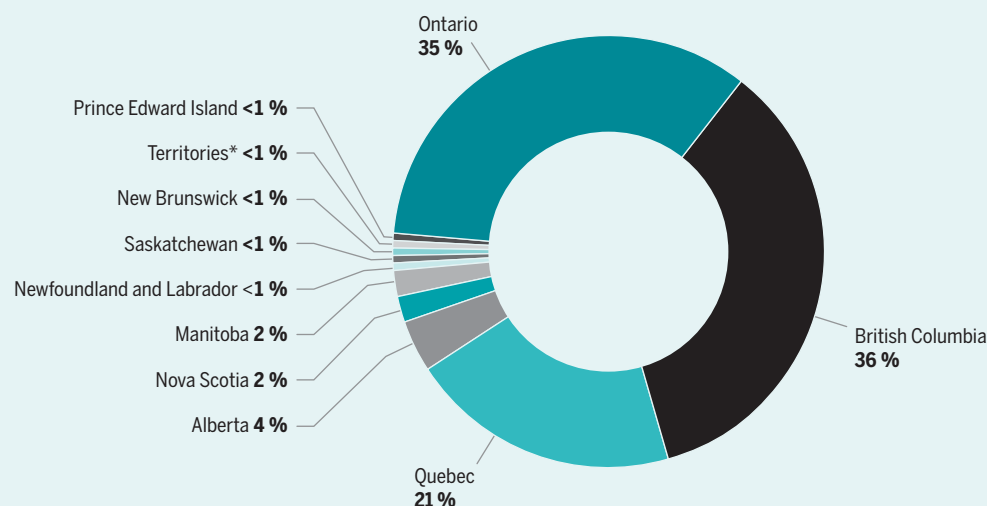
(\$ millions)	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
British Columbia	1,683	1,329	1,399	1,729	1,578	1,605	1,618	2,239	2,112	2,991
Ontario	1,961	1,903	1,910	2,077	2,586	2,439	2,439	2,763	2,703	2,977
Quebec	1,214	1,346	1,274	1,321	1,316	1,351	1,280	1,551	1,404	1,754
Alberta	179	181	153	148	167	155	274	264	254	308
Manitoba	107	55	72	69	79	76	100	84	91	129
Nova Scotia	93	151	107	99	104	98	124	69	84	100
Newfoundland and Labrador	12	12	40	43	42	42	46	31	40	41
Saskatchewan	82	101	33	49	54	35	47	30	30	36
Territories*	8	9	4	5	6	6	8	9	8	24
New Brunswick	22	30	19	19	27	21	24	19	13	15
Prince Edward Island	6	2	1	2	4	2	2	2	2	2
Total	5,367	5,120	5,014	5,560	5,963	5,830	5,962	7,060	6,741	8,377

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

Note: Statistics published by provincial funding agencies may differ from those in Profile 2017. Please see Notes on Methodology for additional information. Figures for 2014/15 may understate the total volume of production, since data was not available for the volume of FLS production in Nova Scotia in that year. Some totals may not sum due to rounding.

* Includes Yukon, Nunavut and Northwest Territories.

Exhibit 1 - 5 Share of total volume of film and television production in Canada, by province and territory, 2016/17



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

* Includes Yukon, Nunavut and Northwest Territories.

Note: Some totals may not sum due to rounding.

CONSUMERS' MEDIA CONSUMPTION PATTERNS

Media consumption patterns in Canada continued to evolve in 2016 as Canadians increased their use of alternative video technologies and services to access film and television content. Canadians can choose from a large array of digital services available over the Internet, on Internet-connected mobile communications devices, or through BDUs.

Most Canadian broadcasters offer programming directly through their websites, and on apps for mobile platforms and tablets. Via the Internet, Canadians can also access films and television programs through a variety of online services, including Netflix, Amazon Prime Video, Apple iTunes, CraveTV, Videotron's illico.tv, the National Film Board of Canada, Cineplex and video game consoles. Most BDUs in Canada also offer on-demand services through digital set-top boxes (known as VOD), which also act as personal video recorders (PVRs).

Personal video recorders (PVRs)

Among alternative video technologies, PVRs were still the most prevalent in Canada's French-language market, where they displayed a penetration rate of 55% in 2016 (Exhibit 1-7). In the English-language market, the penetration rate for PVRs was 50% (Exhibit 1-6). PVRs now trail Internet television viewing in terms of adoption in the English-language market (Exhibit 1-12) and are on par with the adoption rate for Netflix.

Internet and online services

In addition to licensed programming services, Canadians can access screen content over the Internet on online services using personal computers, laptops, smartphones and tablets.

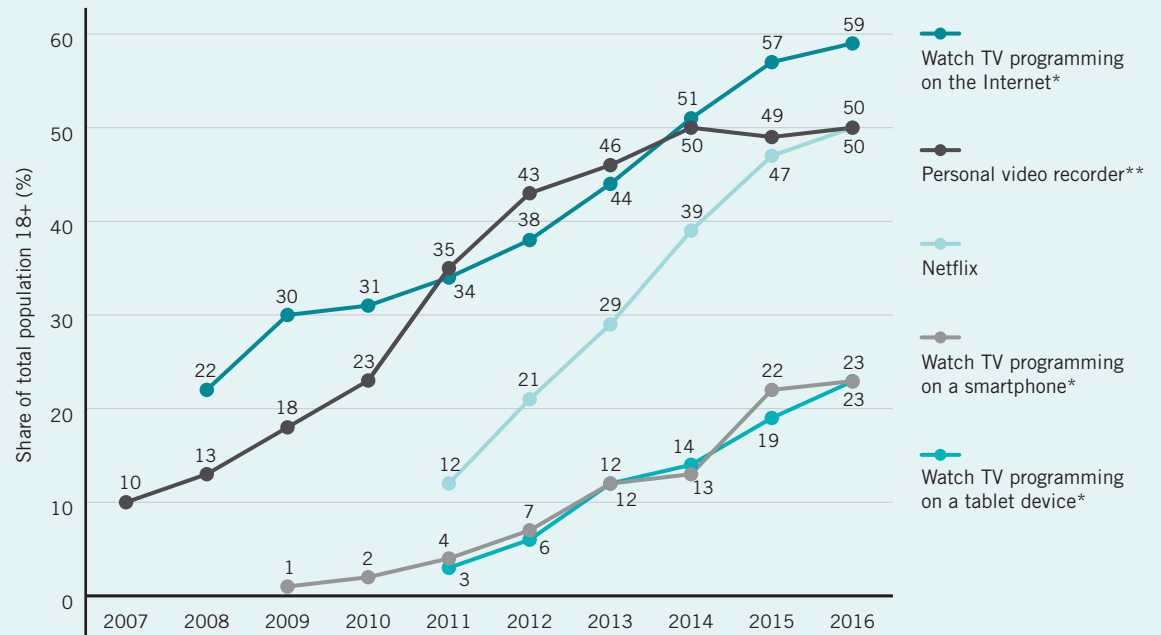
Canadians' use of the Internet for accessing television programming continued to grow in 2016, however, at a slower rate than in previous years. The percentage of Canadians in the English-language market who watched television programming over the Internet increased from 57% to 59% in 2016, making this the most popular alternative video technology in that market (Exhibit 1 - 6).²⁰ In the French-language market, the share increased from 49% to 51%.

Despite the much smaller screen, smartphones and tablets are playing a growing role in Canadians' media consumption patterns because of their portability. In 2016, 23% of Canadians in the English-language market used a smartphone to watch television programming; in the French-language market the share was 20%. Approximately 23% of Canadians in the English-language market used tablets to watch television programming in 2016 – the same rate as in the French-language market, the share was 20%.

Netflix, Amazon Prime Video, Apple iTunes, illico.tv and CraveTV are also proving to be fast-growing platforms for accessing films and television programming in Canada. As of 2016, 50% of Canadians in the English-language market had used Netflix. This is up from only 12% in 2011. In the French-language market, the rate of Netflix adoption rose to 22%.

The lower adoption rate for Netflix in Canada's French-language market is due in large part to the fact that CBC/Radio-Canada's ICI Tou.tv and Videotron's illico.tv already offer consumers online video options with more French-language content than is available on Netflix.

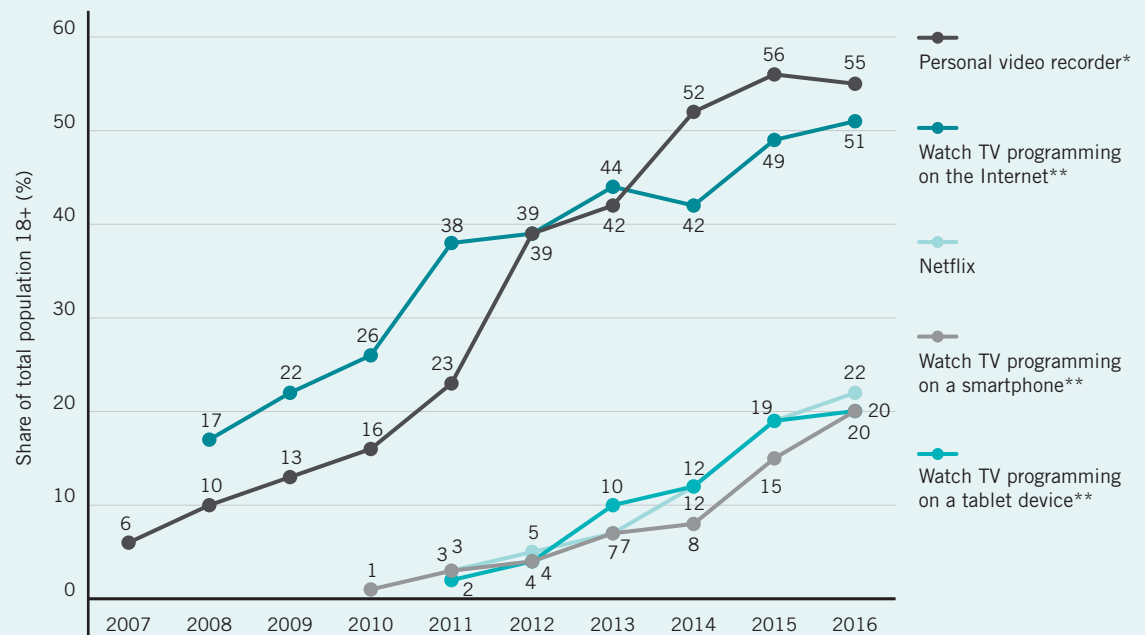
²⁰ The statistics for viewing of television programming over the Internet include access by all types of Internet-connected devices such as desktop computers, laptops, cellphones and tablets.

Exhibit 1 - 6 Adoption rates for alternative video technologies and services, English-language market

Source: Media Technology Monitor.

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

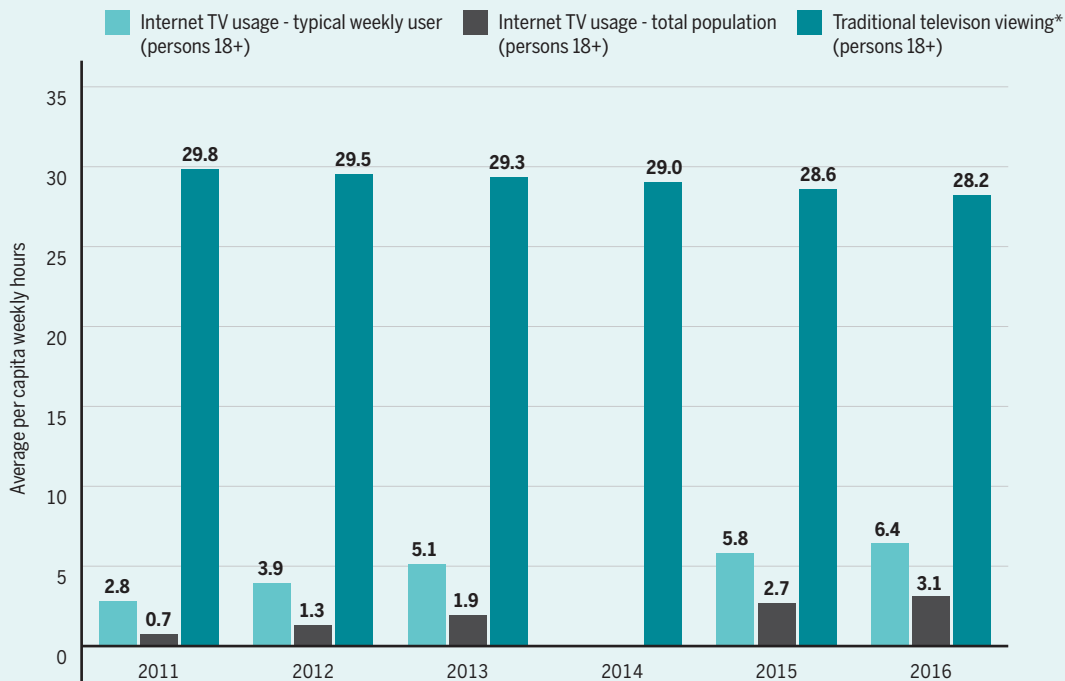
** Possessed a PVR.

Exhibit 1 - 7 Adoption rates for alternative video technologies and services, French-language market

Source: Media Technology Monitor.

* Possessed a PVR

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

Exhibit 1 - 8 Average weekly hours of television viewing in Canada, traditional television vs. Internet television

Source: Numeris and Media Technology Monitor (see CRTC, *Communications Monitoring Report 2017*).

* Traditional television viewing includes television viewing via over-the-air signal reception, cable, satellite or MDS. Internet TV usage includes access by all types of Internet-connected devices such as desktop computers, laptops, cellphones and tablets. Data are reported for the broadcasting year ending in the indicated years (e.g. data for 2015 and 2016 correspond with the broadcasting year, September 1 to August 31).

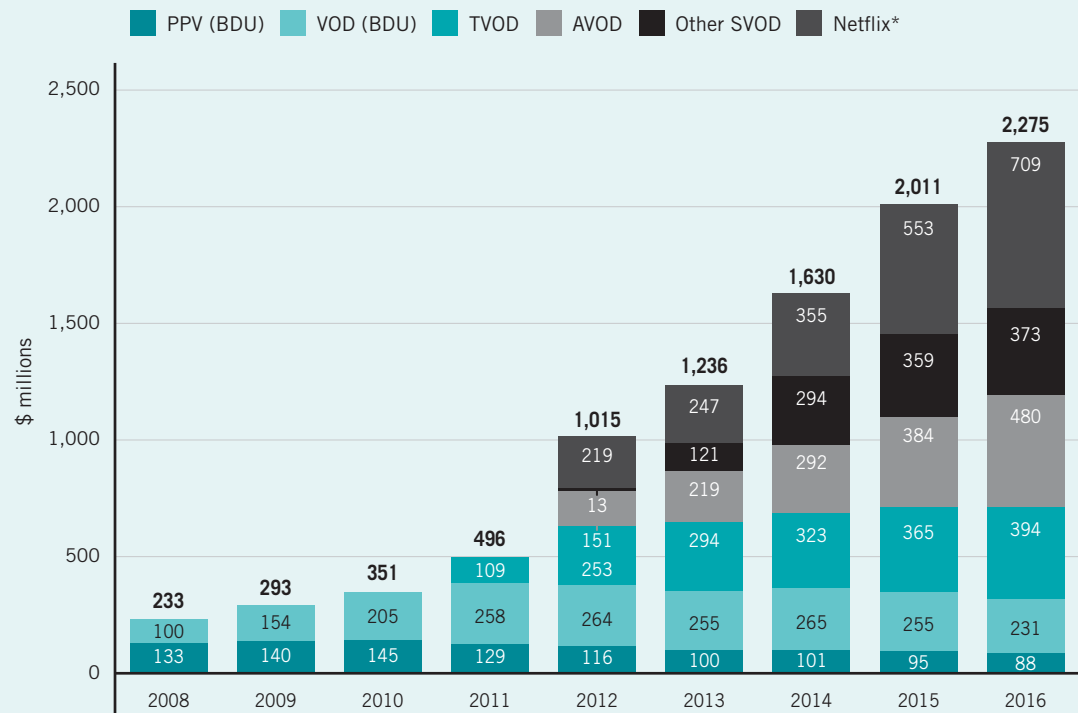
** No data for Internet TV usage available for 2014.

ON-DEMAND SERVICES

Canada's market for on-demand television services is estimated to have been worth nearly \$2.3 billion in 2016.

Canadians can now use a variety of on-demand services to access film and television content, including Netflix, Amazon Prime, CraveTV, Club Illico, as well VOD and PPV services operated by BDUs.

While BDU's PPV and VOD services continued to experience declining revenue in 2016, Netflix's revenue in Canada increased to an estimated \$709 million, thereby accounting for the largest single share (31%) of the on-demand services market. Other SVOD services, including CraveTV and Club illico, generated \$373 million in revenue. AVOD generated an estimated \$480 million in 2016; TVOD generated an estimated \$394 million. The more traditional on-demand services operated by BDUs, including VOD and PPV, generated \$231 million and \$88 million, respectively.

Exhibit 1 - 9 Revenues of on-demand services in Canada

Source: Nordicity estimates based on data from CRTC, OVUM, MTM, Solutions Research Group, SNL Kagan and Digital TV Research.

Note: Some totals may not sum due to rounding

* Estimates based on secondary research

SUPER SCIENCE FRIENDS

Canadian web series picked up by American television after successful crowdfunding campaign

Super Science Friends is an animated web series that brings together iconic figures from throughout the history of science for time travelling adventures. The series was created by Brett Jubinville of Tinman Creative Studios. It was made possible by a 2014 Kickstarter campaign that exceeded the initial goal of \$25,000, raising almost \$30,000 with the support of more than 400 backers. A pilot episode launched on YouTube in 2016. The next three episodes were picked up by American channel Cartoon Hangover.

The series has also been a critical success. *Super Science Friends* won the Audience Choice Award at the Toronto Animation Arts Festival International and prizes for Best Canadian Web Series, Best Screenplay and Best Sound Design at TO Web Fest. Internationally, the show also won Best Animated Film at the New York Science Fiction Film Festival.

2. Economic Contribution

Film and television production is a relatively labour-intensive activity. Films and television programs often employ dozens of people as cast and crew. On some occasions, the size of the cast and crew can exceed 100 people. Productions also purchase goods and services from other industries, thus generating spin-off economic impacts beyond the production industry.

The employment and supplier purchases associated with film and television production have generated employment for tens of thousands of Canadians in recent years, as well as billions of dollars of labour income and gross domestic product (GDP).

The economic contribution of the screen sector in Canada is not confined to the film and television production industry. The other industries along the screen sector value chain, including convergent digital media (CDM), distribution, film festivals, exhibition, television broadcasting and broadcasting distribution also employ tens of thousands of Canadians and generate labour income and GDP through the value they add to the distribution of content made not only in Canada, but in other countries.

Highlights from 2016/17



- The total employment impact (including direct and spin-off impacts) of film and television production in Canada increased by 22.6% to 171,700 full-time equivalent jobs (FTEs) in 2016/17.
- Employment directly within the film and television production industry itself (i.e. direct impact employment) increased by 22.5% to 67,500 FTEs in 2016/17.
- The total labour-income impact of film and television production in Canada increased by 23.7% to \$9.15 billion in 2016/17.
- The total GDP impact of film and television production in Canada increased by 34.2% to \$12 billion in 2016/17.
- The entire screen sector value chain (including film and television production, CDM, distribution, film festivals, exhibition, television broadcasting and broadcasting distribution) generates an estimated 271,200 FTEs of employment, \$15.6 billion in labour income and \$23.6 billion in GDP, including direct and spin-off impacts (based on the most recent years of available data).



- The largest contributions to the economic impact of film and television production in Canada came from foreign location and service (FLS) production. It accounted for 77,000 FTEs of employment, \$4.04 billion in labour income and \$5.43 billion in GDP.

The tremendous growth experienced by the Canada's film and television production sector in 2016/17 translated directly into an even larger economic impact. Overall, the production industry generated 171,700 FTEs of employment for the Canadian economy in 2016/17, including direct (i.e. cast and crew) and spin-off impacts. These spin-off impacts include not only the employment and GDP generated within industries that supply goods and services to the production industry, but also the consumer industries within the Canadian economy that benefit from the re-spending of wages earned by cast and crew, and the workers employed in the supplier industries.

The employment and supplier purchases associated with film and television production meant that the industry generated \$9.15 billion in labour income and \$12 billion in GDP for the Canadian economy in 2016/17. These total impacts included direct labour income of \$4.08 billion and direct GDP of \$4.24 billion.

Overall, the screen sector value chain generates 271,200 FTEs of employment in Canada (based on the most recent years of available data). This total employment impact includes 109,820 FTEs of employment at companies operating directly in the screen sector value chain and a further 161,380 FTEs of employment in other industries.

The screen sector value chain also generates \$23.6 billion in GDP for the Canadian economy, including \$10.8 billion directly within the value chain and an additional \$12.8 billion in other industries within the Canadian economy.

FILM AND TELEVISION PRODUCTION

EMPLOYMENT BY SEGMENT

Film and television production in Canada generated 171,700 full-time equivalent jobs (FTEs) in 2016/17. This total impact included 67,500 FTEs of employment directly in the film and television production industry (i.e. direct impact) and 104,200 FTEs in other industries within the Canadian economy (i.e. spin-off impact).

Exhibit 2 - 1 Number of FTEs generated by film and television production in Canada

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Canadian television production										
Direct	21,100	21,300	19,100	19,300	23,600	19,900	20,300	21,100	21,000	24,100
Spin-off	32,500	32,900	29,500	29,800	36,400	30,700	31,400	32,600	32,400	37,100
Total	53,600	54,200	48,600	49,100	60,000	50,600	51,700	53,700	53,400	61,200
Canadian theatrical feature film production										
Direct	3,200	2,500	3,400	3,000	3,000	3,300	3,000	3,200	2,300	2,600
Spin-off	4,900	3,800	5,200	4,600	4,600	5,000	4,600	4,900	3,500	4,000
Total	8,100	6,300	8,600	7,600	7,600	8,300	7,600	8,100	5,800	6,600
FLS production										
Direct	17,500	13,800	14,100	17,200	14,900	15,000	15,400	21,500	21,600	30,300
Spin-off	27,000	21,300	21,800	26,500	23,000	23,200	23,700	33,100	33,300	46,700
Total	44,500	35,100	35,900	43,700	37,900	38,200	39,100	54,600	54,900	77,000
Broadcaster in-house production										
Direct	11,400	11,300	10,300	11,400	11,200	12,100	11,500	12,500	10,200	10,600
Spin-off	17,500	17,500	15,900	17,700	17,300	18,700	17,700	19,300	15,800	16,400
Total	28,900	28,800	26,200	29,100	28,500	30,800	29,200	31,800	26,000	27,000
Grand total										
Direct	53,200	48,900	46,900	50,900	52,700	50,300	50,200	58,300	55,100	67,500
Spin-off	82,000	75,500	72,500	78,600	81,400	77,700	77,400	90,000	85,000	104,200
Total	135,200	124,400	119,400	129,500	134,100	128,000	127,600	148,300	140,100	171,700

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

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

EMPLOYMENT BY REGION

The vast majority of the employment impact generated by film and television production – both direct and spin-off impacts – was concentrated in British Columbia, Ontario and Quebec, which hosted the bulk of film and television production in Canada in recent years. British Columbia is now the leading province for employment in Canada's film and television production sector.

Exhibit 2 - 2 Direct FTEs employed in film and television production in Canada, by province and territory

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
British Columbia	16,530	12,650	12,920	15,850	14,150	13,900	13,660	18,500	17,220	24,120
Ontario	19,050	18,020	18,020	19,010	22,840	21,230	20,770	23,190	22,460	24,080
Quebec	12,690	13,620	12,130	12,460	11,980	12,020	11,120	13,140	11,780	14,540
Alberta	1,620	1,530	1,280	1,200	1,320	1,190	2,030	1,940	1,810	2,270
Manitoba	1,150	570	720	680	740	690	910	740	790	1,100
Nova Scotia	990	1,640	1,160	1,010	1,020	930	1,160	620	760	880
Newfoundland and Labrador	120	120	390	410	380	360	380	250	320	320
Saskatchewan	850	970	310	440	460	290	370	230	230	270
New Brunswick	240	320	200	190	260	200	230	180	120	140
Territories*	70	80	30	40	50	50	50	60	50	160
Prince Edward Island	70	20	10	20	40	20	20	20	20	20
Total	53,200	48,900	46,900	50,900	52,700	50,300	50,200	58,300	55,100	67,500

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

* Includes Yukon, Nunavut and Northwest Territories.

Exhibit 2 - 3 Total direct and spin-off full-time equivalent jobs (FTEs) generated by film and television production in Canada, by province and territory

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
British Columbia	41,580	31,450	32,530	39,880	35,740	35,140	34,590	46,660	43,620	60,870
Ontario	42,640	39,920	40,380	42,560	51,310	47,720	46,790	52,020	50,630	54,080
Quebec	38,750	41,060	37,060	38,050	36,730	36,900	34,210	40,230	36,250	44,560
Alberta	4,650	4,340	3,680	3,450	3,830	3,440	5,870	5,590	5,240	6,550
Nova Scotia	2,380	3,890	2,790	2,430	2,460	2,240	2,800	1,510	1,830	2,130
Manitoba	2,050	1,000	1,290	1,220	1,330	1,230	1,640	1,330	1,420	1,970
Newfoundland and Labrador	200	200	680	700	660	620	660	430	550	550
Saskatchewan	2,010	2,270	730	1,040	1,100	680	880	540	540	650
New Brunswick	500	660	410	400	540	410	480	380	250	290
Territories*	150	160	60	90	100	100	100	130	100	340
Prince Edward Island	280	80	40	90	150	90	90	90	90	90
Total	135,200	124,400	119,400	129,500	134,100	128,000	127,600	148,300	140,100	171,700

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

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

* Includes Yukon, Nunavut and Northwest Territories.

GDP AND LABOUR INCOME

Film and television production in Canada generated over \$9.15 billion in labour income (i.e. wages and salaries) for Canadians and \$12 billion in GDP for the Canadian economy in 2016/17. Approximately 45% of the impact on labour income was earned by direct-impact workers – that is, cast and crew working in film and television production.

Exhibit 2 - 4 GDP and labour income impact film and television production in Canada, 2016/17

	Direct	Spin-off	Total
LABOUR INCOME (\$ MILLIONS)			
Canadian content production			
Canadian television production	1,493	1,807	3,300
Canadian theatrical feature film production	159	195	354
Subtotal	1,652	2,002	3,654
FLS production	1,766	2,274	4,040
Broadcaster in-house production	658	799	1,457
Grand total	4,076	5,075	9,151
GDP (\$ MILLIONS)			
Canadian content production			
Canadian television production	1,553	2,692	4,245
Canadian theatrical feature film production	165	290	455
Subtotal	1,718	2,982	4,700
FLS production	1,841	3,593	5,434
Broadcaster in-house production	684	1,190	1,874
Grand total	4,243	7,765	12,008

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

Note: See Notes on Methodology for a description of methodology. Some totals may not sum due to rounding.

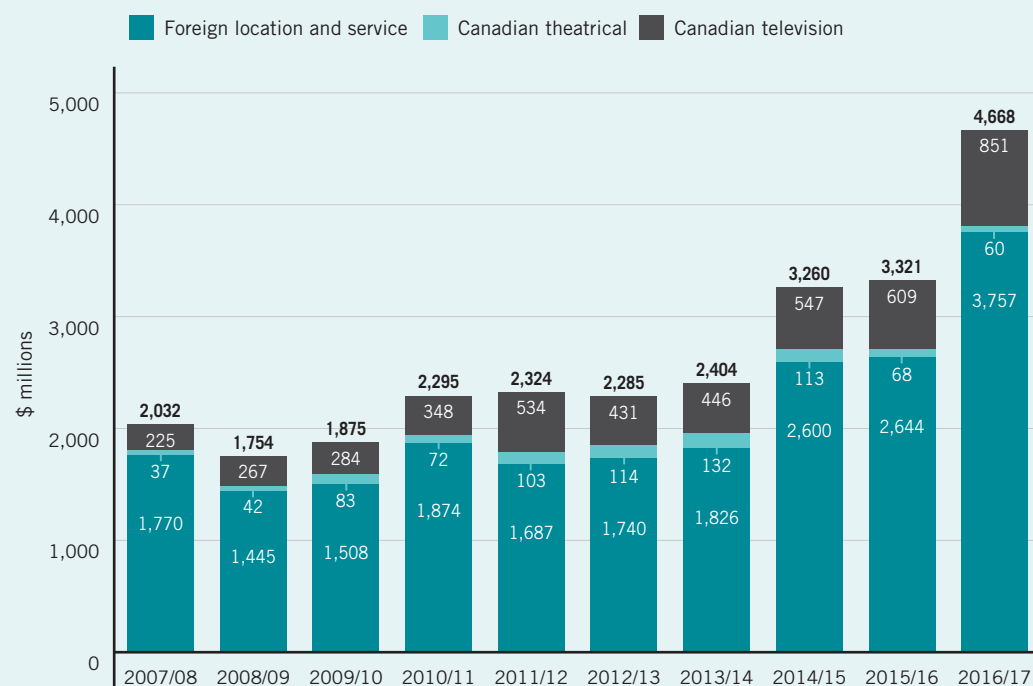
FOREIGN INVESTMENT IN PRODUCTION

Foreign investment in production (FIIP) tracks the value of international financial participation in the film and television production industry in Canada. It includes foreign presales and distribution advances for all projects certified by Canadian Audio-visual Certification Office (CAVCO); estimates of presales and distribution advances for non-CAVCO-certified productions; and the total value of foreign location and service (FLS) production in Canada.²¹

FIIP excludes the amount of revenue earned from the distribution of completed Canadian films and television programs to foreign broadcasters and distributors. However, data published by Statistics Canada (and found in Section 10) indicate that these sales of completed content generated an additional \$184 million in 2013 and \$206 million in 2015.

FIIP in Canada increased to an all-time high of \$4.67 billion in 2016/17. Over 80% of the increase in FIIP in 2016/17 was due to the growth in the FLS production. However, the FIIP of Canadian television grew 39.8% and reached an all-time high of \$851 million.

Exhibit 2-5 Foreign investment in 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 the definition of FIIP.

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

ECONOMIC IMPACT ACROSS THE SCREEN SECTOR VALUE CHAIN

While film and television production is the largest source of economic impact within the screen sector value chain, the other value chain industries also generate significant economic impacts.

- CDM production generated 1,070 FTEs of employment, \$67 million in labour income and \$99 million in GDP in 2014/15.
- The distribution industry in Canada generated 7,540 FTEs of employment, \$405 million in labour income and \$1 billion in GDP in 2015.
- Film festivals generated 2,520 FTEs of employment, \$90 million in labour income and \$141 million in GDP in 2016.
- The exhibition industry generated 17,280 FTEs of employment, \$668 million in labour income and over \$1.25 billion in GDP in 2016.
- The television-broadcasting industry generated 19,420 FTEs of employment, \$1.56 billion in labour income and just over \$3 billion in GDP in 2016.
- The broadcasting distribution industry generated 51,670 FTEs of employment, \$3.69 billion in labour income and just over \$6.1 billion in GDP in 2016.

Combining the estimates of economic impact for 2016/17, 2016 (or the most recent year of published data) indicates that the screen sector value chain in Canada generates over 271,000 FTEs of employment, \$15.6 billion in labour income and \$23.6 billion in GDP for the Canadian economy.

Exhibit 2 - 6 Economic impact of selected sectors in the screen sector value chain

	Direct	Spin-off	Total
Employment (FTEs)			
Film and TV production (2016/17)	67,500	104,200	171,700
CDM production (2016/17)	610	460	1,070
Distribution (2015)	1,110	6,430	7,540
Film festivals (2016)	1,440	1,080	2,520
Exhibition (2016)	7,510	9,770	17,280
Broadcasting* (2016)	5,140	14,280	19,420
Broadcasting distribution (2016)	26,510	25,160	51,670
Total	109,820	161,380	271,200
Labour income (\$ millions)			
Film and TV production (2016/17)	4,076	5,075	9,151
CDM production (2016/17)	45	22	67
Distribution (2015)	97	308	405
Film festivals (2016)	39	51	90
Exhibition (2016)	212	456	668
Broadcasting* (2016)	786	775	1,561
Broadcasting distribution (2016)	2,406	1,285	3,691
Total	7,661	7,972	15,633
GDP (\$ millions)			
Film and TV production (2016/17)	4,243	7,765	12,008
CDM production (2016/17)	52	47	99
Distribution (2015)	470	539	1,009
Film festivals (2016)	51	90	141
Exhibition (2016)	402	847	1,249
Broadcasting* (2016)	1,792	1,234	3,025
Broadcasting distribution (2016)	3,802	2,304	6,106
Total	10,812	12,825	23,637

Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, the Association of Provincial Funding Agencies, Statistics Canada and the Conference Board of Canada, Movie Theatre Association of Canada (MTAC), Cineplex Entertainment and Statistics Canada.

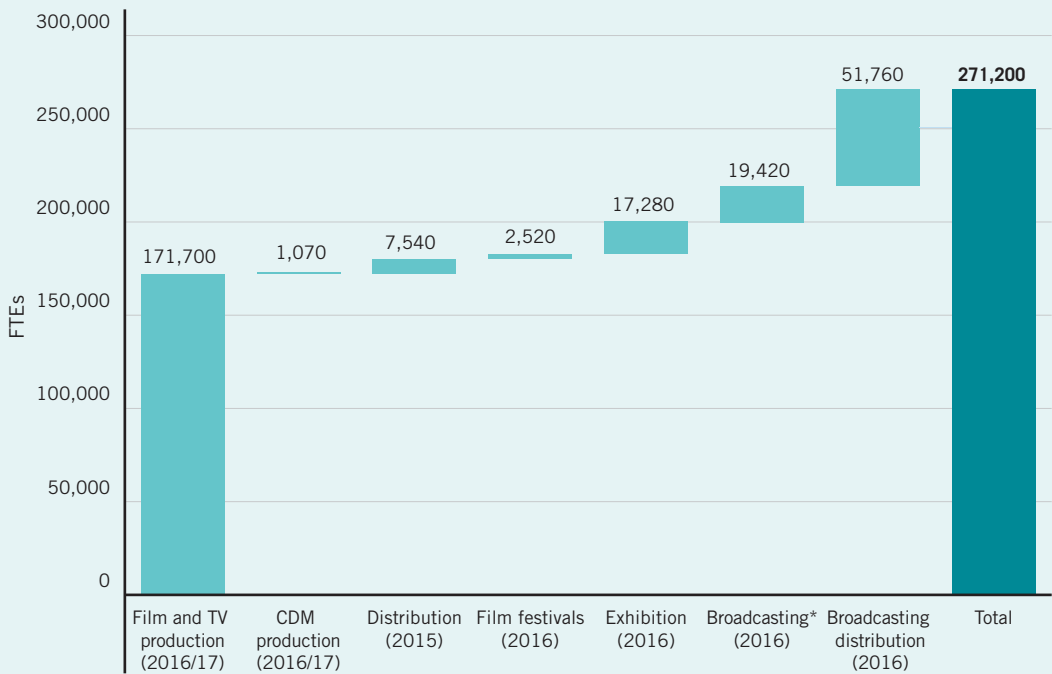
* Excludes in-house production, which is included in *Film and television production*

Note: Some totals may not sum due to rounding.

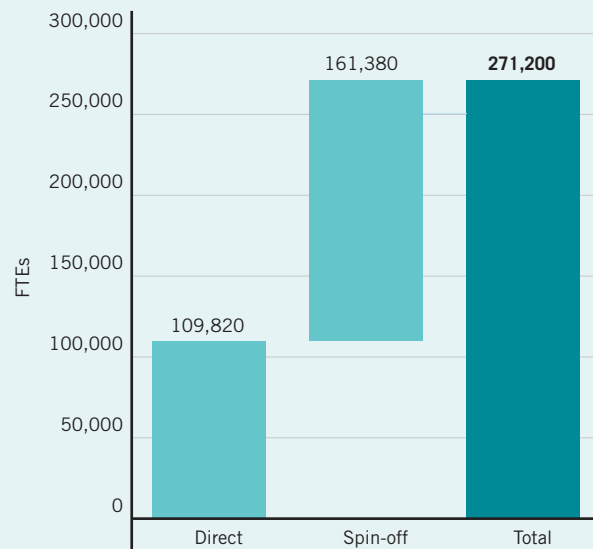
SUMMARY OF EMPLOYMENT AND GDP IMPACTS

The screen sector value chain in Canada generates 271,200 FTEs of employment, including 109,820 FTEs directly in the value chain industries (i.e. direct impact) and 161,380 FTEs in other industries within the Canadian economy (i.e. spin-off impact).

Exhibit 2 - 7 Summary of total employment impact of screen sector value chain

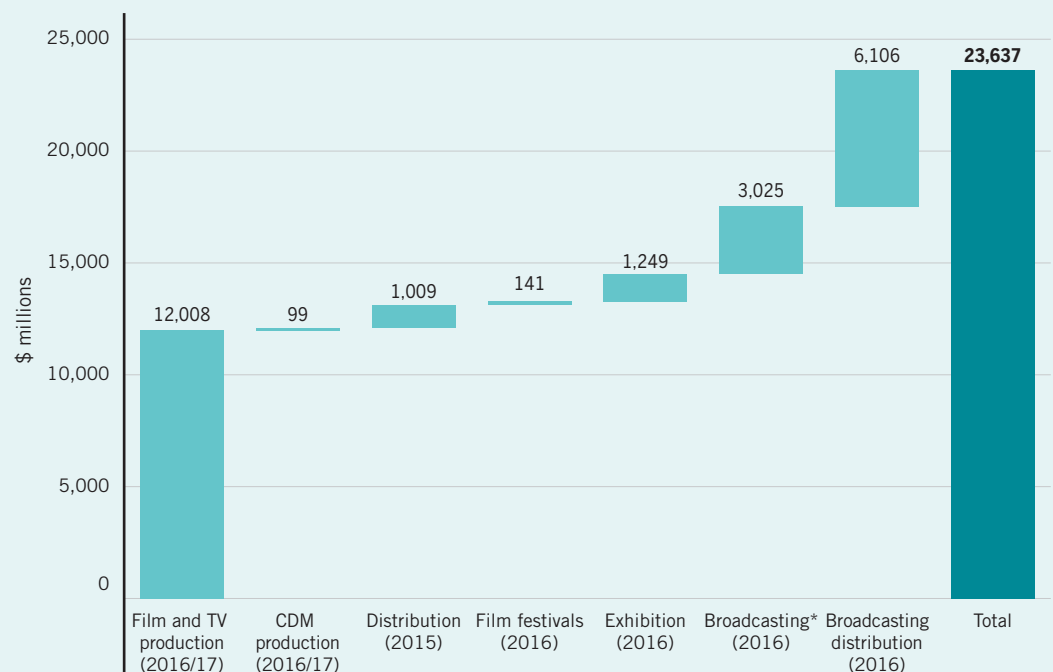


Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, the Association of Provincial Funding Agencies, Statistics Canada and the Conference Board of Canada, Movie Theatre Association of Canada (MTAC), Cineplex Entertainment and Statistics Canada.
* Excludes in-house production, which is included in Film and TV production

Exhibit 2 - 8 Direct and spin-off employment impact across screen sector value chain

Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, the Association of Provincial Funding Agencies, Statistics Canada and the Conference Board of Canada, Movie Theatre Association of Canada (MTAC), Cineplex Entertainment and Statistics Canada.

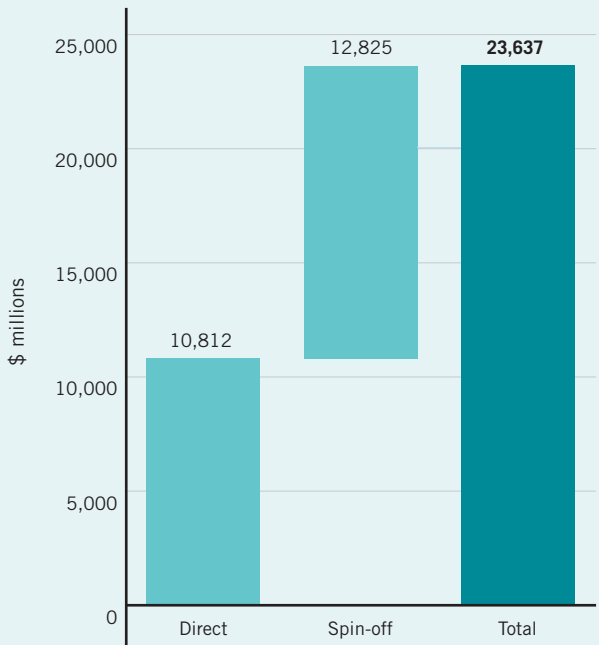
The screen sector value chain in Canada also generates an estimated \$23.6 billion in GDP for the Canadian economy, including \$10.8 billion of GDP directly in the value chain industries (i.e. direct impact) and \$12.8 billion in GDP in other industries within the Canadian economy (i.e. spin-off impact).

Exhibit 2 - 9 Summary of total GDP impact of screen sector value chain

Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, the Association of Provincial Funding Agencies, Statistics Canada and the Conference Board of Canada, Movie Theatre Association of Canada (MTAC), Cineplex Entertainment and Statistics Canada.

* Excludes in-house production, which is included in Film and TV production

Exhibit 2 - 10 Direct and spin-off GDP impact across the screen sector value chain



Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, the Association of Provincial Funding Agencies, Statistics Canada and the Conference Board of Canada, Movie Theatre Association of Canada (MTAC), Cineplex Entertainment and Statistics Canada.

3. Canadian content production

Canadian content production includes all film and television productions made by Canadian production companies. Most Canadian content production is made by independent production companies, although broadcaster-affiliated production companies²² also account for some production in this sector. This segment excludes broadcaster in-house and foreign location and service (FLS) production. In this section, we provide summary statistics for Canadian content production. In Sections 4 and 5, we provide more detailed statistics for the Canadian television and Canadian theatrical feature film segments, respectively.

Highlights from 2016/17



- The volume of Canadian content production increased by 16.1% to \$3.30 billion.
- English-language production increased by 16.6% to \$2.44 billion.
- French-language production increased by 15.9% to \$856 million.
- Canadian content production in the fiction genre increased by 33.1% to \$1.8 billion.
- Documentary production increased by 4.9% to \$301 million.
- Production of programming in the lifestyle and human interest genre²³ increased by 18.6% to \$543 million.
- Production in the variety and performing arts (VAPA) genre increased by 13.2% to \$137 million.



- Children's and youth production decreased by 16.9% to \$521 million.
- Canadian animation production decreased by 19.9% to \$266 million.

²² Affiliated production companies are production companies in which a Canadian broadcaster owns or controls at least 30% of the voting equity.

²³ Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

Canadian content production rose by 16.1% to an all-time high of \$3.3 billion in 2016/17. This growth came from both higher volumes of Canadian television production as well as Canadian theatrical feature film production. However, it was the former – the larger of the two segments – that made the biggest contribution to this growth.

As the statistics in this section show, both language markets contributed to the higher volumes of Canadian content production. English-language production increased by 16.6% to an all-time high of \$2.44 billion; French-language production increased by 15.9% to an all-time high of \$856 million.

What is more, every genre except the children's and youth genre displayed higher volumes of Canadian content production in 2016/17. In fact, fiction production expanded by \$448 million or 33% in just the past year, with contributions coming from both the television and theatrical segments.

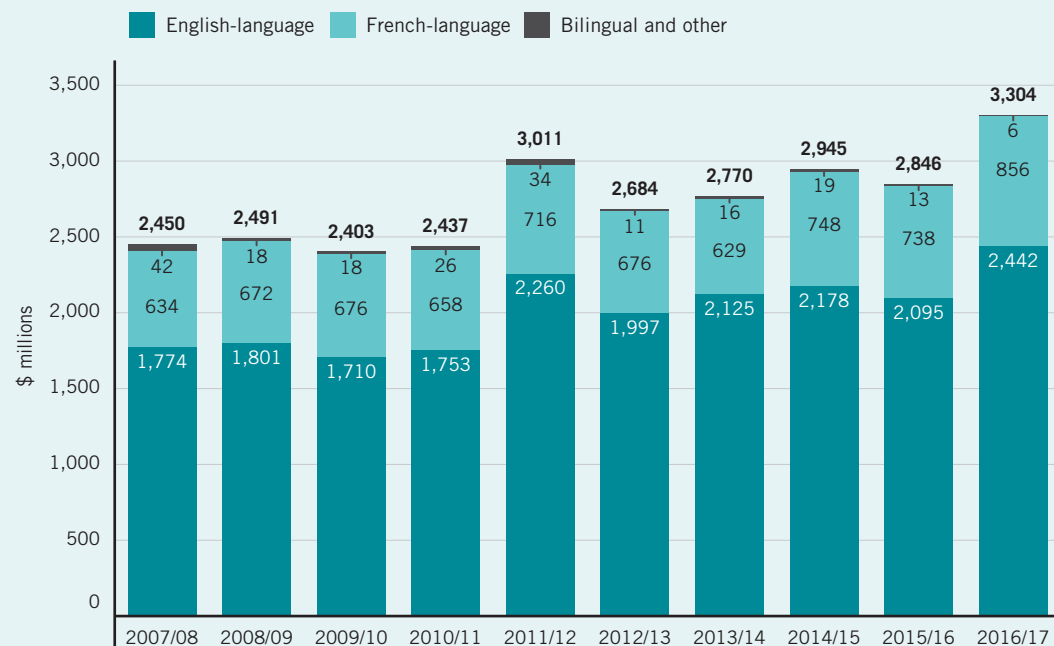
The children's and youth genre did reach a ten-year high of \$627 million in production volume in 2015/16, and even though it retreated to \$521 million in production volume in 2016/17, it was still operating well above its 10-year average of \$443 million in production volume.

Related to the retreat in children's and youth production was the drop-off in Canadian animation production in 2016/17. This production format also reached a ten-year high of \$322 million in 2015/16 before falling back down to \$266 million in 2016/17. It too, however, was still operating above its ten-year average of \$227 million.

LANGUAGE

The total volume of Canadian film and television production increased by 16.1% to a ten-year high of \$3.3 billion. Both English-language and French-language production contributed to this annual increase. English-language production was up by 16.6% to an all-time high of \$2.44 billion. French-language production increased by 15.9% to an all-time high of \$856 million. For both languages, the increases in 2016/17 were largely driven by higher volumes of Canadian television production, although theatrical feature film production was also higher in both languages.

Exhibit 3 - 1 Volume of Canadian film and television production, by language



Source: Estimates based on data collected from CAVCO.

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

GENRE

Just over half of the Canadian production volume in 2016/17 was in the fiction genre, which included \$1.56 billion in television production and \$237 million in theatrical feature film production. Production in the fiction, documentary, lifestyle and human interest, and VAPA genres was higher in 2016/17, with both television and theatrical feature film production contributing to the increases. Only the children's and youth genre experienced a decline in production volume.

Exhibit 3 - 2 Volume of Canadian production by genre and market

(\$ millions)	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Fiction										
Television	928	945	879	890	1,225	1,096	1,093	1,233	1,169	1,564
Theatrical feature film	297	226	305	291	277	357	314	295	184	237
Total	1,224	1,172	1,183	1,181	1,502	1,453	1,407	1,528	1,353	1,801
Children's and youth										
Television	311	352	379	348	438	322	419	454	539	449
Theatrical feature film	13	16	40	22	45	14	29	84	88	72
Total	324	369	419	370	483	337	448	538	627	521
Documentary										
Television	408	416	345	335	373	370	311	259	281	293
Theatrical feature film	12	11	18	9	14	7	8	8	6	9
Total	421	427	363	344	387	377	319	268	287	301
Lifestyle and human interest*										
Total	348	334	282	369	478	395	478	500	458	543
Variety and performing arts										
Total	133	190	157	173	160	122	118	112	121	137

Source: Estimates based on data collected from CAVCO.

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

* Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

LES PAYS D'EN HAUT

Television series reimagines Quebec classic with the help of digital tools

Les pays d'en haut is a series based on the classic television show *Les belles histoires des pays d'en haut*, which aired from 1956 to 1970. The original series was inspired by the 1933 novel *Un homme et son péché*, by Claude-Henri Grignon, which tells the story of a Francophone settlement in the Laurentians in the late 1800s.

Written by Gilles Desjardins, the first ten-episode season premiered on Radio-Canada in January 2016. The third season is currently in production and a fourth season is confirmed. The show alludes to the previous television adaptation of the novel and the third season will feature a special appearance by Denise Filiatrault, who starred in the original series.

However, *Les pays d'en haut* is marked by a hyperrealist vision of a turning point in the history of Quebec. For this reason, the story is supported by extensive online resources that bring the period alive. Viewers can explore a 360° experience optimized for mobile devices. Moreover, in collaboration with Bibliothèque nationale du Québec, a web documentary presents archival material tied to each episode. The second season of *Les pays d'en haut* is nominated for 16 Géméaux in 2017, including one for digital engagement. The first season won best dramatic series and best actor in a dramatic series.

While the fiction genre accounted for the largest single share of production volume in 2016/17; the documentary genre accounted for largest single share of the projects produced in that year, with 375 projects. The documentary genre was followed closely by the lifestyle and human interest genre, with 352 projects.

Exhibit 3 - 3 Number of projects, by genre and type, 2016/17

	Fiction	Children's and youth	Documentary	Lifestyle and human interest*	Variety and performing arts	All genres
Number						
TV Series	115	119	133	313	43	723
Other TV programming**	141	27	231	39	28	466
Theatrical feature films	70	11	11	0	0	92
Total	326	157	375	352	71	1,281
Share of total						
TV Series	35%	76%	35%	89%	61%	56%
Other TV programming**	43%	17%	62%	11%	39%	36%
Theatrical feature films	21%	7%	3%	0%	0%	7%
Total	100%	100%	100%	100%	100%	100%

Source: Estimates based on data collected from CAVCO.

Note: Data includes an estimate of CRTC-certified television production.

* Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

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

Overall, French-language production accounted for 26% of the total Canadian production volume, while English represented 74%. In some genres, namely fiction and children's and youth, English-language production claimed a higher share of total budgets than the overall share – a reflection of both higher per-project budgets and a larger number of projects. In the documentary, lifestyle and human interest, and VAPA genres, however, French-language production's share exceeded its 26% overall share.

Exhibit 3 - 4 Volume of Canadian film and television production, by genre and language, 2016/17

	Fiction	Children's and youth	Documentary	Lifestyle and human interest*	Variety and performing arts	All genres
\$ millions						
English-language	1,430	419	215	307	70	2,441
French-language	369	100	86	234	67	857
Bilingual and other	2	2	<1	2	0	6
Total	1,801	521	301	543	137	3,304
Share of total						
English-language	79%	80%	71%	57%	51%	74%
French-language	20%	19%	29%	43%	49%	26%
Bilingual and other	<1%	<1%	<1%	<1%	0%	<1%
Total	100%	100%	100%	100%	100%	100%

Source: Estimates based on data collected from CAVCO.

Note: Data includes an estimate of CRTC-certified television production.

* Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

Live action production accounted for just over half of all children's and youth production in 2016/17, with animation production accounting for the balance. There were, however, significant differences between the English- and French-language production in this genre. In English, animation production accounted for 56.8% of the \$419 million production volume. In French, live action production accounted for 87.9% of the \$99 million in production.

In 2016/17, the total volume of children's and youth production dropped \$106 million or 16.9%. The statistics also show that 63% of this overall decline in children's and youth production in 2016/17 was due to a lower volume of animation production; live action production accounted for the other 37% of the decrease.

Exhibit 3 - 5 Volume of Canadian children's and youth production, by language and category

\$ millions	Live Action	2015/16 Animation	Total	Live Action	2016/17 Animation	Total
English-language	224	299	522	182	238	419
French-language	80	20	100	87	13	99
Bilingual and other	4	1	5	0	2	2
Total	307	320	627	268	252	521

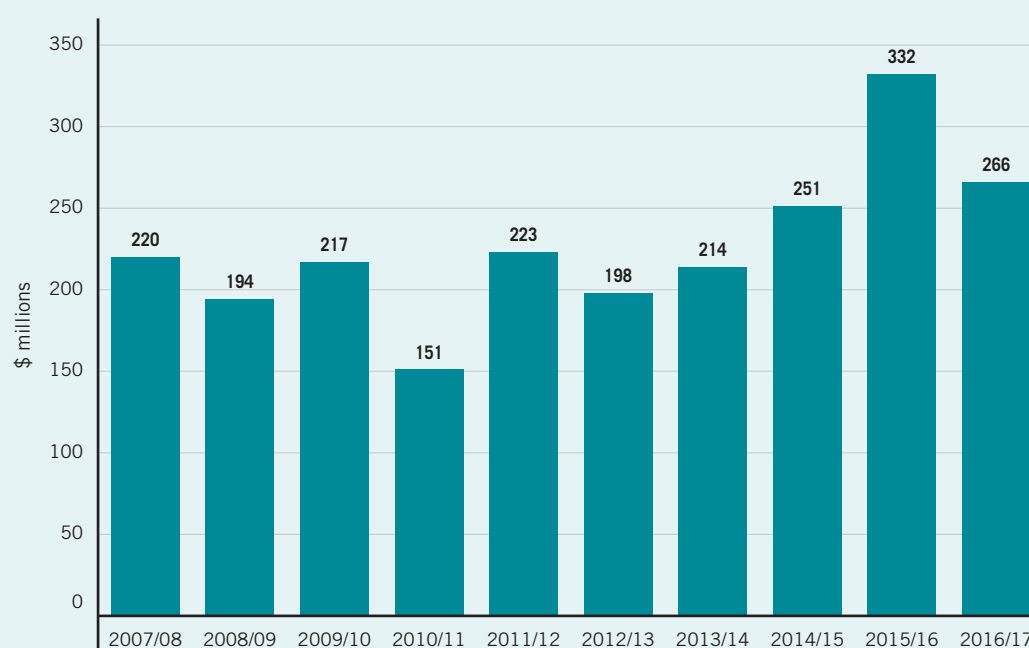
Source: Estimates based on data collected from CAVCO.

Note: Some totals do not sum due to rounding. Data includes an estimate of CRTC-certified television production.

ANIMATION

After reaching a ten-year high of \$332 million in 2015/16, animation production dropped by 19.9% to \$266 million.

Exhibit 3 - 6 Total volume of Canadian animation production[†]



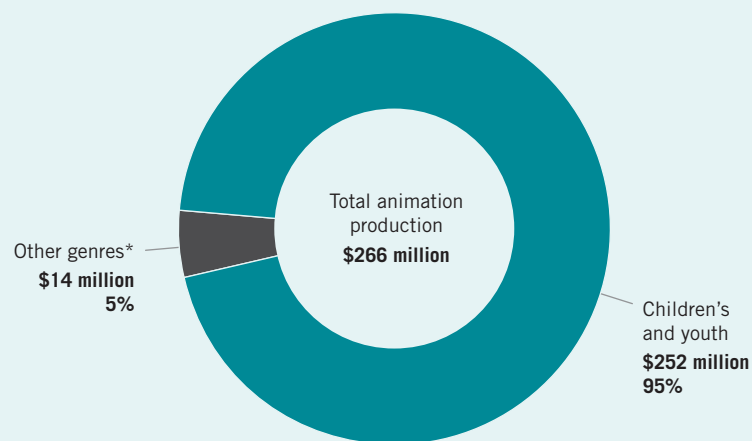
Source: Estimates based on data collected from CAVCO.

Note: Data includes an estimate of CRTC-certified television production.

† Includes television and theatrical feature film production.

The children's and youth genre accounted for 95% of total Canadian animation production in 2016/17.

Exhibit 3 - 7 Volume of Canadian animation production, by genre, 2016/17[†]



Source: Estimates based on data collected from CAVCO.

Note: Data includes an estimate of CRTC-certified television production.

[†] Includes television and theatrical feature film production.

* Other genres category includes production in the documentary, VAPA, and educational/instructional genres.

FINANCING

The financing for Canadian film and television production draws upon a variety of private and public sources. In 2016/17, 48% of total financing came from purely private sector sources, including Canadian and foreign broadcasters and distributors; 43% of total financing came from public sources including public broadcasters; and 8% of total financing came from the Canada Media Fund (CMF), a public-private partnership.

The overall financing picture in 2016/17 was very similar to 2015/16, with two key exceptions. First, Canadian distributors increased their contribution to Canadian production by 75% or \$221 million. Although Canadian broadcasters increased their level of financing by \$40 million in 2016/17, their share of total financing decreased from 26% to 23%. Similarly, foreign financing increased by \$13 million, but its share declined from 13% to 12%.

FINANCING FROM CANADIAN PRODUCTION COMPANIES

Federal and provincial tax credits represent part of a Canadian production company's financing contribution to film and television projects. Canadian production companies receive tax credits based on their eligible labour expenditures. In almost all cases, the amount of tax credits received by the producer for a specific project is invested directly into that project, in order to complete the financing for that project.

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 producer's contribution to production budgets is, at a minimum, between 25% and 35% of a project's budget in most instances. Producers are also instrumental in securing domestic and international distribution, and arranging any necessary bank financing.

Exhibit 3 - 8 Financing for Canadian film and television production

	2012/13		2013/14		2014/15		2015/16		2016/17	
	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%
Private broadcaster licence fees	494	18%	594	21%	512	17%	475	17%	412	12%
Public broadcaster licence fees	225	8%	245	9%	232	8%	259	9%	363	11%
Federal tax credit ¹	264	10%	266	10%	294	10%	291	10%	341	10%
Provincial tax credits ¹	493	18%	491	18%	564	19%	517	18%	571	17%
Canadian distributors	291	11%	286	10%	343	12%	293	10%	514	16%
Foreign ²	254	9%	292	11%	317	11%	384	13%	397	12%
Canada Media Fund	300	11%	282	10%	286	10%	286	10%	278	8%
Telefilm Canada	66	2%	60	2%	58	2%	54	2%	69	2%
Other public ³	56	2%	26	1%	83	3%	66	2%	80	2%
Other private ⁴	241	9%	229	8%	257	9%	221	8%	280	8%
Total	2,684	100%	2,770	100%	2,945	100%	2,846	100%	3,304	100%

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

Notes: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

1. Canadian production companies receive federal and provincial tax credits based on their eligible labour expenditures, and, in almost all cases, invest their tax credits directly into their film and television projects, in order to complete their project financing.

2. Includes private and public financing from outside Canada.

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

4. Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.

4. Canadian television production

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

Television production is produced across various genres, including fiction (i.e., drama and comedy), children's and youth, documentary, lifestyle and human interest programming, and variety and performing arts (VAPA). This segment excludes broadcaster in-house production, that is, television programming such as news, sports and public affairs programming produced by Canadian broadcasters.²⁴

Highlights from 2016/17



- Canadian television production increased by 16.4%, to \$2.99 billion.
- English-language television production volume increased by 16.6%; French-language television production was up by 16.8%.
- In the English-language market, average hourly budgets were higher in all genres.
- In the French-language market, average hourly budgets were higher in all genres, except the VAPA genre.
- Canadian distributors' financing increased by 85.2% to \$470 million.
- Canadian public broadcasters' financing of Canadian television production increased by 41.1% to \$361 million.
- Canadian television production from Ontario-based producers increased to \$1.32 billion, although their share of the national total declined from 47% to 44%.
- Canadian television production from Quebec-based producers increased to \$894 million.
- Canadian television production from producers based in British Columbia (BC) increased by 26% to \$504 million.



- The number of Canadian television series decreased slightly (729 to 723), although in volume terms, production increased (\$2.15 billion to \$2.42 billion).
- Television animation production decreased by 16.5% to \$223 million.
- The Canada Media Fund's (CMF's) financial contributions to Canadian television decreased to \$278 million (from \$286 million) and supported \$1.29 billion in television production volume – thereby yielding the fund's highest rate of financial leverage in a decade.
- Canadian private broadcasters' financing of Canadian television production decreased by 14.5% to \$410 million.

²⁴ Statistics for the volume of broadcaster in-house production can be found in Section 8 of this report.

Canadian television production was operating on all cylinders in 2016/17. The increases in financing from public broadcasters, Canadian distributors and foreign sources helped propel the segment's volume of production higher by 16.4% to all-time high of \$2.99 billion.

The growth in Canadian television production in 2016/17 was very much broad-based. Both language markets experienced similar rates of growth. English-language Canadian television production increased by 16.6% to \$2.23 billion; French-language production rose by 16.8% to \$754 million.

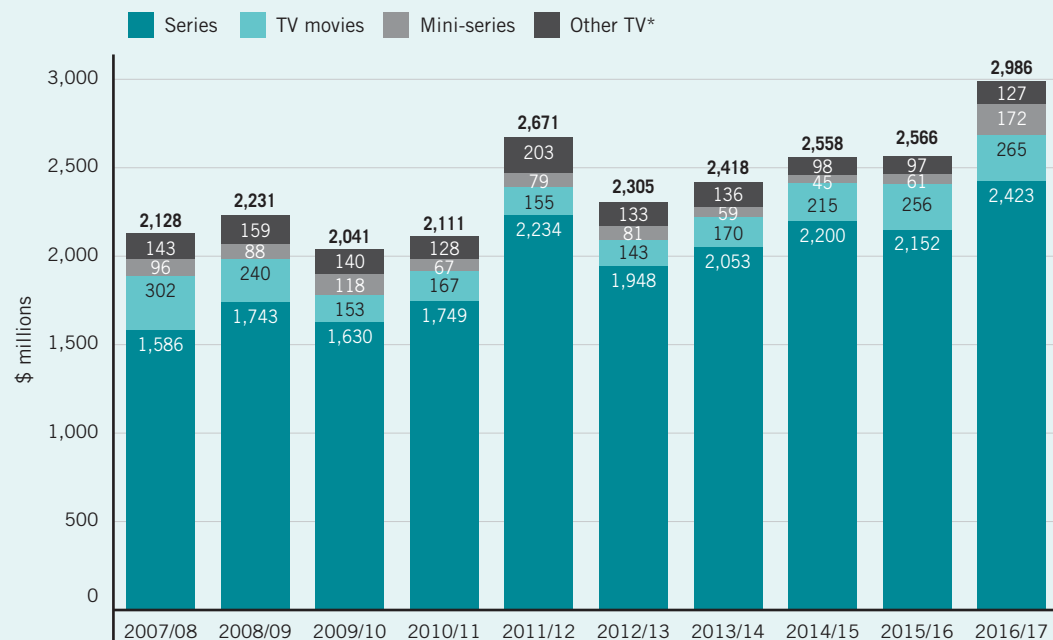
Virtually every genre contributed to the increase in production volume. Only the children's and youth genre – which had already reached a 10-year high in 2015/16 – experienced a decrease in production volume. In particular, it was the lifestyle and human interest, and fiction genres that really fueled the growth in Canadian television production in 2016/17.

Higher volumes of both English- and French-language production in the lifestyle and human interest genre lifted it to an all-time high of \$543 million in production in 2016/17. Both English- and French-language fiction production also reached all-time highs in 2016/17. The higher volumes of fiction production appear to have been driven by higher hourly budgets more so than by higher output. Furthermore, all indications are that the growth in fiction production was due to higher spending on TV series and mini-series production.

TYPES

The volume of Canadian television production reached an all-time high of \$2.99 billion in 2016/17, with growth in all types of television production, particularly in TV series and mini-series. Nearly two-thirds of the increase in Canadian television production can be traced back to the increase in the volume of television series production. Although there were six fewer series produced in 2016/17 (Exhibit 4-2), total volume rose by \$271 million, or 12.6%. Approximately one-quarter of the increase in 2016/17 was due to the expanded production of mini-series. The number of mini-series rose from 46 to 47, however, the volume of production increased by nearly three-fold to \$172 million.

Exhibit 4 - 1 Volume of Canadian television production, by type



Source: Estimates based on data collected from CAVCO.

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

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

Close to 1,200 Canadian television projects were produced in 2016/17, including over 700 television series.

Exhibit 4 - 2 Number of television projects, by type

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Series	724	717	643	647	738	694	687	747	729	723
TV movies	176	164	109	116	103	102	127	149	154	136
Mini-series	40	43	47	46	49	57	38	49	46	47
Other TV*	381	370	372	306	385	330	339	295	279	282
Total	1,321	1,294	1,171	1,115	1,275	1,183	1,191	1,241	1,208	1,188

Source: Estimates based on data collected from CAVCO.

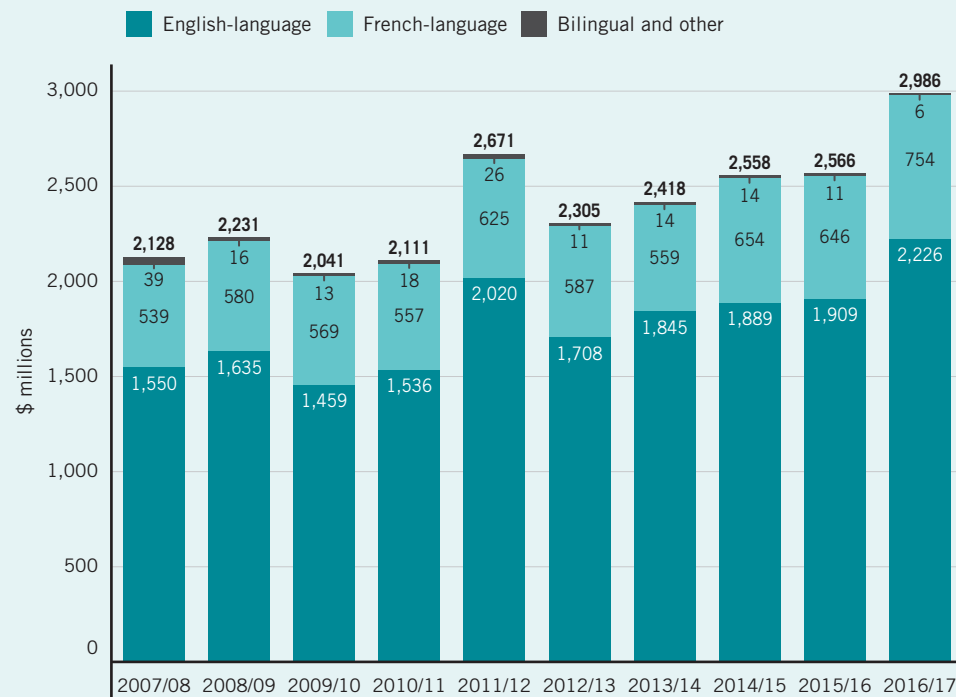
* Other TV category includes single-episode television programming and television pilots.

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

LANGUAGE

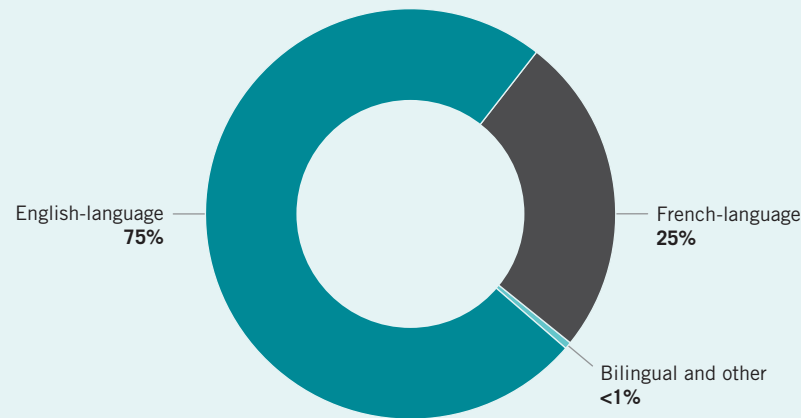
Increased volumes of both English-language and French-language production helped raise the overall volume of Canadian television production in 2016/17. English-language television production increased by 16.7% to an all-time high of \$2.23 billion. Similarly, French-language television production was up by 16.8% to an all-time high of \$754 million.

Exhibit 4 - 3 Volume of Canadian television production, by language



Source: Estimates based on data collected from CAVCO.

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

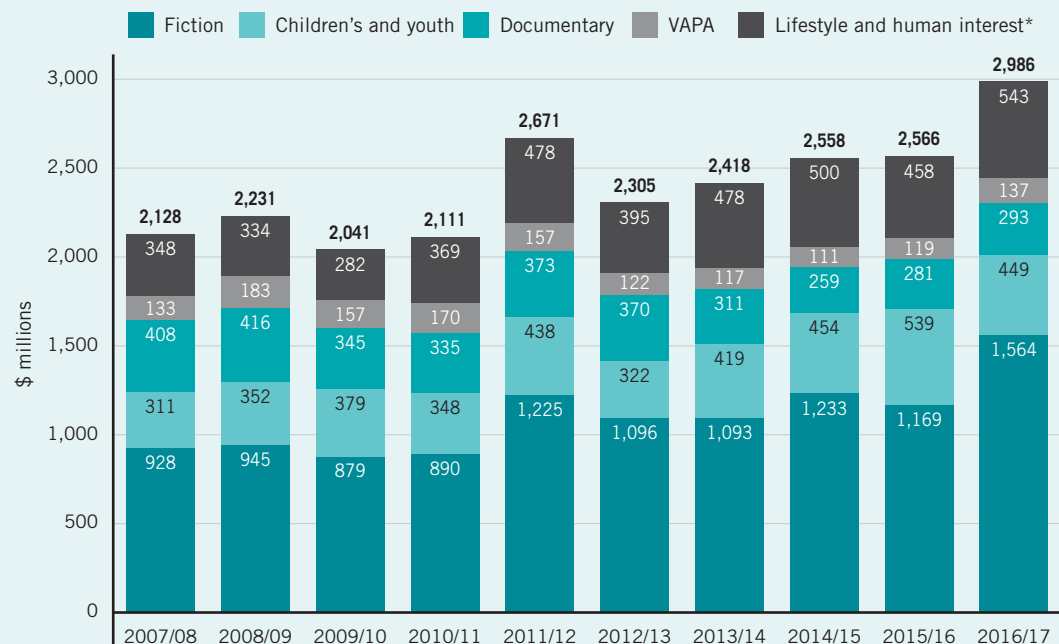
Exhibit 4 - 4 Volume of Canadian television production, by language, 2016/17 share

Source: Estimates based on data collected from CAVCO.

Note: Total may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

GENRE

Fiction production jumped by 33.8% to an all-time high of \$1.56 billion and underpinned most of the growth in Canadian television production in 2016/17. All genres recorded increases in production volume in 2016/17, with the exception of the children's and youth genre. In that genre, volume decreased from a 10-year high in 2015/16. While the fiction genre provided most of the growth in the production volume in 2016/17, the lifestyle and human interest genre also displayed strong growth. Production in that genre rose by \$85 million, or 18.6% to an all-time high of \$543 million.

Exhibit 4 - 5 Volume of television production, by genre

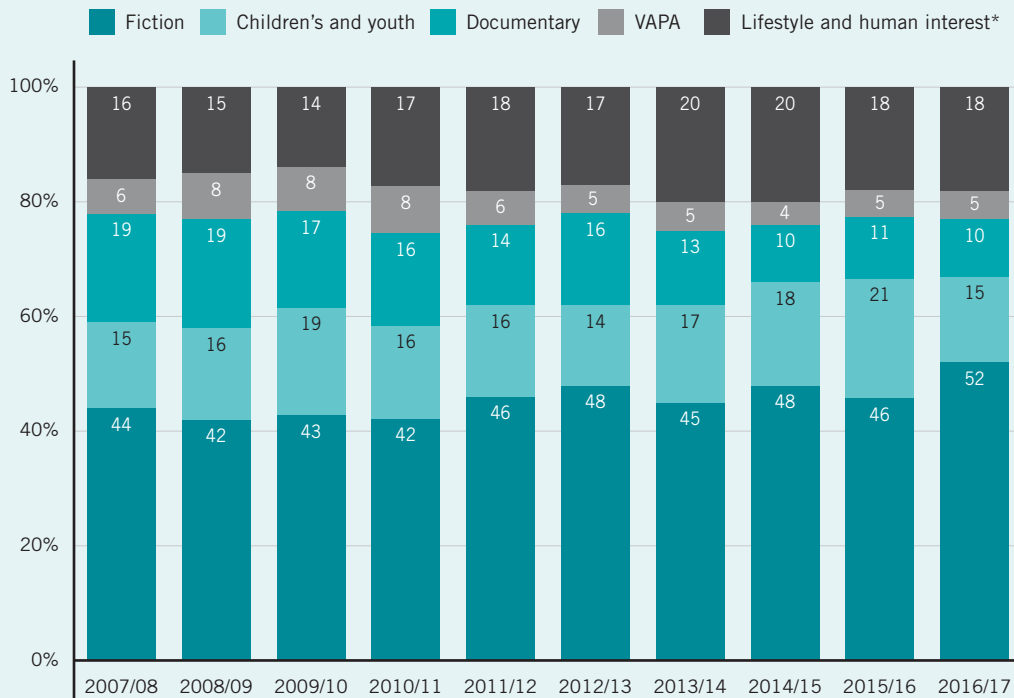
Source: Estimates based on data collected from CAVCO.

Note: Some totals may not sum due to rounding

* Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

Over the past 10 years, the fiction genre has seen its share of production volume increase somewhat – from a low of 42% in 2008/09 to 52% in 2016/17. Conversely, the documentary genre’s share of total Canadian television production volume has steadily declined – from 19% in 2007/08 to 10% in 2016/17.

Exhibit 4 - 6 Share of total volume of Canadian television production, by genre



Source: Estimates based on data collected from CAVCO.

* Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

In the two genres that experienced the highest rates of volume growth in 2016/17 – fiction, and lifestyle and human interest genres – both English- and French-language production was higher. English-language fiction production increased by 33.6% in 2016/17; French-language fiction production was up by 34%. In the lifestyle and human interest genre, English-language production was up by 10%; French-language production was 32.2% higher.

The drop in production in children's and youth genre was entirely due to a contraction in English-language production. French-language children's and youth production actually rose from \$86 million to \$95 million in 2016/17, even as English-language children's and youth production dropped from \$449 million to \$352 million.

In both the documentary and VAPA genres, English-language production increased, while French-language production declined.

Exhibit 4 - 7 Volume of Canadian television production by genre and language

(\$ millions)	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Fiction										
English-language	738	774	695	690	1,035	896	903	996	965	1,289
French-language	180	171	183	198	190	195	184	230	203	272
Bilingual and other	10	0	1	1	1	5	6	7	1	2
Total	928	945	879	890	1,225	1,096	1,093	1,233	1,169	1,564
Children's and youth										
English-language	252	273	299	294	331	247	348	372	449	352
French-language	47	76	76	52	97	74	65	78	86	95
Bilingual and other	12	4	4	2	10	2	6	5	5	2
Total	311	352	379	348	438	322	419	454	539	449
Documentary										
English-language	314	324	252	248	286	278	235	169	189	207
French-language	86	89	90	85	84	89	73	87	91	85
Bilingual and other	8	3	2	1	4	3	3	3	1	0
Total	408	416	345	335	373	370	311	259	281	293
Lifestyle and human interest*										
English-language	196	186	136	230	297	246	327	319	279	307
French-language	150	145	146	130	174	149	151	181	177	234
Bilingual and other	3	3	0	9	7	0	0	0	1	2
Total	348	334	282	369	478	395	478	500	458	543
Variety and performing arts										
English-language	50	77	76	74	72	42	32	33	27	70
French-language	77	100	75	91	80	81	85	78	89	67
Bilingual and other	6	6	6	5	4	0	0	0	3	0
Total	133	183	157	170	157	122	117	111	119	137

Source: Estimates based on data collected from CAVCO.

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

* Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

BARONESS VON SKETCH SHOW

Women-led comedy wows audiences in Canada and secures distribution in the US

Baroness Von Sketch is a sketch comedy series written, produced and starring the incredibly talented Carolyn Taylor, Meredith MacNeill, Aurora Browne and Jennifer Whalen who loved the idea of a single camera comedy shot on location and focusing on absurd but instantly-recognizable moments in modern urban life. Together they draw on more than 17 years of comedy experience and multiple collaborations, ranging from *The Second City MainStage* to *This Hour Has 22 Minutes* to the indie improv favourite *Wand Portal*.

The first season aired on CBC in 2016, and clips from the series became viral hits online attracting millions of views worldwide. Its second season was picked up by American channel IFC, and aired in August 2017 to rave reviews from, among others, *The New York Times*, *Vogue* and *Chatelaine*. Produced by comedy powerhouse, Frantic Films, a third season of *Baroness Von Sketch* is now in production.

BUDGETS

Average hourly budgets were higher for English-language production in all genres in 2016/17. In the fiction genre, the average budget rose to \$1.55 million per hour. Even as the volume of production dropped in English-language children's and youth production, the average budget increased to a 10-year high of \$1.24 million per hour. The average budget for English-language VAPA production also increased to a 10-year high of \$707,000 per hour.

Exhibit 4 - 8 Budgets of English-language Canadian television production, by genre

\$ 000s per hour	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Fiction										
Average	1,615	1,515	1,323	1,232	1,700	1,304	1,220	1,271	1,360	1,554
Median	1,523	1,257	1,367	1,207	1,470	1,308	1,150	1,267	1,316	1,503
Children's and youth										
Average	607	820	788	863	854	711	867	769	1,048	1,241
Median	420	496	653	500	583	512	656	754	820	777
Documentary										
Average	324	334	410	347	367	321	312	312	338	393
Median	244	291	263	286	277	292	249	256	272	341
Lifestyle and human interest*										
Average	n.a.	n.a.	n.a.	266	308	265	322	271	328	365
Median	n.a.	n.a.	n.a.	288	305	277	286	246	301	306
Variety and performing arts										
Average	396	476	367	529	556	386	461	280	450	707
Median	295	318	262	231	360	197	267	250	258	336

Source: Estimates based on data collected from CAVCO.

Note that the data does not include an estimate (as used in other exhibits) of CRTC-certified television production.

--: Data not reported due to the size of the sample of projects.

n.a.: Data not available.

* Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

For French-language production, all but the VAPA genre experienced increases in average hourly budgets. In the fiction genre, the average budget increased to \$595,000 per hour – the highest level since 2009/10. The average budget in this genre was also more than double that observed in any other genre of French-language production. In the lifestyle and human interest genre, the average budget rose to \$125,000 per hour – the highest level on record.

Exhibit 4 - 9 Budgets of French-language Canadian television production, by genre

\$ 000s per hour	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Fiction										
Average	520	520	621	517	427	402	450	503	511	595
Median	510	376	467	504	327	342	417	505	514	527
Children's and youth										
Average	209	243	233	206	313	187	220	353	184	216
Median	115	179	163	150	167	143	159	175	141	147
Documentary										
Average	223	234	228	252	212	204	222	188	184	186
Median	190	189	197	211	173	179	190	163	165	159
Lifestyle and human interest*										
Average	n.a.	n.a.	n.a.	113	104	119	73	87	97	125
Median	n.a.	n.a.	n.a.	83	79	63	69	76	83	107
Variety and performing arts										
Average	278	311	212	220	205	229	261	227	237	221
Median	150	168	161	163	148	166	201	197	148	137

Source: Estimates based on data collected from CAVCO.

Note that the data does not include an estimate (as used in other exhibits) of CRTC-certified television production.

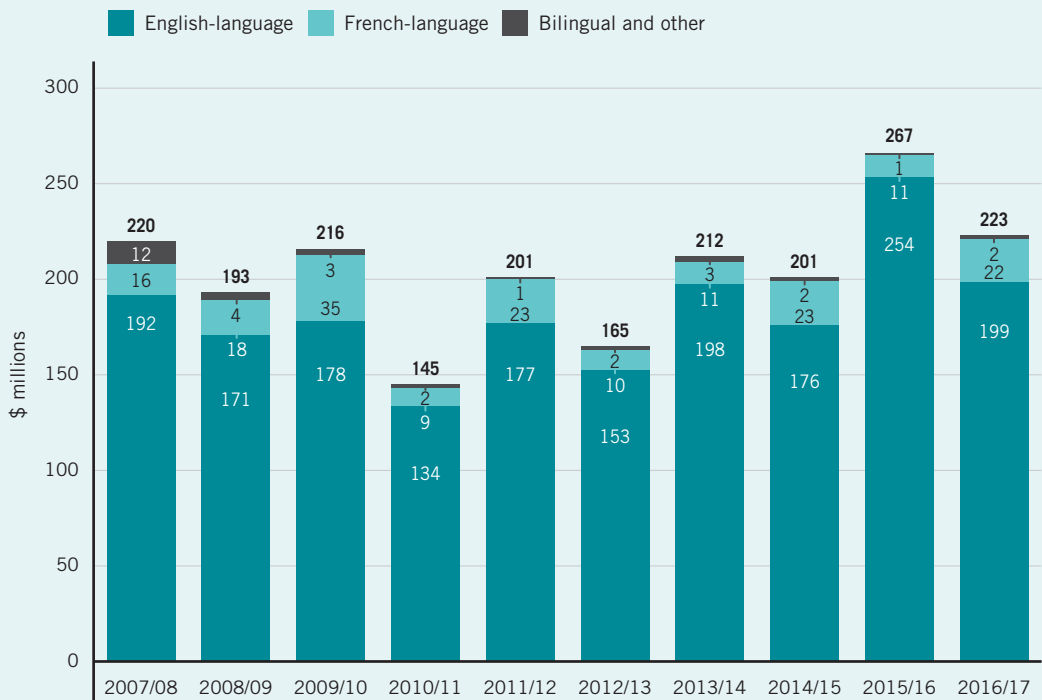
n.a.: Data not available.

* Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

ANIMATION

In 2016/17 television animation production decreased by almost 17% to \$223 million, with 89% of this total production in English.

Exhibit 4 - 10 Volume of Canadian animation television production, by language



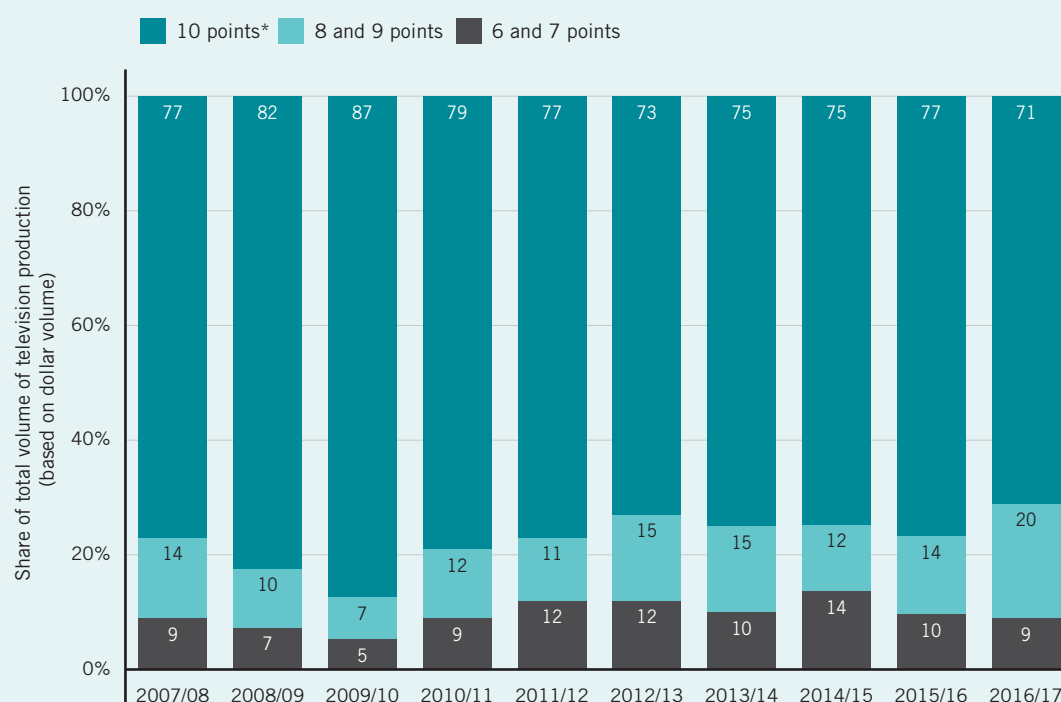
Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

CANADIAN CONTENT POINTS

To certify television programs and films as Canadian content, CAVCO and the CRTC use similar evaluation tools based on assigning points to key creative production roles. Canadian broadcasters can use these certified films and television programs to meet their Canadian television exhibition requirements. CAVCO's content-point scale is also used (in conjunction with other eligibility criteria) to determine if a film or television program is eligible to access the Canadian Film or Video Production Tax Credit (CPTC) and other funding mechanisms through Telefilm Canada and the CMF. The number of Canadian content points increases as the share of key creative positions occupied by Canadians increases. To be certified as Canadian content, a film or television program (that is not an audiovisual treaty coproduction) must obtain a minimum of six points; the maximum number of points a film or television program can obtain is ten.²⁵

The share of Canadian television production with 10 points decreased to a 10-year low of 71% in 2016/17.

Exhibit 4 - 11 Television production by Canadian content points (excludes audiovisual treaty coproduction)



Source: Estimates based on data collected from CAVCO.

* Includes all productions (other than treaty coproductions) for which Canadians occupied all of the key creative positions as defined by CAVCO, even if not all key creative point positions were occupied. For example, a television program with only one lead performer would receive 9 out of 9 points, rather than 10 out of 10 points.

Note: A similar mapping of points has been done to give all productions a score out of 10 points for the purposes of this exhibit. For example, a television program that receives 7 out of 9 points would be represented as an 8-out-of-10-point production. Some totals may not sum due to rounding.

For more information on the Canadian content point scale, please visit: www.canada.ca/en/canadian-heritage/services/funding/cavco-tax-credits.html.

²⁵ A documentary project can receive certification even if it obtains fewer than six points. However, all the filled key creative positions must be occupied by Canadians.

REGION

Producers based in Canada's three largest production centres were responsible for approximately 90% of all Canadian television production. Ontario-based producers accounted for \$1.32 billion or 44% of total volume. Quebec-based producers accounted for \$894 million in Canadian television production in 2016/17, an increase of 22%. BC-based producers increased their volume of Canadian television production by 26% in 2016/17, reaching a 10-year high of \$504 million. Producers based in all other provinces and territories, except Nova Scotia and Prince Edward Island, also increased their volume of Canadian television production in 2016/17.

Exhibit 4 - 12 Volume of Canadian television production, by province and territory

(\$ millions)	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2016/17 share of total
Ontario	829	959	944	993	1,299	1,056	1,094	1,212	1,216	1,322	44%
Quebec	715	731	678	711	772	701	664	742	733	894	30%
British Columbia	356	287	196	231	367	387	417	410	400	504	17%
Alberta	80	92	80	63	67	59	91	76	121	162	5%
Nova Scotia	46	47	44	29	52	35	74	42	43	37	1%
Newfoundland and Labrador	6	5	31	33	32	31	33	21	29	33	1%
Manitoba	34	40	44	25	40	22	30	42	15	20	<1%
New Brunswick	16	11	13	8	15	7	9	7	2	5	<1%
Saskatchewan	42	58	11	16	21	5	4	3	3	5	<1%
Territories*	1	1	2	1	1	2	3	2	3	5	<1%
Prince Edward Island	5	0	0	0	3	0	0	0	0	0	0%
Total	2,128	2,231	2,041	2,111	2,671	2,305	2,418	2,558	2,566	2,986	100%

Source: Estimates based on data collected from CAVCO.

Note: Data includes an estimate of CRTC-certified television production. Statistics published by provincial funding agencies may differ from those in *Profile 2017*. Please see Notes on Methodology for additional information. Some totals may not sum due to rounding.

* Includes Yukon, Nunavut and Northwest Territories.

CANADA MEDIA FUND

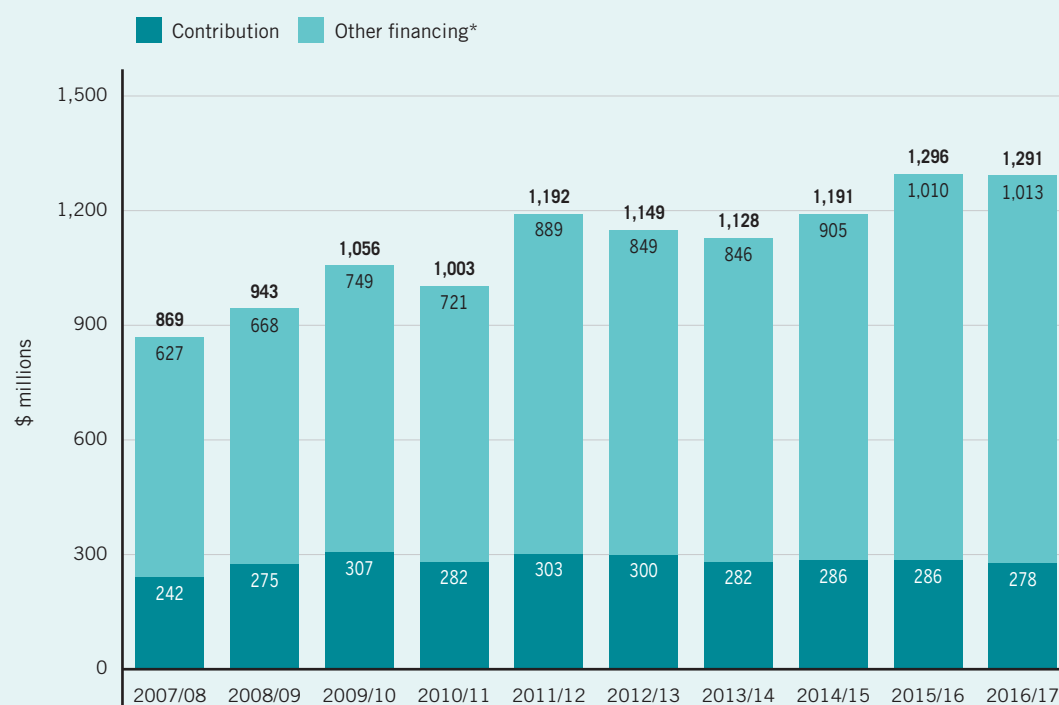
The CMF is funded by the Government of Canada, and cable and direct-to-home (DTH) satellite distributors (also known as broadcasting distribution undertakings [BDUs]). The CMF has a mandate to support the creation of Canadian convergent digital content across multiple platforms, including television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

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

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

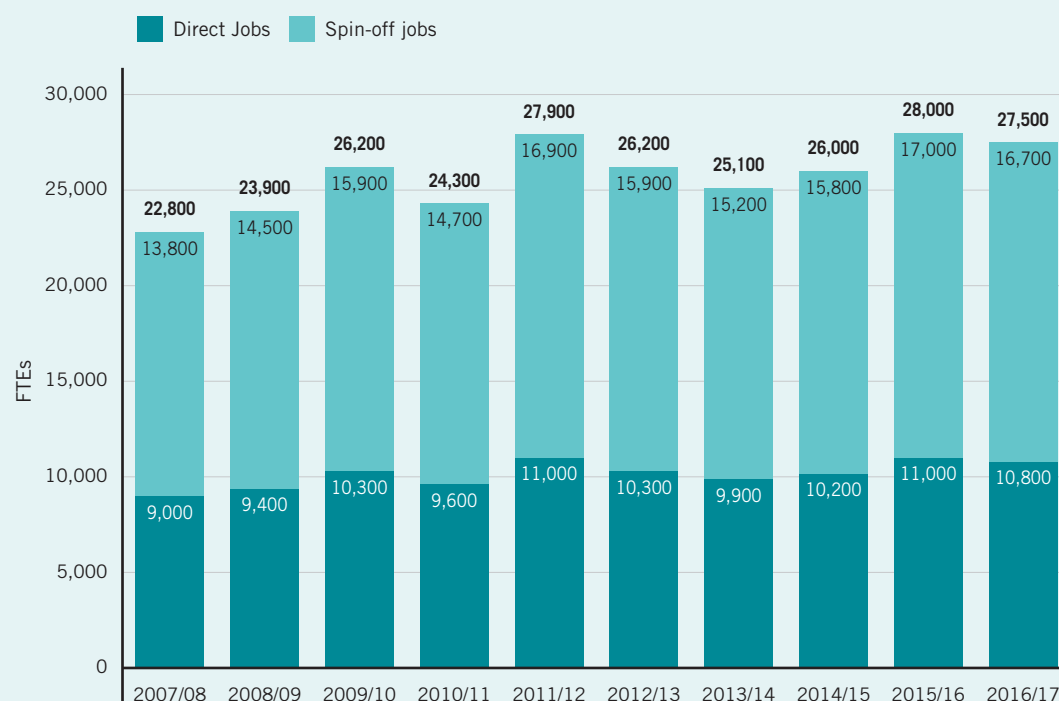
CMF funding of \$278 million supported \$1.29 billion²⁶ in television production in 2016/17 and generated 27,500 full-time equivalent jobs (FTEs). Both the level of funding and volume of supported production were down slightly from the 10-year highs achieved in 2015/16; although the CMF's rate of financial leverage increased. In 2016/17, each dollar of CMF funding attracted \$3.64 in additional production financing.

²⁶ Canada Media Fund, custom tabulations. Funding and production statistics only include television-platform component of Convergent Stream projects.

Exhibit 4 - 13 Total volume of Canadian television production with CMF contributions

Source: CMF.

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

Exhibit 4 - 14 Number of FTEs generated by CMF-supported production

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

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

The CMF's contributions supported close to 2,900 hours of television production in 2016/17, down 2.7% from a 10-year high in 2015/16. Documentary productions accounted for 36.3% of the total hours of production, children's and youth and drama each for 23.9%, and variety and performing arts for 14.5%.

Exhibit 4 - 15 Number of CMF-supported hours of television production, by genre

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Documentary	806	761	821	715	828	828	886	925	1,041	1,045
Children's and youth	693	646	639	695	812	785	712	799	763	688
Drama (i.e., fiction)	480	580	610	659	613	671	661	700	757	728
Variety and performing arts	217	223	352	422	549	404	321	354	398	418
Total	2,195	2,210	2,422	2,491	2,801	2,688	2,580	2,778	2,959	2,878

Source: CMF.

Note: Some totals may not sum due to rounding.

Over half (54%) of the CMF's \$278 million contributions went to drama production. Documentary production accounted for another 25% of funding, and children's and youth productions for 14%.

Exhibit 4 - 16 CMF contributions to television production, by genre

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
(\$ millions)										
Documentary	53	55	61	56	64	58	57	59	65	69
Children's and youth	49	49	55	54	57	56	56	56	54	39
Drama (i.e., fiction)	131	162	178	160	159	166	152	158	153	151
Variety and performing arts	9	10	13	13	23	18	16	13	13	19
Total	242	275	307	282	303	300	282	286	286	278
Share of total										
Documentary	22%	20%	20%	20%	21%	19%	20%	21%	23%	25%
Children's and youth	20%	18%	18%	19%	19%	19%	20%	20%	19%	14%
Drama (i.e., fiction)	54%	59%	58%	57%	53%	56%	54%	55%	53%	54%
Variety and performing arts	4%	4%	4%	5%	8%	6%	6%	5%	5%	7%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: CMF.

Note: Some totals may not sum due to rounding.

FINANCING

Higher levels of private-sector financing, particularly from Canadian distributors, helped to underpin the growth in Canadian television production in 2016/17. Financing from Canadian distributors increased by \$216 million to \$470 million. In fact, approximately half of the year-over-year increase in the volume of Canadian television production (\$420 million) can be attributed to the increase in Canadian distributor financing. Financing from public Canadian broadcasters, foreign sources and other private sources also increased in 2016/17. Only private Canadian broadcasters and the CMF reduced their levels of financing.

Exhibit 4 - 17 Financing of Canadian television production

	2012/13		2013/14		2014/15		2015/16		2016/17	
	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%
Private broadcaster licence fees	491	21%	591	24%	509	20%	474	18%	410	14%
Public broadcaster licence fees	223	10%	244	10%	231	9%	256	10%	361	12%
Federal tax credit ¹	240	10%	238	10%	268	10%	272	11%	318	11%
Provincial tax credit ¹	417	18%	423	18%	485	19%	459	18%	506	17%
Canadian distributors	255	11%	252	10%	306	12%	254	10%	470	16%
Foreign ²	176	8%	193	8%	241	9%	355	14%	381	13%
CMF	300	13%	282	12%	286	11%	286	11%	278	9%
Other public ³	5	<1%	5	0%	23	1%	40	2%	45	1%
Other private ⁴	198	9%	189	8%	209	8%	171	7%	218	7%
Total	2,305	100%	2,418	100%	2,558	100%	2,566	100%	2,986	100%

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

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

1. Canadian production companies receive federal and provincial tax credits based on their eligible labour expenditures, and, in almost all cases, invest their tax credits directly into their film and television projects, in order to complete their project financing.

2. Includes private and public financing from outside Canada.

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

4. Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.

Private Canadian broadcasters devoted the largest share of their \$410 million in licence fees to the productions in the lifestyle and human interest genre; that genre received \$206 million from private Canadian broadcasters in 2016/17. In fact, Canadian broadcasters' licence fees (private and public) accounted 51% of total financing in that genre.

Canadian broadcasters' licence fees were also a major source of financing for programming in the VAPA genre, where they accounted for 49% of total financing.

The fiction genre was the biggest beneficiary of public Canadian broadcasters' licence fees. Television programs in this genre received \$184 million of the \$361 million in total licence fees paid by public Canadian broadcasters.

In the children's and youth genre, Canadian distributors contributed the largest single share to overall financing. In 2016/17, they contributed \$114 million, or 25% to total financing. This was significantly more than the \$71 million that this genre received from Canadian broadcasters. The large financing contribution from Canadian distributors to this genre reflects the strong track record of international sales of Canadian children's and youth programming, and thereby, the prospects for Canadian distributors to licence these programs to foreign broadcasters and online platforms.

For the documentary genre, both Canadian broadcasters and the CMF played important roles in overall financing. Each of these financing categories contributed \$69 million, or 24% of total financing in 2016/17.

Exhibit 4 - 18 Financing of Canadian television production, by genre, 2016/17

	Fiction	Children's and Youth	Documentary	Lifestyle and human interest ¹	Variety and performing arts	All Genres
Amount (\$ millions)						
Private broadcaster licence fees	101	37	40	206	27	410
Public broadcaster licence fees	184	34	29	73	41	361
Federal tax credit ²	164	46	32	61	15	318
Provincial tax credits ²	268	92	44	81	21	506
Canadian distributors	288	114	28	36	3	470
Foreign ³	289	37	29	26	1	381
CMF ⁴	151	39	69	0	19	278
Other public ⁵	26	1	8	10	0	45
Other private ⁶	94	50	14	50	10	218
Total	1,564	449	293	543	137	2,986
Share of total financing (\$ millions)						
Private broadcaster licence fees	6%	8%	14%	38%	19%	14%
Public broadcaster licence fees	12%	8%	10%	13%	30%	12%
Federal tax credit ²	10%	10%	11%	11%	11%	11%
Provincial tax credits ²	17%	21%	15%	15%	16%	17%
Canadian distributors	18%	25%	10%	7%	2%	16%
Foreign	18%	8%	10%	5%	1%	13%
CMF ³	10%	9%	24%	0%	14%	9%
Other public ⁴	2%	0%	3%	2%	0%	1%
Other private ⁵	6%	11%	5%	9%	7%	7%
Total	100%	100%	100%	100%	100%	100%

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

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

1. Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

2. Only programming in the fiction, children's and youth, documentary and VAPA genres are eligible for CMF funding.

3. Includes private and public financing from outside Canada.

4. Canadian production companies receive federal and provincial tax credits based on their eligible labour expenditures, and, in almost all cases, invest their tax credits directly into their film and television projects, in order to complete their project financing.

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

6. Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors

In English-language television production, the level and share of financing from foreign sources has grown steadily over the past five years. Over that period, the level of foreign financing rose from \$167 million to \$384 million, increasing its share from 10% to 17%.

In 2016/17, the steady long-term rise in foreign financing was complemented by a sharp increase in Canadian distributor financing. It increased by \$218 million to total \$472 million; its share of total financing jumped from 13% to 21%.

Canadian public broadcasters also lifted their financing contribution from \$127 million to \$186 million.

Only Canadian private broadcasters and the CMF reduced their financing for English-language television production in 2016/17.

Exhibit 4 - 19 Financing of English-language Canadian television production

	2012/13		2013/14		2014/15		2015/16		2016/17	
	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%
Private broadcaster licence fees	345	20%	456	25%	327	17%	286	15%	236	11%
Public broadcaster licence fees	101	6%	124	7%	107	6%	127	7%	186	8%
Federal tax credit ¹	176	10%	176	10%	197	10%	202	11%	238	11%
Provincial tax credits ¹	318	19%	329	18%	377	20%	364	19%	394	18%
Canadian distributors	265	16%	244	13%	304	16%	254	13%	472	21%
Foreign ²	167	10%	187	10%	242	13%	357	19%	384	17%
CMF	197	12%	183	10%	185	10%	185	10%	176	8%
Other public ³	5	<1%	3	<1%	15	1%	33	2%	33	1%
Other private ⁴	135	8%	142	8%	146	8%	100	5%	106	5%
Total	1,708	100%	1,845	100%	1,899	100%	1,909	100%	2,226	100%

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

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

1. Canadian production companies receive federal and provincial tax credits based on their eligible labour expenditures, and, in almost all cases, invest their tax credits directly into their film and television projects, in order to complete their project financing.

2. Includes private and public financing from outside Canada.

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

4. Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.

As in previous years, French-language productions were financed primarily by broadcaster licence fees; they represented 48% of total financing in 2016/17 (compared to 19% for English-language productions). French-language production did not experience the same growth in Canadian distributor and foreign financing experienced in the English-language market. Instead, the overall growth in production volume was underpinned by higher levels of financing from Canadian public broadcasters and other private sources.

Exhibit 4 - 20 Financing of French-language Canadian television production

	2012/13		2013/14		2014/15		2015/16		2016/17	
	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%
Private broadcaster licence fees	144	25%	132	24%	187	29%	195	30%	184	24%
Public broadcaster licence fees	122	21%	125	22%	126	19%	132	20%	184	24%
Federal tax credit ¹	63	11%	61	11%	73	11%	74	11%	86	11%
Provincial tax credits ¹	97	17%	91	16%	110	17%	100	15%	120	16%
Canadian distributors	2	<1%	2	<1%	2	<1%	3	<1%	4	1%
Foreign ²	2	<1%	1	<1%	<1	<1%	2	<1%	2	<1%
CMF	96	16%	92	16%	93	14%	93	14%	93	12%
Other public ³	11	2%	11	2%	6	1%	2	<1%	10	1%
Other private ⁴	48	8%	44	8%	55	8%	45	7%	72	10%
Total	587	100%	559	100%	654	100%	646	100%	754	100%

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

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

1. Canadian production companies receive federal and provincial tax credits based on their eligible labour expenditures, and, in almost all cases, invest their tax credits directly into their film and television projects, in order to complete their project financing.

2. Includes private and public financing from outside Canada.

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

4. Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.

When viewed on a genre basis, the financing statistics for English-language production demonstrate how English-language Canadian television programs in the fiction, and children's and youth genres are highly exportable and have release windows beyond their first broadcast release.

In the fiction genre, foreign sources and Canadian distributors contributed a combined 44% of total financing which significantly exceeded the 14% of financing supplied by Canadian broadcasters. Similarly, in the children's and youth genre, Canadian distributors and foreign sources accounted for a combined 43% – more than four times the share of financing (10%) supplied by Canadian broadcasters.

English-language documentary productions displayed one of the most diverse financing structures among all the genres. On a genre-wide basis, English-language documentaries drew upon very similar contributions from the CMF (21%), Canadian broadcasters (19%), foreign sources (17%) and Canadian distributors (16%).

In both the lifestyle and human interest, and VAPA genres, Canadian broadcasters accounted for over 40% of total financing. Indeed, in the lifestyle and human interest genre, private Canadian broadcasters licence fees contributed 41% of total financing. This contribution reflected the licence fees from Canadian specialty television services, which commission and include a relatively large amount of lifestyle programming (e.g. home improvement shows, cooking shows) in their schedules.

Exhibit 4 - 21 Financing of English-language Canadian television production, by genre, 2016/17

	Fiction	Children's and Youth	Documentary	Lifestyle and human interest ¹	Variety and performing arts	All Genres
Amount (\$ millions)						
Private broadcaster licence fees	59	21	20	127	9	236
Public broadcaster licence fees	122	15	18	11	21	186
Federal tax credit ²	139	35	22	33	7	238
Provincial tax credits ²	228	75	31	49	11	394
Canadian distributors	288	112	34	36	3	472
Foreign ³	285	37	36	25	1	384
CMF ⁴	103	19	43	0	10	176
Other public ⁵	18	5	2	5	3	33
Other private ⁶	45	34	2	21	5	106
Total	1,289	352	207	307	70	2,226
Share of total financing (%)						
Private broadcaster licence fees	5%	6%	10%	41%	13%	11%
Public broadcaster licence fees	9%	4%	9%	4%	30%	8%
Federal tax credit ²	11%	10%	11%	11%	10%	11%
Provincial tax credits ²	18%	21%	15%	16%	15%	18%
Canadian distributors	22%	32%	16%	12%	4%	21%
Foreign ³	22%	11%	17%	8%	1%	17%
CMF ⁴	8%	5%	21%	0%	14%	8%
Other public ⁵	1%	1%	1%	2%	5%	1%
Other private ⁶	3%	10%	1%	7%	8%	5%
Total	100%	100%	100%	100%	100%	100%

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

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

1. Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

2. Canadian production companies receive federal and provincial tax credits based on their eligible labour expenditures, and, in almost all cases, invest their tax credits directly into their film and television projects, in order to complete their project financing.

3. Includes private and public financing from outside Canada.

4. Only programming in the fiction, children's and youth, documentary and VAPA genres are eligible for CMF funding.

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

6. Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.

On a genre-by-genre basis, French-language production is most reliant on Canadian broadcasters' licence fees for the largest share of its financing. Canadian broadcasters' contribution to financing ranged from 39% in the children's and youth genre to 62% in the lifestyle and human interest genre. The CMF was another important source of financing in all genres, except the lifestyle and human interest genre, which is not eligible for CMF funding. And while the levels of Canadian distributor and foreign financing for various genres of French-language production were negligible in 2016/17 (as they were in previous years), French-language production in the fiction, children's and youth, and lifestyle and human interest genres did attract additional private financing from other sources (i.e. other than broadcasters or distributors) within Canada.

Exhibit 4 - 22 Financing of French-language Canadian television production, by genre, 2016/17

	Fiction	Children's and Youth	Documentary	Lifestyle and human interest ¹	Variety and performing arts	All Genres
Amount (\$ millions)						
Private broadcaster licence fees	43	17	23	82	17	184
Public broadcaster licence fees	67	20	13	63	20	184
Federal tax credit ²	28	11	10	29	8	86
Provincial tax credits ²	43	17	15	34	11	120
Canadian distributors	3	1	0	<1	<1	4
Foreign ³	1	0	<1	<1	0	2
CMF ⁴	47	16	21	0	9	93
Other public ⁵	7	0	1	2	1	10
Other private ⁶	32	12	2	24	2	72
Total	271	95	85	234	68	754
Share of total financing (%)						
Private broadcaster licence fees	16%	18%	27%	35%	25%	24%
Public broadcaster licence fees	25%	21%	15%	27%	29%	24%
Federal tax credit ²	10%	11%	12%	12%	12%	11%
Provincial tax credits ²	16%	18%	17%	15%	16%	16%
Canadian distributors	1%	1%	0%	<1%	<1%	1%
Foreign ³	<1%	<1%	<1%	<1%	0%	<1%
CMF ⁴	17%	17%	25%	0%	13%	12%
Other public ⁵	3%	0%	1%	1%	1%	1%
Other private ⁶	12%	13%	2%	10%	3%	10%
Total	100%	100%	100%	100%	100%	100%

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

Note: Some totals may not sum due to rounding. Data includes an estimate of CRTC-certified television production.

1. Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

2. Canadian production companies receive federal and provincial tax credits based on their eligible labour expenditures, and, in almost all cases, invest their tax credits directly into their film and television projects, in order to complete their project financing.

3. Includes private and public financing from outside Canada.

4. Only programming in the fiction, children's and youth, documentary and VAPA genres are eligible for CMF funding; programming in the lifestyle and human interest, and magazine genres is not eligible for CMF funding.

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

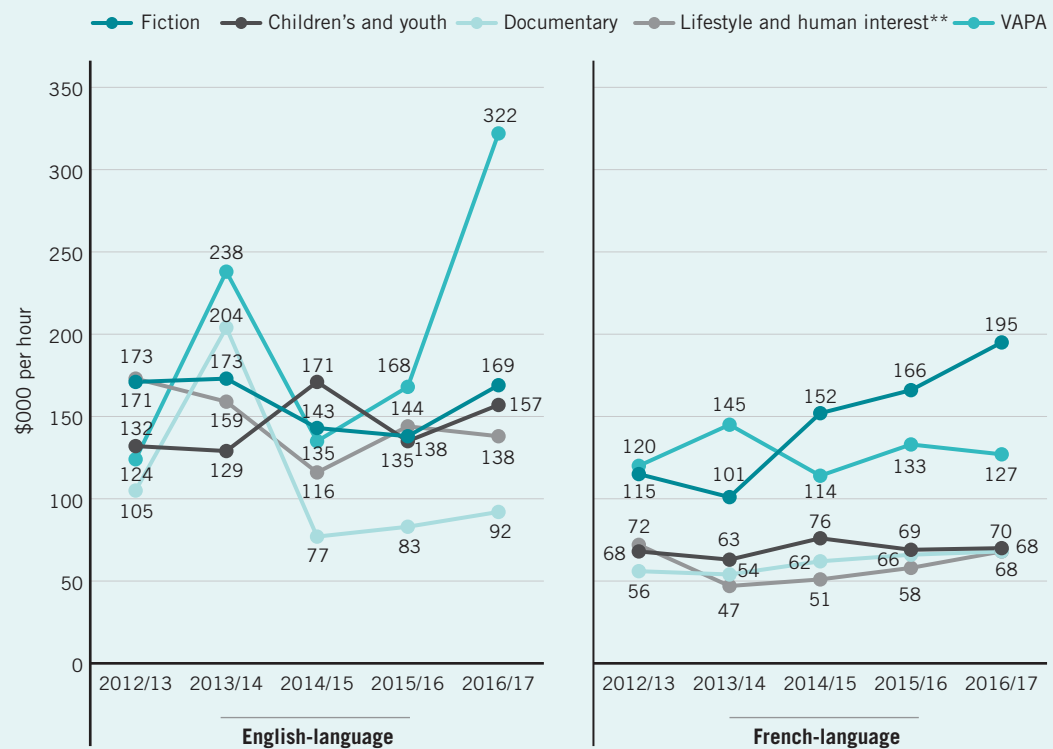
6. Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.

Over the past five years, broadcaster licence fees have varied considerably from year to year in most genres and in both language markets.

In the English-language market, licence fees have typically been in the range of \$100,000 to \$200,000 per hour, although they have dipped below that range in some genres and years. In 2016/17, the average hourly licence fee for English-language VAPA production jumped to a five-year high of \$322,000.

In the French-language market, broadcasters paid the highest level of licence fees for fiction productions, followed by VAPA productions. In fact, between 2014/15 and 2016/17, the average licence fees for French-language fiction productions exceeded that for English-language fiction productions.

Exhibit 4 - 23 Average per-hour licence fees paid by Canadian broadcasters for Canadian television programming*



Source: Estimates based on data obtained from CAVCO.

* Statistics for average licence fees are based strictly on CAVCO-certified projects for which licence fee data was available. The statistics for average licence fees have not been adjusted in any manner to take into account television programs that only received certification from the CRTC.

** Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.

5. Canadian theatrical feature film production

The Canadian theatrical feature film segment produces feature-length films, which are intended for primary release in movie theatres.²⁷ Recent examples of notable Canadian theatrical feature films include *Ballerina (Leap!)*, *Les 3 p'tits cochons 2*, and *Race*.

Highlights from 2016/17



- Canadian theatrical feature film production volume increased by 13.6% to \$318 million.
- English-language theatrical feature film production increased by 16.1% to \$216 million. French-language theatrical feature film production increased by 9.8% to \$101 million.
- The average budget of English-language feature films increased to \$3.2 million; the average budget for French-language films increased to \$3.5 million.
- The total volume of theatrical feature film production in the fiction genre increased by 28.8% to \$237 million.
- Public sources accounted for 61% of total financing of Canadian theatrical feature film production, up from 56% in 2015/16. Telefilm Canada,²⁸ alone, accounted for 22% of total financing.
- The volume of theatrical feature films made by Quebec-based producers accounted for 47% of total production volume, up from 40% in 2015/16.
- The volume of theatrical feature films made by producers based in British Columbia increased by 92.7% to \$79 million.



- Canadian producers made 92 theatrical feature films, down from 105 in 2015/16.
- Theatrical feature films produced in other languages dropped to under \$1 million.
- The number of theatrical feature films in the fiction genre decreased from 80 to 70.
- Foreign financing of Canadian theatrical feature film production dropped from \$29 million to \$16 million and 5% of total financing.
- The volume of theatrical feature films made by producers based in Ontario decreased by 41.1% to \$66 million.

²⁷ For this report, the feature film category includes all films 75 minutes and over in length.

²⁸ The statistics presented in this report for the fiction production funded by Telefilm Canada include only films supported through Telefilm Canada's main production program and not its other production-assistance programs.

A bounce-back in the production of theatrical feature films in the fiction genre helped the overall volume of theatrical feature film production to recover from an eight-year low in 2015/16. Still, the \$318 million in theatrical feature film production in 2016/17 was below levels seen earlier in the decade and under the 10-year average of \$333 million.

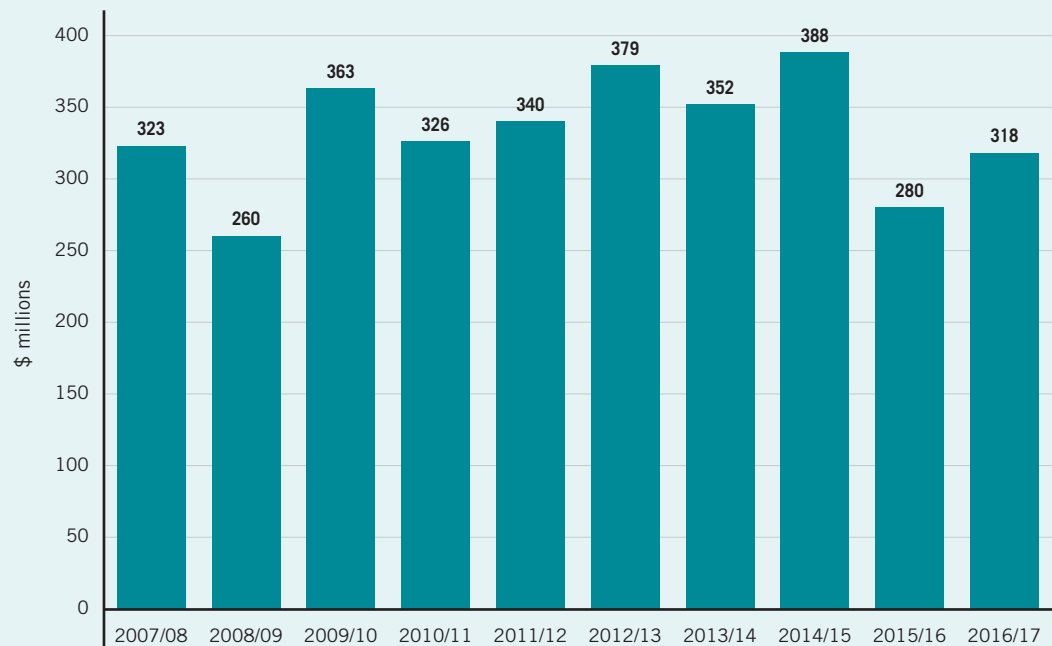
Even though the number of films produced dropped from 105 to 92 in 2016/17, healthy increases in the average budgets for fiction films in both French and English helped lift the overall volume of production. The average budget for French-language films increased to a ten-year high of \$3.5 million. In the English-language market, the average budget increased from \$2.1 million to \$3.2 million.

Though the foreign pre-sale financing of Canadian films dropped to a five-year low of \$16 million and only 5% of total financing in 2016/17, other domestic sources of private and public financing helped to underpin the higher average budgets and increase in production volume. Telefilm Canada, Canadian distributors, and other public and private sources all increased their financing of Canadian theatrical feature film production. Telefilm Canada, in particular, increased its annual investment from \$54 million to \$69 million in 2016/17. This increase, alone, accounted for nearly 40% of the growth in production volume.

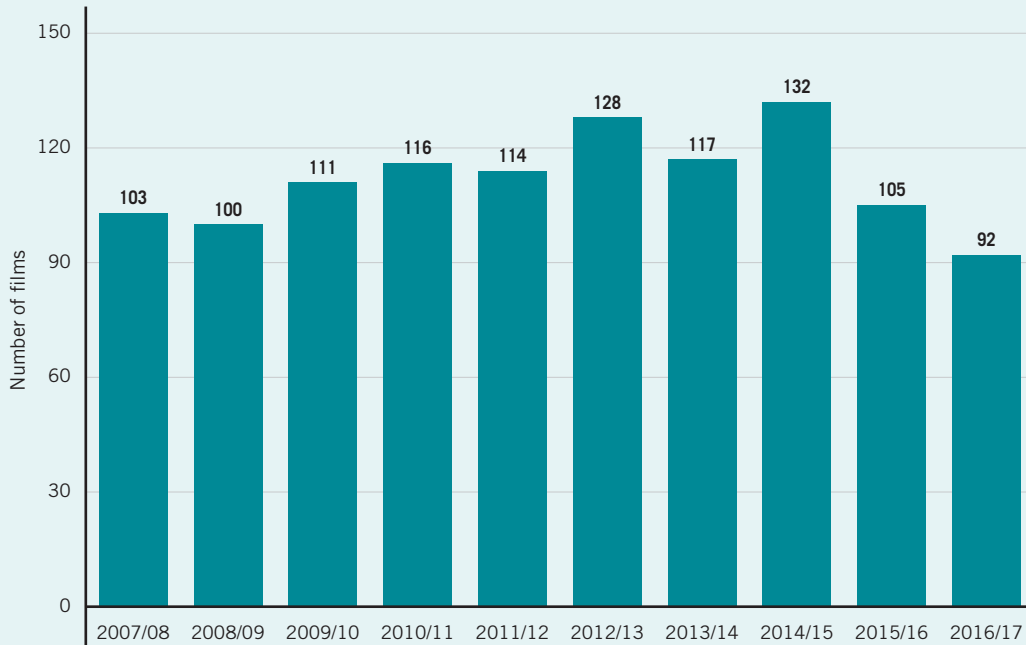
TOTAL PRODUCTION AND AVERAGE BUDGETS

The total volume of Canadian theatrical feature film production increased by 13.6% to \$318 million in 2016/17. The increase in production volume took place despite the fact that the number of theatrical feature films produced decreased from 105 to 92. These contrasting trends imply that the average project budget increased in 2016/17. Indeed, the average budget of theatrical feature films in the fiction genre increased from \$2.3 million to \$3.3 million.

Exhibit 5 - 1 Total volume of Canadian theatrical feature film production



Source: Estimates based on data collected from CAVCO.

Exhibit 5 - 2 Number of Canadian theatrical feature films produced in Canada on an annual basis

Source: Estimates based on data collected from CAVCO.

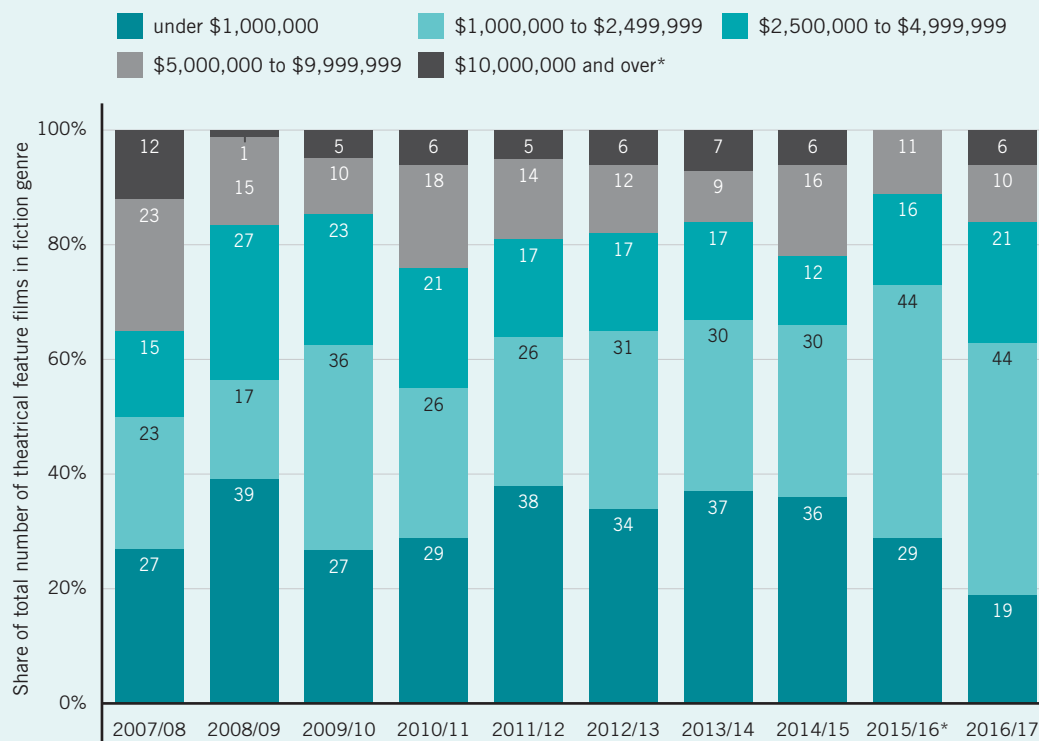
Exhibit 5 - 3 Budgets of theatrical feature films (fiction genre only)

(\$ millions)	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
English										
Average	3.9	2.5	4.2	3.8	3.5	3.6	3.9	3.6	2.1	3.2
Median	2.1	1.4	1.4	1.8	1.2	1.3	1.3	1.3	1.2	1.9
French										
Average	2.8	2.7	2.6	2.9	3.3	2.7	2.5	2.3	2.6	3.5
Median	1.6	2.1	1.9	2.2	2.4	1.8	1.9	1.3	1.9	3.3
All languages*										
Average	3.5	2.6	3.6	3.4	3.4	3.4	3.5	3.1	2.3	3.3
Median	2.0	1.7	1.5	2.0	1.5	1.4	1.4	1.3	1.3	2.1

Source: Estimates based on data from CAVCO.

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

* including other languages

Exhibit 5 - 4 Theatrical feature film projects, by budget size (fiction genre only)

Source: Estimates based on data collected from CAVCO.

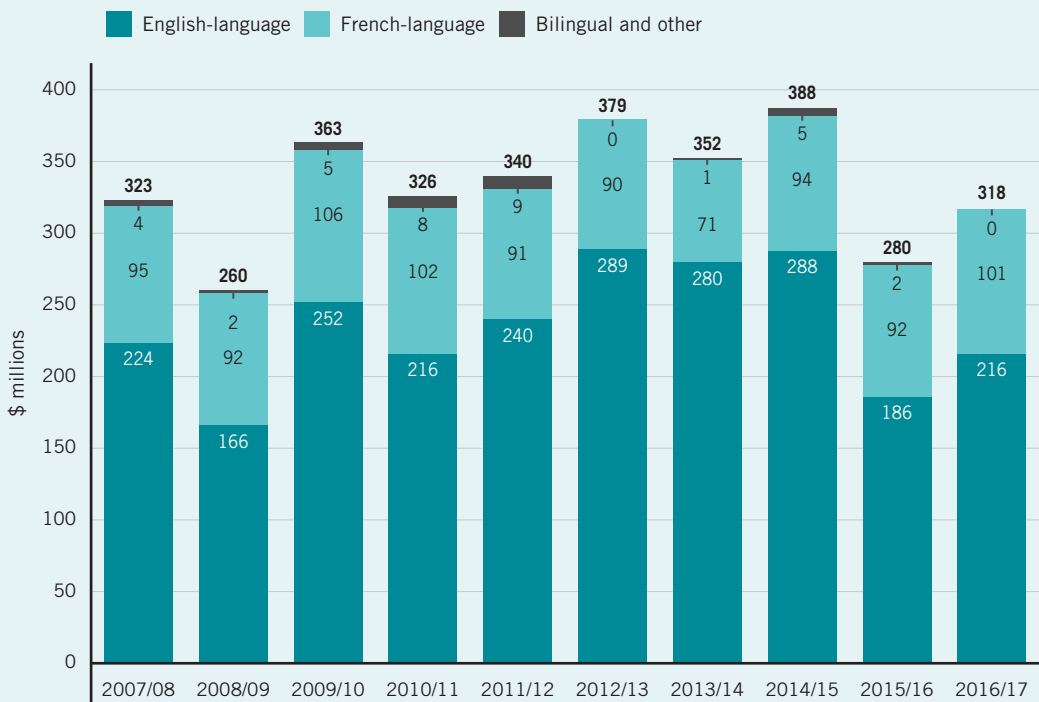
Note: Some totals may not sum due to rounding. Budget calculations exclude the foreign budgets of audiovisual treaty coproductions.

* Data for the "\$10,000,000 and over" group has been combined with data for the \$5,000,000 to \$9,999,999 group.

LANGUAGE

Increased volumes of Canadian theatrical feature film production in both English and in French helped push the overall volume of production higher in 2016/17. English-language production was up by 16.1% to \$216 million; French-language production was up by 9.8% to a six-year high of \$101 million. Production in bilingual format or other languages was under \$1 million in 2016/17.

Exhibit 5 - 5 Volume of Canadian theatrical feature film production, by language



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

Exhibit 5 - 6 Number of theatrical feature films, by language

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
English	63	63	70	66	75	90	75	87	72	60
French / Bilingual and other	40	37	41	50	39	38	42	45	33	32
Total	103	100	111	116	114	128	117	132	105	92

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

GENRES

The majority of theatrical feature film production was in the fiction genre in 2016/17. Canadians produced a total of 70 fiction feature films in 2016/17, with total budgets of \$237 million, or three-quarters of the total volume. Production in other genres (i.e. documentary, children's and youth, and variety and performing arts [VAPA]) declined in terms of both volume and the number of films in 2016/17.

Exhibit 5 - 7 Canadian theatrical feature film production, by genre

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Volume (\$millions)										
Fiction	297	226	305	291	277	357	314	295	184	237
Other genres*	26	34	58	35	63	21	38	93	96	81
Total	323	260	363	326	340	379	352	388	280	318
Number of films										
Fiction	89	88	84	85	81	106	89	94	80	70
Other genres*	23	25	27	31	33	22	28	38	25	22
Total	112	113	111	116	114	128	117	132	105	92

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

* Includes documentary, children's and youth, and VAPA genres.

REGION

Producers based in Quebec, British Columbia and Ontario combined to account for 98% of theatrical feature film production in 2016/17. Quebec-based producers accounted for nearly half of a theatrical feature film production volume in 2016/17. Among the three largest centres of production, only Ontario experienced a year-over-year decrease in production volume.

Exhibit 5 - 8 Volume of Canadian theatrical feature film production, by province and territory

(\$ millions)	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2016/17 share of total
Quebec	121	130	229	127	136	145	178	203	111	150	47%
British Columbia	65	53	25	41	8	37	18	55	41	79	25%
Ontario	109	46	91	121	176	173	131	122	112	66	21%
Manitoba	5	0	1	14	10	7	0	3	5	11	3%
Saskatchewan	11	15	3	11	7	4	15	0	0	7	2%
Alberta	9	0	3	2	0	1	3	4	5	4	1%
Nova Scotia	3	10	9	11	2	8	2	0	3	1	<1%
Newfoundland and Labrador	1	2	0	0	1	2	3	0	2	0	0%
Territories*	0	0	0	0	0	0	0	0	0	0	0%
New Brunswick	0	3	1	0	0	1	2	0	0	0	0%
Prince Edward Island	0	0	0	0	0	0	0	0	0	0	0%
Total	323	260	363	326	340	379	352	388	280	318	100%

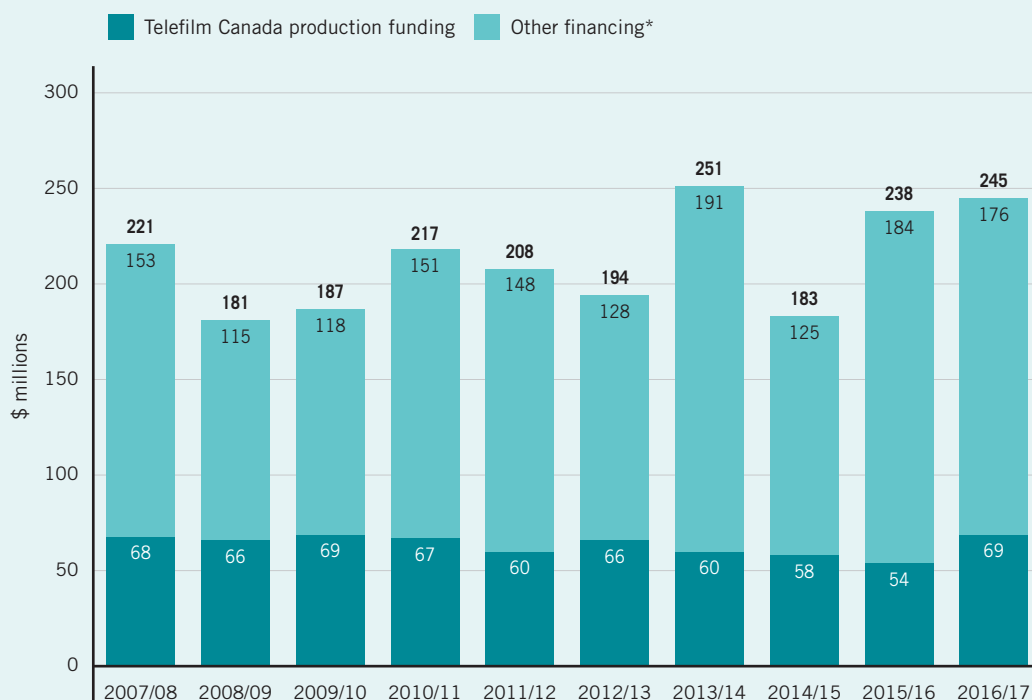
Source: Estimates based on data collected from CAVCO.

Note: Statistics published by provincial funding agencies may differ from those in *Profile 2017*. Please see Notes on Methodology for additional information. Some totals may not sum due to rounding.

TELEFILM CANADA FUNDING

In 2016/17, Telefilm Canada provided \$101.6 million in financial support for the development, production, distribution, marketing and promotion of 88 Canadian feature films. This total financial support included \$68.1 million in financing for feature film production.²⁹ Excluding its support for the Theatrical Documentary Program and post-production activities, Telefilm Canada provided \$69 million in production funding to 78 new fiction feature films in 2016/17, with combined budgets of \$245 million.³⁰

Exhibit 5 - 9 Total Canadian theatrical (fiction) feature film production volume with contributions from the Telefilm Canada production funding programs



Source: Telefilm Canada.

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

Notes:

Some totals may not sum due to rounding. Calculations exclude the foreign share of audiovisual treaty coproduction budgets in which Canada was a minority partner. Statistics for 2005/06 to 2007/08 only include data from the Canada Feature Film Fund (CFFF) Production Program and exclude data from the Low Budget Independent Feature Film Assistance Program. Statistics for 2008/09 to 2012/13 include data for the Production Program and the Low Budget Independent Feature Film Assistance Program. In 2013/14, the Low Budget Independent Feature Film Assistance Program was rolled into the Production Program.

²⁹ The statistics in this section may differ from statistics reported by Telefilm Canada in its annual report. Beginning with the 2012/13 Annual Report, Telefilm Canada reports only the level of production supported by all of its assistance programs on a combined basis. The statistics in this section include data from the Telefilm Canada production-support programs for fiction films, and exclude data from Telefilm Canada's Theatrical Documentary Program, support for post-production and other feature film support programs.

³⁰ Please note that the total volume of feature film (fiction) production supported by Telefilm Canada (\$245 million) is not directly comparable to the total volume of CAVCO-certified theatrical feature film production in the fiction genre (\$237 million). Projects may be recognized in different fiscal years. For example, projects may be recorded on the basis of the year in which principal photography started vs. the year in which an agency received a funding application. In addition, Telefilm Canada's statistics include the value of foreign producers' financing for majority-Canadian treaty coproductions. Statistics for CAVCO-certified production only include Canadian producers' financing regardless of whether a project is a majority- or minority-Canadian treaty coproduction.

NELLY

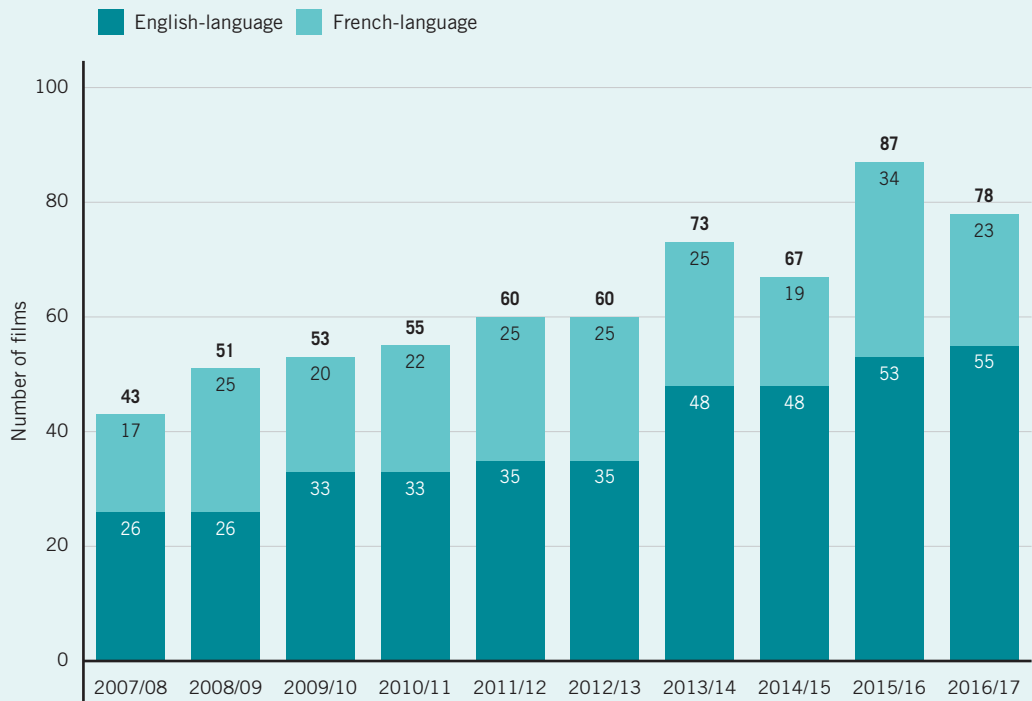
Unconventional biopic highlights female talent on and off-screen

Nelly is the third feature from Montreal director Anne Émond. The film premiered at the Toronto International Film Festival (TIFF) in 2016 and was later selected for the festival's annual list of top Canadian cinema. Émond created an unconventional biopic based on the life and work of controversial literary figure Nelly Arcan. The film explores Arcan's personal experiences as a sex worker, lover and writer but it also raises broader questions about beauty, mortality and the male gaze.

For her work in the multifaceted title role, National Theatre School Graduate Mylène Mackay was named a TIFF Rising Star of 2016 and later won a Prix Iris for best actress. The film also features strong female leadership off-screen. While Émond acted as a writer and director, *Nelly* was produced by Nicole Robert with cinematography by Josée Deshaies.

Despite the film's challenging subject matter and experimental aesthetic, it was a critical success. *Nelly* won a Canadian Screen Award for Best Costume Design and three other Prix Iris for best music, best make up and best hair styling.

Exhibit 5 - 10 Number of Canadian theatrical (fiction) feature films that received financial support from Telefilm Canada production funding programs, by language



Source: Telefilm Canada.

FINANCING

Canadian theatrical feature film production drew the majority of its financing (61%) from public sources (i.e. public broadcaster licence fees, federal tax credit, provincial tax credits, Telefilm Canada and other public sources) in 2016/17. After increasing to a five-year high in both dollar (\$99 million) and percentage terms (28%) in 2013/14, foreign financing fell for the third consecutive year. In 2016/17, foreign financing totalled \$16 million and accounted for 5% of total financing – five-year lows in both dollar and percentage terms.

Exhibit 5 - 11 Financing of Canadian theatrical feature film production

	2012/13		2013/14		2014/15		2015/16		2016/17	
	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%
Private broadcaster licence fees	3	1%	3	1%	3	1%	1	<1%	1	<1%
Public broadcaster licence fees	2	<1%	1	<1%	1	<1%	4	1%	2	1%
Federal tax credit ¹	24	6%	28	8%	26	7%	18	7%	23	7%
Provincial tax credits ¹	76	20%	68	19%	80	21%	59	21%	65	20%
Canadian distributors	36	9%	33	9%	37	9%	39	14%	44	14%
Foreign ²	78	21%	99	28%	76	20%	29	10%	16	5%
Telefilm Canada	66	17%	60	17%	58	15%	54	19%	69	22%
Other public ³	51	13%	20	6%	60	15%	26	9%	35	11%
Other private ⁴	43	11%	40	11%	48	12%	50	18%	62	20%
Total	379	100%	352	100%	388	100%	280	100%	318	100%

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

Note: Some totals may not sum due to rounding.

1. Canadian production companies receive federal and provincial tax credits based on their eligible labour expenditures, and, in almost all cases, invest their tax credits directly into their film and television projects, in order to complete their project financing.

2. Includes private and public financing from outside Canada.

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

4. Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.

Higher levels of financing from Canadian distributors and Telefilm Canada's production funding helped lift the overall volume of English-language production in 2016/17. Higher levels of other-public and other-private financing underpinned the growth in French-language production in 2015/16.

Exhibit 5 - 12 Financing of Canadian theatrical feature film production, by language

	English-language						French and other languages					
	2014/15		2015/16		2016/17		2014/15		2015/16		2016/17	
	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%
Private broadcaster licence fees	2	1%	1	1%	1	1%	<1	<1%	<1	<1%	<1	<1%
Public broadcaster licence fees	0	<1%	3	2%	2	1%	1	1%	<1	<1%	<1	<1%
Federal tax credit ¹	21	7%	14	7%	17	8%	4	4%	4	5%	6	5%
Provincial tax credits ¹	57	20%	40	21%	45	21%	22	23%	19	20%	20	20%
Canadian distributors	30	10%	29	16%	36	17%	7	7%	10	10%	8	8%
Foreign ²	68	24%	23	13%	16	7%	7	8%	6	6%	0	0%
Telefilm Canada	40	14%	28	15%	47	22%	19	19%	27	29%	21	21%
Other public ³	34	12%	9	5%	6	3%	26	26%	17	18%	29	29%
Other private ⁴	35	12%	38	20%	45	21%	12	12%	11	12%	18	18%
Total	288	100%	186	100%	216	100%	99	100%	94	100%	102	100%

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

Note: Some totals may not sum due to rounding.

1. Canadian production companies receive federal and provincial tax credits based on their eligible labour expenditures, and, in almost all cases, invest their tax credits directly into their film and television projects, in order to complete their project financing.

2. Includes private and public financing from outside Canada.

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

4. Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.

6. Audiovisual Treaty Coproduction

The Government of Canada currently has audiovisual coproduction treaties with 55 partner countries.³¹ These treaties offer Canadian and foreign producers the opportunity to combine their creative, technical and financial resources to make audiovisual treaty coproductions that could be granted national production status in each of the partnering countries.

Audiovisual treaty coproductions that obtain national production status enable Canadian producers to access incentives available in Canada for eligible Canadian expenses. They also enable foreign producers to access their own country's incentives, if any, for the foreign portion of the budget. Partnering production companies can take either a majority or minority participation position in an audiovisual treaty coproduction depending on the proportion of financing each producer brings to the project.

Highlights from 2016



- The total budgets of English-language treaty coproductions increased by 21.5% to \$474 million.
- The total budgets of television treaty coproductions increased by 26.8% to \$350 million.
- The average project budget for television treaty coproductions increased from \$8.1 million to \$11.7 million.



- France and the United Kingdom (UK) were Canada's leading coproduction partners between 2007 and 2016. The UK was the leading television treaty coproduction partner. France was the leading partner for feature films.



- Canada participated in 48 treaty coproductions, down from 62 in 2015.
- The total budgets of Canada's treaty coproductions declined by 0.8% to \$503 million.
- The total number of television treaty coproductions decreased from 34 to 30.
- The total number of feature film treaty coproductions decreased from 28 to 18.
- The total budgets of French-language treaty coproductions decreased by 75% to \$29 million after rising to a 10-year high of \$117 million in 2015.
- Canada was a majority (or equal) partner for 40% of its treaty coproduction projects in 2016, however, these projects represented only 35% of total treaty coproduction budgets.

³¹ A list of partner countries can be found on Telefilm Canada's web site at <http://www.telefilm.ca/en/coproductions/coproductions/agreements>.

Overall, Canada's total volume of treaty coproduction (i.e. global budgets) was virtually unchanged in 2016. It only declined by 0.8% to \$503 million. However, underneath this overall stability, there were several year-to-year shifts in the composition of Canada's treaty coproduction activity.

First, there was a shift away from feature film production to television production in 2016. The number and volume of treaty coproduction feature films fell from 28 to 18 in 2016; and the volumes associated with these films fell from \$231 million to \$153 million. Meanwhile, despite a decrease from 34 to 30 projects, the volume of television treaty coproduction increased by 26.8% to an eight-year high of \$350 million.

This increase in treaty television coproduction in 2016 was driven by higher-budget drama projects. Although the number of television drama projects was unchanged (at six) in 2016, the average project budget jumped by 68% to a 10-year high of \$45.7 million. The total volume of television drama projects (i.e. global budgets) also hit a 10-year high of \$274 million, as both the documentary, and children's and youth genres experienced falling volumes.

Second, while the overall volume (i.e. global budgets) of treaty coproduction was virtually unchanged in 2016, the portion of these budgets covered by Canadian producers was slightly lower. The Canadian share of treaty coproduction budgets decreased from \$212 million to \$199 million, thus lowering Canada's share of budgets to a ten-year low of 40%. In fact, this share was six points lower than the ten-year average of 46%.

TELEVISION

Although the number of television treaty coproductions decreased in 2016, the value of total budgets rose by 26.8% to an eight-year high of \$350 million. The Canadian share of total budgets decreased from 41% in 2015 to 33% in 2016. Both English- and French-language production contributed to the overall increase in total budgets and the decrease in the Canadian share of those budgets.

Exhibit 6 - 1 Volume* and activity of audiovisual treaty coproduction, television sub-segment

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
ENGLISH-LANGUAGE										
Canadian share of budgets (\$M)	100	151	114	81	134	110	93	120	108	108
Foreign share of budgets(\$M)	124	175	182	119	161	122	118	179	153	216
Total budgets (\$M)	225	327	296	200	296	232	212	298	262	324
Number of projects	36	53	32	25	27	30	43	35	28	20
FRENCH-LANGUAGE										
Canadian share of budgets (\$M)	10	10	8	9	1	10	1	2	5	7
Foreign share of budgets(\$M)	17	17	7	10	3	18	1	4	9	19
Total budgets (\$M)	27	27	14	19	4	28	2	6	14	26
Number of projects	9	12	10	10	6	12	3	4	6	10
ALL LANGUAGES										
Canadian share of budgets (\$M)	110	161	122	90	136	120	94	121	113	115
Foreign share of budgets(\$M)	142	194	188	129	163	140	119	183	163	235
Total budgets (\$M)	252	354	310	219	299	260	213	304	276	350
Number of projects	45	65	42	35	33	42	46	39	34	30

Source: Telefilm Canada.

Note: Statistics as of September 2017. Some totals may not sum due to rounding.

* The total volume of coproduction refers to the value of total global budgets for coproduction projects. The total volume of production includes the financial participation of Canadian producers (i.e. Canadian share of budgets) and foreign producers (i.e. foreign share of budgets).

As in previous years, most television treaty coproduction projects were in the documentary genre (17 of 30 projects); however, the relatively small number of drama projects (6) accounted for 78% of total television coproduction budgets. Indeed, all of the overall increase in television treaty coproduction in 2016 was in the drama genre, where total budgets jumped by 68.1% and the average project budget increased from \$27.1 million to \$45.6 million.

After increasing to \$79 million in 2015, television treaty coproduction budgets in the children's and youth genre fell to \$47 million; the average project budget fell from \$13.1 million to \$6.7 million.

Exhibit 6 - 2 Volume and activity of audiovisual treaty coproduction, television sub-segment, by genre

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total global budgets (\$ millions)										
Drama (fiction)	97	101	158	147	203	153	108	221	163	274
Documentary	48	72	48	28	30	63	55	36	35	30
Children's and youth	106	181	104	43	66	44	51	47	79	47
Total	252	354	310	219	299	260	213	304	276	350
Number of projects										
Drama (fiction)	6	10	5	8	6	8	8	11	6	6
Documentary	22	32	23	20	17	26	27	21	22	17
Children's and youth	17	23	14	7	10	8	11	7	6	7
Total	45	65	42	35	33	42	46	39	34	30
Average project budgets (\$ millions)										
Drama (fiction)	16.2	10.1	31.7	18.4	33.8	19.2	13.5	20.1	27.1	45.6
Documentary	2.2	2.2	2.1	1.4	1.8	2.4	2.0	1.7	1.6	1.7
Children's and youth	6.2	7.9	7.4	6.2	6.7	5.5	4.6	6.8	13.1	6.7
All genres	5.6	5.4	7.4	6.3	9.1	6.2	4.6	7.8	8.1	11.7

Source: Telefilm Canada.

Note: Statistics as of September 2017. Some totals may not sum due to rounding.

Between 2007 and 2016, the UK and France were Canada's largest coproduction partners for television productions. The UK alone accounted for 37% of the coproduction projects and 25% of total budgets during that period. France accounted for 27% of projects and 21% of total budgets. Canada's other leading partner countries included Australia, Ireland, Germany and Brazil. They all participated in at least 11 projects with Canada between 2007 and 2016. Overall, over the 10-year period, 2007 to 2016, the Canadian share of total global budgets was 42%, although the share did vary significantly from country to country.

Exhibit 6 - 3 Audiovisual treaty coproduction partner countries, television sub-segment, 2007-2016

	Number of projects	Total global budgets (\$ millions)	Canadian share of total global budgets	
			\$ millions	%
United Kingdom	153	712	379	53%
France	113	604	293	49%
Australia	23	179	99	55%
Ireland	14	605	131	22%
Germany	14	130	34	26%
Brazil	11	51	23	45%
Singapore	9	58	34	59%
Israel	7	6	4	56%
South Korea	5	24	10	40%
Philippines	4	13	11	85%
Other Bipartite	32	171	90	53%
Multipartite*	26	284	75	26%
Total	411	2,838	1,183	42%

Source: Telefilm Canada.

Note: Statistics as of September 2017. Some totals may not sum due to rounding.

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

FEATURE FILM

Canadian producers participated in 18 feature film treaty coproductions in 2016, with total budgets of \$153 million. After jumping to a 10-year high of 15 projects and \$102 million budgets in 2015, French-language feature film treaty coproduction fell to only one project with a budget of \$3 million in 2016. This fall in the French-language segment offset the increase in the number of films (13 to 17) and total budgets (\$128 million to \$150 million) in the English-language segment.

Exhibit 6 - 4 Volume* and activity of audiovisual treaty coproduction, theatrical feature film sub-segment

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
ENGLISH-LANGUAGE										
Canadian share of budgets (\$M)	102	23	87	117	150	88	128	100	66	82
Foreign share of budgets(\$M)	134	15	44	86	69	71	92	73	63	68
Total budgets (\$M)	236	37	130	203	218	159	220	173	128	150
Number of projects	16	8	11	21	14	14	12	18	13	17
FRENCH-LANGUAGE										
Canadian share of budgets (\$M)	20	23	24	17	30	17	7	19	33	2
Foreign share of budgets(\$M)	52	37	17	26	59	17	9	24	69	1
Total budgets (\$M)	72	60	40	44	89	34	16	43	102	3
Number of projects	8	14	3	7	8	5	5	9	15	1
ALL LANGUAGES										
Canadian share of budgets (\$M)	122	46	110	134	180	105	135	119	99	84
Foreign share of budgets(\$M)	186	52	61	113	127	88	101	97	132	69
Total budgets (\$M)	308	98	171	247	307	193	236	216	231	153
Number of projects	24	22	14	28	22	19	17	27	28	18

Source: Telefilm Canada.

Note: Statistics as of September 2017. Some totals may not sum due to rounding.

* The total volume of coproduction refers to the value of total global budgets for coproduction projects. The total volume of production includes the financial participation of Canadian producers (i.e. Canadian share of budgets) and foreign producers (i.e. foreign share of budgets).

In the feature film treaty coproduction segment, France was, by far, Canada's most active partner country between 2007 and 2016. During that period, Canada made 72 films with France with total budgets of \$849 million. France accounted one-third of all Canada's feature film treaty projects during that period and 39% of total budgets. Canada's other leading partner countries included Germany, the UK, Ireland and Belgium. Canada produced at least 10 films with each of these countries. Overall, over the ten-year period, 2007 to 2016, the Canadian share of total global budgets was 52%, although the share did vary significantly from country to country.

Exhibit 6 - 5 Audiovisual treaty coproduction partner countries, theatrical feature film sub-segment, 2007-2016

	Number of projects	Total global budgets (\$ millions)	Canadian share of total global budgets	
			\$ millions	%
France	72	849	408	48%
Germany	21	522	319	61%
United Kingdom	21	184	95	52%
Ireland	12	89	58	65%
Belgium	10	43	19	44%
Switzerland	9	25	11	44%
South Africa	7	41	17	40%
Spain	6	71	36	51%
Australia	5	13	6	48%
Italy	4	61	48	79%
China	4	18	12	68%
Other Bipartite	34	100	48	48%
Multipartite*	14	146	56	39%
Total	219	2,159	1,133	52%

Source: Telefilm Canada.

Note: Statistics as of September 2017. Some totals may not sum due to rounding.

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

MAUDIE

Coproduction attracts international talent and wins hearts across Canada

Maudie is a feature-length dramatization of the life and work of Nova Scotian folk artist Maud Lewis. Although the story takes place in Nova Scotia, the film was shot in Newfoundland and Labrador.

A Canadian majority coproduction (H is 4 Productions, Rink Rat Productions and Solo Productions) with Ireland (Parallel Films), the script was developed by Canadian writer Sherry White and the film was directed by Irish director Aisling Walsh. *Maudie* also attracted talent from the UK and the United States, starring Sally Hawkins and Ethan Hawke.

Maudie was selected for a special presentation at the Toronto International Film Festival (TIFF) in 2016 and went on to play at more than 75 screens across Canada, grossing almost \$10 million worldwide (over \$3 million in Canada alone) by November 2017. The film premiered at the Telluride Film Festival to rave reviews, and won the People's Choice Award at the Vancouver International Film Festival, the Grand Prix at the Festival du cinéma international en Abitibi-Témiscamingue, and prizes for Best Atlantic Feature and Best Atlantic Screenwriting at the Atlantic Film Festival in Halifax.

ALL RELEASE WINDOWS

Although television treaty coproduction was higher in 2016, the decline from 2015's French-language feature film treaty coproduction resulted in an overall decline in Canada's treaty coproduction activity. The number of projects fell from 62 to 48; however, total budgets were relatively stable and declined by just 0.8% to \$503 million.

While overall treaty production was slightly lower, total treaty coproduction in English showed a healthy increase in 2016. The number of projects was lower, but total budgets increased by 21.4% to a five-year high of \$474 million. Across both language markets, the Canadian share of budgets decreased by 6.1% to a ten-year low of \$199 million.

Exhibit 6 - 6 Volume* and activity of audiovisual treaty coproduction

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
ENGLISH-LANGUAGE										
Canadian share of budgets (\$M)	202	174	201	198	284	198	221	219	174	190
Foreign share of budgets(\$M)	259	190	226	205	230	194	211	252	216	284
Total budgets (\$M)	461	364	426	403	514	391	432	471	390	474
Number of projects	52	61	43	46	41	44	55	53	41	37
FRENCH-LANGUAGE										
Canadian share of budgets (\$M)	30	33	31	26	32	27	8	21	38	9
Foreign share of budgets(\$M)	69	54	23	36	61	35	10	27	79	20
Total budgets (\$M)	99	88	55	62	93	62	18	48	117	29
Number of projects	17	26	13	17	14	17	8	13	21	11
ALL LANGUAGES										
Canadian share of budgets (\$M)	232	207	232	224	316	225	229	240	212	199
Foreign share of budgets(\$M)	328	245	249	241	291	228	221	280	295	304
Total budgets (\$M)	560	452	481	465	607	453	450	520	507	503
Number of projects	69	87	56	63	55	61	63	66	62	48

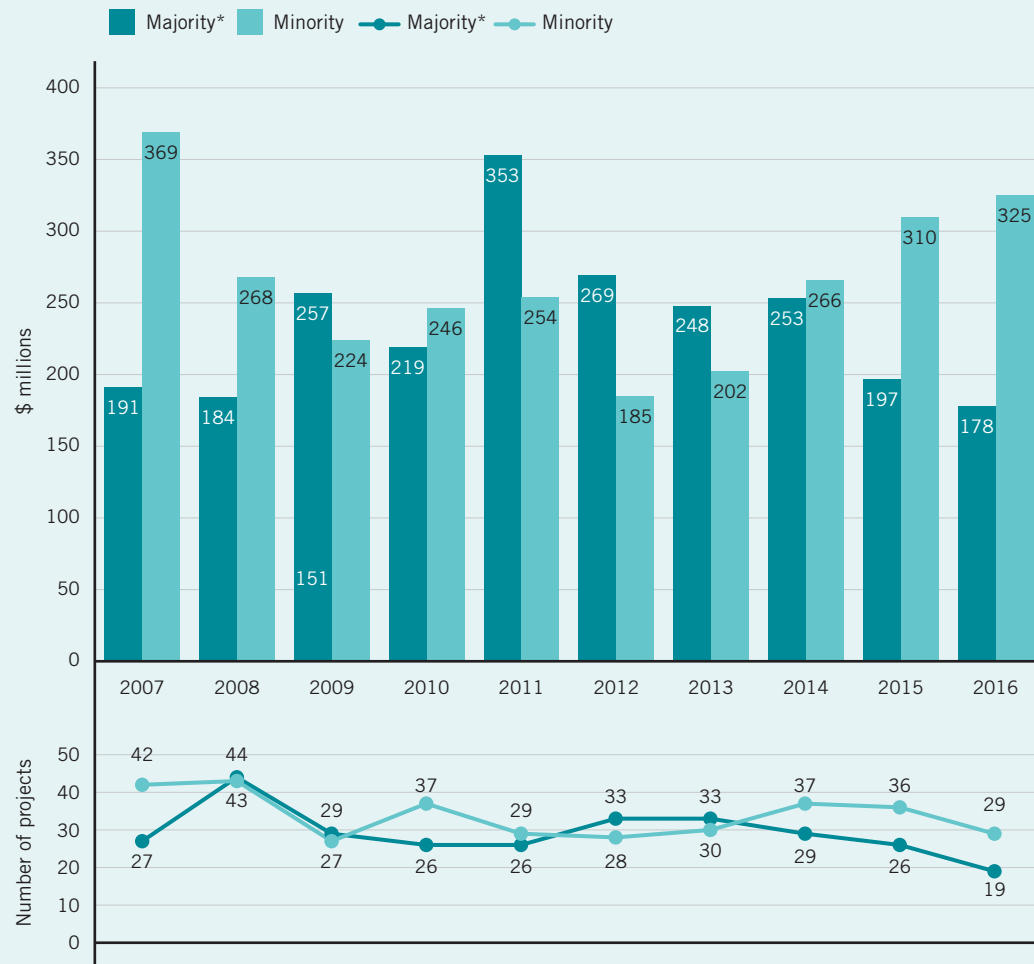
Source: Telefilm Canada.

Note: Statistics as of September 2017. Some totals may not sum due to rounding.

* The total volume of coproduction refers to the value of total global budgets for coproduction projects. The total volume of production includes the financial participation of Canadian producers (i.e. Canadian share of budgets) and foreign producers (i.e. foreign share of budgets).

The declines in the level and overall share of Canadian budgets on Canada's treaty coproduction projects reflects the fact that Canada was minority partner on most of its projects in 2016. Out of a total of 48 treaty coproduction projects in 2016, Canada was a minority partner for 29 projects and a majority (or equal) partner for 19 projects. Furthermore, the total volume (i.e. global budgets) of minority projects increased from \$310 million to \$325 million in 2016, while the total volume of majority (and equal-participation) projects decreased from \$197 million to \$178 million.

Exhibit 6 - 7 Audiovisual treaty coproduction, majority vs. minority Canadian production



Source: Telefilm Canada.
Note: Statistics as of September 2017.

France was Canada's principal coproduction partner, overall, between 2007 and 2016. It accounted for 29% of projects and 29% of total budgets. The UK also accounted for a large share (28%) of Canada's treaty coproduction projects during this period; however, the UK's share on the basis of total budgets (18%) suggests that Canada's projects with the UK were smaller than those with France.

Canada's other leading treaty coproduction partners included Germany, Australia and Ireland. Across the entire 10-year period, Canada captured a 46% share of the total budgets of the treaty coproductions it was involved in.

Exhibit 6 - 8 Audiovisual treaty coproduction partner countries, 2007-2016

	Number of projects	Total global budgets (\$ millions)	Canadian share of total global budgets	
			\$ millions	%
France	185	1,453	701	48%
United Kingdom	174	896	474	53%
Germany	35	651	353	54%
Australia	28	192	105	55%
Ireland	26	693	189	27%
Brazil	12	56	26	46%
South Africa	10	68	34	51%
Belgium	10	43	19	44%
Switzerland	10	27	12	44%
Singapore	9	58	34	59%
Israel	9	10	5	49%
Other Bipartite	82	420	232	55%
Multipartite*	40	430	131	30%
Total	630	4,997	2,316	46%

Source: Telefilm Canada.

Statistics as of September 2017. Some totals may not sum due to rounding.

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

7. Foreign location and service production

The foreign location and service (FLS) production sector is primarily comprised of films and television programs filmed in Canada primarily by foreign producers with the involvement of Canadian-based service producers. This includes the visual effects (VFX) work done by Canadian VFX studios for foreign films and television programs. For the majority of FLS projects, the copyright is held by non-Canadian producers; however, for approximately 5% to 10% of projects, the copyright is held by Canadians.

During the past five years, Canada's FLS production sector has contributed to numerous films that achieved successful global box office runs. Some recent Hollywood films that have either been shot in Canada or had their VFX work done in Canada include *The Shape of Water*, *It*, and *Deadpool*. Canada has also become a destination for the filming of many American television series and mini-series such as *The Handmaid's Tale*, *Timeless* and *Supergirl*, which have been commissioned by US networks as well as online video streaming services.

Highlights from 2016/17



- The total volume of FLS production in Canada increased by 42.1% to \$3.76 billion.
- The number of FLS productions increased by 17.7% – from 355 to 418.
- The number of FLS feature films shot in Canada increased from 128 to 183. The total volume increased from \$1.12 billion to \$1.86 billion.
- The total volume of FLS television series increased from \$1.28 billion to \$1.64 billion, even though the number of series fell.
- All provinces that hosted FLS production in 2015/16 experienced an increase in production volume in 2016/17.
- FLS production in British Columbia (BC) increased by 46.8% to over \$2.31 billion.
- FLS production in Ontario increased by 23.2% to \$860 million.
- FLS production in Quebec increased by 43.3% to \$404 million.
- Canada's territories hosted \$18 million in FLS production– a six-fold increase from the year before.



- The copyright for approximately three-quarters of FLS projects was held by persons or companies based in the US.



- The number of FLS television series shot in Canada decreased from 156 to 149.

Canada's FLS production segment was also operating on all cylinders in 2016/17. The volume of production rose by 42.1% to an all-time high of \$3.76 billion. The segment's overall growth was not only remarkable, but also broad-based – both in terms of geography of production and release medium.

In terms of geography, every single province or territory that hosted FLS production in 2015/16 experienced an increase in FLS production in 2016/17. BC – Canada's leading province for FLS production – led the way with a \$737 million increase in production volume. However, Ontario and Quebec also added over \$100 million in FLS production volume, respectively, in 2016/17. According to Creative BC, the increase in foreign production activity in BC was mainly driven by the US, with a large part of the increased demand fuelled by the commissioning activities of online services such as Netflix, Amazon, and Hulu. The growing production presence of these online services also affected FLS activity in other provinces.

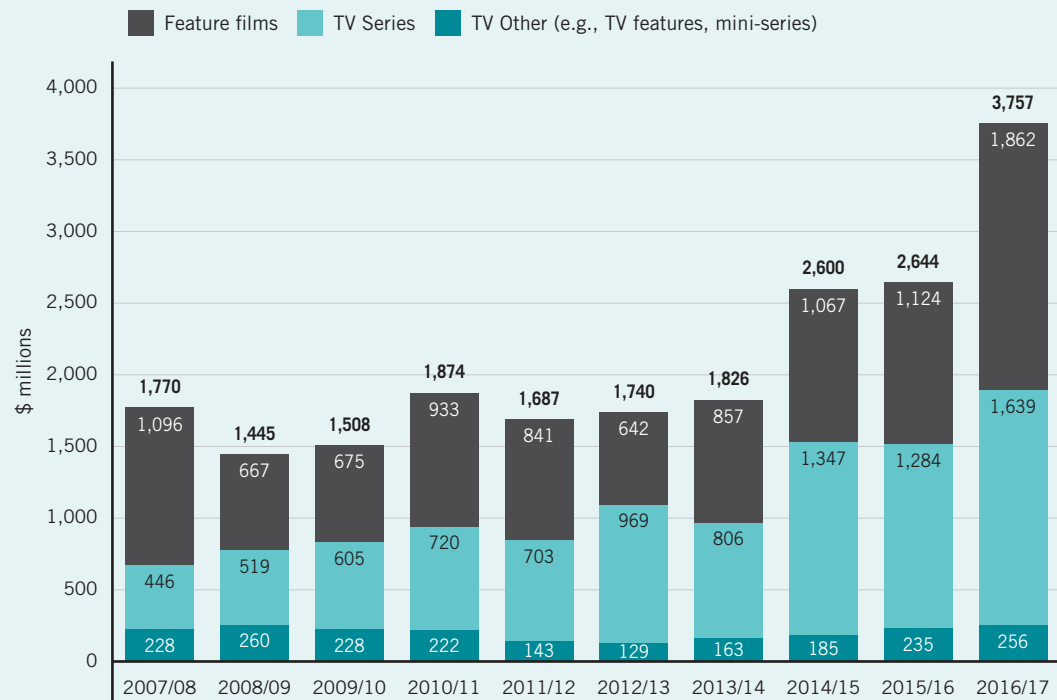
In terms of release medium, both feature film and TV series production made important contributions to these segments' unprecedented growth. Not only did the number of FLS feature films shot in Canada increase to an all-time high of 183, but the average budgets of those feature films also increased – from \$8.8 million to \$10.2 million. The combination of more and larger projects added \$738 million to Canada's volume of FLS feature film production, lifting the 2016/17 volume to \$1.86 billion. The vast majority of this feature film production and the year-over-year growth was concentrated in BC. BC, alone, hosted 95 features films and \$1.19 billion in feature film production volume.

The number of FLS TV series shot in Canada did decline in 2016/17 – from 156 to 149. However, the average budgets for FLS TV series rose from \$8.2 million to \$11 million. These higher average budgets may also partly reflect the commissioning activities of online services and the heightened competition among broadcasters and online platforms for global viewers. A large portion of the growth in TV series production also occurred in BC. However, Ontario, as host to production of series such as *The Handmaid's Tale*, also made a key contribution to the growth.

TOTAL PRODUCTION AND TYPES

The total volume of FLS production jumped by 42.1% to an all-time high of \$3.76 billion in 2016/17. This sharp increase was driven by higher volumes of both feature film and TV series production. Feature film production was up by 65.7%, while television production rose by 27.6%. Other production also increased 8.9% to its highest level in eight years.

Exhibit 7 - 1 Volume of foreign location and service production, by type



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

In both the feature film and TV series segments, larger projects (i.e. those with higher average project budgets) helped to push the volume of production higher. The number of FLS feature films shot in Canada did increase from 128 to an all-time high of 183 – a 43% increase. The average budgets of these films also increased – from \$8.8 million to \$10.2 million. Together, the expanded number of projects and budgets lifted the total volume of feature film production by 65.7% to \$1.86 billion.

The number of FLS TV series shot in Canada declined in 2016/17 – from 156 to 149. However, the average budget of those TV series increased from \$8.2 million to \$11 million, thus raising the volume of TV series production by 27.6% to \$1.64 billion.

Exhibit 7 - 2 Annual number of foreign location and service projects, by type

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Feature films	103	89	53	66	99	93	91	111	128	183
TV series	62	57	61	76	78	85	92	115	156	149
TV other*	63	71	67	81	58	42	51	53	71	86
Total	228	217	181	223	235	220	234	279	355	418

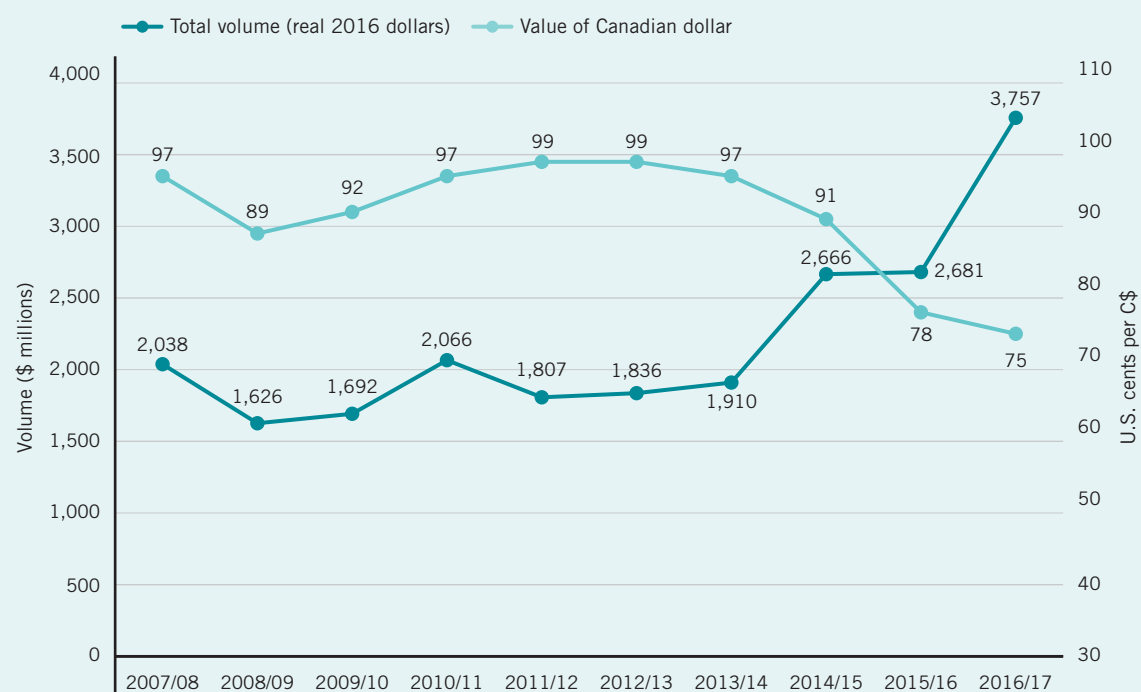
Source: Association of Provincial Funding Agencies.

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

* Includes TV movies, mini-series single-episode programming and pilots.

Between 2012/13 and 2016/17, the value of the Canadian dollar (compared to the US dollar) fell by 24.2%; over that same period, the volume of FLS production in Canada more than doubled in real (inflation-adjusted) Canadian dollars.

Exhibit 7 - 3 Volume of foreign location and service production vs. Canadian dollar



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

REGION

British Columbia – mainly Vancouver – dominated Canada’s FLS production, with 62% of the total volume of Canadian FLS production taking place in that province. BC’s share and total volume of FLS production increased in 2016/17, as its gains in production volume outpaced the large gains experienced in Ontario and Quebec.

Exhibit 7 - 4 Volume of foreign location and service production, by province and territory

(\$ millions)	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2016/17 share of total
British Columbia	1,174	900	1,092	1,364	1,102	1,076	1,080	1,672	1,574	2,311	62%
Ontario	350	206	225	224	382	399	446	545	698	860	23%
Quebec	120	211	122	240	157	212	147	275	282	404	11%
Manitoba	56	2	15	11	8	23	47	11	42	70	2%
Alberta	24	20	7	4	13	4	88	92	34	54	1%
Nova Scotia	29	80	43	31	22	25	17	n/a	12	39	<1%
Territories*	5	6	0	1	3	2	2	3	3	18	<1%
New Brunswick	0	10	0	n/a	n/a	0	0	1	0	0	0%
Prince Edward Island	n/a	n/a	n/a	n/a	n/a	0	0	<1	0	0	0%
Saskatchewan	13	9	n/a	0	1	1	0	0	0	0	0%
Newfoundland and Labrador	0	0	0	0	0	0	0	0	0	0	0%
Total	1,770	1,445	1,508	1,874	1,687	1,740	1,826	2,600	2,644	3,757	100%

Source: Association of Provincial Funding Agencies.

Note: Statistics published by provincial funding agencies may differ from those in *Profile 2017*. Please see Notes on Methodology for additional information. Some totals may not sum due to rounding.

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

* Territories include Yukon, Nunavut and Northwest Territories.

STAR TREK BEYOND

International blockbuster lands in Vancouver

Star Trek Beyond is the thirteenth *Star Trek* film and the third in the reboot series to be filmed in Canada. Principal photography for the film took place in and around Vancouver. The city offered proximity to LA-based talent, access to striking landscapes and state-of-the art technical facilities. Several landmarks in the region were transformed for the production including Stawamus Chief Provincial Park, near Squamish, BC.

Canadian grips developed an innovative approach to integrate these natural settings with digital animation. Aircover Inflatables, based in the Vancouver suburb of Delta, provided inflatable green screens during filming. The company had initially experimented with this technology during the 2013 production of *Godzilla* in Vancouver but *Star Trek Beyond* gave the team an opportunity to perfect this approach, which offers more flexibility than conventional green screens. This Canadian expertise did not go unnoticed as David McIntosh, Steve Smith, Mike Branham and Mike Kirilenko won an Academy Award for Technical Achievement in 2016.

Alongside these four innovators, the Motion Picture Association – Canada estimates that more than 3,900 British Columbians helped bring *Star Trek Beyond* from the green screen to the big screen. Over the course of 78 days of filming in BC, the production contributed \$69 million dollars to the province's economy, including over \$40 million to hire local cast, crew and extras.

COUNTRY

As in previous years, the vast majority (73%) of FLS productions in Canada were produced by US companies. The UK and France accounted respectively for 9% and 5% of FLS production, with Germany and other countries accounting for the rest.

Exhibit 7 - 5 Number of foreign location and service projects, by country of copyright

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of projects									
United States	158	139	194	185	171	177	197	261	304
United Kingdom	4	4	4	5	3	7	33	16	39
France	1	1	7	8	9	7	3	12	20
Germany	4	4	1	2	1	4	2	3	4
Other	14	18	1	8	9	13	19	36	28
Canada*	36	15	16	27	27	26	25	27	23
Total	217	181	223	235	220	234	279	355	418
Share of total									
United States	73%	77%	87%	79%	78%	76%	71%	74%	73%
United Kingdom	2%	2%	2%	2%	1%	3%	12%	5%	9%
France	<1%	1%	3%	3%	4%	3%	1%	3%	5%
Germany	2%	2%	<1%	1%	<1%	2%	1%	1%	1%
Other	6%	10%	<1%	3%	4%	6%	7%	10%	7%
Canada*	17%	8%	7%	11%	12%	11%	9%	8%	6%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Association of Provincial Funding Agencies.

Note: Some totals may not sum due to rounding.

* Canadian projects in the FLS sector include projects made by Canadian producers primarily for foreign audiences, or as part of international co-ventures.

International co-venture production includes films and television programs made as international coproductions, but outside of the auspices of an audiovisual coproduction treaty

8. Broadcaster in-house production

Broadcaster in-house production (“in-house production”) refers to television programs made internally by private conventional television broadcasters, public broadcasters, and specialty and pay television services.³² In-house production largely consists of news and sports programming, but can also include production in other genres.

Highlights from 2016



- The total volume of in-house production increased by 5% to \$1.32 billion
- Despite lower revenues (see Section 11.1), private conventional broadcasters' spending on in-house production increased by 12.7% to \$693 million.
- Spending on the in-house production of sports programming increased 32.7% to \$532 million.



- Despite higher revenues (see Section 11.1), specialty and pay-television services' spending on in-house production decreased by 2.4% to \$623 million.
- Spending on the in-house production of news programming fell by 7.2% to \$668 million.

³² Note that the statistics in this section exclude data for provincial educational (television) services.

After falling by over 17% in 2014, the total volume of in-house production rose by 5% to just under \$1.32 billion in 2016. The sharp drop in in-house production in 2015 was largely due to lower spending on sports programming following the televising of the Winter Olympics, Paralympic Winter Games, Commonwealth Games and FIFA World Cup in 2014. The recovery in in-house production was also driven by a positive swing in spending on sports programming. It rose by 32.7% to \$532 million. Meanwhile the volume of in-house programming decreased by 7.2% to \$668 million. In-house production in other genres also decreased – by 10% to \$117 million.

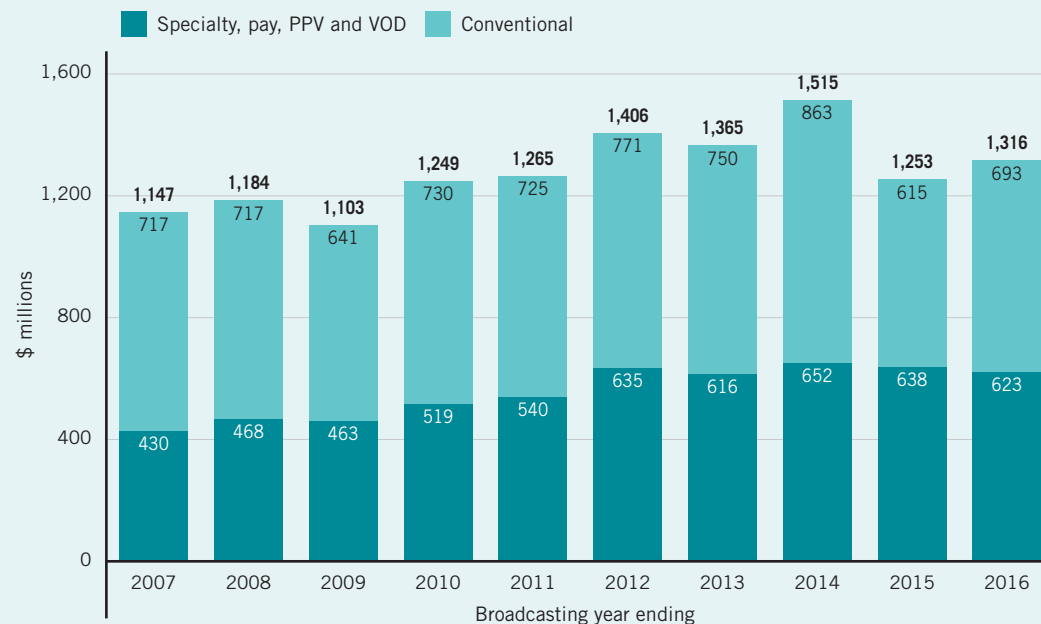
Both CBC/Radio-Canada and Canada's specialty television sports services contributed to the increased spending on in-house sports programming in 2016. In particular, Sportsnet (including Hockey Night in Canada) increased its spending on in-house production by \$13.5 million, or 17.4%.³³ CBC/Radio-Canada's spending on in-house production of sports programming increased by more than three-fold to \$117.3 million, since it televised the 2016 Rio de Janeiro Summer Olympics.³⁴

The drop in news programming appears to have been concentrated at CBC/Radio-Canada and in the specialty television segment.³⁵ Spending on in-house news programming among private conventional broadcasters rose by 2.2% to \$347.5 million.³⁶

PRODUCTION VOLUME

In-house production increased by 5% to \$1.32 billion in 2016. This increase was largely due to a 12.7% increase in in-house production in the conventional television segment, which was partially offset by a 2.4% decline in in-house production in the specialty, pay, pay-per-view (PPV) and video on demand (VOD) segment.

Exhibit 8 - 1 Total volume of broadcaster in-house production, by sub-segment



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

Note: Some totals may not sum due to rounding.

³³ CRTC (2017), *Individual Discretionary and On-Demand Services: Statistical and Financial Summaries 2012-2016*.

³⁴ CRTC (2017), *Conventional Television: Statistical and Financial Summaries 2012-2016*, p. 19; CRTC (2016), *Conventional Television: Statistical and Financial Summaries 2011-2015*, p. 19.

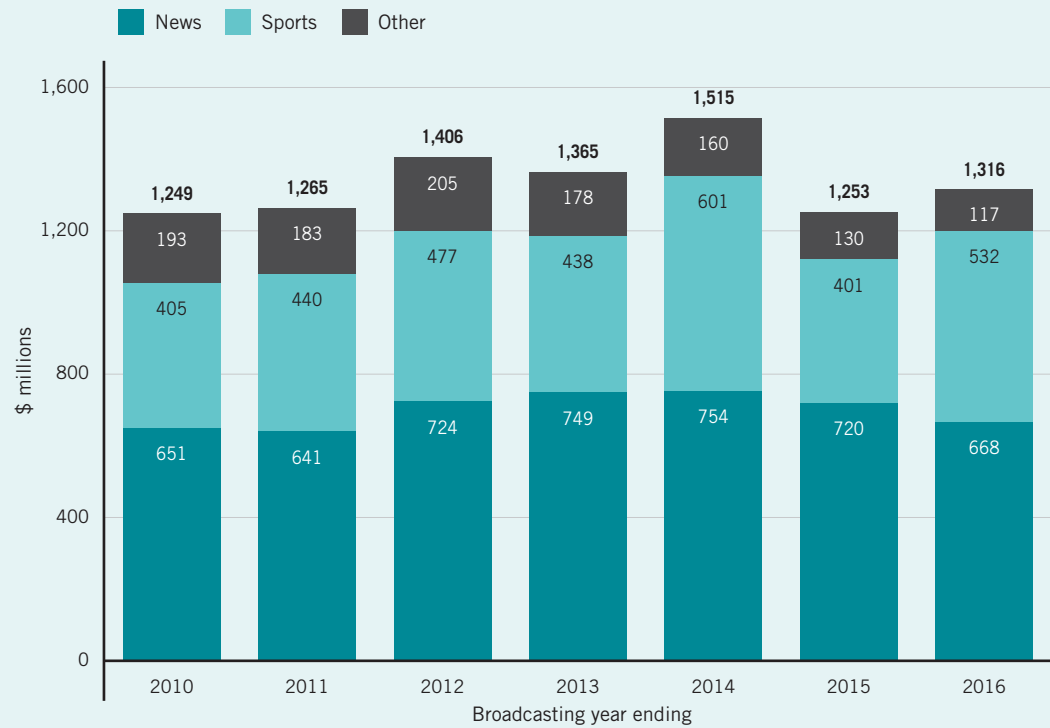
³⁵ CRTC (2017), *Conventional Television: Statistical and Financial Summaries 2012-2016*, p. 19; CRTC (2016), *Conventional Television: Statistical and Financial Summaries 2011-2015*, p. 19; CRTC (2017), *Discretionary and On-Demand Services 2012-2016*, p. 19; CRTC (2016), *Pay, Pay-per-View, Video-on-Demand and Specialty Services: Statistical and Financial Summaries 2011-2015*, p. 13.

³⁶ CRTC (2017), *Conventional television: statistical and financial summaries 2012-2016*, p. 7; CRTC (2016), *Conventional television: statistical and financial summaries 2011-2015*, p. 7.

GENRES

Spending on in-house news programming declined by 7.2% in 2016, however, a 32.7% increase in spending on sports programming helped raise the overall volume of in-house production.

Exhibit 8 - 2 Broadcaster in-house production, by genre



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

REGION

As the locations for Canada's English-language and French-language television networks, Ontario and Quebec accounted for a combined 78% of all in-house production in 2016.

Exhibit 8 - 3 Broadcaster in-house production, by province and territory

(\$ millions)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016 share of total
Ontario	674	692	649	739	729	811	767	890	677	729	55%
Quebec	258	273	245	242	252	293	291	331	279	307	23%
British Columbia	88	89	86	93	100	104	103	101	97	96	7%
Alberta	67	68	64	79	86	92	92	91	94	88	7%
Manitoba	13	13	12	19	21	23	24	29	30	28	2%
Saskatchewan	18	18	16	22	24	26	28	27	27	24	2%
Nova Scotia	15	14	12	29	28	31	32	27	26	23	2%
New Brunswick	7	7	5	11	11	12	13	11	11	10	<1%
Newfoundland and Labrador	6	6	9	9	9	10	11	10	9	8	<1%
Prince Edward Island	1	1	1	2	2	2	2	2	2	2	<1%
Territories*	2	2	2	3	3	3	3	3	2	1	<1%
Total	1,147	1,184	1,102	1,249	1,265	1,406	1,365	1,515	1,253	1,316	100%

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

Note: See the Notes on Methodology section for a description of methodology. Statistics published by provincial funding agencies may differ from those in Profile 2017. Please see Notes on Methodology for additional information. Some totals may not sum due to rounding.

* Territories include Yukon, Nunavut and Northwest Territories.

9. Convergent digital media production

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

Convergent digital media (CDM) refers specifically to the digital media components of broadcast television projects. Such components are typically standalone products that relate to, extend, and/or enhance the associated television production. Examples of convergent digital media products include *Canada in a Day*, an initiative that aggregated more than 11,500 user-created videos from around Canada to reflect Canadians' thoughts, hopes, and lives; and *George of the Jungle: Owie Owie*, a mobile game created in support of Teletoon's animated series.

Highlights from 2016/17



- The volume of CDM production increased by 5% to \$68.9 million.
- The average project budget increased by 29.9% to \$261,000.



- Rich digital media accounted for 61% of CDM projects and 55% of volume.



- 264 CDM projects were funded, 62 fewer than in 2015/16.
- The average budget for CDM projects was just over \$200,000 (per project), with video projects commanding somewhat larger average budgets.

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

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

1. Interactive or linear original content related to the television component of the Convergent Stream but created specifically to be consumed on digital media platforms.
2. Activities and applications using digital and social media aimed at locating, leveraging or building audiences.
3. Interactive online activities or applications providing a synchronised experience during the broadcast of the television component of the Convergent Stream (excludes standalone web series and other standalone digital content, which may be eligible for funding through the CMF's Experimental Stream).

VOLUME AND ACTIVITY

In 2016/17, the total volume of CDM production increased by 5% to \$68.9 million.

Exhibit 9 - 1 Volume of convergent digital media production

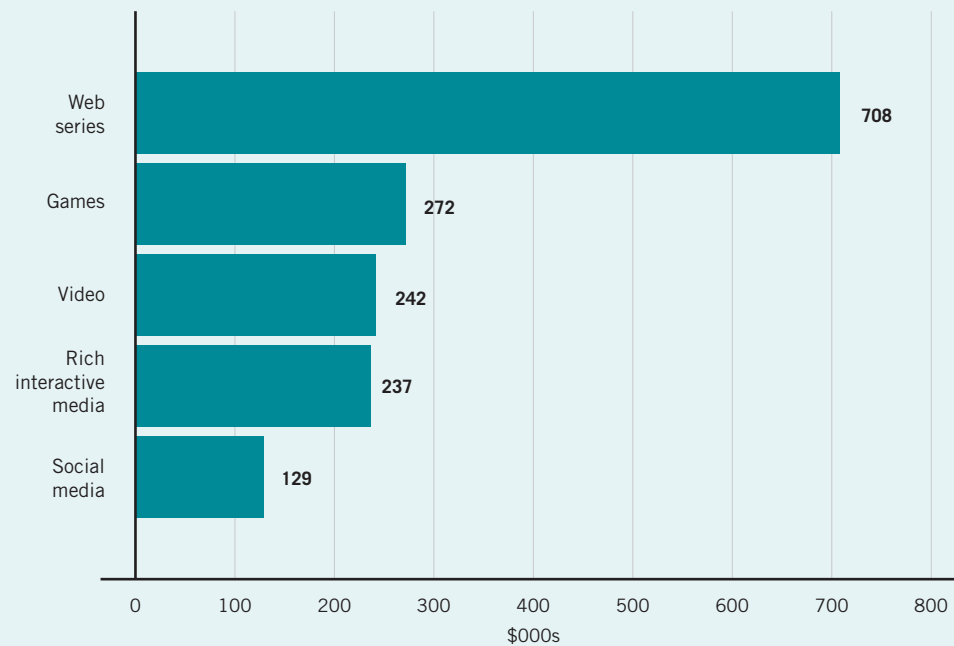
	2010/11	2011/12	2012/13*	2013/14*	2014/15	2015/16	2016/17
Total volume of production (\$ million)	27.6	34.6	43.4	69.9	70.1	65.6	68.9
Number of projects	160	217	324	342	340	326	264
Average project budget (\$000s)	126	159	134	205	206	201	261

Source: Estimates based on data from Bell Fund, CMF, Ontario Media Development Corporation (OMDC) and Shaw Rocket Fund and a survey of CMPA and AQPM members.

Note: Statistics for 2012/13 and 2013/14 include estimates for the production that took place without financial support from Bell Fund, CMF, OMDC or Shaw Rocket Fund, and therefore are not directly comparable to statistics for other years. See Notes on Methodology for more information.

In 2016/17 the average budget of CDM web series projects was almost three times the average for all CDM projects.

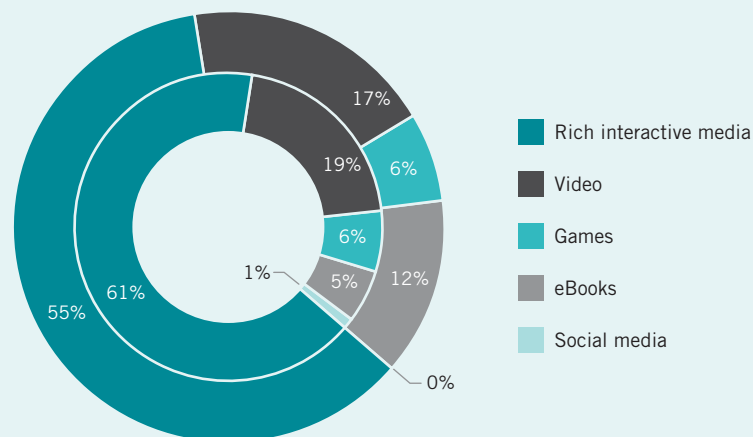
Exhibit 9 - 2 Average convergent digital media budget by type of project



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

In 2016/17 rich interactive media projects comprised the majority of projects funded and of the total volume of CDM production.

Exhibit 9 - 3 Share of funded convergent digital media projects and production volume, by type of project



Inner circle:
share of total projects funded

Outer circle:
share of total production volume
of funded projects

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

ABIGAËLLE ET LE DATE COACHING

First-ever Franco-Albertan web series features talent from across Western Canada

Abigaëlle et le date coaching is the first francophone web series from Alberta, shot in Edmonton. The show is based on the novel of the same name by Stéphanie Bourgault-Dallaire, who also adapted the story of a thirtysomething's search for love for online audiences.

Abigaëlle et le date coaching is a project of Far West Productions, directed by Jessica L'Heureux and produced by Corey Loranger with support from Fonds TV5 and Telefilm Canada. Although the production company is based in Edmonton, the show features francophone talent from across Western Canada. Marie-Claire Marcotte from Saskatchewan plays the title character alongside Vincent Beaudoin and Sabrina Auclair, both of whom are from Vancouver.

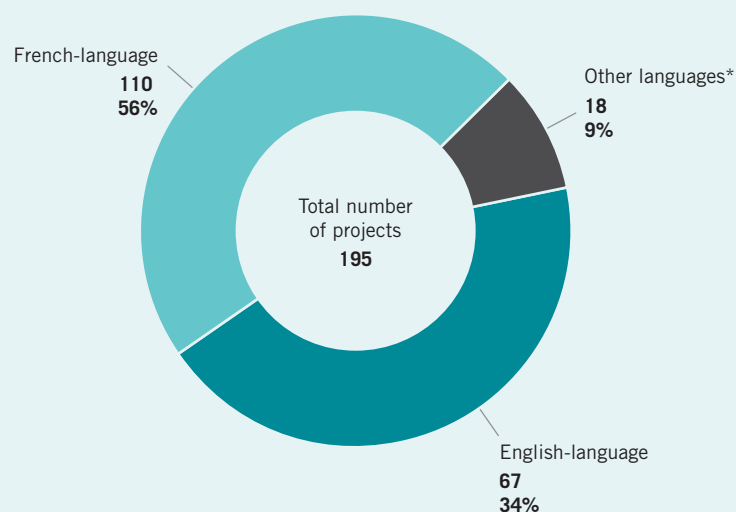
Abigaëlle et le date coaching consists of six ten-minute episodes. It was shot over 13 days and required 10 sets and more than 25 actors. The production transformed Edmonton's francophone neighbourhood into a character in its own right, with filming concentrated around École Gabrielle-Roy. It was released online by TV5.ca in fall 2017.

PRODUCTION SUPPORTED BY THE CANADA MEDIA FUND

The CMF operates two funding streams for digital media production: the Convergent Stream and the Experimental Stream. The Convergent Stream provides financial support to screen-based projects with television content and content or applications for at least one additional digital media platform. The Experimental Stream funds the creation of innovative digital media content and software applications. This section provides an overview of the digital media production supported by the CMF's Convergent Stream – i.e. CDM production.

In 2016/17, the CMF provided \$27.9 million in funding to 195 CDM projects. These projects had total budgets of \$50.4 million and were created across all of the CMF-supported genres.

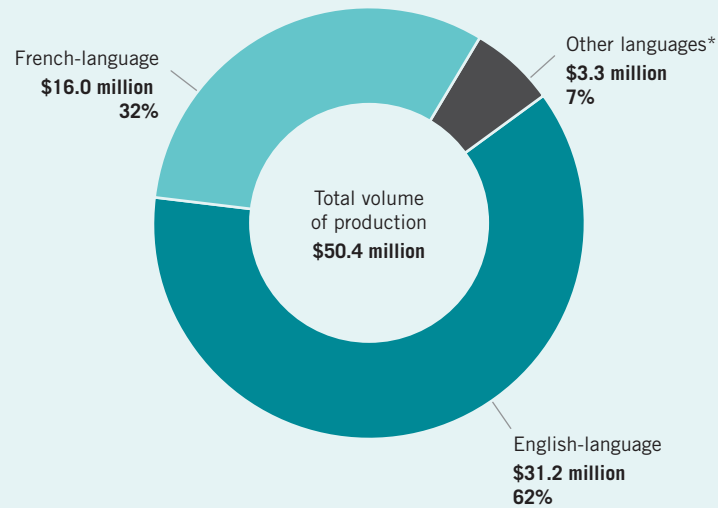
Exhibit 9 - 4 CMF-supported convergent digital media projects, by language, 2016/17



Source: CMF.

Note: Some totals may not sum due to rounding.

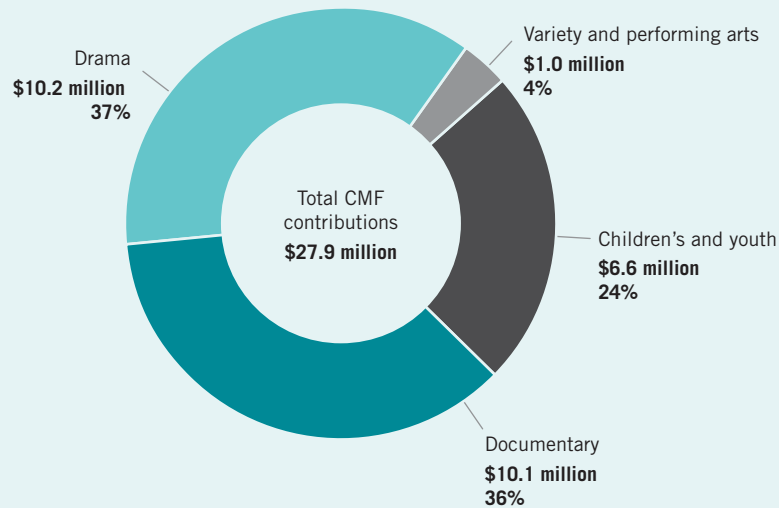
* Includes aboriginal languages and other languages.

Exhibit 9 - 5 Volume of CMF-supported convergent digital media production, by language, 2016/17

Source: CMF.

* Includes aboriginal languages and other languages.

Note: Some totals may not sum due to rounding.

Exhibit 9 - 6 CMF contributions to convergent digital media production, by television genre, 2016/17

Source: CMF.

Note: Some totals may not sum due to rounding.

10. Distribution

Canada's distribution industry includes both Canadian-controlled and foreign-controlled companies that distribute film and television content through theatres, television broadcasters, DVD wholesaling and other video platforms. Some of the leading Canadian-controlled distribution companies include eOne Distribution, Métropole Films, KinoSmith, MK2/MILE END and Mongrel Media. The foreign-controlled distribution companies operating in Canada include the distribution arms of major Hollywood studios.

Highlights from 2015



- Revenue increased by 13.1% since 2013 to a total of \$2.02 billion.
- Revenue earned from the distribution of Canadian films and television programs increased by 12.1% (compared to 2013) to a total of \$206 million.
- Sales of Canadian films and television programs to foreign markets increased by 11.6% (compared to 2013) to a total of \$77 million.
- Canadian distributors' investment in Canadian films and television programs in 2016/17 increased by 75.3% (compared to 2015/16) to a total of \$514 million.



- Revenue from the distribution of Canadian films and television programs accounted for 10.2% of total industry revenue.

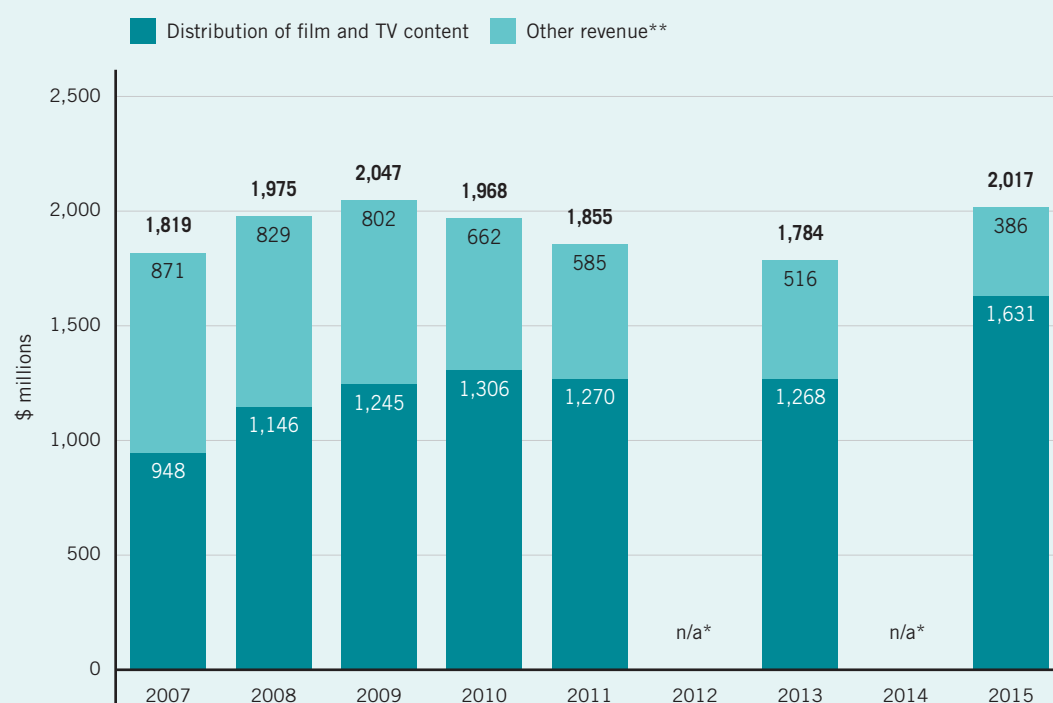
Total revenue in Canada's audiovisual distribution industry was \$2.02 billion in 2015.³⁷ This represented a 13.1% increase in total revenue since 2013 (the previous year of published industry statistics). So, although distribution companies in Canada have experienced significant declines in the revenue they earn from the wholesaling of pre-recorded video (i.e. DVDs), as consumer demand for this medium has fallen, they appear to have more-than-offset those declines from healthy growth in their core business: licensing of television programs and films.

What is more, distribution companies in Canada have been able to increase the revenue they earn from sales of Canadian content. In 2015, they earned \$206 million from sales of Canadian content, up from \$184 million in 2013. They have also been able to maintain and even expand their investments in Canadian content. Estimates of Canadian distributor's financing of Canadian film and television production (based on data from the Canadian Audio-Visual Certification Office [CAVCO]) indicates that they invested \$514 million in Canadian content in 2016/17, up from \$293 million in 2015/16.

REVENUE

In 2015, distribution companies operating in Canada earned total revenue of \$2.02 billion.³⁸

Exhibit 10 - 1 Total revenue in the Canadian distribution sector



Source: Statistics Canada, CANSIM table 361-0056.

n/a: No data available.

* As of 2011, Statistics Canada only publishes data on a biennial basis. For that reason, no data is available for 2012 and 2014.

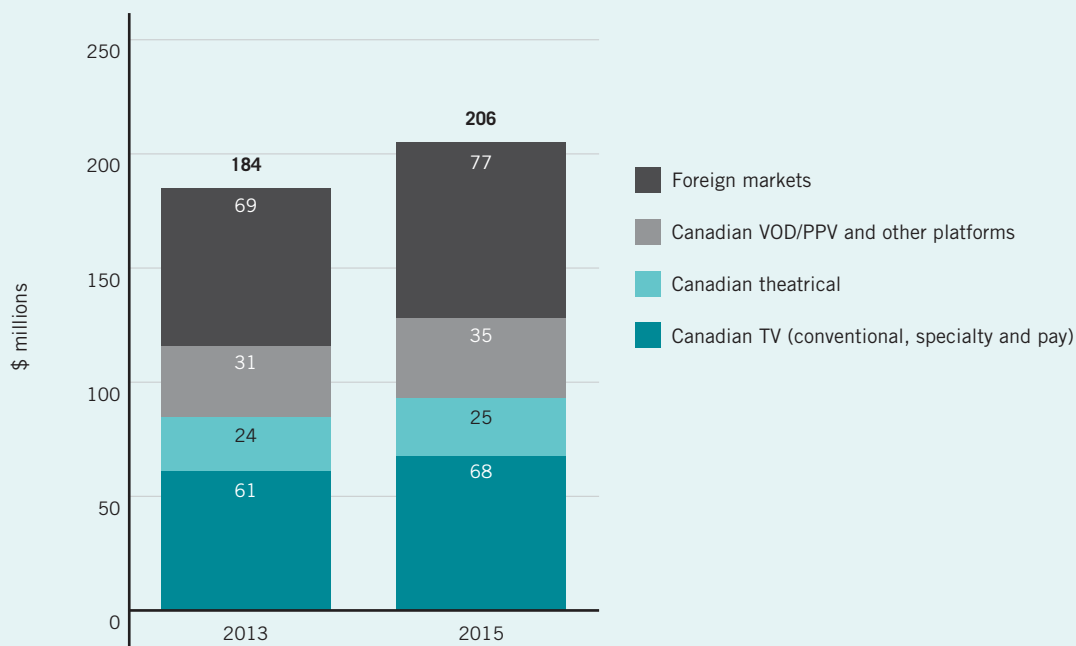
** Includes revenue from the wholesaling of pre-recorded video, production of audiovisual works for outright sale, contract production of audiovisual works, and other sources.

³⁷ 2015 is the most recent year of data published by Statistics Canada for the film and video distribution sector.

³⁸ Ibid.

The distribution of Canadian films and television programs generated \$206 million in revenue in 2015 and accounted for 10.2% of industry. The licensing of foreign content – within Canada and other markets – still accounted for the vast majority of industry revenue. Revenue from the distribution of Canadian content increased by 11.2% between 2013 and 2015. Sales to foreign markets rose from \$69 million to \$77 million over this period.

Exhibit 10 - 2 Revenue from distribution of Canadian film and television content, by market



Source: Statistics Canada, CANSIM table 361-0055.

Note: Some totals may not sum due to rounding.

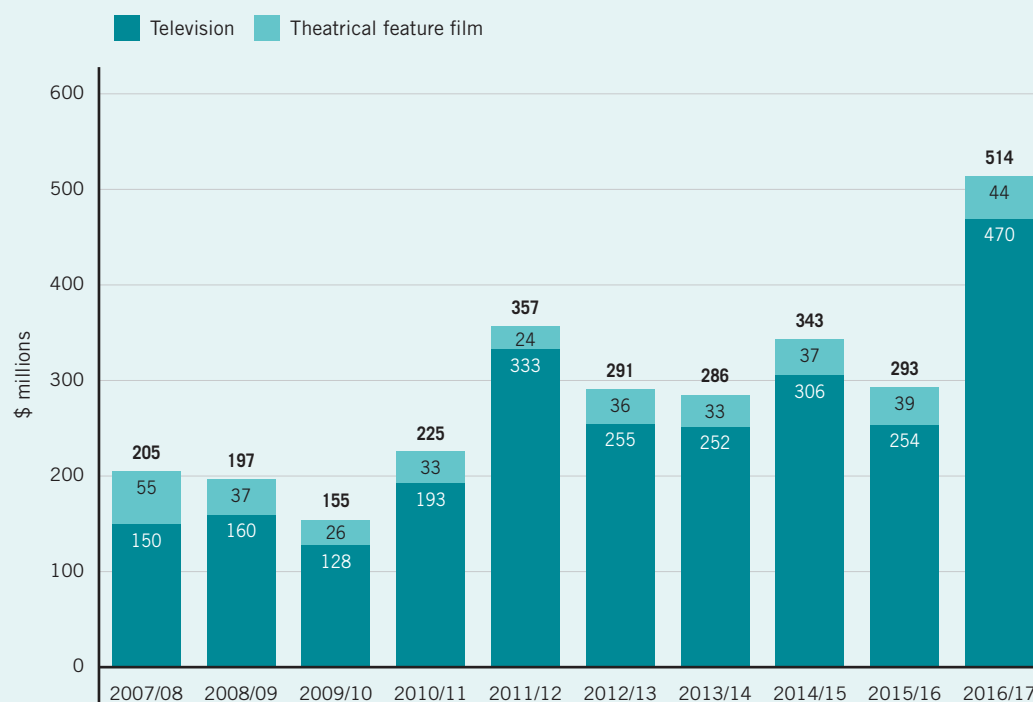
INVESTMENT IN CANADIAN PRODUCTIONS

Through their minimum guarantees and advances on anticipated distribution revenues Canadian distributors invested **\$514 million in Canadian films and television programs in 2016/17**. The value of Canadian distributors' investment in Canadian content rose sharply in 2016/17, increasing by \$221 million or 75.4% compared to 2015/16.

Investment in Canadian television programs accounted for \$216 million, or 98%, of that increase. This increased investment reflected the growing international appeal of Canadian television programming, thereby, giving Canadian distributors the confidence that they can recover their investments from sales to other territories or online platforms.

Canadian distributors' investment in Canadian theatrical feature films also increased in 2016/17 – rising from \$39 million to \$44 million.

Exhibit 10 - 3 Canadian distributors' investment in Canadian film and television production



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

11. Television Broadcasting and Audiences

The Canadian television broadcasting industry consists of four key segments:

- The *private conventional television* segment includes private broadcasters that maintain over-the-air infrastructure to broadcast to households, although the vast majority of Canadian households now receive conventional television signals via cable or satellite television providers.
- The *public conventional television* segment includes CBC/Radio Canada's conventional services and provincial educational broadcasters in Quebec, Ontario and British Columbia.³⁹
- Services in the *specialty television* segment are only available via cable or satellite television providers and typically provide sports, 24-hour news, movies, arts and other thematic programming. Specialty television services earn revenue from a combination of subscription fees and advertising.
- *Pay television* services are also only available via cable or satellite television services. They typically feature premium programming such as recently released films and do not earn revenue from advertising; instead they rely on subscription or transactional payments. Data for on-demand services such as pay-per-view (PPV) and video-on-demand (VOD) services have been included in this segment.

Highlights from 2016



- Broadcasting industry revenue increased by 2.2% to \$7.28 billion.
- Revenue increased at specialty-television services (5%) and CBC/Radio-Canada (7%).



- Canadian programs accounted for three of the top 10 programs on Canadian television during the 2016 broadcast season.
- All of the top 10 Canadian-produced programs during the 2016 broadcast season were in the French-language market.
- All of the top 10 programs in the French-language market during the 2016 broadcast season attracted an average minute audience (AMA) of over one million.
- In the French-language market, Canadian programs held a 64% audience share (in the genres supported by the Canada Media Fund [CMF]) in 2016.
- In the English-language market, Canadian programs held a 23% audience share (in the CMF-supported genres) in 2016.



- Revenue at private conventional broadcasters decreased by 4.5%.
- Revenue at pay-television services decreased by 2.3%.
- Canadian broadcasters' expenditures on broadcaster-affiliated production dropped by 58.8% – from \$158 million to \$63 million.
- Only one of the top 10 Canadian-produced programs in the English-language market attracted an AMA of over one million (down from four in 2015).

³⁹ The revenue of public educational broadcasters has been excluded from the statistics in this report.

Total revenue in Canada's broadcasting industry did increase by 2.2% in 2016. Overall, revenues grew by \$159 million to \$7,278 million however half of that increase was in the public broadcaster segment which was bolstered by an additional \$75 million in federal government funding for CBC/Radio-Canada. The only other segment to experience growth was the specialty television sub-segment, where a revenue model based largely in recurring subscriber fees helped lift revenue by 5% and maintain this segment's growth trend of recent years.

Meanwhile, the private conventional and pay television and PPV and VOD sub-segments continued to experience long-term declines in revenue. The former is challenged by a revenue model based exclusively on ad sales, which are adversely affected by the business cycle and competition for ad dollars from the Internet and mobile platforms. The latter is also suffering from a business model that directly competes with online on-demand services, namely Netflix.

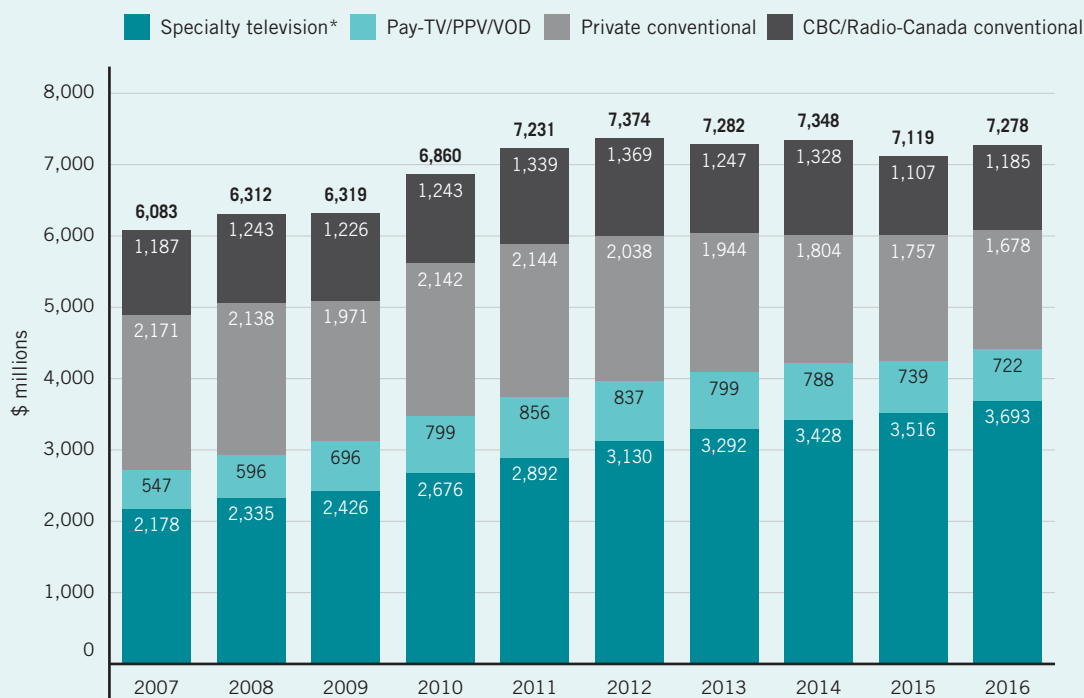
The audience performance of Canadian programming was a tale of two language markets, once again in 2016. Overall, Canadian programming's share of the peak-period audience in the French-language market held steady at 64%. Canadian programming's share was also steady in the English-language market, but at a much lower share of 23%.

Canadian French-language programs dominated the list of the top 10 Canadian television programs (across both language market) in 2016 – holding all 10 places. Also concerning was the fact that only one Canadian English-language program, *Cardinal*, managed to attract an average audience of more than one million viewers in Canada during the 2016 broadcast season. In recent years, as many as three or four programs had achieved this milestone on an annual basis.

REVENUE

Total revenue in the Canadian television broadcasting industry increased by 2.2% to \$7.28 billion in 2016. This growth was largely due to the continued growth of Canada's specialty television services, where revenue increased by 5% to \$3.69 billion. Increased funding from the federal government also boosted CBC/Radio-Canada's revenue by 7%. A weakening advertising market and migration of audiences contributed to the fifth consecutive decline in revenue at private conventional broadcasters. Pay television services also experienced the fifth consecutive year of revenue decline, as they continue to experience competition from online on-demand platforms.

Exhibit 11 - 1 Total revenue in the broadcasting industry, by segment



Source: Nordicity estimates based on data from CRTC.

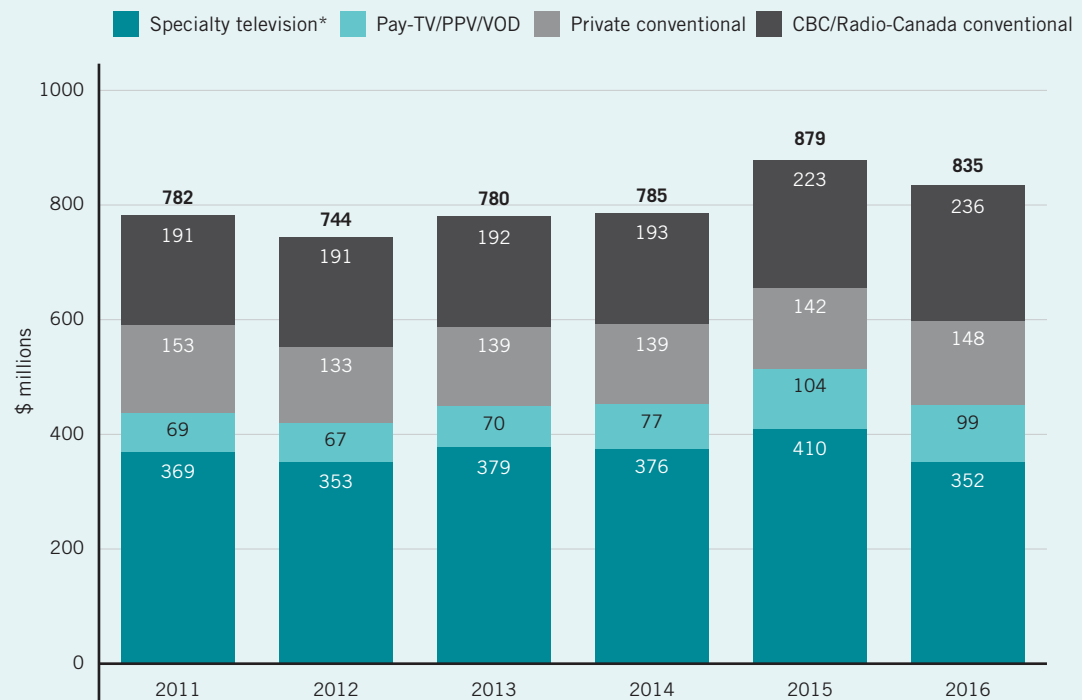
* Includes revenue earned by specialty television services owned by CBC/Radio-Canada.

INVESTMENT IN CANADIAN PROGRAMMING

While Canadian television revenues increased in 2016, Canadian broadcasters' contributions to independently-produced Canadian programming were lower in 2016. Statistics published by the Canadian Radio-television and Telecommunications Commission (CRTC) indicate that Canadian broadcasters invested \$835 million in Canadian independent production, or 11.5% of their total revenue.

The drop in overall investment was largely due to specialty television services' scaling back their contributions by \$58 million. This scaling backing was partially offset by higher spending by CBC/Radio-Canada and private conventional broadcasters.

Exhibit 11 - 2 Expenditures on Canadian independent production by Canadian broadcasters



Source: CRTC

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

Notes: 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.

Private broadcasters' spending on broadcaster-affiliated production fell by 58.8% to \$63 million in 2016. Private broadcasters also commissioned productions from their affiliated production companies. This broadcaster-affiliated production activity excludes news and most sports programming, which private broadcasters produce in-house. It includes, however, drama, documentary, some sports programming, and other genres (e.g., variety and performing arts [VAPA], human interest, reality).

Exhibit 11 - 3 Expenditures by private Canadian broadcasters* on broadcaster-affiliated production

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Drama and comedy	11	4	6	1	8	10	13	9	3	<1
Long-form documentary	0	0	0	5	10	7	10	7	11	<1
Sport	0	1	0	161	0	86	5	<1	21	10
Other genres**	79	82	72	69	65	68	75	96	118	53
Total	89	86	79	236	83	171	103	113	153	63

Source: CRTC.

* Includes private conventional services, private pay and specialty services, and CBC/Radio-Canada's specialty services.

** For example, VAPA, human interest and reality television.

Note: Some totals may not sum due to rounding.

TOP TELEVISION PROGRAMS

The following section presents statistics on the top-rated programs broadcast on television in Canada. The lists of top 10 television programs are drawn from Numeris' database of audience statistics for the 2016 broadcast season (September 1, 2016 to August 31, 2017) and includes programs in the CMF-supported genres (i.e. drama, children's and youth, documentary, and VAPA). In cases where the same title ranks in multiple occurrences, only the audience level of the top-ranking instance has been used.

Top-Rated Television Programs

Three Canadian television programs, *La Voix junior*, *La Voix* and *Unité 9* were among the top 10 shows in Canada during the 2016 broadcast season.

Exhibit 11 - 4 Top 10 television series in Canada, 2016 broadcast season*

Program (country of origin)	Average Minute Audience (000s)
1. <i>Big Bang Theory</i> (US)	2,688
2. <i>La Voix junior</i> (Canada)	2,332
3. <i>La Voix</i> (Canada)	2,309
4. <i>Unité 9</i> (Canada)	1,983
5. <i>Designated Survivor</i> (US)	1,980
6. <i>NCIS</i> (US)	1,945
7. <i>Bull</i> (US)	1,935
8. <i>America's Got Talent</i> (US)	1,800
9. <i>Grey's Anatomy</i> (US)	1,694
10. <i>Lucifer</i> (US)	1,584

Source: CMF Research (Numeris), 2017.

* Television series include all television projects with more than three episodes televised during a single broadcast season.

All of the top 10 Canadian-produced series during the 2016 broadcast season were in French. They all attracted AMAs of at least 1.1 million and two programs, *La Voix junior* and *La Voix*, attracted over 2.3 million.

Exhibit 11 - 5 Top 10 Canadian-produced television series, 2016 broadcast season*

Program	Average Minute Audience (000s)
1. <i>La Voix junior</i>	2,332
2. <i>La Voix</i>	2,309
3. <i>Unité 9</i>	1,983
4. <i>Boomerang</i>	1,379
5. <i>L'Échappée</i>	1,363
6. <i>Les Pays d'en haut</i>	1,325
7. <i>District 31</i>	1,242
8. <i>L'Heure bleue</i>	1,232
9. <i>O'</i>	1,167
10. <i>L'Imposteur</i>	1,143

Source: CMF Research (Numeris), 2017.

* Television series include all television projects with more than three episodes televised during a single broadcast season.

English-Language Market

Only one English-language Canadian drama series, *Cardinal*, attracted an AMA of over one million during the 2016 broadcast season. The other nine series within the top 10 attracted average audiences of 750,000 or more.

Exhibit 11 - 6 Top 10 Canadian television series in the English-language market, 2016 broadcast season*

Program	Average Minute Audience (000s)
1. <i>Cardinal</i>	1,097
2. <i>Murdoch Mysteries</i>	970
3. <i>Mary Kills People</i>	936
4. <i>Saving Hope</i>	901
5. <i>Anne</i>	898
6. <i>Private Eyes</i>	898
7. <i>Kim's Convenience</i>	863
8. <i>Vikings</i>	801
9. <i>Ransom</i>	788
10. <i>Schitt's Creek</i>	752

Source: CMF Research (Numeris), 2017.

* Television series include all television projects with more than three episodes televised during a single broadcast season.

French-Language Market

All the top 10 Canadian television programs in the French-language market during the 2016 broadcast year attracted audiences of over one million viewers, with the top two television series achieving average minute audiences of over two million.

Exhibit 11 - 7 Top 10 Canadian television series in the French-language market, 2016 broadcast season*

Program	Average Minute Audience (000s)
1. <i>La Voix junior</i>	2,332
2. <i>La Voix</i>	2,309
3. <i>Unité 9</i>	1,983
4. <i>Boomerang</i>	1,379
5. <i>L'Échappée</i>	1,363
6. <i>Les Pays d'en haut</i>	1,325
7. <i>District 31</i>	1,242
8. <i>L'Heure bleue</i>	1,232
9. <i>O'</i>	1,167
10. <i>L'Imposteur</i>	1,143

Source: CMF Research (Numeris), 2017.

* Television series include all television projects with more than three episodes televised during a single broadcast season

AUDIENCE SHARE

This section includes aggregate statistics on Canadian programming's audience share in each of the CMF-supported genres. These statistics are only available on a one-year-lagged basis, and therefore, report audience share for the 2016 broadcast season (September 1, 2015 to August 31, 2016).

In the English-language market, Canadian programming in the CMF-supported genres accounted for an audience share of 23% during the 2016 broadcast season. The highest audience shares were in the documentary (56%) and children's and youth (50%) genres.

Exhibit 11 - 8 Television audience share of Canadian programming, English-language market, peak viewing period

Broadcast season	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Drama (fiction)	13%	12%	13%	16%	15%	16%	17%	17%	16%	15%
Documentary	48%	49%	49%	35%	35%	45%	49%	48%	49%	56%
Children's and youth	30%	43%	45%	46%	44%	46%	49%	49%	50%	50%
Variety and performing arts	25%	31%	29%	20%	19%	22%	13%	13%	18%	20%
All CMF-supported genres	29%	31%	34%	22%	22%	23%	24%	24%	23%	23%

Source: CMF Research (Numeris), 2017.

In the French-language market, Canadian programming in the CMF-supported genres accounted for an audience share of 64% during the 2016 broadcast season. The highest audience shares were in the VAPA (96%), and children's and youth (72%) genres. In all four genres, Canadian programming accounted for at least half of total viewing to that genre.

Exhibit 11 - 9 Television audience share of Canadian programming, French-language market, peak viewing period

Broadcast season	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Drama (fiction)	56%	52%	55%	52%	48%	46%	48%	49%	52%	51%
Documentary	71%	74%	77%	74%	76%	72%	72%	73%	73%	62%
Children's and youth	72%	63%	75%	81%	76%	73%	74%	66%	66%	72%
Variety and performing arts	93%	79%	84%	85%	87%	92%	91%	94%	95%	96%
All CMF-supported genres	68%	66%	67%	63%	62%	61%	62%	62%	64%	64%

Source: CMF Research (Numeris), 2017.

12. Theatrical exhibition and audiences

The theatrical exhibition industry includes theatre chains, independent theatres and IMAX theatres that exhibit theatrical feature films. Despite the growth in online digital distribution platforms, the theatrical exhibition industry remains an important window for the release of feature films in Canada. In 2016 (the most recent year of available data), there were 2,641 theatre screens in Canada and over 100 million paid admissions.⁴⁰

Highlights from 2016



- Theatrical exhibition industry revenue increased by 1.1% to \$1.76 billion.
- Total box office receipts increased by 0.7% to \$993 million.
- US films captured 87.7% of these box office receipts.
- There were 133 new Canadian feature films released in Canadian theatres in 2016.⁴¹
- In the English-language market, Canadian films' share of the box office increased to 0.8%.



- *Brooklyn* was the top grossing Canadian film in Canada, with a \$4.1 million box office (calendar year only).



- Canadian films' share of the Canadian box office declined to 1.8% – a 10-year low.
- In the French-language market, Canadian films' share of the box office declined to 8.7%.
- Three of the top 10 Canadian films in the French-language market earned more than \$1 million at the box office.
- Canadian films' shares of viewing on pay television (9.5%), specialty television (2.7%) and conventional television (6.9%) declined but were still higher than their box office share (1.8%)

⁴⁰ Statistics Canada (2017), CANSIM table 361-0070

⁴¹ Note that the number of new Canadian films released in theatres in 2016 (133) will differ from the number of Canadian theatrical feature films produced during the 2016/17 fiscal year (92 [see Section 5.1]), since, for example, some of the films released may have been produced in earlier years.

Despite competition from online platforms, Canada's theatrical exhibition industry recorded another year of growth in 2016. Feature film exhibitors' total revenues increased by an estimated 1.1% to \$1.76 billion in 2016, and ended up just shy of the 10-year high reached in 2013. This growth was fuelled by another year of growth at the box office. Canada's theatrical box office rose for the second consecutive year to \$993 million. With two *Star Wars* films and other hits such as *Deadpool*, the box office had a good year, but still has some ways to go to get back to the \$1.1 billion level reached in 2012.

Although the overall box office grew in 2016, Canadian films' share of that box office weakened. Canadian films earned \$18 million in Canadian theatres in 2016, down from \$19 million in 2015. Canadian films' share of the box office also declined from 1.9% to a 10-year low of 1.8%. Canadian films exhibited in the English-language market did show an improved box office performance in 2016 – increasing their revenue to \$7.4 million and their share to 0.8%, but this was still short of the 10-year average performance of \$9.6 million and 1.1%.

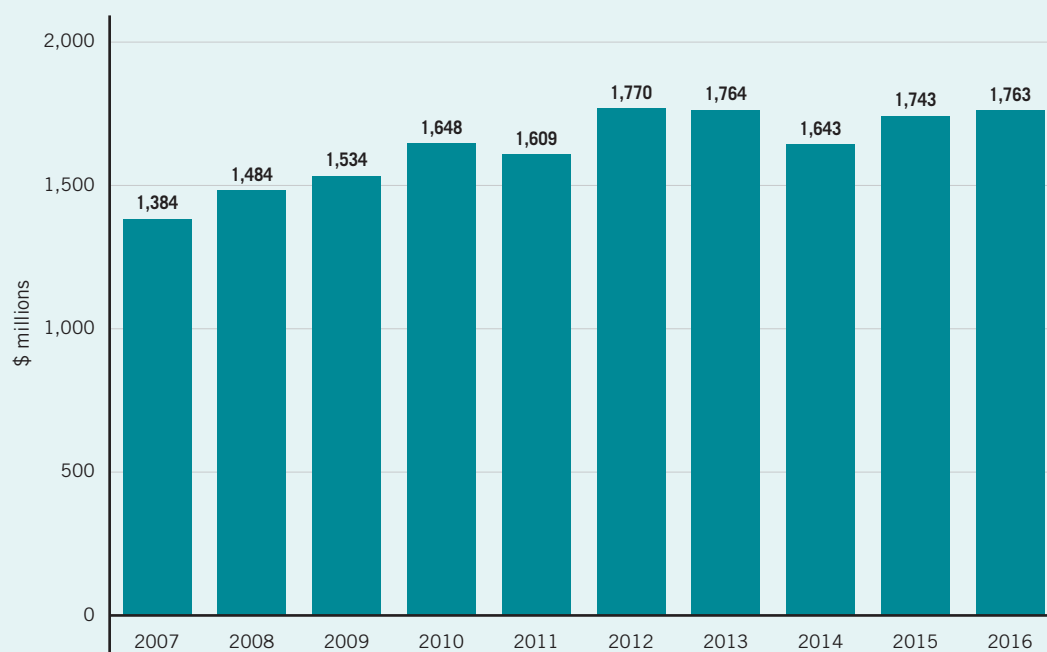
With \$10.3 million in revenue at the Canadian box office and an 8.7% box office share, Canadian films also underperformed in the French-language market in relation to the past 10 years. Box office performance in 2016 was below the 10-year averages of \$16.7 million and 12.3%.

While Canadian films had a difficult year at the box office in Canada, they continued to capture a larger share of audiences on various television platforms, including pay television, video-on-demand (VOD), specialty and conventional television. On pay-television, Canadian films earned a 9.5% market share (share of views) in 2016; on VOD, the share was 7.3%; on conventional television the share was 6.9%; and on specialty television, Canadian films captured 2.7% of total views. In all cases, Canadian films' market share exceeded the 1.8% share that they earned at the box office. Canadian films' better performance on television platforms suggests that their curtailed access to theatrical screens in Canada – as well as the marketing competition they face from newly released American films – may be adversely affecting their box office performance.

TOTAL REVENUE

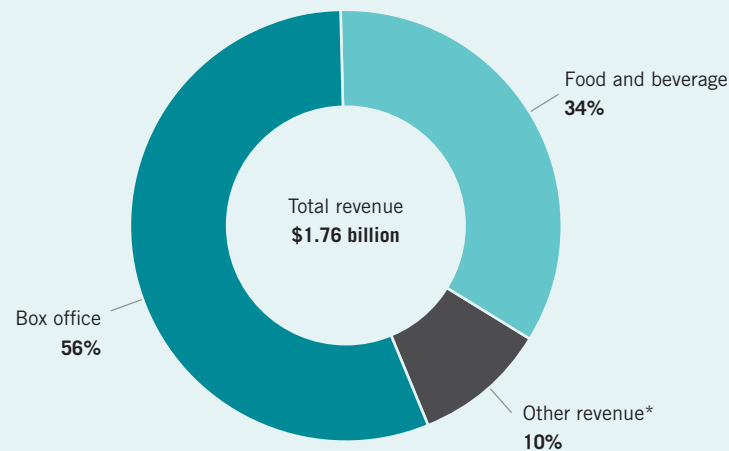
In 2016, the theatrical exhibition industry in Canada earned estimated total revenues of \$1.76 billion, an increase of 1.1% over 2015. While most of this revenue was earned from box office receipts (56%), other sources of revenue for the exhibition sector included food and beverage sales (34%), and advertising, merchandise sales and other sources (10%).

Exhibit 12 - 1 Total revenue in the exhibition sector



Source: Nordicity estimates based on data from Movie Theatre Association of Canada (MTAC), Cineplex Inc. and Statistics Canada, catalogue no. 87F0009X and CANSIM table 361-0068.

Note: See Motion Picture Association-Canada and Canadian Media Production Association (2013), *The Economic Contribution of the Film and Television Sector in Canada* for additional description of methodology

Exhibit 12 - 2 Sources of revenue in the exhibition sector, 2016

Source: Nordicity estimates based on data from MTAC and Cineplex Inc.

* Includes revenue earned from sale of in-theatre advertising, other advertising sales, merchandise sales, private screenings and parties and corporate events.

Note: Some totals may not sum due to rounding.

See Motion Picture Association-Canada and Canadian Media Production Association (2013), *The Economic Contribution of the Film and Television Sector in Canada* for additional description of methodology.

FILM FESTIVALS

In recent years, many of the film festivals that traditionally acted as markets for the selling of independent productions to distributors, have evolved into a more sophisticated marketing and sales operations. Often festivals are now a means of building word-of-mouth and interest by actively cultivating audiences ahead of theatrical release, as well as providing the fora for industry practitioners to engage with each other and filmmakers.

Film festivals continue to be an integral element of the film sector ecosystem, with hundreds spread right across the Canada, covering a broad range of genres. There are genuinely global festivals such as Toronto International Film Festival (TIFF), operating in the company of Cannes, Venice, and Sundance; world-leading specialist film festivals like Ottawa International Animation Festival and Hot Docs Canadian International Documentary Festival; as well as popular genre festivals, such as Montreal's Festival international de films Fantasia, which continue to bring in the crowds.

Telefilm Canada provided \$6.9 million in financial support to 42 film festivals and 102 industry events and initiatives in Canada in 2016. These 42 film festivals represent the major events in Canada; however, there are numerous smaller local film festivals that operate without funding from Telefilm Canada. Telefilm Canada's Success Index⁴² tracks Canadian films' recognition (i.e. selections, prize nominations and awards) at 15 Canadian film festivals and three events (DGC Awards, Canadian Screen Awards and IRIS Awards) as part of its holistic assessment of Canadian films' commercial, cultural and industrial performance.

⁴² Telefilm Canada's Success Index combines 10 indicators that measure Canadian films' commercial, cultural and industrial performance to track the overall success of the films it funds. For more information, see <https://telefilm.ca/en/business-intelligence/success-index>.

Exhibit 12 - 3 Canadian film festivals that contribute to Telefilm Canada's Success Index*

Calgary International Film Festival	Ottawa International Animation Festival
Cinéfest Sudbury International Film Festival	Rencontres internationales du documentaire de Montréal
Festival du Nouveau Cinéma de Montréal	TIFF Kids International Film Festival
Festival international de films Fantasia	Toronto International Film Festival (TIFF)
Festival international du film pour enfants de Montréal (FIFEM)	Vancouver International Film Festival (VIFF)
FIN: Atlantic International Film Festival	Victoria Film Festival
Hot Docs Canadian International Documentary Festival	Whistler Film Festival

Source: Telefilm Canada.

* List under review

In terms of the value chain that operates in the film and television sector, film festivals play a key role in often mediating the transactions between independent filmmakers and distributors and broadcasters. These significant economic benefits are mostly captured within the distribution and broadcasting segments of the value chain.

In addition, economic impact for the Canadian economy can also be achieved through the audiences and industry delegates that attend the festivals and that of the festival operations themselves. These key festivals attract an audience of approximately 1.4 million, including local and foreign attendees and delegates.

TIFF is the most well-attended film festival in Canada but attendance at the other highlighted festivals also remains robust. Most film festivals also seek to extend their reach and impact outside of the festival. They offer schoolchildren free attendance or have community outreach programmes (e.g. TIFF). Others offer programming throughout the year (e.g. VIFF), or they take the most well-received programming on tour (e.g. Hot Docs).

Exhibit 12 - 4 Attendance at key Canadian film festivals

	Attendance*
Toronto International Film Festival (TIFF)	383,970 (2016)
Hot Docs	215,000 (2017)
Vancouver International Film Festival (VIFF)	133,000 (2016)
Fantasia Film Festival	100,000+ (2016)
Calgary International Film Festival	36,693 (2016)
FIN: Atlantic International Film Festival	28,085 (2016)
Ottawa International Animation Festival	26,599 (2016)
Victoria Film Festival	25,000+ (2017)
Whistler Film Festival	15,000+ (2016)

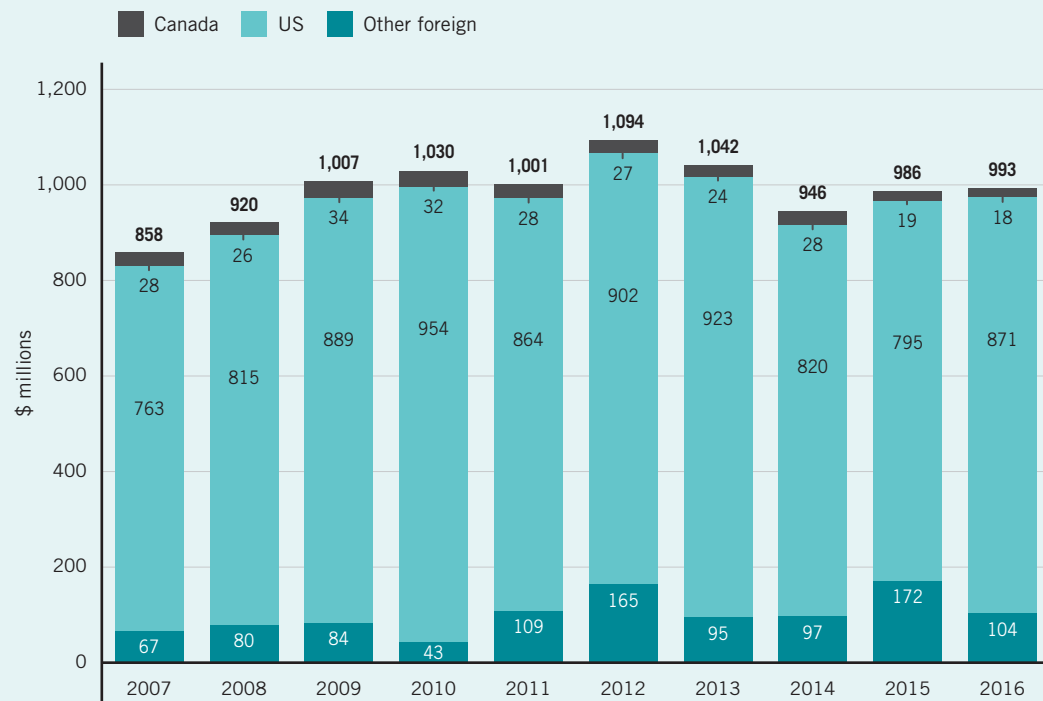
Source: Michael Oliver-Harding (2017), "TIFF by The Numbers," Elle Canada, August 22, 2017, <http://www.ellecanada.com/culture/movies-and-tv/article/tiff-by-the-numbers>. Hot Docs (2017), "Hot Docs Wraps 24th Edition with Record-Breaking Audiences of 215,000," <https://www.hotdocs.ca/news/hd17-wrap>. VIFF (2016), Greater Vancouver International Film Festival Society Report to Community 2016, https://www.viff.org/ArticleMedia/Files/documents/report/VIFF2016_CommunityReport_Web.pdf, p. 3. Fantasia Film Festival: <http://www.fantasiafestival.com/2016/en/about/about-the-festival>. FIN: Atlantic International Film Festival: <https://www.halifax.ca/sites/default/files/documents/city-hall/regional-council/170613rc1441.pdf>. Calgary International Film Festival (2016), Festival Report Sep 21 - Oct 2 2016, https://www.calgaryfilm.com/sites/default/files/FestivalReport_CIFF%202016_spreads%20WEB.pdf, p. 3. Ottawa International Film Festival (2016), Final Report 2016, <http://www.animationfestival.ca/pdfs/OIAF16FINALREPORT.pdf>, p. 4. Victoria Film Festival, (2017), "VFF 2017 – It's a Wrap!," February 15, 2017, <https://www.victoriafilmfestival.com/vff-2017-wrap/>. Whistler Film Festival (2016), "2016 WFF Backgrounder," September 28, 2016, <http://whistlerfilmfestival.com/wp-content/uploads/2016/07/WFF16-Backgrounder.pdf>.

* Most recent year of published data

NATIONAL BOX OFFICE TRENDS

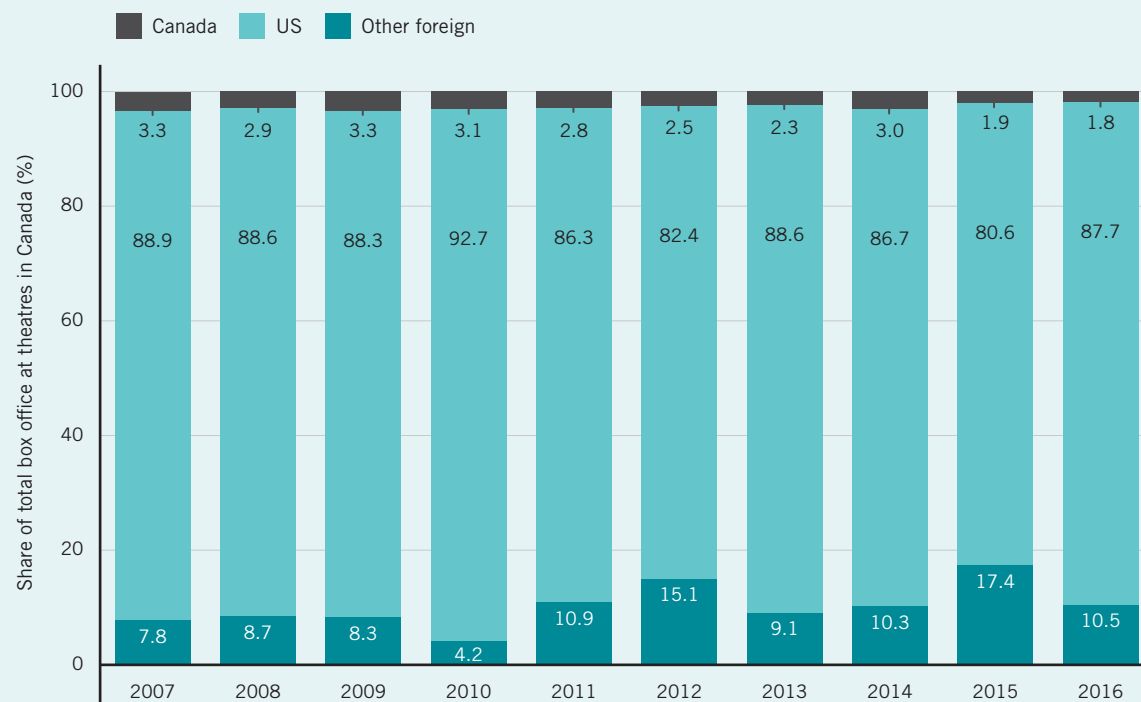
Canada's total theatrical box office continued to hover just below \$1 billion for the third consecutive year, and was still 9.2% below the 10-year peak reached in 2012. US films captured an 87.7% share of these receipts (Exhibit 12-6). Other foreign films claimed 10.5% of total box office receipts. Canadian films' box office share hit a 10-year low of 1.8% in 2016, down slightly from 1.9% in 2015.

Exhibit 12 - 5 Box office revenues in Canada, by origin of production



Source: MTAC.

Note: Some totals may not sum due to rounding.

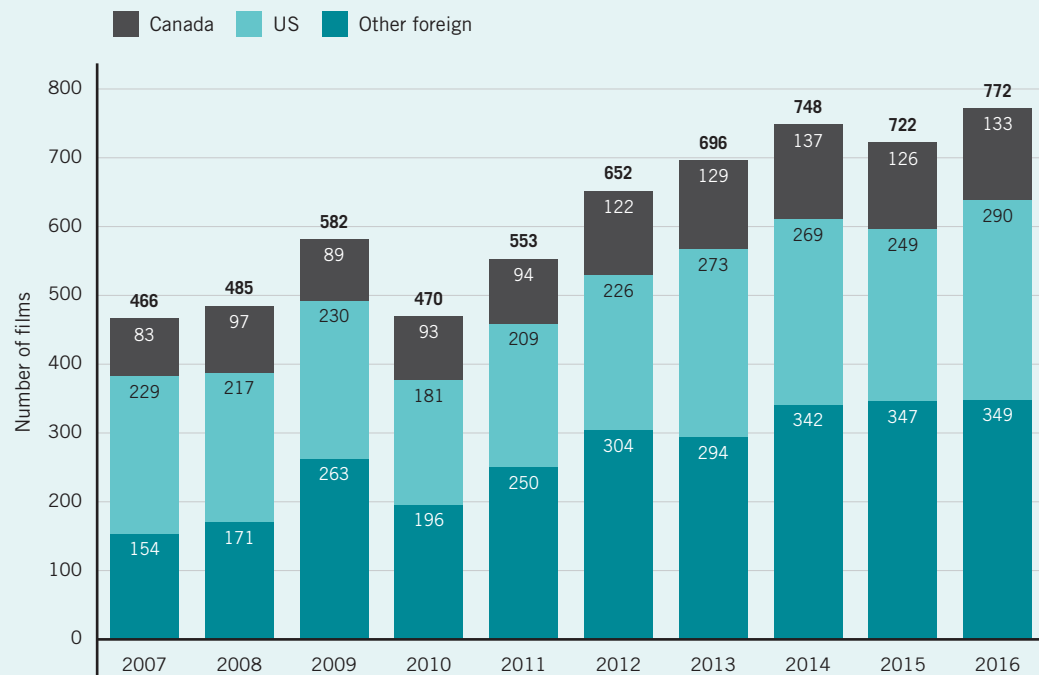
Exhibit 12 - 6 Share of total box office revenues in Canada, by origin of production

Source: MTAC.

Note: Some totals may not sum due to rounding

A total of 772 new release films played in Canadian theatres in 2016 – a new peak. Out of this total, there were 133 Canadian films, compared to 290 American films and 349 films from other countries.

Exhibit 12 - 7 Number of new-release feature films playing in theatres in Canada, by origin of production



Source: Department of Canadian Heritage analysis of data from MTAC.

Note: Data only include feature films released for the first time in theatres in a particular year. For example, the statistics for 2015 only include the number of films released in Canadian theatres for the first time in 2015. Some totals may not sum due to rounding.

TWO LOVERS AND A BEAR

First English-language feature from Kim Nguyen secures American distribution

Two Lovers and a Bear is a drama directed by Kim Nguyen. The film is the Montreal-born director's first English-language feature, following his work on the Oscar-nominated *Rebelle*. *Two Lovers and a Bear* premiered at Cannes and screened at TIFF. Following accolades on the festival circuit, American distribution rights were acquired by 20th Century Fox and Netflix. The film was acquired by Sony Pictures for the rest of the world.

The Nunavut-set love story brings together Canadian and international talent, with *Orphan Black*'s Tatiana Maslany starring alongside Dane DeHaan and Gordon Pinsent as the title characters. The bilingual production team, led by producer Roger Frappier of Max Films, also earned critical acclaim at both Anglophone and Francophone awards ceremonies. The film won two Canadian Screen Awards for Best Art Direction and Best Editing, two Prix Iris for Best Sound and Best Editing, and earned Frappier the CMPA's Established Producer Award for his outstanding achievements and distinguished career as an independent feature film producer in Canada.

BOX OFFICE BY LINGUISTIC MARKET

Growth in the box office for Canadian films in the English-language market was not enough to offset declines in the French-language market, which dragged down the overall box office share to a 10-year low. The total box office (\$10.3 million) and box office share (8.7%) earned by Canadian films in the French-language market declined in 2016. In fact, both the box office and share hit 10-year lows.

Despite these declines in the French-language market, it was still larger than Canadian films' box office in the English-language market and over 10 times larger in terms of box office share. Canadian films in the English-language market earned \$7.4 million in 2016 and recorded a 0.8% share. In the English-language market, however, Canadian films accounted for only 10% of the 1,086 films screened.

Exhibit 12 - 8 Box office revenues and market share at theatres in Canada, by linguistic market

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
FRENCH-LANGUAGE MARKET										
\$ millions										
Box office of Canadian feature films	20.8	17.4	26.7	20.1	19.8	12.9	12.6	12.1	13.8	10.3
Box office of foreign feature films	107.6	108.5	117.9	129.8	127.3	130.2	126.7	108.4	115.2	108.7
Total box office of feature films	128.5	125.9	144.7	149.9	147.1	143.1	139.3	120.5	129.0	119.0
Canadian feature films' share	16.2%	13.8%	18.5%	13.4%	13.4%	9.0%	9.0%	10.0%	10.7%	8.7%
Number of feature films playing in theatres in Canada										
Canadian	84	79	78	74	76	78	97	91	84	104
Foreign	328	293	316	293	279	310	301	280	280	291
Total	412	372	394	367	355	388	398	371	364	395
Ratio of foreign to Canadian feature films	3.9	3.7	4.1	4.0	3.7	4.0	3.1	3.1	3.3	2.8
ENGLISH-LANGUAGE MARKET										
\$ millions										
Box office of Canadian feature films	6.9	8.5	6.8	12.1	8.1	13.9	11.2	16.3	4.9	7.4
Box office of foreign feature films	722.2	786.0	855.4	867.9	845.8	937.2	893.0	809.1	852.2	866.4
Total box office of feature films	729.1	794.5	862.2	880.0	852.9	951.2	915.3	825.3	857.1	873.8
Canadian feature films' share	1.0%	1.1%	0.8%	1.4%	0.9%	1.5%	1.2%	2.0%	0.6%	0.8%
Number of feature films playing in theatres in Canada										
Canadian	63	72	71	70	76	80	111	121	102	113
Foreign	438	436	422	406	568	803	867	870	803	973
Total	501	508	493	476	644	883	978	991	905	1,086
Ratio of foreign to Canadian feature films	7.0	6.1	5.9	5.8	7.5	10.0	7.8	7.2	7.9	8.6

Source: MTAC.

Note: Some totals may not sum due to rounding.

TOP FEATURE FILMS BY LANGUAGE OF PRESENTATION

US films generated the highest box office receipts in both the English- and French-language markets in 2016. In the English-language market, the top Canadian film was the Canada-UK-Ireland treaty coproduction *Brooklyn*, which earned \$4.1 million at the Canadian box office during the 2016 calendar-year. The other top-grossing Canadian films were *Room*, another treaty coproduction with Ireland, and *Race*, a Canada-Germany coproduction; however, these films – and no other Canadian films – earned more than \$1 million at the Canadian box office in the English-language market.

Exhibit 12 - 9 Top 10 Canadian-produced feature films presented in the English-language market, 2016

Title	Box office receipts* (\$ millions)	Original language of production
1. <i>Brooklyn</i>	4.10	English
2. <i>Room</i>	0.85	English
3. <i>Race</i>	0.79	English
4. <i>Born to Be Blue</i>	0.22	English
5. <i>Juste la fin du monde</i>	0.15	French
6. <i>Sleeping Giant</i>	0.14	English
7. <i>La guerre des tuques 3D</i>	0.14	French
8. <i>Shut In</i>	0.08	English
9. <i>A Date with Miss Fortune</i>	0.08	English
10. <i>Into the Forest</i>	0.07	English

Source: MTAC.

* Box office receipts earned between January 1 and December 31, 2016. This amount may under-represent a particular film's total box office receipts if the film played in Canadian cinemas across two calendar years.

Three Canadian feature films earned over \$1 million in box office receipts in the French-language market. The leading films were *Les 3 p'tits cochons 2* (\$2.9 million), *Votez Bougon* (\$1.2 million) and *1:54* (\$1.1 million).

Exhibit 12 - 10 Top 10 Canadian-produced feature films presented in the French-language market, 2016

Title	Box office receipts* (\$ millions)	Original language of production
1. <i>Les 3 p'tits cochons 2</i>	2.90	French
2. <i>Votez Bougon</i>	1.20	French
3. <i>1:54</i>	1.10	French
4. <i>Juste la fin du monde</i>	0.72	French
5. <i>Brooklyn</i>	0.68	English
6. <i>Nitro Rush</i>	0.59	French
7. <i>Les mauvaises herbes</i>	0.52	French
8. <i>Chasse-galerie: la légende</i>	0.47	French
9. <i>La guerre des tuques 3D</i>	0.34	French
10. <i>Race</i>	0.34	English

Source: MTAC.

* Box office receipts earned between January 1 and December 31, 2016. This amount may under-represent a particular film's total box office receipts if the film played in Canadian cinemas across two calendar years.

Exhibit 12 - 11 Top 10 feature films presented in the English-language market, 2016

Title	Box office receipts* (\$ millions)	Country of origin
1. <i>Deadpool</i>	34.72	US
2. <i>Finding Dory</i>	32.58	US
3. <i>Rogue One: A Star Wars Story</i>	32.05	US
4. <i>Star Wars: The Force Awakens</i>	30.61	US
5. <i>Captain America: Civil War</i>	30.53	US
6. <i>The Jungle Book</i>	29.83	US
7. <i>Suicide Squad</i>	27.76	US
8. <i>Zootopia</i>	27.48	US
9. <i>The Secret Life of Pets</i>	25.74	US
10. <i>Batman v Superman: Dawn of Justice</i>	24.37	US

Source: MTAC.

* Box office receipts earned between January 1 and December 31, 2016. This amount may under-represent a particular film's total box office receipts if the film played in Canadian cinemas across two calendar years.

Exhibit 12 - 12 Top 10 feature films presented in the French-language market, 2016

Title	Box office receipts* (\$ millions)	Country of origin
1. <i>The Secret Life of Pets</i>	4.17	US
2. <i>Star Wars: The Force Awakens</i>	3.24	US
3. <i>Zootopia</i>	3.15	US
4. <i>The Jungle Book</i>	3.08	US
5. <i>Finding Dory</i>	3.03	US
6. <i>The Revenant</i>	2.93	US
7. <i>Rogue One: A Star Wars Story</i>	2.87	US
8. <i>Les 3 p'tits cochons 2</i>	2.87	Canada
9. <i>Deadpool</i>	2.70	US
10. <i>Captain America: Civil War</i>	2.70	US

Source: MTAC.

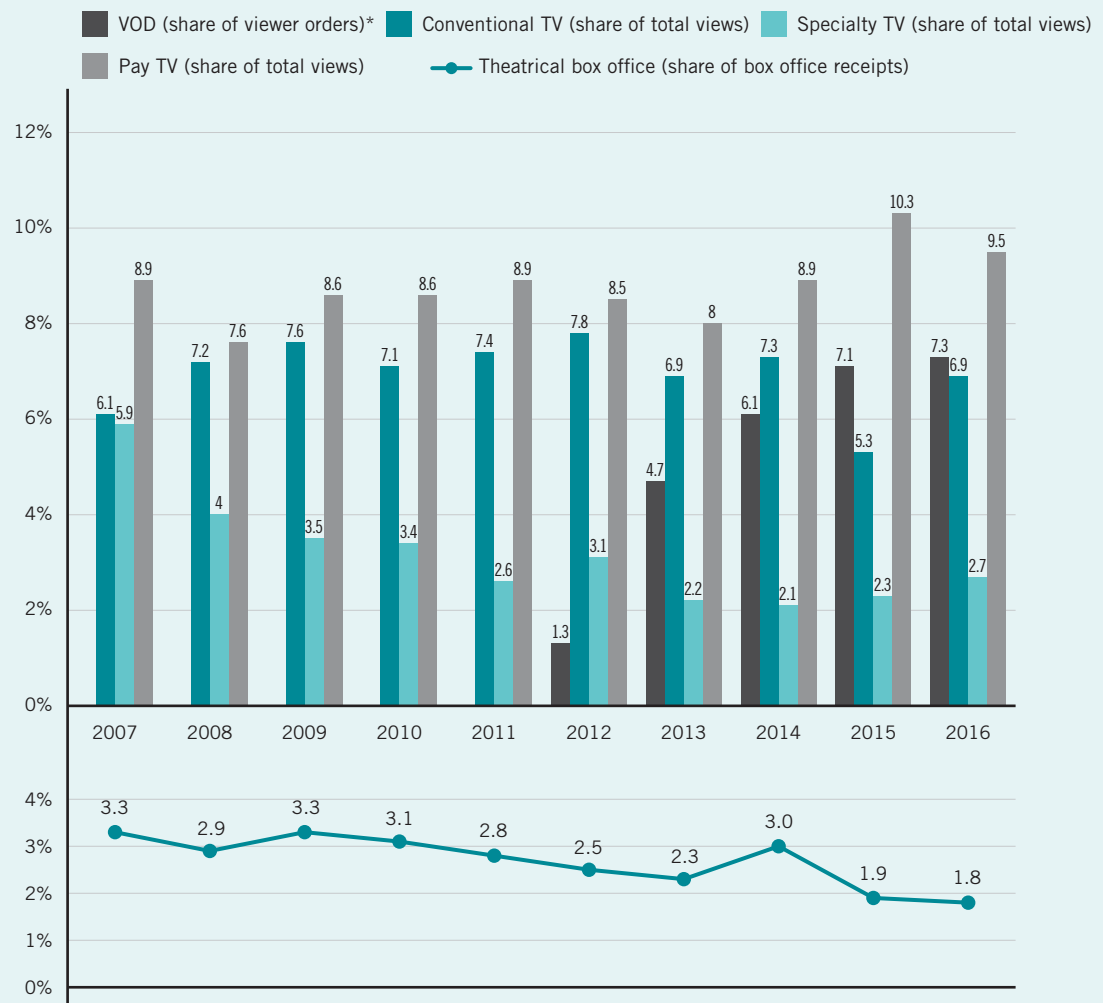
* Box office receipts earned between January 1 and December 31, 2016. This amount may under-represent a particular film's total box office receipts if the film played in Canadian cinemas across two calendar years.

FEATURE FILM VIEWING ON TELEVISION AND ALTERNATIVE PLATFORMS

Although, newly released Canadian films only achieved a 1.8% box office share in 2016, Canadian films, achieved much higher shares of views on television platforms. This outperformance was largely consistent across both language markets.

Across both language markets, Canadian feature films' share of audiences exceeded their 1.8% share of the theatrical box office on all television platforms in 2016. The shares of views held by Canadian films on pay television (9.5%), specialty television (2.7%), conventional television (6.9%) and VOD (7.3%) were all well above the share they held at the theatrical box office.

Exhibit 12 - 13 Market share of Canadian feature films exhibited in Canada, television windows vs. theatrical box office



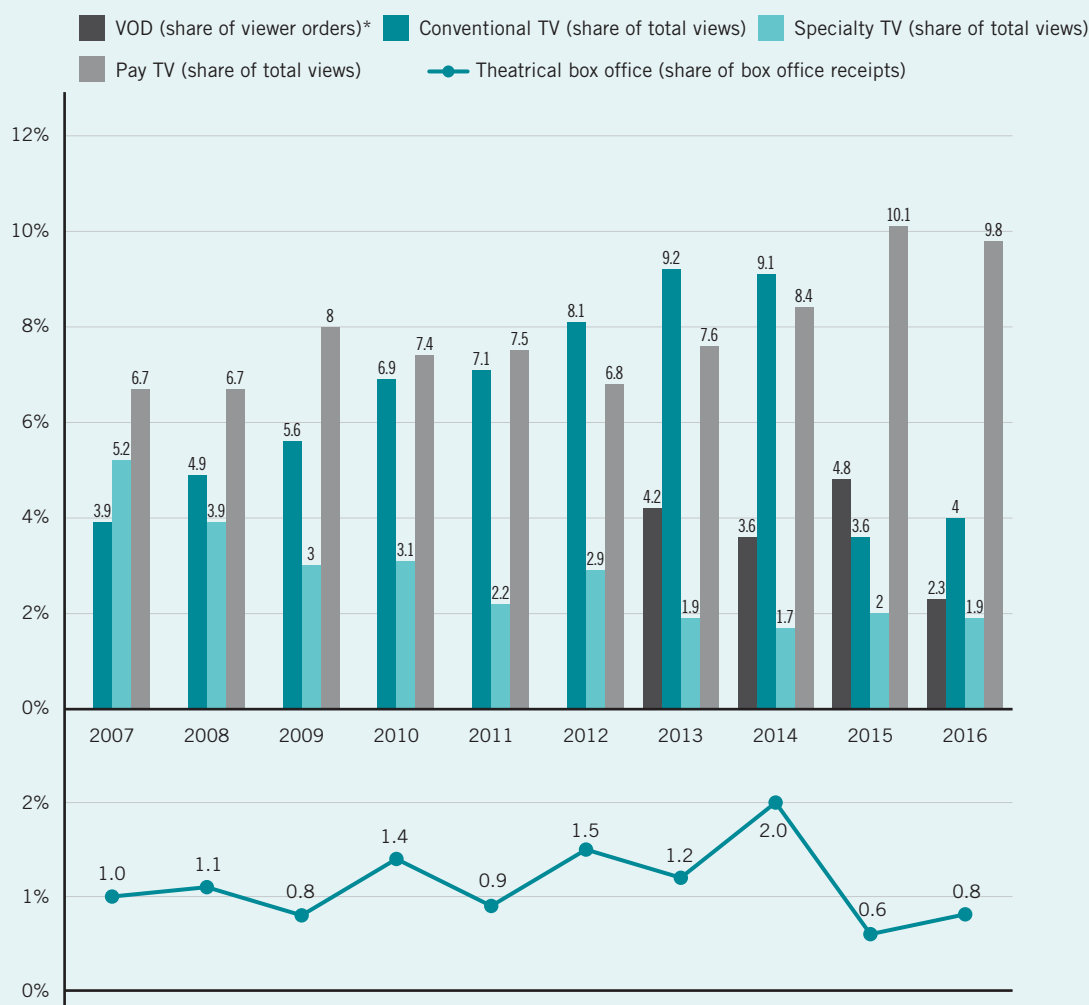
Source: Department of Canadian Heritage analysis of data from Numeris (television markets), Canadian Radio-television and Telecommunications Commission (CRTC) (VOD) and MTAC (theatrical box office).

Note: For the television markets, the total number of views was estimated by dividing the total number of minutes spent watching a feature film by the average duration of the film. Only feature films that had a theatrical release were considered in this analysis. Market shares are based on total views.

* Includes free and paid orders. Data not available prior to 2012.

In the English-language market, Canadian feature films' share of audiences easily exceeded their 0.8% share of the theatrical box office on all television platforms. In fact, Canadian films' share on the pay television platform was just shy of 10% in 2016.

Exhibit 12 - 14 Market share of Canadian feature films exhibited in English in Canada, television windows vs. theatrical box office



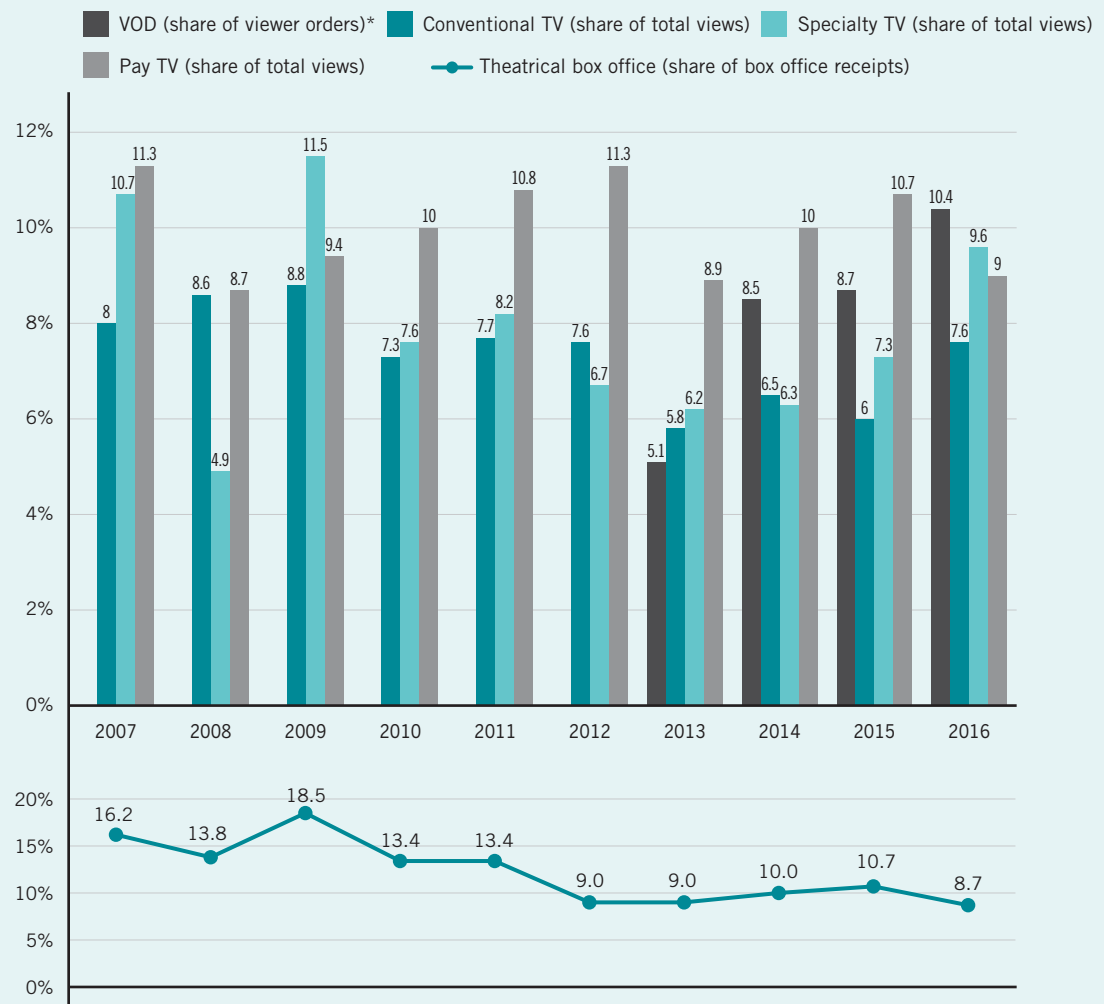
Source: Department of Canadian Heritage analysis of data from Numeris (television markets), CRTC (VOD) and MTAC (theatrical box office).

Note: For the television markets, the total number of views was estimated by dividing the total number of minutes spent watching a feature film by the average duration of the film. Only feature films that had a theatrical release were considered in this analysis. Market shares are based on total views.

* Includes free and paid orders. Data not available prior to 2013.

In the French-language market, Canadian feature films' share of audiences on television platforms was slightly higher than the 8.7% box office on all but the conventional TV platform. Historically, Canadian films have performed better at the theatrical box office in the French-language market than on television platforms. However, in 2016, Canadian films' shares of views on pay television (9%), specialty television (9.6%) and VOD (10.4%) all exceeded the 8.7% box office share. Only the conventional television platform under-performed the box office, with a 7.6% share of views.

Exhibit 12 - 15 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 Numeris (television markets), CRTC (VOD) and MTAC (theatrical box office).

Note: For the television markets, the total number of views was estimated by dividing the total number of minutes spent watching a feature film by the average duration of the film. Only feature films that had a theatrical release were considered in this analysis. Market shares are based on total views.

* Includes free and paid orders. Data not available prior to 2013.

13. Broadcasting distribution undertakings

The broadcasting distribution sector includes cable-TV, direct-to-home satellite (DTH), multipoint distribution services (MDS) and Internet protocol TV (IPTV) services which allow Canadian households and businesses to access licensed television programming services, including conventional and pay and specialty services, by subscribing to channel packages and certain à la carte services. Cable-TV, DTH, MDS and IPTV services are also referred to as broadcasting distribution undertakings (BDUs); collectively they comprise the BDU sector.

Highlights from 2016



- IPTV subscribers and revenues increased to 2.5 million and \$1.8 billion, respectively.



- The number of BDU subscribers declined by 1.1% to 11.1 million.
- Lower revenues for cable-TV and DTH/MDS led to a 2.1% decrease in total BDU revenues.
- BDUs' contributions to the creation of Canadian programming decreased by 1.6% to \$419 million.

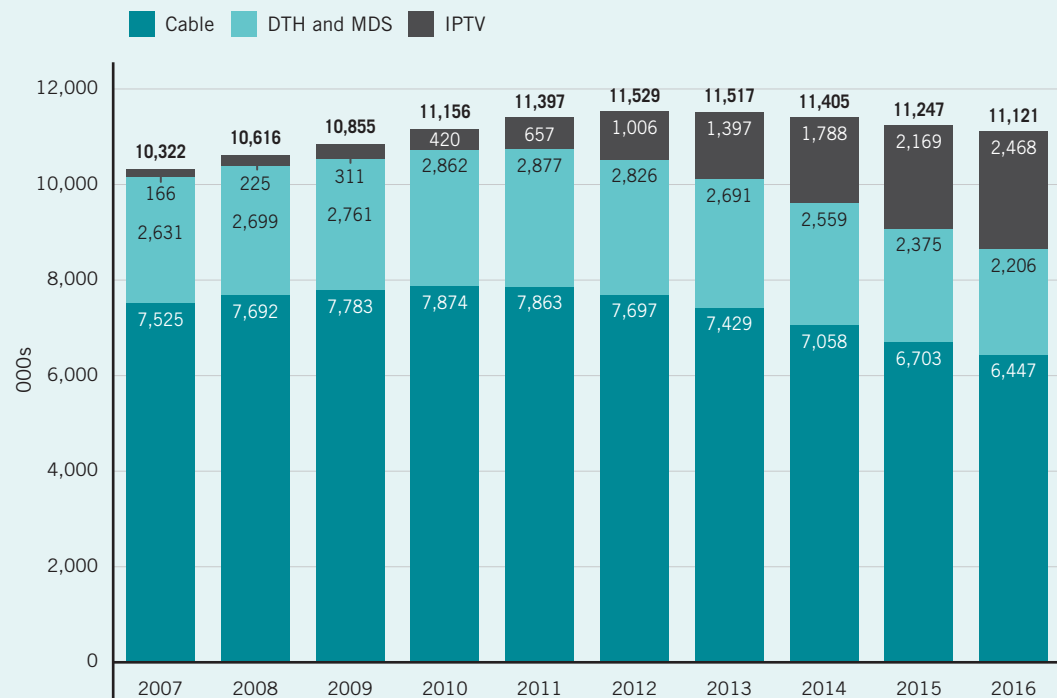
Canada's traditional BDUs continued to experience declining subscriber levels and revenue in 2016. While IPTV services did expand their subscriber base in 2016, the overall number of BDU subscribers in Canada declined for the fourth consecutive year. It is now clear that 2012 marked the peak year for BDU subscribership in Canada. Some of these declines in overall BDU subscriptions and revenue can be attributed to Canadian households' migration to online on-demand services such as Netflix and CraveTV. However, recent research by MTM also indicates that approximately 70% of subscribers to on-demand services in Canada also maintain a subscription to a traditional BDU.⁴³

The fact that the BDU industry's revenues declined at a faster rate (negative 2.1%) than the number subscribers (negative 1.1%) suggests that consumers may be benefitting from the purchasing flexibility offered by the Let's Talk TV Policy – introduced by the CRTC in 2015 – or are simply “cord-shaving” to accommodate the additional expense of also signing up to an on-demand service such as Netflix.

BDU SUBSCRIBERS AND REVENUE

BDU subscriptions declined by 1.1% in 2016 – continuing a four-year decline that began in 2012. Although the number of subscriptions to IPTV grew to 2.47 million, a 3.8% decrease in cable-TV subscriptions and a 7.1% decrease in DTH/MDS subscriptions brought down the overall number of BDU subscriptions.

Exhibit 13 - 1 Number of subscribers to BDUs†



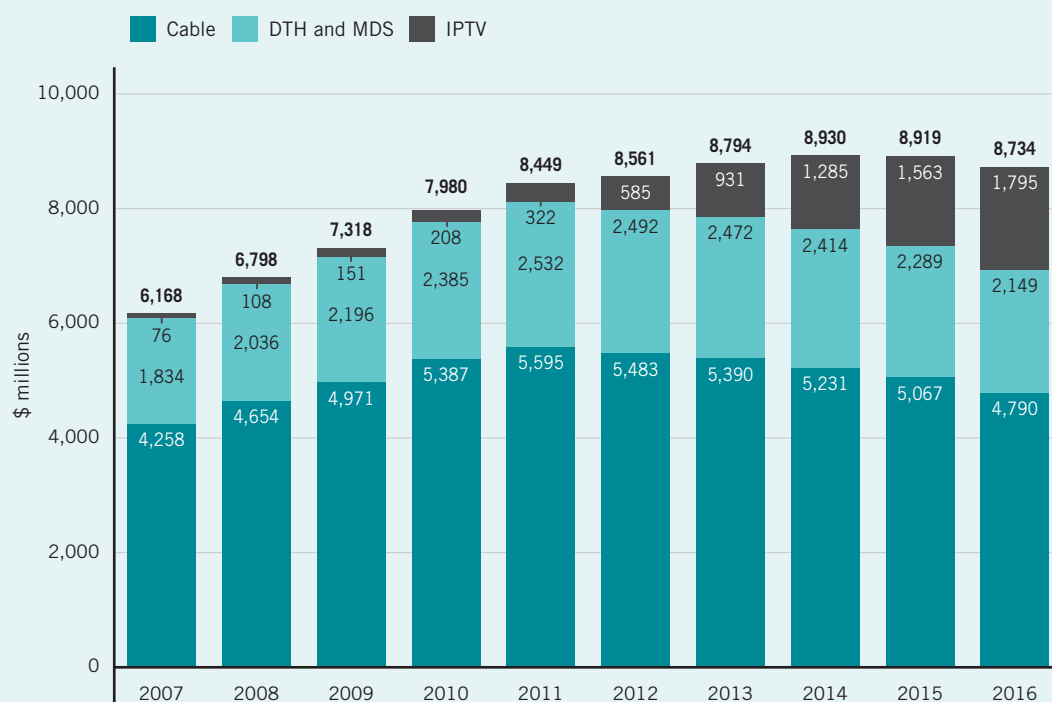
Source: Canadian Radio-television and Telecommunications Commission (CRTC).

† Excludes BDUs not required by regulations to report financial and operating data to the CRTC.

43 Bree Rody-Mantha (2017), “Study says OTT vs. TV not a zero-sum game,” *Playback*, October 23, 2017.

Total revenues in Canada's broadcasting distribution sector declined by 2.1% in 2016 – the second consecutive year of decline. Although revenue in the IPTV segment increased to nearly \$1.8 billion, falling subscriptions in both the cable-TV, and DTH and MDS markets brought down overall broadcasting distribution sector revenue.

Exhibit 13 - 2 Total revenue in the Canadian broadcasting distribution sector[†]



Source: CRTC.

Note: Some totals may not sum due to rounding

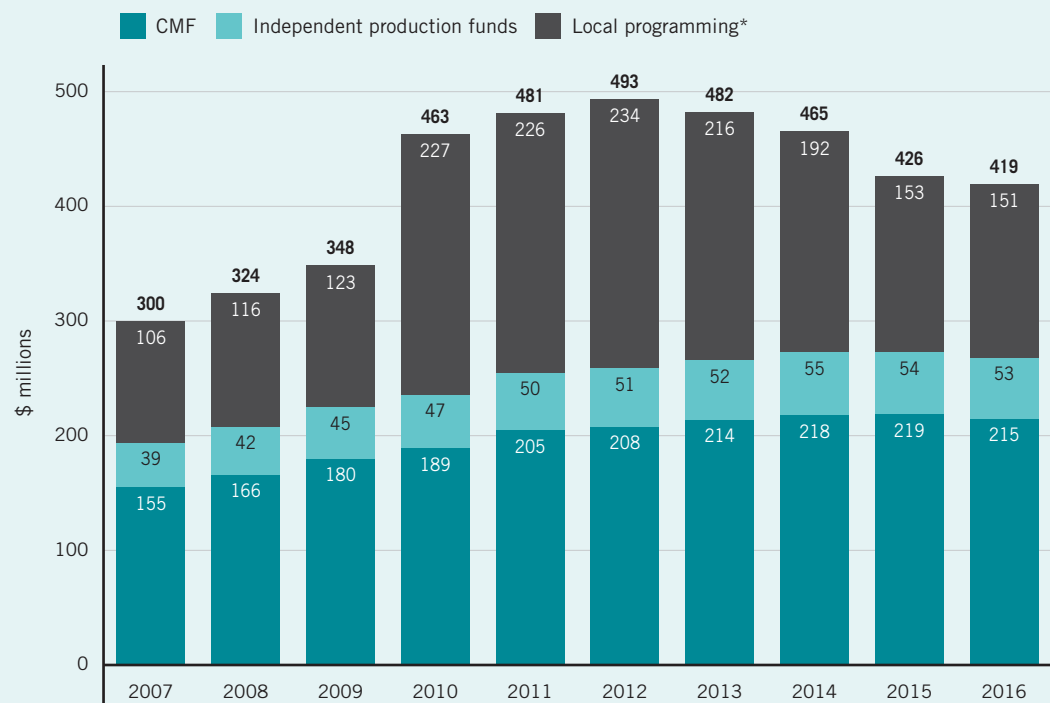
[†] Excludes BDUs not required by regulations to report financial and operating data to the CRTC.

INVESTMENT IN CANADIAN PROGRAMMING

Through their contributions to the Canada Media Fund (CMF), independent production funds and the funding of local programming, BDUs support the creation of Canadian content. In 2016, BDU contributions to the CMF, independent production funds and local programming all decreased slightly.

In total, BDUs contributed \$419 million to the creation of Canadian programming, a decrease of 1.6% from 2015. Since reaching a peak of \$493 million in 2012, BDUs' contributions to Canadian programming have fallen by 15%.

Exhibit 13 - 3 BDU investment in Canadian programming



Source: CRTC

Note: Some totals may not sum due to rounding

* Includes expenditures on local expressions (i.e. community television channels) and contributions to the Local Program Improvement Fund (2009-2014)

Notes on Methodology

Estimates of Canadian Production

The estimates of Canadian production are based on data from the Canadian Audio-Visual Certification Office (CAVCO) of the Department of Canadian Heritage. In order to account for the fact there is a 42-month window in which producers may submit their application to CAVCO,⁴⁴ Nordicity applied a gross-up factor of 10% to the raw CAVCO statistics for 2016/17. This rate of 10% was based on historical rates of under-coverage observed in the CAVCO statistics over the past decade, with particular weight given to the rates of under-coverage observed in recent years.

Estimates of Canadian Television Production Certified by the Canadian Radio-television and Telecommunications Commission (“CRTC-Certified Production”)

The estimates of Canadian television production include an estimate of CRTC-certified television production (i.e. television production exclusively certified by the CRTC). Research conducted by Nordicity and the Department of Canadian Heritage in 2009 indicated that CRTC-certified television production accounted for an estimated 13.5% of total Canadian production. This rate was used in *Profile 2017* 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 a comprehensive indication of production volume until up to four years after the end of a particular fiscal year. As a result, the Canadian production statistics reported in *Profile 2017* for the previous three years (2013/14, 2014/15 and 2015/16) have been revised to reflect all currently available data from CAVCO.

Short films

Short films include films under 75 minutes in length. In *Profile 2012* and earlier editions, data for theatrical short films was included in the overall statistics for Canadian theatrical production. Beginning in *Profile 2013*, data for theatrical short films was included in the statistics for Canadian television production. In *Profile 2017*, data for theatrical short films has been included in Canadian television production for 2009/10 through 2016/17. For the years prior to 2009/10, data for theatrical short films remains within the statistics for Canadian theatrical production, since we were unable to implement historical revisions for those years.

⁴⁴ The guidelines for the Canadian Film or Video Production Tax Credit (CPTC) allow producers to submit their CPTC application to CAVCO up to 42 months after the end of the fiscal year in which principal photography started.

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

Canada Media Fund

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

Broadcaster In-house Production

A complete set of provincial statistics was not available for private broadcaster in-house production in the Prairie Provinces and Atlantic Canada. For the Prairie Provinces, Nordicity developed estimates based on the historical shares observed in the CRTC statistics prior to 2001 – before the CRTC stopped publishing 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.

Reconciliation with Statistics Published by Provincial Funding Agencies

Certain provincial funding agencies in Canada also publish statistics for film and television production activity within their provinces. Their statistics may differ from those in *Profile 2017* for a variety of reasons.

- Some provincial funding agencies publish production statistics on a calendar-year basis rather than on a fiscal-year basis, as they are reported in *Profile*.
- Some provincial funding agencies report production activity on the basis of the fiscal year in which a film or television project receives approval for its tax credit application rather than the year in which the project's principal photography starts (i.e. the practice used by CAVCO).
- Statistics reported by provincial funding agencies exclude broadcaster in-house production.
- Provincial funding agencies typically report production activity on the basis of the province in which the film or television project occurred; whereas the statistics in *Profile* are reported on the basis of the province in which the producer of the project is based (i.e. the practice used by CAVCO).

Convergent Digital Media Production

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

The collection of the data for CDM production began in 2011, therefore only six years of data are available at this time.

For the 2013 and 2014 editions of *Profile*, a survey was conducted of Canadian Media Producers Association (CMPA) and Association québécoise de la production médiatique (AQPM) members in order to obtain data that could be used to estimate the number of convergent digital media projects and production volume that was made without financial support from CMF, Bell Fund, OMDC or Shaw Rocket Fund. These estimates have been incorporated into the statistics from 2012/13 and 2013/14. As a result, the statistics for 2012/13 and 2013/14 are not directly comparable to the statistics for other years. No surveys were conducted for *Profile 2015* and thereafter. For this reason, no estimates have been made for convergent digital media projects that did not receive support from CMF, Bell Fund, OMDC or Shaw Rocket Fund for 2014/15 and subsequent years.

Foreign Investment in Production

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

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

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 a full-time equivalent (FTE) worker in the film and television production industry.

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

The average FTE salary assumption for 2016/17 was \$62,043. Nordicity developed the average FTE salary assumption based on data from Statistics Canada's *2006 Census*. Nordicity makes annual adjustments to the average FTE assumptions based on data from Statistics Canada's *Survey of Employment, Payroll and Hours* for annual changes in the average hourly wage (excluding overtime) of employees paid by the hour in Canada (see Statistics Canada, CANSIM Table 281-0030).

Average FTE salary in the film and television production industry

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Average FTE salary	\$50,488	\$52,305	\$53,404	\$54,578	\$56,543	\$57,900	\$59,423	\$60,552	\$61,168	\$62,043

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

Spin-off Jobs

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

Indirect Jobs Multiplier

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

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

Induced Jobs Multiplier

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

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

Provincial Jobs Estimates

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

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

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

Provincial adjustment factor for average FTE salary

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Alberta	1.091	1.134	1.122	1.126	1.125	1.124	1.136	1.126	1.146	1.097
British Columbia	1.008	1.005	1.013	0.999	0.986	0.997	0.997	0.999	1.003	0.999
Manitoba	0.920	0.934	0.939	0.934	0.945	0.946	0.926	0.940	0.943	0.951
New Brunswick	0.925	0.907	0.908	0.906	0.906	0.901	0.891	0.892	0.885	0.909
Newfoundland and Labrador	0.988	0.969	0.955	0.959	0.987	1.004	1.027	1.020	1.036	1.028
Nova Scotia	0.925	0.884	0.868	0.901	0.903	0.907	0.899	0.911	0.905	0.911
Ontario	1.020	1.010	0.992	1.001	1.001	0.992	0.988	0.984	0.984	0.996
Prince Edward Island	0.835	0.825	0.864	0.856	0.860	0.850	0.843	0.832	0.854	0.867
Quebec	0.948	0.945	0.984	0.971	0.972	0.971	0.969	0.975	0.975	0.972
Saskatchewan	0.958	0.996	1.019	1.025	1.029	1.048	1.064	1.063	1.071	1.066
Territories	1.124	1.124	1.172	1.179	1.185	1.173	1.184	1.259	1.260	1.223

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

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

Economic Impact of Production

Labour Income

Direct production industry labour income was derived by multiplying the number of direct FTEs by the average production-industry FTE cost of \$62,043. 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 \$48,700.

Gross Domestic Product

Economic modelling of the overall economic impact of film and television production, using Statistics Canada's input-output tables, indicates that direct GDP in the film and television production industry is equal to approximately 1.13 times total labour income. This ratio was multiplied by our estimate of direct labour income to arrive at an estimate of direct GDP in the film and television production industry. For broadcaster in-house production, we used a rate of 1.17, which better reflected the higher rate of profitability in the Canadian broadcast industry.

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

Glossary

Advertising Video-on-Demand (AVOD)

An internet-based service that gives consumers free access to video content in exchange for being exposed to advertising (e.g. YouTube).

Average Minute Audience (AMA)

The average number of persons watching a television program during any 60-second portion of that program.

Broadcaster In-house Production

Refers to television programs made internally by broadcasters. It largely consists of news and sports programming, but can also include production in other genres.

Broadcasting Distribution Undertakings (BDUs)

Includes cable, direct-to-home satellite (DTH), multipoint distribution services (MDS) and Internet protocol TV (IPTV) services which allow Canadian households and businesses to access licensed television programming services, including conventional TV, pay TV and specialty TV services, by subscribing to channel packages and certain à la carte services.

Canada Media Fund (CMF)

Funded by the Government of Canada, and 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. Launched on April 1, 2010.

Canadian Audio-Visual Certification Office (CAVCO)	The section within the Department of Canadian Heritage that co-administers (with the Canada Revenue Agency) the two federal tax credit programs (Canadian Film or Video Production Tax Credit [CPTC] and Film or Video Production Services Tax Credit [PSTC]). It is also responsible for assessing television programs and films against its content-point scale (in conjunction with other eligibility criteria) to determine if a film or television program is eligible to access the CPTC and other funding mechanisms through Telefilm Canada or the Canada Media Fund (CMF).
Canadian Film or Video Production Tax Credit (CPTC)	The federal government tax credit program for supporting the production of films and television programs that qualify as Canadian content. The CPTC provides a tax credit equal to 25% of a production's qualified labour expenditures. Qualified labour expenditures are capped at 60% of a production's total costs, net of any (public) assistance received.
Canadian Radio-television and Telecommunication Commission (CRTC)	Canada's regulator of the broadcasting and telecommunications sectors.
Conventional television / Conventional TV	Includes private and public broadcasters that maintain over-the-air (OTA) infrastructure to broadcast to households, although the vast majority of Canadian households now receive conventional TV signals via cable or satellite television providers.
Convergent Digital Media (CDM)	Refers specifically to the digital media components of broadcast television projects. Such components are typically standalone products that relate to, extend, and/or enhance the associated television production.
Convergent Stream	A funding stream of the Canada Media Fund (CMF) that provides financial support to the production of digital media components that are related to CMF-funded television productions in order to provide content on different digital media platforms.
Coproduction	A film or television program made by producers from two or more countries and typically shot in those producers' countries. Coproductions are often made in accordance with international treaties to ensure that they receive national treatment in each producer's country.
Creative Industries Council	As part of Creative Canada, the Government of Canada announced that it would form a Creative Industries Council, which will advise the government on policies for amplifying growth of the creative industries.

Direct-to-home (DTH)	A BDU service under which households and businesses utilize a small aperture satellite antenna to receive television signals.
Eurimages	Established in 1989, Eurimages is the Council of Europe's fund for supporting the cultural sector. It has an annual budget of €25 million which is distributed across five streams (film coproduction, theatrical distribution, exhibition, promotion and gender equality).
Experimental Stream	A funding stream of the CMF that provides financial support to the production of interactive digital media content and software applications that are unrelated to CMF-funded television productions.
Film or Video Production Services Tax Credit (PSTC)	The federal government tax credit program for supporting the production of films and television programs that do not qualify as Canadian content. The PSTC provides a tax credit equal to 16% of a production's qualified labour expenditures.
Foreign Investment in Production (FIIP)	A measurement of the value of international financial participation in the film and television production industry in Canada. It includes foreign presales and distribution advances for all projects certified by CAVCO; estimates of presales and distribution advances for non-CAVCO-certified productions; and the total value of foreign location and service (FLS) production in Canada.
Foreign Location and Services (FLS)	Includes feature films and television programs filmed in Canada primarily by foreign producers. It also includes the visual effects (VFX) work done by Canadian VFX studios for foreign films and television programs.
Full-time Equivalents (FTEs)	A measurement of employment that converts the number of part-time workers or any workers working less than a full work year into the equivalent number of full-time workers.
Gross Domestic Product (GDP)	Refers to the monetary value of the unduplicated value added generated by an industry or economy. The difference between the value of an industry's output and the value of the inputs it consumes from other industries.
Internet Protocol TV (IPTV)	A BDU service that is supplied to households and businesses through a broadband connection.
Multipoint Distribution Systems (MDS)	A fixed wireless broadcast communications system that uses microwave antennae to transmit broadcast signals point-to-multi-point basis.

National Film Board of Canada (NFB)

A federal cultural agency within the portfolio of the Department of Canadian Heritage with a mandate to produce, distribute and films that interpret Canada to Canadians and to other nations.

On-demand Services

On-demand services permit consumers to watch specific films or television programs whenever they want, rather than at a scheduled time (i.e. linear television"). On-demand can be offered over BDU platforms (e.g. cable-TV or DTH satellite) or over the Internet.

Pay television / Pay TV

Pay TV services are available via cable or satellite television services. They typically feature premium programming such as recently released films and do not earn revenue from advertising; instead they rely on subscription or transactional payments. Data for on-demand services such as pay-per-view (PPV) and video-on-demand (VOD) services have been included in this sub-sector.

Specialty television / Specialty TV

Specialty TV services are only available via cable or satellite television providers and typically provide sports, 24-hour news, movies, arts and other thematic programming. Specialty television services earn revenue from a combination of subscription fees and advertising.

Spin-off impact

Refers to the sum of the indirect and induced economic impacts. The indirect impact includes the employment and GDP generated within industries that supply goods and services to the production industry. The induced impact includes the employment and GDP generated in consumer industries within the Canadian economy that benefit from the re-spending of wages earned by production sector cast and crew, and the workers employed in the supplier industries.

Subscription Video-on-Demand (SVOD)

A television service whereby consumers pay a monthly subscription fee so that they can choose what and when they want to watch specific films or television programs (e.g. Netflix, CraveTV, Club illico). Consumers typically access SVOD services over the Internet.

Telefilm Canada

A Crown corporation within the Portfolio of the Department of Canadian Heritage. Established by the Government of Canada in 1968 with a mandate to invest in the production of Canadian films. Telefilm Canada now administers most of the federal government's programs for supporting the Canadian film industry. It also administers the Canada's treaty coproduction agreements on behalf of the federal government.

Transactional Video-on-Demand (TVOD)

An online service whereby consumers can pay a fee to download a specific film or television program (e.g. Apple iTunes). In some cases, TVOD can be used to rent a film or television program, where use of the download is restricted to a period of time.

Video-on-Demand (VOD)

A television service whereby consumers can pay a fee to choose what and when they want to watch specific films or television programs. In Canada, VOD is typically offered over BDU platforms (i.e. cable-TV, IPTV or DTH satellite).