



Report

Overview and Analysis of Private Broadcaster Investment in Canadian Programming and Programs of National Interest

Prepared for: Directors Guild of Canada (DGC)

January 2025



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Introduction

The Directors Guild of Canada (DGC) commissioned Nordicity to provide a report on the impact of Canadian Radio-television and Telecommunications Commission (CRTC or Commission) policies and decisions on private broadcaster contributions to Canadian programming expenditures (CPE) with a focus on programs of national interest (PNI) as a subset of CPE.

Both CPE and PNI are regulatory mechanisms used by the CRTC that are intended to ensure the creation and distribution of independent Canadian drama, comedy, and documentary in both official language markets, as well as variety shows in the French-language market and eligible awards shows in the English-language market.

The report explores the potential for such mechanisms to continue to support the creation and distribution of independent Canadian programs in a modernized broadcast and online streaming regulatory environment. This report focuses on the private broadcasters in the English-language market. Further analysis should be done for PNI requirements for the French-language market.



List of acronyms used in graphs and charts

For convenience, labels are provided to help the reader grasp the scope of each graph and chart. The following acronyms are used to refer to various markets:

EN: English-language market

FR: French-language market

PUB: Public (Canadian Broadcasting Corporation/Société Radio Canada)

LG: Large ownership groups. Includes BCE Inc, Rogers Communications, Corus Entertainment Inc. (+Shaw) in the English-language market, and BEC Inc, Quebecor and Corus Entertainment on the French-language market

PRV: Private broadcasters. Includes large ownership groups and other private broadcasters



1. Analysis of Broadcaster Investment in Canadian Programming

Throughout much of its history the Commission has imposed regulations regarding the exhibition of, and/or expenditure on, Canadian programming to ensure that Canadians have access to a **“wide range of programming that reflects Canadian attitudes, opinions, ideas, values and artistic creativity.”**¹

Since the introduction of Pay TV in the early 1980s, expenditure requirements have resulted in measurable contributions towards the creation and distribution of Canadian programming by private and public broadcasting undertakings. Canadian programming expenditures (CPE) includes a range of programming categories from Sports to News to Drama and Documentary. While this report analyses PNI with a focus on Drama and Long-form Documentary, a brief overview of broadcaster spending on News and other CPE categories is provided in Appendix 1.

This first section provides an overview of programs of national interest (PNI) expenditures by private broadcasters focused on the English–language market from 2013 through 2023, followed by a discussion of financing trends for Drama and Documentary programs.

¹ S(1)(d)(ii) of the *Broadcasting Act*.



Overview

CPE requirements have proven a flexible regulatory tool that the Commission has used to regulate a range of broadcasting undertakings through the evolution of over the air, cable, satellite and digital technologies.

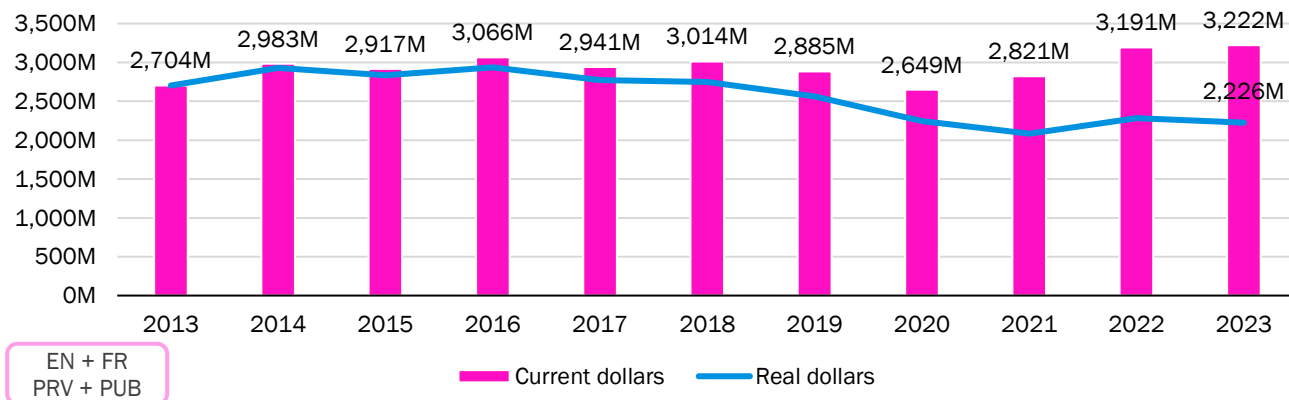
They are based on a set percentage of the licensee's annual gross revenues from the previous broadcast year. When broadcaster revenues rise, so do their respective CPE contributions. Licensees must provide annual reports on their CPE, which allows the CRTC to monitor progress on its objective to support the creation and distribution of Canadian programs.

Figure 1 shows the total annual CPE from 2013 through 2023 in both English- and French-language markets combined. Total CPE averaged \$3 billion annually over this ten-year period. The dip in annual CPE during broadcast years 2019, 2020, and 2021 is due to production stoppages in accordance with health restrictions during the COVID-19 pandemic.

To provide relief to licence holders unable to advance on production projects, the CRTC allowed large ownership groups and independent broadcast services that incurred CPE shortfalls as of August 31, 2020, to "catch up" on CPE by August 31, 2023.²

While current dollars were kept in the system through the CPE extension, inflation eroded any increase in current dollar contributions since 2013. When adjusted for inflation, CPE has, in fact, dropped to \$2.26 million in real dollars,³ a decrease of 18% between 2013 and 2023.

Figure 1 - Total Canadian programming expenditure (CPE), public and private, English- and French-language



Source: CRTC, Open Data (TV-T32)

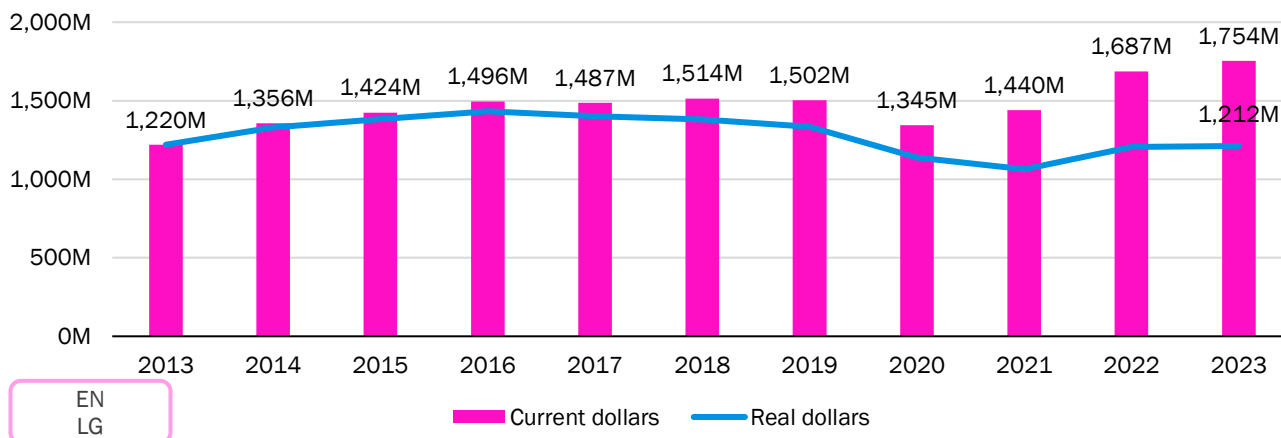
² Broadcasting Decision 2021-271 allowed broadcasters 10% flexibility in regard to CPE and PNI under-expenditures until the end of the extended payment period, with the exception of the last year. Flexibility relating to under-expenditures on locally reflective news was maintained at 5%.

³ In economic terms, "real dollars" or "constant dollars" refer to a dollar value that has been adjusted to remove the effects of inflation, essentially representing the purchasing power of a dollar in a chosen base year, allowing for accurate comparisons of economic data across different time periods. For this exercise, an industry-specific inflation rate was calculated by examining the average full-time equivalent cost in the audiovisual sector (CMPA Profile) and the base year is 2013.



Looking more closely at the history of CPE among the large ownership groups in the English-language market, CPE increased from \$1,220 million in 2013 to \$1,754 million in 2023 – an increase of 44%. However, when viewed in terms of inflation-adjusted real 2013 dollars, the CPE of large ownership groups was virtually unchanged between 2013 (\$1,220 million) and 2023 (\$1,212 million).

Figure 2 - Total English-language Canadian programming expenditure (CPE), large ownership groups



Source: Public disclosure of aggregate annual returns for large ownership groups, individual discretionary and on-demand statistical and financial summaries

Programs of National Interest

Within the “bucket” of CPE, the CRTC has established specific spending requirements to ensure certain types of programming are supported. This includes PNI requirements that are applied to both private and public broadcasting undertakings in English- and French-language markets. Introduced in Broadcasting Regulatory Policy CRTC 2010-167 as part of the framework for a group-based approach to licensing private television services, PNI expenditures are calculated as a percentage of annual gross revenue.⁴

PNI is defined as Drama and Comedy programming (category 7), Long-form documentary (category 2(b)), Canadian award shows celebrating Canadian creative talent (English-language market only), and Music (categories 8(a), 8(b) and 8(c)) and Variety (category 9)) programming (French-language market only). In its decision the Commission noted that:

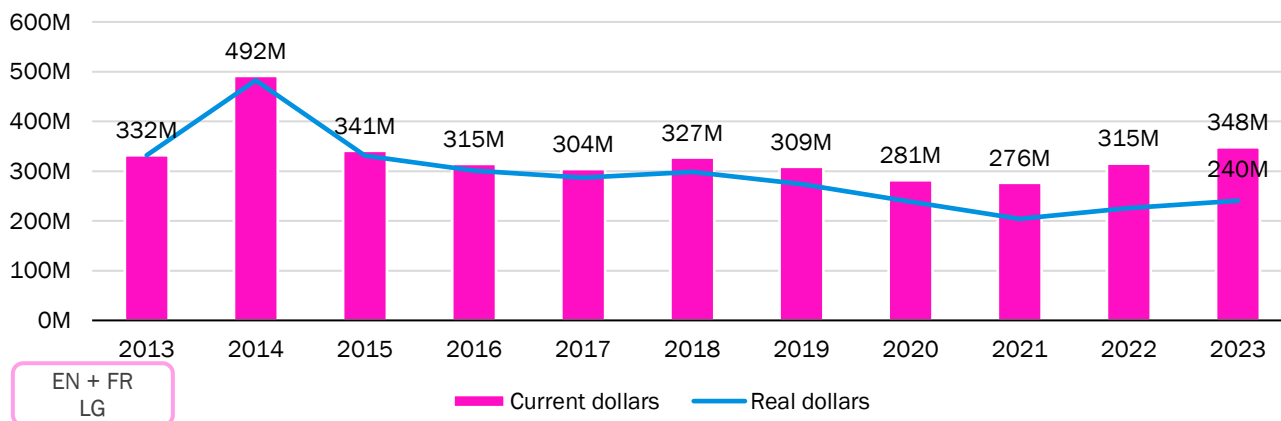
Drama programs and documentary programs are expensive and difficult to produce yet are central vehicles for communicating Canadian stories and values.

⁴ The independent production requirement was set as 75% of PNI expenditures in Broadcasting Policy 2010-167.



The figure below shows the large ownership group's total PNI expenditures in both English- and French-language markets from 2013 to 2023, on a combined basis.⁵ As a percentage of revenue, PNI spending dips during the pandemic, and then rises as broadcasters complete their contribution obligations by the extended August 2023 deadline. PNI expenditures reached a ten-year high (excluding 2014) with \$348 million invested in 2023 (+5% from 2013). In real 2013 dollars, the total private PNI expenditure of large groups has dropped from \$332 million to \$240 million; a decline of nearly 28% between 2013 and 2023.

Figure 3 - Total PNI expenditures, large ownership groups (BCE, Rogers, Corus+Shaw, and Quebecor) English- and French-language markets



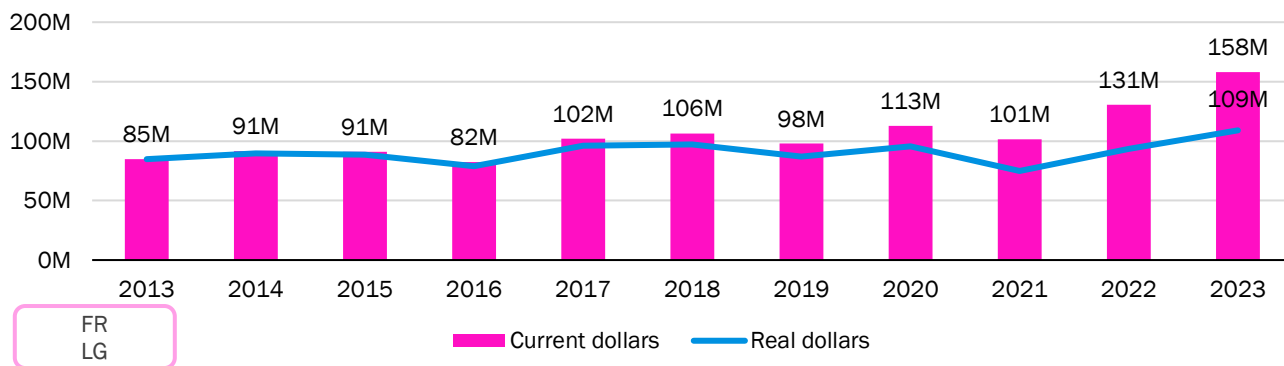
Source: CRTC Open Data (TV- T34), Communications Monitoring Report 2015

Due to the historic, geographic, cultural, and linguistic differences between the English- and French-language markets, CPE and PNI investments within the French-language market have weathered the impact of inflation more favourably and increased at a CAGR of 6.4% over the past decade. Total 2023 PNI expenditures by the large ownership groups in the French-language market when adjusted for inflation are well above 2013 (+28%).

⁵ The total PNI expenditures for both language markets include contributions from the four large ownership groups (BCE Inc, Rogers Communications, Corus Entertainment Inc., and Quebecor).



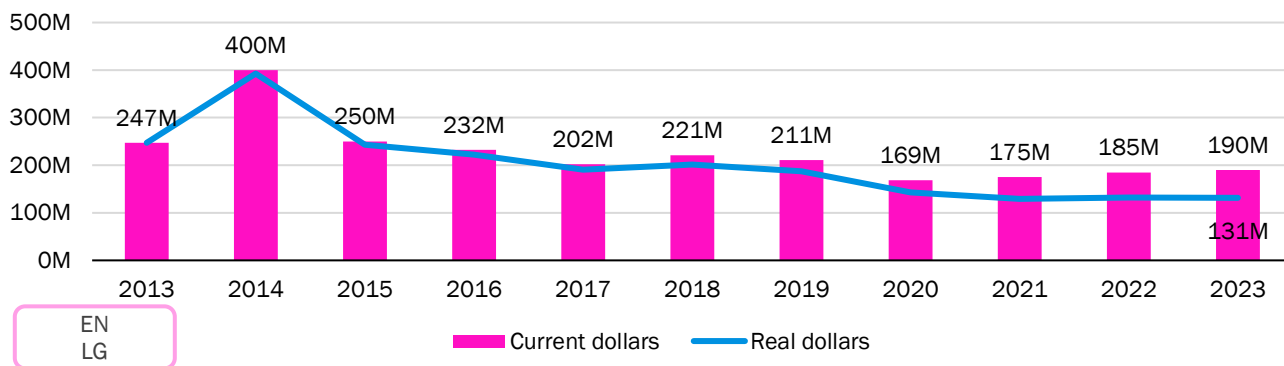
Figure 4: French-language PNI expenditures by large ownership groups (BCE, Corus+Shaw, Quebecor)



Source: CRTC, Annual/Monthly Reports Filed by Broadcasting Industry Players

The numbers for the English-language market tell a vastly different story. From a current-dollar perspective, PNI investments have averaged \$226 million annually but decreased at a compound annual rate of 2.6%. Adjusted for inflation, the decline in large ownership group PNI contributions in the English-language market is 47%. In other words, large private broadcasters in Canada's English-language market have practically halved their annual real investment in PNI over the past decade. As noted below, this drop is a function of the broadcasters' commensurate drop in real revenue – upon which their minimum annual PNI commitments are calculated.

Figure 5 - English-language PNI expenditures by large ownership groups (BCE, Rogers, Corus+Shaw)



Source: CRTC, Annual/Monthly Reports Filed by Broadcasting Industry Players, Communications Monitoring Report 2015

For many years private broadcasters have played a substantial role in the creation and distribution of Canadian programming. In considering the whole of the English-language market (public and private elements), a significant share of PNI contributions is driven by BCE Inc, Rogers Communications, Corus. Collectively, the large ownership groups have contributed an estimated annual average of 55% of the total



English-language PNI spending over the past ten years.⁶ These contributions have been critical to ensuring the ongoing creation and distribution of Canadian programs.

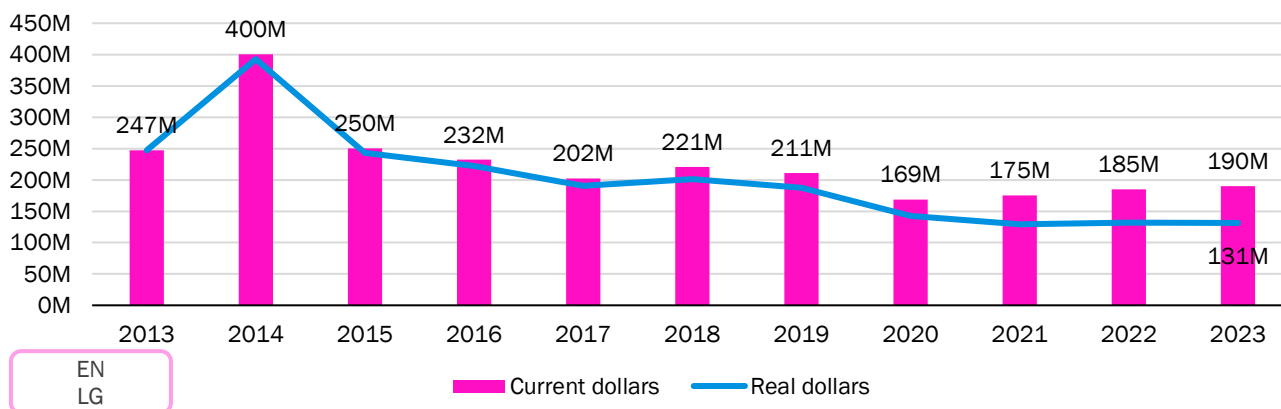
1.1. Programs of National Interest: English-Language Private Broadcasters

This section examines the PNI expenditures of the large ownership groups: BCE Inc, Rogers Communications and Corus Entertainment Inc. in the English-language market. The analysis considers PNI expenditures by category, trends in average production budgets, and financing structures for the two high-demand categories of PNI: Drama (category 7) and Documentary (category 2b).

The Private Broadcasters: Critical Partners in Canadian Programming

The figure below shows that the three large ownership groups invested \$190 million in PNI in 2023, down from \$247 million in 2013, a drop of 23% in current dollars. When inflation is factored in, that drop is a substantial 47%. Since 2021 the annual contribution in real dollars has stagnated at about \$131 million.

Figure 6 – English-language PNI expenditures by large ownership groups (BCE, Rogers, and Corus+Shaw)



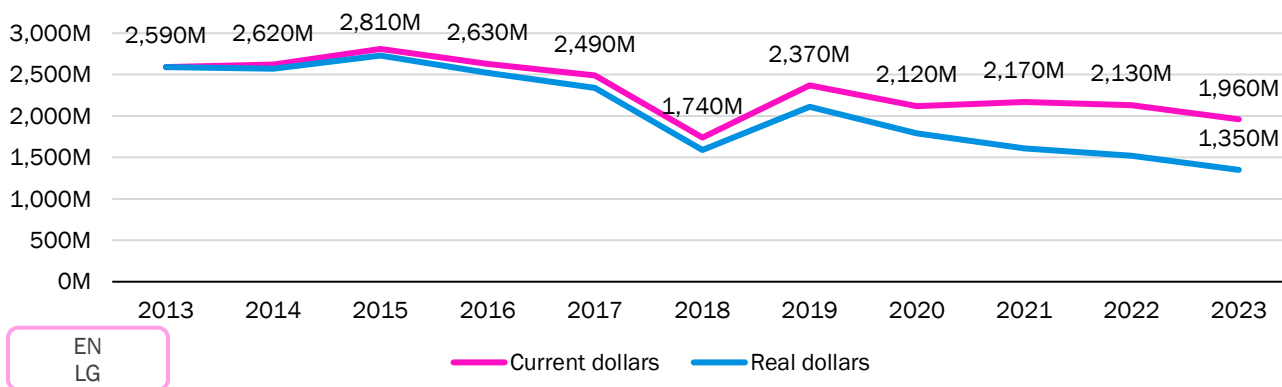
Source: CRTC, Annual/Monthly Reports Filed by Broadcasting Industry Players

Any decline in PNI contributions is a function of broadcaster revenue, and data provided by the large ownership groups confirm a decline in their aggregate revenue from 2013 to 2023. The decline in large ownership group revenue in the English-language services is 24% in current dollars; and consequently (as observed above), PNI contributions have declined 23%.

⁶ The remaining 45% contributions were made by the Canadian Broadcasting Corporation and other English-language private broadcasters.



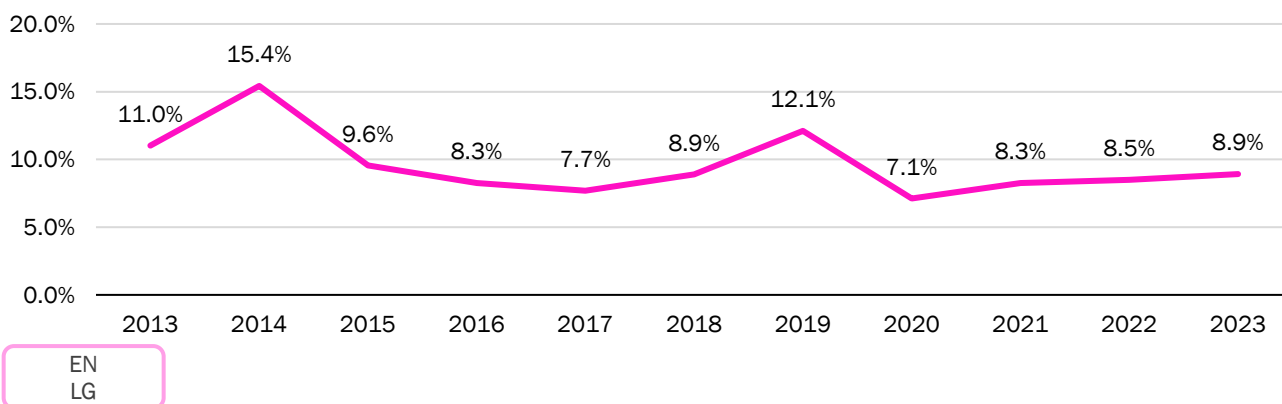
Figure 7 – Combined revenue of large groups (BCE, Corus (+Shaw), Rogers), English-language services



Source: CRTC, Aggregate Annual Returns, Annual/Monthly Reports Filed by Broadcasting Industry Players

Overall investment in PNI from the large ownership groups has remained around 8.5% of their combined revenue since 2018, with some year-over-year market adjustments (e.g., acquisition, license renewal).

Figure 8 – PNI expenditures as a percentage of previous year’s revenue, large ownership groups, English-language services



Source: CRTC, Aggregated Annual Returns

PNI Expenditures by Category

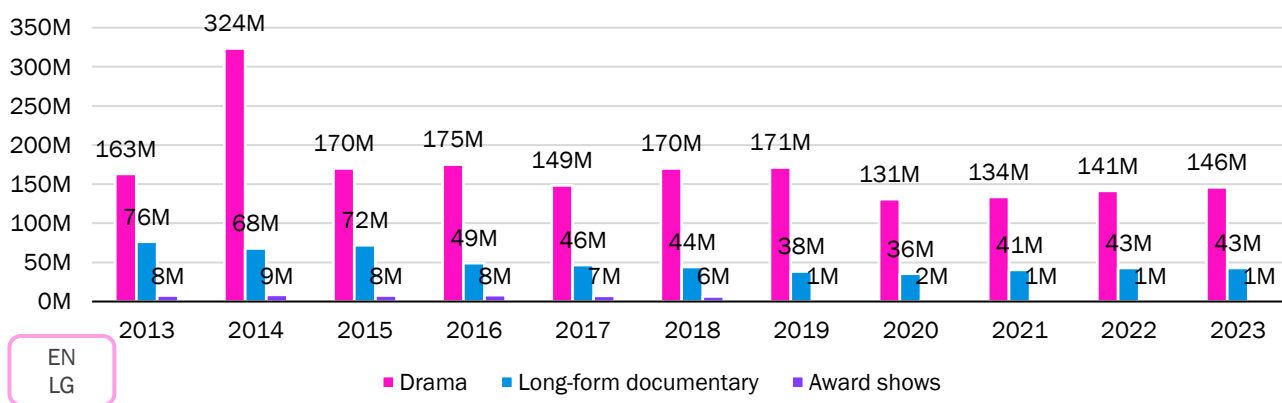
The purpose of PNI requirements is to ensure that certain types of programming of high value to the Canadian broadcasting system and to Canadian audiences is created and distributed. This includes Drama (category 7) and Long-form Documentary (category 2b). According to a February 14, 2024, Statista report, the top two preferred genres of television content in Canada for people aged 18 to 64 years are Drama and Comedy.⁷

⁷ Preferred TV content by genre in Canada 2023 | Statista



The figure below examines the subsets of PNI investments made by the three private English-language groups. Contributions to all programming have declined since 2013, Drama decreased by 10% at a CAGR of negative 1.2%, Long-form documentary dropped significantly by 44%, a CAGR of negative 6.2%, and Award Shows plummeted by 88%. Note that the progressive increase in investment since 2020 (+11% for Drama), is a result of the private broadcasters catching up on contribution shortfalls before the August 2023 deadline.

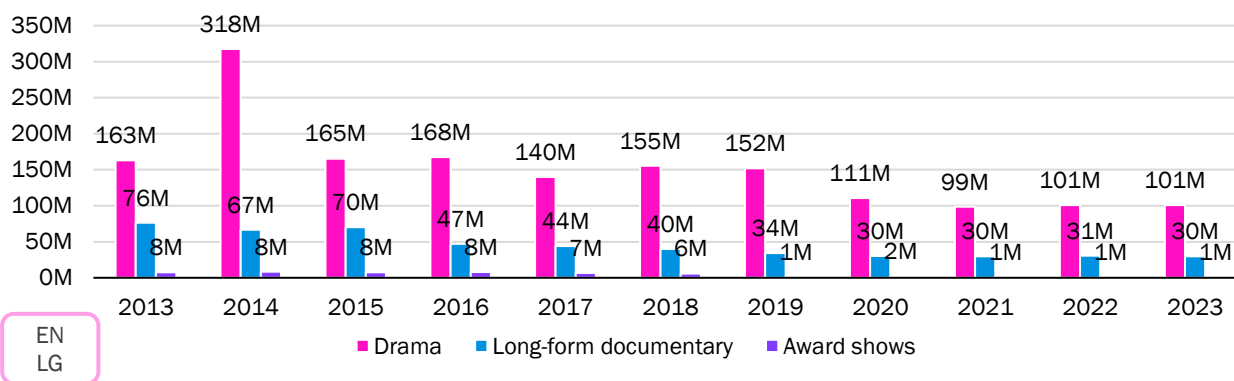
Figure 9 – English-language PNI expenditures of large ownership group, by program category, current dollars



Source: CRTC, Annual/Monthly Reports Filed by Broadcasting Industry Players

The following figure describes the impact of inflation on private English-language PNI investment. In real 2013 dollars, Long-form documentary production has declined by 61% and Drama by 38%, while investment in Award Show programming has virtually disappeared. It appears that the Canadian documentary production segment has borne the brunt of real-dollar revenue declines in Canada’s English-language market and lower real levels of spending on PNI.

Figure 10 – English-language PNI expenditures of private large ownership group, by program category, adjusted for inflation (real 2013 dollars)



Source: CRTC, Annual/Monthly Reports Filed by Broadcasting Industry Players

Table 1 below provides a comparative summary of the declining investment in PNI.



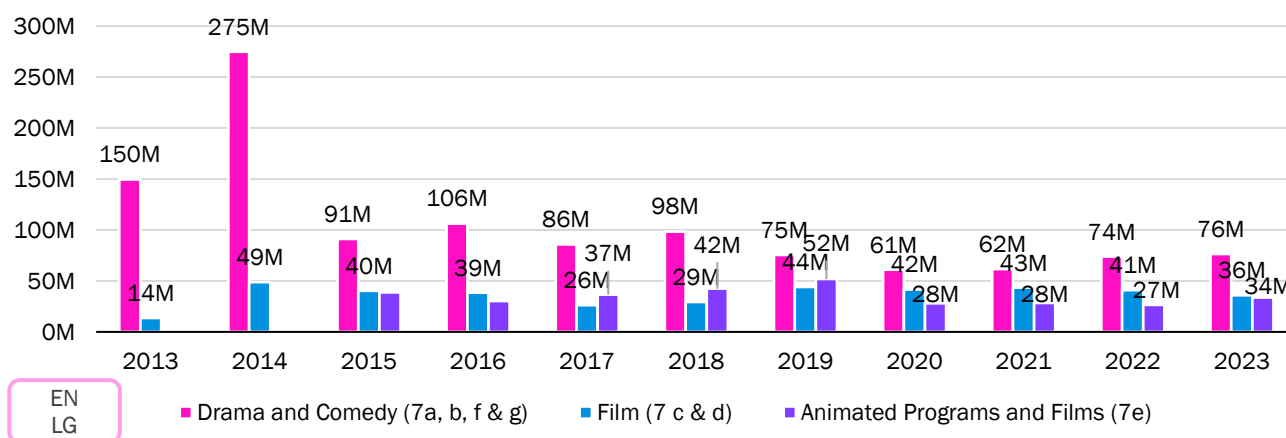
Table 1 – English-language PNI expenditures of large ownership group ownerships, by category, current vs real dollars

Category	2013-2023, Current	2013-2023, Real
Drama	-10%	-38%
Long-form documentary	-44%	-61%
Award shows	-88%	-91%
TOTAL PNI	-23%	-47%

The large ownership groups are critical partners in the creation and distribution of Canadian programming. As noted above, their collective contributions, while lower than in 2013, represent an estimated annual average of 55% of contributions to total English-language PNI. Considering not only the impact of inflation, but other factors that impact the budgets and financing of Canadian programs, provides further insight into the critical role of PNI contributions from private broadcasters.

The next figure takes a closer look at Category 7 (Drama) and its subcategories: Drama and Comedy (7(a), 7(b), 7(f) and 7(g)), Films (7(c) and 7(d)), and Animated Programs and Films (7(e)).⁸

Figure 11 – English-language Category 7 PNI expenditures of large ownership group, current dollars



Source: CRTC, Annual/Monthly Reports Filed by Broadcasting Industry Players

Drama and Comedy series remain the primary PNI programming supported by private broadcasters, with a total of \$76 million in expenditures in 2023, matching pre-pandemic levels. The amount allocated to Drama and Comedy has been halved since 2013, with an average annual investment of \$81 million

⁸ CPE reports break down Category 7 spending as follows:

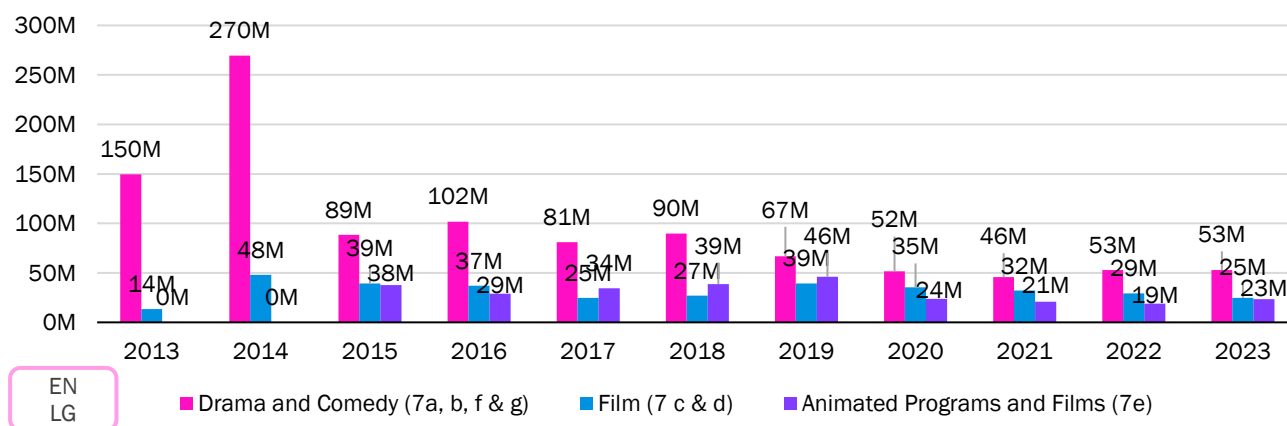
- Drama and comedy: 7(a): Ongoing Dramatic Series, 7(b): Ongoing Comedy Series, 7(f): Programs of comedy sketches, improvisations, unscripted works, stand-up comedy, and 7(g): Other drama, including, but not limited to, readings, narratives, improvisations, tapes/films of live theatre not developed specifically for television, experimental shorts, video clips, continuous action animation (e.g. puppet shows)
- Film: 7(c): Specials, Mini-Series, or Made-for-TV Movies, and 7(d): Theatrical Feature Films Aired on Television
- Animated Television Programs and Films: Category 7(e)



between 2015 and 2023. Film and Animation have remained fairly stable, returning to their 2016 levels after a decline during the pandemic years.

Again, the dynamics are less positive when amounts are adjusted for inflation. Where spending seemed relatively stable between 2015 and 2023 in current value, Drama and Comedy expenditure has declined by 42%, Film by 36% and Animated Program and Films by 16% since 2016, in real 2013 dollars.

Figure 12 – English-language Category 7 PNI expenditures of large group ownerships, real dollars



Source: CRTC, Annual/Monthly Reports Filed by Broadcasting Industry Players

Table 2 – Spending on English-language Category 7 programming, large group ownerships, current vs real dollars

	2013-2023, Current	2013-2023, Real
Series 7(a), 7(b), 7(f) & 7(g)	-49%	-65%
Films 7(c) & 7(d)	+165%	+85%
Animated Programs and Films 7(e)	n/a	n/a
TOTAL Category 7	+10%	-38%



Drama and Documentary: Budget and Financing Trends

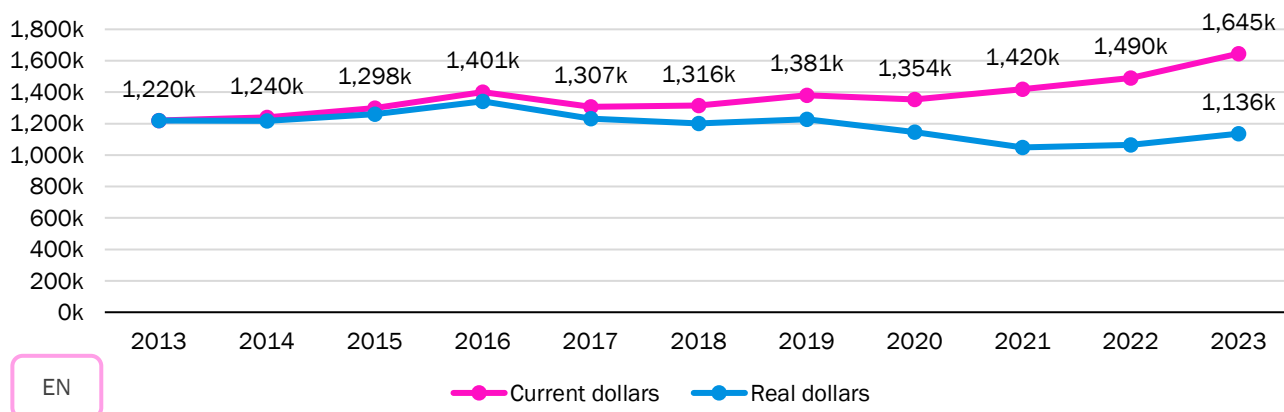
This section examines the budgets and financing of Drama and Documentary production using CAVCO data.⁹ As noted in Table 1, investments in drama programming have decreased by 10% over the 2013-2023 decade in the private English-language market. However, Figure 15 below highlights the rising cost of production for this type of programming. Where an hour of English-language fiction programming cost \$1.22 million to produce in 2013, the average hourly budget is now \$1.65 million per hour, a 35% increase. PNI contributions grew at a slower pace and do not make up for the significant surge in production costs, suggesting that fewer hours of Canadian TV fiction are now being produced.

Production costs have surged in the past four years. The average hourly budget for an English-language TV fiction production increased at a CAGR of 2.1% between 2013 and 2019, and a CAGR of 6.7% between 2020 and 2023.

Accounting for inflation reveals stagnating production costs (-7% in real 2013 dollars). This slight decrease appears quite modest when compared to the significant drops in Drama contributions.

Ballooning production costs are driven by the global economic downturn and inflated prices of various materials. Supply-chain shortages, the cost of talent, new safety protocols, and rising insurance costs all contribute to the skyrocketing cost of drama programming.

Figure 13 - Average budgets, English-language TV fiction production (\$000s per hour)



Source: Estimates based on data collected from CAVCO.

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

⁹ While the data presented does not specifically refer to PNI, Nordicity is using CAVCO data on English-language TV fiction and TV documentary production as a proxy of budget and financing trends for these PNI categories.



Table 3 – Evolution of PNI contribution (Drama) and average hourly fiction budget, English-language, current vs real

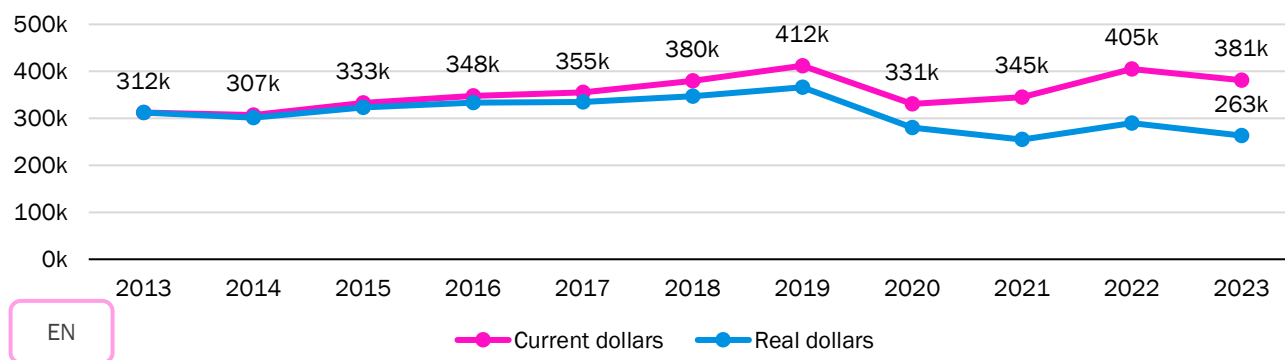
Category	2013-2023, Current	2013-2023, Real
Drama, PNI contribution, English-language (private large ownership groups only)	-10%	-38%
Average hourly budget, TV fiction production, English-language	+35%	-7%

A parallel analysis can be conducted for English-language TV documentary production. While the rise in production costs has not impacted documentary production as much as drama projects, the average cost of an hour of documentary television programming still increased by 22% over the past decade to reach \$381,000 in 2023.

In contrast to drama programming, for which production costs remained fairly stable from 2013 to 2019, documentary budgets saw a CAGR of 4.7% during the same reference period. After a dip in 2020, the average documentary production cost increased at a CAGR of 4.8% between 2020 and 2023.

Whether considering inflation or not, the contribution of large ownership groups to English-language documentary PNI has not kept pace with escalating production costs. In fact, while the average hourly budget for English-language documentary decreased 16% in real 2013 dollars, the annual investment of large ownership groups in documentary has dropped 61% over the past ten years.

Figure 14 – Average budgets English-language TV documentary production (\$000s per hour)



Source: Estimates based on data collected from CAVCO.

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



Table 4 - Evolution of PNI contribution (Long-form documentary) and average hourly documentary budget, English-language, current vs real

Category	2013-2023, Current	2013-2023, Real
Long-form documentary, PNI contribution, English-language (private large ownership groups only)	-44%	-61%
Average hourly budget, TV documentary production, English-language	+22%	-16%

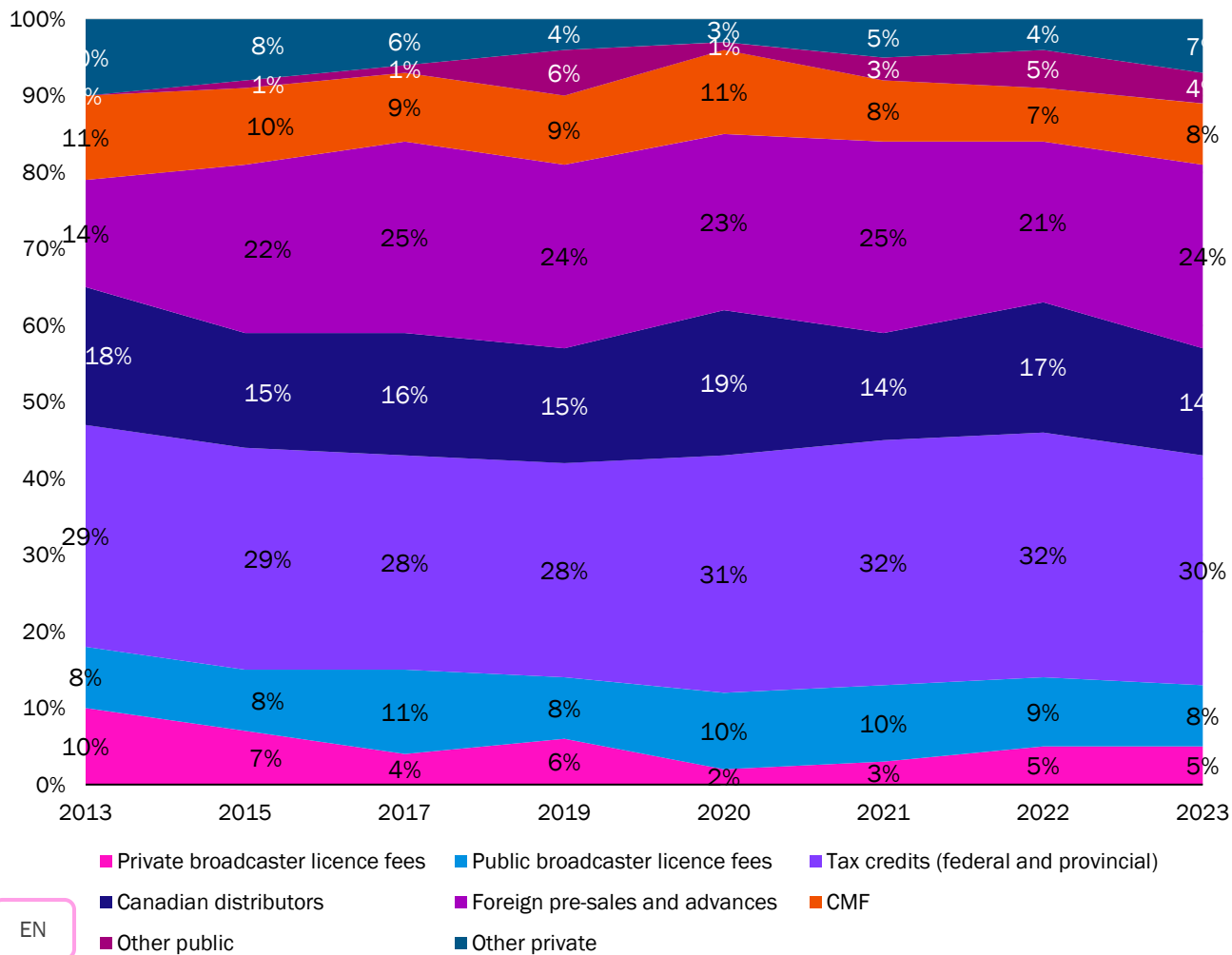
Figure 17 examines the financing structure of Canadian English-language drama television projects. Television drama production has always been difficult to finance in Canada. In part this has been attributed to the relative lower cost to Broadcasters of buying already completed U.S. productions.¹⁰

Over the past ten years, in light of lower levels of private Canadian investment, English-language television drama projects have come to rely more heavily on foreign pre-sales (24% against 14% in 2013).

¹⁰ *OUR CULTURAL SOVEREIGNTY: The Second Century of Canadian Broadcasting, Standing Committee on Canadian Heritage June 2003; Canadian Journal of Communication, Integrating Distinctively Canadian Elements into Television Drama: A Formula for Success or Failure?: The Due South Experience, Vol.28 No.1 January 1, 2003.*



Figure 15 – Financing of Canadian television production, English-language fiction



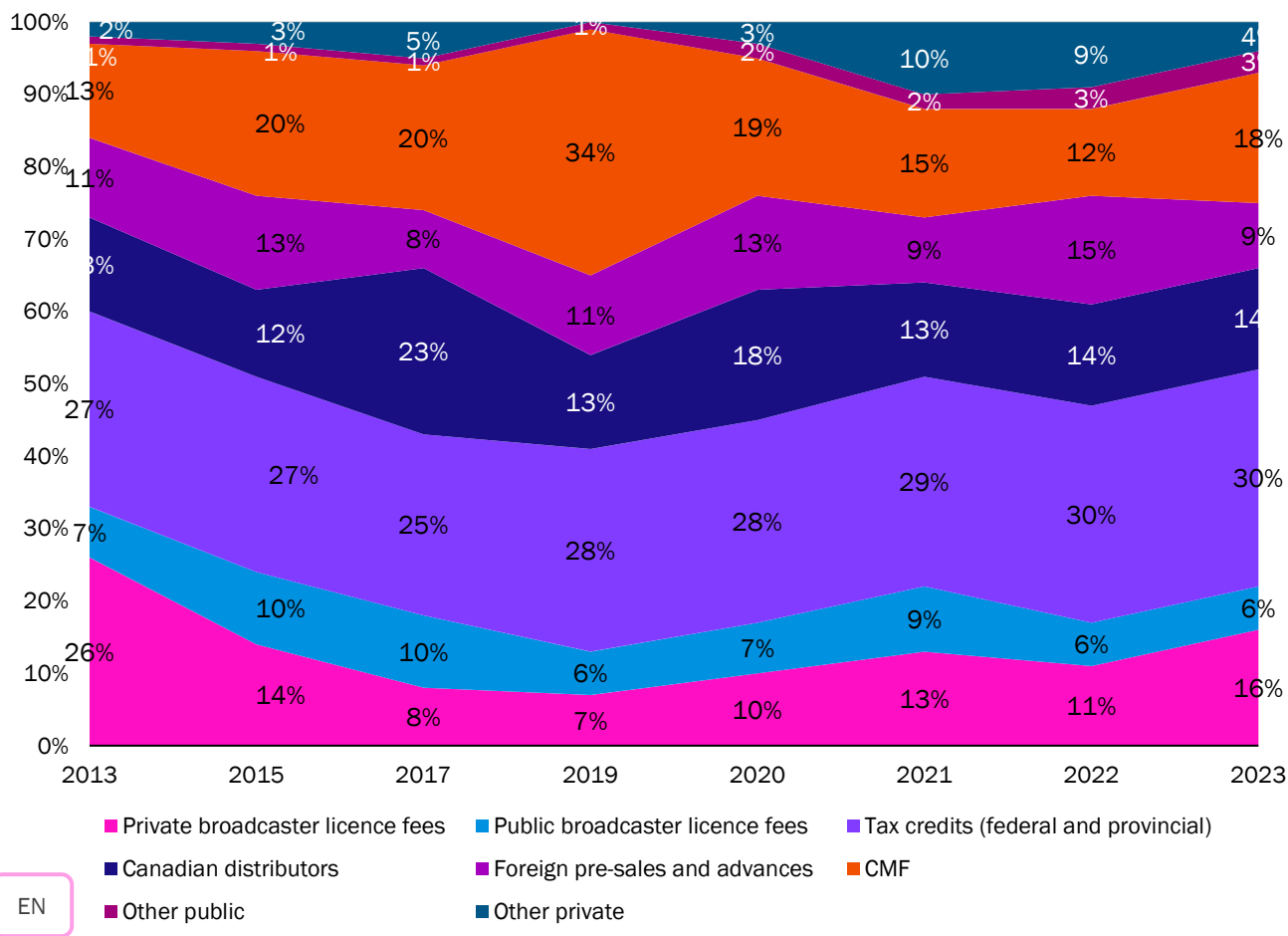
Sources: Estimates based on data obtained from CAVCO and CMF.

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

Despite some fluctuations, private broadcaster licence fees have accounted for an average 13% of English-language TV documentary projects. While the share covered by private sources slowly declined between 2013 and 2019, it appears that there has been some reinvestment in documentary since 2019. The following figure also suggests that financing documentary projects has been less predictable with sources like foreign pre-sales seeing year-over-year fluctuations.



Figure 16 – Financing of Canadian television production, English-language documentary



Sources: 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.

1.2. Conclusions

The CPE and PNI requirements have been pivotal in sustaining the creation and distribution of Canadian content across public and private broadcasters in both English- and French-language markets. As regulatory mechanisms, they have ensured that Canadians can access programming that reflects their unique cultural identity, values, and creative expression. Since their introduction, CPE and PNI requirements have been instrumental in directing a significant portion of broadcaster revenues toward Canadian programming, providing the necessary funding and stability for high-value productions such as Drama and Long-form documentary programming.

Over the past decade, the production environment for Canadian content has faced, and indeed continues to face, substantial challenges including declining broadcaster revenues, inflationary pressures, and surging production costs. Despite these difficulties, PNI and CPE requirements serve as critical safeguards,



ensuring a minimum level of investment in Canadian programming. This has been especially important for programs categorized as PNI, which include Drama and Long-form documentary—genres that are expensive, complex, and risky to produce but that are central to telling Canadian stories and showcasing Canadian talent.

However, the data highlights a concerning trend. While nominal investments from large ownership groups in Canadian programming have decreased, or remained steady in some cases, inflation-adjusted figures reveal a notable decline in real expenditures, particularly in the English-language market. This erosion in real-dollar spending underscores the growing financial pressures facing the Canadian production industry.

Furthermore, the rising cost of drama and documentary production has placed additional strain on the viability of these projects. The increasing reliance on foreign pre-sales and other external funding sources further reflects the precarious nature of financing Canadian productions in today's market.

Despite these challenges, the regulatory requirements for PNI and CPE have provided a necessary counterbalance, ensuring that broadcasters remain committed to supporting Canadian programming. These tools have been particularly critical in maintaining a baseline level of investment in PNI, which might otherwise have been deprioritized given its high costs and risks. The resilience of these requirements has allowed the industry to weather periods of uncertainty, including the significant disruptions caused by the COVID-19 pandemic, while continuing to create content that resonates with Canadian audiences.

Moreover, PNI requirements act as a safeguard for the distinctiveness of Canadian content in the face of increasing competition from global streaming giants. Current CPE and PNI regulations have ensured for many years that Canadian creators have access to resources and opportunities to produce content that reflects the diversity and complexity of Canadian society. Removing or reducing PNI obligations would disproportionately impact independent producers, this in turn could potentially further reduce opportunity for independent producers from underrepresented communities, weakening efforts toward inclusive representation in the Canadian broadcasting system.

As the broadcasting system continues its evolution as a hybrid (though increasingly digital) content distribution system, the relevance of CPE and PNI requirements in contributing to the creation of Canadian programming cannot be overstated. They remain a cornerstone of the CRTC's regulatory policy, not only in safeguarding the production of culturally significant programming but also in adapting to the economic and technological realities facing the industry.



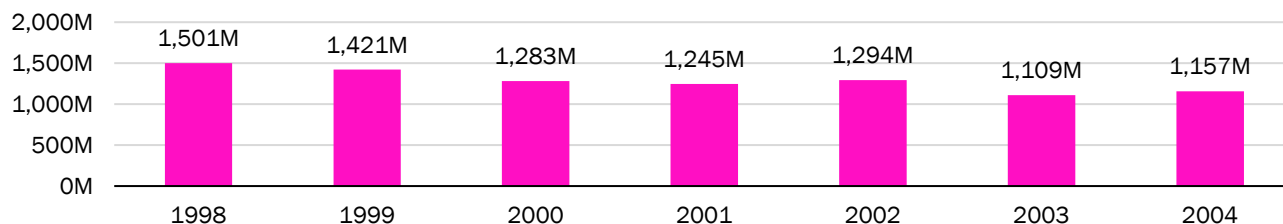
2. Case Study: 1999 Television Policy Impact on Drama

Since the late 1970s the CRTC has imposed broadcast licence conditions that include exhibition and/or expenditure requirements for Canadian programming. Exhibition requirements for Canadian Drama were introduced as a condition of licence for CTV in 1979. Expenditure requirements for Drama were introduced in 1982 with Pay TV licences. Then, in the mid-1980s, licence renewals for Canada's largest private broadcasters Global and CTV, included both exhibition and expenditure requirements (Decision CRTC 87-200, March 24, 1987).

In the late 1990s, the Canadian television industry experienced a period of rapid growth and innovation driven by new technology that facilitated the convergence of broadcasting, telephone, and digital technology. With convergence came the increasing consolidation of broadcasters, and an influx of onscreen tangible benefits well into the 2000s. The CRTC was directed by the federal government to review regulatory policies to facilitate fair and sustainable competition. They were also directed to address consumer demand for more control over both the distributor and the programming available to them. This review led to a regulatory approach for Broadcasting Distribution Undertakings (BDUs) and an expansion of the Cable Production Fund (CPF). BDUs were required to contribute 5% of annual gross revenues to support the creation of Canadian programming eventually resulting in the Canada Television and Cable Production Fund (CTCPF).



Figure 17 - Volume of English-language TV production 1998-2004



Source: Estimates based on data from CAVCO

In 1998, the CRTC conducted a comprehensive review of television broadcasting regulations, resulting in *Building on Success: A Policy Framework for Canadian Television* (CRTC 1999-97, June 11, 1999). The policy introduced three significant changes to Canadian programming requirements:

1. The scope of what was previously called “under-represented programming” was broadened and redefined as “priority programs” to include not only Drama (Category 7) and Canadian music and dance (Categories 8 and 9) but also Long-form documentary, regional programming (excluding news and sports), and entertainment magazine programs.
2. Flexible exhibition requirements were introduced. Larger multi-station groups were required to broadcast an average of eight hours per week of priority Canadian programs during peak viewing hours (7:00–11:00 p.m.). While dramatic programming was included, broadcasters could fulfill this requirement by airing other categories of priority programs, and there were no requirements for first-run programming or obligations for smaller station groups.
3. Canadian programming spending requirements were eliminated as Licence Conditions. Private conventional broadcasters were no longer mandated to allocate a set percentage of advertising revenue or a fixed monetary amount to Canadian programming.

The 1999 Television Policy represented a critical change in CRTC policy, one that resulted in a marked decrease in Canadian television Drama. With the new funding provided through the CTCPPF, federal (as well as some provincial) film and video tax credits in place, the independent Canadian television production sector seemed well positioned to develop more Canadian television Drama.

The first annual CRTC Broadcasting Policy Monitoring Report does indeed show a steep 79% increase in Drama and Comedy expenditures between 1997 and 1998; however, this increase was followed by a drop of 13% in 1999, a rise of 8% in 2000, and another drop of 10% in 2001.¹¹ Subsequent CRTC reports show some ups and downs that overall represented a cumulative decline in expenditures on Canadian Drama and comedy between 1999 and 2006.¹²

¹¹ CRTC Broadcasting Policy Monitoring Report 2002 ([bpmr2002](#)), English language Private Conventional television CPE 1997 to 2001.

¹² The CRTC Broadcasting Policy Monitoring Reports from 2001 to 2007, include significant annual data corrections that make year-over-year comparisons difficult; however, they show a cumulative decline in expenditures on Canadian drama and comedy between 1999 and 2006.



The CRTC has used a combination of exhibition and expenditure requirements to support the creation and distribution of Canadian programming as part of ensuring the policy objectives of the *Broadcasting Act* since the late 1970s. In 2003, the CRTC stated that “**Canadian drama should be a cornerstone of the Canadian broadcasting system**”¹³. As seen in the data presented in Section 1, CPE and PNI are useful tools for ensuring the creation of Canadian programming, and Canadian Drama in particular.

These regulatory tools have proven effective through the many technological changes of the past thirty years as the Canadian broadcasting system has adapted to include broadcast, cable, Pay TV, Direct-to-home satellite, online, and other digital innovations. Through these technological changes the private and public elements of the Canadian broadcasting system have also evolved to include Canadian and foreign undertakings that use these various technologies to distribute audiovisual content.

CPE and PNI are effective because they are tied to the revenues of the entities responsible for distributing the content. This mechanism creates a virtuous circle where well-received Canadian programs attract audiences, audiences drive revenue, which in turn results in more support for the creation of Canadian programs. CPE and PNI have also proven successful through flexibility across large ownership groups operating in today’s hybrid broadcast system which includes over the air, cable, satellite and online transmission.

¹³ Broadcasting Public Notice CRTC 2003-54



3. Ensuring the Future of Canadian Programs of National Interest (PNI)

3.1. Overview of Broadcaster and Streamer Revenue Trends

Before examining a revised framework to support the future of PNI, this section briefly discusses the financial health of the private broadcasting sector.

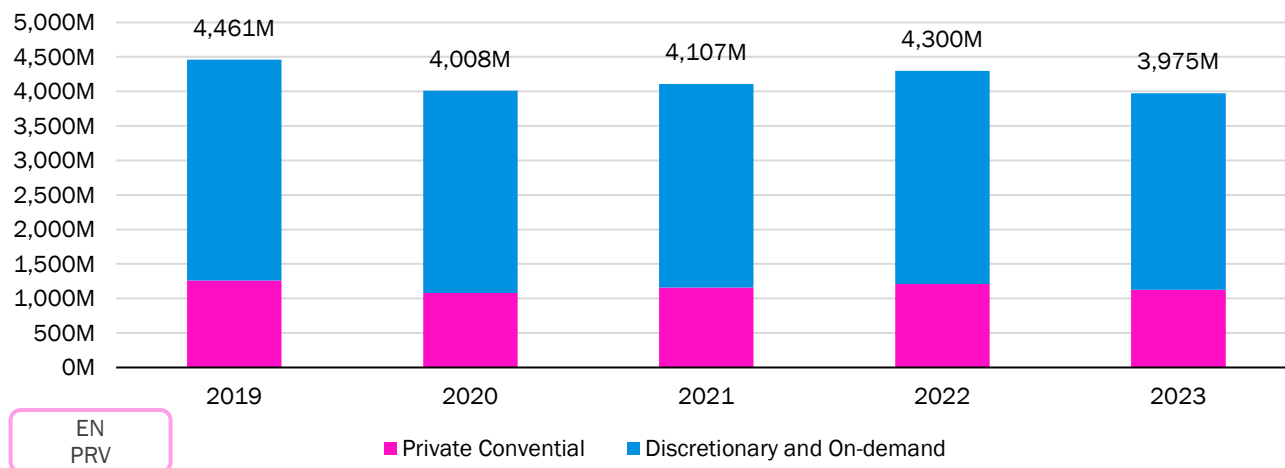
Private Broadcasters

Canadian broadcasters are navigating a complex landscape. Broadcaster revenue is in decline partly because of a loss of BDU subscriptions. Conventional broadcasters are also facing declining advertising revenues. But despite this, broadcasters remain generally profitable. And discretionary services and BDUs are also maintaining profitability.



Figure 20 provides a more in-depth look at the revenue of English-language private broadcasters over the past five broadcasting years. This data includes large ownership groups¹⁴ as well as other English-language private services. Discretionary and on-demand services make up the bulk of private broadcasters' revenue. There was an overall decline in revenue from 2019 to 2020, likely related to the pandemic but revenues increased in both 2021 and 2022 before dropping 8% in 2023 to \$3.98 billion.

Figure 18 – Revenue of English-language private broadcasters



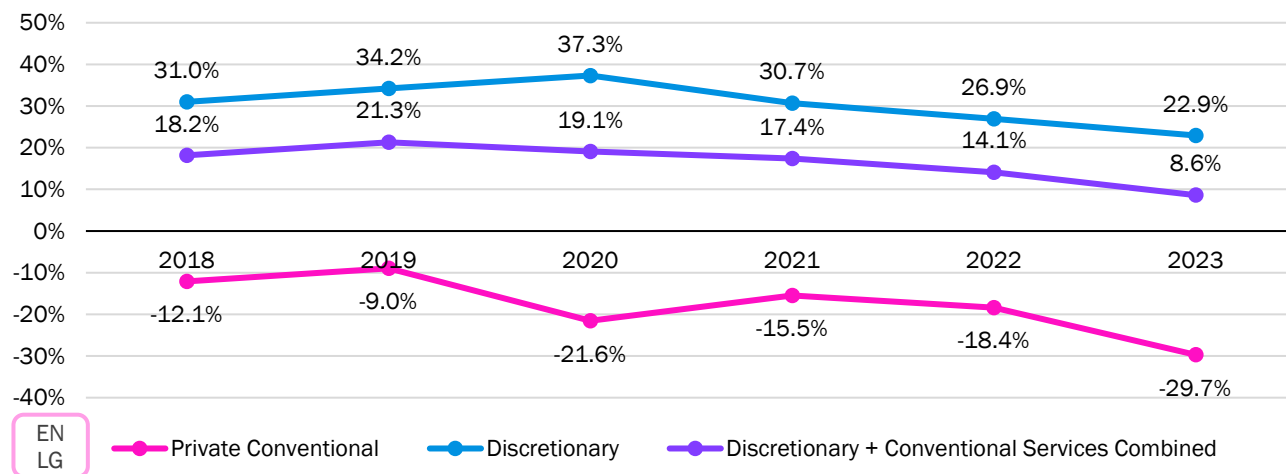
Sources: CRTC, Communications Market Reports TV-T16 and TV-T14. CRTC, Individual Discretionary and On-demand Services Statistical and Financial Summaries.

Despite declining revenue, broadcasters collectively remain generally profitable. The figure below shows the large ownership groups' profit margins. Private conventional television margins are decreasing and have not remained profitable (down 29.7% in 2023); however, discretionary services have remained profitable averaging a 30% profit margin from 2018 to 2019. Aggregated, the private conventional and discretionary services profit margin was 8.6% in 2023, and averaged an overall profit margin of 16% from 2018 to 2023.

¹⁴ This data also includes licensed private services that are not included in the large groups for the purposes of group-based licensing (e.g., CTV News Channel, The Sports Network).



Figure 19 - Broadcasting profit margin before interest and taxes (PBIT), large ownership groups (BCE, Rogers and Corus), English-language services



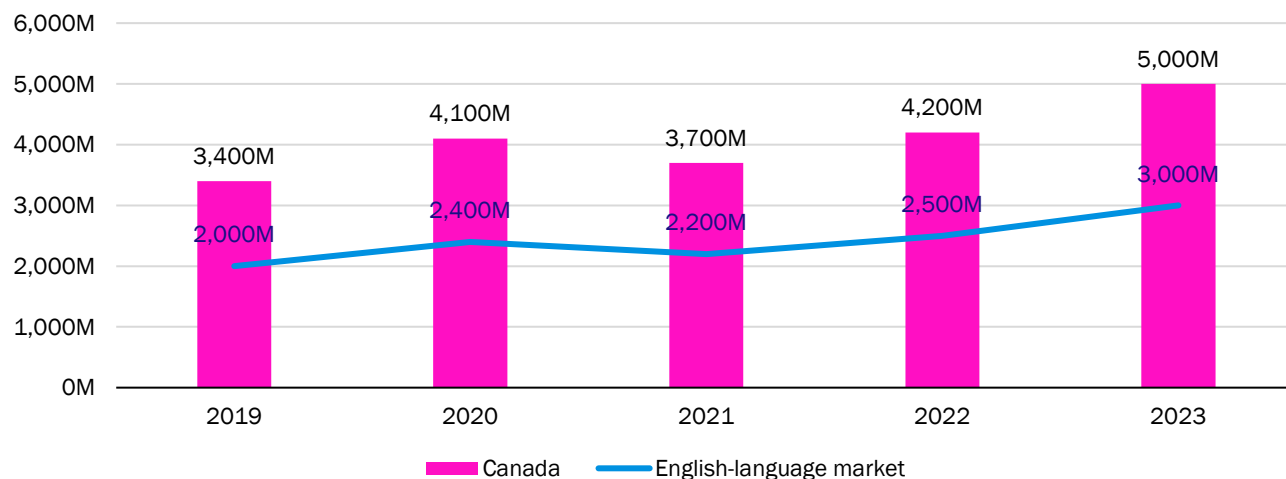
Source: CRTC, Aggregate Annual Returns

Online undertakings

In contrast to traditional broadcasting undertakings, online undertakings or digital media broadcast undertakings (DMBUs) such as, Netflix, Amazon Prime Video, Paramount+, Disney+, and Apple+ continue to garner subscribers, increasing their footprint on the Canadian ecosystem.

From 2019 to 2023 foreign and Canadian DMBUs have seen an increase of 45% in estimated revenue, including a jump of 16% between 2022 and 2023. Revenue generated in the English-language market is estimated to account for two-thirds of the total estimated revenue.

Figure 20 - Estimated Canadian revenue of digital media broadcast undertakings



Source: Nordicity estimates based on OMDIA, CRTC 2024-121, and financial reports from streaming services

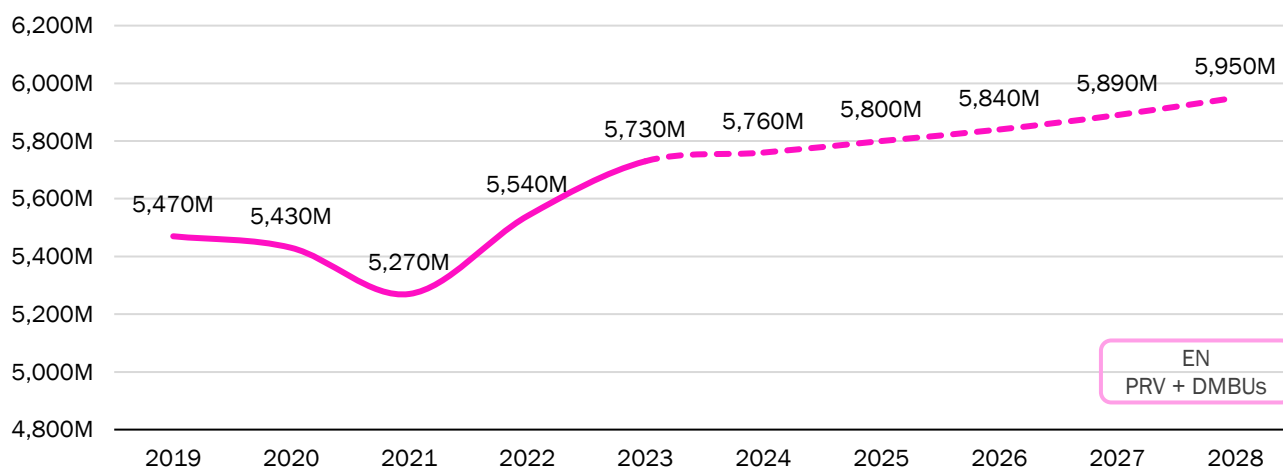


English-language Private Broadcasting Revenue Forecast (traditional broadcasting undertakings and online undertakings)

Taking into account the evolving hybrid broadcasting environment in Canada, Nordicity has developed a revenue forecasting model that constitutes the basis of the analysis presented in Section 3.2.

The estimated total revenue forecast integrates both private television services¹⁵ and DMBUs. Combined, the revenue of these services is expected to approach \$6 billion by 2028 (a 3.8% increase from 2023), primarily driven by DMBUs revenues.

Figure 21 - Estimated total revenue, private broadcasters and DMBUs, English-language market, actual and forecast



Source: Nordicity estimates based on CRTC Communications Market Reports, Individual Discretionary and On-demand Services Statistical and Financial Summaries, and Digital TV Research.

According to the broadcasting policy for Canada set out in the *Broadcasting Act*, traditional broadcasting and online undertakings must contribute in an appropriate manner to implementing broadcasting policy objectives, such as the creation, production and distribution of Canadian and Indigenous content in Canada’s two official languages, as well as in Indigenous languages.

As such, in the context of an ecosystem comprised of private broadcasters with declining revenues (yet still profitable), and foreign online undertakings capturing increasing shares of a still-expanding fully digital market; there is an opportunity to build a revised PNI framework that will continue to support Canadian programs, and more specifically, Drama and Documentary.

¹⁵ In this model, revenues from licensed private services that are not included in the large groups for the purposes of group-based licensing (e.g., CTV News Channel, The Sports Network) are *excluded*. In fact, this revenue projection serves as the basis of the hypothetical expanded CPE and PNI approach (Section 3.2) and these services are excluded from the group-based approach that currently defines CPE and PNI requirements.



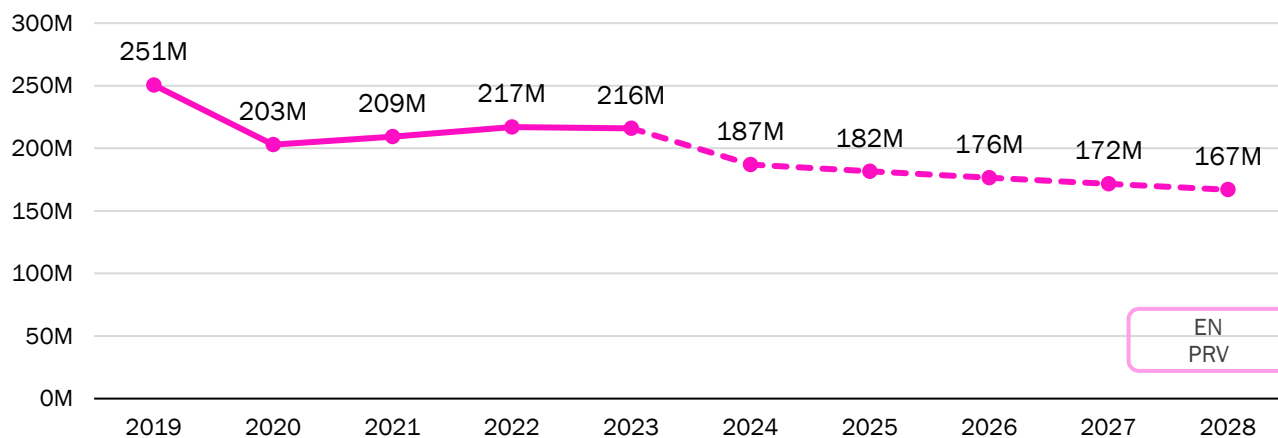
3.2. A Model for the Future

After examining the declining PNI contributions, the role and impact of policies in successfully supporting PNI, and the future opportunities that exist in the private sector, Nordicity analyzed how the PNI approach could be applied to the Canadian broadcasting system today.

The model presented in the following pages explores the opportunity of expanding PNI requirements beyond private Canadian broadcasters to include Canadian and foreign online undertakings. In this scenario, all eligible services¹⁶ would be required to invest a minimum percentage of their previous year's revenues.

If no changes were made to the regulation as of broadcasting year 2023, PNI levels would continue to dwindle in unison with private broadcaster revenue. In fact, Nordicity estimates that English-language PNI expenditures could decrease from the \$216 million in 2023 to \$167 million by 2028, a 23% decline.

Figure 22 – Current and projected PNI expenditures (under current regulation), private English-language broadcasters



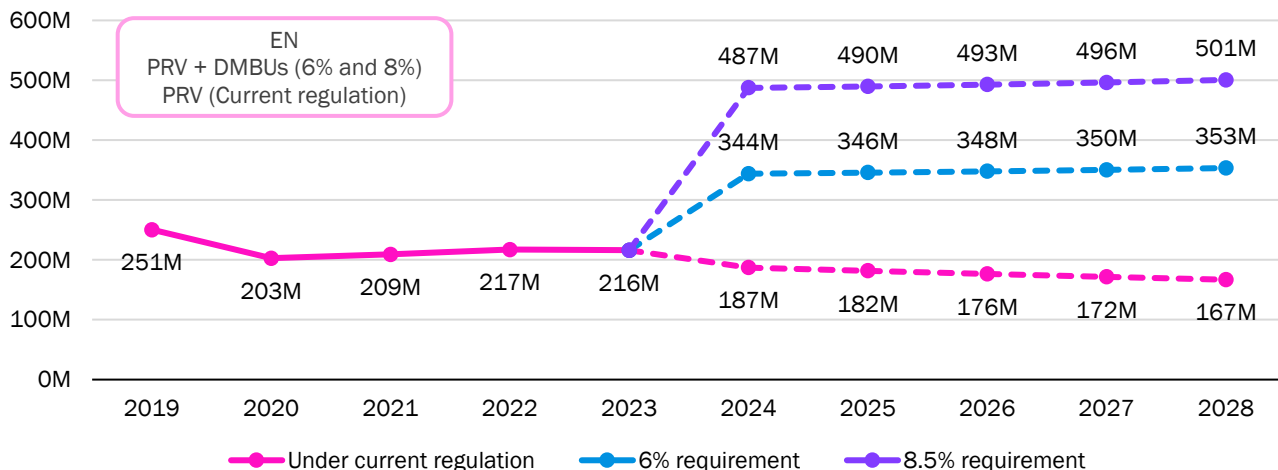
Source: Nordicity estimates based on Nordicity estimates based on CRTC Communications Market Reports, Individual Discretionary and On-demand Services Statistical and Financial Summaries

Implementing a minimum PNI requirement to English-language private broadcasters and online undertakings would offset this shrinkage and bring new funding into the Canadian broadcasting system. The following figure shows the estimated total private English-language PNI expenditures under three scenarios. As noted above, without any intervention, PNI contributions would decline 23% in the next five years. However, with a PNI requirement set at 8.5% of the previous year's revenue and expanded to DMBUs, the total English-language PNI investment made by the private sector could reach an estimated \$500 million in 2028.

¹⁶ Eligible online undertakings could those designated in [Broadcasting Regulatory Policy CRTC 2024-121](#) with annual revenues of \$25 million or more and that are not affiliated with a Canadian broadcaster.



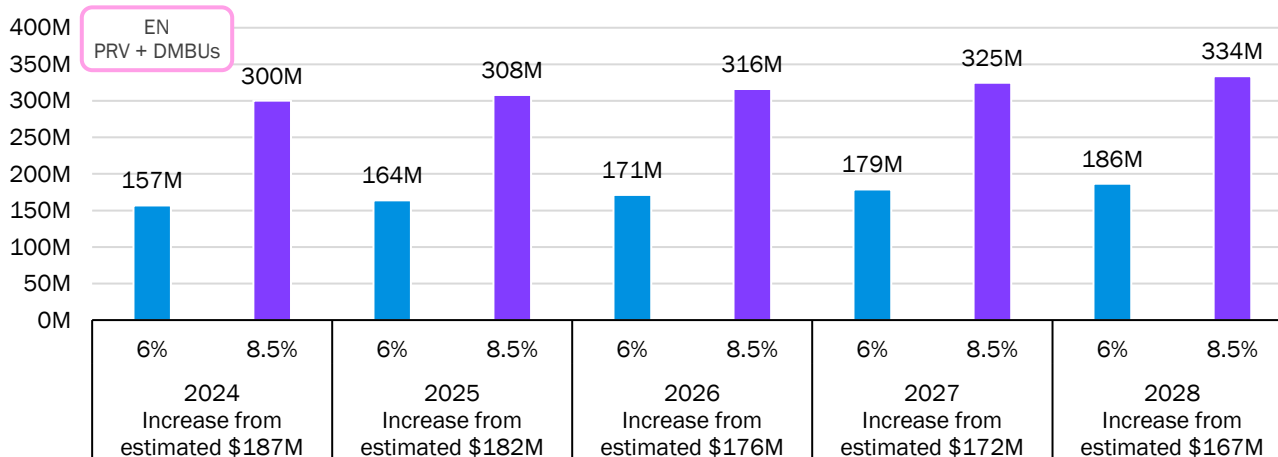
Figure 23 – Estimated private English-language PNI expenditures under current regulation and expanded in increase contribution scenarios



Source: Nordicity estimates based on CRTC Communications Market Reports, Individual Discretionary and On-demand Services Statistical and Financial Summaries, and Digital TV Research.

At 6% of annual gross revenue, the private English-language broadcasters and online undertakings would contribute an estimated additional annual average of \$172 million between 2024 and 2028. With a PNI requirement of 8.5% for private broadcasters and online undertakings, an estimated additional \$300 million annually would support programs of national interest.

Figure 24 – Estimated new English-language PNI expenditures resulting from expanded and increased contribution requirements



Source: Nordicity estimates based on CRTC Communications Market Reports, Individual Discretionary and On-demand Services Statistical and Financial Summaries, and Digital TV Research.

The model above includes both private broadcasters and online undertakings, the projected contributions would be significantly lower if either private broadcasters or online undertakings were removed. Inclusion of both broadcasting and online undertakings reflects the policy objectives of the *Broadcasting Act* that “traditional and online undertakings must contribute in an appropriate manner to implementing



broadcasting policy objectives, such as the creation, production and distribution of Canadian and Indigenous content in Canada’s two official languages, as well as in Indigenous languages.”¹⁷

3.3. Conclusions

The Canadian broadcasting industry is in the throes of a profound transformation, driven by a transformation in traditional broadcasters’ business models, escalating production costs, and the rapid expansion of foreign online or digital media broadcast undertakings (DMBUs). These changes point to the urgency of revisiting the current regulatory framework to ensure the continued vitality of Canadian content production.

Despite challenges, private broadcasters have demonstrated resilience, with discretionary services maintaining profitability. Challenges persist, as private conventional television faces ongoing losses. These trends highlight the relative fragility of the current ecosystem, where traditional revenue streams are eroding, even as demand for high-quality Canadian programming endures.

Conversely, online undertakings have experienced significant growth, with a 45% increase in revenue from 2019 to 2023. Their growing footprint in the Canadian market, combined with the hybrid nature of the current broadcasting environment, presents a unique opportunity to include both broadcasting and online undertakings in existing, effective, regulatory mechanisms. By expanding PNI obligations to include DMBUs, the industry could unlock significant new funding for Canadian content. Nordicity’s model demonstrates that such an approach could generate an additional \$300 million annually for the English-language market, based on an 8.5% requirement. Further modeling and analysis of the French-language market with its respective PNI requirements should be carried out to examine the effect of the model on the whole of the Canadian Broadcasting system.

This inclusive approach—preserving existing broadcaster requirements and integrating foreign DMBUs into the regulatory framework—offers a pathway to stabilize the broadcasting system and grow investment in Canadian content through a market-driven mechanism. Removing PNI requirements would pose significant risks to the Canadian broadcasting ecosystem. As demonstrated in this report, these requirements have been instrumental in ensuring the production of high-quality Canadian programs, particularly the categories of Drama and Long-form documentary, which are cost-intensive but culturally vital. Without mandatory PNI contributions, there is a risk that broadcasters, facing financial pressures, may prioritize lower-cost, non-Canadian content to maintain profitability. This would diminish the volume and visibility of Canadian storytelling and potentially erode the domestic cultural identity portrayed in media.

¹⁷ [Broadcasting Regulatory Policy CRTC 2024-121 | CRTC](#)



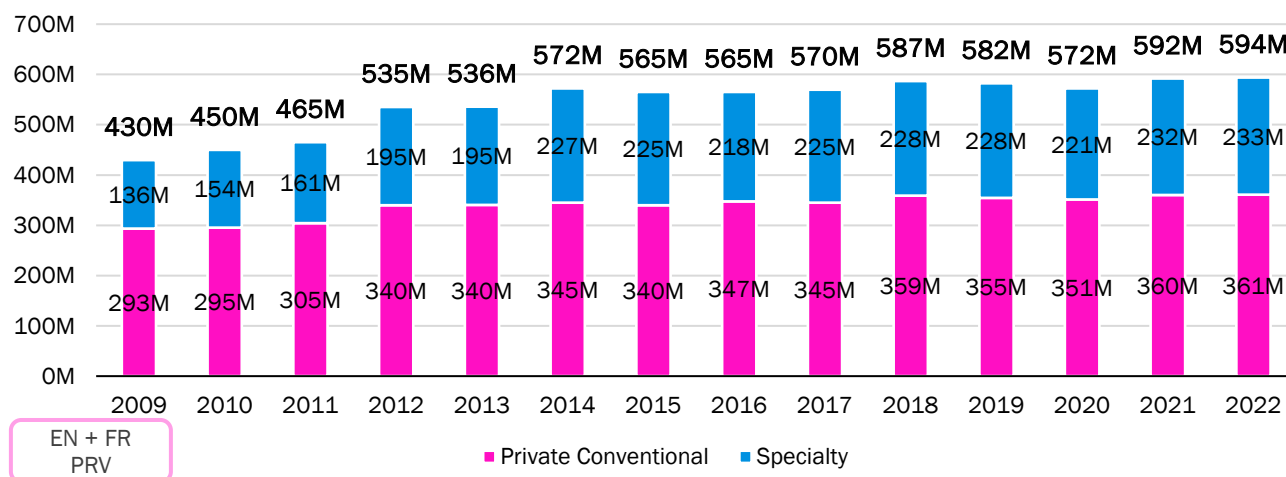
Appendix – Other Canadian Programming Expenditure (CPE)

CPE includes several categories of programming. This report is focused on the PNI categories of Drama and comedy (category 7) and Long-Form Documentary (category 2(b)); however, high-level analysis of private broadcaster spending on News programming was conducted and is shared below, along with a chart summarizing the total CPE of all categories not analysed for this report (Categories 6, 8, 9, 10, 11(a), 11(b), and 12 to 15).

News Programming

News programming is also a subset of CPE for which the CRTC establishes a range of obligations to ensure Canadians have access to a range of news programming options. The figure below shows the spending on news by Private Conventional TV and Specialty TV from 2009 to 2022. Expenditures in current dollars have generally increased during this period rising from \$430 million in 2009 to \$594 million in 2022.

Figure 25 - Spending on news by Private Conventional TV and Specialty TV, English and French language

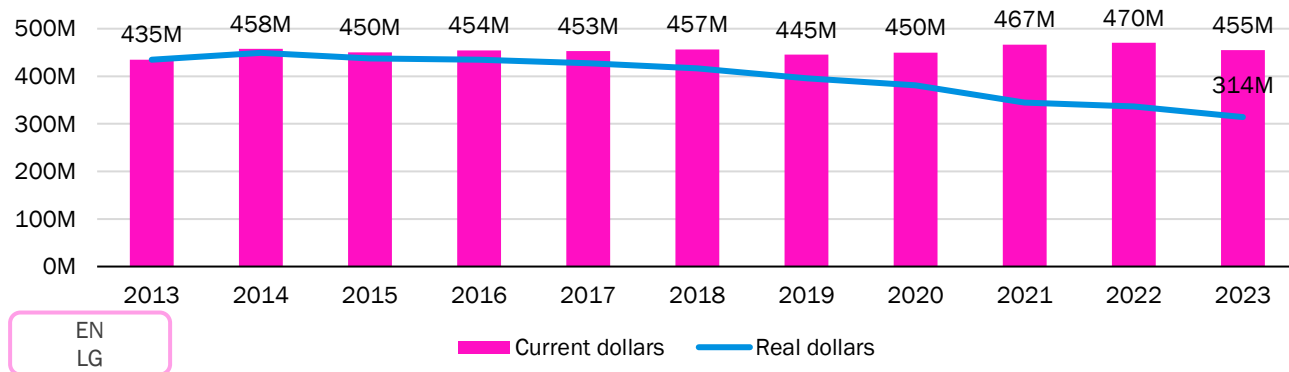


Source: CRTC Communications Market Reports, TV-T14



The figure below focuses on private English-language News CPE¹⁸ by the large ownership groups from 2013 to 2023. Total private News expenditures saw a 5% increase and averaged \$454 million annually.

Figure 26 – English-language News, Information and Analysis CPE by English-language large ownership groups



Source: CRTC Communications Market Reports, TV-T14

Considering total CPE in the English-language market, the large ownership groups spent \$432 million on news programming and \$190 million on PNI in 2023. As a subset of CPE, news programming expenditures exceed those for PNI by \$242 million.

Other CPE

Other CPE categories not analyzed in this report include:

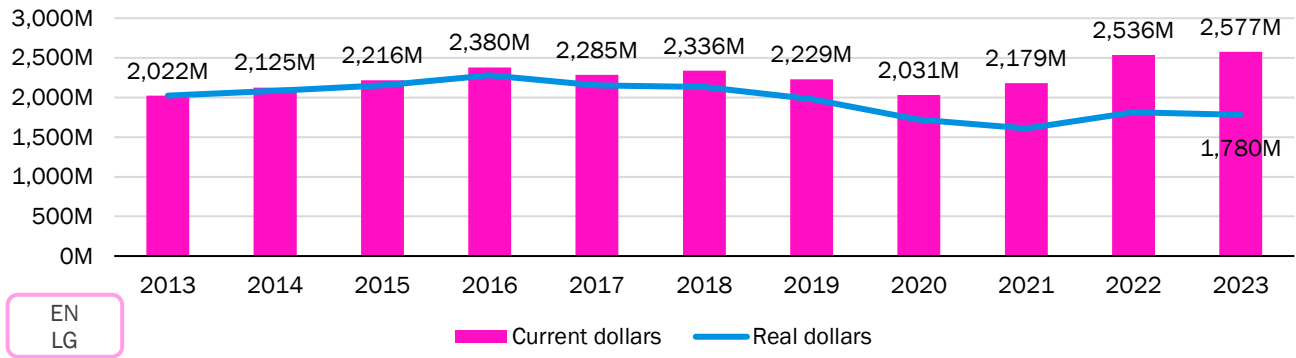
- Category 6: Sports
- Category 8 and 9 (English-market): Music and Variety
- Category 10: Game Shows
- Category 11(a): Human Interest
- Category 11(b): Reality Television
- Category 12 to 15: Other

Notably driven by spending on Sports programs, English-language CPE by large ownership groups in Categories 6, 8, 9, 10, 11(a), 11(b), and 12 to 15, have increased by 22% between 2013 and 2023, averaging \$2.3 billion every year.

¹⁸ Includes Category 1: News, Category 2(a): Analysis and Interpretation and Categories 3 to 5: Other Information



Figure 27 – Other English-language CPE by large ownership groups



Source: Public disclosure of aggregate annual returns for large ownership groups, individual discretionary and on-demand statistical and financial summaries

This document was prepared by:

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