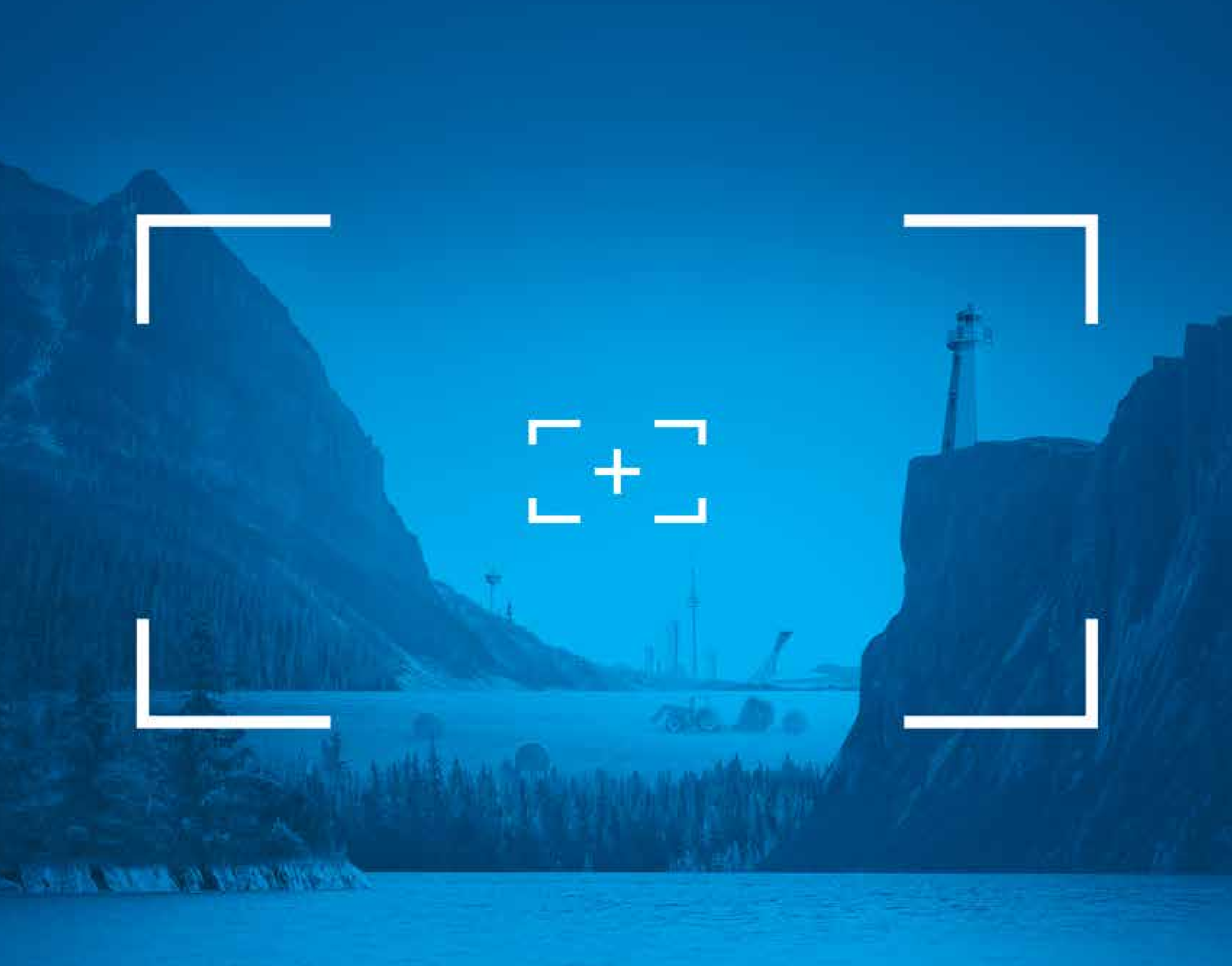
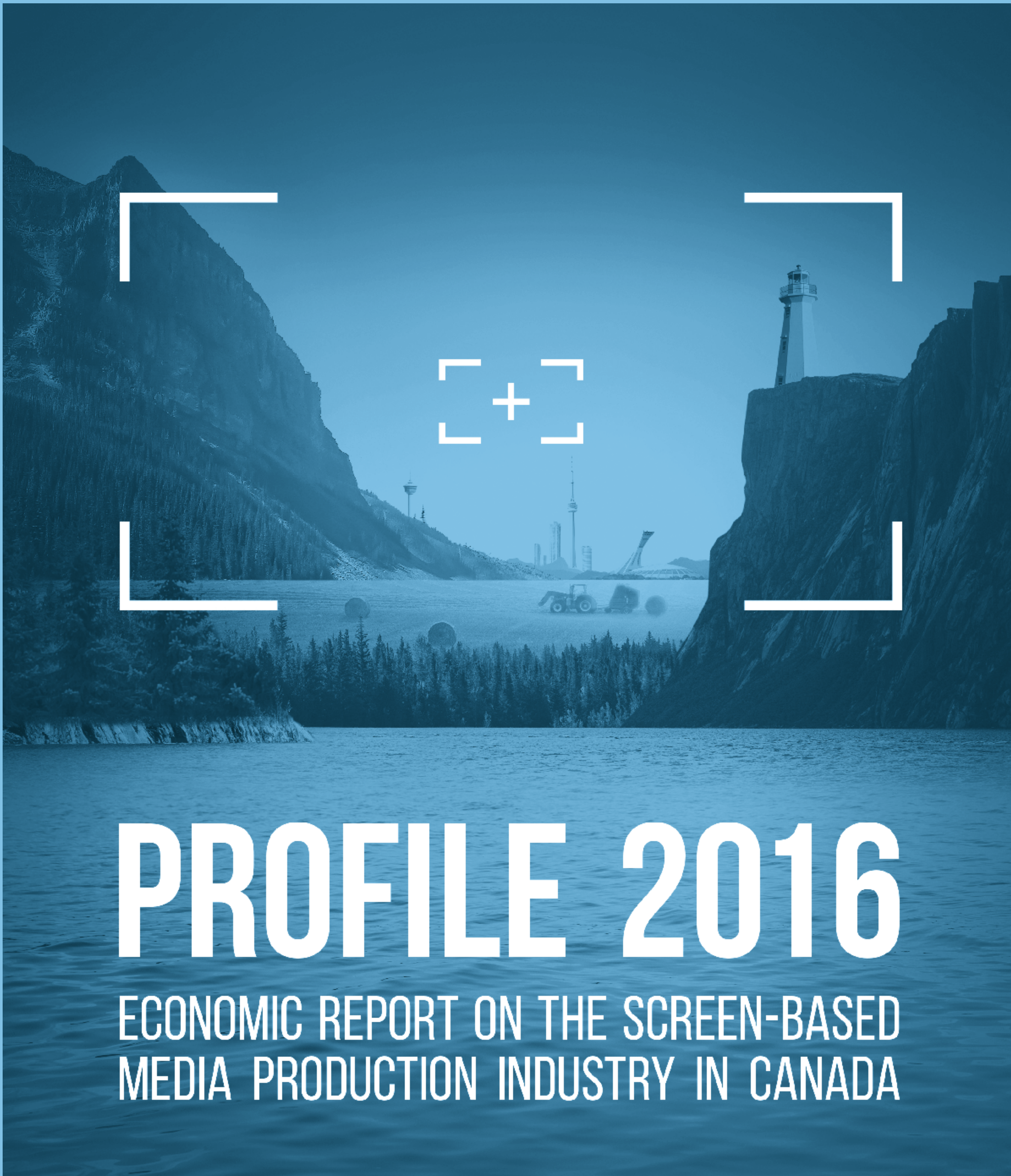


PROFILE 2016

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

AQPM CMPA Canadian Media Producers Association Canada TELEFILM CANADA



PROFILE 2016

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

Produced by the Canadian Media Producers Association (CMPA) in collaboration with the Association québécoise de la production médiatique (AQPM), the Department of Canadian Heritage and Telefilm Canada.

Production facts and figures prepared by Nordicity Group Ltd.

Profile 2016 is published by the Canadian Media Producers Association (CMPA) in collaboration with the Department of Canadian Heritage, Telefilm Canada, the Association québécoise de la production médiatique (AQPM) and Nordicity. *Profile 2016* marks the 20th edition of the annual economic report prepared by CMPA and its project partners over the years.

Profile 2016 provides an analysis of economic activity in Canada's screen-based production industry during the period April 1, 2015 to March 31, 2016. It also provides comprehensive reviews of the historical trends in production activity between the fiscal years of 2006/07 and 2015/16.

CMPA
Canadian Media Producers Association

Ottawa
251 Laurier Avenue West, 11th Floor
Ottawa, ON K1P 5J6

Tel: 1-800-656-7440 / 613-233-1444
Email: ottawa@cmpa.ca
cmpa.ca

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

Tel: 1-800-267-8208 / 416-304-0280
Email: toronto@cmpa.ca

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

Tel: 1-866-390-7639 / 604-682-8619
Email: vancouver@cmpa.ca

At the CMPA:

Susanne Vaas
Vice-President,
Corporate & International Affairs

Canada

Department of Canadian Heritage
25 Eddy Street
Gatineau, QC K1A 0M5

Tel: 1-866-811-0055 / 819-997-0055
TTY/TDD: 819-997-3123
Email: info@pch.gc.ca

canada.pch.gc.ca

The Department of Canadian Heritage contributed to the funding of this report. Its content represents the opinions of the authors and does not necessarily represent the policies or the views of the Department of Canadian Heritage or of the Government of Canada.

At the Department of Canadian Heritage:

Runa Angus
Manager
Film and Video Policy and Programs

Jérôme Mercier
Policy Analyst
Film and Video Policy and Programs

Justin Ciavarella
Policy Analyst
Film and Video Policy and Programs

Vincent Fecteau
Senior Research Analyst
Research and Policy

Peter Mann
Senior Policy Analyst
CAVCO

TELEFILM CANADA

360 St. Jacques Street
Suite 500
Montréal, QC H2Y 1P5
telefilm.ca

At Telefilm Canada:

Richard Beaulieu
Specialist, Intelligence and Analysis

Marie Robillard
Analyst, Performance and Data Integrity

Carolyn Pennell
Analyst, Strategy and Research

AQPM
CINÉMA TÉLÉVISION WEB

1470 Peel Street, Suite 950, Tower A
Montréal, QC H3A 1T1

Tel: 514-397-8600
Email: info@aqpm.ca
aqpm.ca

At the AQPM:

Hélène Messier
President and CEO

Nordicity

nordicity.com

Nordicity Group Ltd.

Peter Lyman, *Senior Partner*

Dustin Chodorowicz, *Partner*

Kristian Roberts, *Partner*

Tara Rajan, *Senior Associate*

Stephen Hignell, *Manager*

Balvinder Chowdhary, *Research Analyst*

Emily Mcrae, *Research Analyst*

Nordicity is a leading consulting firm specializing in policy, strategy and economic analysis in the media, creative, and information and communications technology sectors.

CONTENTS

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*†

PRODUCTION VOLUME**
$6.76 B
-3%

FULL-TIME EQUIVALENT JOBS
140,600
-4%

GROSS DOMESTIC PRODUCT (GDP)
$8.5 B
-5%

EXPORT VALUE
$3.31 B
+1%

The Screen-based Market in Canada

Population of Canada (2016)
36.3 million[1]

Per-capita volume of film and television production in Canada (2015/16)
$186

Number of private households (2011)
13.3 million[2]

Number of movie theatre screens in Canada (2014)
2,502[3]

Number of television services available in Canada (2015)
684[4]

- *Canadian television services*
  385[4]
- *Non-Canadian television services*
  299[4]

Percentage of households subscribing to broadcasting distribution undertakings (2015)
78.5%[4]

Number of subscribers to broadcasting distribution undertaking services (2015)*
11.5 million[4]

- *Cable-television subscribers*
  7 million[4*]
- *Direct-to-home satellite (DTH) and multipoint distribution systems (MDS) subscribers*
  2.4 million[4]
- *Internet protocol TV (IPTV) subscribers*
  2.2 million[4*]

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. Movie Theatre Association of Canada. 4. CRTC, Communications Monitoring Report 2015.

* Includes an estimate of subscribers to broadcasting distribution undertakings that did not report financial and operating data to the CRTC in 2015.

** Production volume or volume of production refers to the sum of production budgets in the Canadian content, foreign location and service, broadcaster in-house, and convergent digital media segments.

† Statistics for film and television production exclude data for the convergent digital media segment.

Screen Production in Canada

CANADIAN FILM AND TELEVISION PRODUCTION

$2.87 billion in production volume — +1% ▲

$2.61 billion in television production — +5% ▲

$255 million in theatrical film production — -28% ▼

709 television series — <-1% ▼

94 theatrical feature films — -25% ▼

59,500 Full-time equivalent jobs — –

FOREIGN LOCATION AND SERVICE PRODUCTION

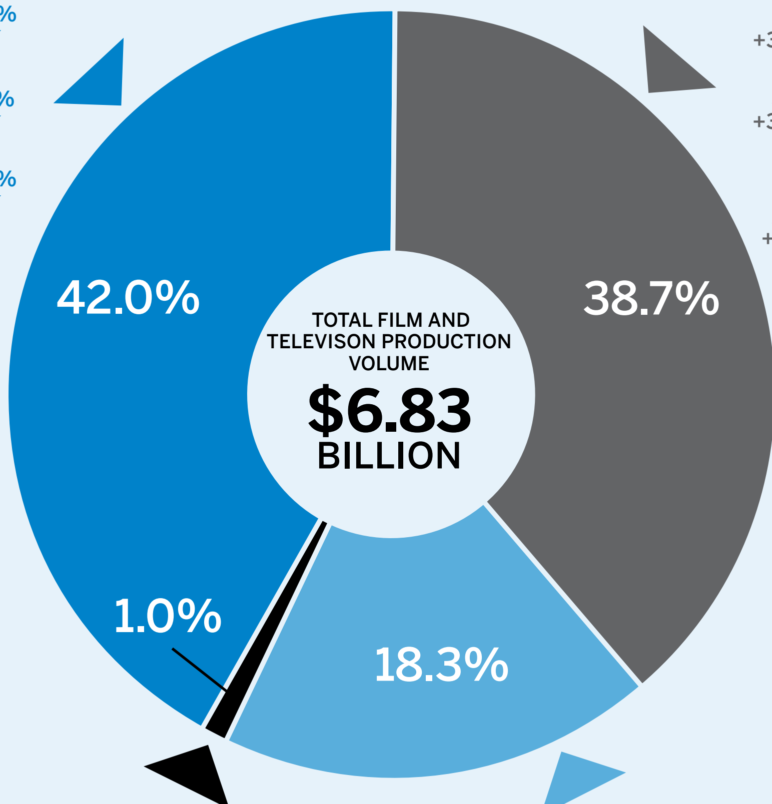
+2% ▲ — **$2.64 billion** in production volume

+15% ▲ — **128** theatrical feature films

+36% ▲ — **156** television series

+34% ▲ — **71** MOWs, mini-series, pilots and other types of television programs

+1% ▲ — **54,900** Full-time equivalent jobs



CONVERGENT DIGITAL MEDIA*

$65.6 million in production volume — -6% ▼

326 projects — -4% ▼

$201,000 Average project size — -2% ▼

1,500 Full-time equivalent jobs — -7% ▼

BROADCASTER IN-HOUSE PRODUCTION

-17% ▼ — **$1.25 billion** in production volume

-29% ▼ — **$615 million** in conventional television expenditures

+2% ▲ — **$638 million** in specialty and pay television expenditures

-18% ▼ — **26,000** Full-time equivalent jobs

Source: **Canadian content:** Estimates based on data collected from Canadian Audiovisual 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

Welcome to *Profile 2016*, the twentieth edition in a series of annual reports providing an economic profile of the screen production sector in Canada. In the 20 years since it was first published, *Profile* has documented the evolution of screen-based media from their primarily film-and-television-based roots to their "new media" (in the early 2000s), digital media, and interactive offshoots. *Profile* has tracked the economic contribution of Canadian producers, broadcasters, distributors and broadcasting distribution undertakings (BDUs)[1], and has drawn out the cultural and industrial dimensions of the audiovisual and digital media sectors. Where the early editions of *Profile* focused exclusively on production volumes and employment, today's *Profile* broadens the analysis considerably, accounting for the financial situation of broadcasters and exhibitors, describing consumer media and platform use trends, and illustrating the significant contribution of the sector to Canada's gross domestic product (GDP).

The 2016 edition of *Profile* adopts a new structure built around the screen production sector's value chain – the progression of content from its inception to its exploitation. Under this new structure, there are now separate chapters for production, distribution, exhibition and consumption. In addition, the following opening essay presents both the wider context within which to interpret the many tables and charts found in *Profile* as well as an analysis of trends and developments reflected in the statistics.

PASSIVE VIEWERS, ENGAGED PARTICIPANTS AND EVERYTHING IN BETWEEN: THE SCREEN-BASED CONTENT EXPERIENCE

If there is an overarching theme for *Profile 2016*, it is transition. Creators, producers, distributors, broadcasters, exhibitors, and BDUs are all well entrenched in a period of profound, often challenging, transitions, led by the ways people engage with screen-based media content. The relatively passive viewers of 1996 watched content that was scheduled or programmed for them, whether on an ever-growing number of television services, in movie theatres, or on physical media such as DVDs. In 2016, passive *viewers* of programmed screen content are being supplanted by a generation of engaged *participants* who seek on-demand, engaging and immersive media experiences. Between these two extremes of traditional film and television viewers, and engaged media participants, is a consumer in transition. They are still watching linear television (but slightly less of it), still enjoying feature films (but less frequently at the theatre), and contemplating "cutting the cord" to enjoy digital media anytime, anywhere.

1 Broadcasting distribution undertakings (BDUs) include companies licensed by the CRTC to provide cable television, direct-to-home satellite television services (DTH), multipoint distribution systems (MDS) and Internet protocol TV (IPTV).

The statistics bear out the emergence of these distinct segments:

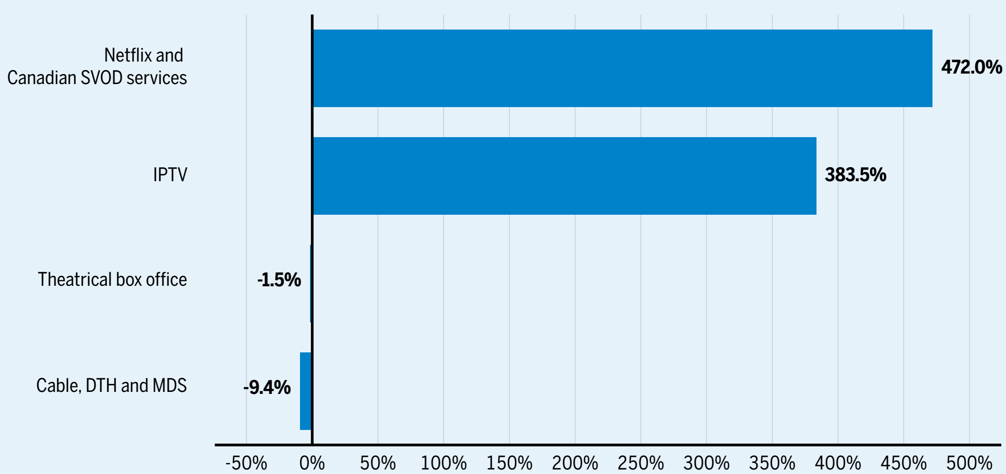
- 61% of Canadians age 18 to 34 years subscribe to Netflix, while only 15% of Canadians 65+ years do so.[2]
- 8% of Canadians watch television exclusively online.[3]
- In 2010/11, Canadians watched an average of 29.8 hours of traditional TV and 2.4 hours of Internet TV weekly; by 2015, traditional TV had declined to 28.6 hours but Internet TV had increased to 5.8 hours weekly.[4]
- Canadians 18-34 years watch an average of 19.7 hours of television weekly, while Canadians 65+ years watch 42 hours weekly.[5]
- 28% of Canadians are going to movie theatres less frequently than they were a year ago, while 61% have not changed their frequency (and 10% are going more often).[6]
- Over 40% of younger Canadian adults (aged 27 to 34) rely on recommendations of friends (including social media "friends"), compared to 17% of older Canadians (aged 60 to 70); to discover new content, while 23% of older Canadians rely on television and radio commercials (versus 11% of Canadians aged 27 to 34).[7]

What do Canadians want to watch and experience, and how does this bear on the economic profile of the screen sector in Canada? The key themes for 2016 build on the ongoing trends of accessibility, interactivity and specificity.

Accessibility:

Canadians are watching linear screen-based content on a variety of platforms and in a variety of locations, from traditional television and movie theatres to the emerging BDU platform of internet protocol TV (IPTV) and subscription video-on-demand (SVOD) services such as Netflix or CraveTV. Indeed, growth in the latter two platforms appears to have occurred at the expense of the traditional platforms. Between 2011 and 2015, revenue earned by IPTV services grew nearly four-fold. Cable, direct-to-home (DTH) satellite and multipoint distribution systems (MDS) services – traditional BDUs – actually experienced a 9.4% decrease in revenue between 2011 and 2015.[8] SVOD services in Canada (including Netflix) saw their revenues increase nearly five-fold (albeit from very low bases), while revenue in the theatrical exhibition industry was virtually stagnant (Exhibit 1).

Exhibit 1 Percentage change in revenue for selected media platforms in Canada, 2011 to 2015



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

2 CRTC (2016), *Communications Monitoring Report 2016*.
3 *Ibid.*
4 *Ibid.*
5 *Ibid*.
6 Telefilm Canada, Show Canada and ERM Research (2015), *Canadian Moviegoing Statistics*, June 2015. Numbers do not add up to 100% due to rounding.
7 Canada Media Fund (2016), *Discoverability – Toward a Common Frame of Reference, Part 2: The Audience Journey*, October 2016.
8 CRTC (2016), *Communications Monitoring Report 2016*.

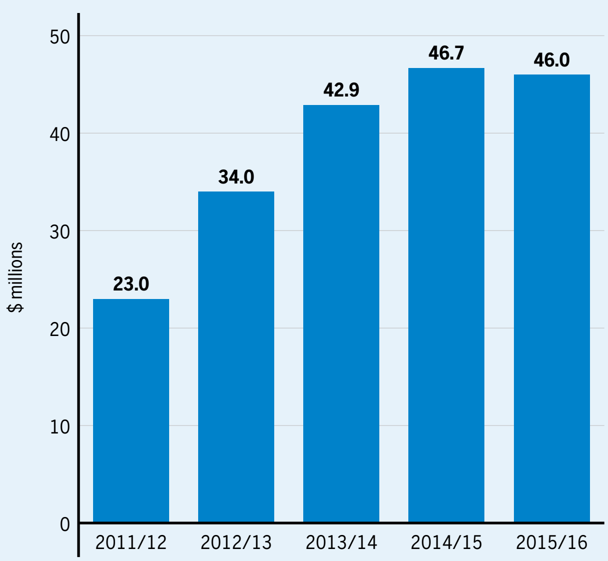
Of the people who do not currently subscribe to cable TV, DTH satellite services or MDS, 17% are interested in such services – but they want “skinny basic” service, not traditional cable or DTH packages.[9]

What does this mean for the screen sector? Exhibitors, distributors, BDUs and broadcasters are all dealing with declining viewership and attendance, straining their revenue base and thus their financial capacity to contribute to Canadian content. Growth in new platforms, while considerable, is not compensating for the decreases in traditional consumption.

Interactivity:

Interactive content is not new, but it is expanding and making inroads into Canadians' experience of screen-based content. The buzzwords in 2016 were virtual reality (VR) and augmented reality (AR). Consumer spending on the VR/AR market is expected to grow an average of 230% annually to 2020.[10] VR seems already to be going mainstream. Mass-market retailers in Canada such as Walmart and Best Buy are selling VR headsets for as little as $30. And Canadian producers are being recognized for their creative prowess in this emerging form: Toronto's Secret Location is producing five VR episodes of *Halcyon*, in addition to the linear TV series for US cable channel Syfy.[11] Montreal's Minority VR has received support from the Canada Media Fund (CMF) for its mobile multiplayer reality experience, *Lifeline VR*.[12] Felix & Paul Studios (also based in Montreal), which has been developing VR format content since 2013, produced and launched VR series *Nomads* at Sundance earlier in 2016. Anticipating these kinds of developments, in 2010, the CMF launched its convergent stream. It is paying off: CMF-supported convergent digital media projects have more than doubled in number and dollar value since 2011/12.

Exhibit 2 CMF-supported convergent digital media production budgets



Source: CMF.

For the industry, interactivity means anticipating numerous applications of, and devices for, screen-based content. This includes the VR adjuncts to new linear content, as illustrated above. It also means repurposing existing linear content for interactive uses. Traditional financing models and sources can cover some of these new costs, as the CMF, provincial tax credits, independent production funds and, sometimes, Canadian broadcasters are part of the financing structures of these productions. Generally, however, the business and monetization models are still emerging.

9 Sonya Fatah (2015). “CTAM picks apart pick and pay.” *Playback Online*, November 20, 2015.

10 Sonya Fatah (2016), “Looking into the future: Canada's upcoming VR and AR spend.” *Playback Online*, August 19, 2016.

11 Jordan Pinto (2016), “Syfy Int'l picks up Secret Location scripted series Halcyon.” *Playback Online*, February 12, 2016.

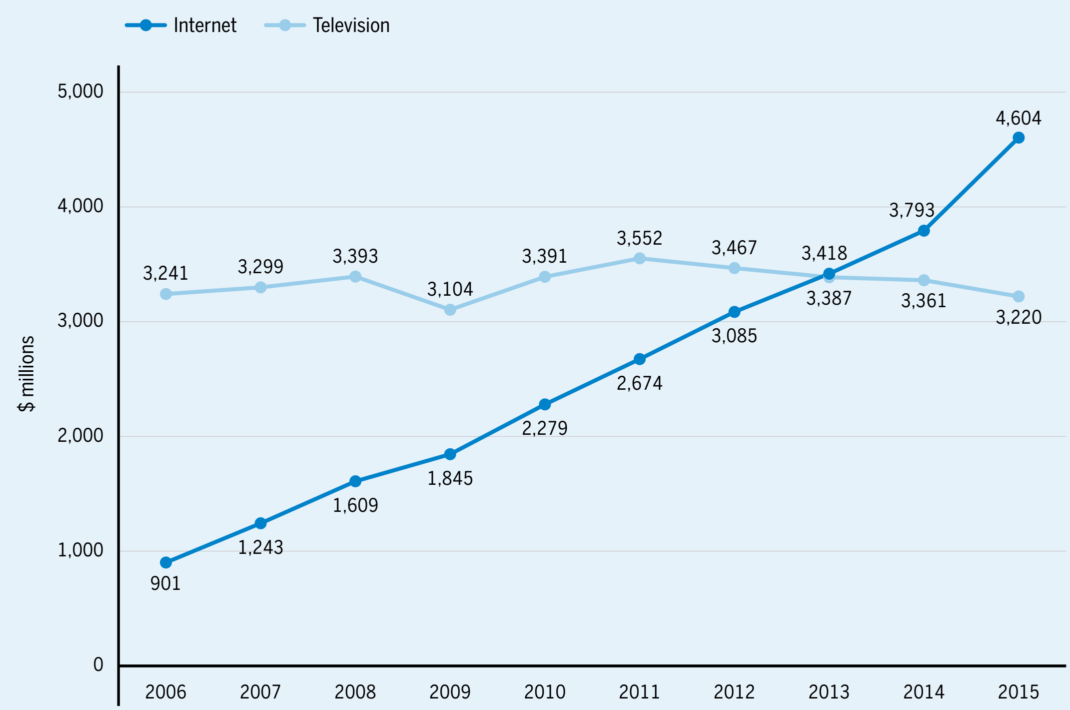
12 CMF, funded projects database, http://www.cmf-fmc.ca/funded-projects/funded-projects-database/1/?searchtype%5Btitle%5D=lifeline&export=.

Specificity:

Beyond having content that is accessible and interactive, Canadians want content that is specific – relevant and tailored – to them. In the linear television world, the CRTC's landmark *Let's Talk TV* decision in March 2015 was captioned "A World of Choice" that would enable Canadians "to create their own value proposition based on the television services they want to receive and pay for." The resulting BDU offerings of "skinny basic" and "pick and pay" television channels do enable specificity, allowing viewers to have more say over their television packages. Choice – specificity – comes at a potential cost, however. BDUs' and broadcasters' revenue-bases may be eroded, lessening their ability to contribute to the creation of Canadian content.

In the digital and online worlds, users are tailoring their content experiences, screening out advertising, looking to *freemium content* – where ad-supported content is available for free, while other value-added content is made available for a fee – and signing up for niche subscription content offerings. Digital advertising has made huge inroads in the ad share of traditional media, and digital ad share surpassed television's share for the first time in 2014 to reach $4.6 billion in 2015 (Exhibit 3).[13]

Exhibit 3 Advertising revenue in Canada, Internet vs. television



Source: IAB Canada, Ernst & Young, ThinkTV and Statistics Canada.

With 17% of Canadians using ad-blocking software on their desktop computers, however, advertisers and online content creators are having to expand their revenue models beyond traditional ad-supported content.[14] Freemium content is one response, while niche SVOD offerings are another. Tou.tv Extra and National Film Board of Canada (NFB) Shorts are two Canadian examples. The proliferation of SVOD services in the United States (US) could point to a growing Canadian phenomenon.[15]

13 IAB Canada (2016a), *2015 Actual and 2016 Estimated Canadian Internet Advertising Revenue Survey*, September 12, 2016.

14 IAB Canada (2016b), *IAB Canada Ad Blocking Study*, May 2016.

15 Johanna Schneller (2016), "Surviving the Flood of Streaming Services," *Globe and Mail*, April 28, 2016; "NFB launches new subscription video-on-demand service powered by Vimeo," NFB press release dated March 1, 2016; "Adult Swim Announces New SVOD Service In Canada," *Broadcaster Magazine*, March 2, 2016.

A PERIOD OF TRANSITION

These diverse means of experiencing content – from viewing to engagement – while presenting challenges to existing business and revenue models, do not herald the end of screen-based content. Far from it. Research commissioned by Telefilm Canada illustrates that over 90% of Canadians watch television and films, and three-quarters view non-traditional videos (e.g. YouTube videos, shorts, online videos).[16] As *Profile 2016* shows, the volume of screen-based content being produced in Canada is impressive, from the 94 feature films and 1,194 television productions, to the 58 treaty coproductions and 355 foreign location and service (FLS) productions shot in Canada, to the 326 convergent digital media (CDM) projects in 2016. Movie theatres, broadcasters, and online platforms are all seeking content. The challenge is to monetize it.

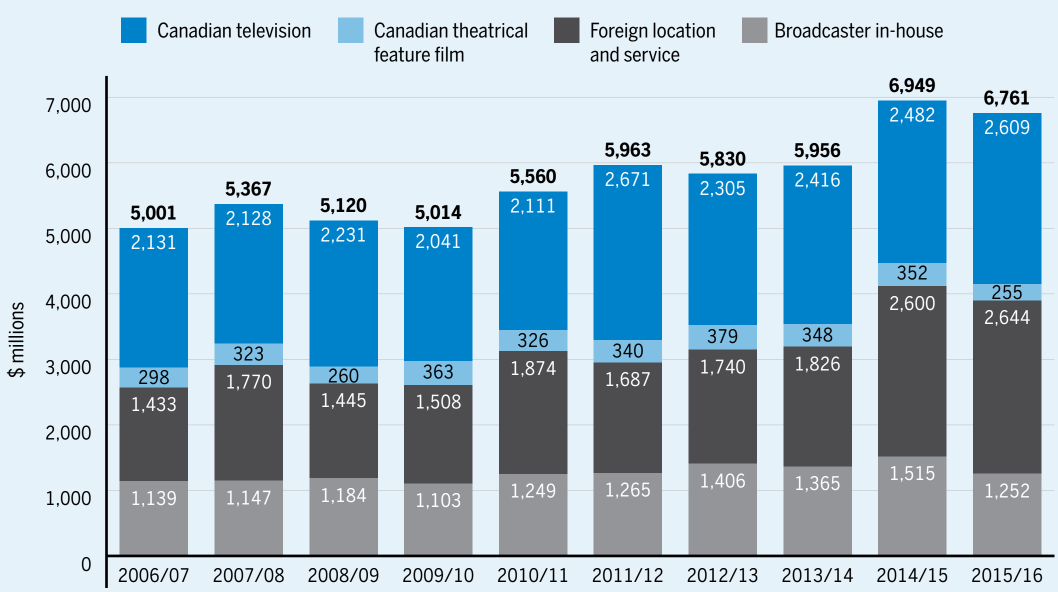
ADAPTING BUSINESS MODELS ALONG THE VALUE CHAIN

All along the value chain – from producers through to exhibitors – business models are being adapted to appeal to different audiences. Some want familiar scheduled or curated content. Some want self-curated interactive content. And some fit somewhere along this spectrum. Within the value chain, there are significant differences among language markets, regions and platforms, as illustrated in *Profile 2016*.

Producers

In 2014/15, producers across television (both independent and broadcaster in-house), feature film and FLS production, had an exceptional year. And while 2015/16 was another strong year for producers, there were some decreases in overall production volumes. The total volume of film and television production in 2015/16 was $6.76 billion, down by 2.7% compared to the previous year, but still one of the strongest years in the past decade (Exhibit 4). Gains in Canadian independent television production and FLS production were offset by declines in Canadian theatrical feature film production and broadcaster in-house production.

Exhibit 4 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.

16 Nielsen Media Research (2016), *Understanding and Engaging with Audiences*, prepared for Telefilm Canada, the CMF, the OMDC and SODEC, October 2016, p. 10.

In the **Canadian television** segment, a total of $2.6 billion in production occurred over the year, mostly in the form of television series such as *Saving Hope*, *Série noire* and *Vikings*. Producers of French-language television saw their highest production volume in a decade: $690 million in production. In English, the total volume of Canadian television production ($1.9 billion) was at its second-highest level in a decade (Exhibit 4 - 3).

Canadian television producers rely on a wide array of different financing sources to support production: from broadcasters, to federal and provincial tax credits, to the CMF and independent production funds, and, depending on the genre of production, distributors and foreign financing partners. Broadcasters, both public (CBC/Radio-Canada) and private (conventional, specialty, and pay) remain the largest sources of financing for Canadian television productions.

In comparison to the Canadian television segment, the **Canadian theatrical feature film** segment has always been much smaller and often subject to significant year-to-year fluctuations in production volume. Indeed, the timing of principal photography for a handful of projects can have a significant effect on the year-to-year volume of production. The most recent fiscal year, 2015/16, was no exception. In fact, the volume of Canadian theatrical feature film production hit a 10-year low of $255 million, as both the number of films produced and the average budgets of those films dropped. Both the English- and French-language markets saw declines of at least 20% in production volumes (Exhibit 5 - 5).

In the English-language market, foreign financing fell by almost half and Canadian distributor financing by a third (Exhibit 5 - 12), suggesting that the international market for Canadian feature films was relatively weak in 2016. French-language producers have also experienced steady and marked decreases in the share of feature film financing obtained from Canadian distributors and foreign sources. In both language markets, producers are being challenged to finance their feature films increasingly within the Canadian market.

In the theatrical market, English-language Canadian feature films captured 0.6% of domestic box office receipts, their lowest share since 2007 (Exhibit 12 - 8). French-language feature films captured 10.7%, which represents an increase over the past three years, but is considerably lower than the 13% to 18% levels witnessed earlier in the decade.

In contrast, at $2.64 billion, the volume of FLS production reached an all-time high in 2015/16 – moving just past the previous high of $2.60 billion recorded in 2014/15.

Most of the 2015/16 FLS production – some 60% – took place in British Columbia (BC). Much has been made of the boom in BC's FLS production sector, with high-profile US studio feature films such as *Star Trek: Beyond*, or Netflix-commissioned series *Altered Carbon* contributing to the province's success in this sector.

As BC was starting to show signs of reaching its operating capacity, the FLS growth story happened primarily in Ontario, which saw a 28% increase in FLS production in 2015/16 compared to the previous year. Quebec and Manitoba also experienced higher levels of FLS production compared to 2014/15.

Generally, high FLS production volumes in Canada are attributed to the low value of the Canadian dollar vis-à-vis its US counterpart. In real dollar terms (i.e. adjusted for inflation), however, *Profile 2016* shows that high levels of FLS production have also occurred in years where the Canadian dollar was relatively high and while it dropped by nearly 15% in 2015/16, there was no significant increase in FLS production for the year. In other words, there are important factors other than the exchange rate that are influencing foreign studios' choice of Canada as a production site. These other factors include the talent and experience of Canadian crews, digital facilities and locations; and competition from other jurisdictions.

Canada has generally been an attractive coproduction partner for producers in other countries. Through audiovisual coproduction treaties with 54 countries, Canadian producers were involved in over $450 million in **audiovisual treaty coproduction** in 2015. Overall, the 2015 volume of treaty coproduction decreased in both television and feature film, although the situation was markedly different between the English- and French-language markets. For example, in the English-language market, the volume of feature film treaty coproduction dropped by half; the volume of television treaty coproduction decreased by 13%. In French, however, the volume of theatrical feature film treaty coproduction tripled in 2015 (albeit from a very small base that was less than one-fifth the English volume), and actually surpassed the volume of English-language feature film coproductions for the first time since 2008. Overall, however, the number of feature film treaty coproductions is relatively small, and treaty coproduction activity can vary considerably from year to year. As a result, the 2015 figures are not reflective ofa general trend.

France and the United Kingdom (UK) remained Canada's principal coproduction partners; with the Brexit vote of 2016, however, some observers surmise that there could be disruptions in coproductions between Canada and European Union (EU) countries going forward.[17] In particular, there is a concern among Canadian producers that they will not be able to access UK talent – cast and crew – for projects they are shooting wholly or partly in Ireland and other EU countries.

In sum, then, for producers, 2016 brought mixed results. Television production was strong – though, as explained below, producers could be affected by broadcasters' declining ad revenues and threats to subscription revenues. Feature film production, though, could be at a crossroads, especially for Canadian theatrical feature films and English-language coproductions. FLS production was, admittedly, strong. It cannot, however, substitute for strong domestic production that ensures Canadian reflection on Canadian screens, and enables Canadian producers to build catalogues of valuable intellectual property.

The situation of producers is inextricably linked to that of content "packagers" – broadcasters and distributors – both of which are key sources of financing for Canadian production and are being directly impacted by changing consumer behaviour.

Television broadcasting

Overall, Canadian television broadcasting revenues – earned primarily from advertising, subscriptions, and parliamentary appropriations – were $7.1 billion in 2015, down 3% from the previous year (Exhibit 11 - 1).

Private conventional broadcasters – reliant almost exclusively on ad revenue – witnessed their lowest revenue levels in a decade. Specialty services, however, generated their highest levels of revenue since 2006; indeed, their subscriber revenues have grown an average of 10% annually over the past five years while national ad revenues have been flat.[18] As BDUs revisit their television package offerings and move toward "pick and pay" models (as required by the CRTC's *Let's Talk TV* decision); however, this level of growth in specialty television subscriber revenues might not be sustainable. Some popular specialty services might be able to maintain or even increase their revenues if they can command higher wholesale rates from BDUs, while other specialty services may be unable to make the transition. The result of BDU "unbundling" of specialty services could be decreases in programming expenditures of as much as $466 million by 2020.[19]

The national public broadcaster, CBC/Radio-Canada, experienced a 17% decrease in total revenue, mainly due to a 54% drop in its advertising revenue. Some of this decrease in ad revenue was likely due to the fact that CBC/Radio-Canada did not televise as many major sporting events (e.g. the Olympics, NHL or FIFA games) in 2015 as it did in 2014. That being said, the general softening of Canada's television ad market in 2015 affected both private conventional broadcasters and CBC/Radio-Canada.

Although revenues were essentially flat for broadcasters overall, their spending on Canadian independent production and on affiliated production increased. Indeed, their licence fees and other investments in Canadian independent production reached $895 million, an increase of 14% compared to 2014 (Exhibit 11 - 2). Specialty and pay services and the CBC/Radio-Canada accounted for most of this increase, as private conventional broadcasters' spending on independent production tracked close to 2013 and 2014 levels. For 2016, programming budgets are likely to undergo more pressure: private broadcasters announced the cancellation of two of the top 10 Canadian programs in English (*Saving Hope*, *Houdini & Doyle*)[20] and two in French (*Les beaux malaises*, *Yamaska*).[21]

Broadcasters appear to have offset their increased spending on independent production with decreased spending on in-house production (Exhibit 8 - 1). For the CBC/Radio-Canada, the decrease in in-house production was likely, again, because of the lack of a major sporting event in 2015. Private conventional broadcasters cut their in-house production

17 Jordan Pinto, "How Brexit could impact the Canadian copro scene," *Playback Online*, July 4, 2016.

18 CRTC (2016), *Statistical and Financial Summaries – Specialty Services 2011-2015*.

19 Based on Nordicity's analysis in the Nordicity-Peter Miller study, *Canadian Television 2020: Technological and Regulatory Impacts*, January 2016.

20 Jordan Pinto (2016), "Saving Hope to end after fifth season," *Playback Online*, October 26, 2016; Jordan Pinto, "Houdini and Doyle ends after one season", *Playback Online*, August 4, 2016.

21 Marc-André Lemieux (2016), "Martin Matte boucle *Les beaux malaises*,» *Journal de Montréal*, March 14, 2016. See also Josianne Desloges, " Finale en blanc pour *Yamaska*," *Le Soleil*, March 27, 2016. *Pour Sarah*, also among the top 10 French-language series, is also unlikely to be renewed.

spending by 28%, announcing cancellations or significant format changes to flagship programs such as *16:9* and *Canada AM*. The sunsetting of the Local Programming Improvement Fund (LPIF) at the end of the 2014 broadcast year also affected conventional broadcasters' (both private and public) in-house production spending.[22]

Distribution

Distributors were a key part of the financing picture for Canadian theatrical feature films as well as some genres of Canadian television. The $283 million that they contributed to Canadian production in 2016 took the form of minimum guarantees or advances on anticipated distribution revenues (Exhibit 10 - 1). Most of the financing from distributors – over 90% – went to television productions, and the remainder to theatrical feature films.

Distributor participation in Canadian theatrical feature films has declined over the past 10 years and in 2015/16, reached its lowest level in the past decade. Distributor financing in Canadian television production also decreased in 2015/16 compared to the previous year. Generally, though, distributors have increased their total participation in Canadian television in the past five years, compared to earlier in the decade. English-language fiction, and children's and youth productions have, in particular, received the highest levels of distributor financing – attesting to the popularity of these genres in international markets and in other windows. In 2015/16, several Canadian fiction series such as *Orphan Black*, *Dark Matter*, *Van Helsing*, *Halcyon* and *Schitt's Creek* aired by broadcasters outside of Canada. Within the children's and youth genre, many long-running and new series aired outside of Canada, including *Johnny Test*, *Wild Kratts*, *Camp Lakebottom*, *Daniel Tiger's Neighbourhood*, *Nerds & Monsters* and *Get Ace*.

Canadian producers and distributors also continued to maintain a strong track record in selling their lifestyle programming properties outside of Canada. *Tackle My Reno*, *House of Bryan*, and *Open House Overhaul* all sold internationally. Canadian producers and distributors have also been making inroads in the format sales market. Both *Love It or List It* and *Canada's Smartest Person* formats have been licensed internationally.

Exhibition

Feature films are, perhaps contrary to popular wisdom, primarily a home-based experience. As a recent audience research report points out, "TV remains the primary and preferred medium to watch movies, TV shows and documentaries for almost 90% of viewers. But on TV, many options are used to watch movies: standard channels, movies channels, online streaming, VOD and even DVD still."[23]

While industry observers rightly point to Canadians' growing propensity to watch movies at home or on mobile devices, the theatrical exhibition sector remains an important component of Canada's screen-sector. In fact, 2015 was a high point for exhibitors in terms of revenue: their $1.83 billion in revenue was the highest level earned in the past 10 years (Exhibit 12 - 1).

Theatrical exhibitors continue to derive a majority of their revenues from box office receipts, but 48% of their revenues are now earned from other activities, including food and beverage sales, advertising, merchandise sales and additional sources (Exhibit 12 - 2). Moreover, the share of revenue derived from sources other than box office receipts has been higher in recent years than earlier in the decade. In other words, exhibitors seem now to be relying less on box office receipts to drive their overall revenues.

At the same time, exhibitors are exploring new strategies and investments to respond to Canadians' preferences for accessible, interactive and customised content experiences. Cineplex, for instance, is examining "dynamic pricing" (differential ticket prices, based on various demand-related factors such as day of the week) to appeal to different price points.[24] The company – which accounts for nearly 80% of the Canadian theatrical market – has also opened Canada's first 4DX movie theatre, which includes "specially-designed motion seats that are further enhanced by environmental effects like wind, mist, bubbles, snow and scent that work in perfect synchronicity with the action on the big screen"[25] – and provide a more interactive and viscerally engaging audience experience.[26]

22 The Independent Local News Fund, announced by the CRTC in 2016, might offset some of the impact of the elimination of the Local Programming Improvement Fund.

23 Nielsen Media Research (2016), *Understanding and Engaging with Audiences*, prepared for Telefilm Canada, the CMF, the OMDC and SODEC, October 2016, p. 11.

24 David Friend (2016), "Q&A: Cineplex CEO Ellis Jacob tackles the future of movie theatres in Canada," *Winnipeg Free Press*, May 3, 2016.

25 "Canada's First 4DX Auditorium Opens This Friday at Cineplex Cinemas Yonge-Dundas and VIP," www.marketwired.com, November 1, 2016.

26 Cineplex Entertainment, "Investor Fact Sheet," March 31, 2016.

The box office still accounts for nearly $1 billion in revenue for theatrical exhibitors (Exhibit 12 - 5). In terms of box office receipts, Canadian films accounted for 1.9% of the total in 2015, while US and other foreign films accounted for just over 98% (Exhibit 12 - 6). US films remain the largest source of box office receipts in Canada (80% in 2015), but foreign films have been growing their share, reaching a 10-year high level of $172 million in 2015 (Exhibit 12 - 5). UK-produced *Spectre*, part of the 007 franchise, was the highest-grossing non-US film in the English-language market, while two Canadian films (*La guerre des tuques 3D* and *Le mirage*) were in the French-language market top 10 for box office receipts.

BDUs

Despite concerns about Canadians "cutting the cord" on their subscriptions, BDU revenues were essentially flat compared to the previous year. Growth occurred in the emerging IPTV sector; cable, DTH and MDS have been experiencing steady revenue declines since 2012. This is consistent with their declining subscribership, which has been occurring since 2011. In 2015/16, there were 11.5 million BDU subscribers in Canada, and household penetration was 78.5% – its lowest level since 2011.[27]

To shore up declining subscriber levels and revenues, cable, DTH and MDS operators have adopted a number of different strategies. Some – namely Bell, Shaw and Rogers – launched their own Netflix-like SVOD offerings. Both Shomi, the Rogers/Shaw service, and CraveTV, the Bell service, started in 2014, and by late 2016 collectively attracted an estimated 1.9 million Canadian subscribers.[28] Compared to the 5.2 million subscribers captured by Netflix in Canada, Shomi was deemed by its owners to be uncompetitive, and the service ended in late 2016.[29] Bell, however, continues to offer CraveTV.

BDUs also have the opportunity to capitalize on regulatory changes, particularly the unbundling of their programming packages in order to offer their subscribers "pick and pay" options. As of March 2016, cable and DTH companies must offer their subscribers individual channels or packages of up to 10 channels – a move that the CRTC believes will provide consumers with the choices and flexibility they want. It is unclear, however, whether such a move will support subscriber retention.

Moreover, as they are challenged on the subscriber and revenue fronts, the contributions of BDUs to Canadian production have declined. During the 2015 broadcast year, BDUs contributed a total of $426 million to Canadian production – through the CMF, independent production funds, and spending on local expression (Exhibit 13 - 3). This was the lowest level of BDU contributions since 2010. Given that regulated contribution levels are tied to BDUs' revenues, producers – at the start of the value chain – may find it harder to secure CMF and independent production fund support for new content.

TOWARD NEW VALUE CHAINS?

It is clear that Canadians want to experience screen-based content. With a variety of platforms and outlets for that content, however, business models that rely on a critical mass of viewers, users or subscribers are being challenged. *Profile 2016* shows that television producers are making content that is finding multiple markets beyond linear television, but broadcasters can no longer depend on a critical mass of viewers and subscribers to sustain programming expenditures, including spending on independent production. And similarly, BDUs can no longer rely on a critical mass of subscribers to sustain the revenue base of specialty services, or sustain high levels of contributions to the CMF.

In the theatrical feature film segment, producers are being challenged to finance their productions, while exhibitors are expanding their revenue sources beyond the box office. Industry observers have talked of value chain disintermediation: traditional content packagers and exhibitors having to make way for user-curated content experiences. While traditional content consumption is still very much alive – as attested to by the nearly $1 billion Canadians spent on movie theatre

27 CRTC (2016), *Communications Monitoring Report 2016*.

28 Aleksandra Sagan (2016), "Bell's CraveTV grows to 1M subscribers ahead of Shomi's shutdown on Nov. 30," *Metro News*, November 3, 2016.

29 CBC News, "Netflix now has more than 5.2 million customers in Canada, report suggests," June 15, 2016.

tickets and the 27 hours of television that the average Canadian watches weekly – it coexists with interactive digital media, 4D theatre, SVOD, ad-supported mobile and online video, and, eventually, video-based content experiences like VR. Value chain, content monetization strategies and business models in these new spheres are still emerging and evolving.

LOOKING AHEAD

While it is difficult to forecast the economic picture of this sector going forward, there are a few developments in 2016 that will affect the economic profile of Canada's screen sector, including the following:

- On the policy front, the Canadian government is conducting a review of Canadian content in a digital world. Canadian Heritage Minister Joly has stated that "everything is on the table." The government's – and industry's – challenge will be not to imperil the $20 billion in GDP and over 253,000 full-time equivalent jobs that the screen sector generated in 2015/16.
- For television and video, Canadian firms have tried to make inroads in the SVOD market, but it is still dominated by a major foreign player. There have been calls for Netflix to operate on a level playing field with Canadian firms, including contributing to content funding. Industry-watchers in 2017 will continue to track the progress of foreign and Canadian SVOD subscriptions, and regulations.
- In theatrical feature film, all of the players in the value chain – from creators to exhibitors, as well as policy-makers and funders – will need to explore ways to shore up Canadian production volumes, box office share and revenues from traditional and emerging sources.
- And finally, at a cultural and societal level, women and diversity groups such as people with disabilities, indigenous peoples and representatives of visible minority groups are demanding greater and more representative reflection on screen, and more control behind the screen. Agencies such as the NFB and Telefilm Canada announced targets and programs to address diversity in 2016 and, in 2017, industry-watchers will monitor how creators, producers, distributors, broadcasters and exhibitors respond to these calls to action.

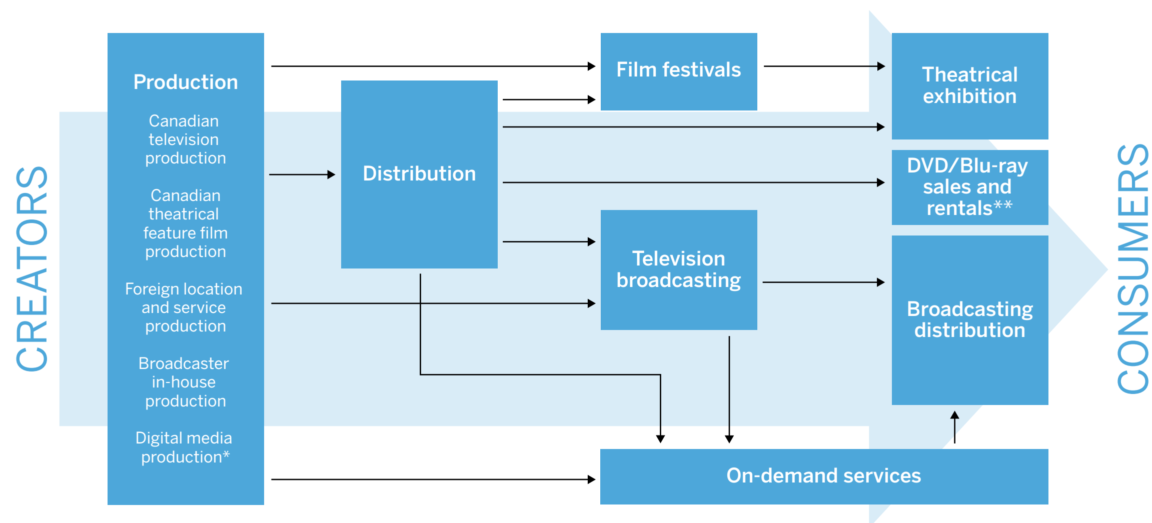
1. Overview of the screen sector in Canada

Over the past decade, the combination of digital technology, broadband Internet and new household 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 both 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 the film or 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** have become 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. The intense competition for access to theatrical screens in Canada often means that some films are first released on home video in the retail sector (i.e., DVD/Blu-ray sales and rentals) or increasingly on **on-demand services**.
- For television programing, 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), video-on-demand (VOD) or 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 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 from the television broadcasting industry and certain on-demand services. Some on-demand services, however, exhibit content 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 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:

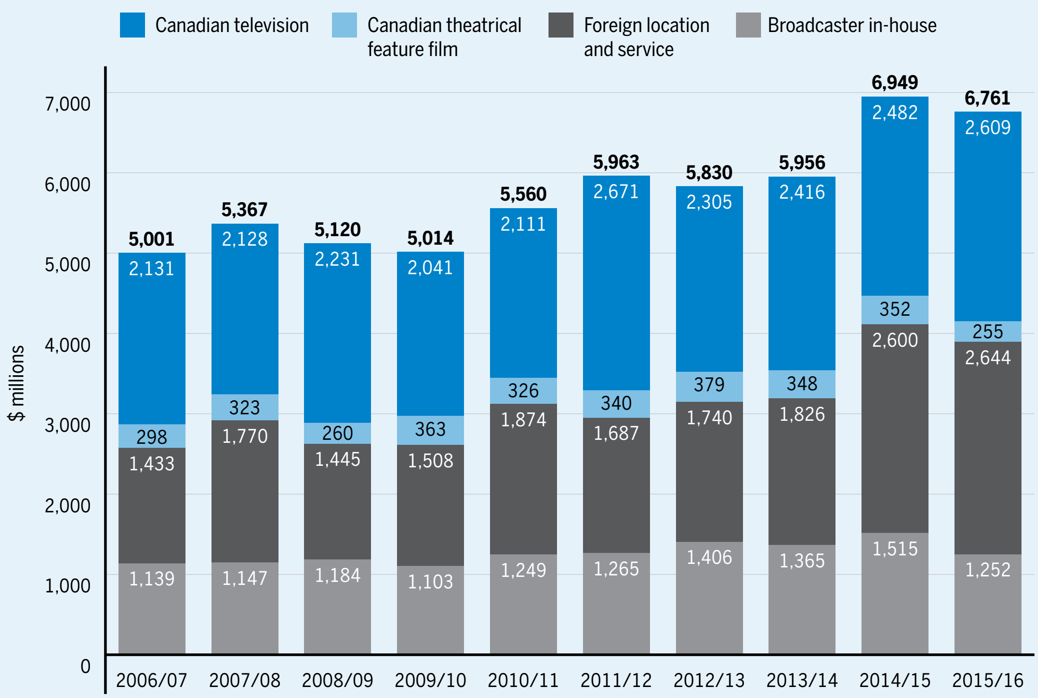
- The **Canadian Television Production** segment includes television programs made largely by independent production companies, but also includes television programs made by production companies affiliated with Canadian broadcasters. All of these television programs are certified as Canadian content by the Canadian Audio-Visual Certification Office (CAVCO) of the Department of Canadian Heritage or the Canadian Radio-television and Telecommunications Commission (CRTC).
- The **Canadian Theatrical Feature Film Production** segment includes feature-length films made by independent production companies that were certified as Canadian content by CAVCO.
- The **Foreign Location and Service Production** (FLS) segment largely consists of feature films and television programs filmed in Canada by foreign producers or by Canadian service producers.[30] For the majority of FLS projects, the copyright is held by non-Canadian producers; however, for approximately 10% of projects, the copyright is held by Canadians.
- 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.

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

TOTAL VOLUME

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

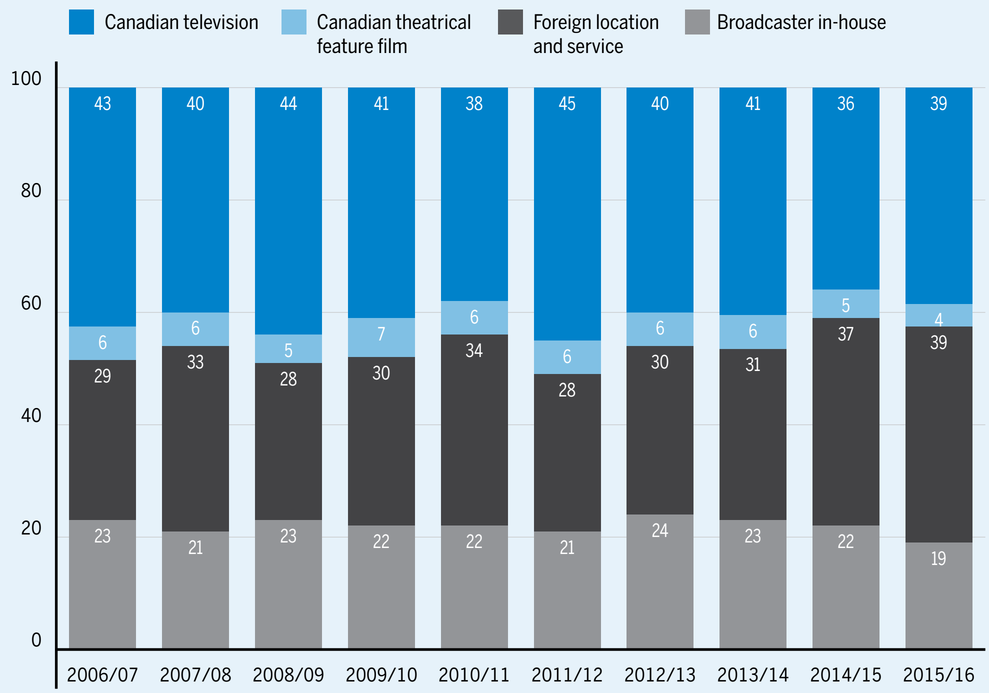
The total volume of film and television production in Canada decreased slightly, by 2.7%, to reach $6.8 billion in 2015/16. The past two years have nonetheless witnessed the highest volumes of production since 2006/07.



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.

The Canadian television and the FLS segment accounted for the largest shares of total production in Canada, each at 39%. At the same time, the share of production represented by broadcaster in-house production declined to 19%, and feature film production's share declined to 4%.

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

Ontario, BC and Quebec accounted for most of the production in Canada, although they all experienced slight decreases in production volumes in 2015/16. In Ontario, the total production volume was $2.6 billion, down slightly from 2014/15 but nonetheless representing some of the highest production volumes in the last 10 years. The same was true for BC, which saw $2.2 billion in production over 2015/16, and for Quebec, with total production volumes of $1.5 billion. Alberta saw small declines in production, reaching $246 million, as did New Brunswick, where total production was $13 million in 2015/16. The remaining provinces and territories experienced increases or saw the same levels of production as in 2014/15.

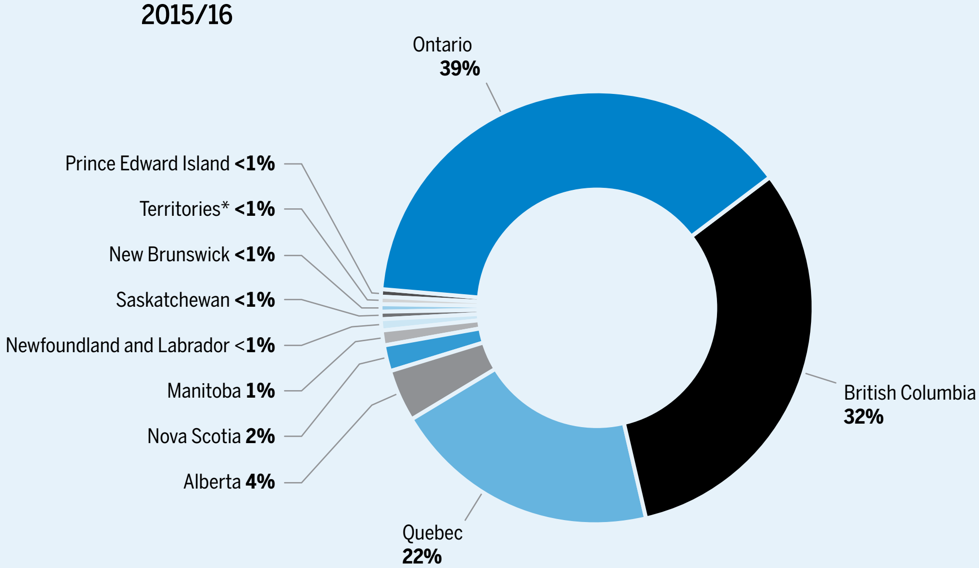
Ontario accounted for 39% of total production volumes, with BC representing 32% and Quebec accounting for 22%.

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

($ millions)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Ontario	1,792	1,961	1,903	1,910	2,077	2,586	2,439	2,432	2,706	2,618
British Columbia	1,392	1,683	1,329	1,399	1,729	1,578	1,605	1,615	2,231	2,151
Quebec	1,247	1,214	1,346	1,274	1,321	1,316	1,351	1,305	1,523	1,460
Alberta	179	179	181	153	148	167	155	254	252	246
Nova Scotia	156	93	151	107	99	104	98	124	69	104
Manitoba	124	107	55	72	69	79	76	101	78	86
Newfoundland and Labrador	7	12	12	40	43	43	42	46	31	43
Saskatchewan	73	82	101	33	49	54	35	47	30	30
New Brunswick	19	22	30	19	19	26	21	24	19	13
Territories*	9	8	9	4	5	6	6	8	9	9
Prince Edward Island	3	6	2	1	2	4	2	2	2	2
Total	**5,001**	**5,367**	**5,120**	**5,014**	**5,560**	**5,963**	**5,830**	**5,956**	**6,949**	**6,761**

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 2016*. 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, 2015/16



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.
Some totals may not sum due to rounding.

CONSUMERS' MEDIA CONSUMPTION PATTERNS

Media consumption patterns in Canada continued to evolve in 2015 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, Apple iTunes, Videotron's illico.tv, the National Film Board of Canada (NFB), Cineplex and video game consoles.

Most BDUs in Canada also offer on-demand services through digital set-top boxes, which also act as personal video recorders (PVRs). In November 2014, Rogers Media and Shaw Media jointly launched their own online video streaming service under the shomi brand, in order to compete with Netflix and Apple iTunes. They were followed by Bell Media, which launched CraveTV in December 2014. Although shomi was closed in November 2016, Bell Media continues to offer CraveTV to all Canadians over the Internet, even if they do not have a subscription to one of Bell Media's BDU services.

Personal video recorders (PVRs)

Among alternative video technologies, PVRs are still the most prevalent in Canada's French-language market, where they displayed a penetration rate of 56% in 2015. However, in the English-language market, the penetration rate for PVRs dipped slightly from 50% in 2014 to 49% in 2015. PVRs now trail Internet television viewing in terms of adoption in the English-language market.

Internet and online services

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

Canadians' use of the Internet for accessing television programming continued to grow in 2015. The percentage of Canadians in the English-language market who watched television programming over the Internet increased from 51% to 57% in 2015, making this the most popular alternative video technology in that market.[31] In the French-language market, the share increased from 42% to 49% in 2015.

Smartphones and tablets

Despite the much smaller screen, smartphones and tablets are playing a growing role in Canadians' media consumption patterns because of their portability. In 2015, 22% of Canadians in the English-language market used a smartphone to watch television programming; in the French-language market the share was even higher, at 15%. Approximately 19% of Canadians in the English-language market used tablets to watch television programming in 2015 – the same rate as in the French-language market.

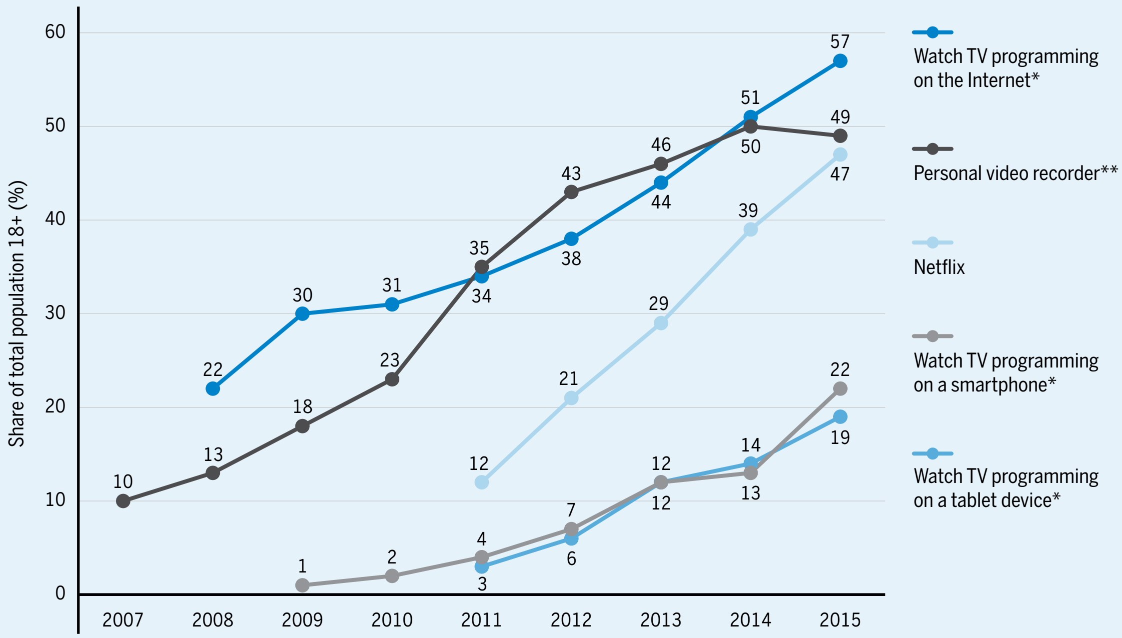
Netflix and other online services

Netflix, Apple iTunes, illico.tv and CraveTV are also proving to be fast-growing platforms for accessing films and television programming in Canada. As of 2015, 47% 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 was only 19%, in large part because CBC/Radio-Canada's ICI Tou.tv and illico.tv already offer consumers an online video option. Canada's own online video service CraveTV is also posting a very fast take-up rate among Canadian households. Bell Media reported that as of September 30, 2016, it had over one million subscribers to its CraveTV service.[32]

31 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.

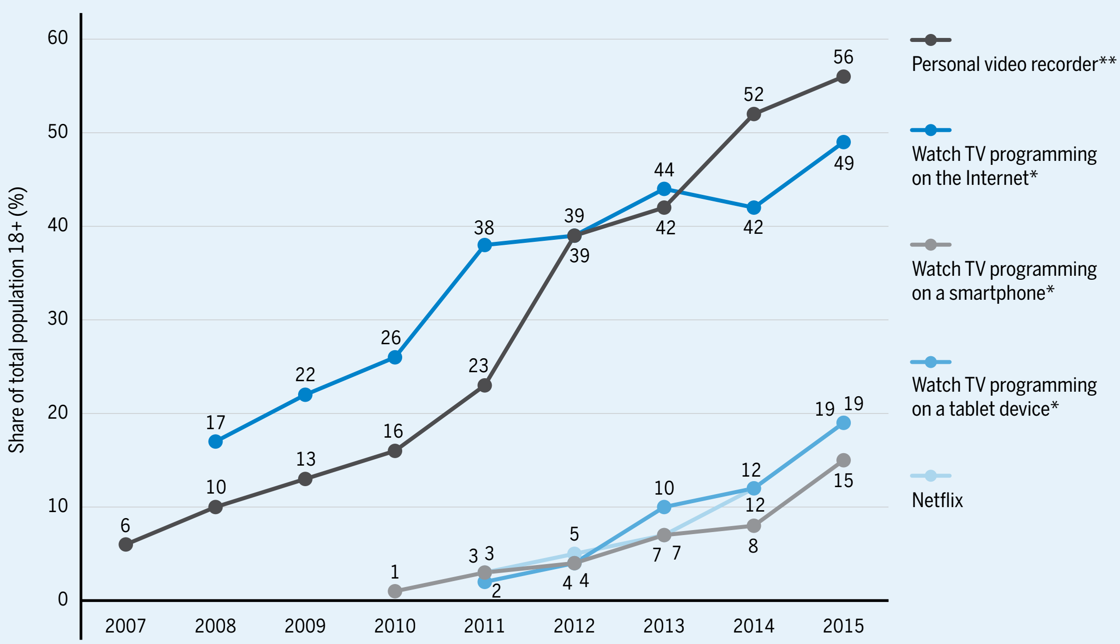
32 BCE Inc. (2016), "BCE reports third quarter 2016 results," November 3, 2016, www.bce.ca/news-and-media/releases/show/BCE-reports-third-quarter-2016-results-1?page=1&month=11&year=2016.

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



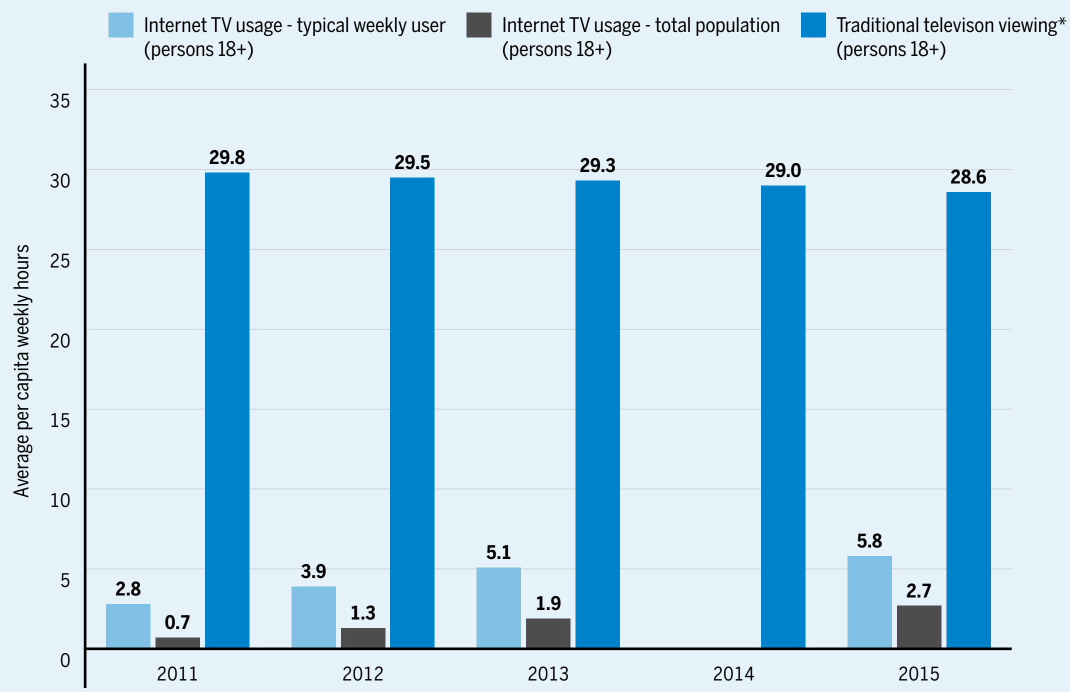
Source: Media Technology Monitor.
* Watched a TV program or clip from a TV program available on the Internet during the past month
** Possessed a PVR.

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 2016*, p. 149)
* Traditional television viewing includes television viewing via over-the-air signal reception, cable, DTH 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 correspond with the broadcasting year, September 1, 2014 to August 31, 2015
** No data available for 2014.

JUST PASSING THROUGH

Web Series highlights Maritime Canadian humour but finds fans from coast to coast

Just Passing Through is a web series shot in Prince Edward Island (PEI) and Toronto whose second season launched in January 2016. The series traces the misadventures of fictional Islanders Terry and Parnell Gallant. In total, there are 12 episodes of approximately 20 minutes each, all available on YouTube.

The show was created by a team of Maritime Canadian media professionals led by co-creators Jeremy Larter, Jason Larter and Geoff Read. The first season, which premiered in November of 2013, has attracted more than 800,000 views on YouTube. To date, seasons 1 and 2 have garnered over 1.1 million views. The show was also named one of the top 10 Canadian shows of the year by *Globe and Mail* television critic John Doyle.

2. Economic Contribution

Film and television production is a relatively labour-intensive activity. Dozens of people are often employed as cast and crew on films and television programs. 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 has 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, 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 2015/16

- Film and television production in Canada generated 140,600 full-time equivalent jobs (FTEs) in 2015/16, including direct and spin-off impacts.
- Employment within the film and television production industry itself (i.e., direct impact employment) was equal to 55,300 FTEs in 2015/16.
- The largest contributions to the employment impact came from Canadian television production and foreign location and service production. They both accounted for over 54,000 FTEs of employment, over $2.5 billion in labour income and $3.3 billion in GDP.
- The entire screen sector value chain (including film and television production, convergent digital media, distribution, film festivals, exhibition, television broadcasting and broadcasting distribution) generate an estimated 250,600 FTEs of employment, $13.3 billion in labour income and $20.1 billion, including direct and spin-off impacts (based on the most recent years of available data).

Film and television production continued to be an important source of employment and GDP in Canada in 2015/16. The production industry generated 140,600 FTEs in 2015/16, including direct (i.e. cast and crew) and spin-off impacts. Employment was down from a 10-year high of 146,000 FTEs in 2014/15, as production volume declined by 2.7% and average wages within the Canadian economy increased by approximately one percent.

The employment and supplier purchases associated with film and television production meant that the industry also generated $6.6 billion in labour income and $8.5 billion in GDP for the Canadian economy in 2015/16. This impact included direct labour income of $3.3 billion and direct GDP of $3.4 billion.

Overall, the screen sector value chain generates 250,600 FTEs of employment in Canada (based on the most recent years of available data). This total employment impact includes 103,000 FTEs of employment at companies operating directly in the screen sector value chain and a further 147,600 FTEs of employment in other industries.

The screen sector value chain also generated $20.1 billion in GDP for the Canadian economy, including $9.9 billion directly within the value chain and an additional $10.2 billion in other industries within the Canadian economy.

FILM AND TELEVISION PRODUCTION

EMPLOYMENT BY SEGMENT

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

Film and television production in Canada generated 140,600 FTEs in 2015/16. This total impact included 55,300 FTEs of employment directly in the film and television production (i.e. direct impact) and 85,300 FTEs in other industries within the Canadian economy (i.e. spin-off impact).

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Canadian television production										
Direct	21,800	21,100	21,300	19,100	19,300	23,600	19,900	20,300	20,500	21,300
Spin-off	33,600	32,500	32,900	29,500	29,800	36,400	30,700	31,400	31,600	32,900
Total	**55,400**	**53,600**	**54,200**	**48,600**	**49,100**	**60,000**	**50,600**	**51,700**	**52,100**	**54,200**
Canadian theatrical feature film production										
Direct	3,000	3,200	2,500	3,400	3,000	3,000	3,300	2,900	2,900	2,100
Spin-off	4,700	4,900	3,800	5,200	4,600	4,600	5,000	4,500	4,500	3,200
Total	**7,700**	**8,100**	**6,300**	**8,600**	**7,600**	**7,600**	**8,300**	**7,400**	**7,400**	**5,300**
FLS production										
Direct	14,600	17,500	13,800	14,100	17,200	14,900	15,000	15,400	21,500	21,600
Spin-off	22,600	27,000	21,300	21,800	26,500	23,000	23,200	23,700	33,100	33,300
Total	**37,200**	**44,500**	**35,100**	**35,900**	**43,700**	**37,900**	**38,200**	**39,100**	**54,600**	**54,900**
Broadcaster in-house production										
Direct	11,600	11,400	11,300	10,300	11,400	11,200	12,100	11,500	12,500	10,200
Spin-off	18,000	17,500	17,500	15,900	17,700	17,300	18,700	17,700	19,300	15,800
Total	**29,600**	**28,900**	**28,800**	**26,200**	**29,100**	**28,500**	**30,800**	**29,200**	**31,800**	**26,000**
Grand total										
Direct	51,100	53,200	48,900	46,900	50,900	52,700	50,300	50,100	57,400	55,300
Spin-off	78,900	82,000	75,500	72,500	78,600	81,400	77,700	77,300	88,600	85,300
Total	**130,000**	**135,200**	**124,400**	**119,400**	**129,500**	**134,100**	**128,000**	**127,400**	**146,000**	**140,600**

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

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

The vast majority of the employment impact generated by film and television production – both direct and spin-off impacts – was concentrated in Ontario, British Columbia (BC) and Quebec, which together hosted the bulk of film and television production in Canada in recent years.

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Ontario	17,820	19,050	18,020	18,020	19,010	22,840	21,230	20,710	22,720	21,760
British Columbia	14,070	16,530	12,650	12,920	15,850	14,150	13,900	13,630	18,430	17,540
Quebec	13,480	12,690	13,620	12,130	12,460	11,980	12,020	11,330	12,900	12,240
Alberta	1,700	1,620	1,530	1,280	1,200	1,320	1,190	1,880	1,850	1,750
Nova Scotia	1,720	990	1,640	1,160	1,010	1,020	930	1,160	630	940
Manitoba	1,370	1,150	570	720	680	740	690	920	680	740
Newfoundland and Labrador	80	120	120	390	410	380	360	380	250	340
Saskatchewan	790	850	970	310	440	460	290	370	230	230
New Brunswick	210	240	320	200	190	260	200	220	180	120
Territories*	80	70	80	30	40	50	50	50	60	60
Prince Edward Island	40	70	20	10	20	40	20	20	20	10
Total	**51,100**	**53,200**	**48,900**	**46,900**	**50,900**	**52,700**	**50,300**	**50,100**	**57,400**	**55,300**

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

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

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Ontario	39,770	42,640	39,920	40,380	42,560	51,310	47,720	46,600	50,970	48,930
British Columbia	35,290	41,580	31,450	32,530	39,880	35,740	35,140	34,480	46,470	44,330
Quebec	41,010	38,750	41,060	37,060	38,050	36,730	36,900	34,820	39,480	37,570
Alberta	4,880	4,650	4,340	3,680	3,450	3,830	3,440	5,430	5,330	5,050
Nova Scotia	4,120	2,380	3,890	2,790	2,430	2,460	2,240	2,800	1,510	2,270
Manitoba	2,440	2,050	1,000	1,290	1,220	1,330	1,230	1,640	1,220	1,330
Newfoundland and Labrador	140	200	200	680	700	660	620	660	430	590
Saskatchewan	1,860	2,010	2,270	730	1,040	1,100	680	880	540	540
New Brunswick	440	500	660	410	400	540	410	470	380	250
Territories*	160	150	160	60	90	100	100	100	130	130
Prince Edward Island	150	280	80	40	90	150	90	90	90	40
Total	**130,000**	**135,200**	**124,400**	**119,400**	**129,500**	**134,100**	**128,000**	**127,400**	**146,000**	**140,600**

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 $6.6 billion in labour income (i.e. wages and salaries) for Canadians in 2015/16. Approximately one-half of this labour income was earned by direct-impact workers – that is, cast and crew working in film and television production. Film and television production also generated an estimated $8.5 billion in GDP in 2015/16, including $3.4 billion of GDP generated directly within the film and television production industry.

The largest contributions to the labour-income and GDP impacts came from the Canadian television production and FLS production sectors. Each sector generated approximately $2.5 billion in labour income and $3.3 billion in GDP in 2015/16.

Exhibit 2 - 4 GDP and labour income impact film and television production in Canada, 2015/16

	Direct	Spin-off	Total
LABOUR INCOME ($ MILLIONS)			
Canadian content production			
Canadian television production	1,305	1,283	2,588
Canadian theatrical feature film production	128	125	252
Subtotal	**1,432**	**1,408**	**2,840**
FLS production	1,243	1,299	2,541
Broadcaster in-house production	626	616	1,242
Grand total	**3,301**	**3,323**	**6,624**
GDP ($ MILLIONS)			
Canadian content production			
Canadian television production	1,357	1,924	3,269
Canadian theatrical feature film production	133	186	319
Subtotal	**1,490**	**2,098**	**3,587**
FLS production	1,296	2,052	3,348
Broadcaster in-house production	651	918	1,569
Grand total	**3,437**	**5,068**	**8,504**

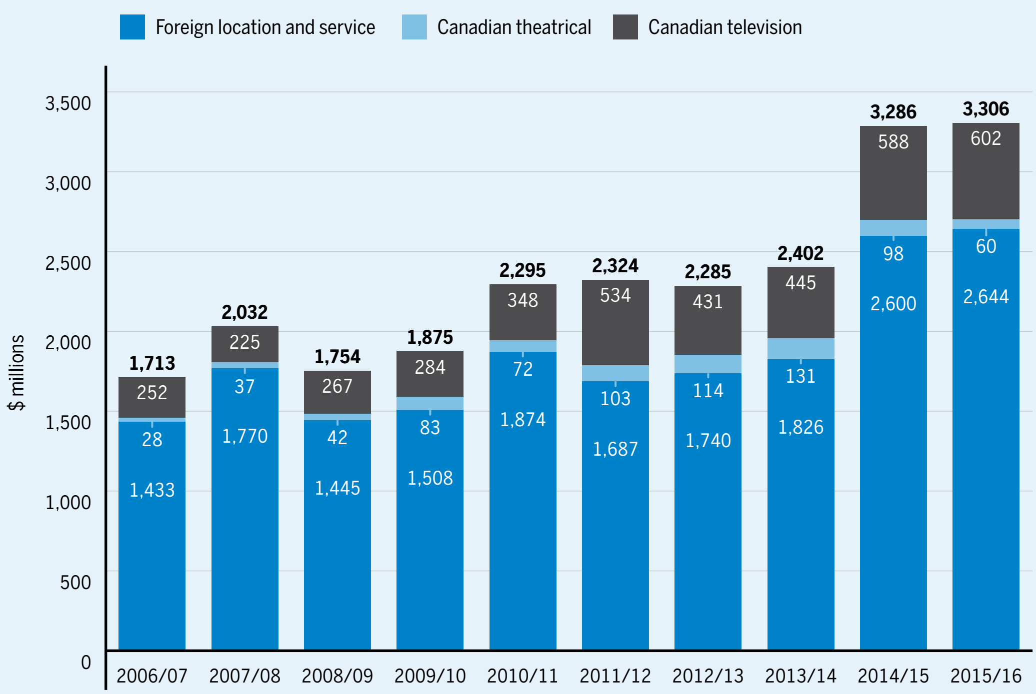
Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, the Association of Provincial Funding Agencies, Statistics Canada and the Conference Board of Canada.
Note: See Notes on Methodology for a description of methodology. Some totals may not sum due to rounding.

EXPORT VALUE

Export value tracks the value of international financial participation in the film and television production industry in Canada. It includes foreign presales and distribution advances for all projects certified by CAVCO; estimates of presales and distribution advances for non-CAVCO-certified productions; and the total value of foreign location and service (FLS) production in Canada.[33]

Exhibit 2 - 5 Export value of film and television production in Canada

The export value of films and television programs produced in Canada increased to an all-time high of just over $3.3 billion in 2015/16. Both the FLS production and Canadian television segments contributed to the increase in export value, while the Canadian theatrical feature film segment saw its export value drop to the lowest level since 2008/09.



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

ECONOMIC IMPACT ACROSS 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.

- Convergent digital media production generated 1,500 FTEs of employment, $78 million in labour income and $111 million in GDP in 2014/15.
- The distribution industry in Canada generated 7,000 FTEs of employment, $348 million in labour income and $868 million in GDP in 2014/15.
- Film festivals generated 2,800 FTEs of employment, $100 million in labour income and $156 million in GDP in 2015.

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

- The exhibition industry generated 21,400 FTEs of employment, $765 million in labour income and over $1.3 billion in GDP in 2015.
- The television-broadcasting industry generated 21,700 FTEs of employment, over $1.6 billion in labour income and just over $3 billion in GDP in 2015.
- The BDU industry generated 55,500 FTEs of employment, nearly $3.7 billion in labour income and just over $6 billion in GDP in 2015.

Combining the estimates of economic impact for 2015/16, 2015 or the most recent year of published data indicates that the screen sector value chain in Canada generates over 250,600 FTEs of employment, $13.3 billion in labour income and nearly $20.1 billion in GDP for the Canadian economy.

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

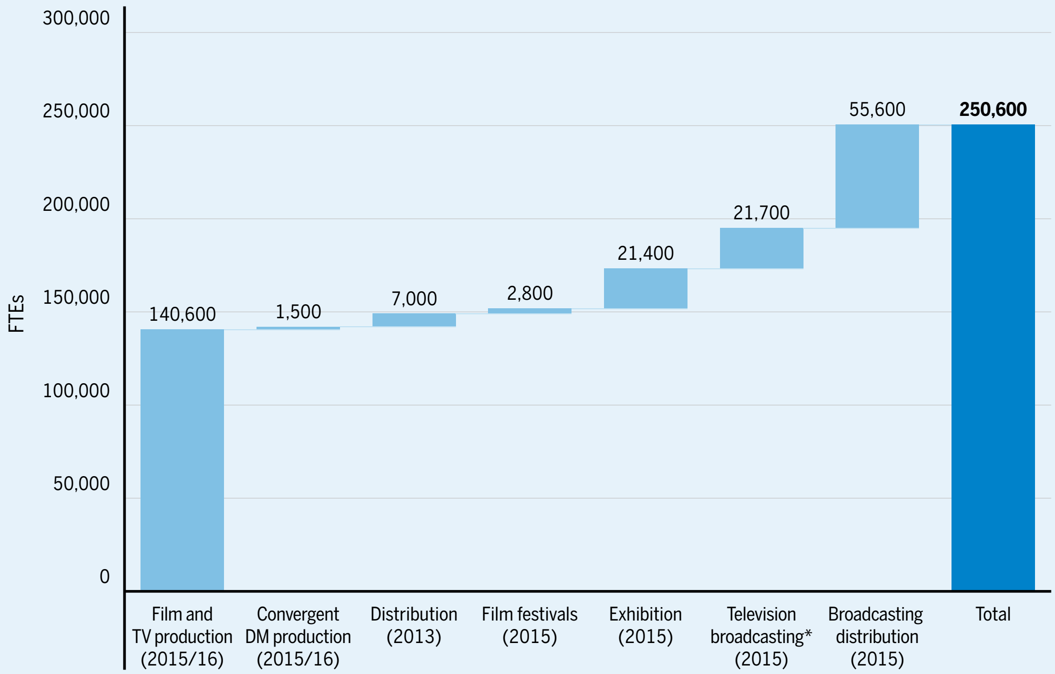
	Direct	Spin-off	Total
Employment (FTEs)			
Film and TV production (2015/16)	55,300	85,300	140,600
CDM production (2014/15)	700	800	1,500
Distribution (2013)	1,000	6,000	7,000
Film festivals (2015)	1,600	1,200	2,800
Exhibition (2015)	10,100	11,300	21,400
Broadcasting* (2015)	6,700	15,000	21,700
Broadcasting distribution (2015)	27,600	28,000	55,600
Total	**103,000**	**147,600**	**250,600**
Labour income ($ millions)			
Film and television production (2015/16)	3,301	3,323	6,624
Convergent digital media production (2014/15)	49	29	78
Distribution (2013)	83	265	348
Film festivals (2015)	43	57	100
Exhibition (2015)	274	491	765
Broadcasting* (2015)	903	758	1,661
Broadcasting distribution (2015)	2,343	1,331	3,674
Total	**6,996**	**6,254**	**13,250**
GDP ($ millions)			
Film and television production (2015/16)	3,437	5,068	8,504
Convergent digital media production (2014/15)	52	59	111
Distribution (2013)	404	464	868
Film festivals (2015)	56	100	156
Exhibition (2015)	434	912	1,346
Broadcasting* (2015)	1,859	1,207	3,066
Broadcasting distribution (2015)	3,639	2,386	6,025
Total	**9,881**	**10,196**	**20,076**

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

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

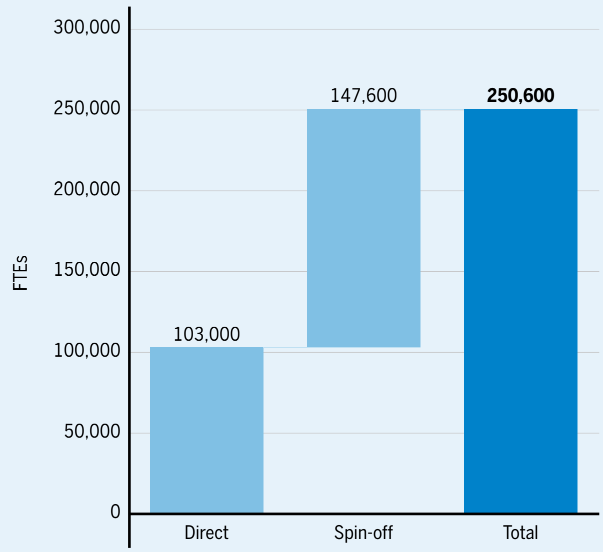
The screen sector value chain in Canada generates 250,600 full-time equivalent jobs (FTEs) of employment, including 103,000 FTEs directly in the value chain industries (i.e. direct impact) and 147,600 FTEs in other industries within the Canadian economy (i.e. spin-off impact).



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*

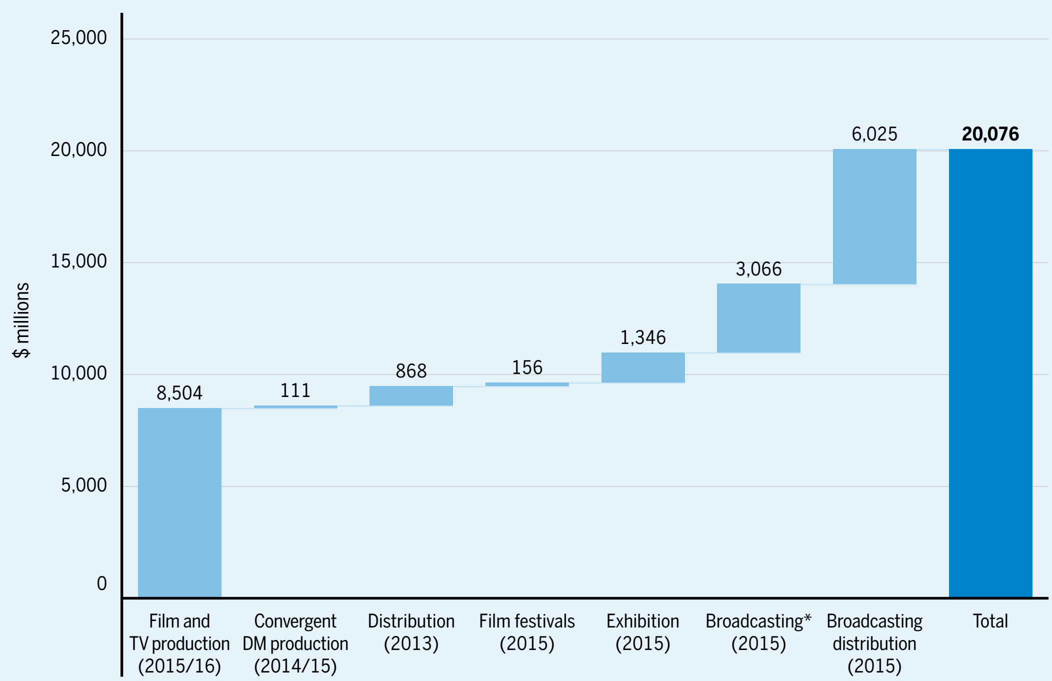
Exhibit 2 - 8 **Direct and spin-off employment impact across screen sector value chain**



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

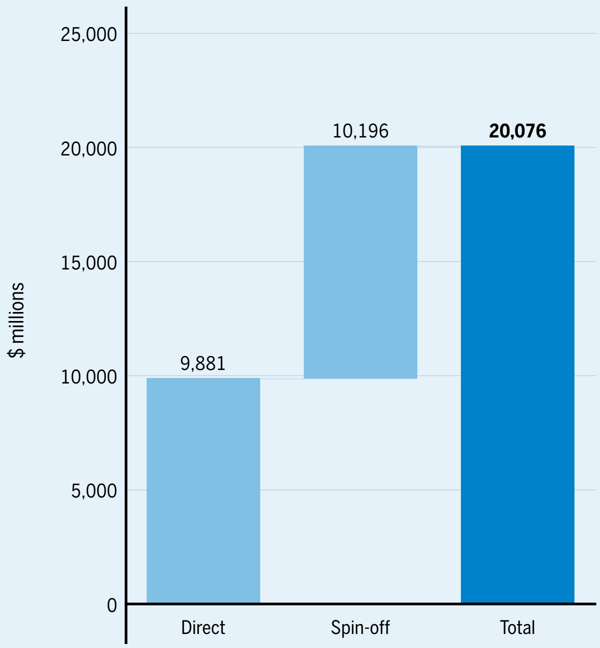
Exhibit 2 - 9 **Summary of total GDP impact of screen sector value chain**

The screen sector value chain in Canada also generates an estimated $20.2 billion in GDP for the Canadian economy, including $9.9 billion of GDP directly in the value chain industries (i.e. direct impact) and $10.3 billion in GDP in other industries within the Canadian economy (i.e. spin-off impact).



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*

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 production is made by independent production companies, although broadcaster-affiliated production companies[34] also account for some production in this sector. This segment excludes broadcaster in-house and 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 2015/16

- The volume of Canadian content production increased by 1.1% to $2.87 billion.
- English-language production increased by 0.7% to just under $2.1 billion.
- French-language production increased by 2.7% to $766 million.
- Children's and youth production increased by 11.9% to $573 million.
- Canadian animation production increased by 24.6% to $263 million.
- Production in the variety and performing arts (VAPA) genre increased by 32.7% to $150 million.

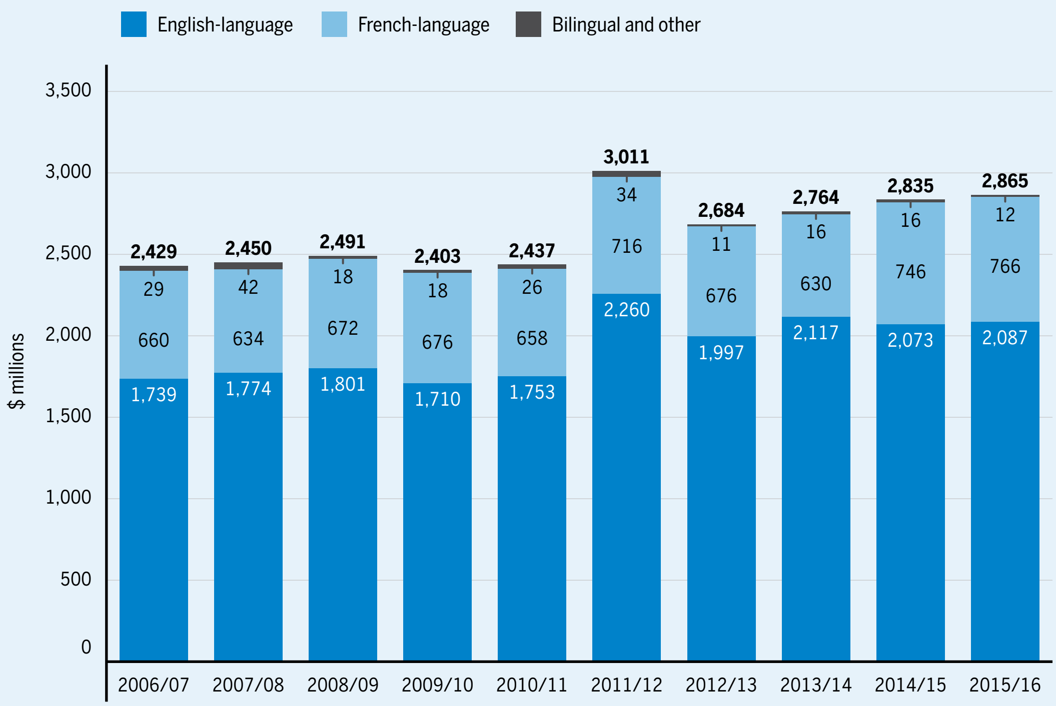
- Canadian content production in the fiction genre decreased by 6.6% to $1.4 billion.
- Documentary production decreased by 17.5% to $322 million.
- Production of programming in the lifestyle and human interest genre[35] decreased by 4.2% to $410 million.

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

LANGUAGE

Overall, Canadian film and television production volumes reached $2.9 billion in 2015/16, virtually the same level as in the previous year. Both the English- and French-language markets experienced small gains in production in 2015/16. In English, where production increased less than 1%, total production totalled $2.1 billion. In French, the volume of production increased by approximately 3%, totalling $766 million.

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.

GENRE

Approximately half of the Canadian production volume in 2015/16 was in the fiction category, which included $1.2 billion in television production and $166 million in theatrical feature film production. Indeed, fiction television, children's and youth television productions ($490 million) and children's and youth feature films ($82 million) saw their highest volumes of production in the last ten years. Documentary production volumes reached $322 million, an increase of 18% over the previous year. Lifestyle and human interest genre production reached $410 million, while variety and performing arts (VAPA) production volumes were $150 million.

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

($ millions)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Fiction										
Television	952	928	945	879	890	1,225	1,096	1,094	1,242	1,243
Theatrical feature film	282	297	226	305	291	277	357	311	267	166
Total	**1,233**	**1,224**	**1,172**	**1,183**	**1,181**	**1,502**	**1,453**	**1,404**	**1,509**	**1,410**
Children's and youth										
Television	361	311	352	379	348	438	322	421	437	490
Theatrical feature film	6	13	16	40	22	45	14	29	75	82
Total	**367**	**324**	**369**	**419**	**370**	**483**	**337**	**449**	**512**	**573**
Documentary										
Television	374	408	416	345	335	373	370	335	266	318
Theatrical feature film	10	12	11	18	9	14	7	7	8	5
Total	**384**	**421**	**427**	**363**	**344**	**387**	**377**	**342**	**274**	**322**
Variety and performing arts										
Total	**142**	**133**	**190**	**157**	**173**	**160**	**122**	**118**	**113**	**150**
Lifestyle and human interest*										
Total	**303**	**348**	**334**	**282**	**369**	**478**	**395**	**450**	**428**	**410**

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.

SÉRIE NOIRE

Second season of quirky Quebec television series straddles platforms

Série noire is a French-language television series that tells the story of two screenwriters who get into increasingly absurd situations as they look for real-world inspiration for their flagging crime drama. The first season premiered in January of 2014 while the second season appeared in November of 2015.

The show was produced by Joanne Forgues of Productions Casablanca and aired on Radio-Canada.

The second season of *Série noire* marks the first time an entire season was released on Tou.tv in advance of the broadcast This decision enabled eager fans to binge on the new episodes but also encouraged subscriptions to the platform because the content was only available on Tout.tv Extra Although Tout.tv is a free viewing platform of CBC/Radio-Canada, at the time of *Séries noire* release, access to Extra cost $6.99 a month.

The first season won 11 Gémeaux including best script for a dramatic series and best lead actor. In addition, the second season was nominated for 13 Gémeaux and won four.

Fiction productions accounted for the largest single share of production budgets in 2015/16; the documentary genre accounted for largest single share of the projects produced in that year. Canadian producers made 449 documentaries in 2015/16, which accounted for approximately one-third of all film and television projects produced by Canadians in that years.

Exhibit 3 - 3 Number of projects, by genre and type, 2015/16

	Fiction	Children's and youth	Documentary	Variety and performing arts	Lifestyle and human interest*	All genres
Number						
TV Series	111	126	182	42	249	710
Other TV programming**	159	28	259	30	8	484
Theatrical feature films	71	12	8	3	0	94
Total	**341**	**166**	**449**	**75**	**257**	**1,288**
Share of total						
TV Series	33%	76%	41%	58%	97%	55%
Other TV programming**	47%	17%	58%	42%	3%	38%
Theatrical feature films	21%	7%	2%	<1%	0%	7%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

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

Overall, French-language production accounted for 27% of the total Canadian production volume, while English represented 73%. In some genres, namely fiction and children's and youth, English-language production claimed a higher share of total budgets, a reflection of both higher per-project budgets and a larger number of projects. In variety and performing arts, however, almost two-thirds of the production volume was in French, reflecting the greater popularity of this genre in French than in English.

Exhibit 3 - 4 Volume of Canadian film and television production, by genre and language, 2015/16

	Fiction	Children's and youth	Documentary	Variety and performing arts	Lifestyle and human interest*	All genres
$ millions						
English-language	1,114	473	214	50	238	2,087
French-language	294	96	107	97	172	766
Bilingual and other	1	4	2	4	0	12
Total	**1,410**	**573**	**322**	**150**	**410**	**2,865**
Share of total						
English-language	79%	82%	66%	33%	58%	73%
French-language	21%	17%	33%	64%	42%	27%
Bilingual and other	<1%	1%	1%	3%	0%	<1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

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
** Other TV category includes single-episode television programming and television pilots.
Note: Some totals may not sum due to rounding.

Most of the children's and youth production in 2015/16 was live action, which totalled $323 million. There were, however, significant differences between the English- and French-language markets. In English, with $473 million in children's and youth production, there was a roughly equal volume of live action and animation production. In French, the $96 million in production budgets was largely for live action production (88% of total budgets). Most of the increase in production volume in this genre in 2015/16 was due to a 28% increase in animation production.

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

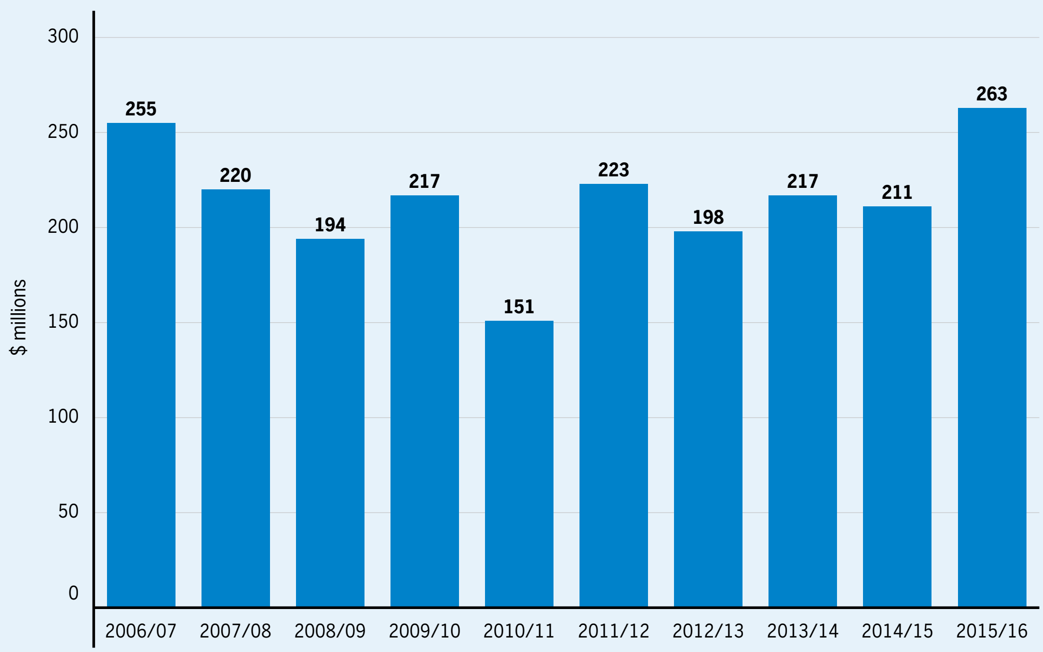
$ millions	2014/15 Live Action	2014/15 Animation	2014/15 Total	2015/16 Live Action	2015/16 Animation	2015/16 Total
English-language	217	188	405	235	238	473
French-language	93	5	98	84	12	96
Bilingual and other	7	2	8	4	0	4
Total	**317**	**195**	**512**	**323**	**250**	**573**

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

ANIMATION

Animation production reached its highest level in a decade, with $263 million in production in 2015/16.

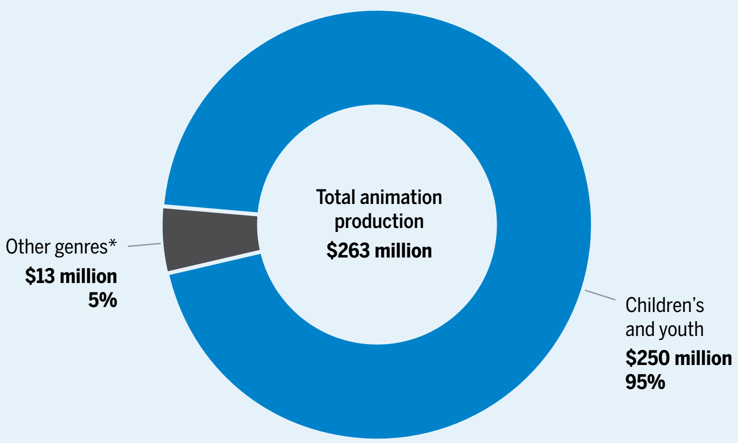
Exhibit 3 - 6 Total volume of Canadian animation production†



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

The children's and youth genre accounted for 95% of total Canadian animation production in 2015/16.

Exhibit 3 - 7 Volume of Canadian animation production, by genre, 2015/16†



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

FINANCING

The financing for Canadian film and television production draws upon a variety of private and public sources. In 2015/16, 48% of total financing came from purely private sector sources, including Canadian and foreign broadcasters and distributors; 42% of total financing came from public sources which includes public broadcasters; and 10% of total financing came from the CMF, a public-private partnership.

The overall financing picture in 2015/16 was very similar to 2014/15, with private broadcasters, tax credits, foreign financing, the CMF and Telefilm Canada accounting for the same share of financing as last year.

Exhibit 3 - 8 Financing for Canadian film and television production

	2011/12		2012/13		2013/14		2014/15		2015/16	
	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%
Private broadcaster licence fees	572	19%	494	18%	593	21%	468	17%	480	17%
Public broadcaster licence fees	221	7%	225	8%	244	9%	234	8%	294	10%
Federal tax credit	299	10%	264	10%	265	10%	278	10%	299	10%
Provincial tax credits	561	19%	493	18%	490	18%	524	18%	507	18%
Canadian distributors	357	12%	291	11%	285	10%	329	12%	283	10%
Foreign	280	9%	254	9%	291	11%	357	13%	378	13%
Canada Media Fund	303	10%	300	11%	282	10%	286	10%	286	10%
Telefilm Canada – Canada Feature Film Fund (CFFF)	60	2%	66	2%	60	2%	58	2%	54	2%
Other public*	60	2%	56	2%	25	1%	57	2%	40	1%
Other private**	298	10%	241	9%	228	8%	243	9%	243	8%
Total	**3,011**	**100%**	**2,683**	**100%**	**2,764**	**100%**	**2,835**	**100%**	**2,865**	**100%**

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

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, variety and performing arts (VAPA) and lifestyle and human interest programming. This segment excludes broadcaster in-house production, that is, television programming such as news, sports and public affairs programming produced by Canadian broadcasters[36]

Highlights from 2015/16

- Canadian television production increased by 5.1%, to $2.6 billion.
- Production increased ($2.14 billion to $2.18 billion), although the number of Canadian television series decreased slightly (712 to 709).
- English-language television production volume increased by 4.9%; French-language television production was up by 6%.
- The average budget for English-language fiction programming increased to $1.43 million per hour. Average hourly budgets were also higher in all other genres.
- Television animation production rose by 12.8% to $212 million.
- Canadian television production from Quebec-based producers increased to a 10-year high of $792 million and accounted for 30% of the national total.

- In the French-language market, the average budget for fiction programming decreased to $462,000 per hour. Average hourly budgets increased in the VAPA, and lifestyle and human interest genres, but were lower in the children's and youth, and documentary genres.

- Canadian television production from Ontario-based producers totalled $1.15 billion or 44% of the national total.
- The Canada Media Fund (CMF) made financial contributions of $286 million to support $1.3 billion in television production volume – thereby yielding the fund's highest rate of financial leverage in a decade.
- Canadian broadcasters' licence fees accounted for 22% of total financing for English-language television production and 51% of total financing for French-language television production.

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

Canadian television production generated its highest level of volume since 2012, reaching $2.6 billion. Over 80% of this production volume was for television series. Both the English- and French-language markets experienced revenue growth in 2015/16. In the English-language market – which accounts for almost three-quarters of television production – there was $1.9 billion in production, an increase of 5% over the previous year. In French, production levels totaled $690 million, a 6% increase over 2014/15.

Most of the television production – 48% of total volume – was in the fiction genre, which represents a slightly higher share of total production volume than earlier in the decade. This has offset slight decreases in the share of volume for documentary production, which generated 12% of total volume in 2015/16. All genres except lifestyle and human interest saw gains in numbers of productions as well.

In the English-language market, average per-hour budgets also rose in all genres, particularly in the children's and youth genre, which, averaged $1 million per hour – its highest level in the decade. The French-language market, however, saw decreases in average hourly budgets in the fiction, children's and youth, and documentary genres.

The top three provinces in terms of television production volumes were again Ontario, Quebec and BC, which collectively accounted for over 90% of total production volumes. A slight decrease in total production volumes in Ontario was offset by increases in Quebec, BC and, to a lesser extent, Alberta. Saskatchewan producers have been experiencing a gradual erosion in their television production volumes over the decade – likely being the result of the elimination of the province's tax credit.

The CMF contributed $286 million to Canadian television production, which enabled $1.3 billion in production to take place – the highest level in a decade. This volume of production led to the creation of 28,000 direct and spin-off jobs. Most of the production was in the drama genre, which received 53% of total CMF funding. Documentaries were allocated 23% of the CMF's budget. Overall the CMF accounted for 11% of the financing of Canadian television productions, a share that has been fairly consistent over the past five years.

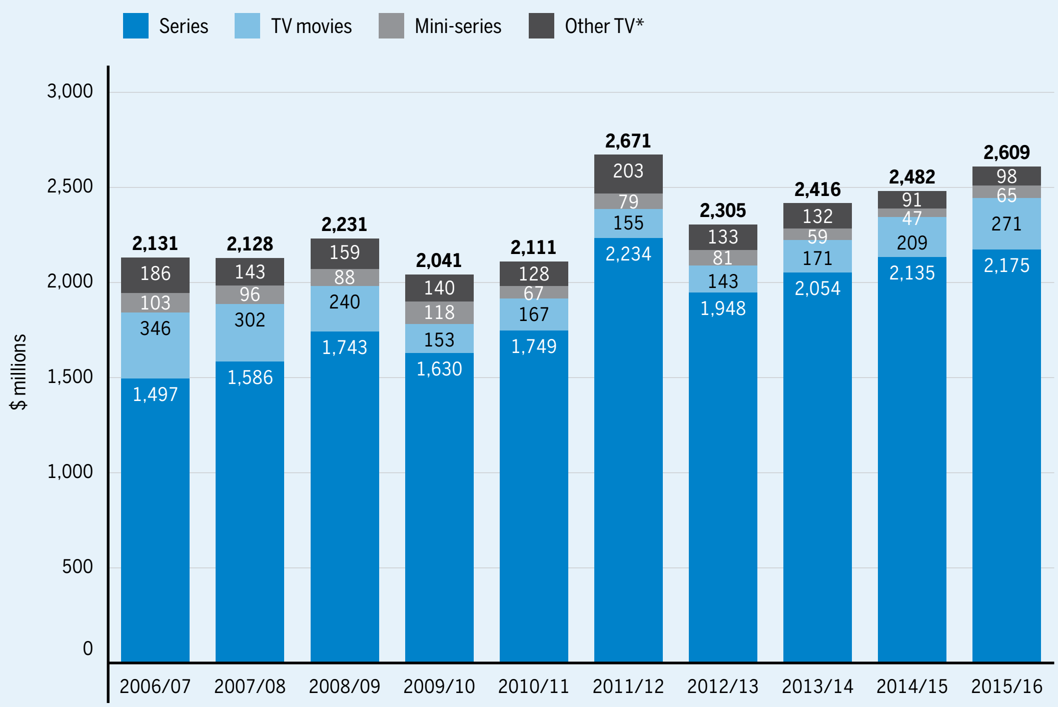
While the financing picture for Canadian television in 2015/16 was similar to 2014/15, there have been some shifts over the past five years. Private broadcaster licence fees were the largest source of financing in 2015/16, at 18%, but these licence fees have declined slightly over the past five years. Foreign financing, however, which in 2011/12 accounted for 8% of financing, increased to 13% of financing in 2015/16. Most of this foreign financing went to English-language fiction productions.

Moreover, there are significant variations in the financing picture among genres of productions. On a combined basis, federal and provincial tax credits represent the single largest source of financing for fiction production. The documentary, VAPA, and lifestyle and human interest genres rely primarily on broadcaster licence fees (both public and private) for their financing. Lifestyle and human interest productions are more reliant on broadcaster licence fees because they are not eligible for CMF funding. Canadian distributors and foreign sources represent a significant share of financing in English-language productions, particularly fiction and children's and youth productions – attesting to strong international markets for these genres. These two sources of financing represent an almost negligible share of the financing of French-language productions, which are instead more heavily financed by broadcaster licence fees.

TYPES

Exhibit 4 - 1 Canadian television production, by type

The volume of Canadian television production reached $2.6 billion in 2015, with growth in all types of television production, particularly in TV movies.



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

Exhibit 4 - 2 Number of television projects, by type

More than 1,100 Canadian television projects were produced in 2015/16, including over 700 television series.

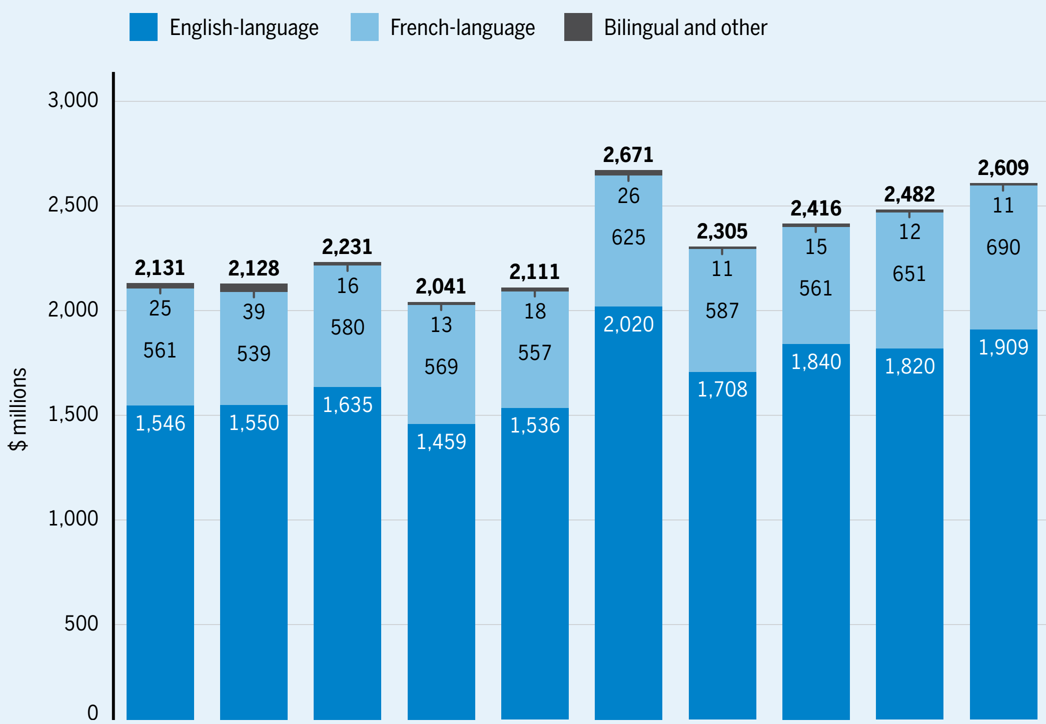
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Series	710	724	717	643	647	738	694	683	712	709
TV movies	204	176	164	109	116	103	102	125	145	163
Mini-series	45	40	43	47	46	49	57	39	47	46
Other TV*	374	381	370	372	306	385	330	340	274	272
Total	**1,333**	**1,321**	**1,294**	**1,171**	**1,115**	**1,275**	**1,183**	**1,188**	**1,178**	**1,190**

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

LANGUAGE

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

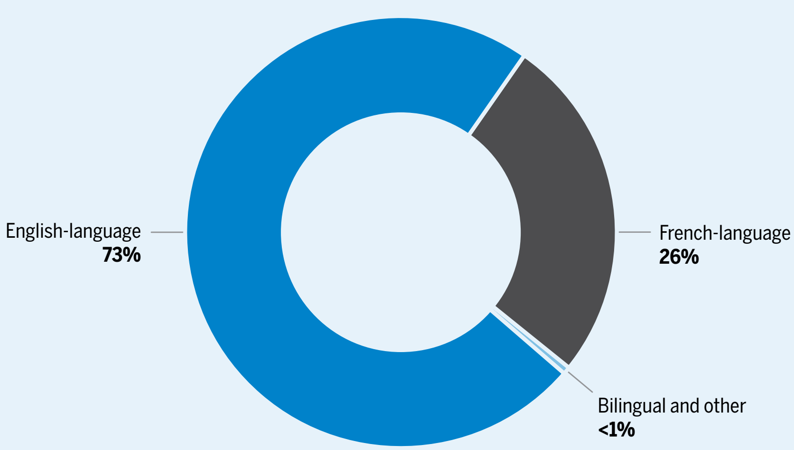
The volume of English-language production totalled $1.9 billion in 2015/16, while the volume of French-language production reached a 10-year high of $690 million.



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

Exhibit 4 - 4 Volume of Canadian television production, by language, 2015/16 share

Some 73% of television production in 2015/16 was in English, 26% was in French and 1% was bilingual or in other languages.

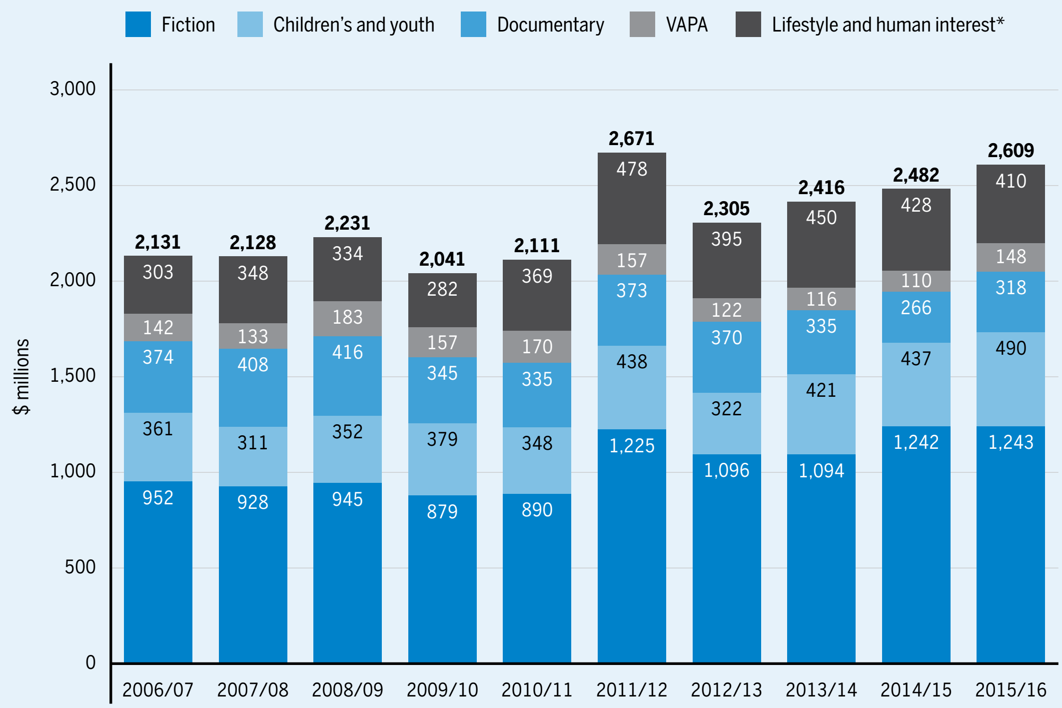


Source: Estimates based on data collected from CAVCO
Note: Total may not sum due to rounding.

GENRE

Exhibit 4 - 5 Volume of television production, by genre

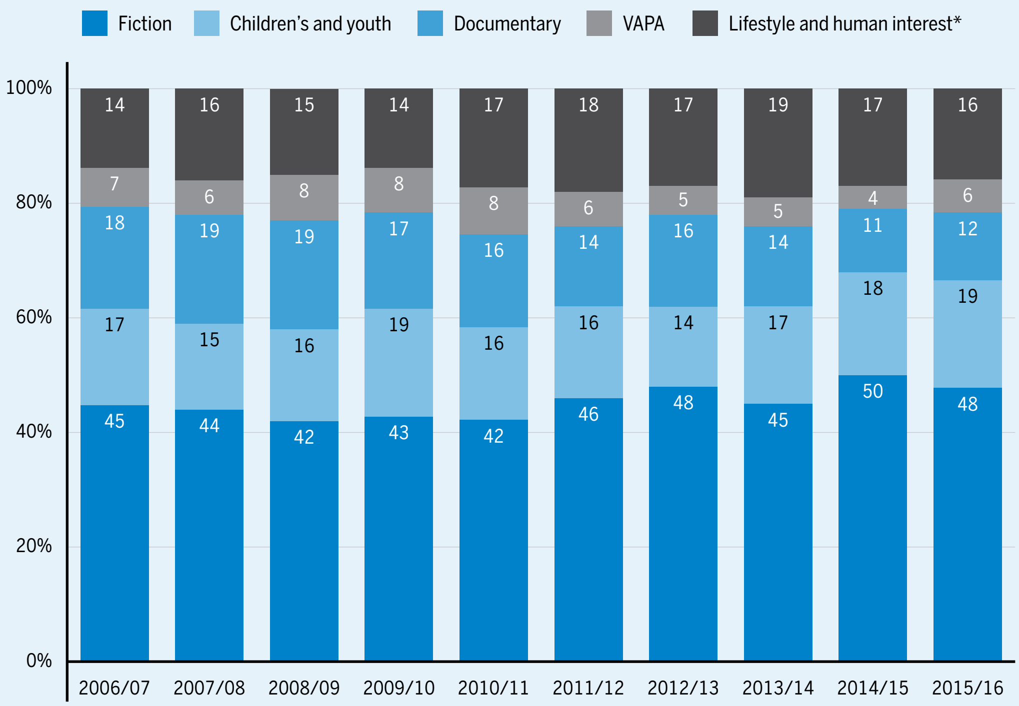
Fiction production totalled $1.2 billion in 2015/16, virtually equal to the volume in the previous year. Children's and youth production, at $490 million, grew 12% over the previous year; documentary production, at $318 million, increased by 20% compared to 2014/15.



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.

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

Shares of production by genre tracked very close to their 2014/15 levels, with fiction accounting for 48% of production volume in 2015/16. The share of production budgets going to documentaries was 12% in 2015/16, and has decreased gradually over the past 10 years, while fiction productions have accounted for a slightly larger share of production budgets in latter years compared to earlier in the decade.



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.

Children's and youth production saw higher volumes in both English and French, with English-language production accounting for 81% of total production volumes in that language. There was also a modest 3% increase in English-language fiction production at $1 billion, which slightly offset a decline in French-language fiction production. The increase in documentary production resulted from increases in both English-language ($209 million) and French-language ($107 million) production.

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

($ millions)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Fiction										
English-language	762	738	774	695	690	1,035	896	905	992	1,019
French-language	190	180	171	183	198	190	195	182	247	224
Bilingual and other	0	10	0	1	1	1	5	6	4	1
Total	**952**	**928**	**945**	**879**	**890**	**1,225**	**1,096**	**1,094**	**1,242**	**1,243**
Children's and youth										
English-language	289	252	273	299	294	331	247	351	354	396
French-language	68	47	76	76	52	97	74	64	78	90
Bilingual and other	4	12	4	4	2	10	2	6	5	4
Total	**361**	**311**	**352**	**379**	**348**	**438**	**322**	**421**	**437**	**490**
Documentary										
English-language	270	314	324	252	248	286	278	245	174	209
French-language	87	86	89	90	85	84	89	87	89	107
Bilingual and other	16	8	3	2	1	4	3	3	2	2
Total	**374**	**408**	**416**	**345**	**335**	**373**	**370**	**335**	**266**	**318**
Variety and performing arts										
English-language	51	50	77	76	74	72	42	33	16	48
French-language	88	77	100	75	91	80	81	83	93	97
Bilingual and other	3	6	6	6	5	4	0	0	0	4
Total	**142**	**133**	**183**	**157**	**170**	**157**	**122**	**116**	**110**	**148**
Lifestyle and human interest*										
English-language	178	196	186	136	230	297	246	306	283	238
French-language	128	150	145	146	130	174	149	144	144	172
Bilingual and other	1	3	3	0	9	7	0	0	1	0
Total	**303**	**348**	**334**	**282**	**369**	**478**	**395**	**450**	**428**	**410**

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.

STILL STANDING

Community and humour overcoming adversity in small-town Canada

Still Standing, produced by Frantic Films, is a critically successful hybrid comedy-reality series starring stand-up comedian Jonny Harris, as he travels across the country to a host of small Canadian towns that have seen their economic fortunes decline but are 'still standing' in the face of adversity. In each community, Harris mines enough material to put on an original stand-up comedy routine for the locals.

The first and second series aired on CBC in 2015 and 2016 respectively. The ratings for the second season were even higher than the first, putting the show among the top 30 programs in Canada, according to the producer. With its continued popularity among Canadian television audiences, *Still Standing* was renewed for a third season in the summer of 2016.

The series won Best Factual Program or Series at the Canada Screen Awards in 2016, as well as being nominated for two further categories and winning an editing award at the Canadian Cinema Editors Award.

BUDGETS

Average hourly budgets in English for all of the genres of production covered in this section of the report increased in 2015/16 compared to the previous year. Fiction productions averaged $1.4 million per hour. Children's and youth production budgets averaged $1 million per hour (although a small number of much larger budgets might have skewed the average, since median budgets were $827,000 per hour). This represented a 33% increase in average hourly budgets compared to 2014/15, and was likely driven by higher animation production budgets.

Documentary budgets reached an average of $350,000 per hour, a 14% increase over the previous year. VAPA productions averaged budgets of $404,000 per hour, although (as with children's and youth productions), the median budget was significantly lower, suggesting that there were significant variations in hourly budgets. In the lifestyle and human interest genre, the average budget rose to $380,000 per hour, its highest level since 2010/11.

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

$ 000s per hour	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Fiction										
Average	1,515	1,615	1,515	1,323	1,232	1,700	1,304	1,235	1,243	1,429
Median	1,520	1,523	1,257	1,367	1,207	1,470	1,308	1,150	1,267	1,289
Children's and youth										
Average	611	607	820	788	863	854	711	726	781	1,041
Median	638	420	496	653	500	583	512	576	712	827
Documentary										
Average	322	324	334	410	347	367	321	320	308	350
Median	252	244	291	263	286	277	292	251	269	284
Variety and performing arts										
Average	478	396	476	367	529	556	386	489	325	404
Median	255	295	318	262	231	360	197	199	227	227
Lifestyle and human interest*										
Average	n.a.	n.a.	n.a.	n.a.	266	308	265	323	290	380
Median	n.a.	n.a.	n.a.	n.a.	288	305	277	321	271	345

Source: Estimates based on data collected from CAVCO
Note that the data does not include the markup used in other exhibits to estimate 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.

French-language fiction productions also had higher average budgets than other genres. At an average of $462,000 per hour in 2015/16, however, average budgets were down 15% over the previous year. A small number of high-budget productions likely brought the average higher than it would otherwise have been, given that the median budget was $370,000.

Children's and youth productions in this language had average hourly budgets of $158,000, a 30% decrease from 2014. Average hourly documentary budgets, at $177,000, were generally close to the 2014 average. VAPA productions were the most expensive genre after fiction. With an average budget of $253,000 per hour, these productions were 14% more expensive on an average hourly budget basis than in 2014/15. In the lifestyle and human interest genre productions budgets averaged $95,000 per hour.

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

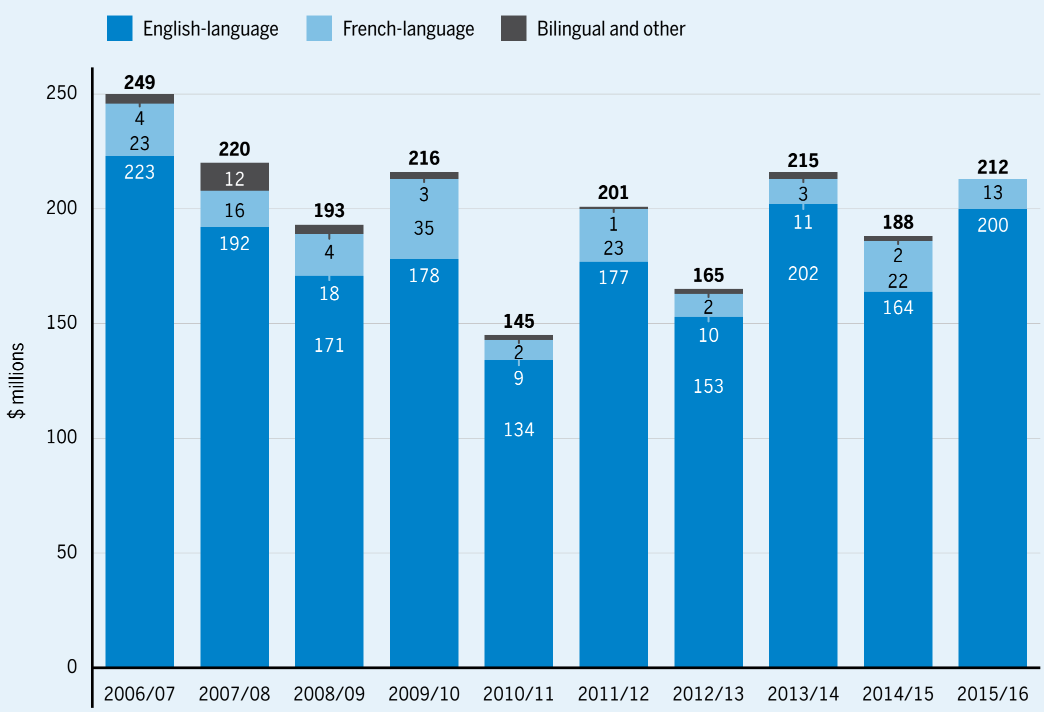
$ 000s per hour	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Fiction										
Average	501	520	520	621	517	427	402	415	544	462
Median	450	510	376	467	504	327	342	354	467	370
Children's and youth										
Average	213	209	243	233	206	313	187	170	225	158
Median	155	115	179	163	150	167	143	154	160	140
Documentary										
Average	209	223	234	228	252	212	204	220	180	177
Median	171	190	189	197	211	173	179	188	163	159
Variety and performing arts										
Average	192	278	311	212	220	205	229	277	221	253
Median	143	150	168	161	163	148	166	209	192	197
Lifestyle and human interest*										
Average	n.a.	n.a.	n.a.	n.a.	113	104	119	73	87	95
Median	n.a.	n.a.	n.a.	n.a.	83	79	63	67	74	80

Source: Estimates based on data collected from CAVCO
Note that the data does not include the markup used in other exhibits to estimate 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

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

In 2015/16 television animation production increased to $212 million, with 94% of this total production in English.



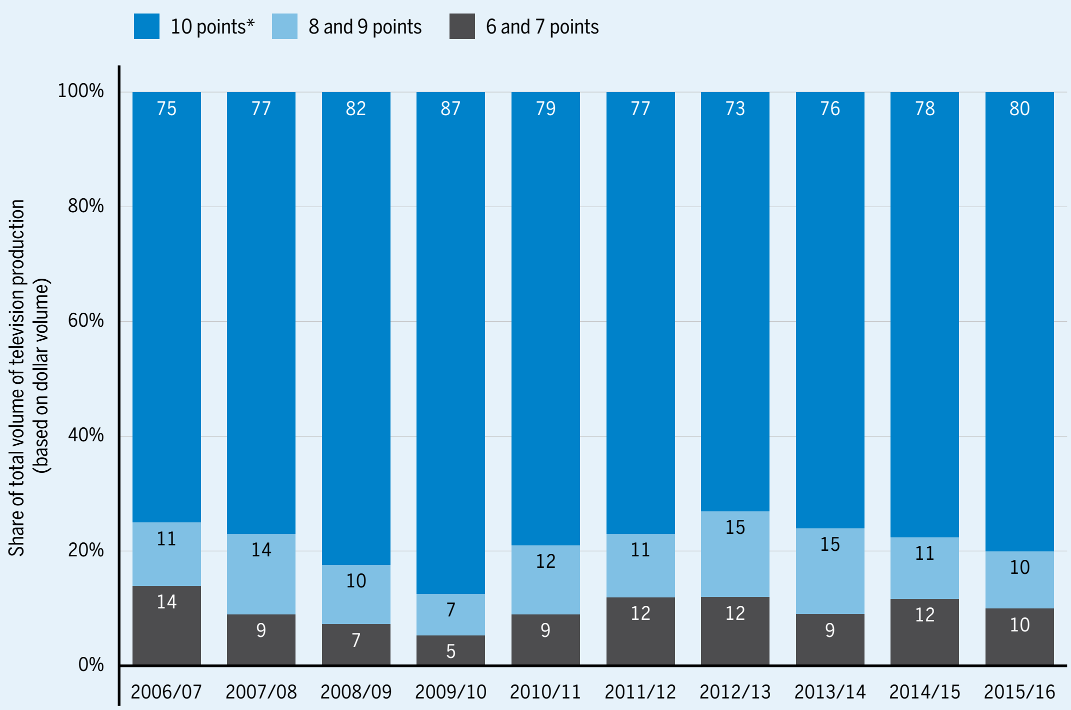
Source: Estimates based on data collected from CAVCO.
Some totals may not sum due to rounding.

CANADIAN CONTENT POINTS

To certify television programs and films as Canadian content, CAVCO and the CRTC use similar content-point scales based on key creative positions. 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.[37]

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

The share of Canadian television production with 10 points increased to 80% in 2015/16.



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.pch.gc.ca/eng/1455560477351.

37 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

During 2015/16, just over 90% of all Canadian television production took place in Canada's three largest provinces. Ontario-based producers accounted for most Canadian television production in 2015/16: they produced just over $1.1 billion in production volume; which was virtually unchanged from 2014/15. Quebec-based producers shot $792 million in Canadian television production, an increase of 6% from 2014/15. BC-based producers also saw their volume of Canadian television production increase by 9% to $439 million – a 10-year high. Producers based in Alberta, Nova Scotia, Newfoundland and Labrador, and the Territories also increased their volume of Canadian television production in 2015/16.

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

($ millions)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16 share of total
Ontario	731	829	959	944	993	1,299	1,056	1,089	1,150	1,146	44%
Quebec	758	715	731	678	711	772	701	689	748	792	30%
British Columbia	398	356	287	196	231	367	387	414	403	439	17%
Alberta	54	80	92	80	63	67	59	71	65	113	4%
Nova Scotia	54	46	47	44	29	52	35	74	43	65	2%
Newfoundland and Labrador	2	6	5	31	33	32	31	33	21	32	1%
Manitoba	63	34	40	44	25	40	22	30	40	15	<1%
New Brunswick	10	16	11	13	8	15	7	9	7	2	<1%
Saskatchewan	58	42	58	11	16	21	5	4	3	3	<1%
Territories*	0	1	1	2	1	1	2	3	2	3	<1%
Prince Edward Island	2	5	0	0	0	3	0	0	0	0	<1%
Total	**2,131**	**2,128**	**2,231**	**2,041**	**2,111**	**2,671**	**2,305**	**2,416**	**2,482**	**2,609**	**99%**

Source: Estimates based on data collected from CAVCO.
Note: Statistics published by provincial funding agencies may differ from those in *Profile 2015*. 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 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.

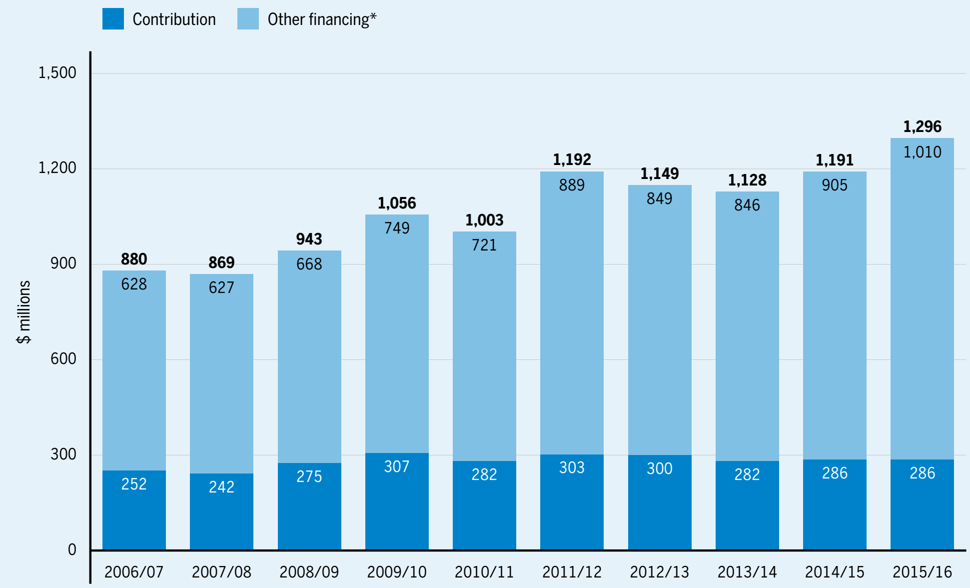
The CMF was officially launched on April 1, 2010 to respond to changes brought about by new technologies and evolving consumer demand. It replaced the former Canadian Television Fund (CTF) and the Canada New Media Fund.

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

CMF funding of $286 million supported $1.3 billion[38] in television production in 2015/16 and generated 28,000 FTEs of employment. These are the highest levels of production and employment generated in the past 10 years. It also represents the highest rate of financial leverage achieved by the fund in the past decade: each dollar of CMF funding attracted $3.53 in additional production financing.

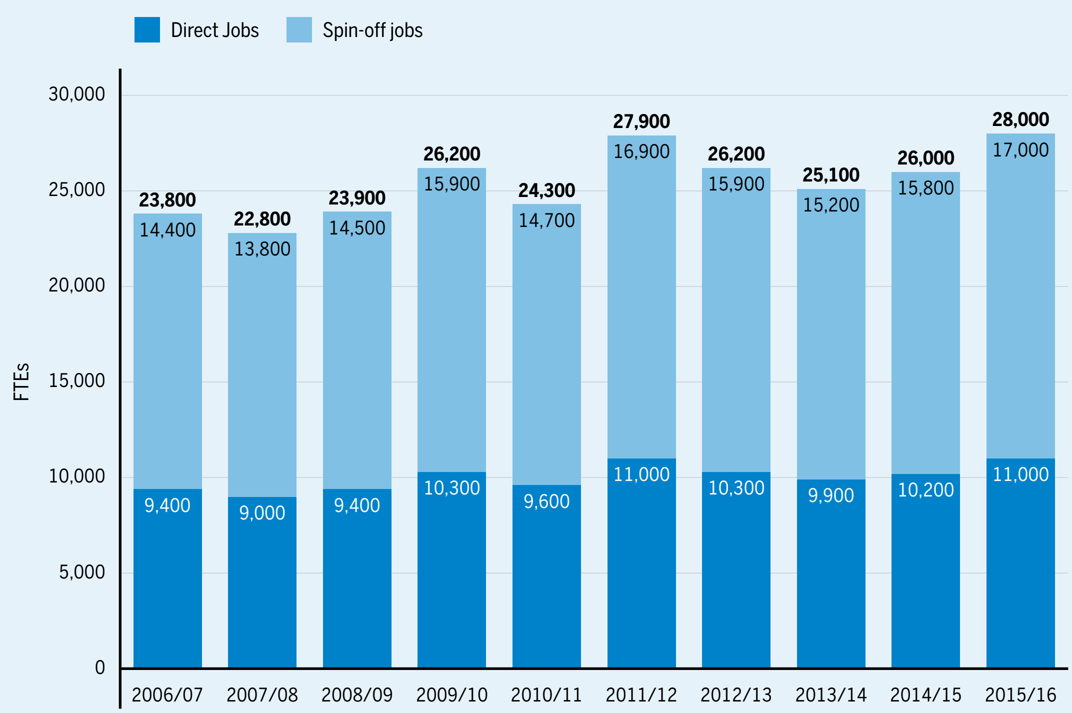
38 Canada Media Fund, custom tabulations. Funding and production statistics only include television-platform component of Convergent Stream projects.

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 over 2,900 hours of television production, the highest level achieved in ten years. Documentary productions accounted for 35% of the total hours of production, children's and youth, and drama each for 26%, and variety and performing arts for 13%.

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

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Documentary	798	806	761	821	715	828	828	886	925	1,041
Children's and youth	681	693	646	639	695	812	785	712	799	763
Drama (i.e., fiction)	549	480	580	610	659	613	671	661	700	757
Variety and performing arts	270	217	223	352	422	549	404	321	354	398
Total	**2,297**	**2,195**	**2,210**	**2,422**	**2,491**	**2,801**	**2,688**	**2,580**	**2,778**	**2,959**

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

Over half (53%) of the CMF's $286 million contributions went to drama productions. Documentary production accounted for another 23% of funding, and children's and youth productions for 19%.

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

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
($ millions)										
Documentary	52	53	55	61	56	64	58	57	59	65
Children's and youth	46	49	49	55	54	57	56	56	56	54
Drama (i.e., fiction)	144	131	162	178	160	159	166	152	158	153
Variety and performing arts	10	9	10	13	13	23	18	16	13	13
Total	**252**	**242**	**275**	**307**	**282**	**303**	**300**	**282**	**286**	**286**
Share of total										
Documentary	21%	22%	20%	20%	20%	21%	19%	20%	21%	23%
Children's and youth	18%	20%	18%	18%	19%	19%	19%	20%	20%	19%
Drama (i.e., fiction)	57%	54%	59%	58%	57%	53%	56%	54%	55%	53%
Variety and performing arts	4%	4%	4%	4%	5%	8%	6%	6%	5%	5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

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

FINANCING

The overall financing picture for Canadian television remained relatively consistent with the previous year. Broadcasters, both private and public, accounted for a combined 29% of total financing, tax credits (both provincial and federal) for 28%, distributors and foreign sources for 23% and the CMF for 11%.

Exhibit 4 - 17 Financing of Canadian television production

	2011/12		2012/13		2013/14		2014/15		2015/16	
	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%
Private broadcaster licence fees	569	21%	491	21%	591	24%	465	19%	478	18%
Public broadcaster licence fees	220	8%	223	10%	244	10%	233	9%	290	11%
Federal tax credit	275	10%	240	10%	238	10%	256	10%	282	11%
Provincial tax credits	486	18%	417	18%	423	18%	456	18%	454	17%
Canadian distributors	333	12%	255	11%	252	10%	293	12%	260	10%
Foreign	201	8%	176	8%	193	8%	295	12%	342	13%
CMF	303	11%	300	13%	282	12%	286	12%	286	11%
Other public*	30	1%	5	<1%	5	<1%	6	<1%	18	1%
Other private**	253	9%	198	9%	189	8%	193	8%	200	8%
Total	**2,671**	**100%**	**2,305**	**100%**	**2,416**	**100%**	**2,482**	**100%**	**2,609**	**100%**

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

Private broadcasters devoted the largest share of their $478 million in licence fees to the productions in the lifestyle and human interest genre, while $290 million in public broadcaster licence fees went primarily to television productions in the fiction genre.

With fiction productions, the largest share of financing came from provincial and federal tax credits; the fiction genre also attracted the most foreign financing among all genres. Children's and youth productions also derived the largest share of their financing from tax credits, followed by broadcaster licence fees. Distributors also accounted for an important part of the financing picture for the fiction, and children's and youth genres. In the VAPA and lifestyle and human interest genres, most financing came from broadcaster licence fees.

Exhibit 4 - 18 Financing of Canadian television production, by genre, 2015/16

	Fiction	Children's and Youth	Documentary	Variety and performing arts	Lifestyle and human interest†	All Genres
Amount ($ millions)						
Private broadcaster licence fees	117	82	62	52	167	478
Public broadcaster licence fees	129	32	32	37	61	290
Federal tax credit	133	51	34	17	47	282
Provincial tax credits	220	99	53	23	58	454
Canadian distributors	153	64	26	<1	16	260
Foreign	226	64	29	0	23	342
CMF*	153	54	65	13	0	286
Other public**	7	1	4	1	8	18
Other private***	106	44	13	4	30	200
Total	**1,243**	**490**	**318**	**148**	**410**	**2,609**
Share of total financing ($ millions)						
Private broadcaster licence fees	9%	17%	20%	35%	41%	18%
Public broadcaster licence fees	10%	6%	10%	25%	15%	11%
Federal tax credit	11%	10%	11%	12%	12%	11%
Provincial tax credits	18%	20%	17%	16%	14%	17%
Canadian distributors	12%	13%	8%	<1%	4%	10%
Foreign	18%	13%	9%	0%	6%	13%
CMF*	12%	11%	20%	9%	0%	11%
Other public**	1%	<1%	1%	1%	2%	1%
Other private***	9%	9%	4%	3%	7%	8%
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.
† Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.
* Only programming in the fiction, children's and youth, documentary and VAPA genres are eligible for CMF funding.
** Other public includes financing from provincial governments, and other federal government departments and agencies.
*** Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors

In English-language television production, the past five years have witnessed significant growth in foreign financing, which now represents 18% of the total financing picture. Private broadcasters, representing 15% of total financing, have seen declines in the dollar value of their licence fees, while the dollar value of public broadcaster licence fees has increased. The CMF continues to represent 10% of the total financing of English-language productions.

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

	2011/12		2012/13		2013/14		2014/15		2015/16	
	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%
Private broadcaster licence fees	404	20%	345	20%	454	25%	281	15%	281	15%
Public broadcaster licence fees	96	5%	101	6%	124	7%	108	6%	142	7%
Federal tax credit	204	10%	176	10%	176	10%	182	10%	200	10%
Provincial tax credits	377	19%	318	19%	328	18%	345	19%	343	18%
Canadian distributors	327	16%	265	16%	243	13%	285	16%	254	13%
Foreign	182	9%	167	10%	187	10%	289	16%	335	18%
CMF	199	10%	197	12%	183	10%	185	10%	185	10%
Other public*	26	1%	5	<1%	3	<1%	2	<1%	19	1%
Other private**	205	10%	135	8%	142	8%	143	8%	150	8%
Total	**2,020**	**100%**	**1,708**	**100%**	**1,840**	**100%**	**1,820**	**100%**	**1,909**	**100%**

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

French-language productions were financed primarily by broadcaster licence fees (51% of total financing), and in 2015/16 the dollar value of broadcaster licence fees – both private and public – achieved its highest levels in the past five years. Foreign financing and Canadian distributors accounted for less than 1% of total financing, reflecting the fact that the primary market for these productions is Canada.

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

	2011/12		2012/13		2013/14		2014/15		2014/15	
	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%
Private broadcaster licence fees	159	26%	144	25%	132	24%	185	28%	198	29%
Public broadcaster licence fees	120	19%	122	21%	126	22%	127	20%	149	22%
Federal tax credit	68	11%	63	11%	61	11%	73	11%	81	12%
Provincial tax credits	105	17%	97	17%	92	16%	108	17%	109	16%
Canadian distributors	4	1%	2	<1%	2	<1%	2	<1%	3	<1%
Foreign	17	3%	2	<1%	1	<1%	1	<1%	2	<1%
CMF	97	16%	96	16%	92	16%	93	14%	93	13%
Other public*	6	1%	11	2%	11	2%	7	1%	2	<1%
Other private**	48	8%	48	8%	44	8%	55	8%	54	8%
Total	**625**	**100%**	**587**	**100%**	**561**	**100%**	**651**	**100%**	**690**	**100%**

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

Just over half of the total production budgets in the English-language market – $1 billion – went to fiction productions, with children's and youth productions capturing another 20% of total production budgets.

The largest source of financing for English-language fiction productions was foreign (22%). With Canadian distributors adding another 15% of the financing to this genre, it is clear that English-language fiction productions are exportable, and have release windows beyond their first broadcast release. Broadcaster licence fees, both public and private, accounted for 15% of total financing, indicating that Canadian fiction productions are less reliant on Canadian broadcaster financing than other genres.

Distributors and foreign sources collectively accounted for close to a third of the financing for English-language children's and youth productions, indicating that this genre, too, is exportable. Private broadcaster licence fees for this genre are considerably higher than public broadcaster licence fees, suggesting that the licence fees come largely from a small number of privately-owned specialty and pay TV services.

With English-language documentary productions, the CMF represents a larger share of financing (20%) than for other genres. Public and private broadcaster licence fees account for approximately a quarter of total financing, while foreign sources and Canadian distributors account for another quarter.

For productions in the lifestyle and human interest genre, over 40% of financing came from private broadcaster licence fees, with tax credits (both provincial and federal) accounting for another quarter of financing. VAPA productions were also heavily financed through licence fees: 60% of their financing comes from private and public broadcaster licence fees and another quarter of the total financing is through tax credits, provincial and federal.

Exhibit 4 - 21 **Financing of English-language Canadian television production, by genre, 2015/16**

	Fiction	Children's and Youth	Documentary	Variety and performing arts	Lifestyle and human interest†	All Genres
Amount ($ millions)						
Private broadcaster licence fees	67	62	30	23	97	281
Public broadcaster licence fees	82	14	20	6	20	142
Federal tax credit	108	40	22	5	25	200
Provincial tax credits	183	82	35	7	35	343
Canadian distributors	151	63	25	<1	14	254
Foreign	224	62	27	0	22	335
CMF	103	34	41	5	0	185
Other public*	1	1	2	<1	8	19
Other private**	99	37	7	2	17	150
Total	**1,019**	**396**	**209**	**48**	**238**	**1,909**
Share of total financing (%)						
Private broadcaster licence fees	7%	16%	14%	48%	41%	15%
Public broadcaster licence fees	8%	4%	10%	12%	8%	7%
Federal tax credit	11%	10%	10%	10%	11%	10%
Provincial tax credits	18%	21%	17%	15%	15%	18%
Canadian distributors	15%	16%	12%	<1%	6%	13%
Foreign	22%	16%	13%	0%	9%	18%
CMF*	10%	9%	20%	10%	0%	10%
Other public**	<1%	<1%	1%	<1%	3%	1%
Other private***	10%	9%	3%	4%	7%	8%
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.
† Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.
* Only programming in the fiction, children's and youth, documentary and VAPA genres are eligible for CMF funding.
** Other public includes financing from provincial governments, and other federal government departments and agencies.
*** Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.

Approximately a third of the total financing for French-language television went to fiction productions, while another quarter went to productions in the lifestyle and human interest genres (which includes the magazine programming genre). Overall, broadcaster licence fees, both public and private, accounted for half of the total financing across all genres. Foreign and Canadian distributor financing made up a relatively small share of the total financing of French-language productions, making them generally more reliant on financing through broadcaster licence fees.

French-language fiction productions were financed primarily by broadcaster licence fees (44% of total financing) and the CMF (20% of total financing). Tax credits, both provincial and federal, made up the next-largest share of financing, while distributors, other public and other private sources comprised less than 10% of the financing. The picture is similar for French-language children's and youth productions, which are financed largely by broadcaster licence fees (40%), tax credits (29%) and the CMF (19%). French-language documentaries are more heavily financed by private broadcaster licence fees (30% of total financing) than the previous genres, and receive less public broadcaster financing (11% of total financing) than other genres.

Productions in the lifestyle and human interest genre derived most of their financing from broadcaster licence fees, with almost two-thirds of financing coming from private and public broadcasters. The CMF does not finance this genre; thus, most of the remaining financing came from tax credits. VAPA productions were also largely broadcaster-financed, with licence fees representing 60% of total financing. While this genre was eligible for CMF funding, that source of financing accounted for only 8% of total financing; provincial and federal tax credits account for most of the other financing.

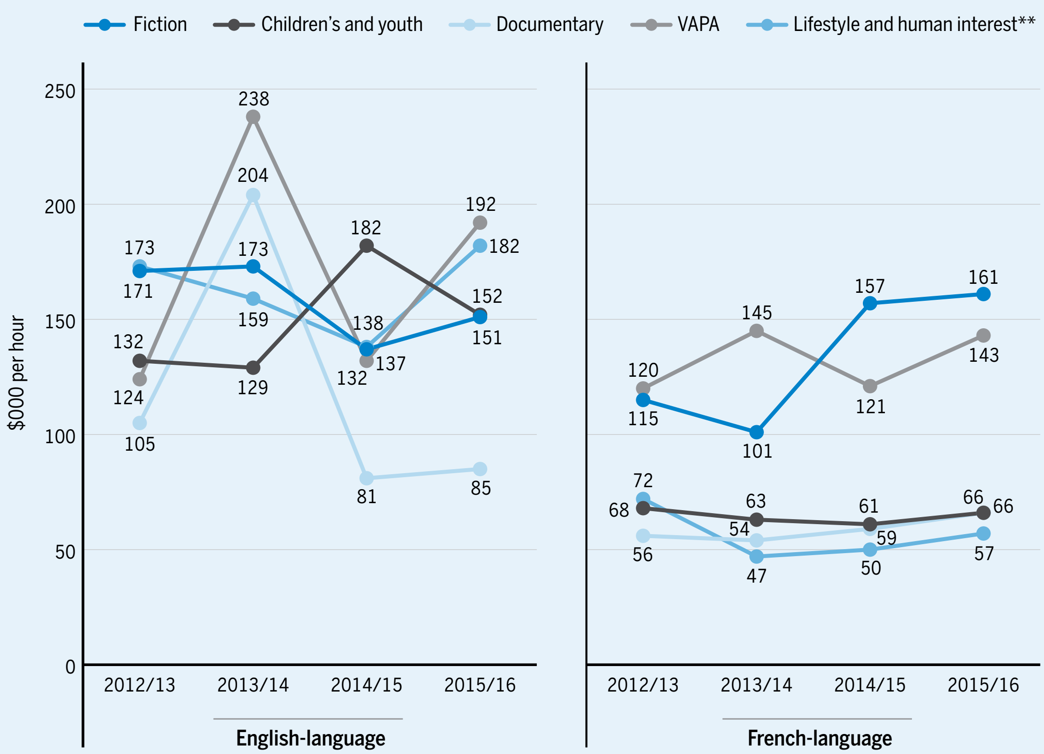
Exhibit 4 - 22 Financing of French-language Canadian television production, by genre, 2015/16

	Fiction	Children's and Youth	Documentary	Variety and performing arts	Lifestyle and human interest†	All Genres
Amount ($ millions)						
Private broadcaster licence fees	51	19	32	28	70	198
Public broadcaster licence fees	48	17	12	30	43	149
Federal tax credit	25	10	12	12	22	81
Provincial tax credits	36	16	18	15	23	109
Canadian distributors	1	<1	<1	<1	1	3
Foreign	0	1	1	0	<1	2
CMF	48	17	21	8	0	93
Other public*	7	0	2	0	1	2
Other private**	9	9	9	3	13	54
Total	**224**	**90**	**107**	**97**	**172**	**690**
Share of total financing (%)						
Private broadcaster licence fees	23%	21%	30%	29%	40%	29%
Public broadcaster licence fees	21%	19%	11%	31%	25%	22%
Federal tax credit	11%	11%	11%	12%	13%	12%
Provincial tax credits	16%	18%	17%	16%	13%	16%
Canadian distributors	1%	<1%	<1%	<1%	<1%	<1%
Foreign	0%	1%	1%	0%	<1%	<1%
CMF*	21%	19%	20%	8%	0%	13%
Other public**	3%	0%	2%	0%	<1%	<1%
Other private***	4%	10%	8%	3%	8%	8%
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.
† Includes magazine programming and a small amount of programming that was previously allocated to the educational/instructional genre.
* 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.
** Other public includes financing from provincial governments, and other federal government departments and agencies.
*** Other private includes financing from production companies (excluding the tax credit contribution), independent production funds, broadcaster equity and other Canadian private investors.

Broadcaster licence fees have varied considerably from year to year over the past four years in most genres and in both language markets. In the English-language market, licence fees have generally been in the $150,000 to $200,000 per hour range, which was the case for most genres in 2015/16. In the French-language market, broadcasters paid the highest level of licence fees for fiction productions, followed by magazine productions. Average licence fees for children's and youth, lifestyle and human interest, and variety and performing arts productions have generally been in the $50,000 to $100,000 range, which was the case in 2015/16.

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



Source: Estimates based on data obtained from CAVCO for a sample of 2014/15 projects.

* 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.[39] Recent examples of notable Canadian theatrical feature films include *It's Only the End of the World*, *Mean Dreams* and *Two Lovers and a Bear*.

Highlights from 2015/16

- The average budget for French-language films increased to $2.6 million

- Canadian theatrical feature film production declined by 27.6% to $255 million despite the 30.1% increase in production supported by the Canada Feature Film Fund (CFFF).
- English-language theatrical feature film production decreased by 29.6% to $178 million. French-language theatrical feature film production decreased by 20% to $76 million. Theatrical feature films produced in other languages accounted for approximately $2 million in production.
- The average budget of English-language feature films decreased to $2.2 million.
- The share of theatrical feature films in the fiction genre with budgets over $10 million dropped from 6% to 2%.
- The volume of theatrical feature films produced by Quebec-based producers decreased by 36.1%, and accounted for 42% of the national volume. Production by Ontario-based producers decreased by 24.5%, and accounted for 36% of the national volume. Production by BC-based producers decreased by 23.6% and accounted for 16% of the national volume.
- Foreign financing of Canadian theatrical feature film production dropped by 42% to $54 million and accounted for 14% of total financing.

- Canadian producers made 94 theatrical feature films.
- Public sources accounted for 57% of total financing of Canadian theatrical feature film production. The CFFF[40], administered by Telefilm Canada, accounted for 21% of all financing.

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

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

A steep drop in the production of theatrical feature films in the fiction genre – in both English and French languages – pulled down the overall volume of production in the sector in 2015/16. Production outside of the fiction genre was relatively stable in 2015/16, however, a 37.8% drop in fiction production contributed to an overall decrease of 27.6% in the sector's production volume.

The drop in fiction production was itself due to decreases in both the number of films produced and the budgets of those films. Canadians produced only 71 fiction features in 2015/16 (a 10-year low) compared to 89 the year before. Although the average budget of French-language fiction features rose slightly – from $2.5 million to $2.6 million – the average budget of English-language fiction features dropped to a 10-year low of $2.2 million. Across both languages, the average budget also hit a 10-year low of $2.4 million.

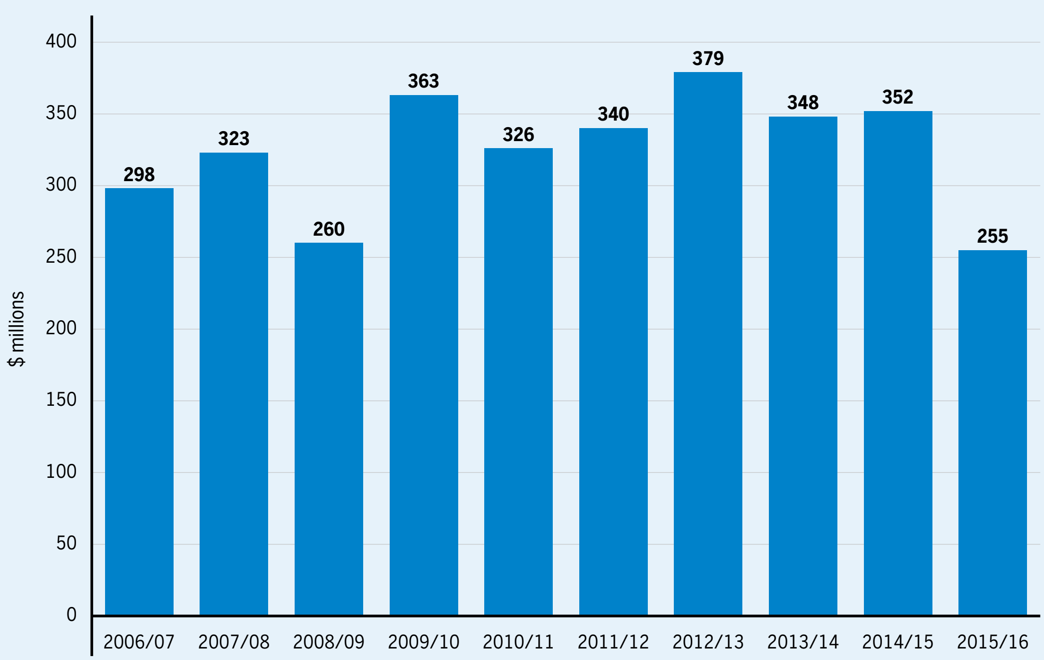
The lower average budget, particularly within English-language production was linked to the reduced prominence of higher-budget films with the annual slate of production. The share of fiction features with budgets over $10 million dropped from 6% to 2%. And the share of films with budgets over $5 million dropped from 23% to 10%.

The drop in fiction feature production and average budgets was accompanied by a drop-off in the private financing of Canadian feature films, particularly English-language feature films. Financing from Canadian distributors, foreign sources and other private sources were down significantly in 2015/16.

TOTAL PRODUCTION AND AVERAGE BUDGETS

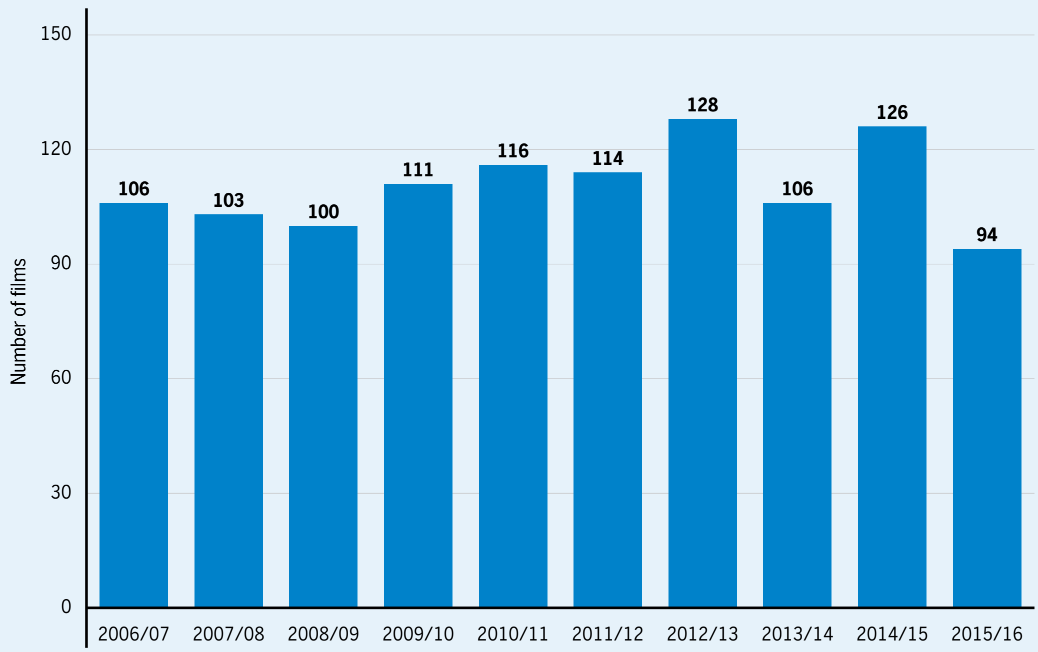
Exhibit 5 - 1 Total volume of Canadian theatrical feature film production

The total volume of Canadian theatrical feature film production fell by 27.6% to a 10-year low of $255 million in 2015/16. The drop in production volume was driven by both a drop in the number of feature films produced – from 126 to 94 – and a decrease in average budgets. The average budget of fiction feature films decreased from $3 million to $2.4 million. The drop in average budget appears to have been partly due to a decrease in the prominence of big-budget films (i.e. films with a budget over $5 million) in 2015/16, which itself may partially have been due to less production of English-language treaty coproduction feature films in 2015 (see Section 6).



Source: Estimates based on data collected from CAVCO.

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



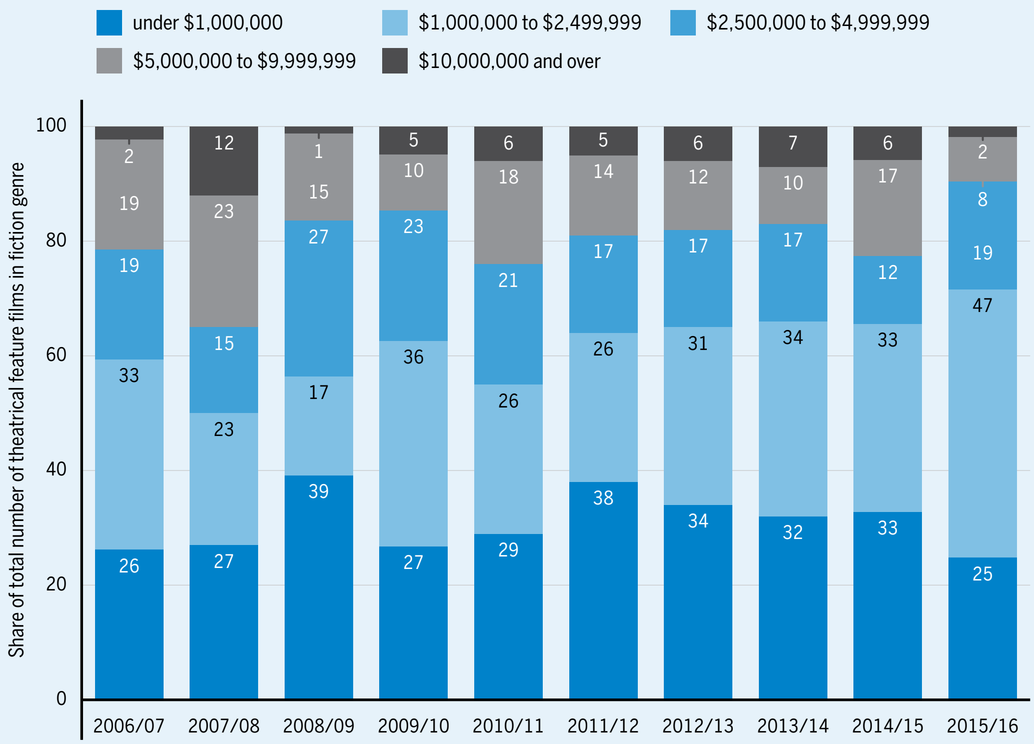
Source: Estimates based on data collected from CAVCO.

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

($ millions)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
English										
Average	2.9	3.9	2.5	4.2	3.8	3.5	3.6	4.4	3.2	2.2
Median	2.0	2.1	1.4	1.4	1.8	1.2	1.3	1.4	1.4	1.2
French										
Average	3.1	2.8	2.7	2.6	2.9	3.3	2.7	2.5	2.5	2.6
Median	3.2	1.6	2.1	1.9	2.2	2.4	1.8	1.9	1.3	2.2
All languages*										
Average	3.0	3.5	2.6	3.6	3.4	3.4	3.4	3.8	3.0	2.4
Median	2.1	2.0	1.7	1.5	2.0	1.5	1.4	1.6	1.4	1.4

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)

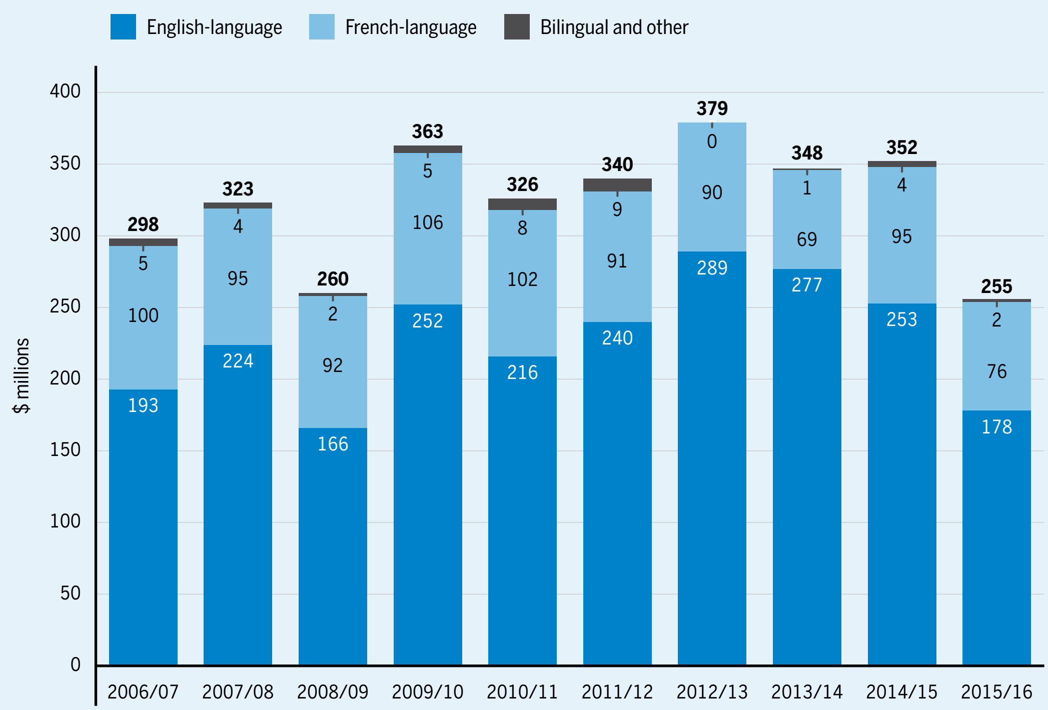


Source: Estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding. Budget calculations exclude the foreign budgets of audiovisual treaty coproductions.

LANGUAGE

Production of Canadian theatrical feature films in English and French fell in 2015/16. The volume of English-language dropped by 29.6% to $178 million, while the volume of French-language production dropped by 20% to $76 million. The number of films produced in each language also fell in 2015/16.

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

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
English	69	63	63	70	66	75	90	67	84	65
French / Bilingual and other	37	40	37	41	50	39	38	39	42	29
Total	**106**	**103**	**100**	**111**	**116**	**114**	**128**	**106**	**126**	**94**

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

GENRES

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

The majority of theatrical feature film production was in the fiction genre in 2015/16. Canadians produced a total of 71 fiction feature films in 2015/16, with total budgets of $166 million. Indeed, the drop in the volume of fiction production pulled down the overall volume of Canadian theatrical feature film production, as the volume of production in other genres (i.e., documentary, children's and youth, and VAPA) actually increased by $3 million to $89 million.

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Volume ($millions)										
Fiction	282	297	226	305	291	277	357	311	267	166
Other genres*	16	26	34	58	35	63	21	37	86	89
Total	**298**	**323**	**260**	**363**	**326**	**340**	**379**	**348**	**352**	**255**
Number of films										
Fiction	98	89	88	84	85	81	106	82	89	71
Other genres*	15	23	25	27	31	33	22	24	37	23
Total	**113**	**112**	**113**	**111**	**116**	**114**	**128**	**106**	**126**	**94**

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

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

The three largest provinces for theatrical feature film production – Quebec, Ontario and British Columbia – all experienced decreases in production volume in 2015/16. For Quebec-based producers, production dropped by 36.1%; Ontario- and BC-based producers experienced decreases of 24.5% and 23.6%, respectively.

($ millions)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16 share of total
Quebec	124	121	130	229	127	136	145	177	169	108	42%
Ontario	93	109	46	91	121	176	173	130	122	92	36%
British Columbia	43	65	53	25	41	8	37	17	55	42	16%
Alberta	5	9	0	3	2	0	1	3	4	5	2%
Manitoba	8	5	0	1	14	10	7	0	3	5	2%
Nova Scotia	21	3	10	9	11	2	8	1	0	1	<1%
Newfoundland and Labrador	0	1	2	0	0	1	2	3	0	1	<1%
Territories*	3	0	0	0	0	0	0	0	0	1	<1%
Saskatchewan	0	11	15	3	11	7	4	15	0	0	0%
New Brunswick	0	0	3	1	0	0	1	2	0	0	0%
Prince Edward Island	0	0	0	0	0	0	0	0	0	0	0%
Total	**298**	**323**	**260**	**363**	**326**	**340**	**379**	**348**	**352**	**255**	**100%**

Source: Estimates based on data collected from CAVCO. Some totals may not sum due to rounding.
Note: Statistics published by provincial funding agencies may differ from those in *Profile 2016*. Please see Notes on Methodology for additional information. Some totals may not sum due to rounding.

CLOSET MONSTER

Newfoundland coming of age film gains national release and international distribution

Closet Monster is the feature film debut of St John's native Stephen Dunn. The film tells the story of a young Newfoundlander discovering his sexuality amid the tensions of friends and family in a small town. *Closet Monster* is set and filmed in St John's but highlights universal aspects of growing up different in a close-knit community.

Closet Monster premiered at TIFF in 2015, where it won Best Canadian Feature. At the 2015 Atlantic Film Festival, Stephen Dunn won prizes for Best Atlantic Director and Best Atlantic Screenwriter. Internationally, *Closet Monster* was presented at the Festa del Cinema di Roma in 2015 and the Torino Gay and Lesbian Film Festival in 2016.

CANADA FEATURE FILM FUND (CFFF) (TELEFILM CANADA)

The CFFF, established in 2000 and administered by Telefilm Canada, is the federal government's main program for the support of the Canadian theatrical feature film industry and the single largest source of financing for Canadian production in that sub-sector.

In 2015/16, Telefilm Canada provided $95.7 million in financial support for the development, production, distribution, marketing and promotion of Canadian feature films. This total financial support included $60.7 million in financing for feature film production, which was distributed mainly through the CFFF Production Program to 110 Canadian feature films.[41]

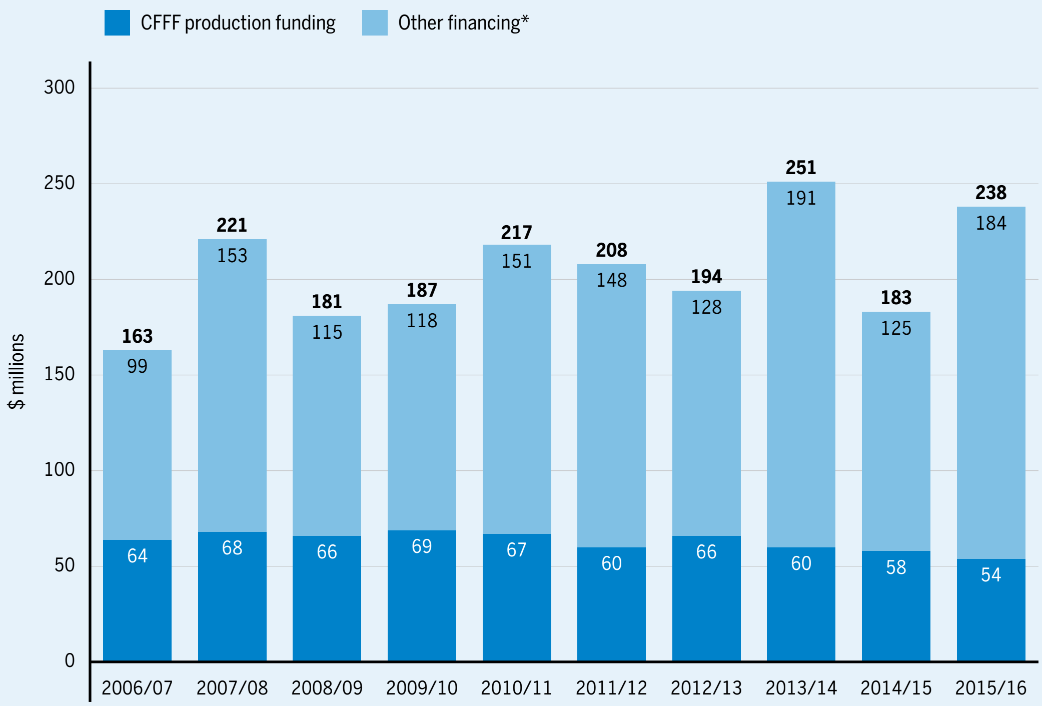
Excluding its support for the Theatrical Documentary Program and post-production activities, Telefilm Canada provided $54 million in funding to 87 new feature films in 2015/16, with combined budgets of $238 million.[42]

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

42 Please note that the total volume of feature film production supported by the CFFF ($238 million) is not directly comparable to the total volume of CAVCO-certified theatrical feature film production ($255 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, CFFF 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.

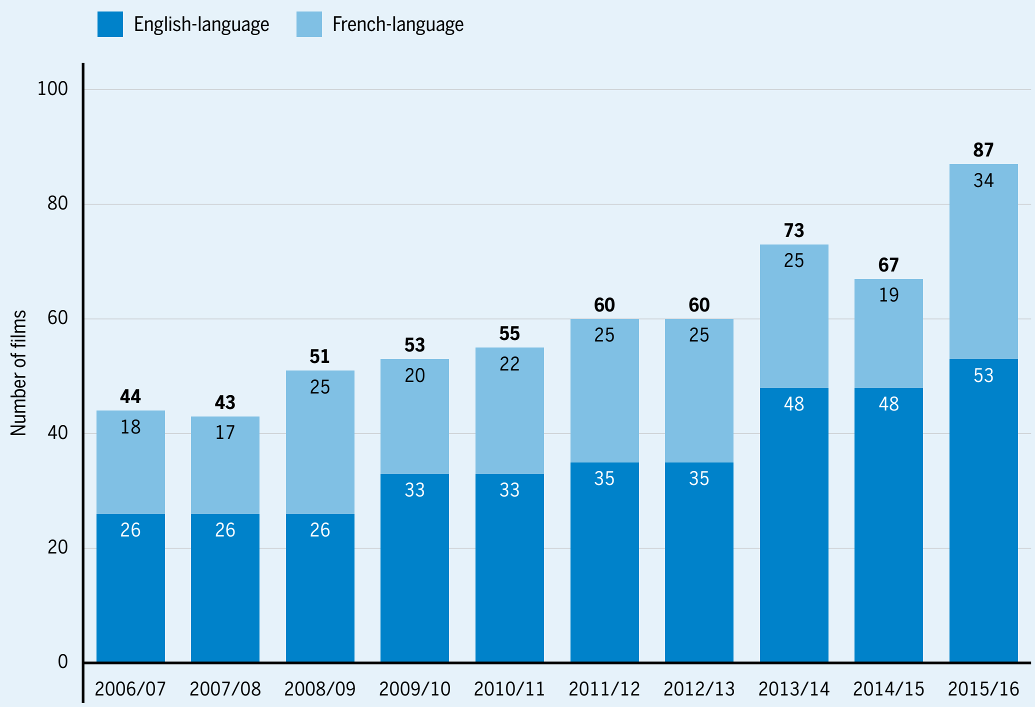
Exhibit 5 - 9 Total Canadian theatrical feature film production volume with contributions from the CFFF Production Program

The CFFF observed a drop of 27.2% in production volume from 2013/14 to 2014/15. This decrease was then offset in 2015/16 by an increase of 30.1%. As the frame of reference used for financial analysis differs between Telefilm Canada and CAVCO, it is possible that the increase in CFFF-supported production volume may be reflected in CAVCO's next reporting period.



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 CFFF Production Program and exclude data from the Low Budget Independent Feature Film Assistance Program. Statistics for 2008/09 to 2012/13 include data for the Production Program and the Low Budget Independent Feature Film Assistance Program. In 2013/14, the Low Budget Independent Feature Film Assistance Program was rolled into the Production Program.

Exhibit 5 - 10 **Number of Canadian theatrical feature films that received financial support from the CFFF Production Program, by language**



Source: Telefilm Canada.

FINANCING

Exhibit 5 - 11 **Financing of Canadian theatrical feature film production**

Canadian theatrical feature film production drew the majority of its financing (57%) from public sources (i.e. public broadcaster licence fees, federal tax credit, provincial tax credits, CFFF – Telefilm and other public sources) in 2015/16. After increasing to a five-year high in both dollar ($98 million) and percentage terms (28%) in 2013/14, foreign financing fell for the second consecutive year. It 2015/16, foreign financing totalled $36 million and accounted for 14% of total financing – five-year lows in both dollar and percentage terms.

	2011/12		2012/13		2013/14		2014/15		2015/16	
	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%
Private broadcaster licence fees	3	1%	3	1%	3	1%	3	1%	2	1%
Public broadcaster licence fees	1	<1%	2	<1%	1	<1%	1	<1%	4	1%
Federal tax credit	24	7%	24	6%	27	8%	22	6%	17	7%
Provincial tax credits	74	22%	76	20%	67	19%	68	19%	53	21%
Canadian distributors	24	7%	36	9%	33	9%	36	10%	24	9%
Foreign	79	23%	78	21%	98	28%	63	18%	36	14%
CFFF - Telefilm	60	18%	66	17%	60	17%	58	16%	54	21%
Other public*	30	9%	51	13%	20	6%	51	15%	22	9%
Other private**	45	13%	43	11%	40	11%	50	14%	43	17%
Total	**340**	**100%**	**379**	**100%**	**348**	**100%**	**352**	**100%**	**255**	**100%**

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

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

Lower levels of financing from Canadian distributors, foreign sources, the CFFF and other public and private sources pulled down the overall volume of English-language production. CFFF financing of French-language production was higher in 2015/16, however, it could not offset lower levels of financing from Canadian distributors, foreign sources and other public sources.

	English-language						French and other languages					
	2013/14		2014/15		2015/16		2013/14		2014/15		2015/16	
	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%	$ millions	%
Private broadcaster licence fees	2	1%	3	1%	2	1%	<1	<1%	<1	<1%	<1	<1%
Public broadcaster licence fees	<1	<1%	<1	<1%	3	2%	<1	1%	<1	<1%	<1	<1%
Federal tax credit	25	9%	18	7%	14	8%	2	3%	4	4%	3	4%
Provincial tax credits	51	19%	46	18%	39	22%	16	22%	21	22%	14	19%
Canadian distributors	27	10%	28	11%	19	11%	5	8%	8	8%	4	6%
Foreign	97	35%	55	22%	34	19%	1	1%	7	7%	2	3%
CFFF - Telefilm	36	13%	40	16%	28	16%	24	35%	19	20%	27	36%
Other public*	6	2%	25	10%	8	4%	14	20%	25	26%	13	17%
Other private**	32	12%	39	15%	31	18%	8	11%	11	11%	11	15%
Total	**277**	**100%**	**253**	**100%**	**178**	**100%**	**69**	**100%**	**95**	**100%**	**76**	**100%**

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

6. Audiovisual Treaty Coproduction

The Government of Canada currently has audiovisual coproduction treaties with 54 partner countries.[43] 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. It also enables foreign producers to access their own country's incentives, if any, for the foreign portion of the budget. Partnering production companies can take either a majority or minority participation position in an audiovisual treaty coproduction depending on the proportion of financing each producer brings to the project.

Highlights from 2015/16

- Total budgets for French-language coproductions were $118 million, an almost threefold increase compared to 2014.

- Total budgets for English-language coproductions decreased by 31% compared to 2014.

- Canada participated in 58 television and feature film treaty coproductions in 2015, representing a total budget of $456 million.
- Television coproduction represented 55% of all treaty coproduction activity and accounted for almost 60% of total treaty coproduction budgets.
- France and the UK have been Canada's principal coproduction partners over the past ten years, accounting for 49% of total coproduction budgets since 2006.
- Canada was a majority partner for 43% of its treaty coproduction projects in 2015, however, these projects represented only 34% of total treaty coproduction budgets.

43 A list of partner countries can be found on Telefilm Canada's web site at telefilm.ca/en/coproduction/international-treaties.

Canada saw decreases in the volume of treaty coproductions in both television and feature film. In television, total global budgets decreased by 10%, while in feature film, they dropped by 20%.

These decreases were experienced in the English-language market, which accounted for a significantly larger share of total global coproduction budgets than the French-language market. Indeed, in the French-language market, television coproduction activity and budgets increased in 2015, and feature film coproduction activity reached a 10-year high in terms of both number of projects and budgets. English-language treaty coproduction activity, meanwhile, experienced substantial declines in the feature film sub-segment and decreased slightly in the television sub-segment.

Average production budgets increased significantly in television: Canada was involved in fewer television treaty coproductions, but their average budgets were 77% higher in drama and 95% higher in the children's and youth genre. These two genres account for most of the television treaty coproduction budgets.

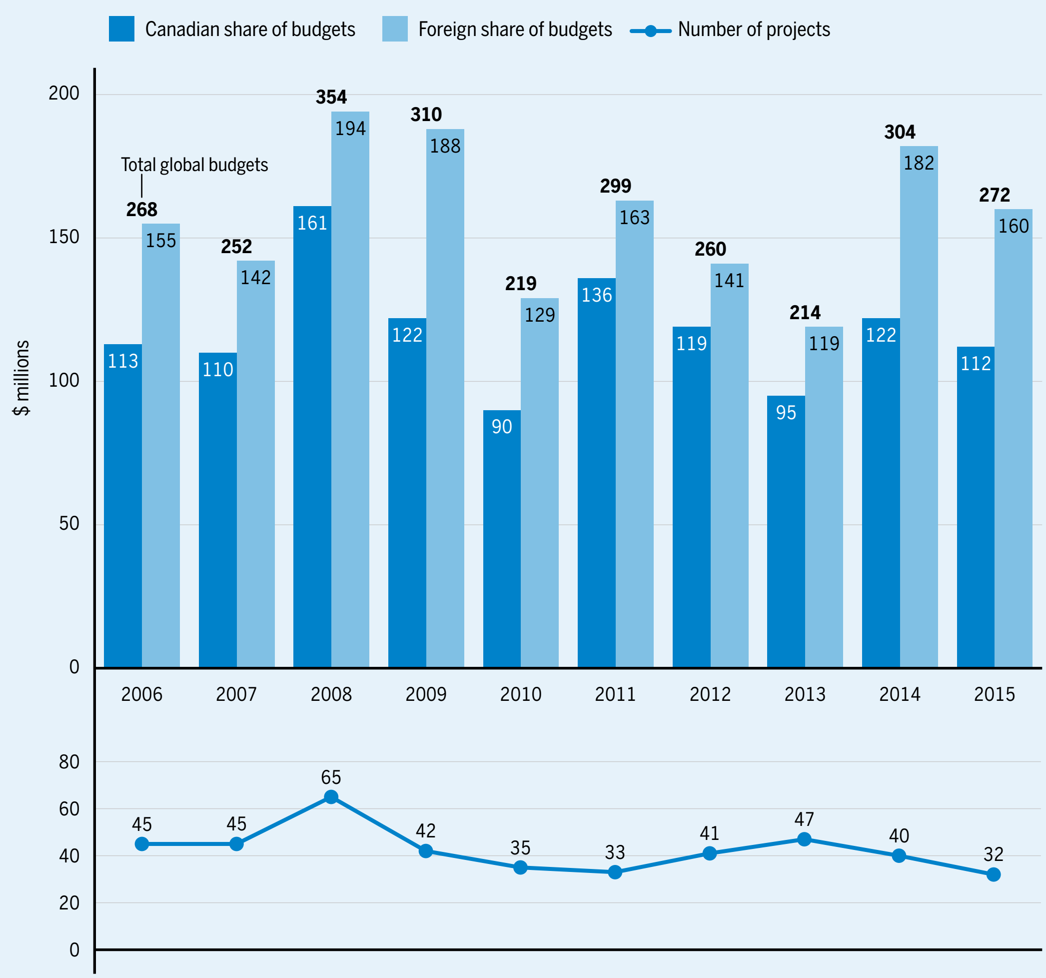
A different trend was evident in feature film. While Canada was involved in the same number of treaty coproductions in 2015 as the previous year, the average budget per project decreased by 20%. This was due to a one year 33% decrease in the average budgets of English-language feature films, which are generally higher than French-language coproductions in this sub-segment.

The UK and France have been Canada's primary treaty coproduction partners for the past decade. In television, coproductions with these two countries accounted for almost half (49%) of total television coproduction budgets. In feature film, coproductions with France and the UK accounted for half of all projects. In terms of budgets, however, Canadian feature film coproduction activity with Germany surpassed activity with the UK, making Germany Canada's second-largest treaty coproduction partner after France in this sub-segment.

TELEVISION

Both the number and total budgets of television treaty coproductions declined in 2015 compared to 2014. Total global budgets reached $272 million, a 10% decrease over 2014. The Canadian share of television coproduction budgets was 41% – virtually the same level as 2014 (40%). In addition, there were 32 television coproductions, which represents a 20% decrease compared to 2014.

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



Source: Telefilm Canada.
Note: Statistics as of September 2016. 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 of the projects were documentaries (21 of 32 projects); however, the relatively small number of drama projects (5) accounted for 60% of total television coproduction budgets. The decline in overall television coproduction activity is largely attributable to the decline in dramas (a 26% decrease in total production budgets over 2014). Interestingly, this small number of drama projects had significantly higher average budgets than in the previous year. Average budgets also increased in both the drama, and children's and youth genres: by 78% in the case of drama coproductions, and 94% in the case of children's and youth coproductions.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total global budgets ($ millions)										
Drama (fiction)	105	97	101	158	147	203	153	109	219	162
Documentary	31	48	72	48	28	30	63	55	38	32
Children's and youth	132	106	181	104	43	66	44	51	47	78
Total	**268**	**252**	**354**	**310**	**219**	**299**	**260**	**215**	**304**	**272**
Number of projects										
Drama (fiction)	7	6	10	5	8	6	7	9	12	5
Documentary	21	22	32	23	20	17	26	27	21	21
Children's and youth	17	17	23	14	7	10	8	11	7	6
Total	**45**	**45**	**65**	**42**	**35**	**33**	**41**	**47**	**40**	**32**
Average project budgets ($ millions)										
Drama (fiction)	15.0	16.2	10.2	31.7	18.4	33.8	21.8	12.1	18.2	32.4
Documentary	1.5	2.2	2.2	2.1	1.4	1.8	2.4	2.0	1.8	1.5
Children's and youth	7.7	6.2	7.9	7.4	6.2	6.7	5.5	4.6	6.7	13.0
All genres	**6.0**	**5.6**	**5.4**	**7.4**	**6.3**	**9.1**	**6.3**	**4.6**	**7.6**	**8.5**

Source: Telefilm Canada.
Note: Statistics as of September 2016. Some totals may not sum due to rounding

VERSAILLES

Incendo's high-end coproduction taps Canadian talent

Versailles is a treaty coproduction between Canada and France that premiered on Canal+ in November 2015 before airing on BBC2, Netflix, Sky Germany as well as Super Channel and Super Écran in Canada, to name only a few. With a budget of over $40 million, it is twice as expensive as *Downton Abbey* and also the highest-budget series in the history of French television.

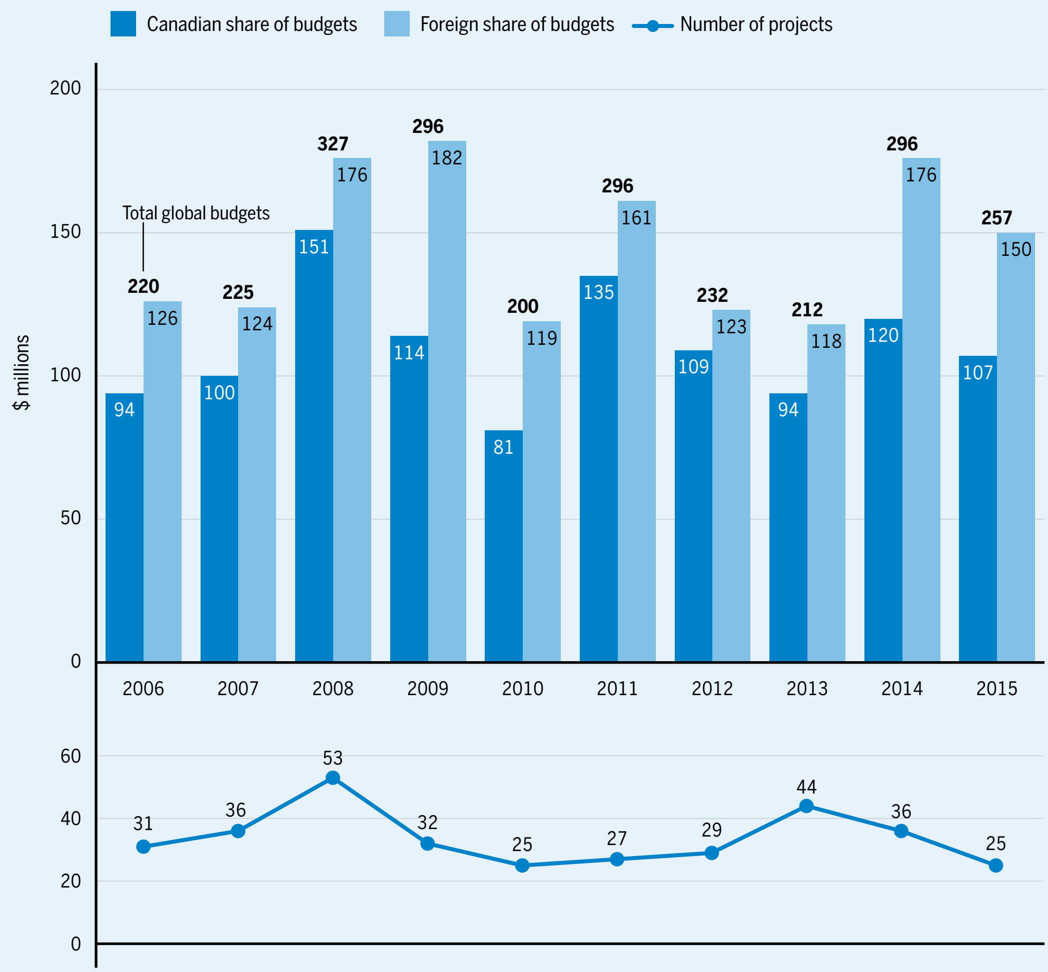
The high-end venture builds on the expertise of leading Canadian media company, Incendo, one of the producers of the series.

Although the series was shot in and around France, *Versailles* draws on Canadian directorial talent, Canadian actors and all of the music and visual effects were done in Canada.

The series dramatizes the life of young French King Louis XIV but was written and filmed entirely in English. The decision to do so contributed largely to increased international sales. To date, *Versailles* has been sold in more than 135 countries and counting. Filming for the second season wrapped in July 2016.

Most of the television coproduction activity was in English, with 94% of total budgets and 78% of projects. The Canadian share of coproduction budgets in English was 42%, which is slightly higher than the average for all coproductions. The average budget for English-language coproductions, at $10.3 million, was also higher than the average for all coproductions, which was $8.5 million.

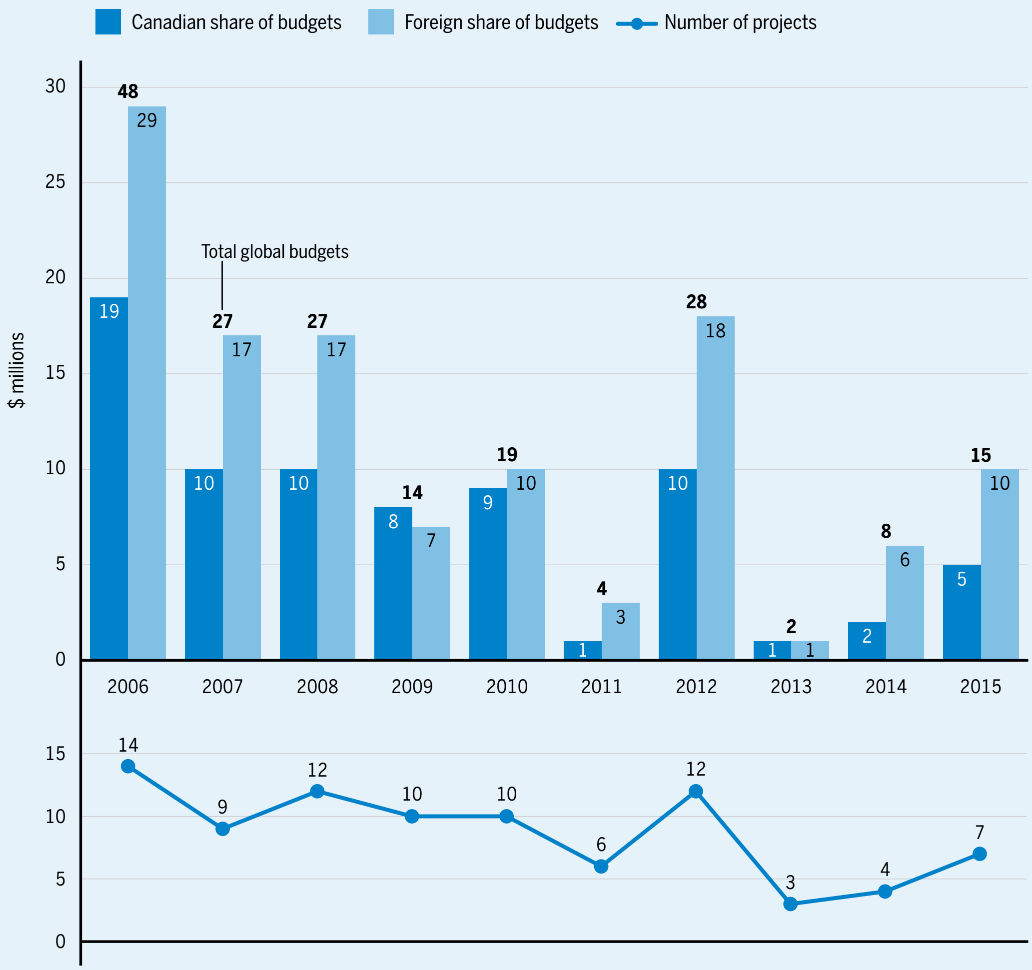
Exhibit 6 - 3 Volume and activity of audiovisual treaty coproduction, television sub-segment, English-language production



Source: Telefilm Canada.
Note: Statistics as of September 2016. Some totals may not sum due to rounding

In French, seven television treaty coproductions accounted for $15 million in production volumes, while the Canadian share of these coproduction budgets was $5 million, or 33% – considerably less than the share for English projects. Average coproduction budgets in French, at $2.1 million, were also considerably lower than the overall average.

Exhibit 6 - 4 Volume and activity of audiovisual treaty coproduction, television sub-segment, French-language production



Source: Telefilm Canada.
Note: Statistics as of September 2016. Some totals may not sum due to rounding

Over the past 10 years, the UK and France have been Canada's largest coproduction partners with respect to television productions. The UK alone accounts for 37% of the coproduction projects and 27% of total budgets. France, in turn, was Canada's coproduction partner for 28% of projects (21% of total budgets). Other countries including Australia, Germany, Ireland and Brazil, accounted for a smaller number of television coproductions. The Canadian share of total television coproduction budgets over the past 10 years has been 43%, although it was higher with Canada's major coproduction partners. This would suggest that a small number of big-budget minority coproductions have had a disproportionate impact on overall budgets and the Canadian share of budgets.

Exhibit 6 - 5 Audiovisual treaty coproduction partner countries, television sub-segment, 2006-2015

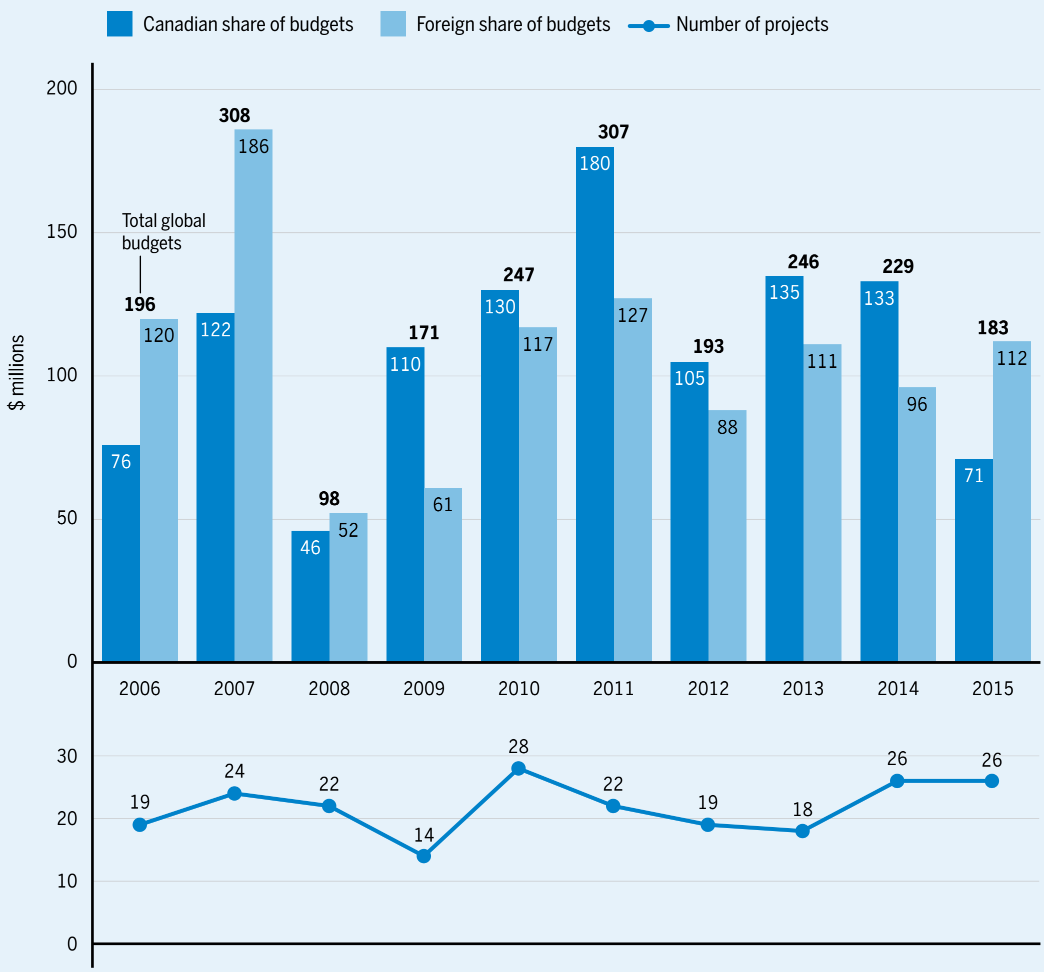
	Number of projects	Total global budgets ($ millions)	Canadian share of total global budgets	
			$ millions	%
United Kingdom	159	750	408	55%
France	119	589	281	48%
Australia	22	166	91	55%
Germany	15	129	34	26%
Ireland	13	481	107	22%
Brazil	10	48	22	45%
Singapore	9	58	34	59%
Israel	7	6	4	59%
Philippines	6	26	21	79%
South Korea	5	25	10	40%
Other Bipartite	31	171	88	51%
Multipartite	29	302	81	27%
Total	**425**	**2,751**	**1,181**	**43%**

Source: Telefilm Canada.
Note: Statistics as of September 2016. 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 26 feature film coproductions in 2015, the same number of projects as in 2014. Total budgets, however, declined by $46 million, to reach $183 million (a 25% decrease). In contrast to the past six years, Canadian budgets represented a minority share of total budgets: the Canadian share was 39% in 2015 (compared to 58% in 2014).

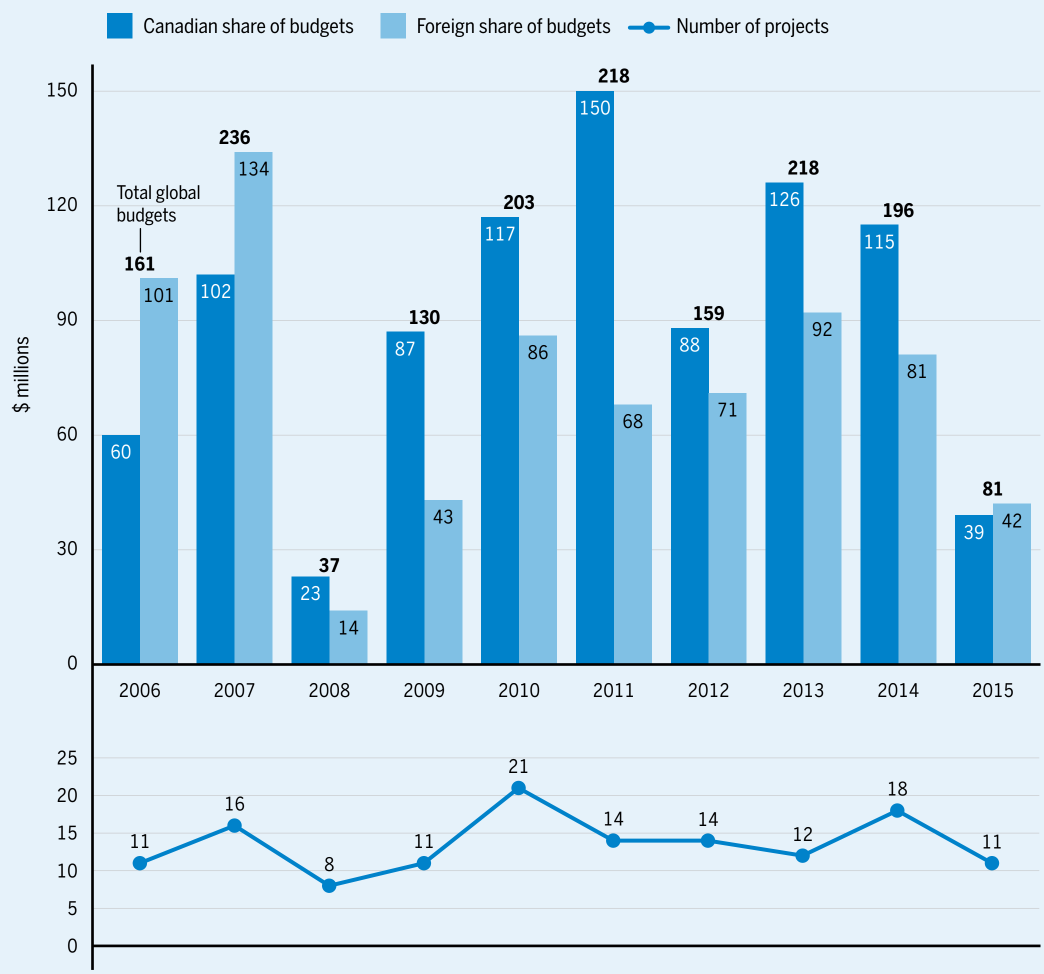
Exhibit 6 - 6 Volume and activity of audiovisual treaty coproduction, theatrical feature film sub-segment



Source: Telefilm Canada.
Note: Statistics as of September 2016.
* 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).

English-language feature films accounted for 42% (11 films) of the total feature film coproduction projects. The total global budgets for these projects were $81 million, for an average budget per production of $7.3 million. This was the lowest level of total production and average budgets since 2008. Production volumes in English were significantly lower in 2015 than in the past six years, and declined by 59% over 2014. These declines in English-language coproduction activity, in terms of the size and number of projects, were not witnessed in the French-language market.

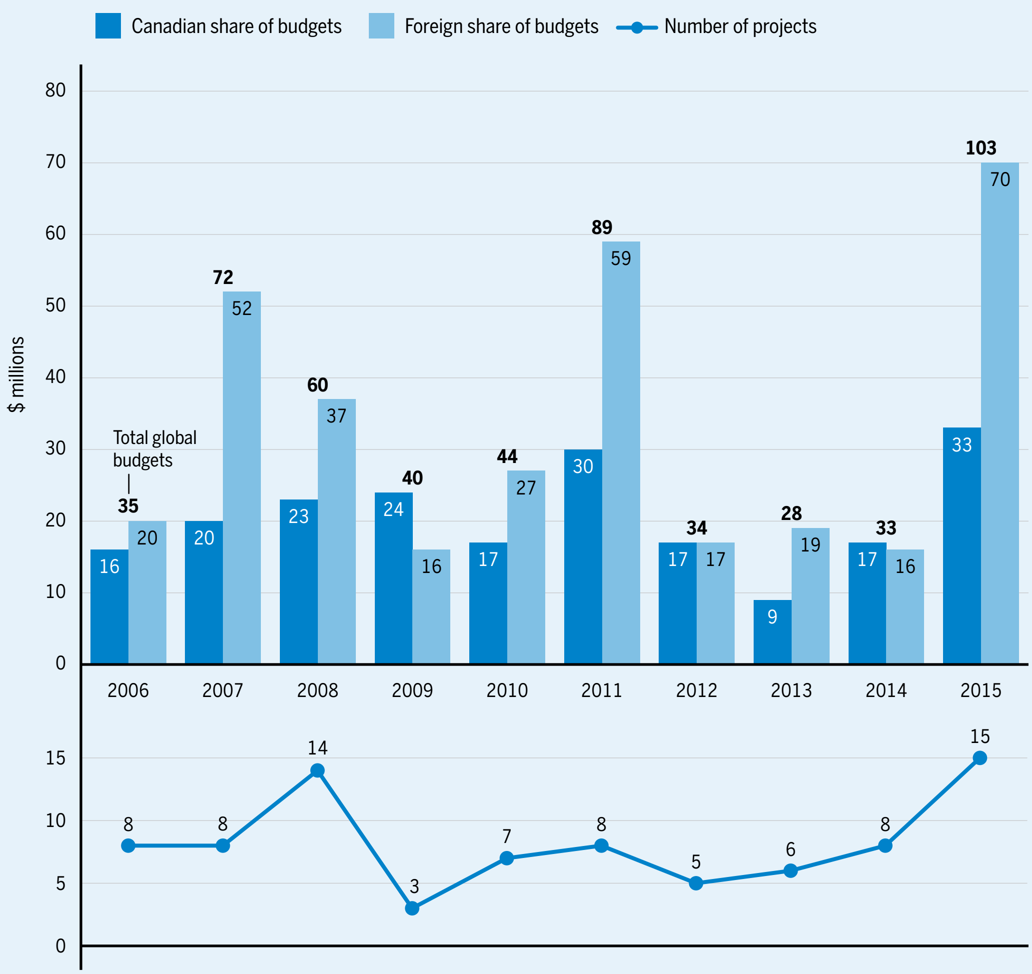
Exhibit 6 - 7 Total volume and activity of audiovisual treaty coproduction, theatrical feature film sub-segment, English-language



Source: Telefilm Canada.
Note: Statistics as of September 2016.

In the French-language market, theatrical coproduction activity achieved a 10-year high, with respect to both the number of projects (15) and total production budgets ($103 million). Indeed, most of the theatrical coproduction activity (56% of total budgets) was in French. The Canadian share of the budgets of these coproductions was 32%, a decrease compared to the 52% share of the previous year; however, in dollar terms alone, the amount of coproduction budgets spent in Canada ($33 million) was almost double that of 2014.

Exhibit 6 - 8 Volume and activity of audiovisual treaty coproduction, theatrical feature film sub-segment, French-language



Source: Telefilm Canada.
Note: Statistics as of September 2016. Some totals may not sum due to rounding

France, the UK and Germany have been Canada's primary coproduction partners over the past 10 years. France alone accounted for 40% of the feature film coproduction volume ($870 million of $2.18 billion), and Germany for another 22%. Overall, Canada's share of feature film coproduction budgets was 51% over the 10-year period.

Exhibit 6 - 9 **Audiovisual treaty coproduction partner countries, theatrical feature film sub-segment, 2006-2015**

	Number of projects	Total global budgets ($ millions)	Canadian share of total global budgets	
			$ millions	%
France	77	870	414	48%
United Kingdom	24	228	98	43%
Germany	19	481	298	62%
Ireland	9	68	49	72%
Belgium	8	33	13	40%
Switzerland	8	22	9	43%
Spain	6	71	36	51%
South Africa	5	35	13	36%
China	5	20	13	67%
Australia	5	13	6	48%
Italy	4	61	48	79%
Other Bipartite	33	91	48	52%
Multipartite	15	186	65	35%
Total	**218**	**2,179**	**1,110**	**51%**

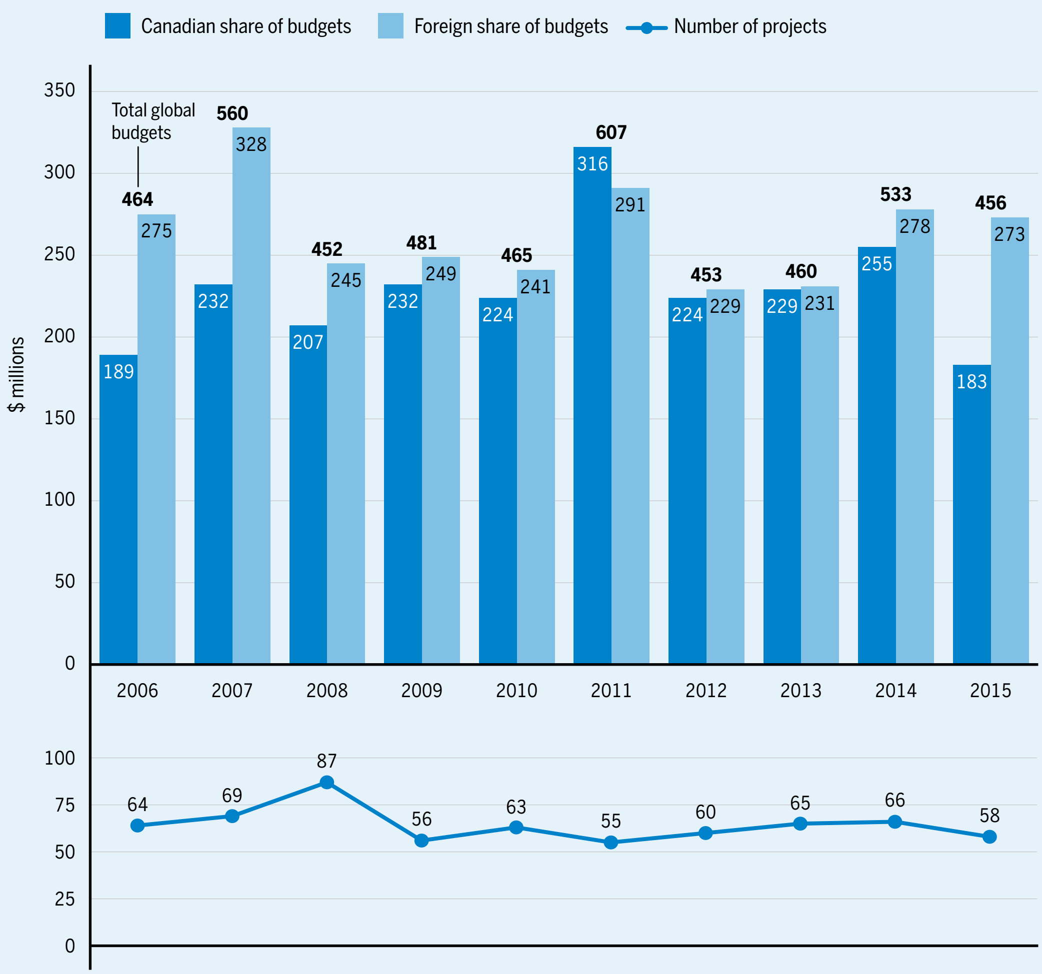
Source: Telefilm Canada.
Note: Statistics as of September 2016. Some totals may not sum due to rounding.
* Multipartite production includes audiovisual treaty coproduction projects where Canada has two or more partner countries.

ALL RELEASE WINDOWS

Across both television and feature film, Canada participated in 58 coproductions with total budgets of $456 million. Both the total number of coproductions and the total budgets of these projects decreased in 2015. The number of projects dropped by 12%, while total budgets decreased by 14%. The Canadian share of total coproduction budgets fell by even more in 2015: it decreased by 28%, from $255 million to $183 million.

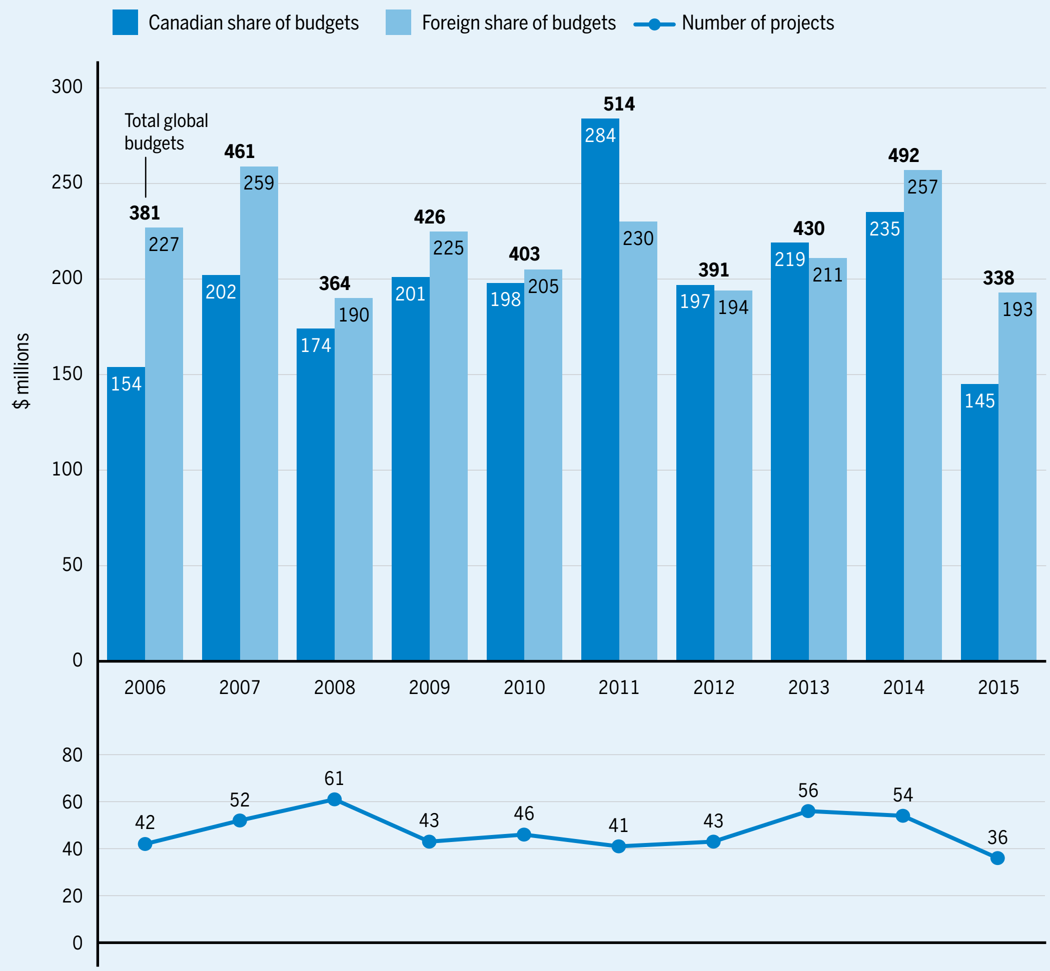
Significant increases in French-language coproduction activity did not offset larger decreases in the English-language market, which ultimately drove the overall decreases in volume (i.e. total budgets) and activity. In the English-language market, the number of coproductions fell from 54 to 36. Coproduction volume, meanwhile, dropped by 31%, from $492 million to $338 million. In the French-language market, however, total coproduction budgets nearly tripled, reaching $118 million in 2015.

Exhibit 6 - 10 Volume and activity of audiovisual treaty coproduction



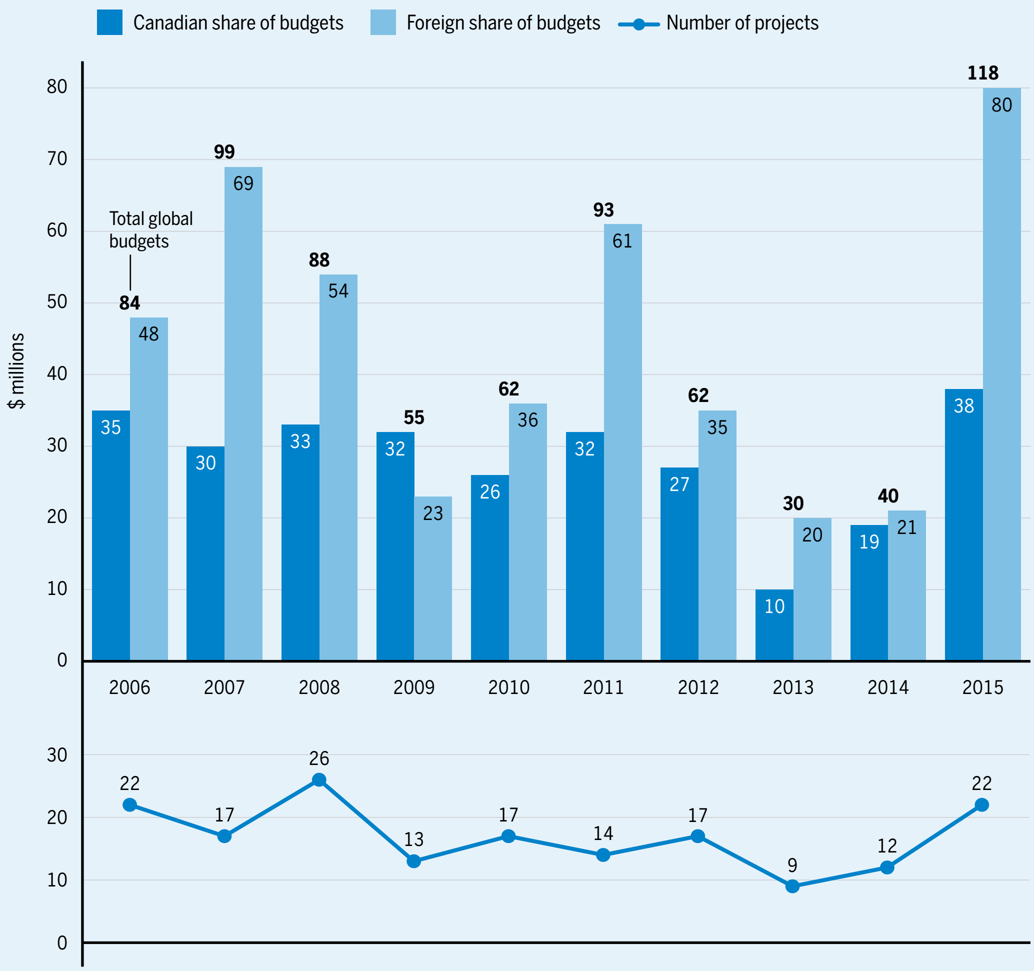
Source: Telefilm Canada.
Note: Statistics as of September 2016.
* The total volume of coproduction refers to the value of total global budgets for coproduction projects. The total volume of production includes the financial participation of Canadian producers (i.e. Canadian share of budgets) and foreign producers (i.e. foreign share of budgets).

Exhibit 6 - 11 Volume and activity of audiovisual treaty coproduction, English-language production



Source: Telefilm Canada.
Note: Statistics as of September 2016.

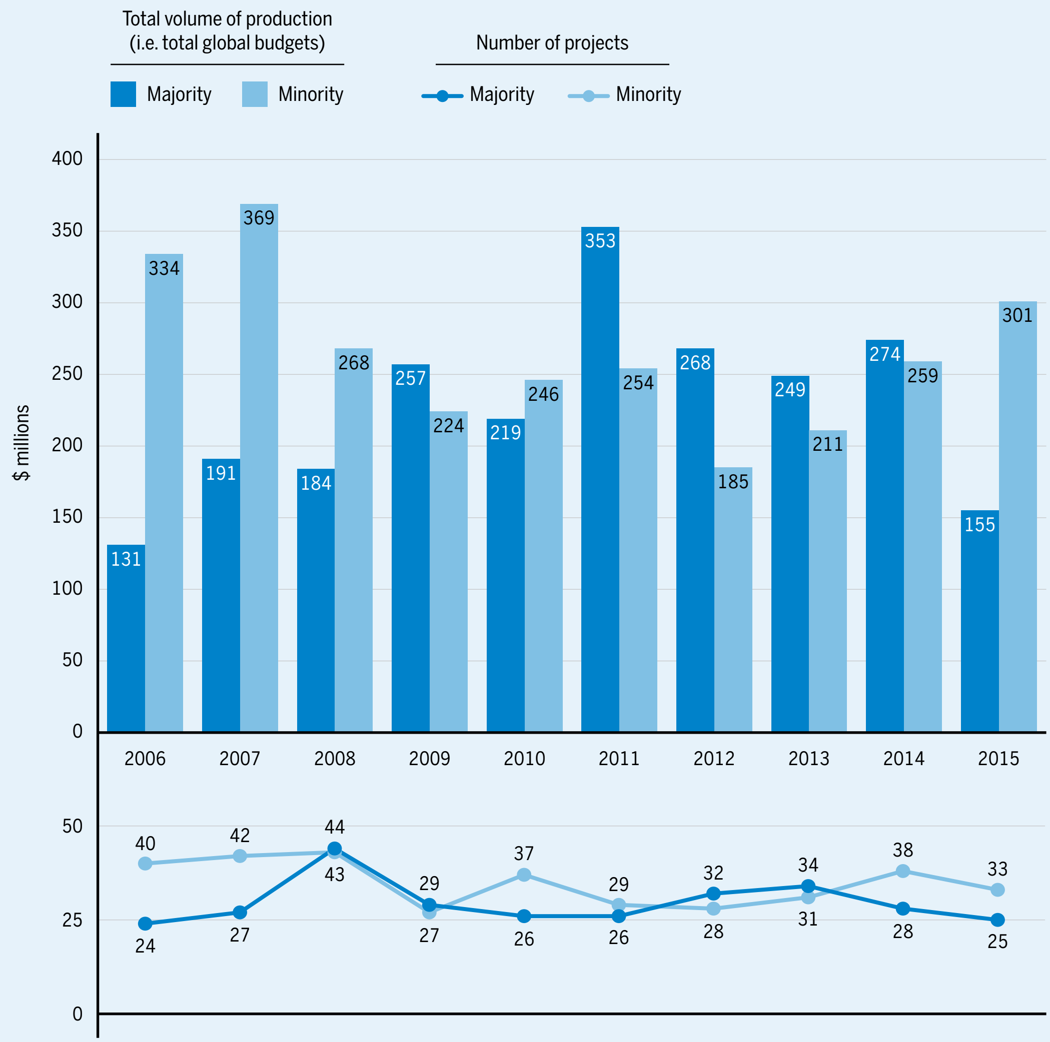
Exhibit 6 - 12 Volume and activity of audiovisual treaty coproduction, French-language production



Source: Telefilm Canada.
Note: Statistics as of September 2016. Some totals may not sum due to rounding

Canada was a majority (or equal) partner for 25 of its 58 audiovisual treaty coproduction projects in 2015. These 25 majority projects accounted for only one-third of the total volume of Canada's audiovisual treaty coproduction in 2015.

Exhibit 6 - 13 Audiovisual treaty coproduction, majority vs. minority Canadian production



Source: Telefilm Canada.
Note: Statistics as of September 2016.

France has been Canada's principal coproduction partner overall for the past ten years, representing approximately 30% of both total coproduction projects and budgets. The UK has been Canada's second-largest coproduction partner since 2006, partnering with Canada for 28% of all projects and 20% of total budgets. The Canadian share of treaty coproduction budgets was 47% during the 10-year period.

Exhibit 6 - 14 Audiovisual treaty coproduction partner countries, 2006-2015

	Number of projects	Total global budgets ($ millions)	Canadian share of total global budgets	
			$ millions	%
France	196	1,459	695	48%
United Kingdom	183	977	507	52%
Germany	34	611	332	54%
Australia	27	179	98	55%
Ireland	22	549	156	28%
Brazil	10	48	22	45%
Israel	10	12	6	48%
Singapore	9	58	34	59%
South Africa	9	80	37	46%
Switzerland	9	24	10	43%
Belgium	8	33	13	40%
Other Bipartite	82	411	236	57%
Multipartite	44	488	146	30%
Total	**643**	**4,929**	**2,292**	**47%**

Source: Telefilm Canada.
Statistics as of September 2016. 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 comprises feature films and television programs filmed in Canada by foreign producers or Canadian service producers. The sector also 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 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 shot in Canada or had their VFX work done in Canada include *The Revenant*, *X-Men Apocalypse*, and *Suicide Squad*. Canada has also become a destination for the filming of many American television series and mini-series such as *12 Monkeys*, *The Flash* and *Legends of Tomorrow*, which have been commissioned by networks as well as online video streaming services.

Highlights from 2015/16

- The total volume of FLS production in Canada increased by 1.7% to $2.64 billion.
- There was a total of 355 FLS production projects in Canada – a 27.2% increase.
- Ontario's FLS production increased by 28.1% to $698 million and accounted for 26% of the national total.
- Quebec's FLS production rose by 2.5% to $282 million and accounted for 11% of the national total.
- Canada hosted the production of 156 FLS television series (up from 115 in 2014/15), representing 43.9% of the segment's total number of projects.
- Canada also hosted the production of 128 FLS feature films (up from 111 in 2014/15), representing 36.1% of the segment's total number of projects.

- British Columbia's (BC's) FLS production declined by 5.9% to $1.6 billion; it represented 60% of the national total.

- FLS production volume held steady even though the value of the Canadian dollar continued to decline.

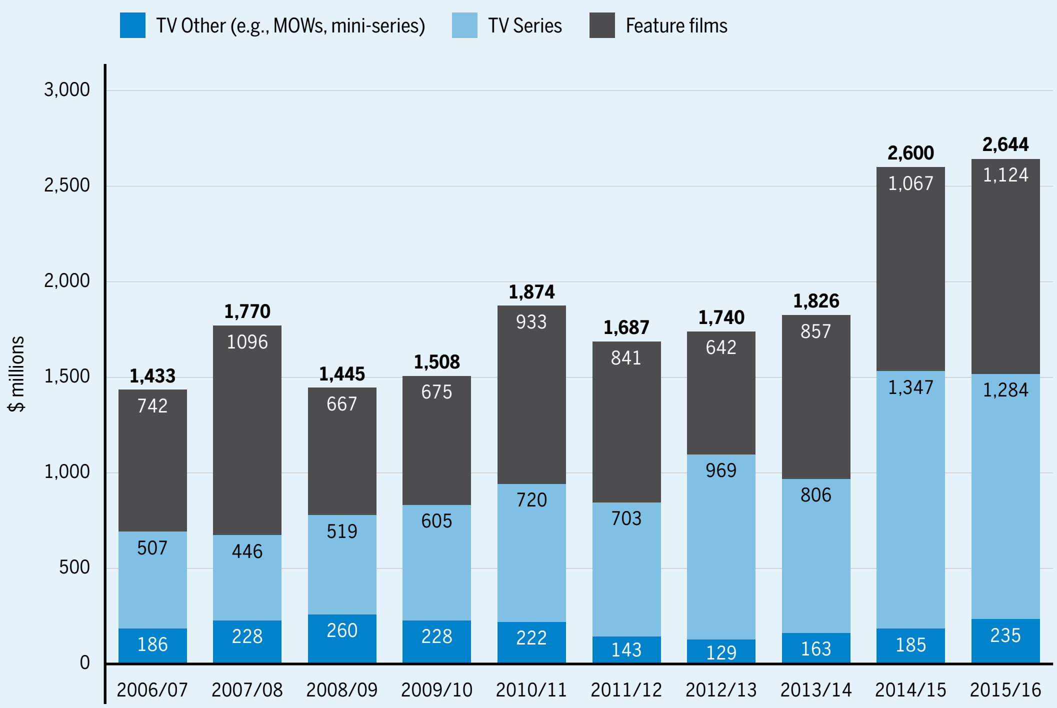
After making substantial gains in 2014/15, FLS production rose very slightly in 2015/16, to $2.64 billion. A slight decline in spending on foreign TV series filmed in Canada was offset by slight increases in feature film and other types of FLS production.

Declines in the value of the Canadian dollar vis-à-vis the US dollar have typically stimulated FLS production in Canada (particularly given that over 70% of FLS production is US-driven). In 2015/16, however, the value of the Canadian dollar continued to decline, while FLS production was relatively flat. This atypical uncoupling of the value of the Canadian dollar and the volume of FLS production suggests other factors at play. These factors include increasing competition from other jurisdictions for FLS production activity: South Africa and numerous US states offer production incentives that rival those offered in Canada. It is also possible that facilities in BC may have been operating at or near capacity in 2015/16, thus constraining the volume of FLS production overall.

TOTAL PRODUCTION AND TYPES

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

The total volume of FLS production increased by 1.7% to an all-time high of $2.64 billion in 2015/16. This increase was driven by higher levels of feature film production, as the volume of television series production declined by 4.7% from an all-time high in 2014/15.



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

While the volume of FLS production remained nearly flat, the number of productions – both feature film and television – increased significantly, indicating that average FLS production budgets per project decreased. For example, there was a 15% increase in the number of foreign feature films shot in Canada, with an average budget of $8.8 million. In 2014/15, however, the average feature film budget was $9.6 million. With regard to television series, 2015/16 witnessed an increase in FLS projects – 36% more series projects were filmed in Canada, with an average budget per series of $8.2 million (compared to an average budget per series of $12.1 million the previous year).

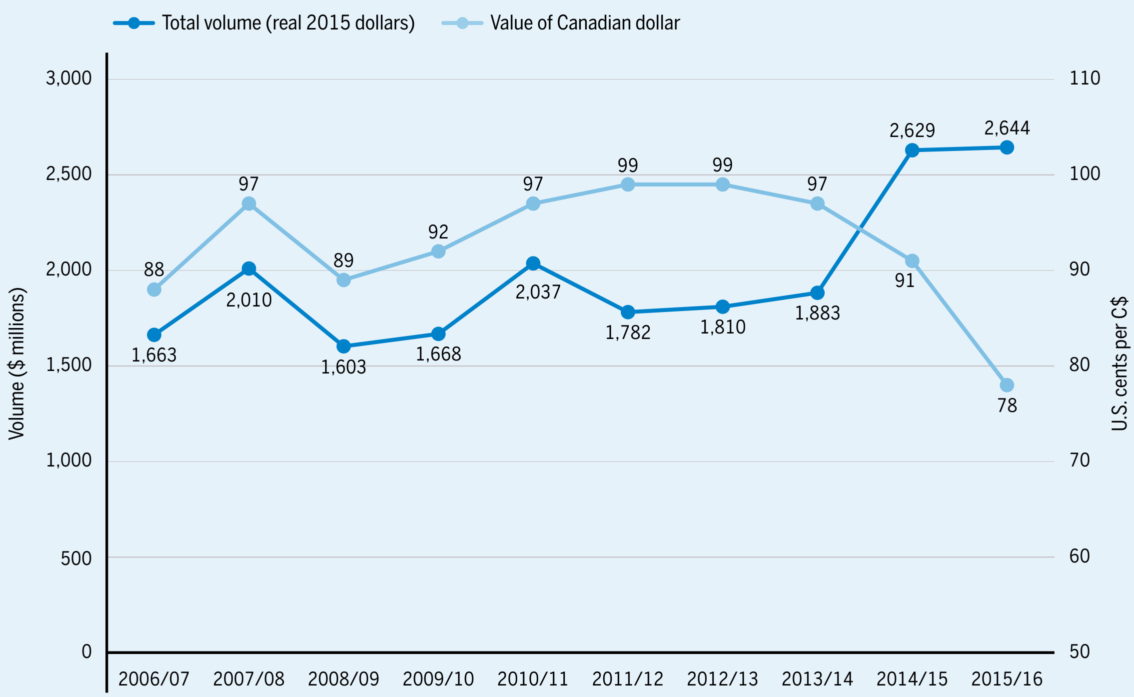
Exhibit 7 - 2 Annual number of foreign location and service projects, by type

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Feature films	74	103	89	53	66	99	93	91	111	128
TV series	32	62	57	61	76	78	85	92	115	156
TV other*	56	63	71	67	81	58	42	51	53	71
Total	**162**	**228**	**217**	**181**	**223**	**235**	**220**	**234**	**279**	**355**

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

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

The value of the Canadian dollar compared to the US dollar reached its lowest level in 10 years; however, it did not lead to a significant increase in FLS production volumes in 2015/16 – when measured in either current or real (inflation-adjusted) dollars.



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

REGION

As in past years, BC – mainly Vancouver – dominated Canada's FLS production, with 60% of Canadian FLS production volume taking place in that province. BC's share and total volume of FLS production did, however, decline slightly in 2015/16. Ontario witnessed a 28% increase in FLS production, while Alberta's FLS production volume declined by over 60%.

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

($ millions)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16 share of total
British Columbia	861	1,174	900	1,092	1,364	1,102	1,076	1,080	1,672	1,574	60%
Ontario	288	350	206	225	224	382	399	446	545	698	26%
Quebec	125	120	211	122	240	157	212	147	275	282	11%
Manitoba	38	56	2	15	11	8	23	47	11	42	2%
Alberta	54	24	20	7	4	13	4	88	92	34	1%
Nova Scotia	63	29	80	43	31	22	25	17	n/a	12	<1%
Territories*	3	5	6	0	1	3	2	2	3	3	<1%
New Brunswick	0	0	10	0	n/a	n/a	0	0	1	0	0%
Prince Edward Island	0	n/a	n/a	n/a	n/a	n/a	0	0	<1	0	0%
Saskatchewan	n/a	13	9	n/a	0	1	1	0	0	0	0%
Newfoundland and Labrador	0	0	0	0	0	0	0	0	0	0	0%
Total	**1,433**	**1,770**	**1,445**	**1,508**	**1,874**	**1,687**	**1,740**	**1,826**	**2,600**	**2,644**	**100%**

Source: Association of Provincial Funding Agencies.
Note: Statistics published by provincial funding agencies may differ from those in *Profile 2016*. 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.

LE PETIT PRINCE

French film adaptation relies on Montreal's VFX magic

Le Petit Prince is an animated feature-length adaptation of the classic novella of the same name by Antoine de Saint-Exupéry. The French production by ON Entertainment brings together an international team including American director Mark Osborne and the voices of Jeff Bridges, Rachel McAdams, Paul Rudd, Marion Cotillard, James Franco and Benicio del Toro. However, the film's unique visual identity is a product of Canada's VFX ecosystem.

The Montreal studios Kaibu Studio, Mikros Image and ToutEnKartoon worked on the animation of *Le Petit Prince*. The film, defined by an innovative combination of 3D and stop motion animation, premiered at Cannes in 2015 and won a César for best animated feature length film in 2016. *Le Petit Prince* went on to become the highest grossing animated French film abroad, attracting approximately 18 million moviegoers in more than 60 countries.

COUNTRY

As in previous years, the vast majority of FLS productions in Canada were produced by US companies, and in 2015/16 Canada saw its highest level of US FLS production in the past 10 years. US productions account for three-quarters of all FLS production in Canada, which is fairly consistent with the average since 2007/08. The UK and France, respectively, accounted for 5% and 3% 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

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of projects									
United States	165	158	139	194	185	171	177	197	261
United Kingdom	2	4	4	4	5	3	7	33	16
France	6	1	1	7	8	9	7	3	12
Germany	4	4	4	1	2	1	4	2	3
Other	14	14	18	1	8	9	13	19	36
Canada*	37	36	15	16	27	27	26	25	27
Total	**228**	**217**	**181**	**223**	**235**	**220**	**234**	**279**	**355**
Share of total									
United States	72%	73%	77%	87%	79%	78%	76%	71%	74%
United Kingdom	1%	2%	2%	2%	2%	1%	3%	12%	5%
France	3%	<1%	1%	3%	3%	4%	3%	1%	3%
Germany	2%	2%	2%	<1%	1%	<1%	2%	1%	1%
Other	6%	6%	10%	<1%	3%	4%	6%	7%	10%
Canada*	16%	17%	8%	7%	11%	12%	11%	9%	8%
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. 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.[44] In-house production largely consists of news and sports programming, but can also include production in other genres.

Highlights from 2015/16

- In-house production fell by 17.3% during the 2015 broadcast year (September 1, 2014 to August 31, 2015) to $1.25 billion.
- In-house production decreased by 28.7% in the conventional television sub-sector; in the combined specialty, pay, pay-per-view (PPV) and video-on-demand (VOD)[45] sub-segments in-house production decreased by 2.1%.

- Ontario accounted for the majority (55%) of the total volume of in-house production, with $683 million.
- Quebec accounted for 22% of the total volume of in-house production, or $279 million.

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

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

The 2015 broadcast year (September 1, 2014 to August 31, 2015) saw a decline in broadcasters' in-house production, particularly for conventional broadcasters (including CBC/Radio-Canada and stations owned by Bell Media Inc., Corus Entertainment Inc., Rogers Media Inc., Quebecor Media Inc. and Remstar Broadcasting Inc.), whose in-house production declined by more than 28% over the previous broadcast year. Spending on in-house production by pay and specialty services (including PPV and VOD) declined by a more modest 2%, but was still at its second-highest level in the past 10 years.

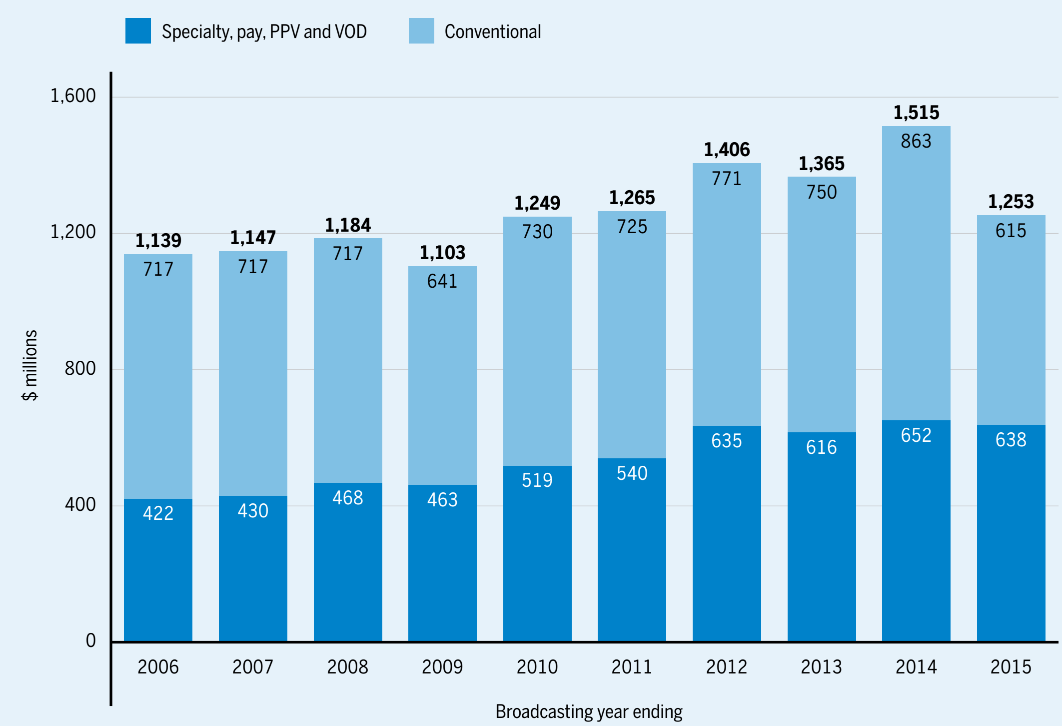
The decline in in-house production by conventional broadcasters resulted from a confluence of factors. With digital media capturing an ever-increasing share of the Canadian advertising market, television has experienced declines: CBC's ad revenues alone decreased by over 50% in the year, while private conventional stations' revenues – largely ad-driven – decreased by 2.6%. As well, given that most broadcaster in-house production is in the sports and news genres, the absence of any major sporting events during the 2015 broadcast year resulted in lower spending on in-house production.

Flagship news and public affairs programs were also under scrutiny as broadcasters announced significant changes in news and public affairs programming schedules and lineups early in 2016. The elimination of the Local Programming Improvement Fund (LPIF) also led to declines in conventional broadcasters' in-house production. In the upcoming 2016 broadcast year, the continued restructuring of private broadcasters' in-house productions may result in further declines. Conversely, CBC/Radio-Canada, with an increase to its parliamentary appropriation announced in the 2016 federal budget, and with its rights to the 2016 Summer Olympics, is likely to increase its in-house production spending during the 2016 broadcast year.

PRODUCTION VOLUME

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

After reaching a 10-year peak in 2014, in-house production fell by 17.3% to $1.25 billion. The sharp drop in in-house production was largely due to lower spending on sports programming in 2015 following the televising of the Winter Olympics, Paralympic Winter Games, Commonwealth Games and FIFA World Cup in 2014.

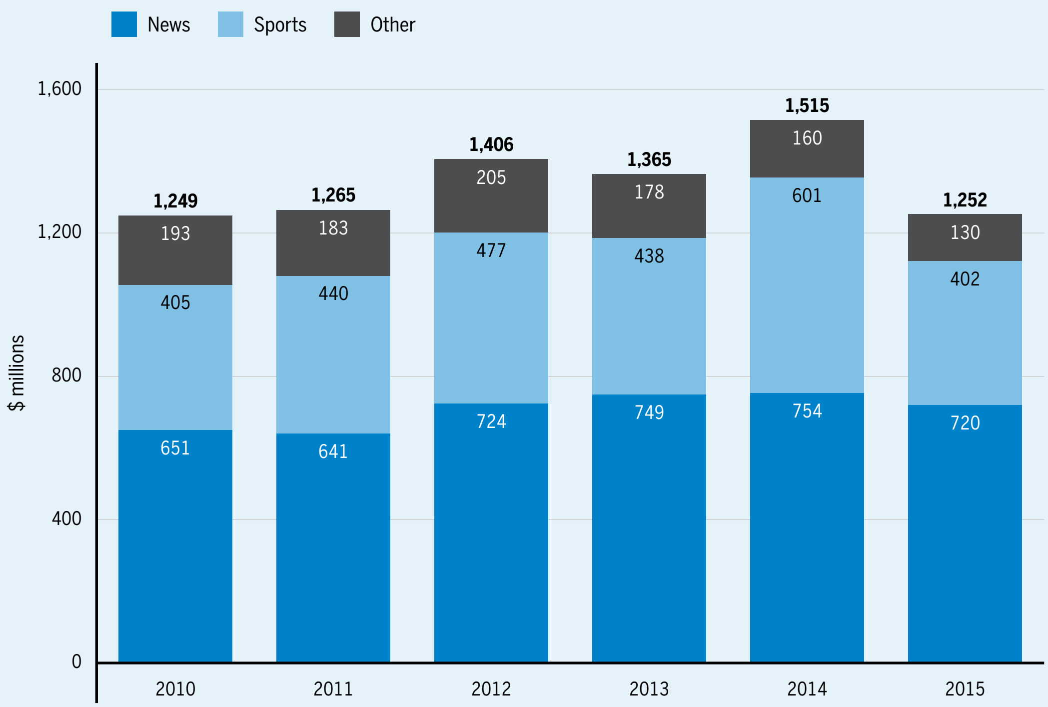


Source: Estimates based on data collected from CRTC and, CBC/Radio-Canada.
Note: Some totals may not sum due to rounding.

GENRES

Some 58% of broadcaster in-house production was in the news genre in 2015, with sports accounting for another 32% and other programming genres for the remaining 10%. While the amount spent on news declined by 5% in 2015 compared to the previous year, the amount spent on sports decreased by a more significant 33%. Indeed, spending on in-house sports production reached its lowest level since 2010, after reaching a peak in 2014.

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

The declines in broadcaster in-house production volumes were experienced most acutely in the main broadcast production centres of Toronto and Montreal. In Ontario, broadcaster in-house production declined by 23%, while in Quebec, there was a decline of 16%. These declines are likely due in large part to the fact that there were no major sporting events in the year; thus, the major networks centred in Ontario and Quebec decreased their in-house sports program spending. Particularly in "Olympic" years (every second year), broadcasters' in-house production spending has increased, and it is therefore likely to increase again in 2016.

In the remaining provinces, there were small or no changes in broadcaster in-house production volumes in 2015.

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

($ millions)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015 share of total
Ontario	680	674	692	649	739	729	811	767	890	683	55%
Quebec	239	258	273	245	242	252	293	291	331	279	22%
British Columbia	90	88	89	86	93	100	104	103	101	97	8%
Alberta	65	67	68	64	79	86	92	92	91	94	8%
Saskatchewan	16	18	18	16	22	24	26	28	27	27	2%
Nova Scotia	17	15	14	12	29	28	31	32	27	25	2%
Manitoba	14	13	13	12	19	21	23	24	24	24	2%
New Brunswick	8	7	7	5	11	11	12	13	11	11	<1%
Newfoundland and Labrador	5	6	6	9	9	9	10	11	10	9	<1%
Territories*	3	2	2	2	3	3	3	3	3	2	<1%
Prince Edward Island	1	1	1	1	2	2	2	2	2	2	<1%
Total	**1,139**	**1,147**	**1,184**	**1,102**	**1,249**	**1,265**	**1,406**	**1,365**	**1,515**	**1,253**	**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 2016.* 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 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 hope, and lives; and *George of the Jungle: Owie Owie*, a mobile game created in support of Teletoon's animated series.

Highlights from 2015/16

- Overall production volume of convergent digital media projects declined modestly (by 7%) to $65.6 million.
- 326 convergent digital media projects were funded in 2015/16, 14 fewer than in 2014/15.
- The average budget for convergent digital media project was just over $200,000 per project (down from $206,000 in 2014/15), with video projects commanding somewhat larger average budgets.

- Most (72%) of these convergent digital media projects were 'rich digital media' projects.

Convergent digital media 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

Exhibit 9 - 1 Volume of convergent digital media production

In 2015/16, the total volume of convergent digital media production declined modestly to $65.6 million.

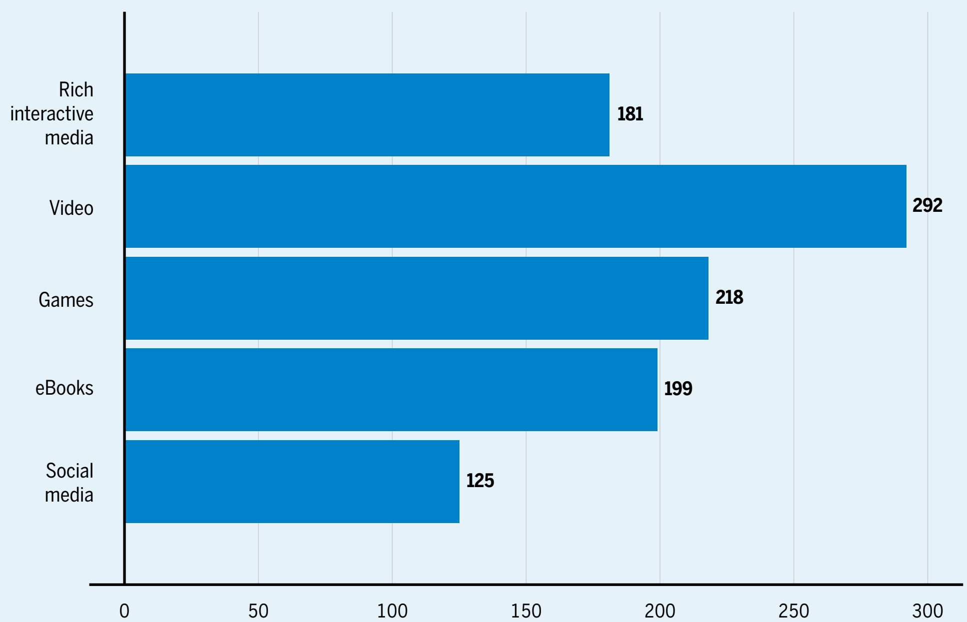
	2010/11	2011/12	2012/13*	2013/14*	2014/15	2015/16
Total volume of production ($ million)	27.6	34.6	43.4	69.9	70.1	65.6
Number of projects	160	217	324	342	340	326
Average project budget ($000s)	126	159	134	205	206	201

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

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

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

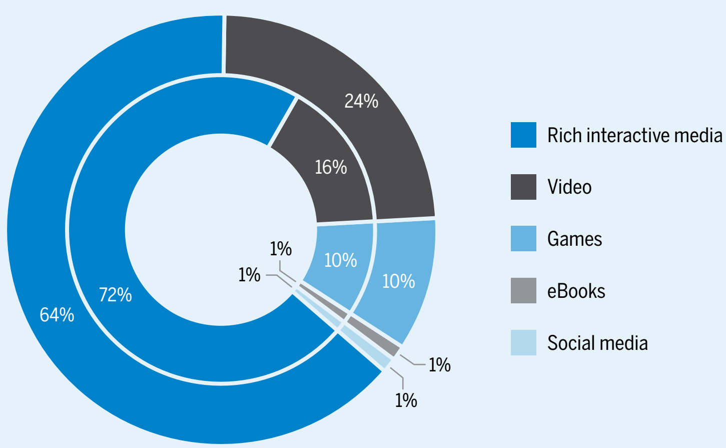
In 2015/16 the average budget of a video-based convergent digital media was $90,000 more than the average for all convergent projects.



Source: Estimates based on data from Bell Fund, Canada Media Fund (CMF), Ontario Media Development Corporation (OMDC) and Shaw Rocket Fund

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

In 2015/16 rich interactive media projects comprised the majority of projects funded and of the total volume of convergent digital media production.



Inner circle:
share of total projects funded

Outer circle:
share of total production volume of funded projects

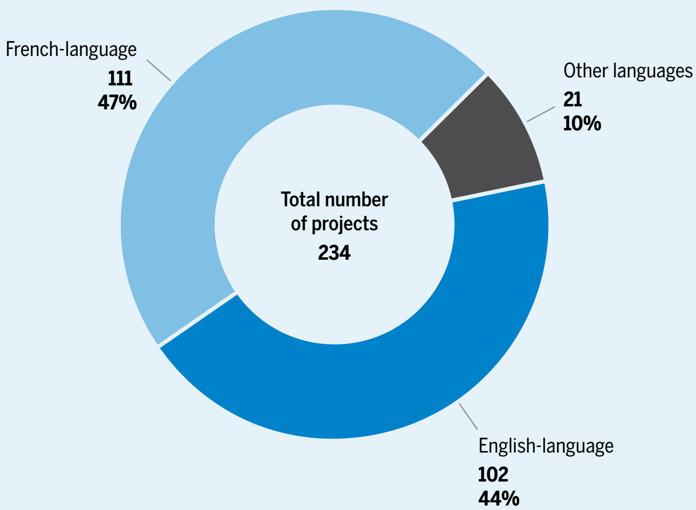
Source: Estimates based on data from Bell Fund, Canada Media Fund (CMF), Ontario Media Development Corporation (OMDC) and Shaw Rocket Fund.

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. convergent digital media production.

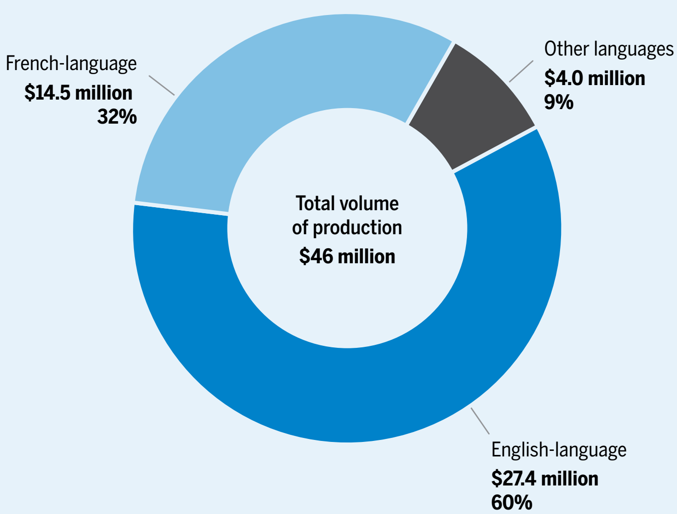
Exhibit 9 - 4 CMF-supported convergent digital media projects, by language, 2015/16

In 2015/16, the CMF provided $28.8 million in funding to 234 convergent digital media projects. These projects had total budgets of $46 million and were created across all of the CMF-supported genres.



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

Exhibit 9 - 5 Volume of CMF-supported convergent digital media production, by language, 2015/16



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

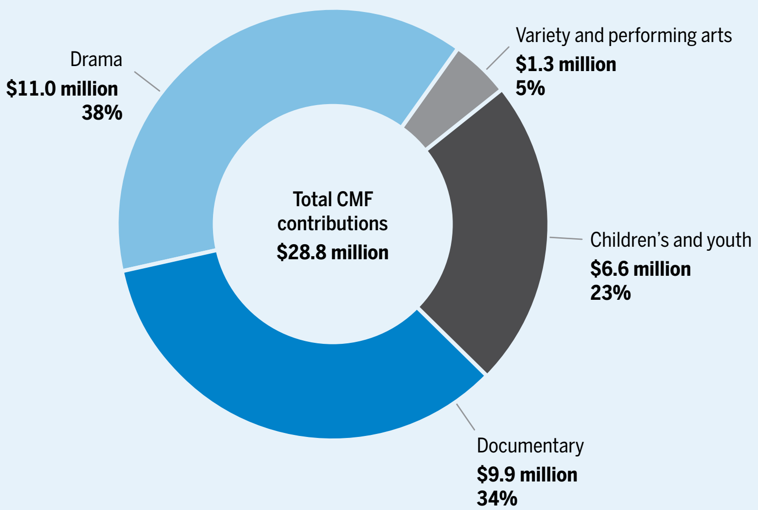
L'ÉCRIVAIN PUBLIC

Web Series captures contemporary Quebec and wins critical acclaim

L'écrivain public is the latest web series from Babel Films. The series tells the story of a young man who finds a job as a scribe at a community centre in a low-income area of Montreal. Over the course of nine seven-minute episodes, the series questions the power of the written word in a digital world: the protagonist enables locals to fill out forms, send messages, pursue their passions and address injustices in the neighbourhood and beyond.

In 2016, *L'écrivain public* competed at Marseille Webfest and Emmanuel Schwartz took home Best Actor for the titular role. In the same year, *L'écrivain public* also won a Gémeaux for best original series produced for digital media, a NUMIX for best webtélé production fiction and drama, the Top Amets Websérie at the Bilbao Web Fest and the Coup de Cœur award at the Liege Web Fest.

Exhibit 9 - 6 **CMF contributions to convergent digital media production, by television genre, 2015/16**



Source: CMF

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/Blu-ray wholesaling and other video platforms. Some of the leading Canadian-controlled distribution companies include eOne Distribution and Mongrel Media. The foreign-controlled distribution companies operating in Canada include the distribution arms of major Hollywood studios.

Highlights

- Distributors earned $1.78 billion in Canada in 2013 (the most recent year for which such statistics are available), down from $1.86 billion in 2011.

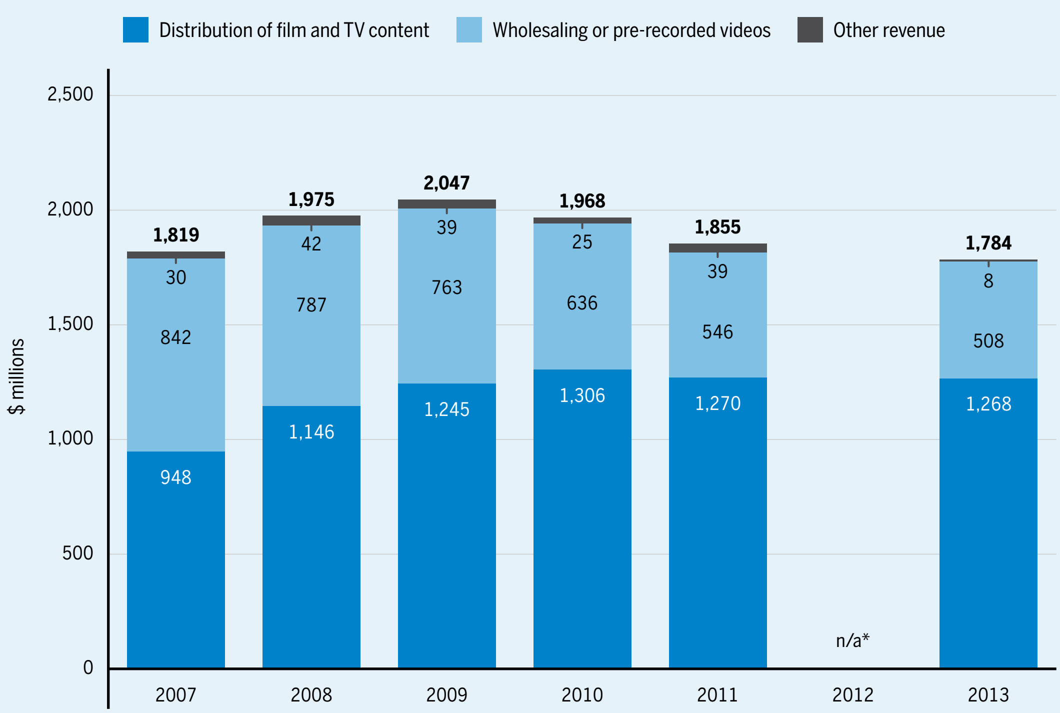
- Most distribution revenue – over 70% – came from the licensing of film and television content, and the remainder came from wholesaling of pre-recorded videos, or other sources.
- Canadian television and video-on-demand (VOD) platforms represented the largest share of distributors' revenue in Canada, totalling $766 million in 2013.
- Canadian distributors contributed $283 million to the financing of Canadian productions in 2015, mainly to television.

REVENUE

In recent years, distribution companies in Canada have experienced a significant decline in revenue from the wholesaling of pre-recorded video (i.e. DVD/Blu-ray) as consumer demand for this medium has fallen. Distribution companies in Canada have, however, been able to maintain their level of revenue from the distribution of film and television content. In 2013, the majority of this revenue (60%), in fact, came from the distribution of film and television programming to Canadian broadcasters and VOD services.

Exhibit 10 - 1 Total revenue in the Canadian distribution sector

In 2013, distribution companies operating in Canada earned total revenue of $1.78 billion.[46]

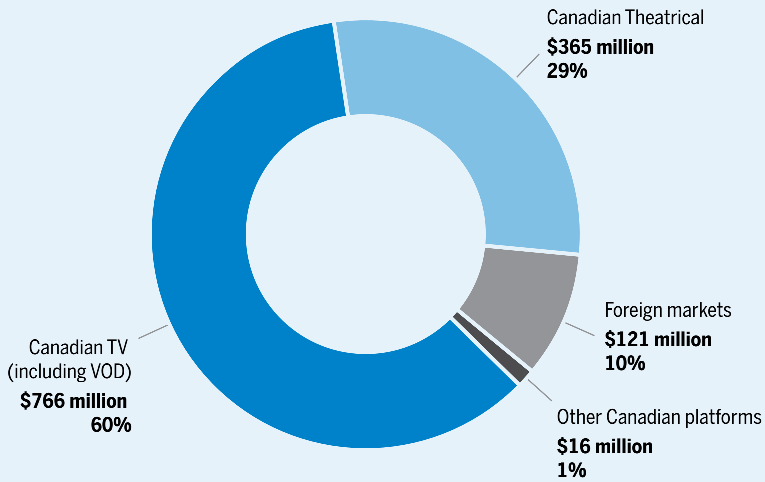


Source: Statistics Canada, CANSIM 361-0056
n/a: No data available.
* As of 2011, Statistics Canada only publishes data on a biennial basis. For that reason, no data is available for 2012.
Note: Some totals may not sum due to rounding.

46 2013 is the most recent year of data published by Statistics Canada for the film and video distribution sector.

Exhibit 10 - 2 Revenue from distribution of film and television content, by market, 2013

The majority of distribution sector revenue in Canada (60%) in 2013 was earned from the distribution of films and television programs on Canadian television and VOD platforms.



Source: Statistics Canada, CANSIM 361-0055.

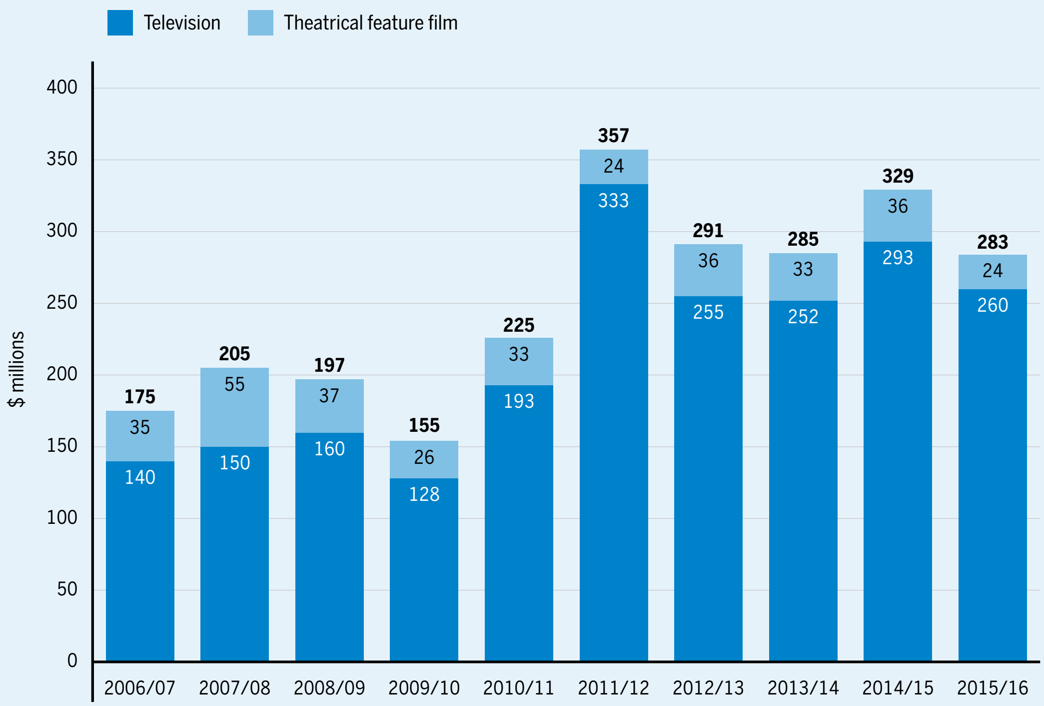
INVESTMENT IN CANADIAN PRODUCTIONS

Distributors – through their minimum guarantees and advances on anticipated distribution revenues – contributed $283 million to the financing of Canadian television productions and theatrical feature films in 2015/16. This amount represented a decrease of 14% over the previous year.

While over 90% of this amount went to television productions, in comparison to 2014/15, distributors provided 11% less financing to Canadian television productions in 2015/16. Distributors also provided $24 million in financing to feature films, a decrease of 33% compared to 2014.

Over the longer-term, however, Canadian distributors have increased their overall financing of Canadian production. During the five-year period, 2006/07 to 2010/11, Canadian distributors invested $956 million in Canadian productions; during the next five-year period, 2011/12 to 2015/16, they invested over $1.5 billion. This increased investment reflects Canadian television programming's increased international appeal – and secondary release window appeal – during the past five years.

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 direct-to-home (DTH) 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 (BC).[47]
- Services in the **specialty television** segment are only available via cable or DTH 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 DTH 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 2015

- Specialty services' revenue increased by 2.6%.
- Broadcasters achieved their highest levels of spending on Canadian independent ($895 million) and broadcaster-affiliated ($153 million) production in the past 10 years.

- Total broadcaster revenues in 2015 were $7.1 billion, a 3.1% decrease from 2014.

- Three Canadian series were among the top 10 shows watched in Canada, and another two FLS productions shot in Canada were in the top 10.
- Canadian programming in the CMF-supported genres captured 23% of total television viewing in the English-language market during the 2015 broadcasting year; in the French-language market, the share was 64%.

---

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

Canadian television broadcaster revenues, comprised primarily of advertising and subscription revenue and, for the public broadcaster, parliamentary appropriations, were $7.1 billion in 2016. This represents an overall decrease of 3% from 2014, with declines in CBC/Radio-Canada, private conventional and pay television revenues only partially offset by increases for specialty services.

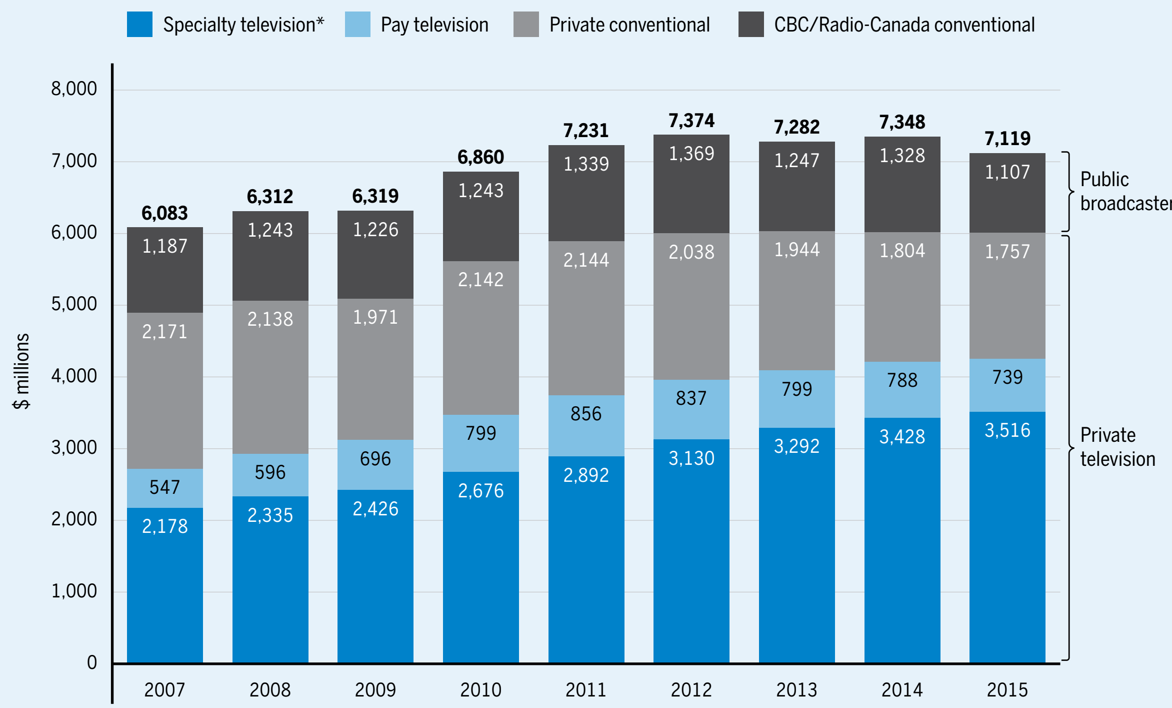
Private broadcasters' total revenue (from advertising, subscriptions and other sources) remained essentially unchanged in 2015 compared to the previous year. Indeed, overall revenues for private broadcasters have been essentially flat for the past four years. Steady year-over-year increases in specialty services' revenues have been offset by declines in private conventional broadcasters' revenue; indeed, 2015 marked the lowest level of private broadcaster revenues in the past 10 years. The erosion of private conventional broadcasting revenues – derived almost entirely from advertising – has benefitted digital media. Specialty services have been somewhat spared this erosion although, with the implementation of the CRTC's *Let's Talk TV* decision of 2016 and likely changes in the packaging of specialty services by broadcasting distribution undertakings (i.e. cable, DTH satellite services, multipoint distribution systems [MDS] and Internet protocol TV services), specialty services' subscription revenue base could be affected. Pay television revenues declined by 6% in 2015 and have been in decline since 2011.

The decline in conventional television revenue was compounded by decreases in CBC/Radio-Canada revenues. The public broadcaster's television revenues reached their lowest level since 2007 and declined by 17% between 2014 and 2015. Most of the decline in 2015 was in the broadcaster's advertising revenue. This in turn was largely due to the absence of major televised sports events, such as those that occurred in 2014 (e.g., 2014 Winter Olympic Games and Paralympic Games, FIFA World Cup and Commonwealth Games) which drive viewer and advertiser interest.

REVENUE

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

Revenue in the Canadian television broadcasting industry totalled $7.1 billion in 2015 – a decrease of 3.1%. Revenue at specialty television services increased by $88 million, but could not offset the revenue decreases experienced by private conventional television broadcasters, pay television services and CBC/Radio-Canada's conventional services (the national public broadcaster).



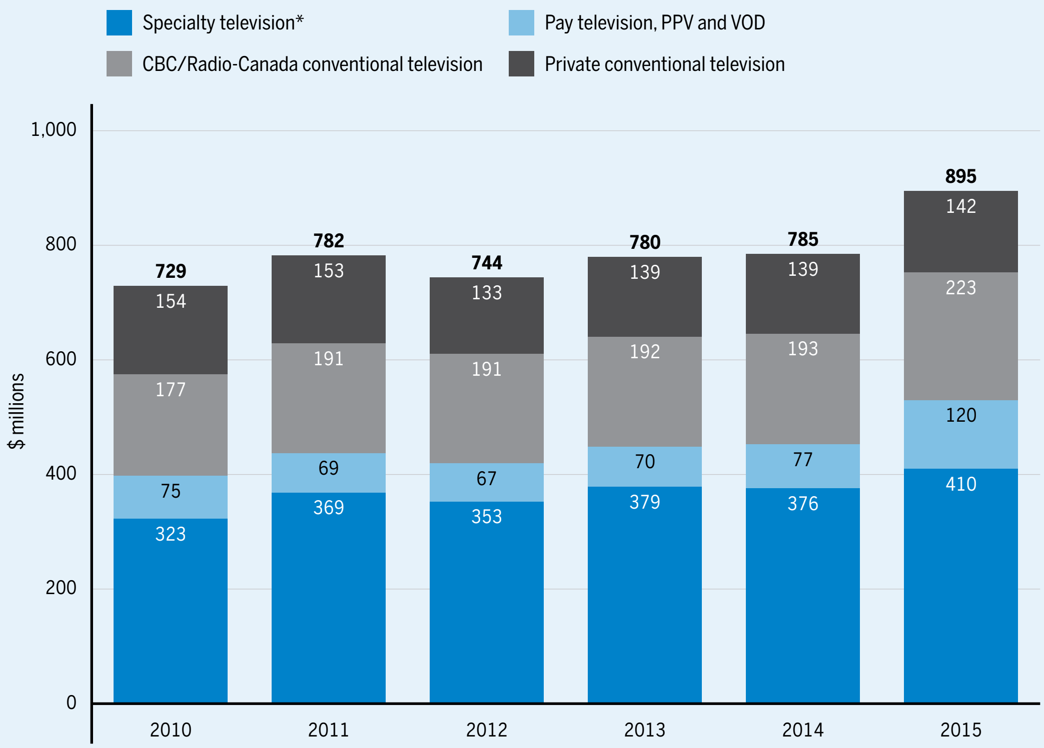
Source: Nordicity estimates based on data from CRTC.
Note: Some totals may not sum due to rounding
* Includes revenue earned by specialty television services owned by CBC/Radio-Canada.

INVESTMENT IN CANADIAN PROGRAMMING

While Canadian television revenues overall decreased in 2015, Canadian programming expenditures increased over 2014. This was true of spending on independently-produced Canadian programming, which reached a five-year peak of $895 million, and for productions by private broadcasters' affiliated production companies, which also attained a five-year peak of $153 million.

Most of the growth in spending on independent production came from CBC/Radio-Canada, and pay and specialty television services while private conventional broadcasters' spending on independent production was relatively flat compared to 2014. Specialty television services continued to account for the majority of spending on Canadian independent production: 46% of spending on independent production, or $410 million. Another 25% of independent production spending came from CBC/Radio-Canada, while private conventional broadcasters (16%) and pay television services (13%) accounted for the rest of the spending on Canadian independent production. Pay television (which includes VOD and PPV) saw the largest increases in spending on independent production, with the sector's $120 million expenditure representing a 56% increase over the previous year.

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 programming rose to $153 million in 2015. 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). Most of the $153 million spent on broadcaster-affiliated production – some 77% – was devoted to these other genres in 2015.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Drama and comedy	9	11	4	6	1	8	10	13	9	3
Long-form documentary	0	0	0	0	5	10	7	10	7	11
Sport	0	0	1	0	161	0	86	5	<1	21
Other genres**	82	79	82	72	69	65	68	75	96	118
Total	**92**	**89**	**86**	**79**	**236**	**83**	**171**	**103**	**113**	**153**

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 on television in Canada. The lists of top 10 television programs are drawn from Numeris' database of audience statistics for the 2016 broadcast year (September 1, 2015 to August 31, 2016) 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*, *Unité 9*, and *Les beaux malaises*, were among the top 10 shows in Canada during the 2016 broadcast year. *The X-Files*, and *Quantico* (season 1), filmed in Canada, were also among the top 10 programs.

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

Program (country of origin)	Average Minute Audience (000s)
1. *Big Bang Theory* (US)	3,103
2. *La voix* (Canada)	2,672
3. *The X-Files* (US)	2,567
4. *Unité 9* (Canada)	2,132
5. *NCIS* (US)	2,124
6. *Grey's Anatomy* (US)	2,007
7. *Criminal Minds: Beyond Borders* (US)	1,998
8. *Les beaux malaises* (Canada)	1,997
9. *NCIS: New Orleans* (US)	1,871
10. *Quantico* (US)	1,831

Source: CMF Research (Numeris), 2016.
* Television series include all television projects with more than three episodes televised during a single broadcast year.

Of the top 10 Canadian-produced series, eight were in French and two were in English. They all achieved average minute audiences of at least 1.2 million and *La Voix* attained nearly 2.7 million.

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

Program	Average Minute Audience (000s)
1. *La voix*	2,672
2. *Unité 9*	2,132
3. *Les beaux malaises*	1,997
4. *Les pays d'en haut*	1,686
5. *Pour Sarah*	1,557
6. *Yamaska*	1,488
7. *Boomerang*	1,275
8. *Saving Hope*	1,263
9. *Private Eyes*	1,217
10. *O'*	1,210

Source: CMF Research (Numeris), 2016.
* Television series include all television projects with more than three episodes televised during a single broadcast year.

English-Language Market

Four English-language Canadian drama series attracted audiences of over one million during the 2016 broadcast year. Of this category, *Saving Hope* had the highest average minute audiences (nearly 1.3 million). Another six series achieved average minute audiences of over 600,000.

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

Program	Average Minute Audience (000s)
1. *Saving Hope*	1,263
2. *Private Eyes*	1,217
3. *Murdoch Mysteries*	1,203
4. *Motive*	1,151
5. *Heartland*	895
6. *Houdini & Doyle*	806
7. *Rick Mercer Report*	753
8. *Vikings*	723
9. *This Hour Has 22 Minutes*	697
10. *Schitt's Creek*	627

Source: CMF Research (Numeris), 2016.
* Television series include all television projects with more than three episodes televised during a single broadcast year.

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, with the top two achieving average minute audiences of over two million.

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

Program	Average Minute Audience (000s)
1. *La voix*	2,672
2. *Unité 9*	2,132
3. *Les beaux malaises*	1,997
4. *Les pays d'en haut*	1,686
5. *Pour Sarah*	1,557
6. *Yamaska*	1,488
7. *Boomerang*	1,275
8. *O'*	1,210
9. *Au secours de Béatrice*	1,192
10. *Mémoires vives*	1,137

Source: CMF Research (Numeris), 2016.
* Television series include all television projects with more than three episodes televised during a single broadcast year.

AUDIENCE SHARE

This section also includes aggregate statistics on Canadian programming's audience share in each of the genres supported by the Canada Media Fund (CMF). These statistics are only available on a one-year-lagged basis, and therefore, report audience share for the 2015 broadcast year (September 1, 2014 to August 31, 2015).

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

In the English-language market, Canadian programming in the CMF-supported genres accounted for an audience share of 23% during the 2015 broadcast year. The highest audience shares were in the children's and youth and documentary genres. In the French-language market, the share was 64%, with VAPA programming capturing the highest shares.

Broadcast year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Drama (fiction)	15%	13%	12%	13%	16%	15%	16%	17%	17%	16%
Documentary	55%	48%	49%	49%	35%	35%	45%	49%	48%	49%
Children's and youth	52%	30%	43%	45%	46%	44%	46%	49%	49%	50%
Variety and performing arts	32%	25%	31%	29%	20%	19%	22%	13%	13%	18%
All CMF-supported genres	**34%**	**29%**	**31%**	**34%**	**22%**	**22%**	**23%**	**24%**	**24%**	**23%**

Source: CMF Research (Numeris), 2016
Note: Audience shares for 2012-2014 have been revised to correspond to peak-viewing period; statistics in previous editions incorrectly reported audience shares for the full broadcast day.

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

Broadcast year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Drama (fiction)	61%	56%	52%	55%	52%	48%	46%	48%	49%	52%
Documentary	77%	71%	74%	77%	74%	76%	72%	72%	73%	73%
Children's and youth	66%	72%	63%	75%	81%	76%	73%	74%	66%	66%
Variety and performing arts	93%	93%	79%	84%	85%	87%	92%	91%	94%	95%
All CMF-supported genres	**65%**	**68%**	**66%**	**67%**	**63%**	**62%**	**61%**	**62%**	**62%**	**64%**

Source: CMF Research (Numeris), 2016.
Note: Audience shares for 2012-2014 have been revised to correspond to peak-viewing period; statistics in previous editions incorrectly reported audience shares for the full broadcast day.

12. Theatrical exhibition and audiences

The theatrical exhibition industry includes theatre chains and independent theatres that exhibit theatrical feature films. Despite the growth in online digital distribution platforms, the theatrical exhibition industry remains an important window for the release of feature films in Canada. As of 2014 (the most recent year of available data), there were 2,502 theatre screens in Canada and close to 90.7 million paid admissions.[48]

Highlights from 2015/16

- Total revenue in Canada's theatrical exhibition industry increased to over $1.8 billion, earned mainly from box office receipts, but also from food and beverage sales, and other sources.
- Total box office receipts for all theatrically-released films in Canada increased to just under $1 billion.
- Canadian feature films captured 10.7% of box office receipts in the French-language market (up from 10% in 2014).
- Five of the top 10 Canadian films in the French-language market earned more than $1 million at the box office (up from three films in 2014).
- Canadian films' share of viewing on pay television in Canada increased to over 10%; the share on specialty television increased to over 8%.

- US films captured 81% of these box office receipts, though the US share has been in decline over the past seven years.
- There were 126 new Canadian feature films released in Canadian theatres in 2015 (a decrease from 137 films in 2014).[49]
- Canadian feature films captured 0.6% of box office receipts in the English-language market (down from 2% in 2014)

---

48 Statistics Canada (2016), CANSIM table 361-0070.

49 Note that the number of new Canadian films released in theatres in 2015 (126) will differ from the number of Canadian theatrical feature films produced during the 2015/16 fiscal year (94 [see Section 5.1]), since, for example, some of the films released may have been produced in earlier years.

Feature film exhibitors saw their total revenues increase in 2015 to a 10-year high, surpassing $1.8 billion. Box office receipts, accounted for just over half (54%) of these total revenues, with food and beverage sales and other revenue (e.g., merchandise sales, advertising, and other sources) making up the rest. Indeed, box office receipts accounted for a smaller share of total exhibitors' revenue in 2015 than in previous years, suggesting exhibitors are relying increasingly on food and beverage sales, and other sources of revenue.

US films captured 81% of total box office receipts of just under $1 billion. Other foreign films accounted for another 17% of total box office receipts, and these other foreign films have seen their share of Canadian box office receipts grow over the past decade. In fact, the majority of new-release films in Canadian theatres came from countries other than the US and Canada; other foreign films have more than doubled their share of total new releases in Canada since 2007.

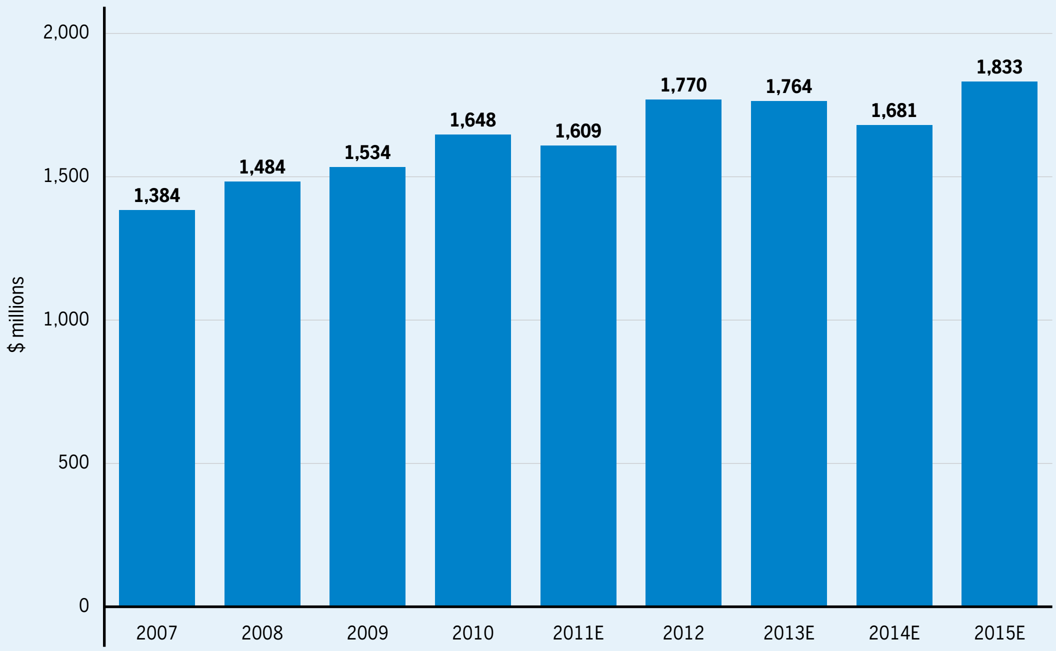
In the French-language market, Canadian feature films captured 10.7% of total box office receipts, an increase compared to last year but down from the levels of 13% to 18% experienced earlier in the decade. In the English-language market, Canadian films accounted for 0.6% of total box office receipts, a significant decline from the 2% level of 2014.

Canadian films were more successful on television, however. On all television platforms – pay television, video-on-demand (VOD), specialty television and conventional television – Canadian films experienced increases in viewing share in 2015 compared to 2014. Canadian films on pay television, for example, earned a 10.3% market share in 2015; while Canadian films on specialty television captured 8.6% of total views. This was due largely to increases in viewing of Canadian films on these services in the English-language market. Conventional television in English, however, saw declines in viewing of Canadian films, though these declines were offset by increases in the viewing of Canadian films on conventional television in the French-language market.

TOTAL REVENUE

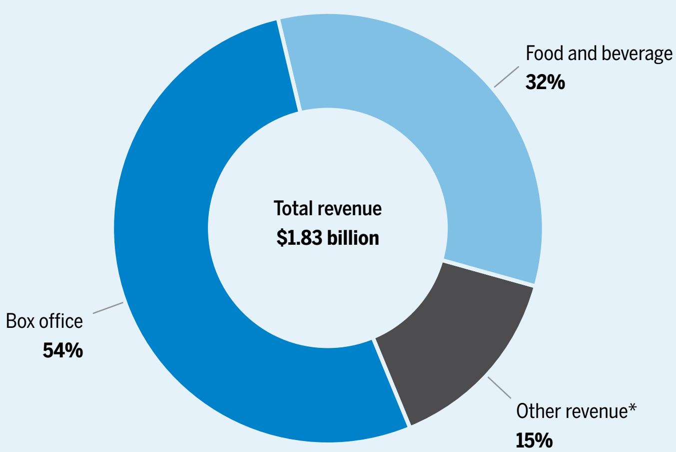
Exhibit 12 - 1 Total revenue in the theatrical exhibition sector

In 2015, the theatrical exhibition industry in Canada earned estimated total revenue of just over $1.8 billion, an increase of 9% over 2014. While most of this revenue was earned from box office receipts (54%), other sources of revenue for the exhibition sector included food and beverage sales (32%), and advertising, merchandise sales and other sources (15%).



Source: Nordicity estimates based on data from MTAC, Cineplex Inc. and Statistics Canada, catalogue no. 87F0009X and CANSIM table 361-0068.
E – Estimates made in lieu of statistics published by Statistics Canada
Note: See Motion Picture Association-Canada and Canadian Media Production Association (2013), *The Economic Contribution of the Film and Television Sector in Canada* for additional description of methodology

Exhibit 12 - 2 Sources of revenue in the theatrical exhibition sector, 2015



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: 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

Traditionally, many film festivals have provided the means for the marketing and selling of independent films to distributors. However, in recent years, these types of festivals have evolved into being locations for actively engaging audiences, for building interest in films ahead of their theatrical exhibition release, and for providing fora for industry networking and discussion.

Canada is home to hundreds of film festivals catering to a broad range of genres. Indeed, one of Canada's largest film festivals, the Toronto International Film Festival (TIFF), has grown to become one of the premier global film festivals alongside Cannes, Venice and Sundance. Similarly, Toronto's Hot Docs Festival has established itself as North America's largest documentary film festival.

Telefilm Canada provides financial support to 42 film festivals in Canada. These 42 festivals represent the major events in Canada; however, there are numerous smaller local film festivals that operate without funding from Telefilm Canada. As part of a broader understanding of film success that goes beyond box office receipts and tries to capture the alternative (to theatrical) distribution elements and the cultural impacts, Telefilm Canada has introduced its Success Index. This is a quantitative tool for measuring the overall success of its investment portfolio over time, and in recognition of the cultural value of film festivals, awards success at 15 key festivals which contribute to the Success Index.

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

Atlantic Film Festival	Ottawa International Animation Festival
Calgary International Film Festival	Rencontres internationales du documentaire de Montréal (Montreal International Documentary Festival)
Cinéfest Sudbury International Film Festival	Toronto International Film Festival (TIFF)
Fantasia Festival	TIFF Kids
Festival du nouveau cinéma - Montréal	Vancouver International Film Festival (VIFF)
Festival International du Film pour Enfants de Montréal	Victoria Film Festival
Hot Docs	Whistler Film Festival
Montreal World Film Festival / Festival des Films du Monde	

Source: Telefilm Canada.

TIFF is the largest film festival in Canada, recording an attendance of approximately 480,000 and over 5,000 registered industry delegates. The Montreal World Film Festival is Canada's second largest film festival, with 390,000 attendees and a focus on foreign, independent and documentary films, as well as first-time filmmakers.

Film festivals play a key role in the film and television sector's value chain, since they provide, as stated earlier, a forum through which independent filmmakers can market and sell their productions to distributors or broadcasters. This marketing and distribution role can yield significant economic benefits. For the most part, this economic benefit is captured elsewhere in the value chain analysis – specifically through the distribution and broadcasting industries.

Film festivals also generate economic benefits for the Canadian economy through the audiences and industry delegations that they attract to their host cities and venues, and through the operating expenditures associated with the delivery of their programming and events. Exhibit 12-4 highlights some of the significant economic impacts that these festivals can generate for their locales. These key festivals attract an audience of over 1.4 million, including local and foreign attendees and delegates.

Exhibit 12 - 4 Economic impacts of key Canadian film festivals

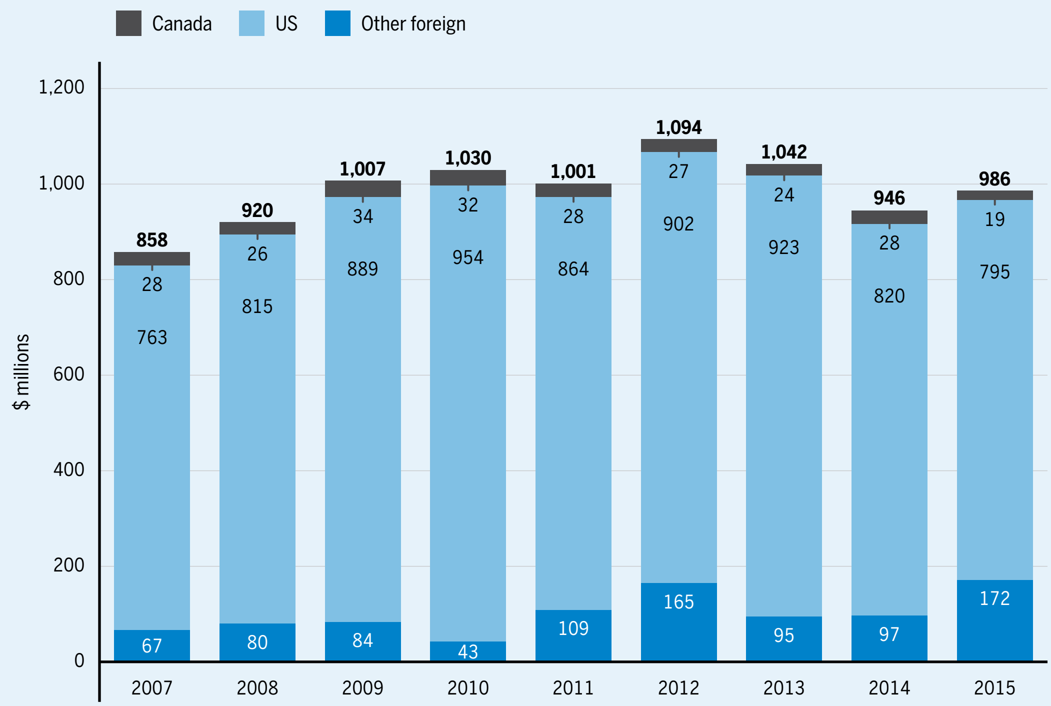
Film festival	Attendance	Economic impacts
Toronto International Film Festival	480,000	• Total Revenue $42,178,293 (2015) • Total Expenses $41,467,273 (2015) • $189 million to the city's economy between April 1, 2012 and March 31, 2013 • Number of jobs maintained or created in the community 2,295. 27,434 out-of-town visitors came to Toronto for TIFF in 2012, including 4,200 people from the film industry (one quarter from the US)
Montreal World Film Festival	390,000	• n/a
Vancouver International Film Festival	150,000	• Festival operations $3.8 million in 2014 • Total GDP impact: Metro Vancouver's economy = $3.6 million, province's economy = $4.7 million. • Equated to 63 full time jobs in Metro Vancouver in 2014, compared to 72 full time jobs in BC. • Total industry output of VIFF's operations (i.e. the sum total of all economic activity that has taken place as a result of visitor spending, as well as spin-off activity) was $6.4 million for Metro Vancouver and $7.8 million in BC • Total industry output estimations by the Conference Board of Canada's Tourism Economic Assessment Model (TEAM), just under $10 million dollars.
Hot Docs	150,000	• In 2013: • Festival Operating Budget $3,335,183 • Attendee Expenditure $5,102,684 Delegate Expenditure $6,686,033 • Canadian Business Deals (Finalized and Expected) $15,984,449 • Total festival expenditure $31,108,349
Fantasia	110,000	• 17% of attendants were tourists or visitors • A significant increase in international press coverage (more than 2900 articles in 2015, vs. 1900 in 2014).
Calgary International Film Festival	35,177	• 22% increase on audience attendance on 2014 • 428 attendances at industry events • $365,921 Box Office revenues (24% increase on 2014) • $1.57 million revenue in 2015 • $270,050 total cash sponsorship • $447,367 total in kind sponsorship
Atlantic Film Festival	45,000	• n/a
Ottawa International Animation Festival	28,000	• 1800 industry attendees • The Animation Conference (TAC) – animation business forum for pitching, networking and keeping up with trends with animation professionals in content creation, development, production, distribution and marketing from North American and international markets.
Whistler Film Festival	13,332	• 32.5 million marketing impressions valued at $570,000 • $6.85 million in media coverage value (equates to $1.1 million in ad rate value) • Annual festival economic impact: $5.2 million in BC, $2.9 million in Whistler • $1.9 million in wages and salaries in BC, (33 jobs in BC, with 18 in Whistler) • Total value proposition for BC (including Whistler) estimated at over $12.6 million inclusive of economic impact and media and marketing value

n/a – No data available

NATIONAL BOX OFFICE TRENDS

After two consecutive years of decline, the release of *Star Wars: The Force Awakens* helped total box office receipts in Canada to increase by 4.2% to just under $1 billion. US films captured an 81% share of these receipts. Other foreign films claimed 17% of total box office receipts, and the remaining box office receipts (1.9%) went to Canadian films.

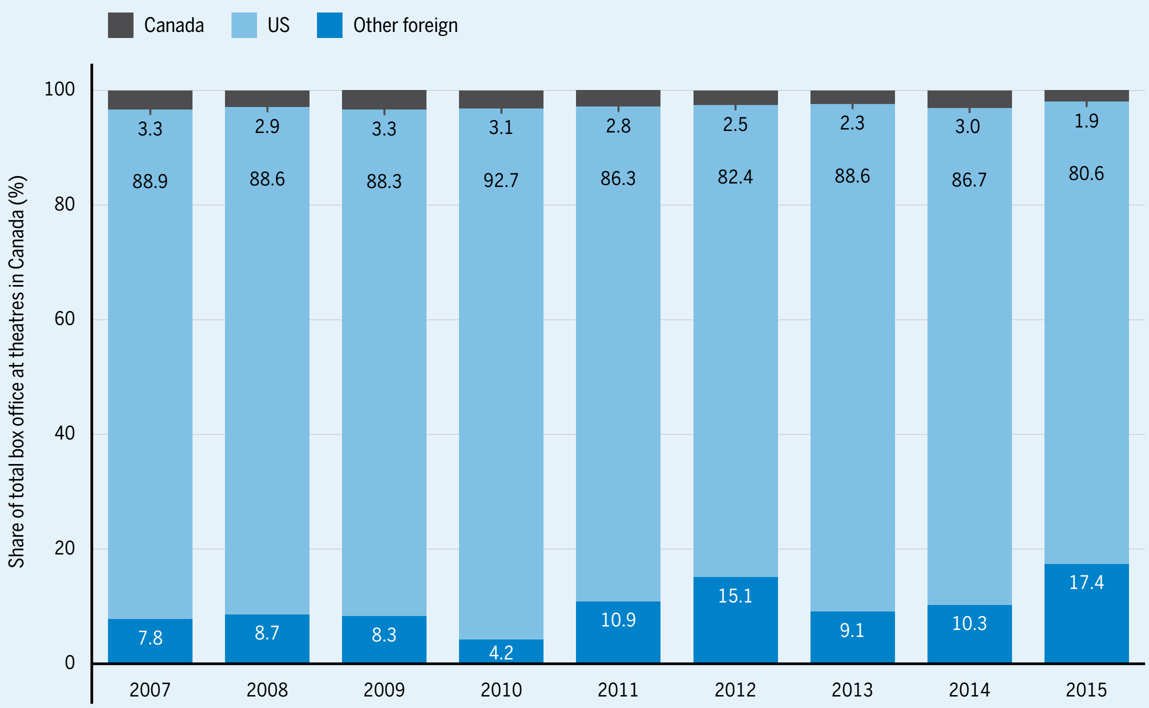
Exhibit 12 - 5 Box office revenues in Canada, by origin of production



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

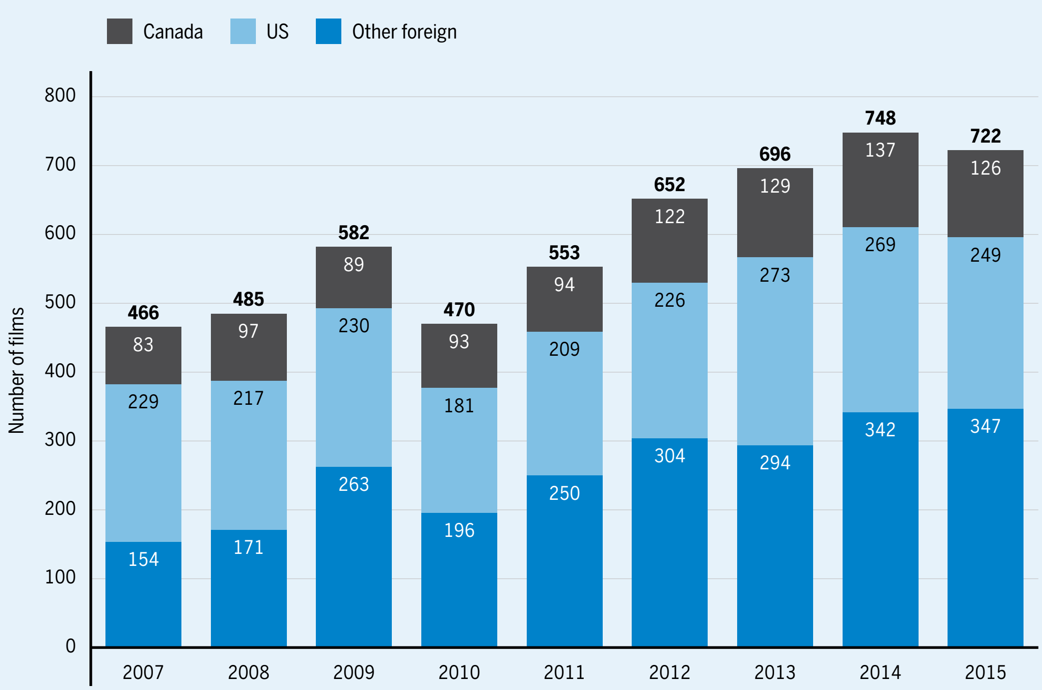
US and Canadian films' share of Canadian box office receipts were at their lowest levels since 2007, with other foreign films capturing increasing shares of Canadian box office receipts. This result was due, in part, to the ever-growing number of new releases from other foreign countries, which reached a peak of 347 titles in 2015. There were also 126 Canadian new releases in 2015.

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

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.

BOX OFFICE BY LINGUISTIC MARKET

The French-language market generated relatively strong box-office receipts for Canadian films in 2015. Canadian films earned $13.8 million at the box office in that language market in 2015, more than in the past three years. Canadian films also achieved a 10.7% share of total box office receipts in the French-language market, again higher than in the last three years.

LA GUERRE DES TUQUES 3D (SNOWTIME!)

3D adaption of classic Quebec children's film wins over audiences of all ages

La guerre des tuques 3D (Snowtime!) is an animated adaption of the 1980s live-action film of the same name. Created in Quebec, it tells the story of skirmishes and snowball fights between children as they compete for control over a snow fort in a small town. The 1984 version was distributed in 125 countries, including under the English title *The Dog Who Stopped the War*.

The animated remake was directed by Jean-François Pouliot and co-directed by François Brisson, while Rock Demers, who produced the original, was honoured with the distinction of associate producer for the new version. *La guerre des tuques 3D (Snowtime!)* had its theatrical release in Quebec in 2015. It was the highest-grossing Canadian film at the domestic box office for the year and won the Cineplex Golden Screen Award from the Academy of Canadian Film and Television.

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
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
Box office of foreign feature films	107.6	108.5	117.9	129.8	127.3	130.2	126.7	108.4	115.2
Total box office of feature films	128.5	125.9	144.7	149.9	147.1	143.1	139.3	120.5	129.0
Canadian feature films' share	16.2%	13.8%	18.5%	13.4%	13.5%	9.0%	9.0%	10.0%	10.7%
Number of feature films playing in theatres in Canada									
Canadian	84	79	78	74	76	78	97	91	84
Foreign	328	293	316	293	279	310	301	280	280
Total	412	372	394	367	355	388	398	371	364
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
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
Box office of foreign feature films	722.2	786.0	855.4	867.9	845.8	937.2	893.0	809.1	852.2
Total box office of feature films	729.1	794.5	862.2	880.0	852.9	951.2	915.3	825.3	857.1
Canadian feature films' share	1.0%	1.1%	0.8%	1.4%	0.9%	1.5%	1.2%	2.0%	0.6%
Number of feature films playing in theatres in Canada									
Canadian	63	72	71	70	76	80	111	121	102
Foreign	438	436	422	406	568	803	867	870	803
Total	501	508	493	476	644	883	978	991	905
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

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 2015, while the top Canadian films were *La guerre des tuques 3D* and *Le mirage*. In the English-language market, the top Canadian film was the Canada-UK-Ireland treaty coproduction *Brooklyn*, which earned $1.2 million at the Canadian box office. *Room*, another treaty coproduction with Ireland, was also among the top 10 Canadian films in the English-language market, earning slightly under $1 million, while *Hyena Road*, *Remember* and *Beeba Boys* were also among the highest box office earners in this language market.

Exhibit 12 - 9 Top 10 Canadian-produced feature films presented in the English-language market, 2015

Title	Box office receipts* ($ millions)	Original language of production
1. *Brooklyn*	1.18	English
2. *Room*	0.94	English
3. *Hyena Road*	0.85	English
4. *Remember*	0.62	English
5. *Beeba Boys*	0.20	English
6. *Backcountry*	0.10	English
7. *After The Ball*	0.08	English
8. *Elephant Song*	0.08	English
9. *Felix et Meira*	0.06	French
10. *Big News from Grand Rock*	0.04	English

Source: MTAC.
* Box office receipts earned between January 1 and December 31, 2015. This amount may under-represent a particular film's total box office receipts, if the film played in Canadian cinemas across two calendar years.

Five Canadian feature films earned over $1 million in box office receipts in the French-language market. Apart from *La guerre des tuques 3D* ($3.3 million) and *Le mirage* ($2.9 million), which were also in the French-language market top 10, the highest-earning Canadian films included *La passion d'Augustine*, *Paul à Qu*ébec, and *Ego Trip*.

Exhibit 12 - 10 Top 10 Canadian-produced feature films presented in the French-language market, 2015

Title	Box office receipts* ($ millions)	Original language of production
1. *La guerre des tuques 3D*	3.28	French
2. *Le mirage*	2.91	French
3. *La passion d'Augustine*	1.82	French
4. *Paul à Québec*	1.26	French
5. *Ego Trip*	1.01	French
6. *Aurélie Laflamme - Les pieds sur terre*	0.69	French
7. *Guibord s'en va-t-en-guerre*	0.61	French
8. *Elephant Song*	0.22	English
9. *Le journal d'un vieil homme*	0.02	French
10. *Félix et Meira*	0.17	French

Source: MTAC.
* Box office receipts earned between January 1 and December 31, 2015. 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, 2015

Title	Box office receipts* ($ millions)	Country of origin
1. *Star Wars: The Force Awakens*	52.54	US
2. *Jurassic World*	48.00	US
3. *Avengers: Age of Ultron*	36.03	US
4. *Minions*	26.44	US
5. *Spectre*	25.97	UK
6. *Furious 7*	25.79	US
7. *Inside Out*	23.37	US
8. *The Martian*	21.75	US
9. *The Hunger Games: Mockingjay Part 2*	20.18	US
10. *Mission: Impossible - Rogue Nation*	19.77	US

Source: MTAC.
* Box office receipts earned between January 1 and December 31, 2015. 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, 2015

Title	Box office receipts* ($ millions)	Country of origin
1. *Minions*	6.85	US
2. *Jurassic World*	6.15	US
3. *Star Wars: The Force Awakens*	5.56	US
4. *Furious 7*	4.37	US
5. *Avengers: Age of Ultron*	3.82	US
6. *Inside Out*	3.35	US
7. *Spectre*	3.33	UK
8. *La guerre des tuques 3D*	3.28	Canada
9. *The Hunger Games: Mockingjay Part 2*	3.03	US
10. *Le mirage*	2.91	Canada

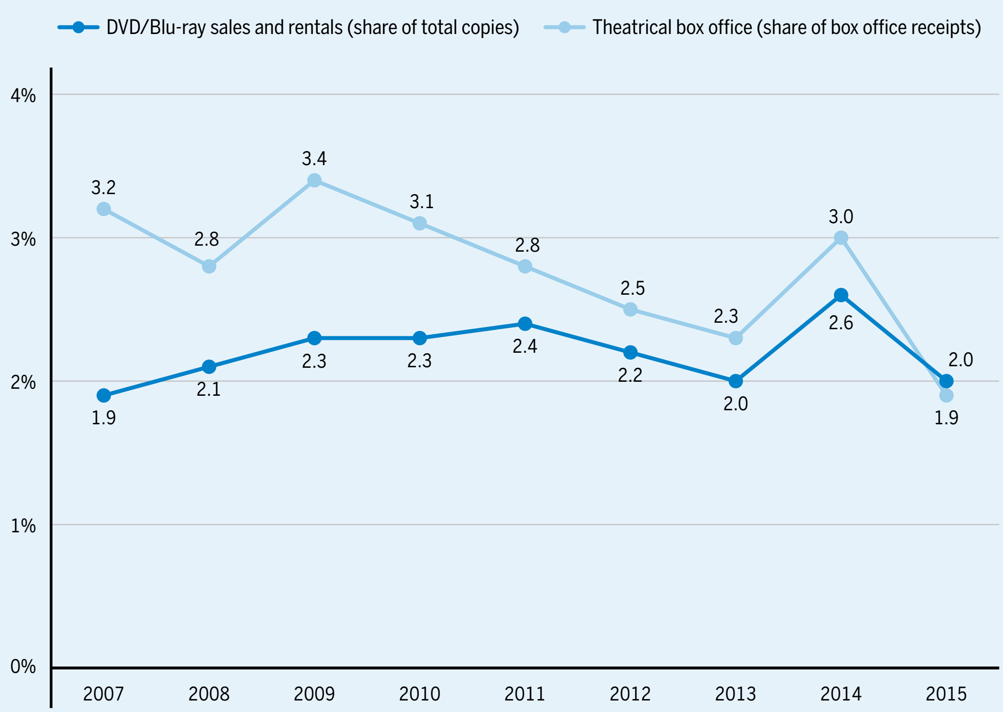
Source: MTAC.
* Box office receipts earned between January 1 and December 31, 2015. This amount may under-represent a particular film's total box office receipts, if the film played in Canadian cinemas across two calendar years.

FEATURE FILM VIEWING ON TELEVISION AND ALTERNATIVE PLATFORMS

In 2015, Canadians viewed more Canadian films on conventional, specialty, pay and VOD platforms than in any year since 2007. In terms of total views, Canadian films had 10% market share on pay television, and over 8% on conventional and specialty television. Since 2007, the viewing of Canadian films on DVD and Blu-ray has hovered around 2% market share, which was again the case in 2015. Canadian films also captured just under 2% of total box office receipts in Canada, and in general since 2007, Canadian market share in theatrical box office has been decreasing. Various television platforms, however, have been much more popular for the viewing of Canadian films.

In the English-language market, pay and specialty television had the highest viewing of Canadian feature films. In the French-language market, however, conventional television and pay television witnessed the highest viewing of Canadian feature films.

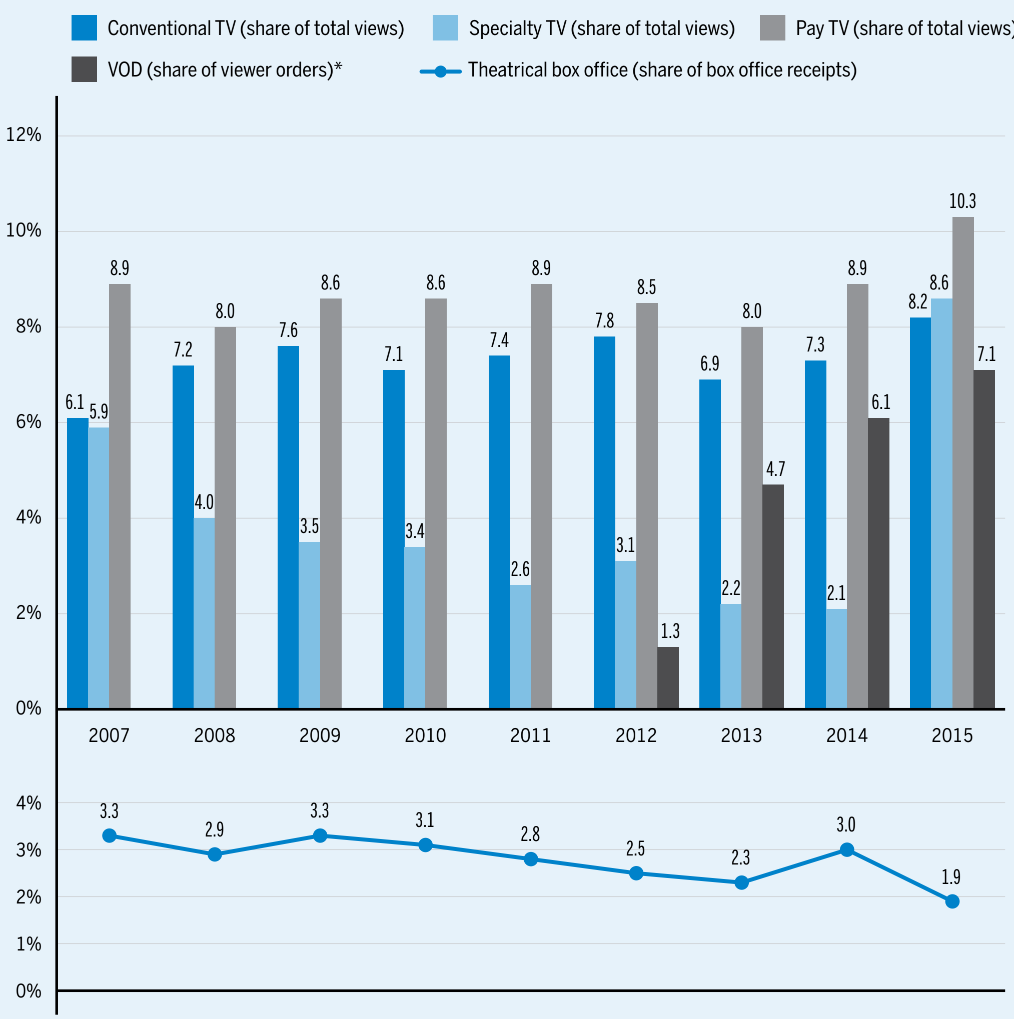
Exhibit 12 - 13 Market share of Canadian feature films in Canada, home video vs. theatrical box office



Source: Department of Canadian Heritage analysis of data from Nielsen VideoScan (sales), Rentrak Corporation (rentals) and MTAC (theatrical box office).
Note: Home video sales market share based on share of top 3,000 feature film titles that had a theatrical release; home video rentals market share based on share of top 800 feature film titles that had theatrical release. Market shares are based on the share of total copies.

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

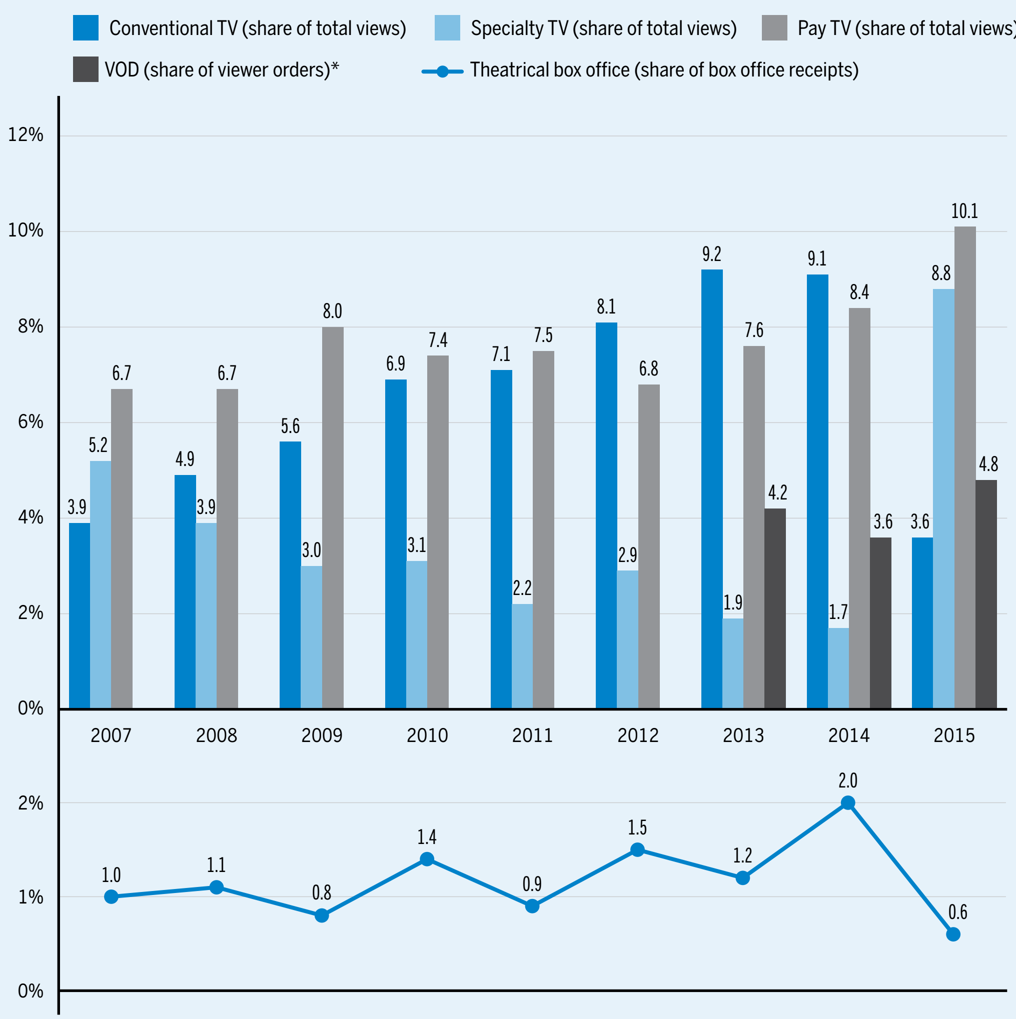
Canadian feature films' share of audiences exceeded their 1.9% share of the theatrical box office on all television platforms in 2015. The shares of views held by Canadian films on pay television (10.3%), specialty television (8.6%), conventional television (8.2%) and VOD (7.1%) were all well above the share they held at the theatrical box office.



Source: Department of Canadian Heritage analysis of data from Numeris (television markets), CRTC (VOD) and MTAC (theatrical box office).
Note: For the television markets, the total number of views was estimated by dividing the total number of minutes spent watching a feature film by the average duration of the film. Only feature films that had a theatrical release were considered in this analysis. Market shares are based on total views
* Includes free and paid orders. Data not available prior to 2012.

Exhibit 12 - 15 Market share of Canadian feature films exhibited in English in Canada, television windows vs. theatrical box office

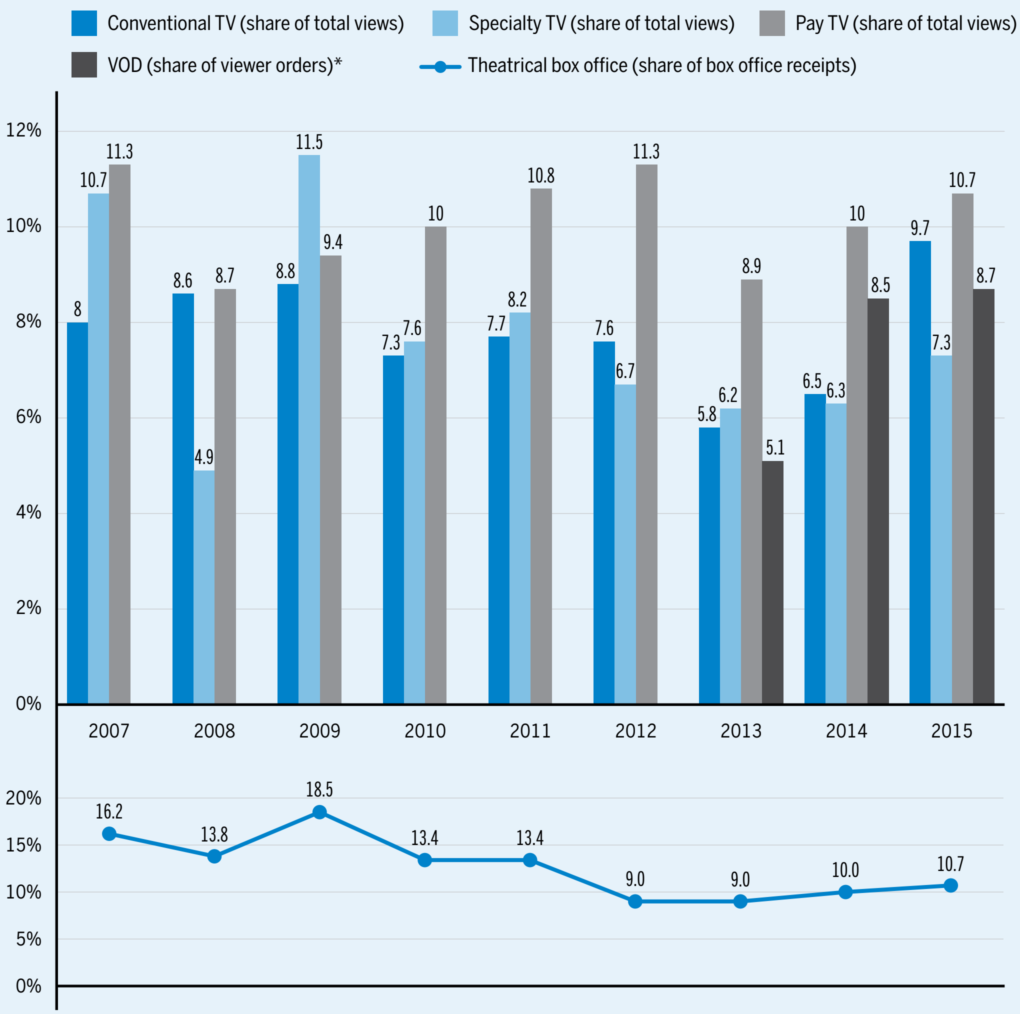
In the English-language market, Canadian feature films' share of audiences easily exceeded their 0.6% share of the theatrical box office on all television platforms. Canadian films share on the pay television platform exceeded 10% – the highest share recorded during the past decade.



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

Exhibit 12 - 16 Market share of Canadian feature films exhibited in French in Canada, television windows vs. theatrical box office

In contrast, in the French-language market, Canadian feature films' share of audiences on television platforms was either equal to or slightly lower than the 10.7% market share held at the theatrical box office.



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

13. Broadcasting distribution undertakings

The broadcasting distribution sector includes cable, direct-to-home (DTH) satellite, multipoint distribution systems (MDS) and Internet protocol TV (IPTV) services which allow Canadian households and businesses to access licensed television programming services, including conventional, pay and specialty television services, by subscribing to channel packages and certain à la carte services. Cable, DTH satellite, MDS and IPTV services are also referred to as broadcasting distribution undertakings (BDUs); collectively they comprise the BDU industry. In 2015, just over 78% of Canadian households accessed television services through BDUs.

This section also presents estimates of the total revenue earned by on-demand services – such as pay-per-view (PPV), video-on-demand (VOD) and online services – many of which are owned by Canadian BDUs.

Highlights from 2015

- IPTV revenue grew by 21%.
- On-demand services, including PPV, VOD, Netflix and online services, generated an estimated $938 million in revenues in 2015, up 30%.

- Cable, DTH satellite and MDS all experienced decreased revenues and subscriber levels.
- There were 11.5 million BDU subscriptions in Canada (a decrease from 11.6 million in 2014), generating total revenue of just over $9 billion.
- BDUs contributed $426 million to the creation of Canadian programming (a decrease from $465 million in 2014).

- BDU revenue remained essentially flat from the previous year.

The BDU industry in 2015 saw a slight decline in subscriber levels, with 11.5 million subscribers (a 1% decrease from the previous year). Most of the decline was due to decreases in cable and DTH/MDS subscriptions; IPTV, however, saw a 21% increase in subscriber levels. It would appear that growth in IPTV subscriptions has helped maintain the industry's total subscriptions. BDU revenues overall were essentially flat at $9 billion, again with decreases in cable and DTH/MDS and significant gains in IPTV. Indeed, IPTV revenues grew 21% over the previous year.

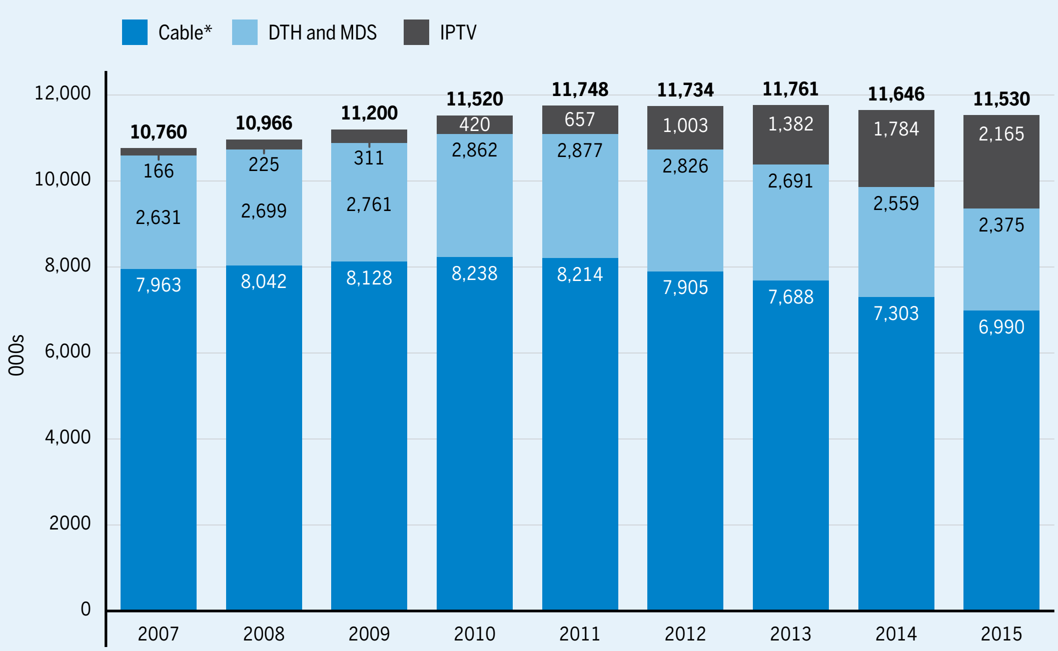
Through their contributions to the Canada Media Fund (CMF), local programming and independent production funds, BDUs support the creation of Canadian content – to the tune of $426 million in 2015. This amount represented an 8% decrease compared to 2014, due largely to decreases in BDU support of local programming (as a result of the ending of the Local Programming Improvement Fund [LPIF] in 2014). The CMF derived $219 million of its revenues from BDUs, which represents the highest level of BDU contributions since 2007.

Increasingly, Canadians are turning to on-demand services for their audiovisual content. In 2015, on-demand services earned an estimated $938 million in revenue, with Netflix estimated to have captured 59% of that amount. Canadian online offerings Shomi and CraveTV posted their first year of revenues, totaling just over $70 million in 2015. Canadian PPV and VOD services, meanwhile, have seen steady revenue decreases since 2010, with their total revenues declining to $95 million in 2015.

BDU SUBSCRIBERS AND REVENUE

BDU subscriptions decreased to just over 11.5 million in 2015 – a decrease of 1%. There were decreases in both cable (which decreased by 4%) and DTH/MDS (which decreased by 7%). The emerging IPTV platform, however, experienced increased subscriptions of 21% and attained 2.2 million. IPTV's share of total BDU subscribers has been increasing steadily over the past 10 years, and now accounts for 19% of all BDU subscribers. Because the size of the market remained flat in 2015, it would appear that the growth in IPTV subscriptions occurred at the expense of cable and DTH/MDS.

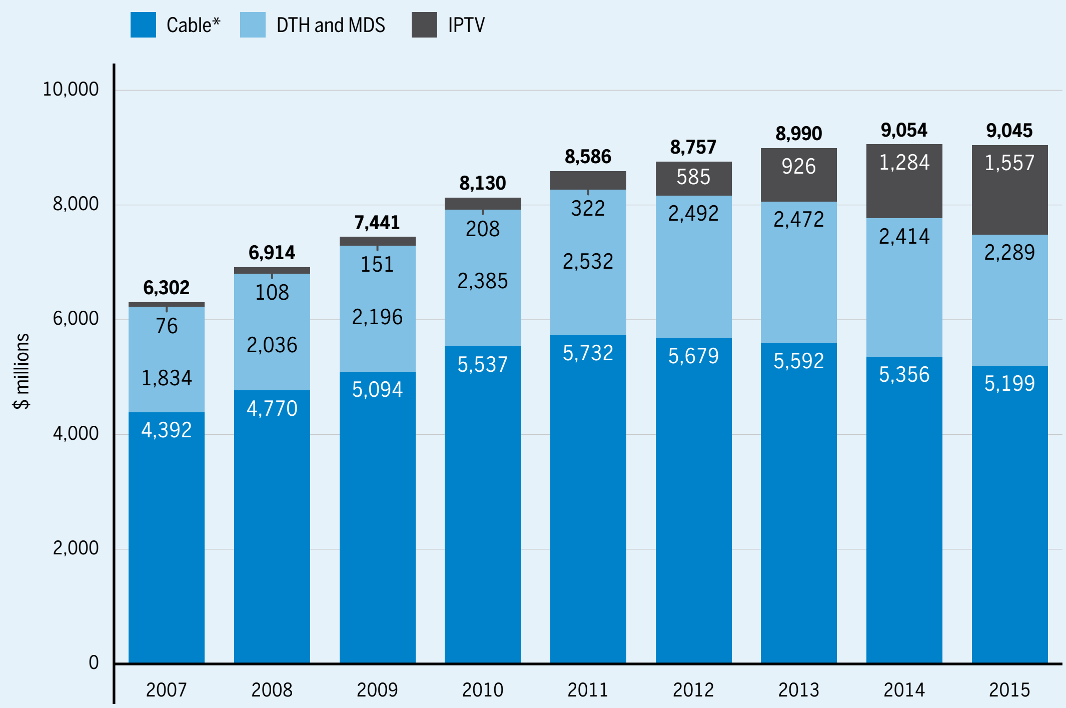
Exhibit 13 - 1 Number of subscribers to BDUs



Source: CRTC
Note: Some totals may not sum due to rounding
* Includes estimates for non-reporting cable television licensees

In 2015, Canada's broadcasting distribution sector again earned total revenues of just over $9 billion, essentially the same as in 2014. IPTV witnessed significant revenue gains of 21%, while cable and DTH/MDS saw revenue declines. As of 2015, 17% of total BDU revenues were earned by IPTV.

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



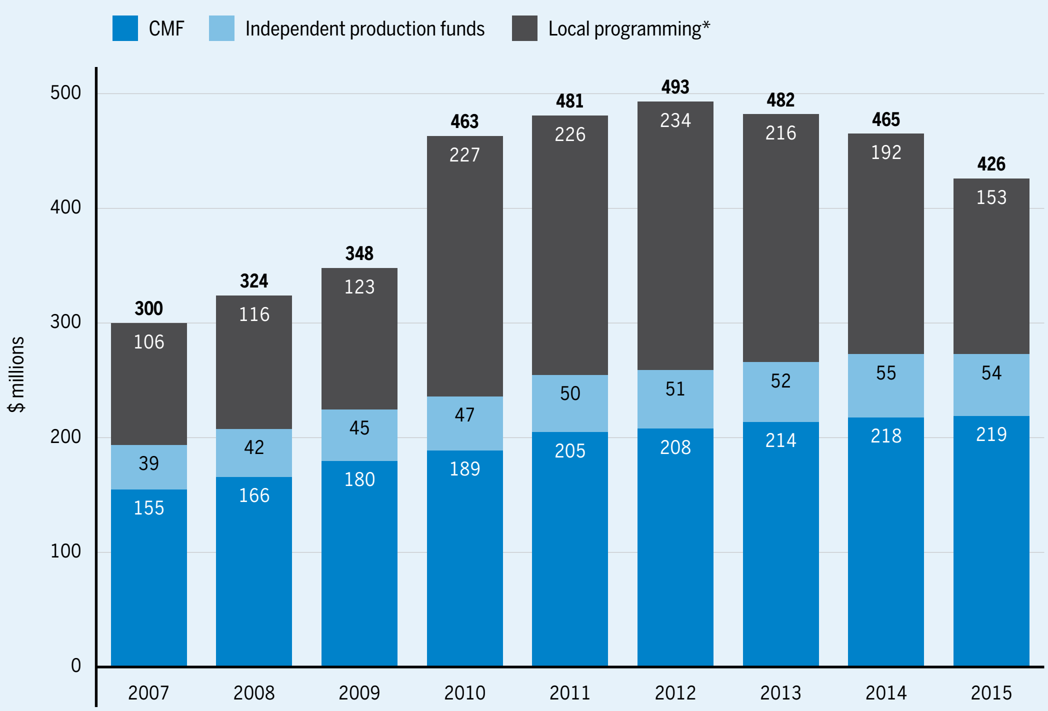
Source: CRTC
Note: Some totals may not sum due to rounding
* Includes non-reporting cable television licensees

INVESTMENT IN CANADIAN PROGRAMMING

BDUs have contributed to the creation of Canadian programming in a number of ways: through contributions to the CMF, support to independent production funds, and funding for local programming. In 2015, BDU contributions to the CMF and independent production funds were essentially flat, while contributions to local programming decreased by 20%.

Exhibit 13 - 3 BDU investment in Canadian programming

In total, BDUs contributed $426 million to the creation of Canadian programming, a decrease of 8% from 2014.



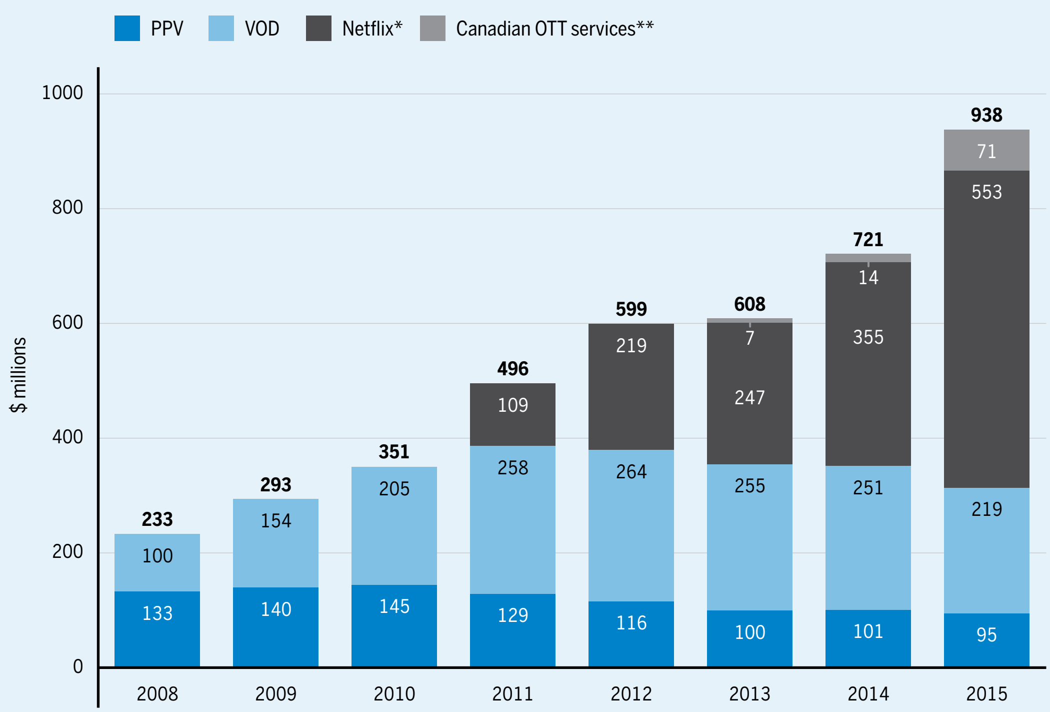
Source: CRTC
Note: Some totals may not sum due to rounding
* Includes expenditures on local expressions (i.e. community television channels) and contributions to the Local Program Improvement Fund (2009-2014)

ON-DEMAND SERVICES

Canadians can access a variety of on-demand services, many of which are owned by BDUs. These on-demand services earned an estimated $938 million in revenues in 2015, with Netflix capturing 59% of those revenues. Canadian online subscription services shomi and CraveTV posted their first year of revenue, and collectively Canadian online subscriptions services generated an estimated $71 million in revenue.

PPV and VOD continued to witness revenue declines in 2015. The PPV and VOD services operated by BDUs must adhere to regulations related to Canadian programming expenditures and remit 100% of revenue from Canadian feature films to those films' Canadian rights holders.[50] In 2015, Canadian PPV and VOD services contributed $37.6 million to Canadian programming.[51]

Exhibit 13 - 4 Estimated revenue of on-demand services in Canada



Source: Nordicity estimates based on data from CRTC, MTM, Solutions Research Group, SNL Kagan and Digital TV Research
Note: Some totals may not sum due to rounding
* Estimates based on secondary research
** Includes Club illico, CraveTV and shomi (ceased operation in November 2016)

50 CRTC (2010), *Regulatory framework for video-on-demand undertakings*, Broadcasting Regulatory Policy CRTC 2010-190, March 29, 2010.

51 CRTC (2016), Pay, Pay-Per-View, Video-on-Demand and Specialty Services: Statistical and Financial Summaries, p. 10.

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,[52] Nordicity applied a gross-up factor of 10.5% to the raw CAVCO statistics for 2015/16. This rate of 10.5% was based on historical rates of under-coverage observed in the CAVCO statistics over the past decade, with particular weight given to the rates of under-coverage observed in recent years.

Estimates of CRTC-Certified Canadian Television Production

The estimates of Canadian television production include an estimate of CRTC-certified television production (i.e., television production exclusively certified by the CRTC). Research conducted by Nordicity and the Department of Canadian Heritage in 2009 indicated that CRTC-certified television production accounted for an estimated 13.5% of total Canadian production. This rate was used in *Profile 2016* 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 2016* for the previous three years (2012/13, 2013/14 and 2014/15) 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 2016*, data for theatrical short films has been included in Canadian television production for 2009/10 through 2015/16. 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.

52 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 previous editions of *Profile* suggests that applicants had, in fact, reported many theatrical short films in the Canadian television production category.

Canada Media Fund

The statistics reported for the Canada Media Fund (CMF) include data for Convergent Stream production supported by the CMF starting in 2010/11. The data for prior years corresponds 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 began to suppress the provincial statistics. The breakdown of private broadcaster in-house production among the provinces in Atlantic Canada was also based on the development of estimates. Because no historical data existed, each province's share of Atlantic Canada's total GDP was used as the proxy variable for the estimate.

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 2016* 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 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 convergent digital media 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* or *Profile 2016*, and therefore, 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 2015/16.

Export Value

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

The data used to estimate export value only includes the financing of the Canadian budget of treaty coproductions. As a result, the foreign budgets for treaty coproductions do not directly contribute to export value. Treaty coproductions contribute only to export value 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 job (FTE) in the film and television production industry.

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

The average FTE salary assumption for 2015/16 was $61,168. 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

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Average FTE salary	$48,922	$50,488	$52,305	$53,404	$54,578	$56,543	$57,900	$59,423	$60,552	$61,168

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

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Alberta	1.073	1.091	1.134	1.122	1.126	1.125	1.124	1.136	1.126	1.146
British Columbia	1.011	1.008	1.005	1.013	0.999	0.986	0.997	0.997	0.999	1.003
Manitoba	0.922	0.920	0.934	0.939	0.934	0.945	0.946	0.926	0.940	0.943
New Brunswick	0.931	0.925	0.907	0.908	0.906	0.906	0.901	0.891	0.892	0.885
Newfoundland and Labrador	0.980	0.988	0.969	0.955	0.959	0.987	1.004	1.027	1.020	1.036
Nova Scotia	0.927	0.925	0.884	0.868	0.901	0.903	0.907	0.899	0.911	0.905
Ontario	1.028	1.020	1.010	0.992	1.001	1.001	0.992	0.988	0.984	0.984
Prince Edward Island	0.823	0.835	0.825	0.864	0.856	0.860	0.850	0.843	0.832	0.854
Quebec	0.945	0.948	0.945	0.984	0.971	0.972	0.971	0.969	0.975	0.975
Saskatchewan	0.950	0.958	0.996	1.019	1.025	1.029	1.048	1.064	1.063	1.071
Territories	1.118	1.124	1.124	1.172	1.179	1.185	1.173	1.184	1.259	1.260

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 $61,168. The estimate of spin-off labour income was derived by multiplying the number of spin-off FTEs by an economy-wide average FTE cost of $39,000.

Gross Domestic Product

Economic modelling of the overall economic impact of film and television production, using Statistics Canada's input-output tables, indicates that direct GDP in the film and television production industry is equal to approximately

1.13 times total labour income. This ratio was multiplied by our estimate of direct labour income to arrive at an estimate of direct GDP in the film and television production industry. For broadcaster in-house production, we used a rate of 1.17, which better reflected the higher rate of profitability in the Canadian broadcast industry.

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