



09 PROFILE

An Economic Report on the Canadian Film
and Television Production Industry



ASSOCIATION DES
PRODUCTEURS DE
FILMS ET DE
TÉLÉVISION DU
QUÉBEC



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and Television Production Industry

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

Production facts and figures prepared by Nordicity Group Ltd.

The report is published by the Canadian Film and Television Production Association (CFTPA). It is the result of a collaboration with l'Association des producteurs de films et de télévision du Québec (APFTQ), and the Department of Canadian Heritage.



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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.



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A BALANCED APPROACH FOR WEATHERING THE ECONOMIC STORM

While Canadian producers achieved considerable success at home and abroad in 2008, they face serious challenges in 2009, as audiovisual distribution continues to shift to new digital platforms, and the global economy falls into a deep recession.

New digital platforms – online and mobile – are quickly gaining traction with Canadian households; yet, the industry still has no clear sense of how Canadian content will reach audiences over these new digital platforms. Meanwhile, the weakened economy is impacting the demand for television programming and feature films. It is time for real leadership, ingenuity, and determination in Canada's film and television production industry, with a balanced approach to policy, regulation, and industry funding, so that the industry can begin rolling again when the economy recovers.

Success at home and abroad

Over the past twelve months, Canadian producers have achieved some unprecedented success both in their domestic market and outside of Canada. In 2008, two Canadian television dramas earned regular prime-time spots on American networks: *Flashpoint* on CBS, and *The Listener* on NBC.¹ *Flashpoint* attracted audiences of over one million viewers in Canada, and several million viewers in the United States (U.S.), leading CBS to renew it for a second season.²

French-language producers continued to churn out popular television series such as *Les Lavigueur* and *Annie et ses hommes*, which consistently achieved average audience levels well above one million viewers.

At cinemas in Canada, *Cruising bar 2*, *Passchendaele* and *Dans une galaxie près de chez-vous 2* posted strong box office earnings. The Canada-Brazil-Japan co-production *Blindness* opened the 2008 Cannes Film Festival and earned \$14 million worldwide before 2008 was over.³

Canadian producers continued to export television programs from a variety of genres to broadcasters around the world. Broadcasters outside of Canada picked up the comedy series, *Les Hauts et les bas de Sophie Paquin* (French) / *Sophie* (English), *Rumeurs*; children's and youth series such as *Life with Derek*, *Bo on the Go!*, and *Carl Squared*; and factual/lifestyle series such as *Kitchen Crimes* and *The Re-Inventors*, to name just a handful. Canadian producers also started to make forays into the burgeoning format-rights market with the sale of the *Les Bougon* format to M6 in France,⁴ and the sale of the *Little Mosque on the Prairie* format to Fox Television.⁵

Canadian producers also continued to be world leaders in the development of innovative new-media content. Xenophile Media's *Total Drama Island – Totally Interactive!* was nominated for an International Emmy Award for Best Interactive Programming.

New distribution platforms start to gain audience traction

In 2008, online distribution platforms started to carve out their own distinct niche in the audiovisual landscape. YouTube and MySpace are now key players in the distribution of both user-generated and professional audiovisual content. YouTube has a unique audience of over 41 million in the U.S.,⁶ and is close to completing a content deal with Hollywood studios.⁷

In the U.S., broadcasters and film distributors have been quick to offer online users legal options for the downloading of audiovisual content. In March 2008, NBC Universal and News Corp. jointly launched the free ad-supported Hulu site, an online source of premium-video-quality television shows and feature film content. In the United Kingdom (U.K.), BBC's ad-free online catch-up service, *iPlayer*, has exceeded all expectations, averaging 700,000 views per day, since its introduction in December 2007.⁸ And not to be overlooked is Apple's *iTunes*, which sells some 50,000 movies per day.⁹

Online video distribution is growing – particularly among younger age groups.¹⁰ However, the traditional platforms of television, movie theatres, and DVDs are still the dominant revenue-generating mediums for the consumption of audiovisual content. That dominance will likely continue for some time. Screen Digest forecasts that by 2012 online television will account for only 2% of industry revenues in the U.K.; revenues from the paid download of movies will represent only 5% of households' total movie spending.¹¹

The economy as the silent job killer

The challenges posed by digital distribution pale in the face of those arising from the deep global recession. Television advertising, which drives conventional broadcasting, is showing steep declines. Typically, advertising expenditures fall by much more than any GDP decline, when the economy hits the wall, as it has worldwide,¹² and pressure on conventional, specialty and pay television broadcasters' revenues has been linked to their downward demand for Canadian television programming.

Although the Canadian dollar has moved off from its 2007 highs against the U.S. dollar, it is still quite volatile. The possibility of increased trade protectionism south of the border is also a genuine threat to Canada's production industry.

As economic conditions weaken in the Canadian production industry, they are, however, unlikely to grab the same headlines as the conditions in the broadcasting industry. Because a large proportion of the Canadian production industry's workforce is comprised of self-employed or contract workers, there will be no big layoff announcements in the press; projects will not go ahead, leading to unobserved layoffs. However, every \$100 million drop in production volume translates into the loss of over 1,000 full-time jobs for Canadians working in the production industry.

Economic recovery through investment in the creative industries

Politicians in Canada and elsewhere point to the need to fund shovel-ready infrastructure projects, in a bid to stimulate their economies. The Conservative government's 2009 Budget committed \$12 billion over two years to Canada's infrastructure, including investments in clean-energy, broadband infrastructure, and cultural and heritage institutions at the local and community level.¹³ However, we must also ensure that we make the investments needed to expand Canada's creative capacity, so that we can fill our local and community theatres and museums with Canadian art – audiovisual and otherwise.

As Richard Florida recently argued in the *Globe & Mail*, the North American economy is vastly different from what it looked like in the 1930s: it is now driven by the creative industries.¹⁴ To take full advantage of the recovery, a good bet is to invest in Canada's creative capacity, including its creative industries. For the Canadian film and television production industry, the investment trigger lies in the policy and regulatory framework that is put in place to maximize the industry's ability to create innovative Canadian content. Such a framework means stable public funding, a balanced approach to international collaboration, modernized copyright law, and a level playing field between producers and broadcasters.

Stable public funding to reassure private investors

The economic recession is going to create much uncertainty with regards to the private financing for Canadian film and television production. The Conservative government's January 2009 budgetary provisions for the renewal of the Canada New Media Fund and the two-year renewal of the Canadian Television Fund (CTF) recognize the inherent value in contributing to the audiovisual industry. Support for the CBC/Radio-Canada, the Canada Feature Film Fund, content and services tax credits, and other programs that promote film and television production in Canada also help assuage the environment of uncertainty facing the audiovisual industry.

If the public financing remains intact and even enhanced, entrepreneurial producers will find ways to make projects work.

Innovative approaches are needed to increase international sales and financing

Exports and access to international financing are absolutely critical to the long-term health of any Canadian industry, the production industry included. Canadian producers are among the most successful global traders in the country, and put together some incredibly complex international deals. They need consistent and sustained access to foreign broadcasters, distributors and co-production partners. Supporting producers' efforts to network as well as sell directly into foreign markets brings a high payoff in terms of export earnings – now generating well over \$200 million from Canadian television programs and films produced in 2007/08.

Of course, it takes more than trade promotion programs to achieve success in international sales. The Canadian production industry could also benefit from more flexible co-production treaties. Small adjustments to existing treaties, which would offer Canadian producers more flexible options for the creative and project-financing aspects of their projects, could go along way to expanding Canada's treaty co-production activity and achieving more international sales.¹⁵ Moreover, some type of system under which Canadian producers could co-produce with independent producers in the U.S. would offer another avenue for international collaboration and the expansion of the market for Canadian content.

Long overdue copyright reform

The growth of the Internet and digital technologies challenges the existing copyright regime's effectiveness in protecting rightsholders. While copyright law should ideally protect rightsholders, it must not, at the same time, place an unreasonable burden on users. Without a modernized copyright regime, Canadians' ability to be creative and innovative may be threatened, leading to an erosion of the international competitiveness of our creative economy.

A level playing field to balance the risk and rewards faced by producers

A certain degree of modernization is also needed at the industry level, if Canada is going to successfully protect its ability to create innovative and engaging audiovisual content.

There has been a significant amount of corporate consolidation in the Canadian broadcasting industry, since the last round of licence renewals in the 1990s. The production industry has also begun to experience some consolidation over the last couple of years – notably E1 Entertainment's acquisitions of Barna-Alper Productions and Blueprint Entertainment, and DHX Media Inc.'s purchases of Studio B Productions and imX Communications. However, the production industry still remains far more fragmented than the broadcasting industry; many producers lack the working capital to support the range of expertise and operations required to be competitive. While diversity in the industry is a positive, producers need to deal from strength in their collaboration with broadcasters.

The increased market concentration in the broadcasting industry tilts the bargaining leverage in the industry towards the broadcasters. There are a reduced number of buyers for Canadian programming, as large station groups control several broadcast outlets and sometimes more than one distribution platform – conventional TV, specialty TV, online, and even mobile.

This increased level of buyer concentration underscores the urgent need for a terms or trade agreement to govern the relationship between Canadian broadcasters and producers. Terms of trade will provide producers and broadcasters with a fair and transparent framework for the negotiation of telecast and non-telecast rights. This added certainty will help make producers more equal partners in conducting business with multi-service broadcaster groups.

Long-term sustainability

Long-term sustainability for producers is the primary goal. In an environment where Canadian films and television programs have to compete head-on with foreign content, it is imperative that the industry attract the financing for development and innovation to pursue multiple markets and new platforms. Healthy balance sheets are necessary for Canadian producers to create the kind of programming that will engage audiences inside and outside Canada, across all distribution platforms.

Creative innovation and project development requires stable financing and a recognition of the economic and creative contribution made by each segment of the value chain – from writers and performers, through producers, financiers, distributors, broadcasters and viewers. We need to set the groundwork for a financially stable production community for years to come.

Ultimately, a balanced approach is essential. Support programs for film and television production are a tool to balance or mitigate the effects that the recession is expected to have on private sources of production financing. We need a balanced approach to copyright: one that protects rightsholders without unduly constraining users. We also need a balanced approach to international financing, so that producers' ability to forge international projects is not sacrificed at the expense of overly rigid domestic-content rules. And finally, we need a balanced approach to content licensing to ensure the viability of both Canadian producers and broadcasters.

¹ Mark Dillon, "The creation of a primetime hit," *Playback*, July 21, 2008.

² Cheryl Binning, "CBS involvement a 'no brainer,'" *Playback*, November 24, 2008.

³ Denis Seguin, "Corporate changes shake film biz," *Playback*, December 15, 2008.

⁴ Julie Rhéaume, "Les *Bougon* adaptée en France : M6 commande dix épisodes," *Showbiz.net*, July 23, 2008, http://www.showbiz.net/article_imprimable.php?article=20080723092640 on January 20, 2009.

⁵ Playback Staff, "Ripped from the headlines," *Playback*, December 15, 2008.

⁶ Nielsen, "Trend Index: Top Online Brands in the U.S.," week ending November 2, 2008, downloaded at http://www.nielsen.com/media/toptens_internet.html on November 17, 2008

⁷ Bobbie Johnson, "YouTube in talks with Hollywood to show free full-length films," *The Guardian*, November 8, 2008.

⁸ Ofcom, *Communications Market Report 2008*, p. 101.

⁹ Screen Digest, "Online TV and video audience demand continues to grow but profit evades many players," November 11, 2008, downloaded at http://www.screendigest.com/press/releases/pr_11_11_2008/view.html on November 16, 2008.

¹⁰ Ofcom, *Communications Market Report 2008*, p. 63.

¹¹ Screen Digest, "Online TV and video audience demand continues to grow but profit evades many players," November 11, 2008, downloaded at http://www.screendigest.com/press/releases/pr_11_11_2008/view.html on November 16, 2008. on November 16, 2008.

¹² "Online advertising: Not ye olde banners," *The Economist*, November 27, 2008.

¹³ Finance Canada, "Budget 2009 – Canada's Economic Action Plan" *Finance Canada*, January 27, 2009, downloaded at <http://www.budget.gc.ca/2009/plan/bpc1-eng.asp> on January 28, 2009.

¹⁴ Richard Florida, "Financial recovery needs a massively different mindset," *Globe & Mail*, November 28, 2008.

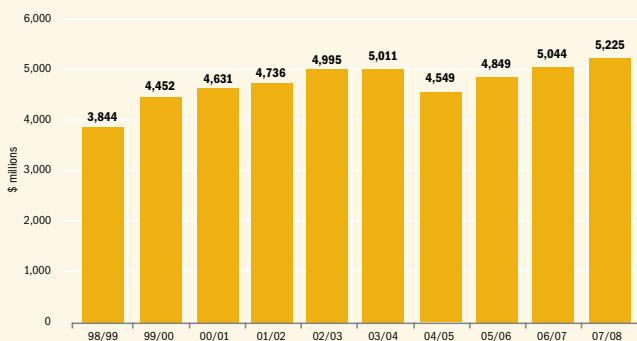
¹⁵ Suzan Ayscough and Cheryl Binning, "Film industry calls for more flexible copro treaties," *Playback*, Mar 17, 2008

AT A GLANCE: FILM AND TELEVISION PRODUCTION IN CANADA

The film and television production industry in Canada has, for the last several years, been a major source of economic activity and jobs for Canadians right across the country. The industry is comprised of three key sectors:

1. **The Canadian Production** sector is the largest of the three key sectors. It can be further subdivided into two sub-sectors: **Television Production** and **Theatrical Production**. Canadian Production is comprised of television programs and films made largely by independent production companies, although it also includes television programs made by production companies affiliated with Canadian broadcasters. All of the television programs and films in the Canadian Production sector are certified as Canadian content by the Canadian Audio-Visual Certification Office (CAVCO) or the Canadian Radio-television and Telecommunications Commission (CRTC).
2. The **Foreign Location and Service Production** sector is the second-largest segment and is largely comprised of feature films and television programs filmed in Canada by foreign producers or by Canadian service producers on behalf of foreign producers. The majority of foreign location and service production is made by producers based in the United States; however, approximately 10% to 15% of the production activity in this sector is made by Canadian producers.
3. The **Broadcaster In-House Production** sector includes television programs made by Canadian television broadcasters in their own facilities, and is comprised primarily of news, sports and current affairs programming.

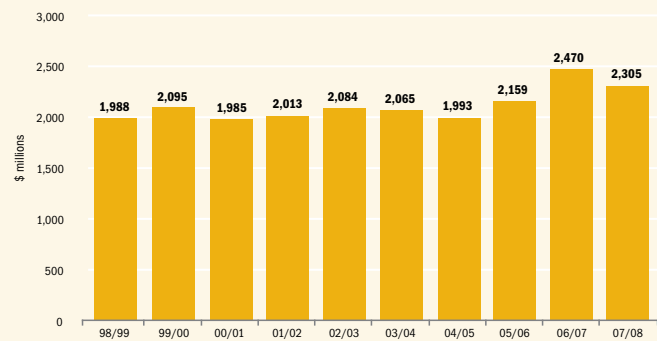
Film and Television Production in Canada



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

- \$5.2 billion in production volume
- 4% increase in volume
- \$2 billion in export value
- 131,600 jobs created

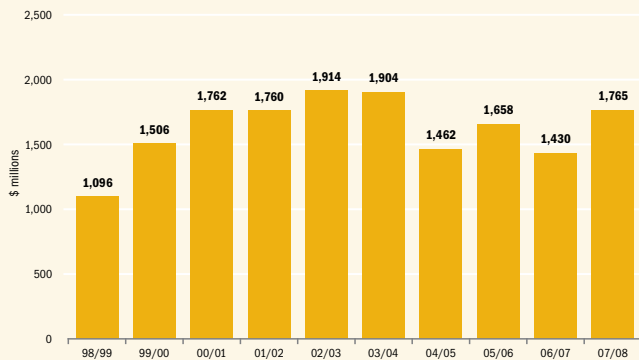
Canadian Production



Source: Estimates based on data collected from CAVCO.

- \$2.3 billion in production volume
- 7% decrease in volume
- \$2 billion in television production
- \$273 million in theatrical film production
- 599 television series
- 243 television movies (including movies-of-the-week [MOWs] and feature-length television programs)
- 34 mini-series
- 75 theatrical feature films produced
- 58,000 jobs created

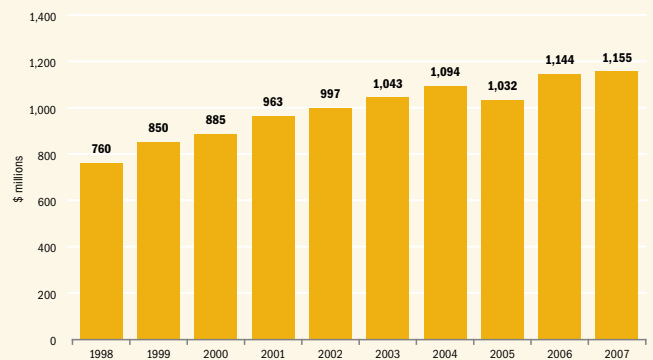
Foreign Location and Service Production



Source: Association of Provincial Funding Agencies and the Department of Canadian Heritage.

- \$1.77 billion in production volume
- 23% increase in production volume
- 85 theatrical feature films
- 62 television series
- 63 MOWs, mini-series, pilots and other types of television programs
- 44,500 jobs created

Broadcaster In-house Production



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

- \$1.16 billion in production volume
- 1% increase in volume
- \$717 million in conventional television expenditures
- \$428 million in specialty television expenditures
- \$10 million in pay-television expenditures
- 29,100 jobs created

Canadian Film and Television Market

- Population of Canada (2008): 33.3 million¹
- Per-capita spending on film and television production in Canada (2007/08): \$157
- Number of private households: 12.4 million¹
- Number of movie-theatre screens in Canada (2006): 2,831¹
- Number of paid theatre admissions in Canada (2006): 102.9 million¹
- Number of television services available in Canada (December 2007): 685²
 - Canadian television services (December 2006): 507²
 - Non-Canadian television services (December 2006): 178²

- Percentage of households subscribing to multi-channel television programming services: 90%²
- Number of subscribers to multi-channel television programming services (2007)*: 10.7 million²
- Cable-television and IPTV subscribers (2007): 7.7 million²
- Direct-to-home satellite (DTH) and multipoint distribution systems (MDS) subscribers (2007): 2.6 million²
- Digital television subscribers (multi-channel services only) (September 2007): 6.2 million³
- Digital television penetration rate among multi-channel households (September 2007): 58%³

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

* Includes an estimate of subscribers to broadcasting distribution undertakings that did not report financial and operating data to the CRTC in 2007. This estimate is not included in the statistics for cable/IPTV and DTH.

VOLUME OF PRODUCTION

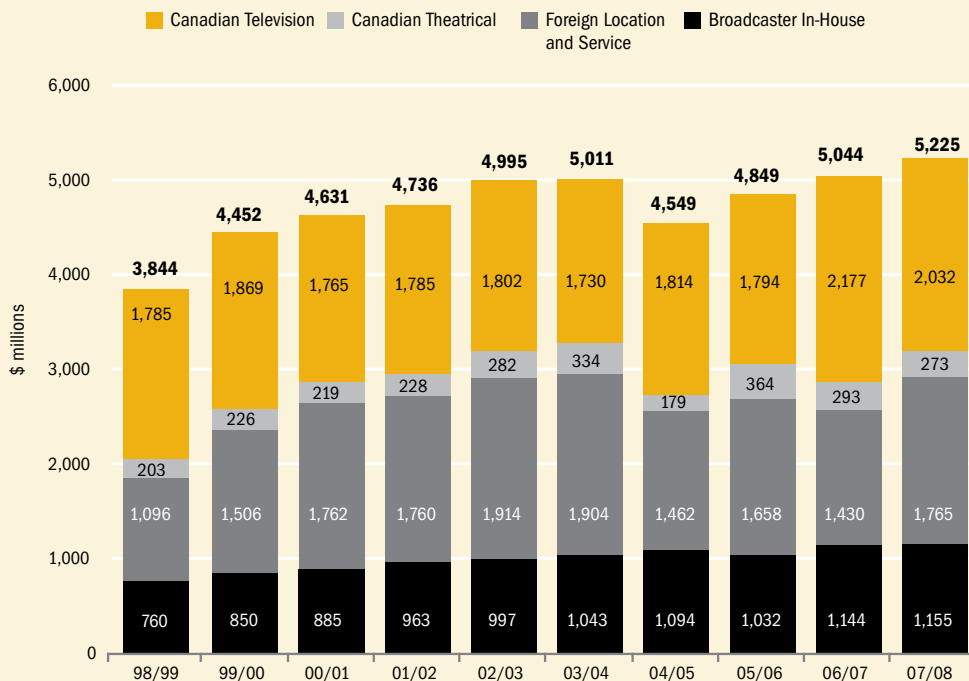
Film and television production in Canada reached an all-time high of \$5.2 billion in 2007/08, as foreign location and service (FLS) production staged a dramatic recovery, despite the higher Canadian dollar.

Overall, the total volume of film and television production in Canada increased 4% to \$5.2 billion in 2007/08. Virtually all of the increase in total production volume was due to a \$334 million jump in FLS production, although production in the broadcaster in-house sector was also higher by \$11 million. The two sub-sectors within the Canadian production sector – Canadian television and Canadian theatrical – both experienced lower levels of production volume in 2007/08.

What’s more, the increase in Canada’s FLS production volume was largely due to one province, British Columbia, and one type of production, feature film. British Columbia saw its total volume of FLS production jump by \$313 million in 2007/08, with feature film production accounting for \$291 million of this increase.

Total volume of film and television production in Canada

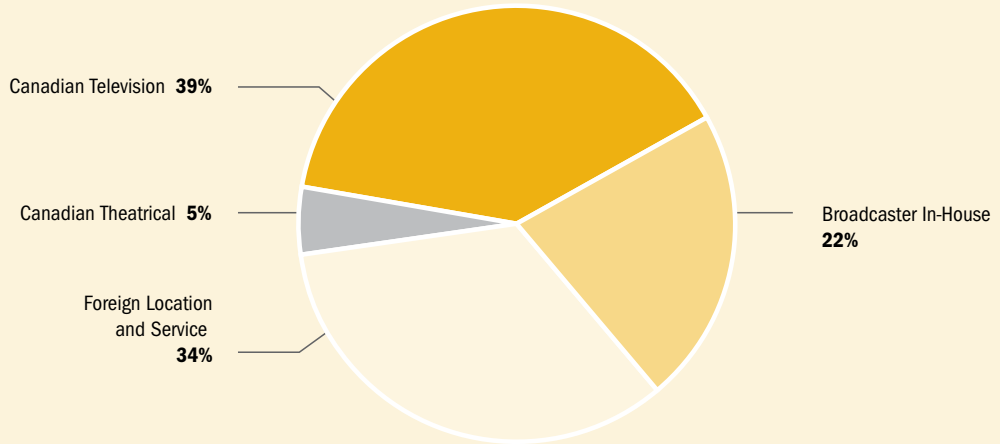
Canadian television production dropped 7% to \$2 billion, largely because of lower volumes of children’s and youth, and documentary production. Canadian theatrical production also dropped by 7% to \$273 million. The volume of FLS production rose 23% to just under \$1.8 billion. Broadcaster in-house production increased one per cent to \$1.1 billion.



Source: Estimates based on data collected from Canadian Audio-Visual Certification Office (CAVCO), Canadian Radio-television and Telecommunications Commission (CRTC), CBC/Radio-Canada, the Association of Provincial Funding Agencies and the Department of Canadian Heritage.
 Notes: Some totals may not add due to rounding. The figures for volume of production contain a variety of sources with different reporting periods. All data sources are reported on a 12-month basis for each fiscal year, but the reporting periods overlap. For example, in 2007/08 the bulk of data sources were for the government fiscal year (April 2007 to March 2008). However, some data sources that reported results on a fiscal-year period ending in August 2007 are included in the fiscal year.

Total volume of film and television production in Canada, share by segment, 2007/08

The Canadian television production sector was the largest sector in Canada's film and television production industry in 2007/08, accounting for 39% of the total volume of production. It was followed in size and share by the FLS sector, 34%; the broadcaster in-house sector, 22%; and the Canadian theatrical sector, 5%.



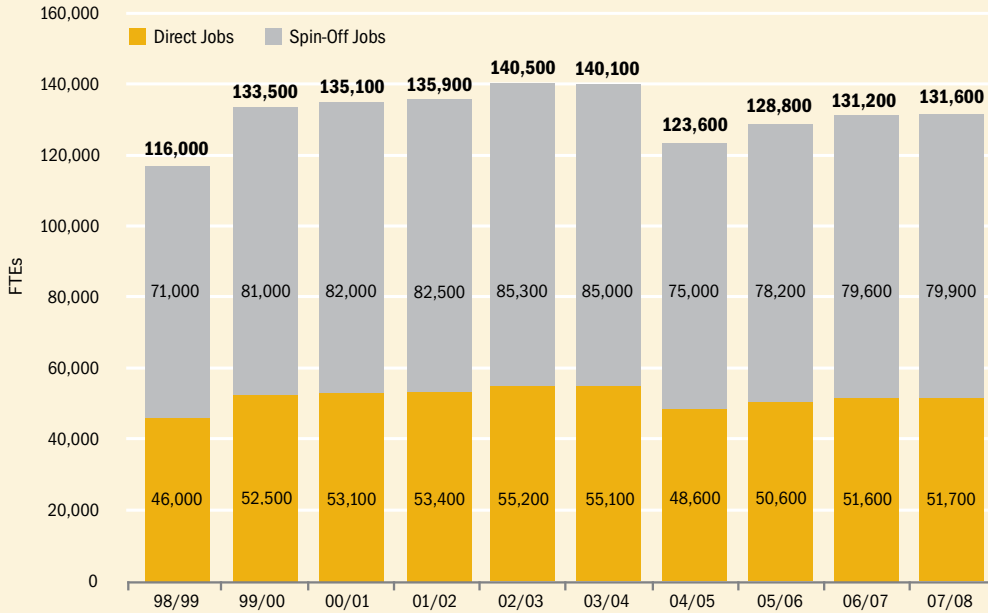
Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, and the Association of Provincial Funding Agencies.

EMPLOYMENT

Film and television production continued to be a major source of job creation in Canada in 2007/08, creating an estimated 131,600 full-time equivalent jobs (FTEs) across the country, including 51,700 FTEs directly in film and television production, and a further 79,900 spin-off FTEs in other industries in the Canadian economy. These spin-off FTEs resulted from the film and television production industry's purchase of goods and services from other industries, and the economic activity generated by the re-spending of income and profits within the Canadian economy.

Between 2004/05 and 2007/08, the total number of FTEs created by film and television production grew at less than half the rate of total production volume: 6% vs. 15%. This lower rate of growth was due to annual increases in the average FTE wage, which reduced the rate of job creation for each dollar of film and television production expenditure.

Number of FTEs in film and television production in Canada



Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, the Association of Provincial Funding Agencies, the Department of Canadian Heritage, Statistics Canada, and The Conference Board of Canada.
 Note: Nordicity updated the job-estimation methodology in Profile 2009 using new data available from Statistics Canada 2006 Census. See the Notes on Methodology section for a description of the job-estimation methodology.

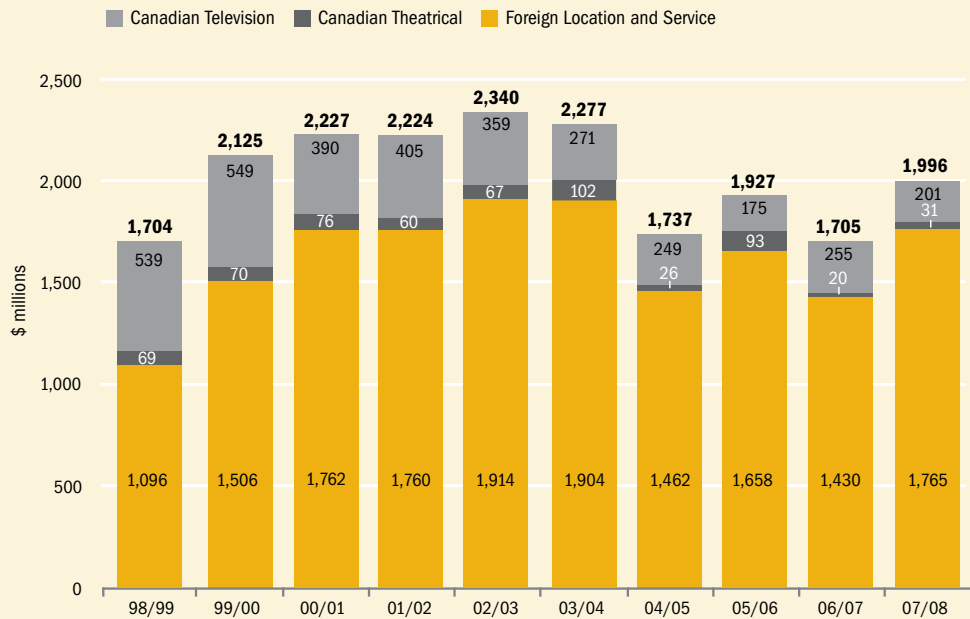
EXPORT VALUE

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

In 2007/08, the rebound in FLS production led to an overall increase in the export value of Canadian production. The export value of Canadian theatrical production was also higher; however, the export value of Canadian television production was lower in 2007/08, largely because of reduced presales to foreign broadcasters and distributors.

Export value of film and television production in Canada

The total export value of Canadian film and television production increased 17% to just under \$2.0 billion in 2007/08. There were export value increases of \$335 million in FLS production, and \$11 million in Canadian theatrical production. In Canadian television production, export value was down by \$54 million – a 21% decrease.



Source: Estimates based on data collected from CAVCO, the Association of Provincial Funding Agencies and the Department of Canadian Heritage. Notes: Some totals may not add due to rounding. See Notes on Methodology for a definition of export value.

PRODUCTION BY PROVINCE

Ontario maintained its position as the leading province for film and television production in Canada in 2007/08: it accounted for \$1.9 billion in production volume, or 37% of the national total. Ontario's production industry grew by \$135 million, or 8%, because of higher levels of FLS and Canadian television production.

With \$1.6 billion in total production volume, British Columbia¹ increased its share of national production to 31% from 28%, and was Canada's second-largest production centre. Its growth in 2007/08 was fuelled by higher levels of FLS production, which offset declines in the two other sectors.

British Columbia was followed closely by Quebec, where the volume of production slipped by \$40 million to just over \$1.2 billion, because of declines in all three sectors. Quebec's share of the national total also slipped to 23% in 2007/08, from 25% in 2006/07.

¹ Figures for film and television production in the Territories (Nunavut, Yukon, Northwest Territories) have been combined with figures for British Columbia.

Volume of film and television production in Canada, by province

Ontario, British Columbia, Saskatchewan, New Brunswick, and Newfoundland and Labrador all experienced increased production levels in 2007/08; while production dipped in Quebec, Alberta, Manitoba and Nova Scotia. The total volume of production was virtually unchanged in Prince Edward Island.

(\$ millions)	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Ontario	1,504	1,716	1,825	1,945	1,921	1,827	1,951	1,959	1,782	1,917
British Columbia*	848	1,080	1,157	1,164	1,158	1,552	937	1,347	1,434	1,600
Quebec	1,091	1,173	1,189	1,198	1,382	1,198	1,225	1,101	1,265	1,225
Alberta	131	237	181	153	199	118	117	138	189	178
Manitoba	64	43	69	74	82	110	94	78	123	102
Saskatchewan	50	37	41	32	84	47	72	50	73	85
Nova Scotia	124	135	119	130	138	131	117	134	146	77
New Brunswick	21	15	32	17	16	16	27	18	18	25
Newfoundland and Labrador	9	7	12	16	6	8	7	22	7	12
Prince Edward Island	2	8	7	8	10	3	1	2	7	6
Total	3,844	4,452	4,631	4,736	4,995	5,011	4,549	4,849	5,044	5,225

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

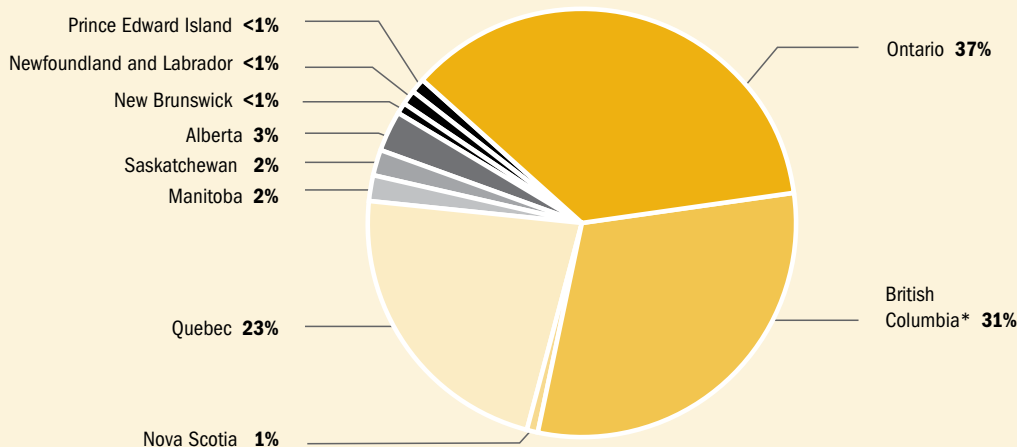
Note: Various provincial film agencies in Canada also publish statistics for film and television production activity using tax and marketing data in each province. Their statistics may differ from those in Profile 2009 due to such differences as data collection periods (fiscal vs. calendar year) and production activity reported on the basis of location of spend.

Note: Some totals may not add due to rounding.

* Includes the Territories.

Share of total volume of production in Canada, by province, 2007/08

Canada's three largest production centres – Ontario, Quebec, and British Columbia – combined to account for 91% of Canada's total volume of film and television production in 2007/08.



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

* Includes the Territories.

Job creation followed film and television production volumes: the three largest provinces for film and television production accounted for 47,100 production industry FTEs (direct FTEs) and close to 120,200 total FTEs (direct and spin-off FTEs).

Total direct and spin-off FTEs generated by film and television production, by province

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Ontario	38,700	43,000	44,800	47,000	45,200	42,900	44,900	44,600	39,400	41,600
British Columbia*	24,400	31,200	32,800	32,800	31,800	42,700	25,200	35,800	36,200	39,500
Quebec	41,200	44,000	43,700	43,300	48,200	42,600	42,300	37,200	41,500	39,100
Alberta	4,500	7,700	5,800	5,000	6,200	3,800	3,500	4,000	5,200	4,500
Manitoba	1,500	1,100	1,600	1,600	1,800	2,300	1,900	1,600	2,500	1,900
Saskatchewan	1,400	1,100	1,200	900	2,300	1,400	1,900	1,400	1,900	2,200
Nova Scotia	4,100	4,200	3,600	3,900	4,100	3,900	3,100	3,600	3,900	1,900
New Brunswick	600	400	900	400	400	400	600	400	400	600
Newfoundland and Labrador	100	100	100	400	100	100	100	400	100	100
Prince Edward Island	0	400	400	400	400	0	0	0	400	400
Total	116,500	133,200	134,900	135,700	140,500	140,100	123,500	129,000	131,500	131,800

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

Notes: Some totals may not add due to rounding. Some totals may not match totals in the exhibit entitled, Number of full-time equivalent jobs (FTEs) in film and television production in Canada (page 12), due to rounding. See Notes on Methodology for a description of the job-estimation methodology.

* Includes the Territories.

Total direct FTEs employed in film and television production, by province

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Ontario	17,300	19,300	20,000	20,900	20,300	19,100	20,000	19,800	17,700	18,600
British Columbia*	9,700	12,500	13,000	13,000	12,700	16,900	10,000	14,100	14,500	15,700
Quebec	13,500	14,500	14,300	14,100	15,900	13,900	13,800	12,100	13,700	12,800
Alberta	1,600	2,700	2,000	1,700	2,200	1,300	1,200	1,400	1,800	1,600
Manitoba	800	600	900	900	1,000	1,300	1,100	900	1,400	1,100
Saskatchewan	600	500	500	400	1,000	600	800	600	800	900
Nova Scotia	1,700	1,800	1,500	1,600	1,700	1,600	1,300	1,500	1,600	800
New Brunswick	300	200	400	200	200	200	300	200	200	300
Newfoundland and Labrador	100	100	100	200	100	100	100	200	100	100
Prince Edward Island	0	100	100	100	100	0	0	0	100	100
Total	45,600	52,300	52,800	53,100	55,200	55,000	48,600	50,800	51,900	52,000

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

Notes: Some totals may not add due to rounding. Some totals may not match totals in the exhibit entitled, Number of full-time equivalent jobs (FTEs) in film and television production in Canada (page 12), due to rounding. See Notes on Methodology for a description of the job-estimation methodology.

* Includes the Territories.

CANADIAN PRODUCTION

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

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

HIGHLIGHTS

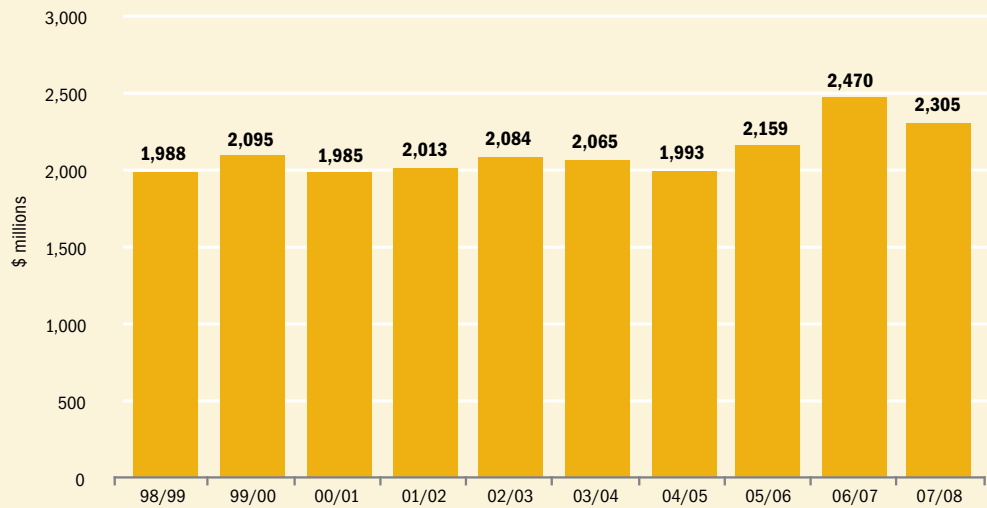
- The volume of Canadian production dropped 7% to \$2.3 billion in 2007/08.
- Canadian production generated 58,000 FTEs in 2007/08, including 22,800 FTEs directly in the production of Canadian television programs and films.
- The volume of English-language production was down by 9% to \$1.6 billion; French-language production decreased 3% to \$622 million; production in bilingual format and other languages increased from \$29 million to \$50 million.
- Canadian production in the fiction genre decreased by 4% to under \$1.2 billion.
- Children's and youth production dropped 34% to \$257 million, with a large share of the drop concentrated in the production of animation television series.
- Canadian documentary production decreased by 12% to a total of \$432 million.
- Canadian production in the variety and performing arts genre increased 4% to \$149 million.
- Magazine production increased by 20% to a total of \$156 million.
- With a total production volume of \$879 million, Ontario traded places with Quebec in 2007/08 and resumed its position as the province with highest volume of Canadian production.
- Canadian production attracted financing from various private, public, and public-private sources in 2007/08. Broadcasters were the largest single source of financing – contributing 32% of the total; tax credits accounted for 26%; the Canadian Television Fund (CTF) accounted for 11%; while foreign sources accounted for 8%.

TOTAL CANADIAN PRODUCTION

VOLUME

After reaching an all-time high of just under \$2.5 billion in 2006/07, the volume of Canadian production dropped 7% to \$2.3 billion. Lower levels in both Canadian television and theatrical production caused this overall drop in the volume of Canadian production in 2007/08.

Total volume of Canadian production



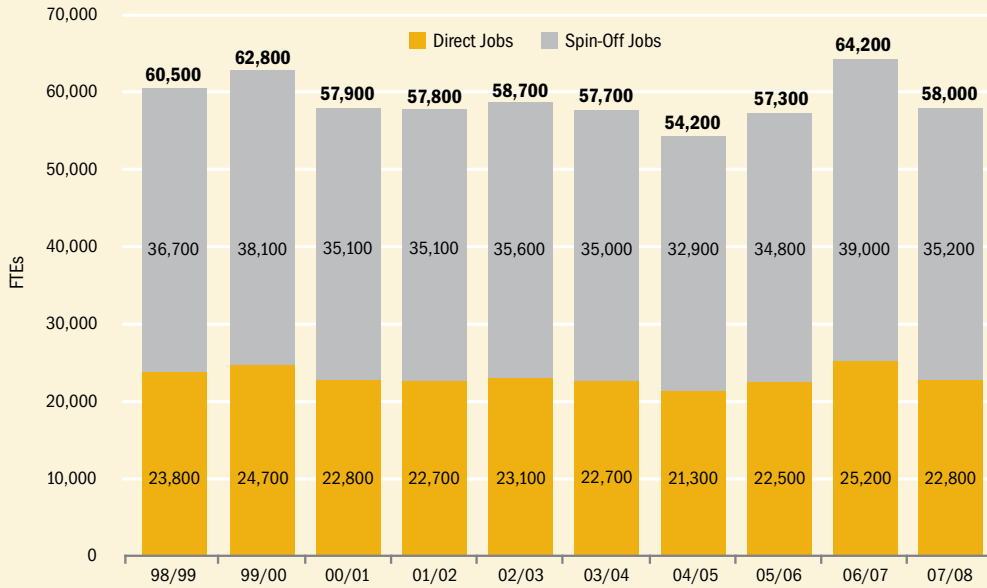
Source: Estimates based on data collected from CAVCO.

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

EMPLOYMENT

Canadian production created an estimated 58,000 FTEs in 2007/08, including 22,800 FTEs directly in film and television production, and a further 35,200 spin-off FTEs in other industries in the Canadian economy.

Number of FTEs in Canadian production



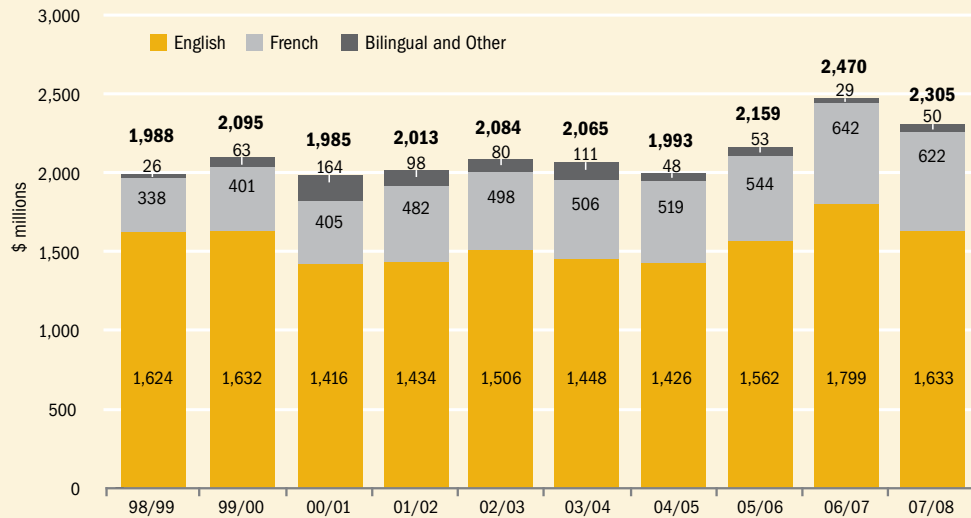
Source: Estimates based on data from CAVCO, Statistics Canada and The Conference Board of Canada.
 Note: Nordicity updated the job-estimation methodology in Profile 2009 using new data available from Statistics Canada. See the Notes on Methodology section for a description of the job-estimation methodology.

LANGUAGE

Production volumes declined in both the English-language and French-language markets in 2007/08; while the volume of production in bilingual and other formats was higher. The English-language market experienced a much sharper decrease in production, as the number of children's and youth, and fiction television series fell sharply. The decline in the French-language market was due almost entirely to a lower volume of theatrical production in 2007/08.

Volume of Canadian production, by language

Canadian production in English decreased 9% to \$1.6 billion in 2007/08. Canadian production in French decreased 3% to \$622 million.



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

GENRES

Canadian production includes both live-action and animated films and television produced across a wide array of genres. In this section, we profile production activity in the five largest genres – fiction, children's and youth, documentary, variety and performing arts, and magazine.

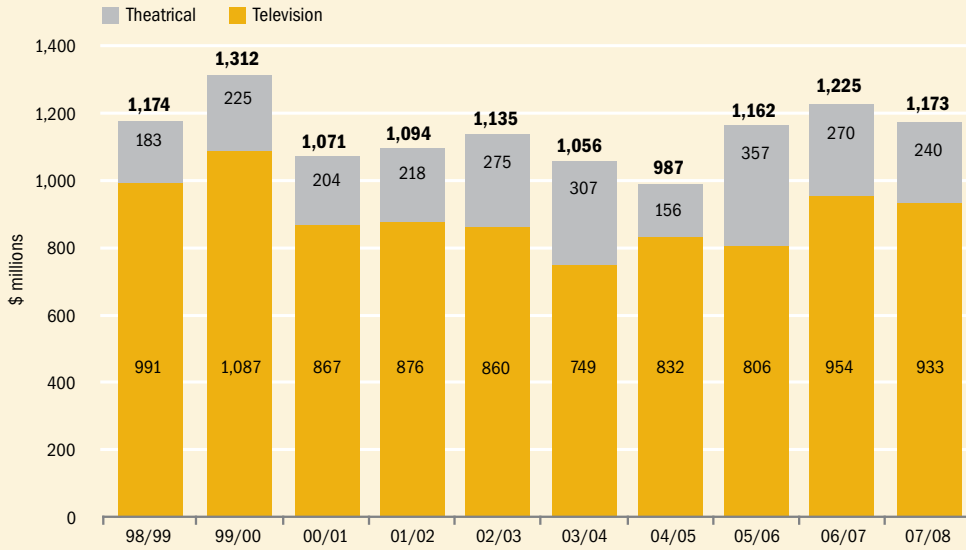
Fiction

The production of Canadian television programs and films in the fiction genre decreased 4% in 2007/08 to under \$1.2 billion, as both the television and theatrical sectors experienced lower levels of production volume. Still, the level of Canadian fiction production in 2007/08 was above the average level of \$1.1 billion over the previous five years, 2001/02 to 2006/07.

The total volume of Canadian fiction production continued to be comprised largely of production in the television segment and for the English-language market. In the television segment, the total number of projects was almost evenly split between television series and TV movies.

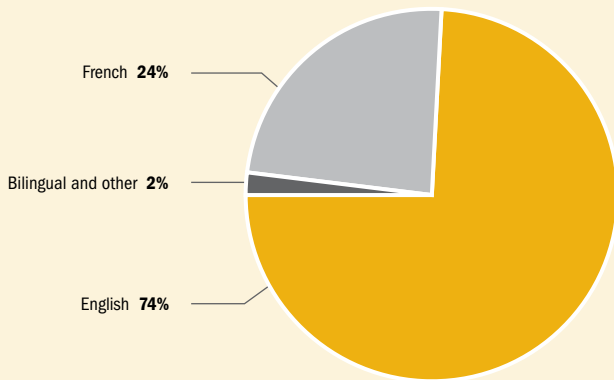
Total volume of fiction production

The volume of Canadian television production in the fiction genre decreased 2% to \$933 million. The volume of Canadian theatrical production in this genre was 11% in 2007/08, dropping to a total of \$240 million.



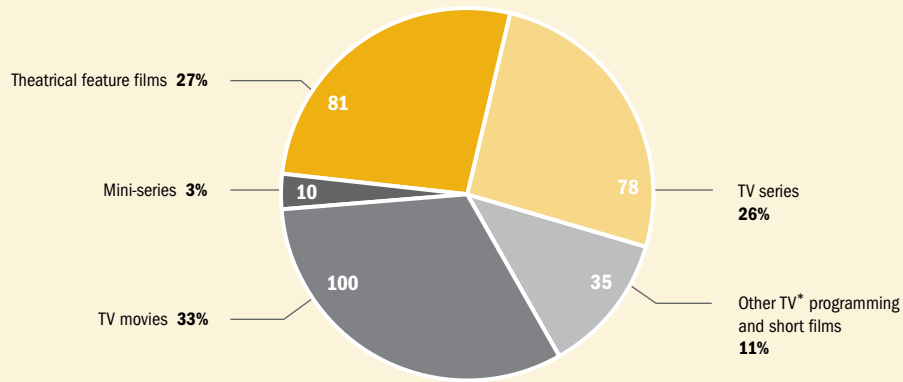
Source: Estimates based on data from CAVCO.
Note: Some totals may not add due to rounding.

Volume of fiction production, by language, 2007/08



Source: Estimates based on data from CAVCO.

Number and share of fiction projects, by type, 2007/08



Total number of projects: 304

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

Children’s and Youth

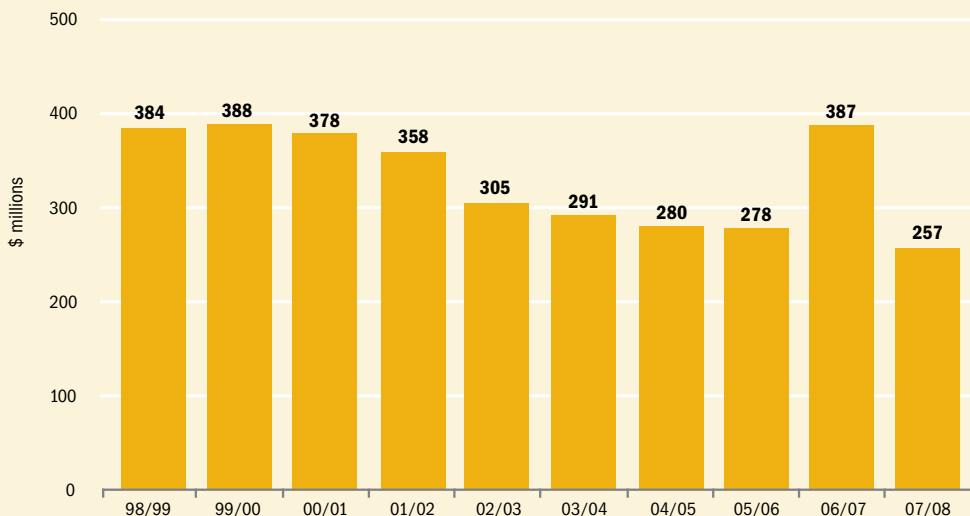
Following a sharp increase in 2006/07, the total volume of children’s and youth production dropped by approximately one-third in 2007/08 and resumed its long-term trend of consistent annual decreases in production volume.

The drop in production volume was due to a sharp drop in the number of television series produced in this genre by Canadians, and a reduction in the number of large-budget animation series. The number of Canadian children’s and youth television series fell from 91 in 2006/07 to 67 in 2007/08, while the production volume among animation with total budgets over \$10 million fell by 80%.

The majority of production in the children’s and youth genre continued to be in the animation category. Animation accounted for 66% of the genre’s total production volume in 2007/08; the share was unchanged from 2006/07.

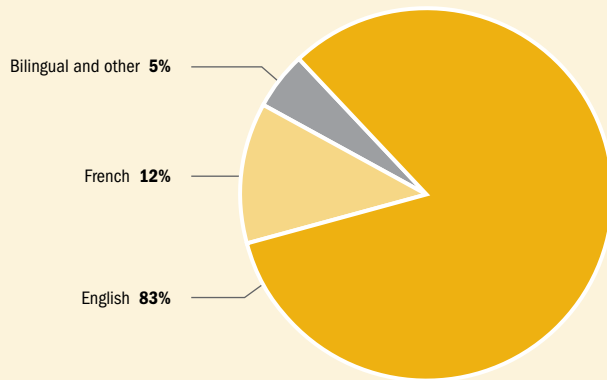
Total volume of children’s and youth production

The production of Canadian television programs in the children’s and youth genre fell 34% to \$257 million.



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

Volume of children’s and youth production, by language, 2007/08



Source: Estimates based on data from CAVCO.

A more detailed look at the breakdown of children’s and youth production reveals that a large share of the genre’s production in the English-language market can be traced back to the fact that most animation production in the genre is originally produced in English.

The low volume of animation production originally produced in French can be explained by the fact that animation is a highly exportable commodity which presupposes the existence of an English version. The cost of producing an English version from an original French version was, up to now, significantly higher than the reverse. And while recent new agreements between producers and French-speaking performers may change this cost differential in the future, the statistics show that the volume of French-language animation production in Canada was still very low in 2007/08.

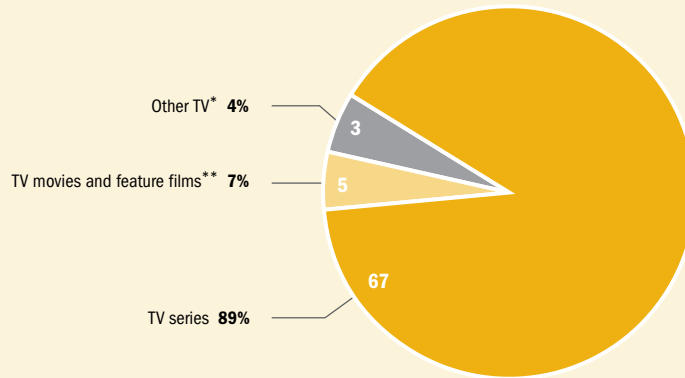
Volume of children’s and youth production, by language and category

In 2007/08, the vast majority (92%) of the \$166 million of children’s and youth animation production in 2007/08 was originally made in English. The vast majority of French-language production in the children’s and youth genre was in the live-action category: Live-action production accounted for 97% of all children’s and youth production originally made in French in 2007/08.

(\$ millions)	2006/07			2007/08		
	Live Action	Animation	Total	Live Action	Animation	Total
English	87	236	323	61	152	213
French	43	18	61	29	1	30
Bilingual and Other	0	3	3	0	13	13
Total	129	257	387	91	166	257

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

Number and share of children's and youth projects, by type, 2007/08



Total number of projects: 75

Source: Estimates based on data from CAVCO.

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

** To ensure data confidentiality, TV movies and theatrical feature films have been combined into the single type category "TV movies and feature films".

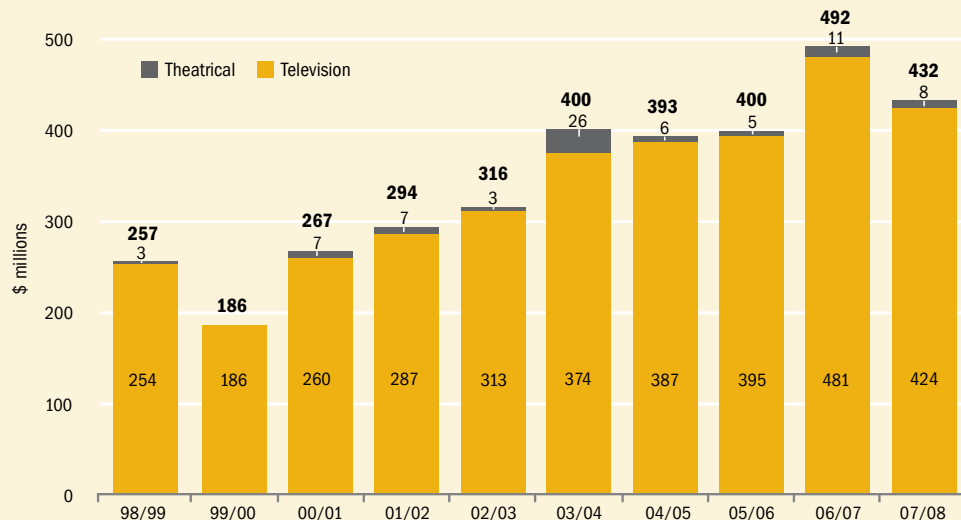
Documentary

After experiencing a strong increase in 2006/07, the total volume of Canadian documentary production fell by 12% in 2007/08, as television production in both the English-language and French-language markets was lower. While the volume and number of television series in the documentary genre were lower in 2007/08, the overall volume decrease can be traced back to lower levels of single-episode production in the genre.

English-language television production accounted for 79% of the total volume of Canadian documentary production in 2007/08. French-language television production accounted for 18%; while projects made in bilingual format or other languages accounted for 3% of the total volume.

Total volume of documentary production

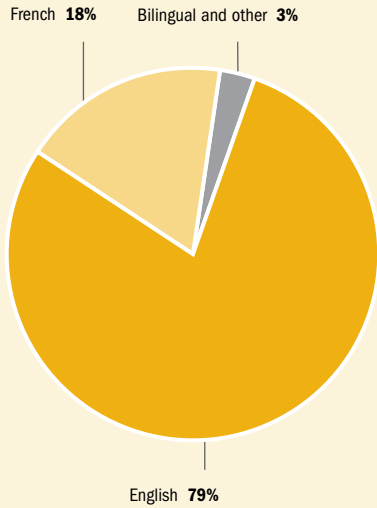
The total volume of Canadian documentary production dropped 12% to \$432 million in 2007/08, but was still well above levels recorded over most of the last decade.



Source: Estimates based on data from CAVCO.

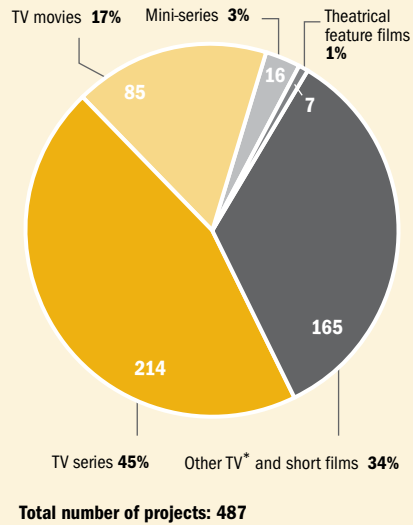
Note: Some totals may not add due to rounding.

Volume of documentary production, by language, 2007/08



Source: Estimates based on data from CAVCO.

Number and share of documentary projects, by type, 2007/08



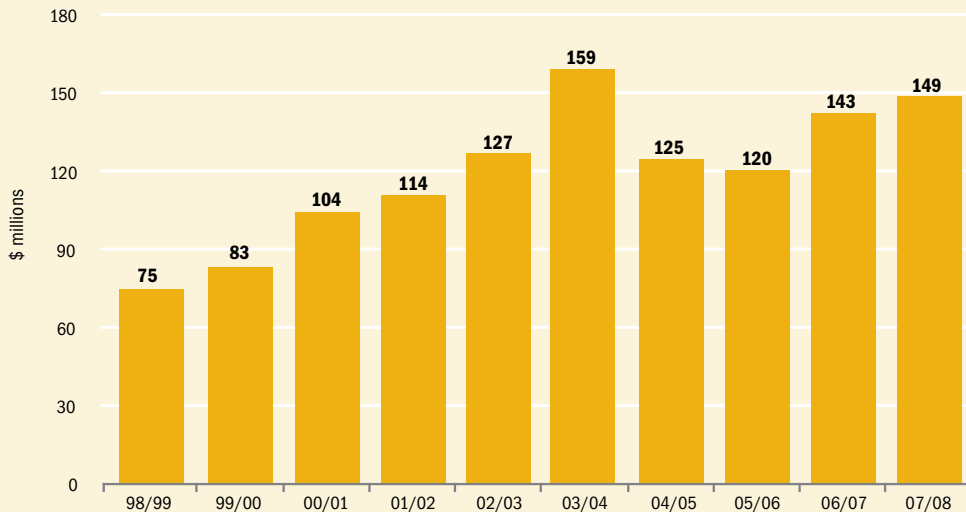
Source: Estimates based on data from CAVCO.
* Other TV category includes single-episode television programming and television pilots.

Variety and Performing Arts

The volume of production in the variety and performing arts genre increased for the second consecutive year, thus resuming a trend of steady growth that began in late 1990s. While most of the growth over the last decade was due to higher volumes of production in the French-language market, the increase in 2007/08 was due to a higher production volume in the English-language market.

Total volume of variety and performing arts production

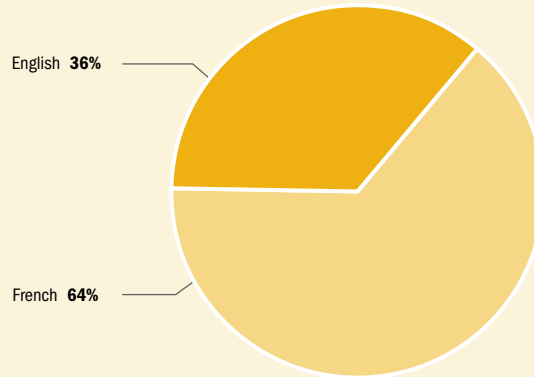
The volume of Canadian variety and performing arts production increased 4% to \$149 million in 2007/08 and was comprised entirely of television production.



Source: Estimates based on data from CAVCO.

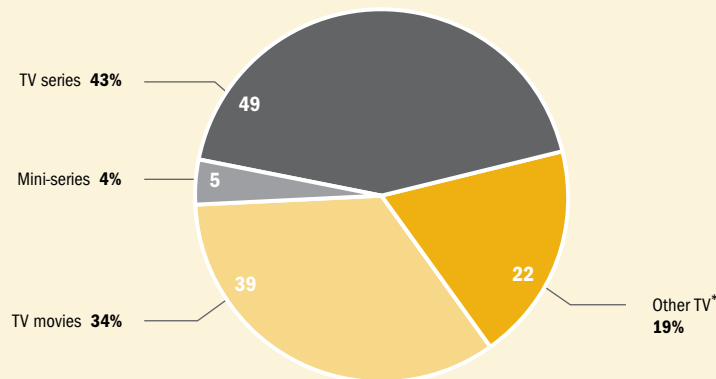
French-language production accounted for 64% of total volume – down from 74% in 2006/07 – with English-language production accounting for the other 36%. The high share of variety and performing arts production in the French-language market was largely due to the existence of an established star system in Quebec. Despite the higher levels of production in the English-language market, French-language production was still dominant in this genre.

Volume of variety and performing arts production, by language, 2007/08



Source: Estimates based on data from CAVCO.

Number and share of variety and performing arts projects, by type, 2007/08



Total number of projects: 115

Source: Estimates based on data from CAVCO.

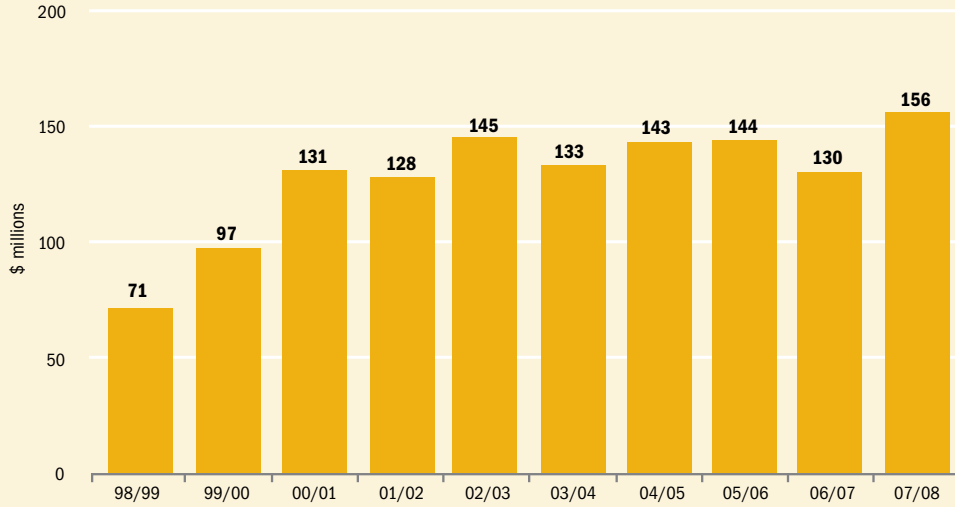
* Other TV category includes single-episode television programming and television pilots.

Magazine

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

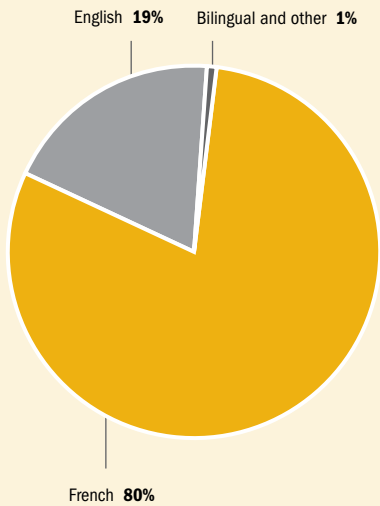
In 2007/08, magazine production volume increased by 20% to a total of \$156 million, as average budgets rose in both the French- and English-language markets. French-language television series, by and large, accounted for the vast majority of production in this genre.

Total volume of magazine production



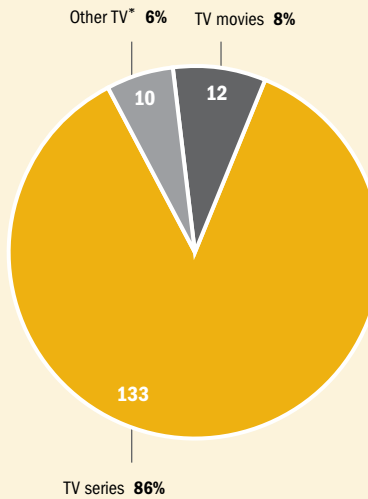
Source: Estimates based on data from CAVCO.

Volume of magazine programming production, by language, 2007/08



Source: Estimates based on data from CAVCO.

Number and share of magazine programming projects, by type, 2007/08



Total number of projects: 155

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

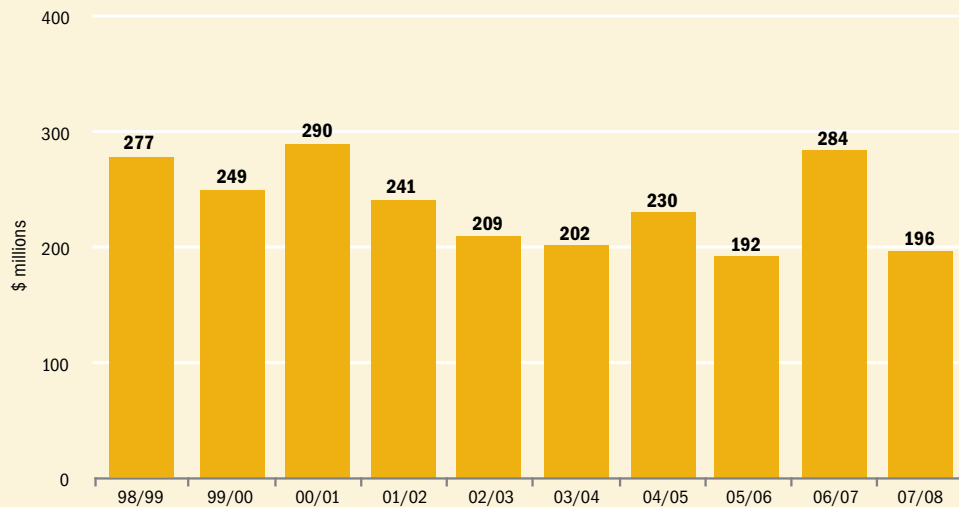
ANIMATION

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

The Canadian production community has long been a global leader in animation production. Several successful independently produced Canadian animation programs such as *Carl Squared*, *Jimmy Two Shoes*, *Atomic Betty*, *Captain Flamingo*, *W*, and *Toopy and Bino*, are televised on children's broadcasters around the world.²

Total volume of Canadian animation production*

The volume of Canadian animation production – in the children's and youth genre, and other genres – fell by 31% to \$196 million in 2007/08. Canada's volume of animation production was in a fairly steady decline from 2000/01 to 2005/06, when it experienced a 48% increase.

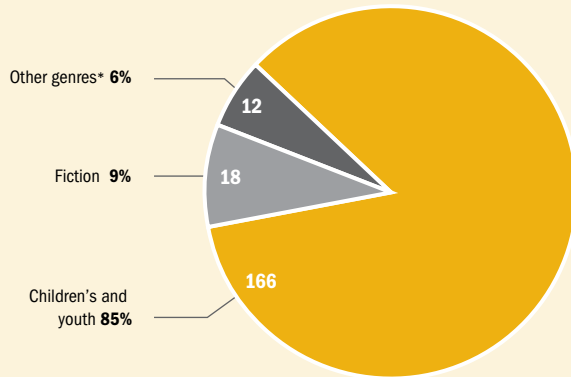


Source: Estimates based on data from CAVCO.
* Includes television and theatrical production.

² Canadian Television Fund, Annual Report 2007-2008, p. 5.

Volume of Canadian animation production, by genre, 2007/08 **

The vast majority of Canadian animation production in 2007/08 was in the children's and youth genre.



Total animation production: \$196 million

Source: Estimates based on data from CAVCO.

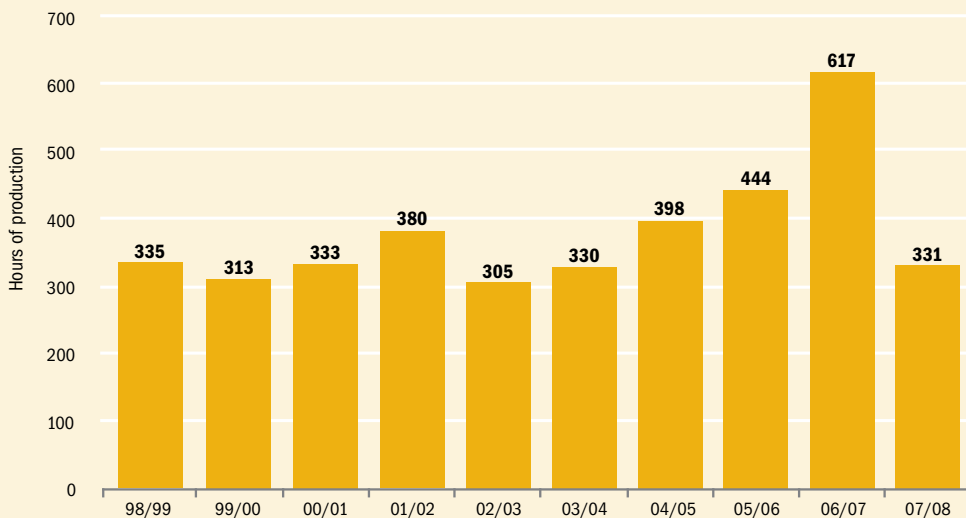
* Other genres category includes production in the documentary, variety and performing arts, and educational/instructional genres.

** Includes television and theatrical production.

The number of hours of Canadian animation production increased steadily between 2002/03 and 2006/07, as Canadian producers made several successful animation series, such as *Arthur*, *Chilly Beach*, *Caillou*. But after four years of annual increases – including a 23% increase in 2006/07 – the number of hours dropped by 46% in 2007/08 to a total of 331.

Total number of hours of Canadian animation production *

While the drop in the total number of hours of Canadian animation production paralleled the 31% drop in production volume, the steeper drop in the number of hours can be traced back to a drop in the average project size. Animation television series produced in 2006/07 averaged 567 minutes of content; in 2007/08, the average dropped to 461 minutes.



Source: Estimates based on data from CAVCO.

* Television production only.

Volume of Canadian animation television production, by language

The vast majority of Canadian animation programming over the last ten years was originally shot in English. In 2007/08, English-language animation production for television totalled \$169 million, or 86% of the total volume of television-animation production of \$196 million.

(\$ millions)	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
English	229	175	153	165	175	151	210	165	251	169
French	22	26	8	20	5	20	11	14	21	13
Bilingual and Other	12	43	117	56	22	14	5	12	4	13
Total	263	244	279	241	203	185	227	191	276	196

Source: Estimates based on data collected from CAVCO.

Note: Some totals may not add due to rounding.

PROVINCE

Ontario traded places with Quebec in 2007/08 and resumed its position as the province with the highest volume of Canadian production. Ontario saw its volume of Canadian production rise by 9%, while Quebec and British Columbia experienced decreases of 6% and 28%, respectively.

Alberta, Saskatchewan, Manitoba and Nova Scotia continued to comprise the middle tier of provinces, based on levels of Canadian production. These four provinces recorded between \$33 million and \$87 million in Canadian production in 2007/08. Among these middle-tier provinces, Alberta saw its volume of production jump by 26%, or \$18 million, to reach an all-time high of \$87 million.

Producers based in New Brunswick, Newfoundland and Labrador, Prince Edward Island, and the territories (Nunavut, Yukon, and Northwest Territories) also generated at least \$1 million or more of Canadian production in 2007/08.

Volume of Canadian production, by province

Ontario-based producers generated \$879 million in Canadian production in 2007/08, or 38% of the national total. Quebec-based producers generated \$845 million, or 37%; while producers based in British Columbia generated \$344 million, or 15%. Producers in all other provinces and the territories combined to account for \$237 million, or 10%.

(\$ millions)	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Ontario	755	812	796	856	803	897	782	911	810	879
Quebec	704	753	635	742	763	772	718	783	899	845
British Columbia	343	351	333	241	258	221	282	274	477	344
Alberta	36	70	72	62	82	55	56	37	69	87
Saskatchewan	22	18	28	18	68	34	37	37	58	54
Manitoba	22	20	25	20	29	16	28	31	71	33
Nova Scotia	88	53	63	59	64	57	67	56	65	33
New Brunswick	13	7	20	6	8	8	19	10	10	18
Newfoundland and Labrador	5	3	7	3	1	3	2	14	2	6
Prince Edward Island	1	7	5	7	9	2	0	1	6	5
Territories*	0	2	0	0	0	0	1	3	3	1
Total	1,988	2,095	1,985	2,013	2,084	2,065	1,993	2,159	2,470	2,305

Source: Estimates based on data collected from CAVCO.

Notes: Some totals may not add due to rounding. Various provincial film agencies in Canada also publish statistics for film and television production activity using tax and marketing data in each province. Their statistics may differ from those in Profile 2009 due to such differences as data collection periods (fiscal vs. calendar year) and production activity reported on the basis of location of spend.

* Territories include Yukon, Nunavut and Northwest Territories.

FINANCING

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

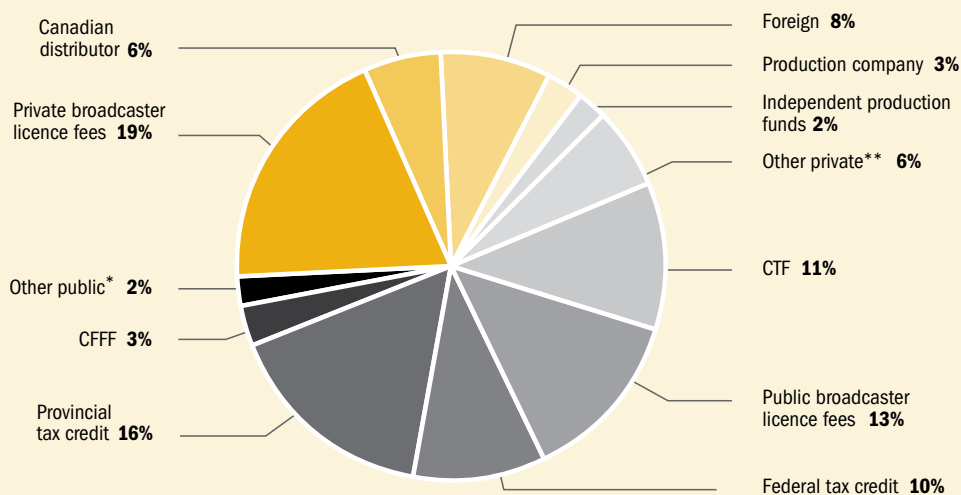
The major private-sector financing sources for Canadian production included private broadcaster licence fees, Canadian distributors, production companies, independent production funds, and foreign sources (i.e., foreign broadcasters and distributors). In 2007/08, these private-sector financing sources accounted for nearly one-half of total production financing, with private Canadian broadcaster licence fees representing the largest single share of private-sector financing.

Financing from public broadcaster licence fees, federal and provincial tax credits, and the Canada Feature Film Fund (CFFF) all originate from public-sector organizations, including federal and provincial governments, CBC/Radio-Canada, provincial educational broadcasters, and Telefilm Canada. Most of these public-sector organizations draw 100% of their revenues from direct government funding; however, several of these organizations – i.e., CBC/Radio-Canada, provincial educational broadcasters, and Telefilm Canada – also earn a portion of their revenues from private-sector sources such as advertising or distribution revenues.

Public-sector financing sources also contributed a significant share of the total financing for Canadian production in 2007/08. Provincial tax credits accounted for the largest component of this financing, contributing 16%.

Canadian productions also receive financing from a public-private organization, the Canadian Television Fund (CTF), which derives its revenues from contributions made by broadcasting distribution undertakings (cable, satellite, IPTV, and wireless television service providers), and the federal-government. In 2007/08, the CTF accounted for 11% of total financing for Canadian production.

Financing for Canadian production, 2007/08



Source: Estimates based on data obtained from CAVCO. Based on CAVCO classifications.

Note: Totals do not add due to rounding.

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

** Other private includes financing from Canadian broadcaster equity and other private investors.

FINANCING FROM CANADIAN PRODUCTION COMPANIES

Tax-credit financing represents part of a Canadian production company's equity in television and film projects. Canadian production companies receive tax credits based on their eligible labour expenditures; in almost all cases, they have to invest their tax-credit claims directly into the financing of television and film projects.

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

TREATY CO-PRODUCTION

International treaty co-production is another avenue through which Canadian producers can tap into international financing and talent to create films and television programs with international audience appeal. The Government of Canada currently has co-production agreements with 53 countries. These agreements permit Canadian and foreign producers to combine their creative, artistic, technical and financial resources to co-produce television programs and films, which benefit from national status in each co-producer's country.

Canada's total volume of treaty co-production fell by 48% in 2008 to \$298 million, because of a steep reduction in the volume of treaty co-production in the theatrical sub-sector, particularly with Canada's traditional leading partners – United Kingdom (U.K.) and France. Canada's volume of treaty co-production in the theatrical sub-sector fell by \$264 million in 2008.

Activity with the U.K. has largely fallen in recent years because of changes by the U.K. government to its tax incentives for the film and television production. In 2001, the U.K. government excluded television productions from access to the sale-and-leaseback provisions in the tax code. In 2004, it raised the U.K. expenditure requirement for feature film national status, from 20% to 40%. In 2007, the U.K. government introduced a new tax credit to encourage the production of feature films; however, it only applies to expenditures on British talent and crew incurred inside the U.K.³ In fact, the U.K. Film Council noted that the number of international treaty co-production features films made by U.K. producers dropped from 52 in 2006 to 29 in 2007, following the introduction of the tax credit.⁴

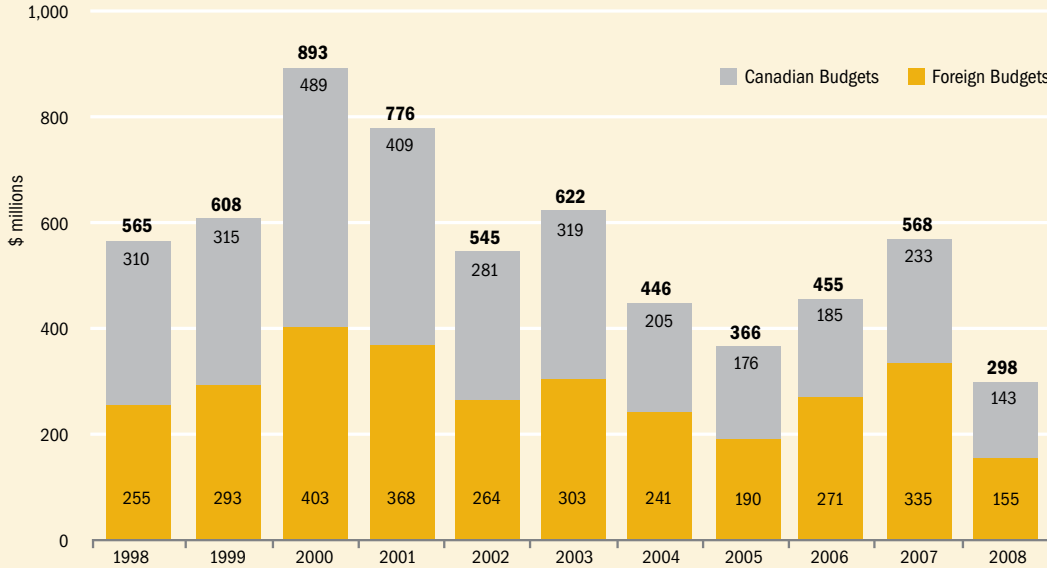
A dramatic drop in international animation production with France and a general trend among European Union members towards intra-European co-productions have also contributed to lower co-production activity for Canada with France and other European countries.

³ Salamander Davoudi, "Film industry reeling from tax regime," *Financial Times*, December 1, 2008.

⁴ *Ibid.*

Total volume of treaty co-production with Canada

After two consecutive years of increases, Canada's total treaty co-production volume fell in 2008 to the lowest level recorded during the last 11 years. At \$298 million, Canada's volume of treaty co-production in 2008 was equal to one-third of the peak volume of \$893 million posted in 2000.

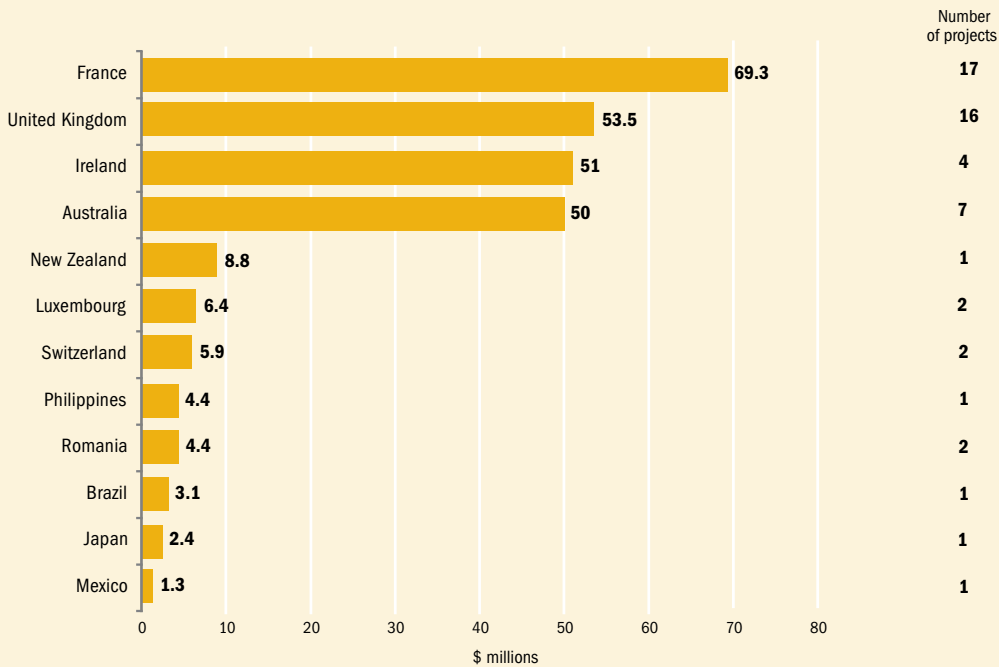


Source: Telefilm Canada.

Note: Some totals may not add due to rounding. Statistics are subject to change.

Total volume of bipartite treaty co-production with Canada, by partner country, 2008

For the second consecutive year, France was Canada's largest bipartite treaty co-production partner, with 17 projects totalling \$69.3 million in production volume (Canadian and foreign budgets). Canada's other major bipartite partners included the U.K. (\$53.5 million), Ireland (\$51 million), and Australia (\$50 million).



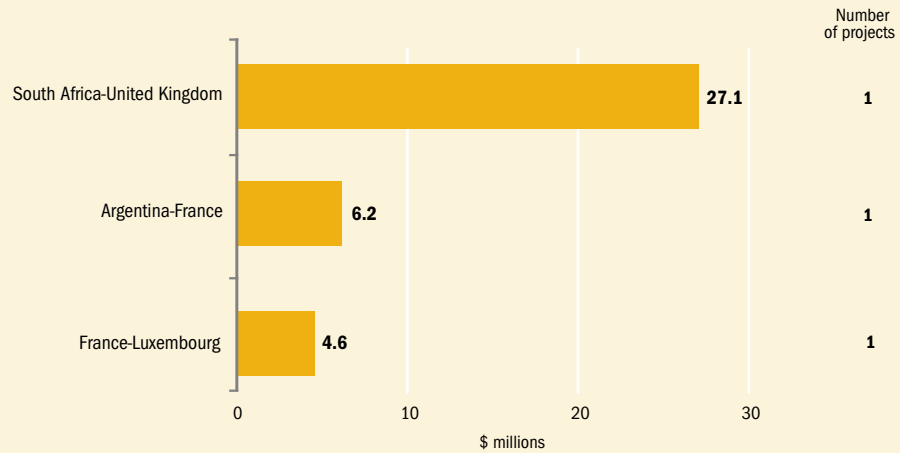
Source: Telefilm Canada.

Note: Statistics are subject to change.

Total volume of multipartite treaty co-production with Canada, by partner country, 2008

Canada's multipartite treaty co-production dropped to a total of only three projects in 2008, from nine in 2007.

Canada's multipartite partner countries in 2008 included South Africa, the U.K., Argentina, France, and Luxembourg.



Source: Telefilm Canada.

Note: Statistics are subject to change.

TELEVISION PRODUCTION

Canadian television production includes the production of various genres of television series, mini-series, TV movies (including movies-of-the-week [MOWs] and feature-length television programs) and other types of television programming such as single-episode television programming and television pilots. It includes productions that are certified as Canadian content by either CAVCO or the CRTC. This sector excludes broadcaster in-house production – that is, news and sports and other genres normally produced by Canadian broadcasters. *Les Lavigueur, la vraie histoire, Flashpoint, Les Boys,* and *Corner Gas* are just some of the Canadian television series and mini-series enjoyed by audiences in Canada and elsewhere.

HIGHLIGHTS

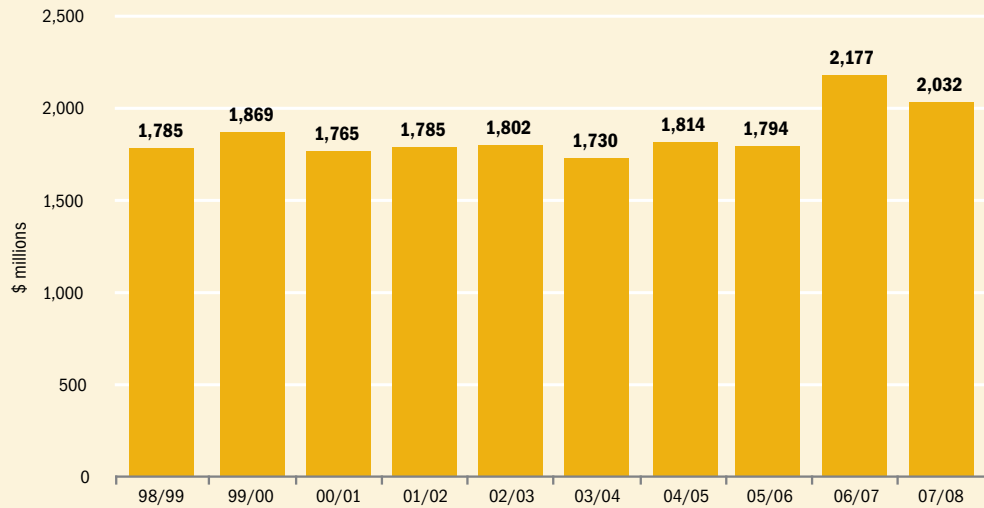
- Canadian television production decreased 7% to just over \$2 billion.
- Canadian television production generated 51,200 FTEs, including 20,100 FTEs directly in the production of Canadian television programs.
- The volume of television series production fell by 7% to just over \$1.4 billion, as the number of television series produced by Canadians dropped from 668 to 599.
- Lower volumes of production in the children's and youth, documentary, and fiction genres contributed to the overall decrease in Canadian television production. The variety and performing arts, and magazine genres both experienced higher levels of production volume, but these increases could not offset the decreases in the three large genres.
- The decrease in Canadian television production was largely confined to the English-language market where the volume of production was down by 10%. The volume of French-language television production was virtually unchanged. Production in bilingual formats and other languages rebounded from a ten-year low in 2006/07.
- All genres in both language markets saw their average per-hour budgets increase. The average budget for English-language television production in the fiction genre rose to over \$1.5 million per hour, an all-time high. The average budget for French-language fiction production also rose to a ten-year high of \$429,000 per hour.
- The average per-hour broadcast licence fee for English-language Canadian fiction productions was \$277,000; for French-language productions, the average was \$177,000 per hour – albeit on a much lower average budget.
- Canadian television production continued to rely heavily on financing from Canadian broadcasters and federal and provincial tax credits. Together, these two types of financing accounted for 64% of total financing for Canadian television production.
- The CTF made financial contributions of \$242 million to support \$869 million in television production volume in 2007/08.
- With Canadian television production volume of \$776 million, Ontario moved ahead of Quebec to resume its position as the province with highest volume of Canadian television production.

VOLUME

Canadian television production levels dropped 7% in 2007/08, mainly because of lower production levels in the children's and youth, and documentary genres, as well as a decrease in the volume of English-language fiction television series. Children's and youth production was down by approximately \$130 million; documentary production decreased by \$57 million.

Canadian television production, however, was higher in 2006/07 and 2007/08 compared to the previous eight years. Total volume hovered around \$1.8 billion for much of the 1998/99-to-2005/06 period, before moving above \$2 billion for the first time in 2006/07.

Total volume of Canadian television production

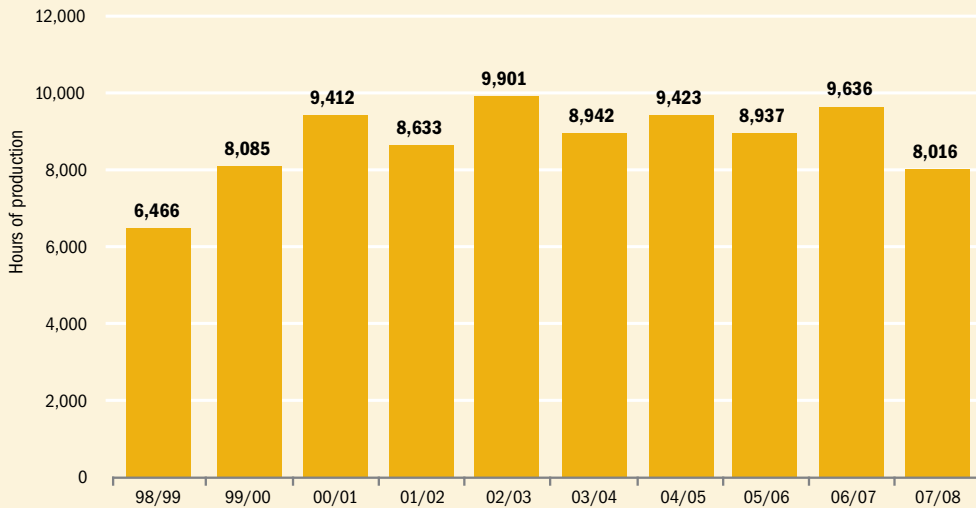


Source: Estimates based on data collected from CAVCO.

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

Total hours of Canadian television production

Canadian producers made 8,016 hours of television programming in 2007/08 – a decrease of 1,620 hours or 17% compared to 2006/07.

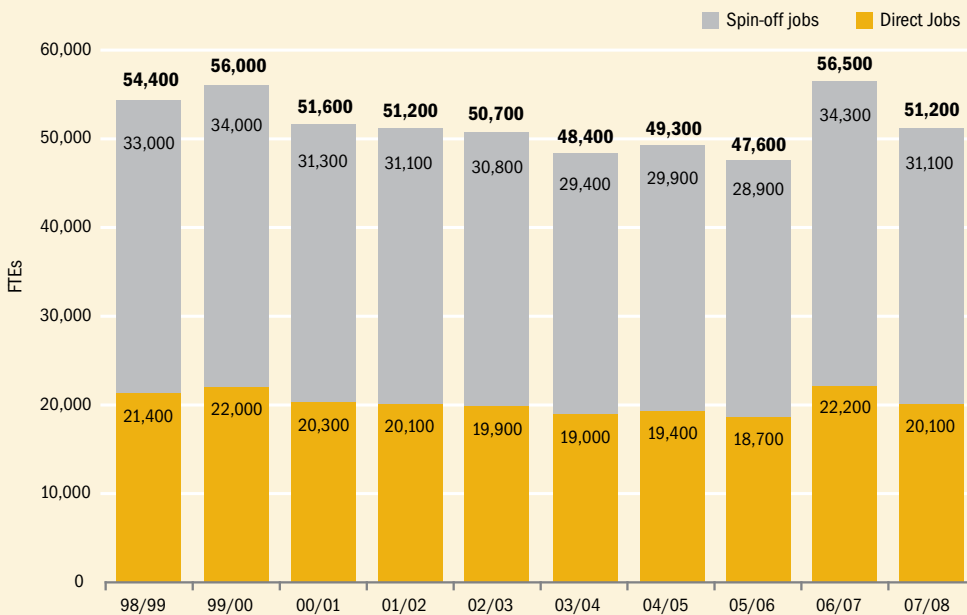


Source: Estimates based on data collected from CAVCO.

EMPLOYMENT

Canadian television production created an estimated 51,200 FTEs in 2007/08, including 20,100 FTEs directly in television production, and a further 31,100 spin-off FTEs in other industries in the Canadian economy.

Number of FTEs in Canadian television production



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

Note: Nordicity updated the job-estimation methodology in Profile 2009 using new data available from Statistics Canada 2006 Census. See the Notes on Methodology section for a description of the job-estimation methodology.

TYPES

In 2007/08, just over one-half of the decrease in Canadian television production was due to lower levels of television series production caused by a sharp pullback in the production of fiction, and children's and youth television series in the English-language market. There was also a substantial drop of 50% in the volume of production in the Other TV category in the documentary genre.

Volume of television production, by type

In 2007/08, the volume of television series production decreased by \$102 million to just over \$1.4 billion; the volume of short-length-program production was \$78 million lower. The volume of TV movies increased 7% to \$396 million; the volume of mini-series production rose by 11% to \$109 million; whole production of the other TV category, including single-episode television programming and television pilots, decreased 41% to \$110 million.

(\$ millions)	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Series	1,408	1,510	1,432	1,411	1,370	1,364	1,352	1,246	1,520	1,418
TV movies	208	213	189	142	179	161	225	338	370	396
Mini-series	68	66	58	85	143	64	76	61	98	109
Other TV*	100	80	86	147	110	141	161	149	188	110
Total	1,785	1,869	1,765	1,785	1,802	1,730	1,814	1,794	2,177	2,032

Source: Estimates based on data collected from CAVCO.

Note: Some totals may not add due to rounding.

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

Number of television projects, by type

There were 69 fewer Canadian television series produced in 2007/08, as the total dropped from 668 to 599. Canadian producers made 31 more TV movies in 2007/08. There were 10 fewer mini-series produced by Canadians in 2007/08, as the total dropped to 34. The number of projects in the other TV category dropped from 345 to 234.

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Series	450	538	590	613	683	645	682	706	668	599
TV movies	96	98	98	113	114	87	135	169	212	243
Mini-series	22	25	40	39	59	59	55	44	44	34
Other TV*	266	277	319	378	370	421	464	404	345	234
Total	834	938	1,047	1,143	1,226	1,212	1,336	1,323	1,269	1,111

Source: Estimates based on data collected from CAVCO.

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

GENRES

The largest genres – fiction, documentary, and children’s and youth – all experienced reductions in production volume; while the magazine, and variety and performing arts genres experienced small increases in production volume. Television production in other genres also rose.

After rising to \$379 million in 2006/07, the children’s and youth genre experienced the sharpest decline in volume in 2007/08. It fell by \$129 million, or 34%, as the number of Canadian-produced children’s and youth television series dropped.

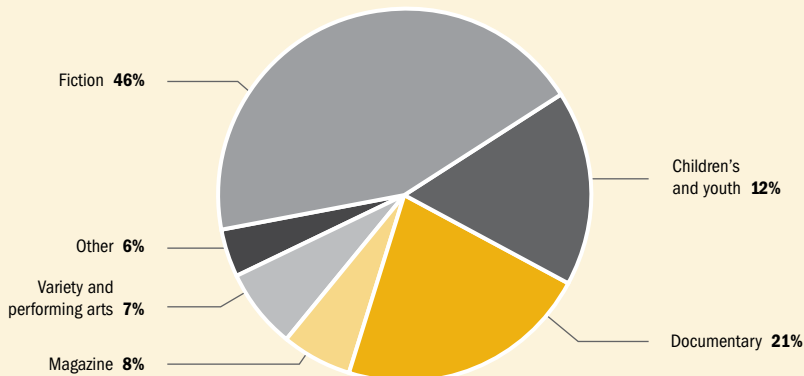
The documentary genre also retreated from an all-time peak in production volume in 2006/07: it fell by \$57 million, or 12%, following a reduction in the number of single-episode documentaries. A reduction in the number of fiction television series in the English-language market led to a decrease of \$21 million in fiction production.

Volume of television production, by genre

(\$ millions)	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Fiction	991	1,087	867	876	860	749	832	806	954	933
Children’s and youth	368	388	370	358	300	290	280	276	379	250
Documentary	254	186	260	287	313	374	387	395	481	424
Magazine	71	97	131	128	145	133	143	144	130	156
Variety and performing arts	73	83	104	111	127	159	125	120	143	149
Other	28	28	33	26	56	24	47	53	90	120
Total	1,785	1,869	1,765	1,785	1,802	1,730	1,814	1,794	2,177	2,032

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

Share of total volume of Canadian television production, by genre, 2007/08



Source: Estimates based on data from CAVCO.

Number of hours of television production, by genre

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Fiction	929	1,083	1,065	1,021	1,099	1,129	1,234	1,111	1,119	975
Children's and youth	817	883	818	945	808	678	777	810	1,022	530
Documentary	1,263	1,197	1,799	1,896	1,910	2,108	2,134	2,080	2,894	1,896
Magazine	2,099	3,472	4,269	3,488	4,500	3,673	3,989	3,797	3,371	3,308
Variety and performing arts	954	1,107	1,094	1,015	1,084	1,036	877	658	841	692
Other	403	343	367	268	499	318	413	481	456	615
Total	6,466	8,085	9,412	8,633	9,901	8,942	9,423	8,937	9,704	8,016

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

BUDGETS**English-Language Production**

Average per-hour budgets rose in every genre in both language markets. The fiction, documentary, variety and performing arts, and magazine genres all posted ten-year highs in terms of average per-hour budgets. At \$649,000 per hour, the average budget in the children's genre was just shy of its ten-year high of \$651,000 per hour. The median budgets in both the children's and youth, and variety and performing arts genres indicate that a small number of projects with very high per-hour budgets may have raised the averages in these genres.

The English-language fiction genre posted a 6% increase in its average per-hour budget, bringing it above \$1.5 million for the first time over the past ten years. Indeed, average per-hour budgets in English-language fiction recovered to levels last seen in the late 1990s, when a higher proportion of Canadian television programs benefited from international sales and significant international financing. Between 2003/04 and 2007/08, the average budget for English-language fiction production rose by an impressive 54% from an 11-year low of \$987,000.

There is tremendous pressure on Canadian producers of English-language fiction television series to increase the budgets of their programs, because they have to compete directly with American programs with per-hour budgets of \$2 million and higher,⁵ which air during prime time on American networks aired in Canada and are simulcast by Canadian broadcasters.

⁵ Nordicity Group Ltd., Canadian Television: Why the Subsidy, prepared for CBC/Radio Canada, January 2008, p. 8.

Budgets of English-language Canadian television production, by genre

\$ 000s per hour	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Fiction										
Average	1,481	1,375	1,092	1,272	1,281	987	1,046	1,202	1,438	1,518
Median	1,500	1,406	1,318	1,155	1,325	1,137	1,144	1,271	1,480	1,472
Documentary										
Average	232	171	200	157	180	205	219	207	174	257
Median	215	211	224	209	211	233	243	228	262	276
Children's and youth										
Average	651	638	603	483	485	557	516	497	594	649
Median	786	722	670	618	500	519	559	523	642	470
Variety and performing arts										
Average	99	88	111	117	142	169	236	321	294	381
Median	137	138	211	175	370	199	331	202	304	174
Magazine										
Average	30	29	53	49	43	44	44	60	34	74
Median	42	43	57	55	45	54	55	54	24	31

Source: Estimates based on data from CAVCO.

Note: Calculations exclude the foreign budgets of treaty co-productions.

French-Language Production

Average per-hour budgets moved higher in all genres in the French-language market, with the largest percentage increases in the variety and performing arts, and children's and youth genres. The fiction, variety and performing arts, and magazine genres posted ten-year highs in average per-hour budgets in 2007/08. With an average budget of \$151,000 per hour in 2007/08, the documentary genre fell short of its ten-year high by only \$6,000.

French-language fiction production experienced a substantial increase in average per-hour budget, as it climbed 17% to \$429,000. However, the average per-hour budget in this genre remained less than one-third of the average in the English-language market.

French-language producers are often able to make high-quality fiction television series that appeal to audiences in Quebec, with lower average budgets than those required in the English-language market. Many of the popular fiction television series in Canada's French-language market are téléromans (soap operas); as well, they are not typically produced for export. For these reasons, fiction productions in Canada's French-language market are characterized by lower production costs: they are made with smaller supporting casts and production crews, often on location, and with limited special effects and stunts.

Budgets of French-language Canadian television production, by genre

\$ 000s per hour	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Fiction										
Average	308	341	320	307	291	266	275	276	368	429
Median	371	477	430	478	511	581	487	509	645	627
Documentary										
Average	149	124	75	134	124	131	118	157	134	151
Median	175	185	147	182	151	176	172	199	165	195
Children's and youth										
Average	158	165	105	172	143	169	120	131	125	158
Median	123	107	115	137	131	182	134	157	152	162
Variety and performing arts										
Average	65	70	90	111	109	113	125	155	151	197
Median	35	58	59	144	163	341	262	107	142	355
Magazine										
Average	35	27	26	33	31	37	36	37	42	51
Median	45	34	33	37	35	37	41	38	38	57

Source: Estimates based on data from CAVCO.

Note: Calculations exclude the foreign budgets of treaty co-productions.

LANGUAGE

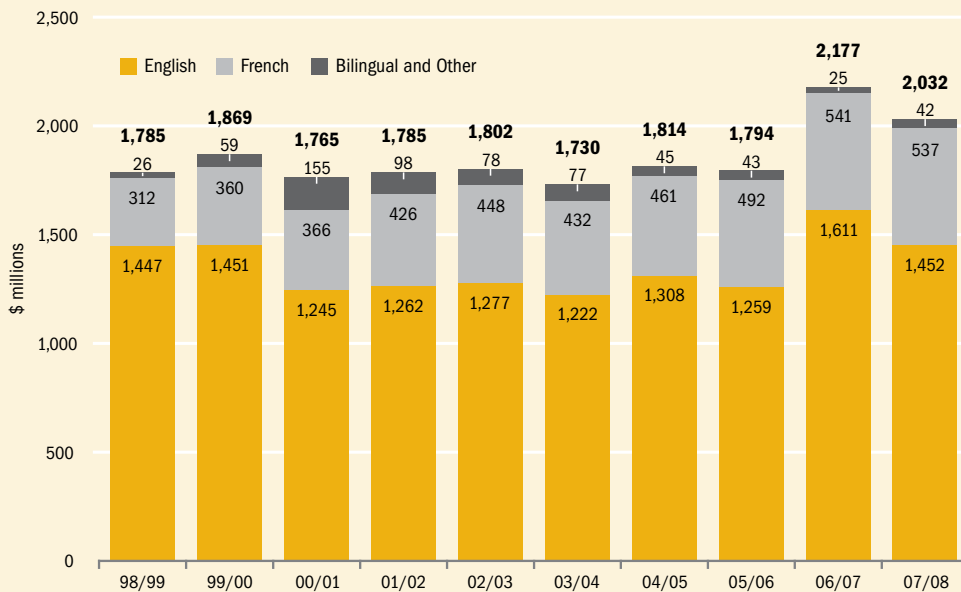
A decrease of \$159 million in English-language television production caused by significant reductions in children's and youth, documentary, and fiction production led to the overall decline in Canadian television production.

Overall, French-language television production was relatively unchanged in 2007/08. However, underneath this flat growth in total production, there was a significant change in the composition of French-language television production: volumes were higher in the fiction and magazine genres, and lower in the other genres.

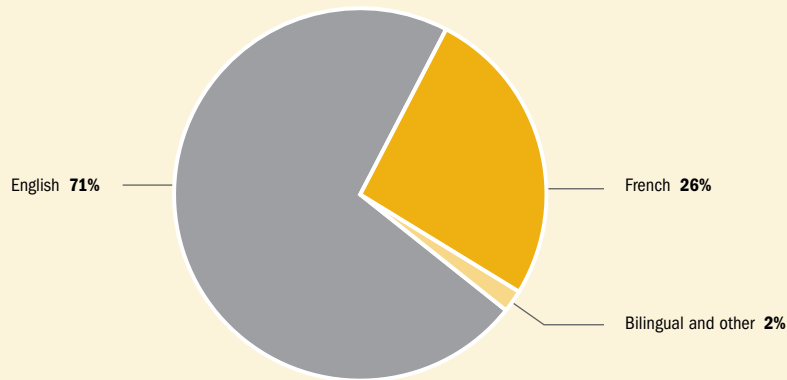
The volume of production in bilingual format and other languages bounced back from a ten-year low in 2006/07. Higher volumes of production in the fiction, and children's and youth genres in this language market were behind this recovery.

Volume of Canadian television production, by language

The total volume of English-language television production dropped 10% to under \$1.5 billion. The volume of French-language television production was virtually unchanged at \$537 million. Television production in bilingual format and other languages rose from \$25 million to \$42 million.



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

Share of Canadian television production, by language, 2007/08

Source: Estimates based on data from CAVCO.
Note: Shares may not add due to rounding.

Volume of Canadian television production, by genre and language

(\$ millions)	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Fiction										
English	892	952	741	728	677	615	655	646	766	719
French	99	126	117	125	156	134	161	156	185	199
Other	0	8	9	23	28	0	15	4	4	15
Total	991	1087	867	876	860	749	832	806	954	933
Children's and youth										
English	305	287	214	245	233	229	239	223	315	207
French	51	61	36	61	44	40	36	41	61	30
Other	12	40	120	53	24	21	5	12	4	13
Total	368	388	370	358	300	290	280	276	379	250
Documentary										
English	166	128	190	192	216	253	286	261	379	339
French	75	54	58	80	79	100	82	111	85	74
Other	13	5	12	14	17	21	19	23	17	12
Total	254	186	260	287	313	374	387	395	481	424
Variety and performing arts										
English	39	33	39	32	39	47	41	45	44	53
French	35	47	63	71	83	80	82	75	98	95
Other	0	3	3	8	6	33	2	1	0	1
Total	73	83	104	111	127	159	125	120	143	149
Magazine										
English	20	26	40	40	56	53	43	32	18	29
French	50	69	90	87	87	78	97	109	112	125
Other	0	2	1	1	2	2	3	3	1	2
Total	71	97	131	128	145	133	143	144	130	156

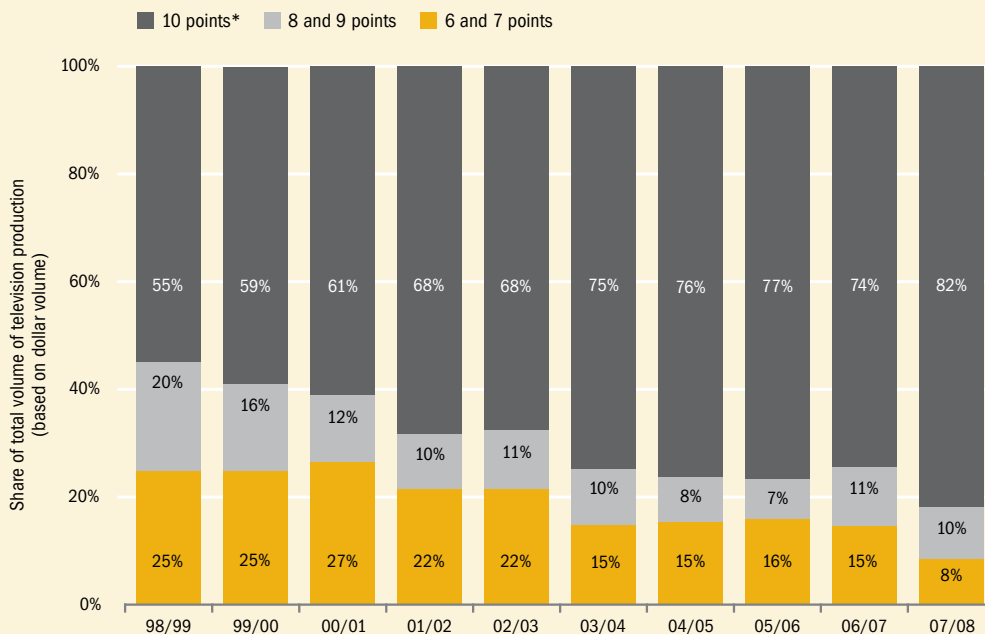
Source: Estimates based on data collected from CAVCO.
Note: Some totals may not add due to rounding.

CONTENT POINTS

After dropping slightly in 2006/07, the share of Canadian television production volume with the maximum number of Canadian content points increased in 2007/08. This increase continued a long-term trend over the last decade towards more and more Canadian television production with the maximum number of Canadian content points. This trend towards a greater share of maximum-point production has been largely due to weaker demand from international markets for Canadian television production and Canadian producers' increased focus of producing maximum-point television programs, which are eligible to receive financial assistance from the CTF.

Share of television production, by Canadian content points (excludes international treaty co-production)

Ten-point or full-point television productions accounted for 82% of the total volume of Canadian television production in 2007/08; television productions with six to nine points accounted for the other 18% of production volume.



Source: Estimates based on data collected from CAVCO.

* Includes productions that received the maximum number of eligible points. For example, productions that scored 7 out of 7 points are included in data covering 10 out of 10 points.

Note: Shares may not add due to rounding.

CANADIAN CONTENT POINTS

CAVCO uses the Canadian content points scale to certify films and television productions. A certified Canadian production qualifies as Canadian content; broadcasters can use it to meet their Canadian television exhibition requirements. It also allows the production to access the *Canadian Film or Video Production Tax Credit*. To be certified as Canadian content, the production must obtain six or more points on a ten-point scale. There are two separate point scales – one for live-action productions and the other for animation productions. For both scales, points are awarded for various key creative positions. In the case of animation, points are also awarded based on the location of certain animation functions. For more information on the Canadian content points scale, please visit: www.canadianheritage.gc.ca/cavco.

PROVINCE

Ontario traded places with Quebec in 2007/08 and resumed its position as the province with highest volume of Canadian television production. Ontario saw its volume of Canadian television production rise by 9%, while Quebec and British Columbia experienced decreases of 6% and 29%, respectively.

The sharp drop in British Columbia's production level may have, in part, been due to the fact that Canadian broadcasters did not renew several television series filmed in the province. In fact, statistics from CAVCO indicate that television series production in the fiction genre in British Columbia was down by approximately 50%.

Canadian broadcasters' failure to renew several television series produced in Manitoba contributed to a 50% drop in production volume in that province.

In contrast, Alberta saw its volume of Canadian television production more than double between 2005/06 and 2007/08, as Alberta-based producers increased their production of lifestyle television series, fiction series and mini-series.

Volume of Canadian television production, by province

Ontario-based producers generated \$776 million in Canadian television production in 2007/08, or 38% of the national total. Quebec-based producers generated \$726 million, or 36%; while producers based in British Columbia generated \$318 million, or 16%. Producers in all other provinces combined to account for \$211 million, or 10%.

(\$ millions)	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	07/08 share of total
Ontario	676	779	728	766	715	777	716	705	710	776	38%
Quebec	641	628	568	640	655	586	628	705	772	726	36%
British Columbia	296	307	277	212	209	204	268	212	446	318	16%
Alberta	34	54	65	62	58	54	55	36	64	78	4%
Saskatchewan	22	13	19	18	64	34	37	37	58	43	2%
Nova Scotia	84	53	63	55	60	49	62	46	49	32	2%
Manitoba	17	17	19	17	23	15	26	29	59	30	1%
New Brunswick	11	7	19	6	8	8	19	10	10	18	1%
Newfoundland and Labrador	3	1	2	3	1	3	2	14	2	6	<1%
Prince Edward Island	1	7	5	7	9	2	0	1	6	5	<1%
Territories*	0	2	0	0	0	0	1	0	0	1	<1%
Total	1,785	1,869	1,765	1,785	1,802	1,730	1,814	1,794	2,177	2,032	100%

Source: Estimates based on data collected from CAVCO.

Note: Some totals may not add due to rounding.

* Territories include Yukon, Nunavut and Northwest Territories.

Note: Various provincial film agencies in Canada also publish statistics for film and television production activity using tax and marketing data in each province. Their statistics may differ from those in Profile 2009 due to such differences as data collection periods (fiscal vs. calendar year) and production activity reported on the basis of location of spend.

FINANCING

Canadian television production continued to rely heavily on financing from Canadian broadcasters, as financing from foreign sources decreased again in 2007/08, and remained well below levels seen five years earlier.

Over the five-year period, 2003/04 to 2007/08, foreign financing for Canadian television production dropped by 33%, from \$250 million to \$167 million, as Canadian producers found it more and more difficult to pre-sell Canadian programming to foreign broadcasters.

Financing from Canadian distributors and other private-sector organizations did offset part of the drop in foreign financing. However, Canadian broadcasters, particularly public broadcasters, provided much of the financing to offset weaker international pre-sale markets.

Financing of Canadian television production

	2003/04		2004/05		2005/06		2006/07		2007/08	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	22%	377	23%	415	24%	429	23%	490	22%	446
Public broadcaster licence fees	10%	171	10%	181	11%	195	11%	245	15%	307
Federal tax credit	10%	174	11%	193	10%	188	11%	235	11%	216
Provincial tax credit	12%	204	13%	232	15%	270	15%	334	16%	317
Canadian distributor	4%	68	3%	61	4%	65	5%	118	5%	104
Foreign	14%	250	13%	231	9%	164	11%	229	8%	167
Production company	8%	134	6%	106	5%	92	5%	110	2%	47
Canadian Television Fund	13%	219	13%	236	14%	249	12%	252	12%	242
Independent production funds	2%	30	2%	42	2%	31	2%	36	2%	43
Other public*	1%	25	1%	23	0%	8	1%	15	1%	24
Other private**	5%	80	5%	95	6%	103	5%	113	6%	118
Total	100%	1,730	100%	1,814	100%	1,794	100%	2,177	100%	2,032

Source: Estimates based on data obtained from CAVCO. Based on CAVCO classifications.

Note: Some totals may not add due to rounding.

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

** Other private includes financing from broadcaster equity, and other private investors.

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

In the fiction genre, broadcaster licence fees accounted for 27% of total financing; foreign sources supplied 13%. Children's and youth programming drew a large portion of its pre-sale financing from Canadian broadcast licence fees (29%), the CTF (20%) and Canadian distributors (8%). The documentary genre relied largely on financing from Canadian broadcast licence fees (45%), as did the variety and performing arts genre (58%), and magazine genre (65%).

Financing of Canadian television production, by genre, 2007/08

	Fiction		Children's and Youth		Documentary		Variety and Performing Arts		Magazine		All Genres	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	14%	130	20%	51	35%	148	18%	27	35%	54	22%	446
Public broadcaster licence fees	13%	125	9%	24	10%	40	40%	60	30%	47	15%	307
Federal tax credit	10%	96	10%	25	10%	43	12%	17	12%	19	11%	216
Provincial tax credit	16%	147	16%	40	15%	62	14%	21	12%	19	16%	317
Canadian distributor	7%	66	8%	21	2%	11	1%	1	2%	3	5%	104
Foreign	13%	121	6%	16	5%	23	0%	0	0%	0	8%	167
Production company	2%	18	4%	10	2%	9	2%	3	3%	4	2%	47
Canadian Television Fund	14%	131	20%	49	13%	53	6%	9	0%	0	12%	242
Independent production funds	1%	13	6%	14	2%	10	1%	1	1%	1	2%	43
Other public*	1%	8	0%	0	1%	5	1%	1	0%	1	1%	24
Other private**	8%	78	0%	0	5%	20	5%	8	5%	7	6%	118
Total	100%	933	100%	250	100%	424	100%	149	100%	156	100%	2,032

Source: Estimates based on data obtained from CAVCO. Based on CAVCO classifications.

Note: Some totals may not add due to rounding.

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

** Other private includes financing from broadcaster equity, and other private investors.

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

In the English-language market, the largest financing contributions came from private and public broadcasters (32%) and federal and provincial tax credits (26%). Foreign broadcasters and distributors contributed (12%). And while the share of total financing from foreign sources dropped from 20% in 2003/04 to 12% in 2007/08, this decrease may overstate the drop in international demand for Canadian television programming because it does not take into account the value of after-market export sales.

Financing of English-language Canadian television production

	2003/04		2004/05		2005/06		2006/07		2007/08	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	20%	248	22%	284	23%	284	22%	350	23%	331
Public broadcaster licence fees	6%	72	6%	77	7%	89	7%	113	9%	134
Federal tax credit	10%	124	10%	136	10%	127	11%	170	10%	151
Provincial tax credit	11%	130	13%	167	16%	202	16%	262	16%	233
Canadian distributor	5%	57	4%	56	5%	57	7%	109	7%	103
Foreign	20%	240	17%	228	12%	157	14%	227	12%	170
Production company	8%	103	7%	86	6%	70	5%	88	2%	33
Canadian Television Fund	12%	146	12%	159	13%	165	10%	165	11%	157
Independent production funds	2%	23	2%	32	2%	23	2%	26	2%	32
Other public*	2%	20	2%	21	1%	12	1%	11	1%	16
Other private**	5%	60	5%	63	6%	73	6%	91	6%	93
Total	100%	1,222	100%	1,308	100%	1,259	100%	1,611	100%	1,452

Source: Estimates based on data obtained from CAVCO. Based on CAVCO classifications.

Note: Some totals may not add due to rounding.

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

** Other private includes financing from broadcaster equity, and other private investors.

French-language television production was even more reliant on broadcaster licence fees than English-language production. Private and public broadcasters accounted for a combined 50% of financing. Federal and provincial tax credits accounted for 25%, and the CTF contributed 15%. Pre-sale financing from foreign sources provided less than one per cent of total financing for French-language television production in 2007/08. However, while there was low pre-sale demand from foreign broadcasters for French-language programming, several popular French-language television programs earned international after-market sales in France and Belgium in 2007/08.⁶

Financing of French-language Canadian television production

	2003/04		2004/05		2005/06		2006/07		2007/08	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	25%	108	25%	115	25%	123	25%	135	20%	106
Public broadcaster licence fees	21%	89	21%	95	21%	103	23%	126	30%	160
Federal tax credit	10%	43	11%	52	11%	56	11%	61	11%	61
Provincial tax credit	15%	63	13%	59	13%	62	13%	68	14%	78
Canadian distributor	2%	7	1%	5	1%	7	2%	9	1%	3
Foreign	1%	4	1%	3	1%	3	0%	1	<1%	<1
Production company	4%	16	4%	16	4%	19	4%	21	2%	10
Canadian Television Fund	16%	71	16%	75	16%	81	16%	84	15%	83
Independent production funds	2%	8	2%	11	2%	8	2%	10	2%	11
Other public*	1%	6	1%	5	1%	6	2%	8	1%	5
Other private**	4%	16	5%	25	5%	25	3%	17	4%	21
Total	100%	432	100%	461	100%	492	100%	541	100%	537

Source: Estimates based on data obtained from CAVCO. Based on CAVCO classifications.

Note: Some totals may not add due to rounding.

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

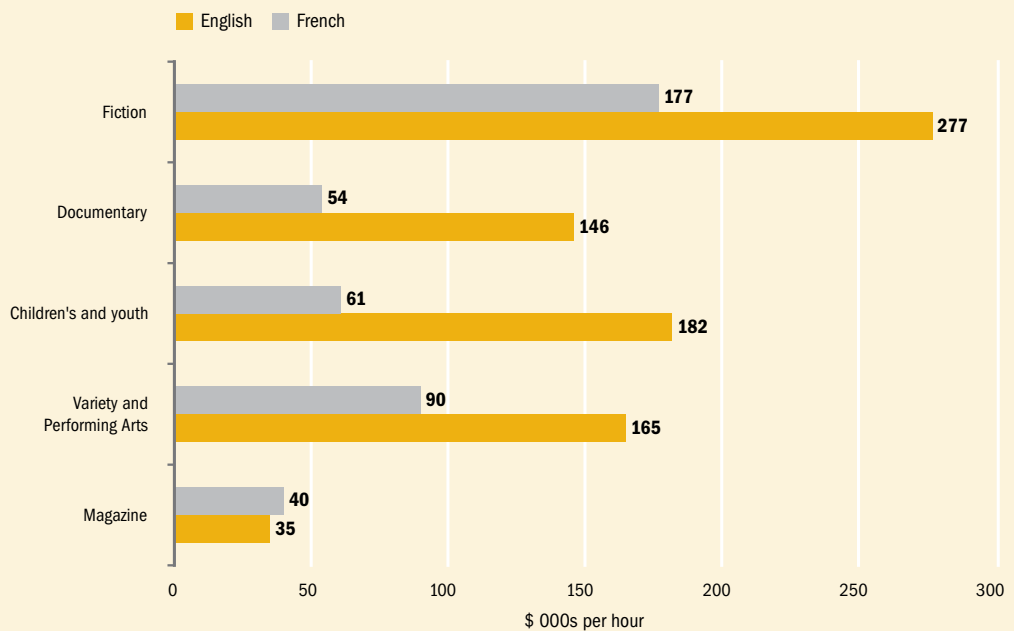
** Other private includes financing from broadcaster equity, and other private investors.

⁶ Canadian Television Fund, Annual Report 2007-2008, p. 5.

BROADCASTER LICENCE FEES

Canadian broadcasters represent the largest single source of financing for Canadian television production. Most financing from Canadian broadcasters is in the form of a broadcast licence fee. On a per-hour basis, broadcast licence fees vary significantly across genres and Canada's two language markets. The highest broadcast licence fees are found in the fiction genre; across all genres, broadcast licence fees are traditionally higher in the English language market.

Average licence fees paid by Canadian broadcasters for Canadian television programming, 2007/08



Source: Estimates based on data obtained from CAVCO for a sample of 2007/08 projects.

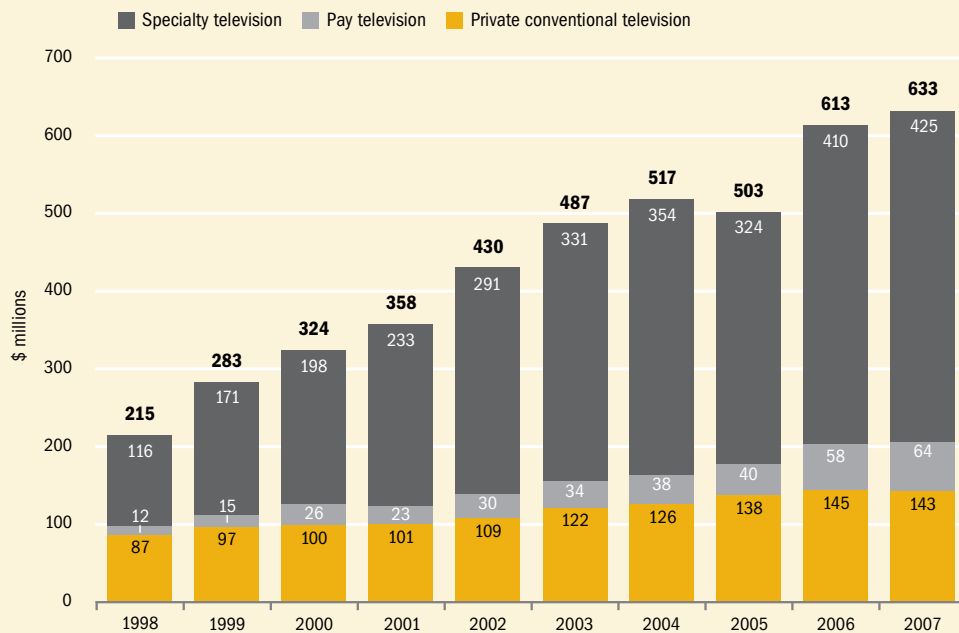
BROADCASTER SPENDING

Canadian broadcasters license original and repeat programming from both independent Canadian production companies as well as broadcaster-affiliated production companies (production companies in which broadcasters own or control at least 30% of the equity⁷).

During the 2007 broadcasting year (September 2006 to August 2007) Canadian broadcasters' spending on independent Canadian production (original and repeat programming) increased 3% to a total of \$633 million, due to increased spending by specialty and pay television services. Expenditures by conventional broadcasters declined for the first time in over ten years.

Expenditures on Canadian independent production by private Canadian broadcasters

Specialty television services increased their spending on Canadian independent production by 4% to \$425 million; pay-television services increased their spending by 10% to \$64 million; while private conventional broadcasters decreased their spending on Canadian independent production by 1% to \$143 million.



Source: Data obtained from the CRTC

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

Notes: Some totals may not add due to rounding. Spending on Canadian independent production programming refers to programming and production expenses of conventional television licensees, and Canadian program amortization of specialty and pay television licensees.

⁷ CRTC, "Guide to the Canadian Program Certification Application Process," CRTC, downloaded at <http://www.crtc.gc.ca/canrec/eng/guide1.htm#s9b> on November 20, 2008.

Expenditures by private Canadian broadcasters* on broadcaster-affiliated production

In 2007, private Canadian broadcasters spent a total of \$90 million on the licensing of television programs produced by broadcaster-affiliated production companies out of total spending of \$723 million (\$633 million + \$90 million) on the licensing of independent and broadcaster-affiliated production. Private conventional broadcasters accounted for \$50 million; specialty and pay television services accounted for \$40 million.

(\$ millions)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Private conventional broadcasters	28	42	47	37	37	28	44	49	55	50
Specialty* and pay television services	n/a	n/a	n/a	n/a	n/a	n/a	n/a	43	36	40
Total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	92	92	90

Source: CRTC.

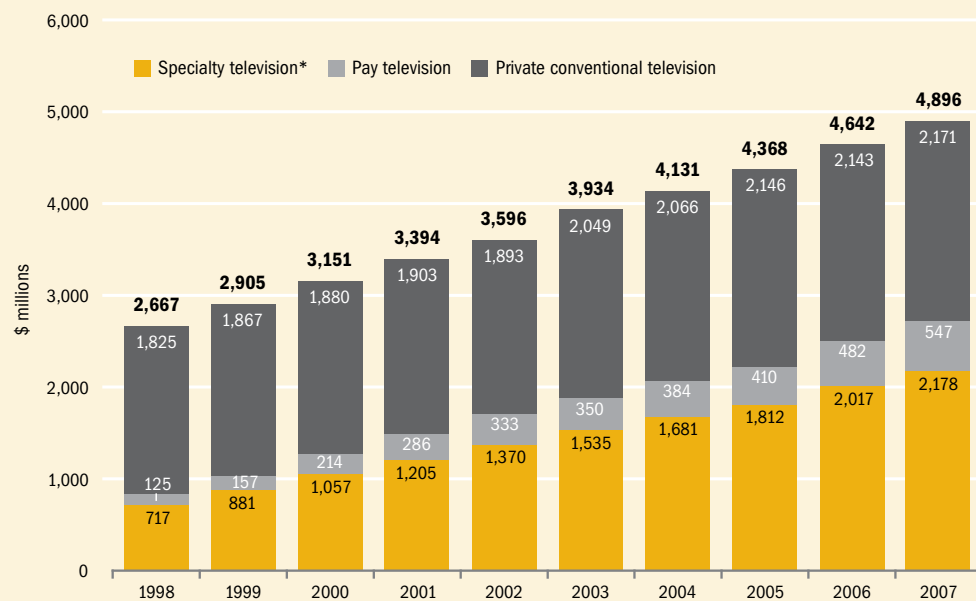
* includes CBC/Radio-Canada's specialty television services.

n/a: data not available.

Note: Some totals may not add due to rounding.

Total revenue of private Canadian broadcasters*

The total revenues of Canadian television broadcasters rose 5% in 2007 to just under \$4.9 billion. All three segments experienced revenue growth. Specialty television services' revenues increased 8% to just under \$2.2 billion; conventional broadcasters' revenues increased 1% to just under \$2.2 billion; and pay television services' revenues increased 13% to \$547 million. Over the last decade, Canadian television broadcasters' total revenues increased at steady rate: the compound annual average growth rate between 1998 and 2007 was 7%.

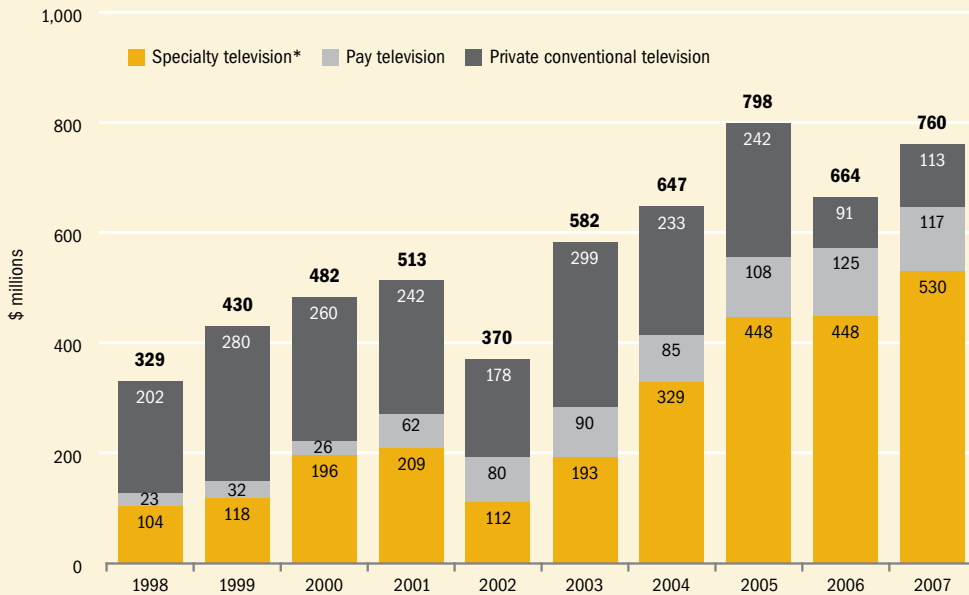


Source: Data obtained from the CRTC.

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

Total profit before interest and taxes (PBIT) of private Canadian broadcasters*

Both the conventional broadcasting and specialty television segments experienced substantial increases in profitability in 2007. Conventional broadcasters' profits before interest and taxes (PBIT) increased 24% to \$113 million; specialty television services' PBIT rose 18% to \$530 million; while the PBIT of pay television services decreased 6% to \$117 million.



Source: Data obtained from the CRTC.

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

CANADIAN TELEVISION FUND

The Canadian Television Fund (CTF) is a public-private partnership with the objective of funding the production of high-quality, distinctly-Canadian television programs in genres such as drama (fiction), children's and youth programming, documentary, and variety and performing arts programming, which are traditionally under-represented in the Canadian broadcasting system. The CTF was established in 1996 and continues to be one of the key tools for supporting Canadian television production.

After three consecutive years of growth in CTF financial support for Canadian television production, there was a slight decline in 2007/08. This decline was due to the numerous mergers and acquisitions among Canadian broadcasters, which limited the ability of some broadcasters to commission projects from their 2007/08 funding envelopes.⁸ As a result, \$12 million in unspent CTF funding will be carried over to 2008/09.⁹

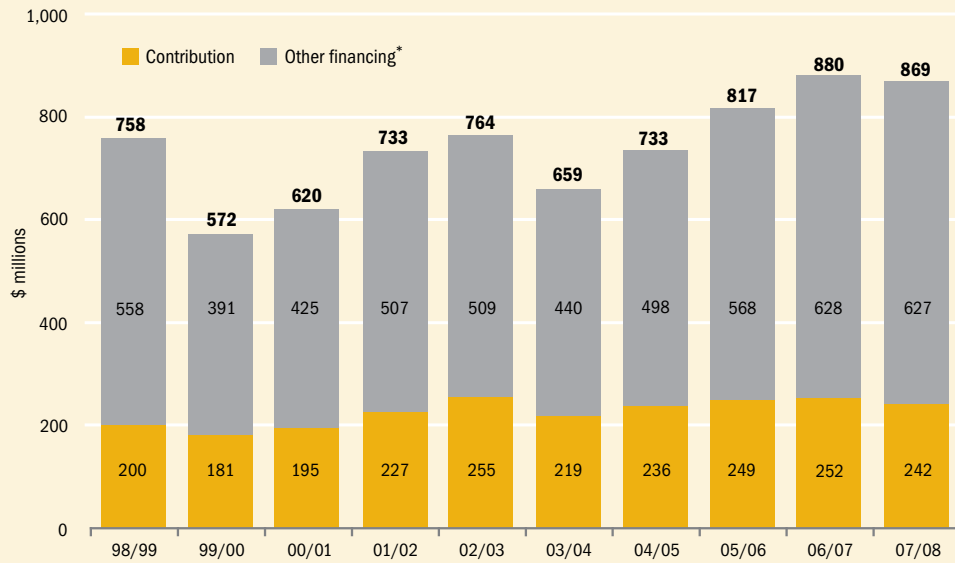
⁸ *Canadian Television Fund*, Annual Report 2007-2008, p. 30.

⁹ *Ibid.*

Volume

Total volume of Canadian television production with CTF contributions

The CTF's contribution to the production of Canadian television programming declined 4% to \$242 million in 2007/08. Other financing – comprised largely of contributions from production companies, broadcasters, tax credits, and other government sources – contributed an additional \$627 million to CTF-supported productions. Overall, the total volume of television production supported by the CTF declined only 1% to \$869 million.



Source: Canadian Television Fund.

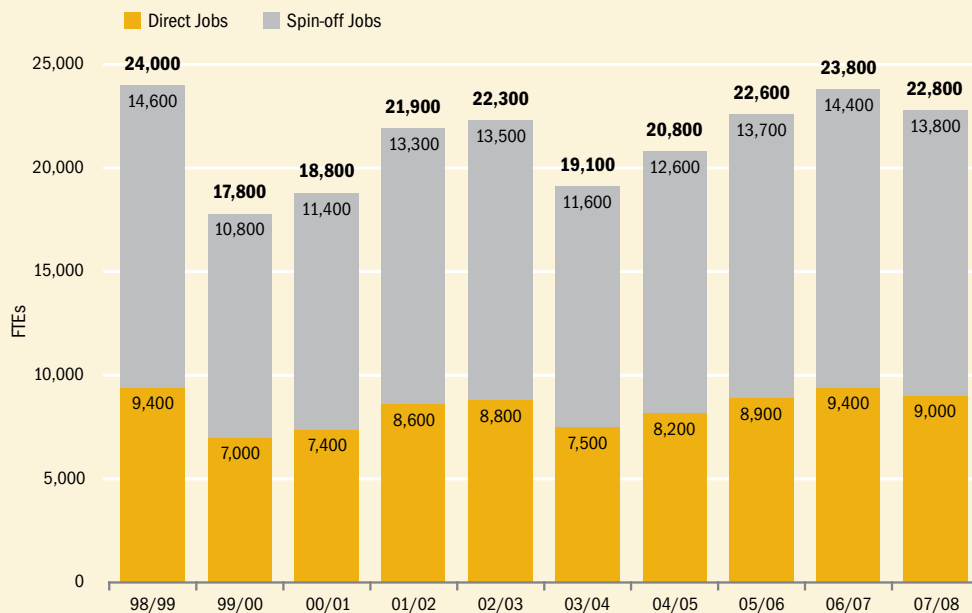
Note: Some totals may not add due to rounding.

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

Jobs Supported by CTF Production

The television production supported by the CTF created an estimated 22,800 FTEs across Canada in 2007/08, including 9,000 FTEs directly in film and television production, and a further 13,800 spin-off FTEs in other industries in the Canadian economy.

Number of full-time equivalent jobs (FTEs) generated by CTF-supported production



Source: Estimates based on data from the Canadian Television Fund, Statistics Canada, and Conference Board of Canada.
 Note: Nordicity updated the job-estimation methodology in Profile 2009 using new data available from Statistics Canada 2006 Census.
 See the Notes on Methodology section for a description of the job-estimation methodology.

Hours of Television Production

Number of CTF-supported hours of television production, by genre

In 2007/08, the CTF supported approximately 2,195 hours of production, down 4% from 2006/07 because of the unspent CTF funds and higher average per-hour budgets in the CTF-supported genres. There were declines in CTF-supported production activity in both the drama, variety and performing arts genres; in the documentary, and children's and youth genres production activity was higher.

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Documentary	713.0	634.0	968.0	1,120.8	1,000.2	738.5	809.8	836.5	798.2	806.1
Children's and youth	647.0	582.5	513.0	681.5	749.6	595.8	781.8	717.2	680.7	692.5
Drama (i.e., fiction)	600.0	638.0	631.0	624.0	532.0	441.0	471.5	525.0	548.5	479.5
Variety and performing arts	285.0	180.5	275.0	364.2	273.0	366.5	312.5	197.0	270.0	216.7
Total	2,245.0	2,035.0	2,387.0	2,790.5	2,554.8	2,141.8	2,375.6	2,275.7	2,297.3	2,194.8

Source: Canadian Television Fund.
 Note: Some totals may not add due to rounding.

CTF contributions to television production, by genre

The documentary, and children's and youth genres received higher contributions from the CTF; they also increased their share of total CTF funding. The drama, and variety and performing arts genres saw their levels and share of CTF funding drop in 2007/08. The lower level of funding for drama programming was largely a function of the unspent CTF funds, which accumulated in 2007/08.

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
(\$ millions)										
Documentary	32.5	31.8	44.0	55.7	50.0	44.6	46.5	48.3	51.6	53.4
Children's and youth	37.3	28.3	31.1	48.8	58.1	40.5	45.0	46.3	46.3	49.2
Drama (i.e., fiction)	122.0	115.1	113.1	111.8	135.8	126.1	133.8	146.3	143.6	130.7
Variety and performing arts	7.2	6.0	6.2	10.6	10.4	7.7	10.2	8.0	10.2	9.1
Total	199.0	181.2	194.4	226.9	254.3	218.9	235.5	248.9	251.7	242.4
Percent of total										
Documentary	16.3%	17.5%	22.6%	24.5%	19.7%	20.4%	19.7%	19.4%	20.5%	22.0%
Children's and youth	18.7%	15.6%	16.0%	21.5%	22.8%	18.5%	19.1%	18.6%	18.4%	20.3%
Drama (i.e., fiction)	61.3%	63.5%	58.2%	49.3%	53.4%	57.6%	56.8%	58.8%	57.0%	53.9%
Variety and performing arts	3.6%	3.3%	3.2%	4.7%	4.1%	3.5%	4.3%	3.2%	4.1%	3.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Canadian Television Fund.

Note: Some totals may not add due to rounding.

TREATY CO-PRODUCTION

Treaty co-production with Canada in the television sub-sector

Canada's total volume of treaty co-production in the television sub-sector declined slightly – by 2% – to \$240 million in 2008. There were a total of 44 Canadian treaty co-production projects in the television sub-sector in 2008; the average budget for these television projects was \$5.5 million, up from \$5.2 million in 2007.

(\$ millions)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Foreign budgets	161	183	277	274	183	131	126	121	145	136	128
Canadian budgets	218	211	387	313	185	122	99	97	108	110	112
Total volume	379	394	664	587	368	254	225	218	253	246	240
Number of projects	60	53	76	82	78	54	54	51	43	47	44
Average project budget	6.3	7.4	8.7	7.2	4.7	4.7	4.2	4.3	5.9	5.2	5.5

Source: Telefilm Canada.

Note: Some totals may not add due to rounding. Statistics are subject to change.

¹⁰ Canadian Television Fund, Annual Report 2007-2008, p.34.

Treaty co-production with Canada in the television sector, by partner country, 2007 and 2008

A 154% increase in Canada's television treaty co-production volume with Australia meant that it was Canada's leading treaty co-production partner for television production in 2008, with \$49.6 million in total production volume. Australia was closely followed by the U.K. (\$49.4 million) and France (\$47.4 million) – the latter being Canada's leading partner country in 2007. Canada's treaty co-production with Ireland in the television segment totalled \$41 million. A single multipartite project with South Africa and the U.K. accounted for \$27.1 million in production volume.

Country	Number of projects		Total volume (\$ millions)	
	2007	2008	2007	2008
Bipartite				
Australia	3	7	19.5	49.6
United Kingdom	13	15	47.1	49.4
France	15	12	65.5	47.4
Ireland	2	2	43.4	41.0
New Zealand	–	1	–	8.8
Philippines	2	1	3.9	4.4
Brazil	–	1	–	3.1
Romania	–	1	–	2.3
Switzerland	–	1	–	1.5
Mexico	–	1	–	1.3
Singapore	1	–	12.6	–
Luxembourg	1	–	10.7	–
South Korea	1	–	4.7	–
Germany	2	–	2.1	–
Israel	1	–	0.6	–
Total Bipartite	41	42	210.0	208.7
Multipartite				
South Africa-UK	1	1	13.1	27.1
France-Luxembourg	–	1	–	4.6
Australia-Singapore	1	–	8.7	–
Singapore-Hong Kong	1	–	5.2	–
UK-Romania	1	–	4.5	–
Germany-Netherlands	1	–	4.2	–
Germany-Greece	1	–	0.6	–
Total Multipartite	6	2	36.4	31.7
Total	47	44	246.4	240.4

Source: Telefilm Canada.

Notes: Total volume refers to the global budget rather than only the Canadian portion of the budget. Statistics subject to change.

Volume of international treaty co-production for the television market, by genre

Canada's two largest genres for television treaty co-production – drama (fiction), and children's and youth – both experienced decreases in volume in 2008; while the documentary genre experienced a 19% increase to \$57 million.

	2001	2002	2003	2004	2005	2006	2007	2008
Total volume of production (\$ millions)								
Drama (fiction)	267	171	30	51	24	88	97	90
Documentary	39	57	27	41	57	30	48	57
Children's and youth	280	138	196	131	135	135	101	91
Other	–	2	0	3	2	–	–	2
Total	587	368	254	225	218	253	246	240

Number of projects

Drama (fiction)	14	12	5	4	2	6	6	7
Documentary	32	47	27	31	29	20	24	24
Children's and youth	36	18	22	17	19	17	17	12
Other	–	1	–	2	1	–	–	1
Total	82	78	54	54	51	43	47	44

Average project budgets (\$ millions)

Drama (fiction)	19.1	14.3	6.0	12.7	12.1	14.7	16.2	12.8
Documentary	1.2	1.2	1.0	1.3	2.0	1.5	2.0	2.4
Children's and youth	7.8	7.7	8.9	7.7	7.1	7.9	6.0	7.6
Other	–	2.2	–	1.4	1.8	–	–	2.2
Total	7.2	4.7	4.7	4.2	4.3	5.9	5.2	5.5

Source: Telefilm Canada.

Notes: Total volume refers to the global budget rather than only the Canadian portion of the budget. Statistics are subject to change. Some totals may not add due to rounding.

AUDIENCES

Top-Rated Television Programs

Canadian-produced television programs improved their position among the top-watched television programs in Canada between September 2007 and August 2008: Canadian-produced television series occupied three spots among the ten top-rated television series, up from zero in 2006/07.

Canadian television programs also improved their overall share of peak-period viewing in the English-language market in 2006/07; however, all four of the CTF-supported genres (drama, children's and youth, documentary, and variety and performing arts) posted lower peak-period audience shares.

In the French-language market, Canadian television programs maintained an overall two-thirds share of total peak-period viewing, with all of the CTF-supported genres holding more than a 50% share of peak-period viewing.

Between September 2007 and May 2008, *American Idol* was the highest-rated television series in Canada, with an average minute audience (AMA) of 2.574 million for its performance show. The highest-rated Canadian produced television series was the French-language fictional mini-series, *Les Lavigreur*, with an AMA of 2.20 million.

Top ten television series in Canada, September 2007 to May 2008

Program (country of origin)	Average Minute Audience* (000s)
1. American Idol 6 – Performance Show (United States [U.S.])	2,574
2. American Idol 6 – Results Show (U.S.)	2,468
3. Les Lavigreur, la vraie histoire (Canada)	2,199
4. Grey's Anatomy (U.S.)	2,151
5. Canadian Idol 5 - Results (Canada)	2,084
6. House (U.S.)	2,045
7. Canadian Idol 5 - Performance (Canada)	1,993
8. C.S.I. (U.S.)	1,928
9. Dancing with the Stars 5 – Performance. (U.S.)	1,910
10. Desperate Housewives (U.S.)	1,872

Source: CTF Research (BBM Nielsen).

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

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

Top ten Canadian-produced television series, September 2007 to May 2008

Program	Average Minute Audience* (000s)
1. Les Lavigreur, la vraie histoire (French)	2,199
2. Canadian Idol 5 - Results (English)	2,084
3. Canadian Idol 5 - Performance (English)	1,993
4. Les Boys (French)	1,419
5. Annie et ses hommes (French)	1,274
6. Les soeurs Elliot (French)	1,212
7. Juste pour rire (French)	1,193
8. Corner Gas (English)	1,155
9. Flashpoint (English)	1,145
10. Taxi 0-22 (French)	1,127

Source: CTF Research (BBM Nielsen).

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

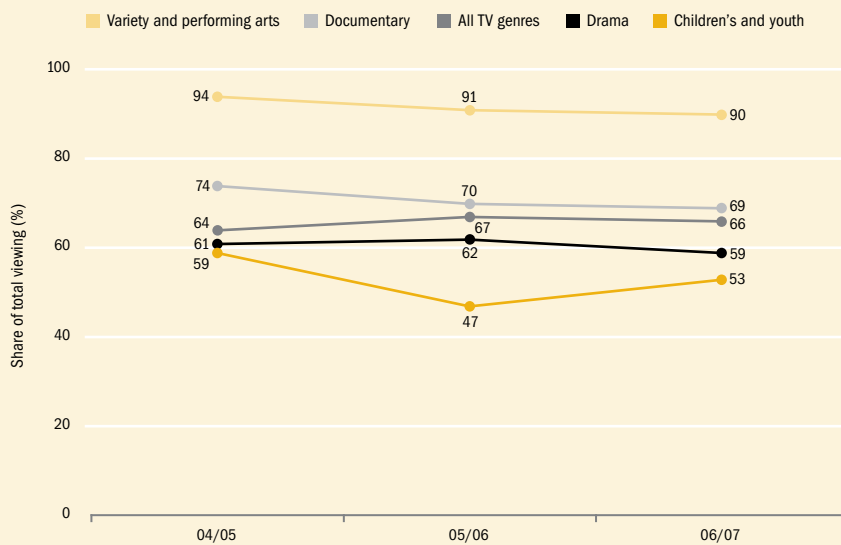
Note: The list of top television programs is based only on television programs in the CTF-supported genres (drama, children's and youth, documentary, and variety and performing arts).

French-Language Market

Canadian programming continued to hold a strong share of audiences in Canada's French-language market in 2006/07. All Canadian television programming accounted for 66% of total peak-period viewing in the French-language market. The top-ten Canadian-produced television series in the French-language market all earned AMAs in excess of one million.

Television audience share to Canadian programming, French-language market

In the French-language market, Canadian drama programs captured 59% of the peak-period viewing to all drama programming on Canadian television; in the documentary genre, the share was 69%; in the children's and youth genre, 53%; and in the variety and performing arts genre, 90%.



Source: CTF Research (BBM Nielsen).

Top ten Canadian television series in the French-language market, September 2007 to May 2008

Between September 2007 and May 2008, the top-rated Canadian-produced French-language television series was *Les Lavigueur*, followed by the comedy series, *Les Boys*, and the long-running drama series, *Annie et ses hommes*.

Program	Average Minute Audience* (000s)
1. Les Lavigueur, la vraie histoire	2,199
2. Les Boys	1,419
3. Annie et ses hommes	1,274
4. Les soeurs Elliot	1,212
5. Juste pour rire	1,193
6. Taxi 0-22	1,127
7. L'Auberge du chien noir	1,122
8. Destinées	1,103
9. Nos étés	1,040
10. Providence	1,036

Source: CTF Research (BBM Nielsen).

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

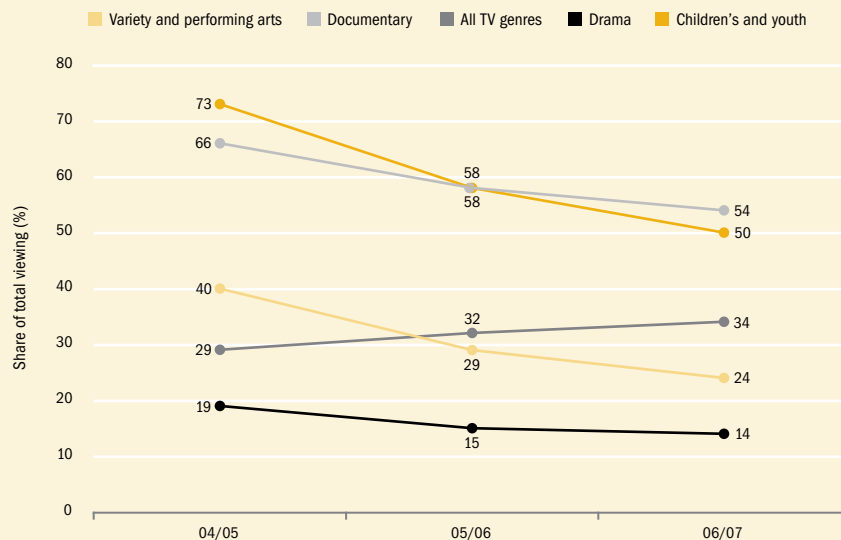
Note: The list of top television programs is based only on television programs in the CTF-supported genres (drama, children's and youth, documentary, and variety and performing arts).

English-Language Market

Between 2004/05 and 2006/07, Canadian television programming in the English-language market improved its overall share of peak-period viewing by five percentage points, increasing from 29% to 34%. Despite this overall improvement, Canadian television programming in each of the CTF-supported genres lost audience share over the three-year period. As well, the children's and youth, and documentary genres were the only two CTF-supported genres in the English-language market in which the audience share of Canadian programming was over 50% of peak-period viewing.

Television audience share to Canadian programming, English-language market

In the English-language market, Canadian drama programs captured 14% of the peak-period viewing to all drama programming on Canadian television; in the documentary genre, the share was 54%; in the children's and youth genre, 50%; and in the variety and performing arts genre, 24%.



Source: CTF Research (BBM Nielsen).

Top ten Canadian television series in the English-language market, September 2007 to August 2008

Program	Average Minute Audience* (000s)
1. Canadian Idol 5 – Results	2,199
2. Canadian Idol 5 – Performance	1,993
3. Corner Gas	1,155
4. Flashpoint	1,145
5. Rick Mercer Report (Tuesday)	744
6. Little Mosque on the Prairie	681
7. The Tudors	673
8. Robson Arms	639
9. The Border	629
10. Royal Canadian Air Farce Live	616

Source: CTF Research (BBM Nielsen).

* Average Minute Audience (Aged 2+) – the number of viewers, aged two and over, tuned to the average minute of a program.
Note: The list of top television programs is based only on television programs in the CTF-supported genres (drama, children's and youth, documentary, and variety and performing arts).

THEATRICAL PRODUCTION

Canadian theatrical production (or theatrical-release production) includes feature films and short films¹¹ made with movie theatres as the primary venue for initial release to the public. In recent years, many Canadian theatrical films, such as *Passchendaele*, *Cruising Bar 2*, *Up the Yangtze*, *Dans une galaxie près de chez vous 2* and *Blindness* have had strong box office runs and critical acclaim.

HIGHLIGHTS

- Canadian theatrical production totalled \$273 million, a decrease of 7%.
- Canadian producers made 75 feature-length theatrical films and 7 short-length theatrical films.
- The total number of theatrical films made by Canadian producers dropped from 105 to 82.
- Canadian theatrical production generated an estimated 6,900 FTEs, including 2,700 FTEs employed directly in production.
- English-language production declined to \$181 million and accounted for 66% total production volume; the number of English-language films fell from 66 to 45 in 2007/08.
- The number of French-language films held steady at 36, but volume dropped by 16% to \$85 million.
- There were 67 Canadian theatrical films made in the fiction genre, accounting for 88% of the total volume of production.
- The average budget of English-language films rose to \$3.8 million, from \$3.3 million the year before. The average budget of French-language films decreased to \$2.8 million, from \$3.4 million in 2006/07.
- The share of the number of films with budgets over \$10 million increased from 2% to 5%; the share of the number of films with budgets under \$5 million dropped from 79% to 71%.
- Quebec-based producers accounted for 43% of the total volume of Canadian theatrical production.
- Public sources accounted for more than half of total financing of Canadian theatrical-release films. The Canada Feature Film Fund, itself, accounted for 25% of all financing.
- Foreign sources accounted for 11% of total financing for Canadian theatrical films and was higher in 2007/08 than the year before. The level of foreign financing was however still well below levels seen in 2005/06 and 2003/04.

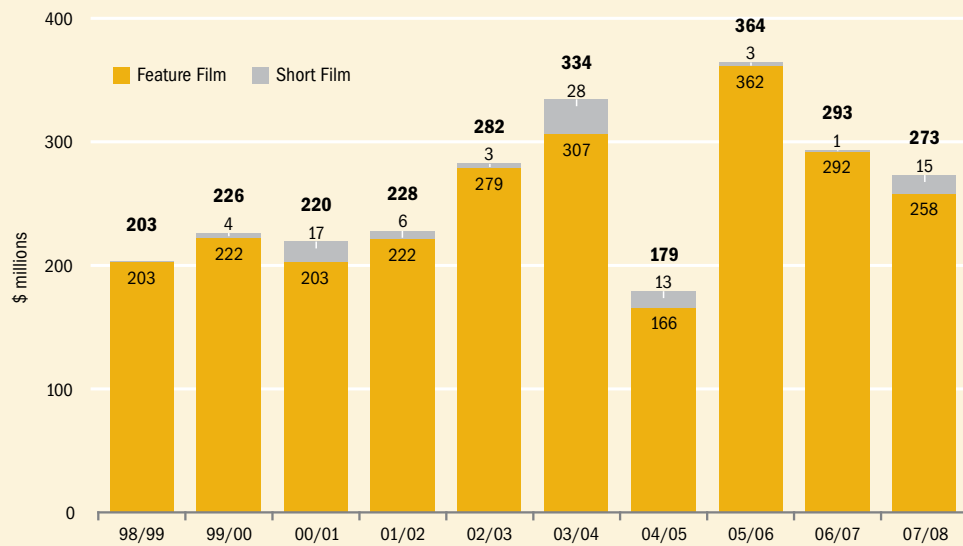
¹¹ For this report, the feature film category includes all films over 74 minutes in length; the short film category includes films under 74 minutes.

VOLUME

A drop in the number of feature-length Canadian theatrical films produced in 2007/08 led to an overall decline of 7% in the volume of Canadian theatrical production.

Total volume of Canadian theatrical production

The total volume of Canadian theatrical production decreased 7% to \$273 million.

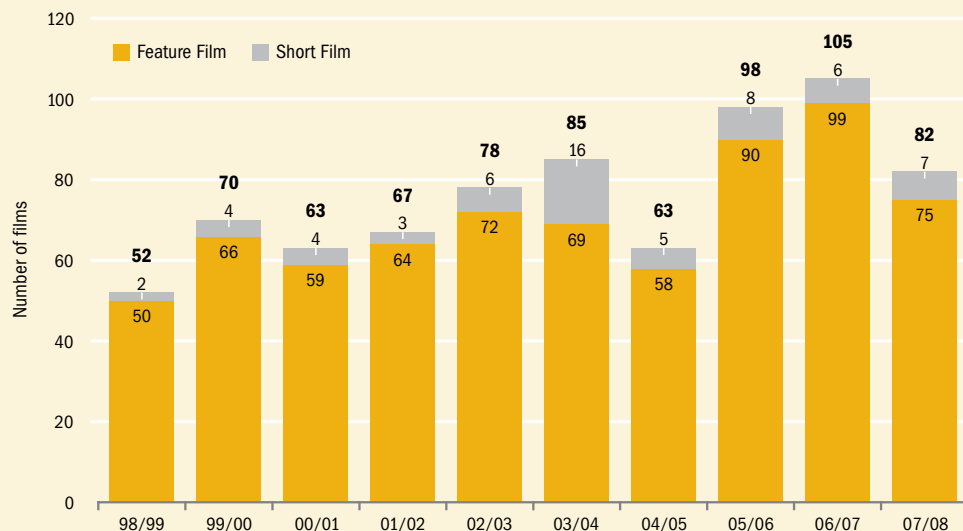


Source: Estimates based on data collected from CAVCO.

Note: Feature film category includes films over 74 minutes in length; short film category includes films under 74 minutes in length.

Number of Canadian theatrical films produced in Canada

The number of feature-length Canadian films produced for theatrical release dropped from 99 in 2006/07 to 75 in 2007/08, leading to an overall decrease in the total number of produced theatrical films from 105 to 82.



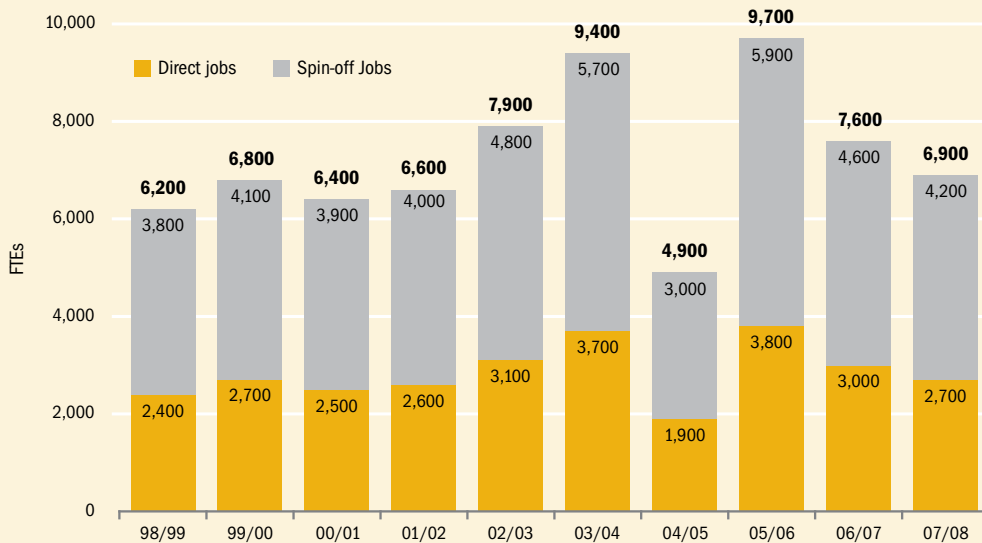
Source: Estimates based on data collected from CAVCO.

Note: Feature film category includes films over 74 minutes in length; short film category includes films under 74 minutes in length.

EMPLOYMENT

Canadian theatrical production created an estimated 6,900 FTEs in 2007/08, including 2,700 FTEs directly in theatrical film production, and a further 4,200 spin-off FTEs in other industries in the Canadian economy.

Number of FTEs in Canadian theatrical production



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

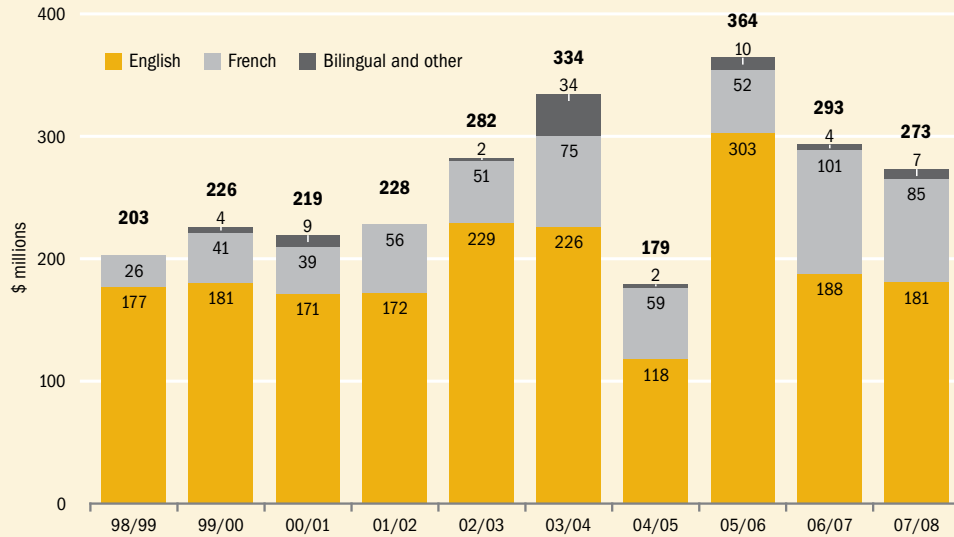
Note: Nordicity updated the job-estimation methodology in Profile 2009 using new data available from Statistics Canada 2006 Census. See the Notes on Methodology section for a description of the job-estimation methodology.

LANGUAGE

While the volumes of Canadian theatrical production originally shot in English or French were both lower in 2007/08, the steepest decline was among films originally shot in French. After nearly doubling to over \$100 million in 2006/07, the volume of Canadian theatrical production originally shot in French fell by 16%. Despite this steep drop in volume, the number of French-language Canadian theatrical projects films produced was unchanged at 36. The reduction in the number of Canadian theatrical projects was confined to the English-language segment of the sector.

Volume of Canadian theatrical production, by language

The volume of Canadian theatrical production originally shot in English decreased 4% to \$181 million in 2007/08. Canadian theatrical production original shot in French fell by 16% to \$85 million. Canadian theatrical production in bilingual format or other languages increased to \$7 million.



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

Number of theatrical films, by language

The number of Canadian theatrical films originally shot in English dropped from 66 to 45 in 2007/08, while the number of Canadian theatrical films originally shot in French was unchanged at 36. There was one Canadian theatrical film shot in bilingual format or another language.

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
English										
Feature film	40	43	42	40	51	41	38	60	63	42
Short film	0	3	2	2	5	9	4	2	3	3
Total	40	46	44	42	56	50	42	62	66	45
French										
Feature film	10	22	16	24	20	26	18	26	34	32
Short film	2	1	1	1	1	5	1	6	2	4
Total	12	23	17	25	21	31	19	32	36	36
Bilingual and other										
Feature film	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Short film	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	0	1	2	0	1	4	2	4	3	1
Grand Total	52	70	63	67	78	85	63	98	105	82

Source: Estimates based on data collected from CAVCO.
Note: Feature film category includes films over 74 minutes in length; short film category includes films under 74 minutes in length.
n/a: data not available.

GENRES

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

The number of fiction features produced for the theatrical market dropped from 87 to 67 in 2007/08, while production volume dropped 11% to \$240 million. The volume of theatrical production in other genres – including documentary, children's and youth, and variety and performing arts – rose by \$10 million to a total of \$33 million; however, the number of projects dropped from 18 to 15.

Volume of Canadian theatrical production, by genre

(\$ millions)	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Fiction	183	225	204	218	275	307	156	357	270	240
Other genres	20	1	15	10	7	27	23	7	23	33
Total	203	226	219	228	282	334	179	364	293	273

Source: Estimates based on data from CAVCO.

Number of Canadian theatrical films, by genre

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Fiction	47	67	59	63	73	71	52	85	87	67
Other genres	5	3	4	4	5	14	11	13	18	15
Total	52	70	63	67	78	85	63	98	105	82

Source: Estimates based on data from CAVCO.

Theatrical documentary production was also lower in 2007/08. The number of theatrical documentaries dropped from 14 to 10, and the total budgets of these films decreased from \$11 million to \$8 million.

Theatrical documentary films

	03/04	04/05	05/06	06/07	07/08
Volume (\$ millions)	26	6	5	11	8
Number of films	11	6	10	14	10

Source: Estimates based on data from CAVCO.

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

BUDGETS

Industry-wide statistics on the budgets for Canadian theatrical feature films in the fiction genre indicate that the average budget moved higher in 2007/08 for English-language films and lower for French-language films. CFFF-supported feature films displayed average budgets, which were both higher than the industry-wide averages (including CFFF-supported and non-CFFF films) and higher than the averages in 2006/07.

The higher average and lower median budgets for English-language films indicate that a small group of large-budget films may have raised the average.

The significant decline in the average and median budgets for French-language films indicates that there was a greater share of lower-budget films in this language market in 2007/08. Overall, the average budget for Canadian theatrical fiction features rose slightly to \$3.4 million in 2007/08.

Budgets of theatrical feature films (fiction genre only)

On an overall basis, the average budget for a Canadian feature-length film in the fiction genre increased from \$3.2 million to \$3.4 million.

(\$ millions per film)	98/99	99/00	00/01	001/02	02/03	03/04	04/05	05/06	06/07	07/08
English										
Average	4.5	4.2	3.8	4.3	4.4	5.0	2.9	5.3	3.3	3.8
Median	3.1	2.7	2.6	2.8	3.5	2.2	1.4	2.7	2.2	2.1
French										
Average	2.6	1.9	2.4	2.3	2.7	3.0	3.4	2.3	3.4	2.8
Median	2.5	1.3	1.9	1.8	2.4	3.0	4.1	3.5	2.3	1.3
Total*										
Average	4.0	3.5	3.4	3.5	3.9	4.6	3.0	4.5	3.2	3.4
Median	3.1	2.3	2.3	2.3	3.0	2.8	1.8	2.7	2.5	2.1

Source: Estimates based on data from CAVCO.

Notes: Calculations exclude the foreign budgets of treaty co-productions.

* including other languages

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

The average budget for English-language feature films supported by CFFF increased to \$5.9 million in 2007/08, but was still below the high of \$6.8 million recorded in 2003/04. The average budget of French-language CFFF films was also higher in 2007, increasing to \$4 million; but was also below the high of \$4.9 million posted in 2004/05.

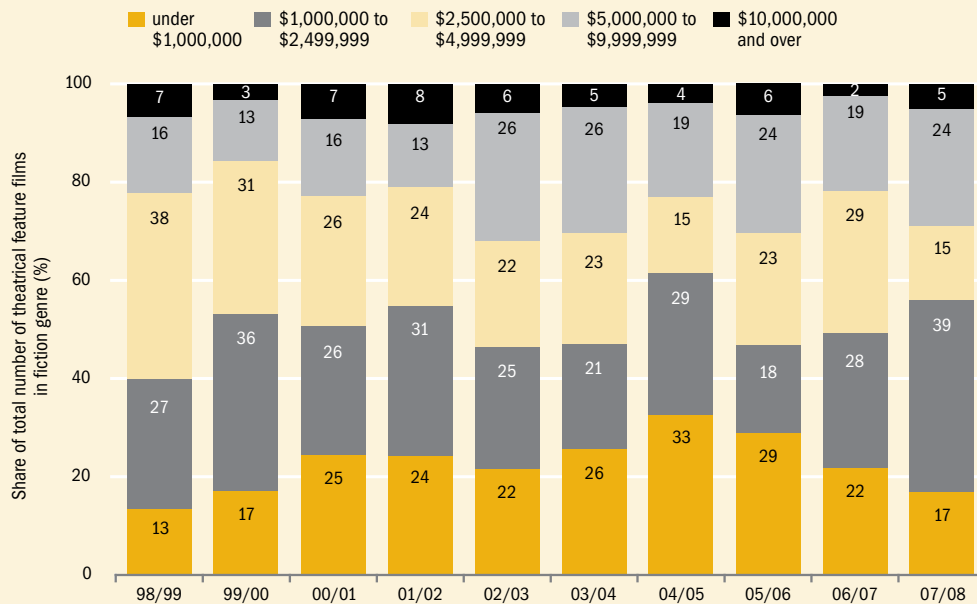
(\$ millions per film)	01/02	02/03	03/04	04/05	05/06	06/07	07/08
English	5.8	3.9	6.8	6.3	5.4	3.8	5.9
French	2.7	3.0	4.8	4.9	3.8	3.6	4.0
All languages	4.6	3.6	5.9	5.8	4.7	3.7	5.1

Source: Telefilm Canada.

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

Theatrical feature film projects, by budget size (fiction genre only)

Between 2004/05 and 2007/08, there was a general shift towards the production of fewer low-budget feature films in the fiction genre, as the share of feature films with budgets of under \$1 million dropped from 33% to 17%. However, the proportion of feature films with budgets of between \$1 million and \$2.5 million increased, and thus kept downward pressure on the overall average budget of feature films in the fiction genre.



Source: Estimates based on data collected from CAVCO.

Notes: Budget calculations exclude the foreign budgets of treaty co-productions. Some shares do not add due to rounding.

PRODUCTION BY PROVINCE

Quebec maintained its position as the leading province for Canadian theatrical production in 2007/08, with 43% of the total national volume. Ontario-based producers accounted for 38% of the total national volume; while producers based in British Columbia accounted for 9%.

There was some volume of Canadian theatrical production in eight of the ten provinces: only New Brunswick and Prince Edward Island, along with the territories, recorded no Canadian theatrical production in 2007/08.

While producers based in Saskatchewan and Alberta increased their volume of Canadian theatrical production, producers based in Manitoba and Nova Scotia reduced their output of Canadian theatrical production compared to 2006/07 levels.

Volume of Canadian theatrical production, by province

Quebec-based producers generated \$119 million in Canadian theatrical production. They were followed by producers based in Ontario with \$102 million. Producers based in British Columbia generated \$26 million of Canadian theatrical production, 13% less than the year before.

(\$ millions)	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	07/08 share of total
Quebec	63	125	67	102	107	186	91	78	127	119	43%
Ontario	79	33	67	90	88	120	66	207	99	102	38%
British Columbia	47	44	56	29	49	17	14	62	30	26	9%
Saskatchewan	0	5	9	0	4	0	0	0	0	12	4%
Alberta	1	15	8	0	24	2	1	1	5	9	3%
Manitoba	5	2	5	3	6	1	2	3	12	4	1%
Nova Scotia	4	0	0	3	4	8	5	10	17	1	<1%
Newfoundland and Labrador	2	2	5	1	0	0	0	0	0	1	<1%
Territories*	0	0	0	0	0	0	0	3	3	0	0%
New Brunswick	2	0	1	0	0	0	0	0	0	0	0%
Prince Edward Island	0	0	0	0	0	0	0	0	0	0	0%
Total	203	226	219	228	282	334	179	364	293	273	100%

Source: Estimates based on data collected from CAVCO.

Note: Some totals may not add due to rounding.

* Territories include Yukon, Nunavut and Northwest Territories.

FINANCING

Canadian theatrical production continued to rely heavily on financing from federal and provincial governments. In 2007/08 tax credits and direct public financing from federal and provincial governments accounted for more than half of total financing of Canadian theatrical films. In fact, the CFFF was the largest single source of financing for Canadian theatrical production in 2007/08; it contributed \$68 million to production, or 25% of total financing.

The foreign financing for Canadian theatrical films – which dropped to 3% of total financing in 2006/07 – recovered to 11% in 2007/08, but was still well below the 27% share it reached in 2003/04. The share of financing from Canadian distributors and other private sources also increased in 2007/08. These statistics indicate that despite a reduction in overall financing, Canadian filmmakers were able to attract somewhat more international and domestic private-sector to Canadian theatrical production, compared to 2006/07.

Financing of Canadian theatrical production

	2003/04		2004/05		2005/06		2006/07		2007/08	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	3%	8	2%	3	2%	8	2%	4	1%	2
Public broadcaster licence fees	<1%	1	0%	0	1%	3	<1%	1	1%	3
Federal tax credit	7%	24	7%	12	8%	29	6%	17	7%	18
Provincial tax credit	14%	48	13%	24	16%	58	17%	51	15%	42
Canadian distributor	8%	27	12%	21	9%	31	12%	35	15%	41
Foreign	27%	91	9%	17	24%	87	3%	9	11%	29
Production company	9%	29	10%	18	5%	20	11%	32	5%	14
Canada Feature Film Fund	22%	73	31%	55	13%	48	22%	64	25%	68
Independent production funds	1%	3	2%	3	1%	3	1%	3	1%	3
Other public*	3%	11	3%	5	11%	38	18%	54	8%	22
Other private**	6%	19	11%	20	11%	40	8%	22	11%	31
Total	100%	334	100%	179	100%	364	100%	293	100%	273

Source: Estimates based on data obtained from CAVCO. Based on CAVCO classifications.

Note: Some totals may not add due to rounding.

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

** Other private includes financing from broadcaster equity, and other private investors.

Financing of Canadian theatrical production, by language, 2007/08

	English		French	
	%	\$ millions	%	\$ millions
Private broadcaster licence fees	1%	2	1%	1
Public broadcaster licence fees	1%	2	2%	2
Federal tax credit	7%	14	4%	4
Provincial tax credit	14%	26	18%	16
Canadian distributor	16%	29	11%	10
Foreign	12%	21	7%	6
Production company	5%	10	5%	4
Canada Feature Film Fund	26%	47	24%	20
Independent production funds	1%	2	1%	1
Other public*	4%	7	25%	22
Other private**	12%	21	1%	1
Total	100%	181	100%	85

Source: Estimates based on data obtained from CAVCO. Based on CAVCO classifications.

Note: Some totals may not add due to rounding.

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

** Other private includes financing from broadcaster equity, and other private investors.

CANADA FEATURE FILM FUND

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

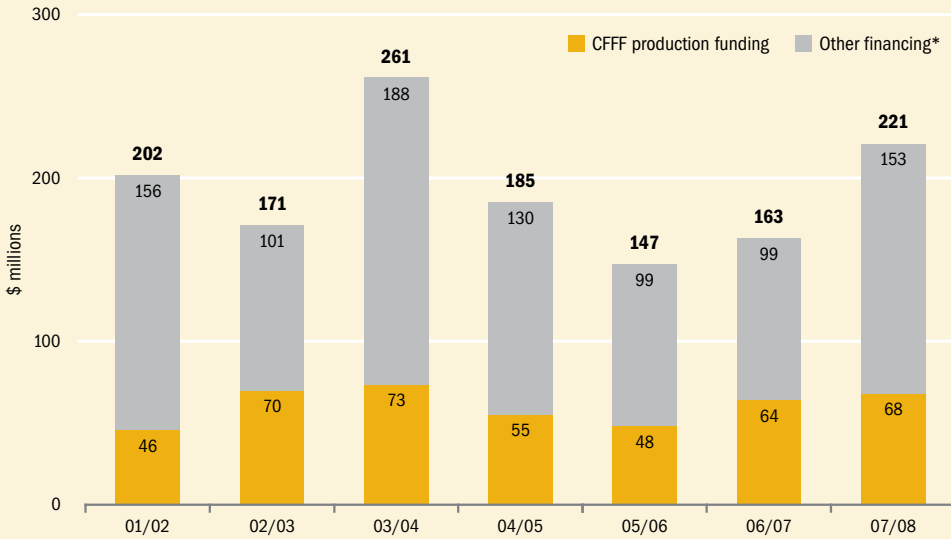
In 2007/08, the CFFF provided approximately \$90 million in financial support to the development, production, distribution and marketing of Canadian feature films.¹² Out of this \$90 million total, Telefilm Canada provided \$68 million in production financing to 43 feature films. This funding from the CFFF triggered an additional \$153 million in feature film financing from other public- and private-sector sources.

¹² Source: Telefilm Canada.

Note: In addition to the funding provided for the development, production, and marketing of Canadian feature films, this amount includes funding for complementary activities such as film festivals.

Total Canadian feature film production volume with CFFF contributions

With feature film financing from other sources totalling \$153 million in 2007/08, the CFFF's financing-leverage ratio (i.e., the ratio of CFFF financing to other financing) improved by 46%, increasing from \$1.54 in 2006/07 to \$2.25 in 2007/08.

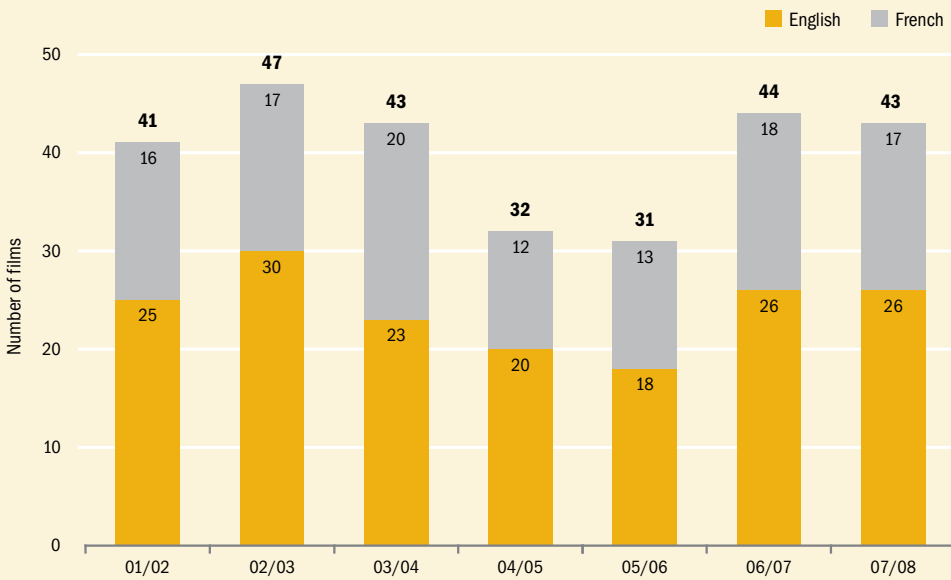


Source: Telefilm Canada.

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

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

Number of Canadian theatrical-release feature films that received financial support from the CFFF



Source: Telefilm Canada.

TREATY CO-PRODUCTION

Treaty co-production with Canada in the theatrical sub-sector

The number of Canadian treaty co-production projects in the theatrical sub-sector dropped by nearly one-half in 2008, from 27 to 14. Meanwhile, the volume of Canadian treaty co-production fell by an even steeper amount: dropping by 82%, from \$321 million in 2007 to \$57 million in 2008.

(\$ millions)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Foreign budgets	94	110	126	94	81	171	115	70	126	199	27
Canadian budgets	92	104	102	95	96	197	106	79	77	123	30
Total volume	186	214	229	189	177	369	221	148	203	321	57
Number of projects	16	21	21	20	21	31	17	16	20	27	14
Average project budget	11.6	10.2	10.9	9.5	8.4	11.9	13.0	9.3	10.1	11.9	4.1

Source: Telefilm Canada.

Note: Some totals may not add due to rounding. Statistics are subject to change.

Treaty co-production with Canada in the theatrical sub-sector, by partner country, 2007 and 2008

France maintained its position as Canada's leading partner country for treaty co-production in the theatrical sub-sector; however, Canada's volume of production with France fell from \$146.1 million in 2007 to \$21.9 million in 2008. Canada's volume of theatrical treaty co-production with the U.K. also experienced a dramatic drop in 2008: it fell from \$81.5 million to only \$4.2 million. Canada's other theatrical treaty co-production partners in 2008 included Ireland, Luxembourg, Switzerland, Japan, and Romania. Canada had one multipartite treaty co-production with Argentina and France.

Country	Number of projects		Total volume (\$ millions)	
	2007	2008	2007	2008
Bipartite				
France	9	5	146.1	21.9
Ireland	–	2	–	10.0
Luxembourg	–	2	–	6.4
Switzerland	1	1	4.5	4.4
United Kingdom	5	1	81.5	4.2
Japan	–	1	–	2.4
Romania	–	1	–	2.1
Germany	2	–	19.0	–
China	3	–	16.3	–
Czech Republic	2	–	2.8	–
Australia	1	–	2.6	–
Belgium	1	–	2.3	–
Total Bipartite	24	13	275.2	51.3
Multipartite				
Argentina-France	–	1	–	6.2
Japan-Brazil	1	–	26.8	–
Germany-France	1	–	16.0	–
Switzerland-France	1	–	3.5	–
Total Multipartite	3	1	46.3	6.2
Grand Total	27	14	321.5	57.5

Source: Telefilm Canada.

Some totals may not add due to rounding.

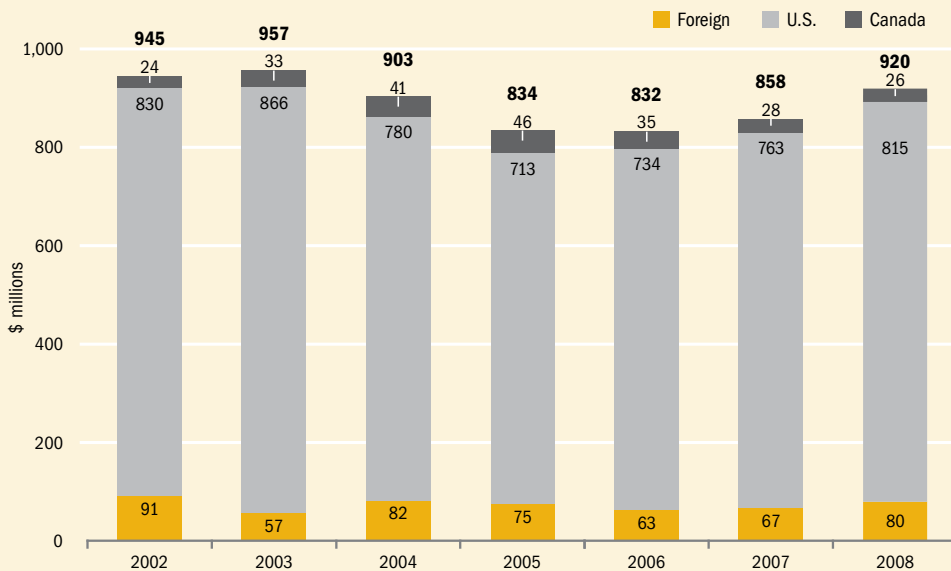
Note: Total volume refers to the global budget rather than only the Canadian portion of the budget. Statistics are subject to change.

NATIONAL BOX OFFICE TRENDS

The total box office at theatres in Canada rose for the second consecutive year, however, Canadian films continued to experience a three-year trend of decreasing box office share in 2008. American films' experienced a slight decline in their share of the box office at theatres in Canada, while films from other foreign countries experienced a slight increase.

Box office revenues in Canada, by origin of production

Theatres in Canada collected \$920 million in box office revenues in 2008 – an increase of 7% compared to 2007. Canadian films earned \$26 million at the box office in Canada; American films, earned \$815 million; films from other foreign countries earned \$80 million.



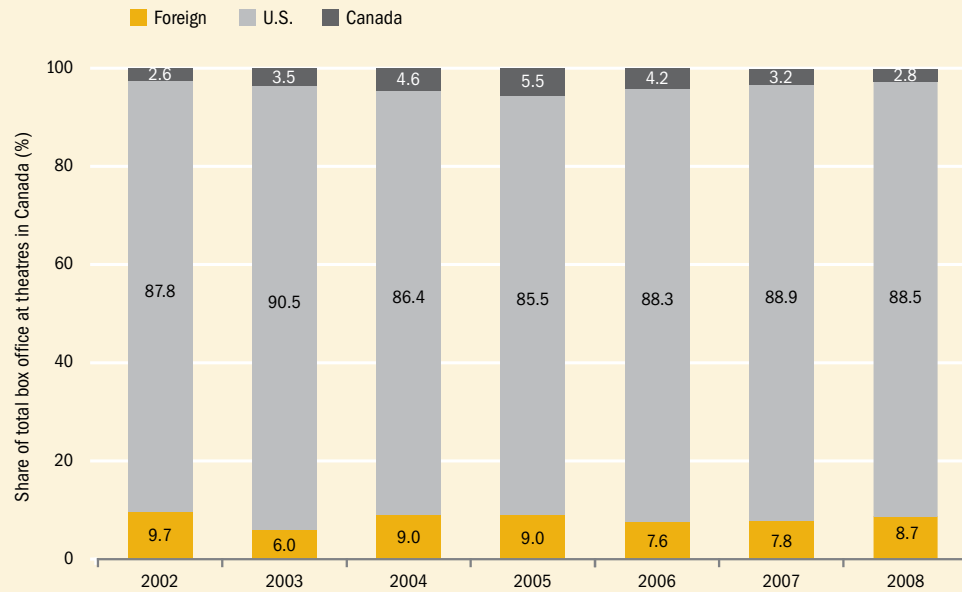
Source: Motion Picture Theatre Associations of Canada (MPTAC).

Notes: Some totals may not due to rounding. Some figures may differ from statistics published by MPTAC, due to differences in the coding of certain theatrical films' country of origin.

Further detailed Canadian box office statistics are available from the Motion Picture Theatre Associations of Canada (MPTAC) which offers a subscription service. For more information call Adina Lebo, Executive Director, MPTAC, at (416) 969-7057.

Box office revenues in Canada, by origin of production

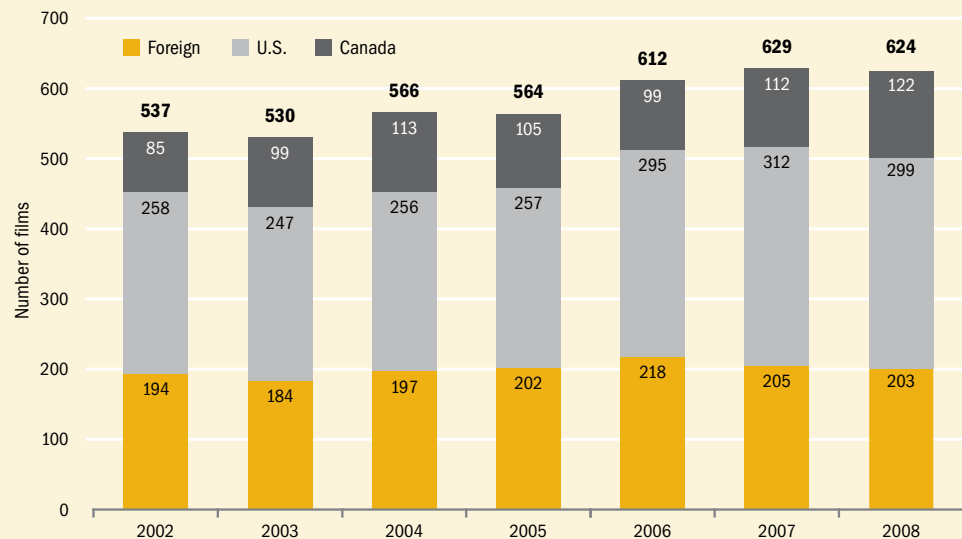
Canadian films saw their share of the box office in Canada drop to 2.8% in 2008, from 3.2% in 2007. American films share was down slightly to 88.5%, from 88.9% in 2007. Films from other foreign countries captured 8.7%, up slightly from 7.8% in 2007.



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

Notes: Some totals may not add due to rounding. Some figures may differ from statistics published by MPTAC, due to differences in the coding of certain theatrical films' country of origin.

Number of films playing in theatres in Canada, by origin of production



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

Notes: Some figures may differ from statistics published by MPTAC, due to differences in the coding of certain theatrical films' country of origin.

BOX OFFICE BY LINGUISTIC MARKET

When examined on the basis of Canada's two major language markets¹³ for feature films, the box office performance of Canadian films varied considerably in 2008. Canadian films' share of the box office in Canada's French-language market was 13.8%. In the English-language market, Canadian films' share was 1.1%.

Canadian films exhibited in the French-language market earned \$17.4 million at theatres in Canada in 2008, and saw their market share decline for the third consecutive year. Canadian films in the English-language market earned \$8.5 million at theatres in Canada and saw their market share increase slightly.

Box office revenues and market share at theatres in Canada, by linguistic market

	2002	2003	2004	2005	2006	2007	2008
French-language market							
<i>(\$ millions)</i>							
Box office of Canadian films	15.2	26.5	30.0	37.4	22.3	20.8	17.4
Box office of foreign films	107.0	118.0	106.7	101.1	108.1	107.6	108.5
Total box office of films	122.2	144.5	136.7	138.5	130.4	128.5	125.9
Canadian films' share	12.5%	18.3%	21.2%	27.0%	17.1%	16.2%	13.8%
<i>(Number of films playing in theatres in Canada)</i>							
Canadian films	52	68	86	80	79	84	79
Foreign films	262	289	298	302	344	328	293
All films	314	357	384	382	423	412	372
Ratio of foreign to Canadian films	5.0	4.3	3.5	3.8	4.4	3.9	3.7
English-language market							
<i>(\$ millions)</i>							
Box office of Canadian films	8.9	6.8	12.1	8.1	12.5	6.9	8.5
Box office of foreign films	814.0	805.4	754.1	687.4	703.2	722.2	786.0
Total box office of films	822.9	812.2	766.2	695.5	715.7	729.1	794.5
Canadian films' share	1.1%	0.8%	1.6%	1.2%	1.7%	1.0%	1.1%
<i>(Number of films playing in theatres in Canada)</i>							
Canadian films	60	56	67	62	57	63	72
Foreign films	395	362	377	388	413	438	436
All films	455	418	444	450	470	501	508
Ratio of foreign to Canadian films	6.6	6.5	5.6	6.3	7.2	7.0	6.1

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

Note: Some totals may not add due to rounding. Some figures may differ from statistics published by MPTAC, due to differences in the coding of certain theatrical films' country of origin.

¹³ In Canada, the French-language market refers to all films presented in French. This includes films for which the original language of production was French, as well as other films dubbed into French, or presented with French subtitles. The English-language market refers to all films presented in English (original language, dubbed or subtitled).

TOP FILMS BY LANGUAGE OF PRESENTATION

Top ten films presented in the English-language market, 2008

The ten highest-grossing films in Canada's English-language market in 2008 were either American or British. In the English-language market, there were no Canadian films ranked among the top ten films.

Title	Box office receipts (\$ millions)	Country of origin
1. The Dark Knight	50.8	U.S.
2. Indiana Jones and the Kingdom of the Crystal Skull	28.3	U.S.
3. Iron Man	26.6	U.S.
4. Quantum of Solace	22.5	U.K.
5. Hancock	18.9	U.S.
6. Mamma Mia!	18.7	U.S.
7. Wall-E	17.6	U.S.
8. Sex and the City	17.6	U.S.
9. Kung Fu Panda	17.3	U.S.
10. Twilight	17.2	U.S.

Source: Motion Picture Theatre Associations of Canada (MPTAC).
Note: Some figures may differ from statistics published by MPTAC, due to differences in the classification of revenues from the French- and English-language markets.

Top ten films presented in the French-language market, 2008

In the French-language market, American or British films occupied nine of the top ten spots. The only Canadian film among the top ten was *Cruising Bar 2*, which was in third place with \$3.5 million in box office receipts in Canada's French-language market. Non-Canadian films expanded their share of the top ten films in the French-language market in 2008, increasing from seven of the top ten spots in 2007.

Title	Box office receipts (\$ millions)	Country of origin
1. Le chevalier noir (The Dark Knight)	4.9	U.S.
2. Indiana Jones et le royaume du crâne de cristal (Indiana Jones and the Kingdom of the Crystal Skull)	3.8	U.S.
3. Cruising Bar 2	3.5	Canada
4. Hancock	2.9	U.S.
5. Iron Man	2.9	U.S.
6. Madagascar 2 : La grande évasion (Madagascar: Escape to Africa)	2.8	U.S.
7. Twilight : La fascination (Twilight)	2.7	U.S.
8. Voyage au centre de la terre (Journey to the Center of the Earth)	2.5	U.S.
9. 007 Quantum (Quantum of Solace)	2.3	U.K.
10. Wall-E	2.3	U.S.

Source: Motion Picture Theatre Associations of Canada (MPTAC).
Note: Some figures may differ from statistics published by MPTAC, due to differences in the classification of revenues from the French- and English-language markets.

Top ten Canadian-produced films presented in the English-language market, 2008

The top-grossing Canadian-produced film in Canada's English-language market in 2008 was the World War I drama, *Passchendaele*, which earned over \$4.3 million in box office receipts at theatres in Canada in the English-language market.

Title	Box office receipts (\$ millions)	Original language of production
1. Passchendaele	4.34	English
2. Blindness	0.63	English
3. Up the Yangtze	0.55	English-Mandarin
4. Young People Fucking	0.48	English
5. The Stone Angel	0.48	English
6. Fugitive Pieces	0.35	English
7. How She Move	0.31	English
8. Heaven on Earth	0.25	Punjabi-English
9. Amal	0.25	English
10. My Winnipeg	0.16	English

Source: Motion Picture Theatre Associations of Canada (MPTAC).
Note: Some figures may differ from statistics published by MPTAC, due to differences in the classification of revenues from the French- and English-language markets.

Top ten Canadian-produced films presented in the French-language market, 2008

In the French-language market, four Canadian-produced films – *Cruising Bar 2*, *Babine*, *Dans une Galaxie Près de Chez Vous 2* and *Borderline* – earned more than one million dollars at theatres in Canada in the French-language market in 2008.

Title	Box office receipts (\$ millions)	Original language of production
1. Cruising Bar 2	3.46	French
2. Babine	2.22	French
3. Dans une galaxie près de chez vous 2	1.93	French
4. Borderline	1.27	French
5. La ligne brisée	0.89	French
6. Le grand départ	0.87	French
7. Le dernier continent	0.87	French
8. Un été sans point ni coup sûr	0.82	French
9. Maman est chez le coiffeur	0.60	French
10. L'Âge des ténèbres	0.60	French

Source: Motion Picture Theatre Associations of Canada (MPTAC).
Note: Some figures may differ from statistics published by MPTAC, due to differences in the classification of revenues from the French- and English-language markets.

FOREIGN LOCATION AND SERVICE PRODUCTION

The foreign location and service (FLS) production sector is largely comprised of feature films and television programs filmed in Canada by foreign producers or by Canadian service producers on behalf of foreign producers. The majority of FLS production is made by producers based in the United States (U.S.); however, approximately 10% to 15% of the production activity in this sector is made by Canadian producers. During the past five years, Canada's FLS production sector has generated numerous successful Oscar-winning films, such as *Brokeback Mountain*, *Capote* and *Juno*.

HIGHLIGHTS

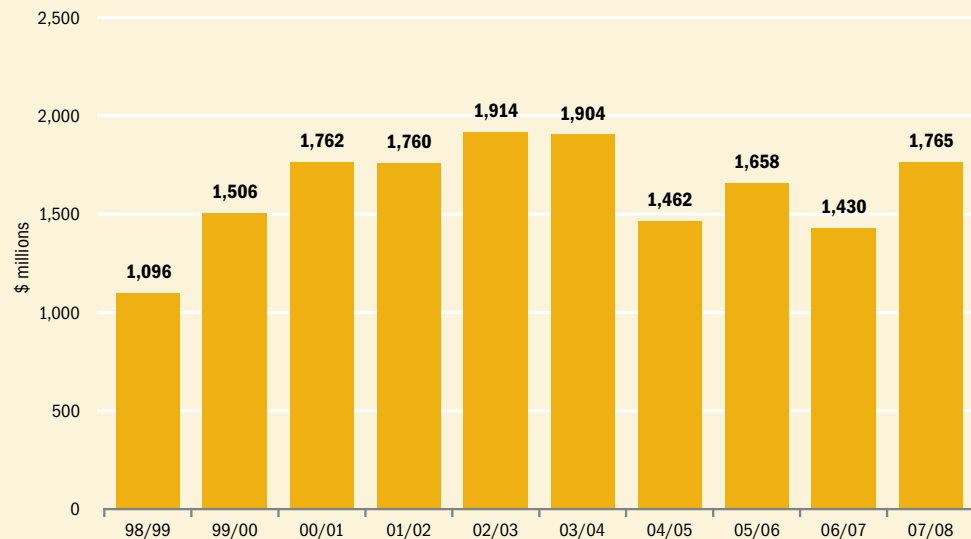
- The total volume of FLS production in Canada was \$1.8 billion – an increase of 23% from \$1.4 billion in 2006/07.
- There were a total of 210 FLS production projects in Canada – an increase of 29% from 162 in 2006/07.
- The overall increase in FLS production volume was largely driven by higher levels of feature film production in British Columbia.
- FLS production generated an estimated 44,500 FTEs, including 17,500 FTEs directly in film and television production.
- British Columbia accounted for 67% of all FLS production volume in Canada.
- British Columbia, Ontario and Manitoba experienced increases in FLS production volume, while Quebec, Nova Scotia, and Alberta saw their levels of FLS production drop.
- U.S.-based producers accounted for 78% of all FLS projects in 2007/08.

VOLUME

Despite the high value of the Canadian dollar in 2007 and 2008, and increased competition from other jurisdictions – particularly American states with their own tax incentives – the volume of FLS production in Canada jumped by 23% in 2007/08. After falling by 14% in 2006/07 to an eight-year low of \$1.4 billion, Canada's volume of FLS production rose by \$334 million to reach close to \$1.8 billion.

Over the longer-term, the FLS production sector has been a quite success story for Canada, and an important driver of higher overall production volume. In the span of five years, the volume of FLS production rose by 75% from \$1.1 billion in 1998/99 to \$1.9 billion in 2002/03.

Total volume of foreign location and service production



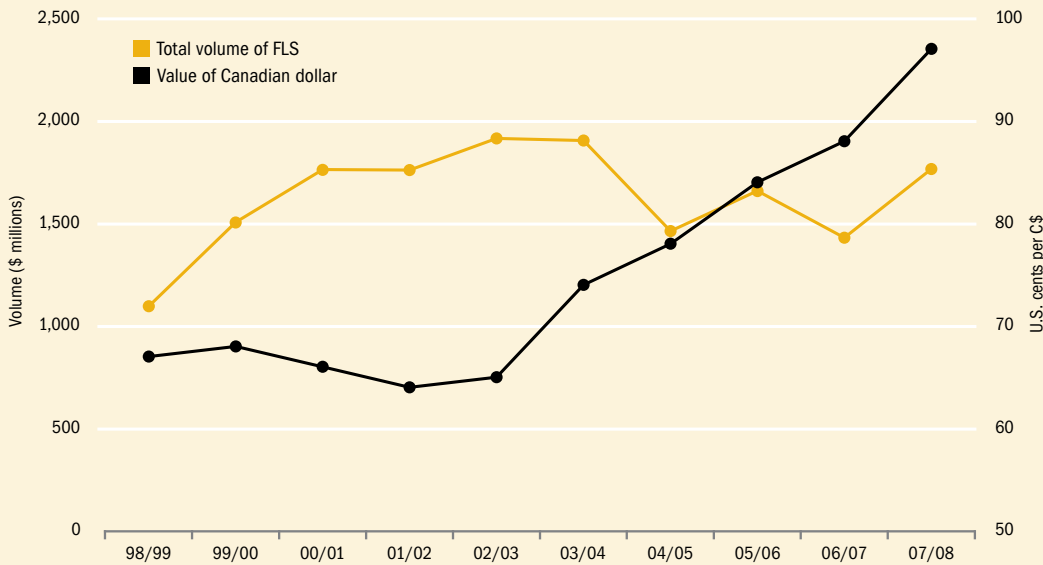
Source: Association of Provincial Funding Agencies and the Department of Canadian Heritage.

Note: The Association of Provincial Funding Agencies collects data for foreign location production from provincial film commissions and film development corporations.

The total volume of FLS production dropped sharply in 2004/05, one year after the Canadian dollar started to rise in value from below 70 U.S. cents. However, Canada’s volume of FLS production did not fall any further after 2004/05, even as the Canadian dollar rose by another 20 U.S. cents to close to parity with the U.S. dollar. The fact that most provincial and territorial governments moved quickly to modify their respective funding support programs appears to have helped cushion the rise of the Canadian dollar to some extent.

As well, it would appear that Canada’s numerous purpose-built studios, quality crews and proven track record of delivering films on-time and on-budget have allowed it to develop into more than just a low-cost location for Hollywood production.¹⁴

Total volume of foreign location service production vs. Canadian dollar



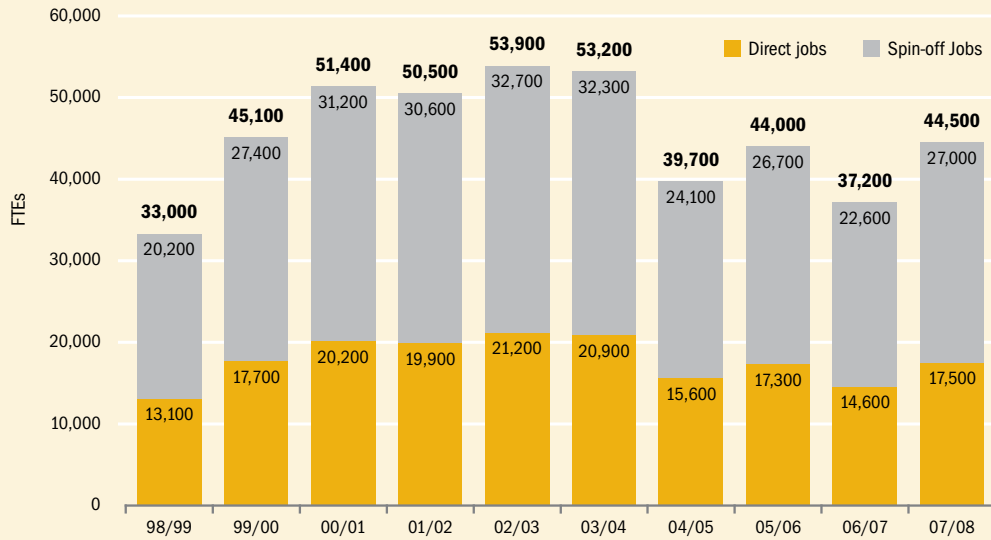
Source: Bank of Canada, Association of Provincial Funding Agencies and the Department of Canadian Heritage.
 Note: The Association of Provincial Funding Agencies collects data for foreign location production from provincial film commissions and film development corporations.

¹⁴ Ilona Beiks, "B.C. extends tax credits to stabilize industry," *Playback Magazine*, Oct 29, 2007.

EMPLOYMENT

FLS production created an estimated 44,500 FTEs in 2007/08, including 17,500 FTEs directly in film and television production, and a further 27,000 spin-off FTEs in other industries in the Canadian economy.

Number of FTEs in foreign location and service production



Source: Estimates based on data from the Association of Provincial Funding Agencies, the Department of Canadian Heritage, Statistics Canada and The Conference Board of Canada.

Note: Nordicity updated the job-estimation methodology in Profile 2009 using new data available from Statistics Canada 2006 Census. See the Notes on Methodology section for a description of the job-estimation methodology.

PRODUCTION BY PROVINCE

Canada's two largest provinces for FLS production – British Columbia and Ontario – enjoyed strong increases in FLS production in 2007/08. Indeed, the high levels of FLS production volume in British Columbia over the last several years – even while the Canadian dollar was rising in value – suggest that the province may be consolidating its position as one of North America's major centres for film and television production.

Canada's overall increase in FLS production in 2007/08 was largely driven by a sharp rebound in FLS production in British Columbia, where the FLS production volume rose from \$861 million to just under \$1.2 billion – the second-highest level ever recorded in the province.

Ontario and Manitoba also contributed to Canada's rebound in FLS production. Ontario saw its volume of FLS production rise by 22%, after dropping by 37% in 2006/07. In Manitoba, FLS production was up by 47% to \$56 million.

Volume of foreign location and service production, by province

British Columbia, Ontario and Manitoba saw their volumes of FLS production increase in 2007/08. Quebec, Nova Scotia, and Alberta all experienced lower levels of FLS production.

(\$ millions)	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	07/08 share of total
British Columbia	445	664	760	857	830	1,236	567	973	861	1,174	67%
Ontario	347	443	543	561	549	340	521	455	288	350	20%
Quebec	197	213	337	215	399	193	261	99	125	120	7%
Manitoba	27	7	25	33	34	79	54	34	38	56	3%
Nova Scotia	18	60	35	48	52	51	36	61	63	29	2%
Alberta	46	112	57	34	50	0	n/a	37	54	24	1%
Saskatchewan	16	7	0	0	0	0	23	n/a	n/a	13	<1%
Yukon	0	1	2	1	0	2	<1	<1	n/a	n/a	0%
New Brunswick	0	0	3	3	0	0	0	0	0	0	0%
Newfoundland and Labrador	0	0	0	8	0	0	0	0	0	0	0%
Nunavut	0	0	0	0	0	0	0	0	0	0	0%
Prince Edward Island	0	0	0	0	0	n/a	0	0	0	n/a	0%
Northwest Territories	0	0	1	0	0	0	0	0	0	0	0%
Total	1,096	1,506	1,762	1,760	1,914	1,901	1,462	1,659	1,430	1,765	100%

Source: Association of Provincial Funding Agencies and the Department of Canadian Heritage.

Note: Some totals may not add due to rounding.

n/a: data not available.

TYPES

Higher levels of both feature film and television production in British Columbia in 2007/08 accounted for most of the overall increase in Canada's FLS production.

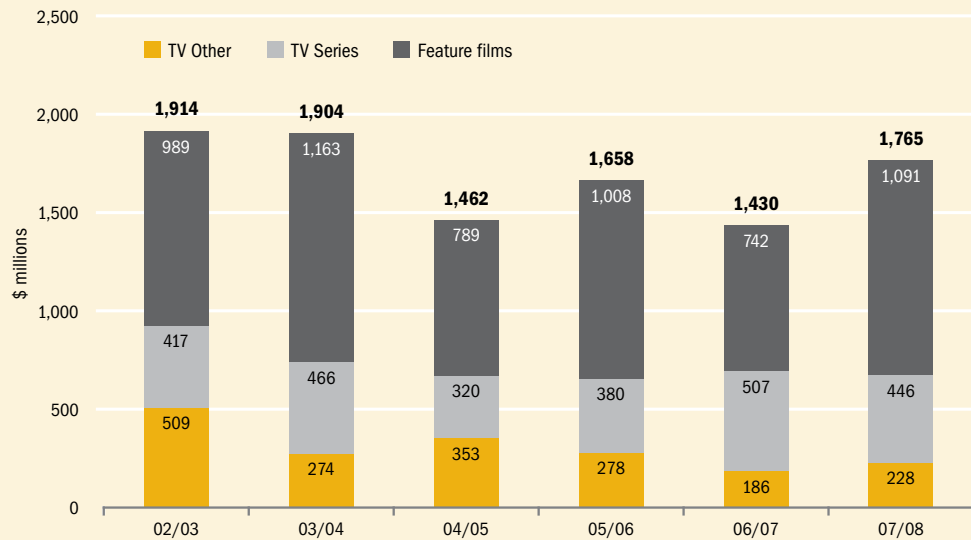
The number of FLS feature films shot in British Columbia jumped from 27 to 47, raising the total volume of feature film FLS production in that province by \$291 million. With several Hollywood feature films, such as *The Incredible Hulk*, *Battle in Seattle*, and *Juno* shooting in Canada in 2007/08, the total volume of feature film FLS production was up by \$349 million, or 47%, on a national basis.

British Columbia also experienced a significant increase in the number of FLS television series made in the province; the number of FLS television series rose by 76%, from 25 to 44. Many American television series, such as *The 4400*, *Men in Trees*, *Battlestar Galactica*, *Stargate Atlantis*, *The L-Word*, and *Smallville* returned for another year of shooting in British Columbia. Despite the higher number of FLS television series in British Columbia, Canada's national volume of television series production was lower in 2007/08.

The production of other types of television programs, including MOWs, mini-series and television pilots, increased by 23%; Ontario, Quebec and Nova Scotia saw increases in the number of other television projects shot in their provinces.

Total volume of foreign location production and service, by type of production

The volume of feature film production in FLS sector jumped by 47% to reach just under \$1.1 billion. Production of FLS television series decreased 12% to \$446 million. The production of other types of television programs (e.g., MOWs, mini-series and television pilots) increased by 23% to \$228 million.



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

Annual number of foreign location and service projects, by province

	02/03	03/04	04/05	05/06	06/07	07/08
British Columbia	65	69	68	94	79	114
Feature films	–	25	19	42	27	47
TV series	–	15	21	13	25	44
TV other	–	29	28	39	27	23
Ontario	76	36	35	49	28	37
Feature films	–	14	13	25	17	17
TV series	–	7	4	7	5	5
TV other	–	15	18	17	6	15
Quebec	39	40	38	22	23	29
Feature films	–	14	19	8	17	11
TV series	–	6	10	5	0	7
TV other	–	20	9	9	6	11
Nova Scotia	13	8	8	14	5	10
Feature films	–	0	0	1	1	0
TV series	–	2	2	3	0	4
TV other	–	6	6	10	4	6
Alberta	3	0	1	9	16	7
Feature films	–	0	0	2	4	0
TV series	–	0	0	0	2	6
TV other	–	0	0	7	10	1
Manitoba	11	9	5	14	8	10
Feature films	–	5	1	7	6	7
TV series	–	0	0	0	0	1
TV other	–	4	4	7	2	2
Saskatchewan	–	0	0	1	2	3
Feature films	–	0	0	1	2	3
TV series	–	0	0	0	0	0
TV other	–	0	0	0	0	0
Yukon	4	3	1	4	1	–
Feature films	–	2	0	1	–	–
TV series	–	0	0	0	0	0
TV other	–	1	1	3	1	–
New Brunswick	–	0	0	0	0	0
Feature films	–	0	0	0	0	0
TV series	–	0	0	0	0	0
TV other	–	0	0	0	0	0
Newfoundland and Labrador	–	0	0	–	0	0
Feature films	–	0	0	–	0	0
TV series	–	0	0	0	0	0
TV other	–	0	0	0	0	0
Prince Edward Island	–	1	0	–	–	–
Feature films	–	1	0	–	–	–
TV series	–	0	0	–	–	–
TV other	–	0	0	–	–	–
Northwest Territories	–	–	–	–	–	–
Feature films	–	–	–	–	–	–
TV series	–	–	–	0	–	–
TV other	–	–	–	0	0	0
Nunavut	–	–	–	–	–	–
Feature films	–	–	–	–	–	–
TV series	–	–	–	–	–	–
TV other	–	–	–	–	–	–
Total	211	166	155	207	162	210

Source: Association of Provincial Funding Agencies (data are not available for years prior to 2002/03).

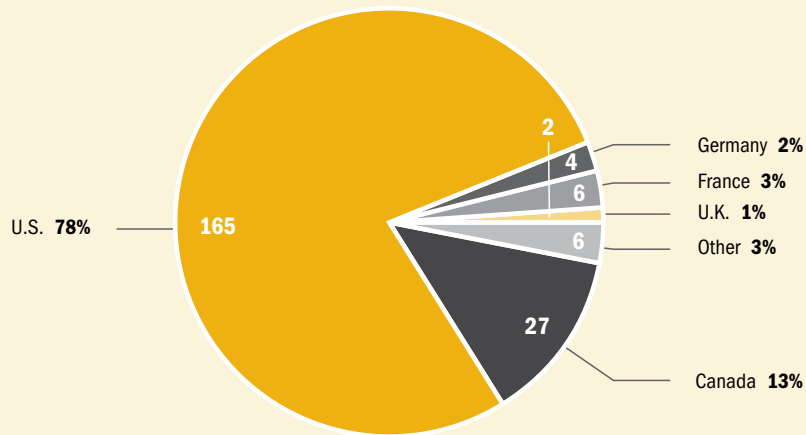
“–” Data not available or reported.

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

COUNTRY

The vast majority of Canada's FLS production originated from U.S.-based producers; they accounted for 165 FLS projects, or 78% of the total number of FLS projects. Germany, France, and the U.K. accounted for a combined 12 projects or 6% of the total; while other countries accounted for 6 projects or 3% of the total. FLS production in 2007/08 also included 27 projects in which Canadian producers held the copyright; these 27 projects accounted for 13% of the total number of projects.¹⁵

Number of foreign location and service projects, by country of copyright, 2007/08



Source: CFTPA survey of provincial funding agencies

¹⁵ 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 co-production, but outside of the auspices of a bilateral co-production treaty.

BROADCASTER IN-HOUSE PRODUCTION

Broadcaster in-house production (“in-house production”) refers to television programs made internally by private commercial television broadcasters, CBC/Radio-Canada, and specialty and pay television services. In-house production is largely comprised of news and sports programming, but can also include production in other genres.

HIGHLIGHTS

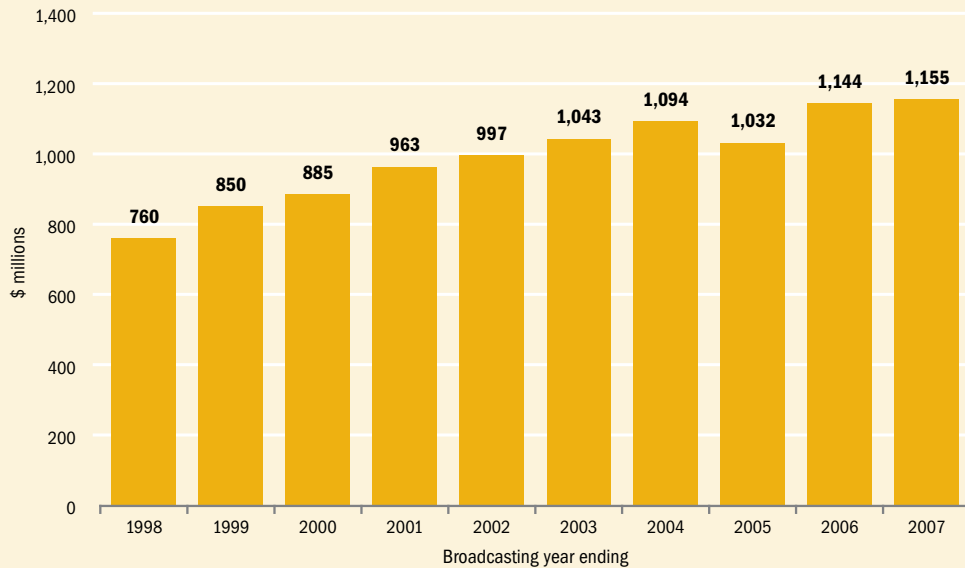
- In-house production, which passed the \$1.1 billion mark during the 2006 broadcasting year, increased by 1% during the 2007 broadcasting year.
- The slight increase in this sector’s production volume was due entirely to increases in in-house production at specialty and pay television services, as in-house production at conventional broadcasters was unchanged.
- In the specialty television segment, volume was up by \$10 million; in the pay television segment, it was up by approximately \$1 million.
- In-house production generated an estimated 29,100 FTEs in Canada in 2007, including 11,400 FTEs employed by Canadian broadcasters directly in in-house production.
- Ontario experienced an increase of less than one per cent in its volume of in-house production in 2007, but still accounted for the largest share (60%) of total in-house production among Canada’s provinces.
- In-house production fell by 12% in British Columbia, largely because of a lower volume of news production by conventional broadcasters in the province.

VOLUME

The total volume of in-house production rose again during the 2007 broadcasting year, albeit at a much slower pace than seen over the past decade. The increase of one per cent in 2007 continued a ten-year trend of steady growth, interrupted only by a temporary drop in volume in 2005 that can be attributed to the cancellation of the National Hockey League season. All of the volume increase in 2007 was due to higher levels of in-house production among specialty and pay television services, as the production level in the conventional television segment was unchanged.

Total volume of broadcaster in-house production

In-house production, which passed the \$1.1 billion mark during the 2006 broadcasting year, increased by 1% during the 2007 broadcasting year.



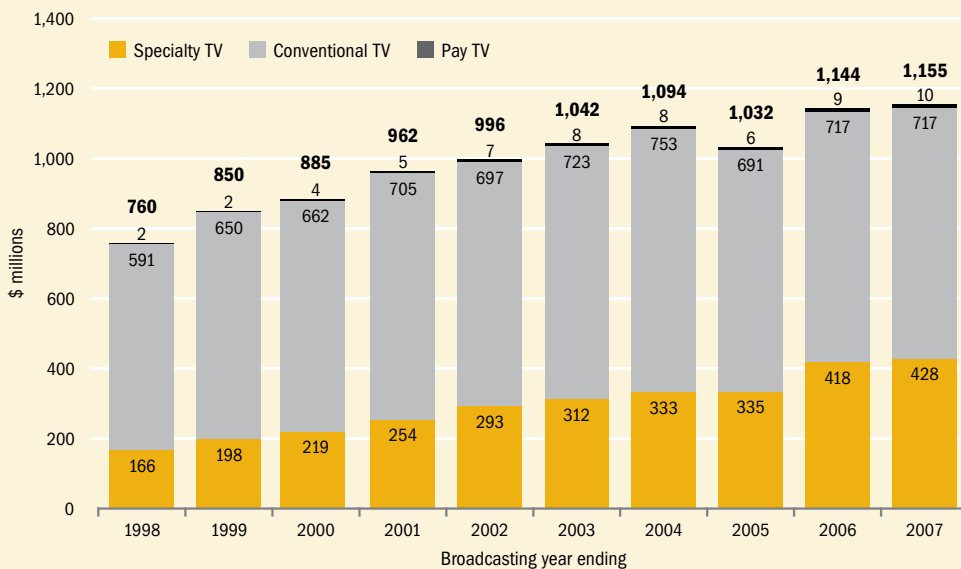
Source: Estimates based on data from CRTC and CBC/Radio-Canada.

SEGMENTS

While private conventional broadcasters did lower their spending on news and sports programming in 2007,¹⁶ the decreases did not drag down the overall level of in-house production in the segment. The specialty and pay television segments, meanwhile, continued to show small increases of \$10 million and \$1 million, respectively, in their levels of in-house production – thus continuing the long-term growth trends in these two segments.

Volume of broadcaster in-house production, by segment

In-house production by conventional broadcasters was unchanged at \$717 million in 2007. In the specialty television segment, in-house production volume increased 2% to \$428 million. In the pay television segment, in-house production volume was \$10 million in 2007, up from \$9 million in 2006.



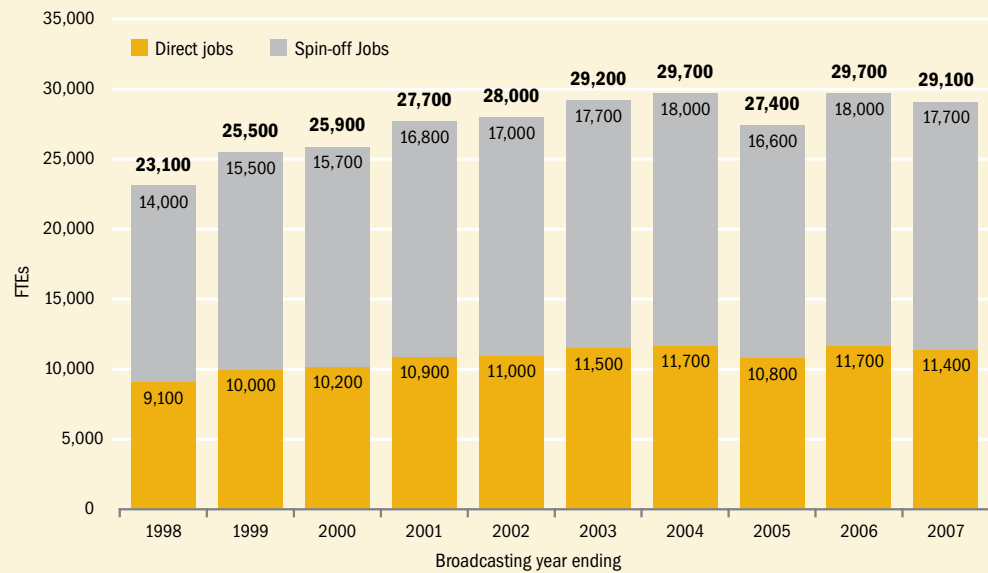
Source: Estimates based on data from CRTC and CBC/Radio-Canada.
 Note: Some totals may not add due to rounding.

¹⁶ CRTC, Communications Monitoring Report 2008, p. 147.

EMPLOYMENT

In-house production created an estimated 29,100 FTEs in 2007, including 11,400 FTEs directly in in-house production at Canadian broadcasters, and a further 17,700 spin-off FTEs in other industries in the Canadian economy.

Number of FTEs in broadcaster in-house production



Source: Estimates based on data from CRTC, CBC/Radio-Canada, Statistics Canada and The Conference Board of Canada.
 Note: Nordicity updated the job-estimation methodology in Profile 2009 using new data available from Statistics Canada 2006 Census.
 See the Notes on Methodology section for a description of the job-estimation methodology.

PRODUCTION BY PROVINCE

Most in-house production during the 2007 broadcasting year was concentrated in Ontario, where many of Canada's English-language conventional broadcasters and specialty and pay television services are based. In-house production in Ontario increased by just under one per cent to \$689 million, and accounted for 60% of total in-house production in Canada.

As the home for all of Canada's French-language conventional broadcasters, and pay and specialty television services, Quebec accounted for 22% of total in-house production; it experienced an 8% increase in in-house production, which reached \$260 million.

Canada's third-largest centre for in-house production, British Columbia, saw its volume of in-house production drop by 12%, to \$82 million, largely because of a \$10 million drop in the production of news programming by private conventional broadcasters.¹⁷

Broadcaster in-house production, by province

(\$ millions)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2007 share of total
Ontario	402	461	486	528	566	588	647	592	684	689	60%
Quebec	189	207	216	240	220	233	246	219	241	260	22%
British Columbia*	60	62	62	65	69	92	87	96	93	82	7%
Alberta	50	55	52	57	67	63	61	64	65	67	6%
Saskatchewan	12	12	12	14	16	13	12	13	16	18	2%
Nova Scotia	18	21	22	23	22	23	14	16	17	15	1%
Manitoba	15	17	20	22	22	16	14	14	15	13	1%
New Brunswick	8	8	8	8	8	8	8	8	8	7	1%
Newfoundland and Labrador	4	5	5	4	5	6	5	8	5	6	<1%
Prince Edward Island	1	1	1	1	1	1	1	1	1	1	<1%
Total	760	850	885	962	996	1,042	1,094	1,032	1,144	1,155	100%

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

Note: Some totals may not add due to rounding.

* Includes the Territories.

Note: A complete set of provincial statistics were not available for private broadcaster in-house production in the Prairie Provinces and Atlantic Canada. For the Prairie Provinces, Nordicity developed estimates based on the historical shares observed in the CRTC statistics prior to 2001 – before the CRTC began to suppress the provincial statistics. The breakdown of private broadcaster in-house production among the provinces in Atlantic Canada was also based on the development of estimates. Because no historical data existed, each province's share of Atlantic Canada's total GDP was used as the proxy variable for the estimate. CBC/Radio-Canada data was available on a provincial basis for 2002 to 2007. The average share across these five years was used to extrapolate provincial data back to 1998.

¹⁷ See CRTC, Conventional Television: Statistical and Financial Summaries, 2003-2007, p. 12.

NOTES ON METHODOLOGY

Estimates of Canadian Production

CAVCO guidelines allow a producer to apply for CAVCO certification up to 30 months after the end of the fiscal year in which principal photography started. As such, the raw CAVCO statistics used to prepare *Profile 2009* may not include data for all productions completed during the 2007/08 fiscal year. To account the fact that the CAVCO statistics may understate the production volume in 2007/08, Nordicity applied a gross-up factor of 10% to the raw CAVCO statistics for 2007/08. This rate of 10% is based on historical rates of under-coverage observed in the CAVCO statistics during the last seven years.

Estimates of CRTC-Certified Canadian Television Production

The estimates of Canadian television production include an estimate of CRTC-certified television production. CRTC-certified television production accounts for estimated 15% of total Canadian television production.

Export Value

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

Direct Jobs Multiplier

Nordicity calculated the number of direct jobs by estimating the share of total production volume that was paid as salary and wages and then dividing 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 2007/08 was \$50,488. 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 of employees paid by the hour in Canada (see Statistics Canada, CANSIM Table 281-0030).

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Average FTE salary	\$41,762	\$42,430	\$43,576	\$44,316	\$45,203	\$45,474	\$46,793	\$47,869	\$48,922	\$50,488

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 created in the film and television production industry, 1.17 additional FTEs were created 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 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 created 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

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Alberta	0.998	1.033	1.019	1.020	1.015	1.028	1.037	1.057	1.073	1.091
British Columbia and Territories	1.044	1.014	1.024	1.007	1.005	1.008	1.003	0.998	1.011	1.008
Manitoba	0.899	0.907	0.904	0.897	0.903	0.901	0.916	0.924	0.922	0.920
New Brunswick	0.888	0.884	0.895	0.892	0.903	0.921	0.917	0.926	0.931	0.925
Newfoundland	0.903	0.918	0.918	0.919	0.929	0.944	0.959	0.972	0.980	0.988
Nova Scotia	0.885	0.893	0.914	0.908	0.908	0.917	0.926	0.934	0.927	0.925
Ontario	1.038	1.049	1.046	1.050	1.049	1.051	1.045	1.036	1.028	1.020
Prince Edward Island	0.790	0.795	0.778	0.782	0.807	0.807	0.829	0.832	0.823	0.835
Quebec	0.969	0.951	0.951	0.957	0.960	0.947	0.948	0.951	0.945	0.948
Saskatchewan	0.925	0.925	0.921	0.915	0.909	0.915	0.926	0.942	0.950	0.958

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 created 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.