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Canada

Economic Impact of Audiovisual Treaty Coproductions and Co-ventures in Canada

Submitted to Canadian Heritage

by Nordicity
in Association with Duopoly

March 31, 2015

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The opinions expressed herein are those of the author and do not necessarily reflect those of Canadian Heritage.

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Glossary

Above-the-line expenditures	Includes production expenditures on story rights, scenario, development costs, and producer and director fees. It also includes the remuneration paid to lead actors.
Audiovisual production	Refers to film and television production.
Below-the-line expenditures	Includes all of the productions expenditures on services and labour used during principal photography. The remuneration of all cast and crew, including supporting actors and extras is included in this category.
Bipartite	Refers to the involvement of a Canadian producer and one other foreign partner in a treaty coproduction or co-venture.
Canadian budgets	Refers to the dollar amount of the Canadian producer's financial participation in an audiovisual project. Equal to Canadian producer's expenditures in Canada and abroad.
Canadian spend	Refers to the dollar amount of production expenditures made by Canadian producers in Canada.
Constant dollars	A measurement of dollar amounts after adjusting for the effects of consumer price inflation.
Correlation coefficient	The correlation coefficient measures the linear relationship between two variables. It ranges between a value of −1 and +1. A correlation coefficient close to +1 indicates a strong positive linear relationship. That is high values of one variable are coincident with high values of the second variable. A correlation coefficient close to −1 indicates the opposite: high values of one variable are coincident with low values of the second variable. A correlation coefficient close to zero indicates that there is no linear relationship between the two variables. A high value of one variable is just as likely to be coincident with a high or low value of the second variable. The correlation coefficient is also referred to as Pearson's correlation coefficient or the Pearson product-moment correlation coefficient.
Co-venture production	An audiovisual coproduction between a Canadian and foreign producer that has been produced without following the modalities of an audiovisual coproduction treaty but for which the Canadian producer has retained some copyright and a share of the revenues. Co-ventures do not receive treaty coproduction certification or national status by the Minister of Canadian Heritage, but in some cases, could still obtain certain types of public funding (e.g. Film or Video Production Services Tax Credit [PSTC]) and a Canadian content certificate from the Canadian Radio-television and Telecommunications Commission.
Direct economic impact	Refers to the employment, GDP and labour income generated within the particular industry that experiences an output shock (see below for definition of *output*). In the context of this analysis, the Canadian film and television production industry.

Domestic production	Any audiovisual production certified as Canadian content by the Canadian Audio-visual Certification Office (CAVCO), eligible for the Canadian Film or Video Production Tax Credit (CPTC) and produced outside of an audiovisual coproduction treaty.
Economic Intensity ratio	A measurement of economic impact that has been adjusted for the size of output (see below for definition of "output"). Equal to the ratio of any economic impact variable (i.e. employment, GDP, labor income or tax revenue) to the value of direct output.
Foreign budgets	Refers to the dollar amount of foreign producers' financial participation in an audiovisual project. Equal to foreign producers' expenditures in Canada and abroad.
Foreign spend	Refers to the dollar amount of production expenditures made by foreign producers in Canada.
Full-time equivalents (FTEs)	A measurement of employment. For example, one FTE can be equal to one person working on a full-time basis for one year or two persons working on a part-time basis (20 hours per week) for a year.
Gross domestic product (GDP)	A measurement of the economic value added generated within the overall economy, a geographic area or industry. Equal to the difference between the value of an industry's' output and the value of the intermediate inputs acquired from other industries.
Indirect economic impact	Refers to the increase in economic activity that occurs when a particular industry purchases goods and services from suppliers in other industries.
Labour income	The sum of wages, salaries and supplementary labour income (i.e. employment benefits) earned by workers.
Medium	Refers to the two traditional visual media (i.e. film or television) through which audiovisual works were distributed to audiences.
Multipartite	Refers to the involvement of a Canadian producer with two or more foreign partners in a treaty coproduction or co-venture.
Other private financing	Includes production financing provided by private sector entities other than licence fees provided by broadcasters and advances or minimum guarantees provided by distributors. Includes equity investments by producers or third party investors, deferred producer fees, gap financing, loans or corporate sponsorships.
Other public financing	Includes production financing provided by public sector entities other than tax credits. Includes grants, forgivable loans and other forms of financial assistance. In Canada, excludes funding from the Canada Media Fund or Telefilm Canada, but includes equity investments and other funding from provincial governments and agencies.
Output	The dollar value of the goods or services produced by an industry for sale to another industry or consumers.

Post-production expenditures	Includes the labour and non-labour costs associated with video and sound editing following the completion of principal photography.
Total economic impact	For this analysis, the total economic impact is equal to the sum of the direct and indirect economic impacts.
Total coproduction volume	The sum of Canadian and foreign budgets. See definitions of *Canadian budgets* and *foreign budgets*.
Treaty coproduction	Films and television productions made by Canadian producers through one of Canada's 54 international audiovisual treaties and certified by the Minister of Canadian Heritage.

List of Acronyms

BC	British Columbia
CAVCO	Canadian Audio-visual Certification Office
CFFF	Canada Feature Film Fund – Telefilm Canada
CMF	Canada Media Fund
CPTC	Canadian Film or Video Production Tax Credit
CRTC	Canadian Radio-television and Telecommunications Commission
EIMAH	Economic Impact Model for the Arts and Heritage
FLS	Foreign Location and Service Production
FTEs	Full-time Equivalents
GDP	Gross Domestic Product
MTAC	Movie Theatre Association of Canada
OFTTC	Ontario Film and Television Tax Credit
OPSTC	Ontario Production Services Tax Credit
PSTC	Film or Video Production Services Tax Credit

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Executive Summary

Introduction

Canada's coproduction activity between 2003 and 2012 generated over $2.5 billion in Canadian budgets. This level of Canadian budgets still represented only a small portion of all Canadian audiovisual production during the period. Indeed, based on a five-year sample for all audiovisual production in Canada (2008 to 2013), coproductions accounted for 5.8% of projects and 10.5% of total Canadian budgets. The balance of Canadian audiovisual production was comprised of *domestic* production: i.e. Canadian films and television programs made outside of audiovisual treaties.

In recent years, many Canadian producers have also entered into co-ventures in order to collaborate with producers outside of Canada and thereby realize many of the same benefits – access to global talent, financing and audiences – that come with coproductions. Co-ventures are audiovisual productions between a Canadian and foreign producer that are produced without following the modalities of a coproduction treaty, but for which the Canadian producer has retained some copyright ownership and a claim on the share of distribution revenue.

All three types of audiovisual production – coproduction, domestic production and co-venture production – generate economic and cultural benefits for Canada. Indeed, they are important sources of employment, gross domestic product (GDP), labour income, and tax revenue for provincial and federal governments. In order to gain a better understanding of the economic impacts associated with these three types of audiovisual production, the Department of Canadian Heritage ("Canadian Heritage") commissioned Nordicity to prepare the following **Study of the Economic Impact of Audiovisual Treaty Coproductions and Co-ventures in Canada**.

The primary objective for the Study was to provide a detailed analysis of coproduction and co-venture activity in Canada, and to demonstrate their economic impact, utilizing both quantitative and qualitative methods. In order to add a frame reference for the analysis of coproduction – and to a lesser degree co-venture production, the Study also included some analysis of domestic production and a direct comparison of domestic production to coproduction.

Among other things, the results of the Study will be used by Canadian Heritage to establish economic indicators and benchmarks that it can use in the future to assess the performance of Canada's Policy on Audiovisual Treaty Coproduction, which is currently being implemented through negotiations with foreign countries using a new model treaty.

Methodology

To complete this study, Nordicity used a combination of secondary sources, primary research and economic modelling. Most of the data for the study was obtained from secondary sources, including Telefilm Canada, the Canadian Audio-visual Certification Office (CAVCO), the Canadian Radio-television and Telecommunications Commission (CRTC), and Canadian Heritage analysis of data from the Movie Theatre Association of Canada (MTAC), Numeris, Nielsen VideoScan and Rentrak. This secondary data was supplemented by primary data collected through the Canadian Heritage online survey on co-venture production in Canada.

The primary research also consisted of interviews with representatives from 17 organizations within the Canadian production sector, including production companies active in coproduction and co-venture production, provincial funding agencies and guilds.

For the economic impact modelling, Nordicity utilized Canadian Heritage's Economic Impact Model for the Arts and Heritage (EIMAH). The EIMAH permitted Nordicity to convert production expenditure data into estimates of the direct and indirect economic impacts within Canada in terms of full-time equivalents (FTEs), GDP, labour income and tax revenue.

To make size-adjusted comparisons of the economic impact across different categories of audiovisual production, Nordicity used economic intensity ratios. The intensity ratio for the employment impact measured the number of FTEs generated for every $1 million of *output* (i.e. Canadian spend). For GDP, labour income and tax revenue, the economic intensity ratios measured the dollar amount of economic impact generated by each dollar of output.

Treaty coproduction

Between 2003 and 2012, Canadian producers were involved in 679 coproductions. The total volume of these coproductions was over $5.3 billion, of which the Canadian budgets were nearly $2.5 billion. In terms of Canadian budgets, most coproduction activity during the study period was in English and in the fiction genre, although there was a 50-50 split between film coproduction and television coproduction during the study period. Ontario and Quebec accounted for 93% of Canadian coproduction budgets.

During the 10-year period, coproduction (in terms of Canadian budgets) was at its highest in 2003, when it stood at $368.1 million. Across the entire study period, however, there was no clear trend – up or down – in the overall level of coproduction. Instead, coproduction experienced significant year-to-year fluctuations: indeed, the ten-year peak in 2003 was 86% higher than the ten-year low of $197.5 million recorded in 2005. These year-to-year fluctuations in coproduction were themselves largely linked to the year-to-year fluctuations in film coproduction, and in particular, the shooting of English-language film coproductions.

While there was no overall trend in coproduction activity during the study period, there were some changes in the underlying composition of coproduction. Between 2003 and 2012, the fiction genre increased its share of Canadian budgets, as fiction films were joined by an increasing number of high-budget fiction television series.

Canada also diversified the base of partner countries with which it made coproductions during the study period. During the first half of the study period (2003-2007), the annual average number of partner countries for bipartite projects was 11.6; during the second half of the study period (2008-2012), the annual average was 15.6 countries. What is more, at the beginning of the study period, Canada's top two partner countries for bipartite coproductions, France and the UK, accounted for 64% of total volume in 2003 (in 2005, the share was as high as 74%). By 2012, these two countries' combined share had fallen to 51%, as Canadian producers increased their coproduction activity with producers in other countries, namely Germany and Ireland.

The Canadian spend on all coproduction during the 10-year period generated 36,163 FTEs of employment in Canada, including 19,782 FTEs of direct employment within the film and television production industry and an additional 16,382 FTEs of employment in other sectors of the Canadian economy. That Canadian spend also generated over $2.1 billion in GDP for the Canadian economy, over $1.7 billion in labour income for Canadian workers, and $65 million in federal and provincial taxes (i.e. taxes on products and production only).[1]

When compared to other industries, coproduction proved to be a very effective source of employment. It generated 14.6 FTEs per $1 million of output (i.e. Canadian spend), which was fifth among 25 industries comprising the Canadian economy. Each dollar of output in the coproduction sector also yielded $0.70 of labour income – top among the 25 industries included in the comparison. The coproduction sector's record of GDP creation was in the middle of pack. A GDP intensity ratio of 0.88 placed the sector 13th among 25 industries.

There were also wide variations in the employment intensities displayed by different types of coproduction. Many of these differences were due to either the region of production or the share of total Canadian spend devoted to below-the-line production expenditures. Certain provinces, such as Quebec – where the study's research indicated that wages in the audiovisual production sector were lower than in other provinces – generated more employment.

[1] The tax revenue estimates generated by EIMAH exclude personal and corporation income tax.

There was much less variation in the intensity ratios for GDP and labour income among different types of coproduction, although majority coproduction ($0.89 per dollar of output) was a more efficient source of GDP than minority coproduction ($0.86); and medium-budget coproductions ($0.89) were more efficient sources of GDP than either high-budget ($0.87) or low-budget coproductions ($0.80).

Domestic production

The analysis of the domestic production in this study was based on production data for the five fiscal years, 2008/09 through 2012/13. During that five-year period, Canadian producers made over 5,000 domestic productions with a total volume (i.e. sum of Canadian budgets) of $10.6 billion. Domestic production during this period was concentrated in television, English-language production and the fiction genre. On a regional basis, producers based in Ontario, Quebec, and BC and the Territories[2] accounted for the vast majority of production volume (90%).

On a volume basis, domestic production experienced no growth between 2008/09 and 2012/13. The annual volume of domestic production in 2012/13 stood at $2.1 billion, the same level it was at in 2008/09. Nevertheless, domestic production did experience a sharp spike in 2011/12, when the volume rose to nearly $2.4 billion. This one-year spike was largely driven by a rise in domestic production in the fiction genre, particularly the production of higher-budget English-language fiction programming.

While the composition of domestic production in terms of medium, language, genre and region remained fairly stable between 2008/09 and 2012/13, a few trends did emerge. Ontario-based producers increased their share of production volume during the five-year period. There was also a steady increase in the average budgets of domestic television projects during the study period. An increase in hourly budgets – particularly for English-language production – was probably a major factor behind this particular trend. The fiction genre increased its share of Canadian budgets for domestic production between 2008/09 and 2012/13, while the shares of both the documentary and children's programming genres decreased.

In terms of overall economic impact, domestic production generated 167,837 FTEs of employment in Canada between 2008/09 and 2012/13, including 92,460 FTEs of direct employment within the film and television production industry and an additional 75,377 FTEs of employment in other sectors of the Canadian economy. Domestic production also generated $9.4 billion in GDP for the Canadian economy and over $7.6 billion in labour income for Canadian workers. The economic activity associated with domestic production also yielded $240 million in federal and provincial taxes (i.e. taxes on products and production only).

When compared to other industries, domestic production proved to be a very effective source of employment. It generated 15.9 FTEs per $1 million of output, which was third among 25 industries comprising the Canadian economy. Each dollar of output in the domestic production sector also yielded $0.73 of labour income – top among the 25 industries studied. The domestic production sector's record of GDP creation was in the middle of the pack. A GDP intensity ratio of 0.87 placed the sector 13th among 25 industries.

Comparative analysis

A comparative analysis of coproduction and domestic production revealed that the former accounted for only a small portion of total audiovisual production (i.e. coproduction and domestic production). Nevertheless, in several respects, coproduction brought unique benefits to the Canadian production industry that domestic production could not offer.

Coproduction represented 5.8% of the number of all Canadian audiovisual productions between 2008 and 2012, but the Canadian share of coproduction budgets represented about 10.5% of all Canadian budgets during that same five-year period. In other words, coproductions were much larger projects than domestic productions. The average budget of coproduction films was

[2] For confidentiality reasons, data for the Territories have combined with data for BC. However, the vast majority of the audiovisual production in this region took place in BC.

$5.9 million during the study period, or more than double the average budget of $2.5 million for domestic film production. In television, the average budget for coproductions was $2.7 million, compared to $2 million for domestic production.

Although coproductions accounted for 19% of all Canadian films (i.e. coproduction and domestic production) produced between 2008 and 2012, they typically accounted for a higher share of the overall consumption of Canadian films in Canada, particularly on the theatrical platform. In 2012, for example, film coproductions accounted for 39.3% of the total theatrical box office revenue earned by Canadian films in Canada. In the English-language market (i.e. films exhibited in English in Canada) coproductions' share was as high as 60%.

The international nature of coproductions was also evident in the audience data. Canadian Heritage's analysis of viewing data showed that film coproductions (mainly English-language ones) were particularly successful at the international box office. They had six times the international box office revenues of Canadian domestic productions released between 2005 and 2012.

Coproductions provide Canadian producers and their companies with benefits that they cannot necessarily obtain by working exclusively on domestic productions. They not only allow Canadian producers the opportunity to work on projects on a much larger scale, and access global talent and financing, they facilitate the exchange of ideas and techniques and give Canadian producers opportunities to gain international recognition and reach.

The domestic production sector not only had a larger economic impact than the coproduction sector by virtue of the fact that it was approximately 10 times larger, it also generated a larger impact on a size-adjusted basis. In terms of employment impact, domestic production was more efficient, generating 15.9 FTEs per $1 million output, compared to 14.6 FTEs generated by coproduction. Nevertheless, when majority coproduction was separated from minority coproduction, our analysis found that the former had an employment impact (15.6 FTEs per $1 million) that was almost on par with domestic production (15.9 FTEs).

There was much less difference between domestic production and coproduction in terms of GDP impact. Coproduction actually displayed a slightly higher GDP intensity ratio ($0.88 per $1 of output) than domestic production ($0.87), with the most efficient source of GDP being majority coproduction ($0.89).

Co-venture production

Producers pointed to the lack of flexibility in Canada's coproduction treaties as one of the most important reasons for opting for a co-venture structure. In particular, they pointed to the principle of proportionality in audiovisual coproduction treaties – as applied to the contribution of key creative personnel in each partner country – which led to the use of co-venture structures. However, it was the restriction on the creative contribution of third countries which producers highlighted as a key motivation for opting for a co-venture structure. In particular, they noted the restriction on the use of American writers meant that they would often have to use a co-venture structure to meet the creative goals of a project. The fact that many co-venture producers who responded to the survey reported that they made co-ventures with partners in France, Germany, the UK and other countries with which Canada has audiovisual coproduction treaties suggests that the inflexibility of coproduction treaties was indeed a key factor.

The lack of any audiovisual treaty with a partner country, particularly the US, was also cited as an important factor leading to the use of co-venture structures. The fact that Canada has no audiovisual treaty with the US meant that a co-venture structure was the only way for a Canadian producer to qualify a project as Canadian content, and coproduce with an American producer, and thereby establish important business relationships with Hollywood studios and gain unique knowledge that they could not obtain working with producers in other countries.

While there was no comprehensive data available on the overall level of co-venture production in Canada between 2003 and 2012, data from the Canadian Heritage online survey and from the CRTC allowed us to ascertain the *minimum* level of co-venture production during the study period. The survey indicated that at least 37 co-venture films were produced between 2003 and 2012, with a total volume of $410.7 million. The survey data also indicated that a minimum of 84 television co-ventures were produced between 2003 and 2012, with a total volume of $56.8 million.

The data supplied by the CRTC painted a somewhat different picture of the level of television co-venture production during the study period.[3] Although the CRTC data only covered a sample of 42 television projects that aired in Canada over a six-year period (2007-2012), it reported total Canadian spend of $137.9 million.

The data from the online survey also indicated that co-venture production during the study period was concentrated in English-language production and suggested that the volume of co-venture production was higher in the latter half of the study period (2008-2012) than in the first half (2003-2007), although there was only a very weak time trend observed in the data. The data from the CRTC indicated that co-venture production was largely concentrated in Ontario and BC.

While the data from the online survey and CRTC did not permit us to estimate the overall economic impact of co-venture production on an absolute basis, on an economic-intensity basis, we found that television co-ventures provided a larger economic impact than either television coproductions or domestic television productions, during the study period. Television co-ventures generated 17.4 FTEs per $1 million of output, compared to 15.2 FTEs for television coproductions and 15.9 FTEs for domestic television productions. Television co-ventures also generated a higher GDP impact ($0.92 per dollar of output) than either television coproductions ($0.88) or domestic television production ($0.89).

Conclusion

Domestic production was several times larger than coproduction during the study period; however, because film is often a big-budget endeavour that comes with much higher risks than television production, and relies more on star talent, it would appear that the coproduction model was better suited to film production, since it allowed Canadian producers to access more sources of financing, share risk and bring aboard global talent.

As fiction television series became increasingly cinematic in their production values during the study period, the coproduction model was also adopted more and more for production in that medium. Where audiovisual coproduction treaties were inconsistent with the creative or financing aspects of an international project or where no audiovisual coproduction treaty existed, Canadian producers often opted for co-venture structures.

Our research confirmed that coproduction was a route through which Canadian producers could work on larger-budget projects and gain access to more sources of public funding. The average budgets for both film and television coproductions were higher than those for domestic productions. And the financing data confirmed that coproductions were able to access not only foreign broadcast licences and distributor advances, but also tax credits and other public funding outside of Canada. In addition, the amounts spent by foreign coproducers within Canada, meant that coproductions also attracted an estimated $79.5 million in foreign investment into the production of audiovisual content in Canada between 2003 and 2012.

Coproduction and domestic production delivered significant employment, GDP and labour-income impacts during the study period. Indeed, when compared to other industries, both coproduction and domestic production delivered very high rates of job creation and labour income. Both sectors' rate GDP impact was in the middle of the pack, which reflected the relative labour-intensive nature of audiovisual production.

[3] The CRTC's co-venture data only covered television productions; it did not include film productions.

1. Introduction

1.1 Introduction

Canada has been coproducing for more than 50 years and signed its first audiovisual coproduction treaty, with France, in 1963.[4] Today, Canada maintains treaties with 54 countries, including most recently with India (July 2014). The treaty with India also represents the first treaty signed since the Government of Canada implemented *Canada's Policy on Audiovisual Treaty Coproduction* in March 2013.

Audiovisual treaty coproductions ("coproductions") receive national status allowing producers to access domestic benefits in their respective countries. By giving Canadian producers the opportunity to work with producers in other countries, coproductions also permit Canadian producers to access a wider range of creative talent, financing and sales opportunities outside of Canada. Between 2003 and 2012, Canadian film and television producers utilized these treaties to make 679 coproductions, including 211 feature films and 468 television programs. These coproductions had a total volume of $5.3 billion (all amounts in constant 2013 dollars) in terms of total production budgets, and led to $2.5 billion in expenditures on film and television production in Canada (i.e. Canadian budgets).

While Canada's coproduction activity between 2003 and 2012 was significant, it represented only a small portion of overall Canadian audiovisual production. Indeed during the five-year period, 2008 to 2012, coproductions accounted for 6% of projects and 11% of total Canadian budgets. The remaining 89% represented *domestic production* (i.e. Canadian films and television programs made outside of audiovisual treaties).

In recent years, many Canadian producers also have entered into co-ventures in order to collaborate with producers outside of Canada and thereby realize many of the same benefits – access to global talent, financing and audiences – that come with coproductions. For the purposes of this study, co-ventures have been defined as audiovisual productions between a Canadian and foreign producer that were produced without following the modalities of a coproduction treaty, but for which the Canadian producer has retained some copyright ownership and a claim on a share of distribution revenue.

All types of audiovisual production generate cultural and economic benefits for Canada. Audiovisual production, which includes projects by domestic producers, foreign producers shooting in Canada and in-house production by broadcasters, is an important source of employment, labour and gross domestic product (GDP) for the Canadian economy. This economic activity also generates tax revenue for provincial and federal governments.

1.2 Mandate and structure of the report

In December 2014, the Department of Canadian Heritage ("Canadian Heritage") commissioned Nordicity to prepare a **Study of the Economic Impact of Audiovisual Treaty Coproductions and Co-ventures in Canada**. The primary objective for this study was to provide a detailed analysis of coproduction and co-venture activity in Canada, and to demonstrate their economic impact, utilizing both quantitative and qualitative methods. In order to add a frame of reference for the analysis of coproduction – and to a lesser degree co-venture production – the study also included some analysis of domestic production and a direct comparison of domestic production to coproduction.

Among other things, the results of the study will be used by Canadian Heritage to establish economic indicators and benchmarks that it can use to assess the performance of Canada's *Policy on Audiovisual Treaty Coproduction*, which is currently being implemented through negotiations with foreign countries using a new model treaty.

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[4] Department of Canadian Heritage (2011), "Support for the Audiovisual Industry: Government of Canada Launches Consultations on the Implementation of its Coproduction Policy: Backgrounder," press release, February 4, 2011.

The following report presents the results of the research and analysis conducted for this study and is divided into seven sections.

- The remainder of **Section 1, Introduction and Background**, describes the context for the study.
- **Section 2**, **Methodology** summarizes the methodology used to prepare the study. Additional methodology details can also be found in **Appendix A: Methodology Notes**.
- **Section 3** provides a **Summary of Key Findings** from the analysis of the key trends and economic impact of coproduction, domestic production and co-venture production. It also summarizes the results of the comparative analysis of coproduction and domestic production.
- **Section 4**, **Treaty Coproduction**, presents the results pertaining to coproductions that took place in the calendar years 2003 through 2012. It examines the key trends and economic impact of overall coproduction during this period. It also examines the trends and economic impact of various categories of coproduction, including English-language vs. French-language, film vs. television, various genres, partner countries, regions, majority vs. minority, and various production-budget categories (i.e. above-the-line vs. below-the-line vs. post-production). It also contains data on the financing of coproduction during this period and the consumption of film coproductions.
- **Section 5**, **Domestic Production**, presents the results pertaining to domestic productions that took place in the fiscal years 2008/09 through 2012/13. It includes an analysis of the key trends in both television and film as well as presenting the results of the overall economic impact of domestic production during that five-year period.
- **Section 6**, **Comparative Analysis**, draws upon the data and analysis in Sections 4 and 5, and provides a comparison of the trends in and economic impact of coproduction and domestic production.
- **Section 7, Co-Venture Production,** presents an analysis of the trends in co-venture production in Canada and its economic impact.
- **Section 8**, **Conclusions**, provides a summation of the most important outcomes of the study.

1.3 Audiovisual production in Canada

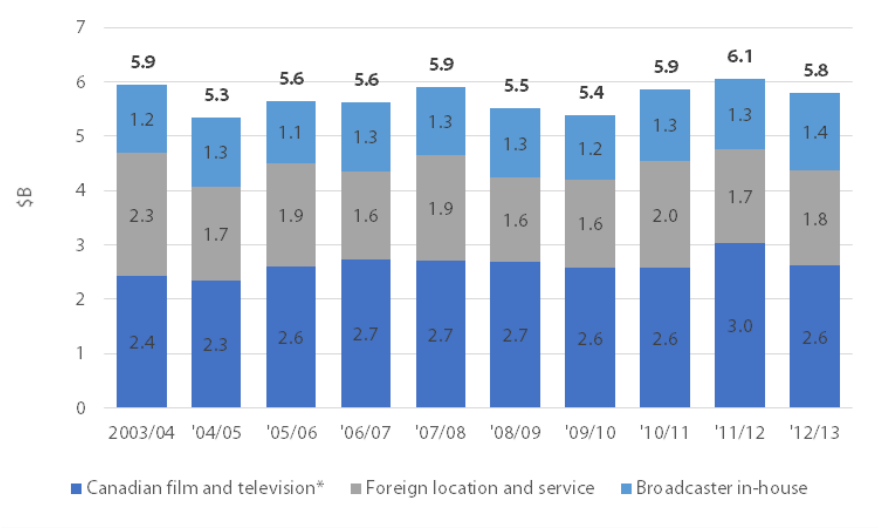
The audiovisual production industry in Canada comprises three key sectors:

- **Canadian film and television production** includes films and television programs that are certified as Canadian content by either the Canadian Audio-Visual Certification Office (CAVCO) or the Canadian Radio-television and Telecommunications Commission (CRTC) and are made by independent or broadcaster-affiliated production companies.
- **Foreign location and service (FLS) production** is largely made up of films and television programs shot in Canada by foreign producers. However, it also includes post-production work done in Canada for foreign films and television programs, as well as films and television programs made by Canadian producers but which do not qualify as Canadian content.
- **Broadcaster in-house production** includes television programs made by Canadian broadcasters in their own facilities or without the use of an external production company, and consists primarily of news, sports and current affairs programming.

During the 2012/13 fiscal year, these three sectors combined for a total production volume of nearly $5.8 billion (Figure 1) and generated 126,100 full-time equivalents (FTEs) of employment, including 49,600 direct FTEs in the audiovisual industry itself.[5]

[5] CMPA et al. (2014), p.9.

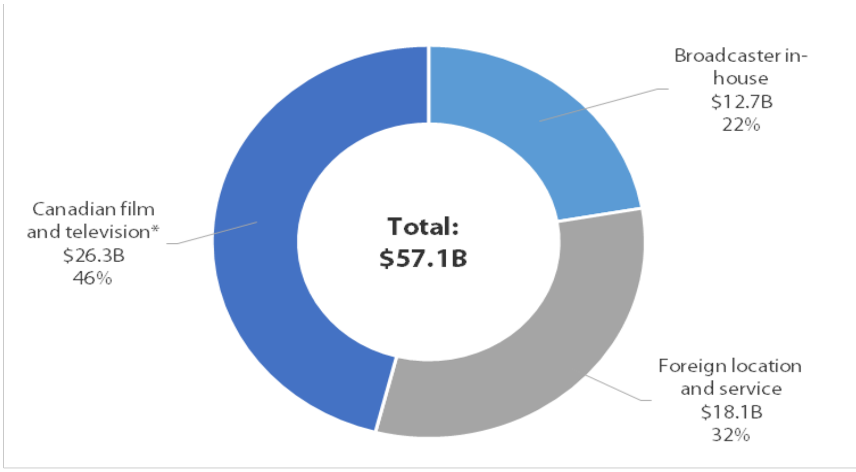
Figure 1 Total volume of audiovisual production in Canada (2013 B$)



Source: Nordicity calculations based on data from CAVCO, Association of Provincial Funding Agencies, CRTC and CBC/Radio-Canada.
* Includes films and television programs that are certified as Canadian content by either CAVCO or the CRTC and are made by independent or broadcaster-affiliated production companies.

Across the 10-year period, 2003/04-2012/13, Canada's audiovisual production industry yielded $57.1 billion in production volume (Figure 2). The Canadian film and television production sector was the largest of the three sectors during this period. With over $26.3 billion in production volume, it accounted for 46% of total audiovisual production in Canada. The FLS production sector was the second largest, with $18.1 billion in production volume, or 32% of the total. The broadcaster in-house production sector was the smallest of the three, with $12.7 billion in production volume, or 22% of the total.

Figure 2 Share of total volume of audiovisual production in Canada, 2003/04 to 2012/13 (2013 B$)



Source: CAVCO, Association of Provincial Funding Agencies, CRTC and CBC/Radio-Canada.
* Includes films and television programs that are certified as Canadian content by either CAVCO or the CRTC and are made by independent or broadcaster-affiliated production companies.

1.4 Scope and definitions

The following study analyzes three categories of audiovisual production: (i) coproduction, (ii) domestic production and (iii) co-venture production.

Coproduction includes all films and television programs made by Canadian producers through one of Canada's audiovisual coproduction treaties with its 54 foreign partners. Because they receive national status in Canada, coproductions are eligible for the Canadian Film or Video Production Tax Credit (CPTC). They are also eligible to receive funding from the Canada Media Fund (CMF), Canada Feature Film Fund (CFFF) and other financial support programs administered by Telefilm Canada.

Domestic production includes any other films or television programs that were certified as Canadian content but made exclusively by a Canadian producer without any partnership with a producer outside of Canada. Another feature of a domestic film or television production is that 100% of its copyright is held by Canadians – individuals or businesses. Given that they are certified as Canadian content and 100% of the copyright is held by Canadians, domestic productions are eligible for the CPTC as well as the CMF and Telefilm Canada's CFFF.

Co-venture production essentially includes films and television programs produced by a Canadian producer with producer(s) in one or more other countries outside of one of Canada's audiovisual coproduction treaties. For the purposes of this study, Canadian Heritage has defined co-ventures to be:

> *…any audiovisual coproduction between a Canadian and foreign producer that has been produced without following the modalities of a coproduction treaty but for which the Canadian producer has retained some copyright and a share of the revenues. Co-ventures do not receive coproduction certification or national status by the Minister of Canadian Heritage, but in some cases, could still obtain certain types of public funding (e.g. Film or Video Production Services Tax Credit [PSTC]) and a CRTC Canadian content certificate.*

Table 1 Categories of Canadian audiovisual production

	Domestic production	Coproduction	Co-venture production
Certified as Canadian content	✓	✓	✓
Eligible for CPTC	✓	✓	
100% Canadian ownership of copyright	✓		

Source: CAVCO, CRTC and Telefilm Canada.

This definition is very similar, but not identical to, the co-venture definition maintained by the CRTC. The CRTC will provide a special recognition (SR) number– thereby qualifying a television program as Canadian content[6] – if a project meets the following requirements:

- *Produced by a Canadian company and one or several foreign companies;*
- *Minimum financial participation by the Canadian which meets the following:*
  - *50% for projects with Francophone or Commonwealth countries or countries with which Canada has an audiovisual treaty;*
  - *75% for projects with all other countries;*
- *A claim to between 50% (Francophone, Commonwealth, audiovisual treaty countries) and 75% (all other countries) of the project's net revenue:*

[6] The granting of an SR number and qualification as Canadian content would permit Canadian broadcasters to apply their broadcast licence fees towards their Canadian Programming Expenditures (CPE), and in some cases, their spending on Programs of National Interest (PNI).

- *A Canadian in the role of director, screenwriter or lead performer;*
- *No requirement for the Canadian company to hold any portion of the copyright in the project.*

Based on the above definitions, coproduction and domestic production are clear subsets of Canadian film and television production. They both consist of films and television programs that have been certified as Canadian content.

The two definitions of co-venture production, however, imply that this category of production straddles both the Canadian film and television production sector as well as the FLS production sector. In so far as a co-venture meets the CRTC's requirements and obtains an SR number, it would be included in Canadian film and television production sector. The Canadian Heritage definition, however, relaxes the specific requirement for CRTC certification, and thereby, would permit a film or television program that does not qualify as Canadian content – but for which a Canadian producer holds part of the copyright – to qualify as a co-venture. This type of film or television program would fall within the FLS sector.

2. Methodology

The methodology consisted of two key phases: (i) primary and secondary research, and (ii) Economic modelling and analysis. The following section provides a brief description of each phase. A more detailed description of certain elements of the methodology can be found in **Appendix A**.

2.1 Primary and secondary research

The primary and secondary research phase consisted of (i) data sourcing, (ii) an online survey, (iii) industry interviews and (iv) secondary research.

2.1.1 Data sourcing

Most of the economic analysis and modelling was based on production data provided by Canadian Heritage, which, in turn, sourced the data from either Telefilm Canada, CAVCO, the CRTC, the Movie Theatre Association of Canada (MTAC), Numeris, Nielsen VideoScan or Rentrak.

- Telefilm Canada provided data on coproduction, including the annual number of projects, dollar values of Canadian budgets and foreign budgets, and Canadian and foreign expenditures. It also provided summary budgets for a sample of 100 coproductions. The data provided by Telefilm Canada covered the calendar years, 2003 through 2012.
- CAVCO provided data on domestic production, including the annual number of projects and dollar values of Canadian expenditures. It also provided summary budgets for a sample of 250 domestic productions. The data provided by CAVCO covered the fiscal years, 2008/09 through 2012/13.
- CRTC provided summary budgets for a sample of 42 television co-ventures, which aired on Canadian television between 2007 and 2012.
- The MTAC data provided domestic box office results for Canadian films exhibited in Canada between 2007 and 2012, including coproductions and domestic productions.
- Nielsen VideoScan, Rentrak, and Numeris data provided domestic audience data for Canadian films consumed in DVD/Blu-ray format (sales and rentals) and on television platforms in Canada (i.e. conventional television, specialty television and pay television) between 2007 and 2012.

2.1.2 Online survey

In order to collect additional quantitative and qualitative data on co-ventures, Canadian Heritage administered an online survey of Canadian producers. The online survey was distributed to 253 Canadian producers and was in the field for the period, December 2014 to February 2015. A total of 66 producers responded to the survey, of which 26 producers reported that they had completed at least one co-venture between 2003 and 2012. A copy of the survey questionnaire can be found in **Appendix F**.

2.1.3 Industry interviews

Nordicity conducted interviews with 17 representatives from the Canadian audiovisual sector, including production companies, provincial funding agencies and one professional guild. The information collected through these interviews was used to interpret some of the results of the economic analysis and modelling. The interviewees were selected to provide representation from both coproduction and co-venture production, film and television production, each of the five regions of Canada (i.e. Atlantic Canada, British Columbia (BC) and the Territories, Ontario, the

Prairie Provinces and Quebec), and both language markets (i.e. English and French). A list of the interviewees can be found in **Appendix E**.

2.1.4 Secondary research

To provide additional interpretation of the results of the economic analysis and modelling, Nordicity also reviewed various reports related to market and policy developments in the Canadian and global audiovisual sectors. A list of these reports can be found in the **References** section at the end of the report.

2.2 Economic analysis and modelling

The economic analysis and modelling phase consisted of the (i) trend analysis, (ii) economic impact modelling and (iii) economic intensity ratios.

2.2.1 Trend analysis

For the trend analysis we used the production data sourced from Telefilm Canada, CAVCO, and the CRTC, to examine the annual trends and fluctuations in production activity in each of the three categories of audiovisual production. We used information provided by Canadian Heritage based on its analysis of data from MTAC, Numeris, Nielsen VideoScan and Rentrak to examine the consumption of film coproductions in Canada and internationally.

For coproduction, the trend analysis included annual and 10-year aggregate statistics on production activity in Canada between 2003 and 2012. The data for the trend analysis of coproduction was supplied by Telefilm Canada and included:

- the annual number of coproduction projects (i.e. "coproductions");
- the value of Canadian producers' financial contributions to coproductions (i.e. "**Canadian budgets**"); and,
- the sum of Canadian and foreign producers' financial contributions to coproductions with Canada (i.e. "**total volume**").

For domestic production, the trend analysis included annual and five-year aggregate statistics for the fiscal years, 2008/09 to 2012/13. The trend analysis data for domestic production data was sourced from CAVCO and included:

- the annual number of domestic production projects (i.e. "**domestic productions**"); and,
- the total volume of Canadian production (i.e. "**Canadian budgets"**).

For co-venture production, the trend analysis was based on two different sources. The Canadian Heritage online survey provided annual and 10-year aggregate statistics for the number of co-ventures and total volume of co-venture production. The trend analysis also incorporated statistics related to the sample of 42 television co-ventures provided by the CRTC, which included data on Canadian spend.

All monetary amounts in the report were converted to constant 2013 dollars using Statistics Canada's all-items consumer price index (CPI). Therefore, all of the statistics presented in this report for the economic analysis and modelling are on a constant-dollar basis and not affected by year-to-year changes in price inflation. As a result, the trend analysis in this report may differ from statistics for coproduction and domestic production published in other reports.

Study period

This study included data for different annual and multi-year time periods.

- The statistics for coproduction were based on calendar-year data for 2003 to 2012.
- The statistics for domestic production were based on data compiled on a fiscal year basis (April 1 to March 31) and included the fiscal years, 2008/09 through 2012/13 (i.e. 2008 to 2012).
- The statistics for co-venture production that were based on data from the Canadian Heritage online survey were compiled on a calendar-year basis for 2003 to 2012. However, any statistics for television co-venture production based on the data obtained from the CRTC corresponded with the six-year period, 2007 to 2012.

Although the data in this report may have been based on different reporting years, they were closely aligned. For example, the coproduction data for 2012 included data for January through December 2012, whereas the data for domestic production for 2012 included data for April through December 2012, with only the additional three months – January, February and March – falling in 2013. For this reason, fiscal year data for 2008/09 has been relabelled as data for 2008. Fiscal year data from other years was treated in the same manner.

As part of the trend analysis, we analyzed each category of audiovisual production – coproduction, domestic production and co-venture production – in terms of various parameters.

Table 2 lists the parameters for the trend analysis and the types of production within each parameter. It also indicates whether or not a particular parameter was included in the analysis of a particular category of audiovisual production.

Table 2 Parameters of trend analysis

Parameter	Types	Copro-duction	Domestic production	Co-venture production
Medium	Film Television	✓	✓	✓
Language	English-language French-language Other language	✓	✓	✓
Region	Atlantic Canada BC and Territories Ontario Prairie Provinces Quebec	✓	✓	✓
Budget categories	Above-the-line Below-the-line Post-production	✓	✓	✓
Genre	Fiction Documentary Programming for children's audiences ("children's programming") Other genres*	✓	✓	
Financing	Domestic sources Foreign sources	✓	✓	
Canadian Participation	Majority** Minority	✓		

Budget range	High ($10M+) Medium ($1M to $10M) Low (under $1M)	✓
Partner countries	Various	✓

* Includes lifestyle, variety and performing arts, magazine programming and educational/instructional genres.
** Includes equal-participation projects.

2.2.2 Economic impact modelling

For the economic impact modelling, we utilized Canadian Heritage's Economic Impact Model for the Arts and Heritage (EIMAH) to convert production budget data into estimates of the direct and indirect impacts within the Canadian economy in terms of employment, GDP, labour income and tax revenue.

Economic Impact Model for the Arts and Heritage (EIMAH)

EIMAH is an economic impact modelling tool available from the Canadian Heritage Information Network, which offers analysts a flexible tool to evaluate the economic impacts of facilities and establishments such as museums, theatres, galleries and historic sites, of artistic and heritage performances, productions, presentations, events and festivals within and outside their province or territory. The current version of the EIMAH uses coefficients and multipliers for 2006 from the Statistics Canada Inter-provincial Input-Output Model, which takes into account the trade flows of goods and services among the provinces and territories (import leakages) and provides comparable coefficients for each province and territory.

The EIMAH has been designed to reduce the amount of statistical data needed to perform an economic impact analysis. In that respect, it is based upon a standardized set of expenditure categories, and allows an analyst to perform economic impact calculations without having to obtain coefficients from Statistics Canada.

Standard economic impact analyses examine the following three stages of economic impact:

1. **Direct impact:** For this particular analysis, the direct economic impact refers to the employment, GDP and labour income generated within the audiovisual production industry. This economic impact is largely in the form of wages and salaries paid to cast and crew, but also includes the operating surplus (i.e. operating profits and sole proprietors' income) earned by Canadian production companies.
2. **Indirect impact:** The indirect economic impact refers to the increase in economic activity that occurs when film and television producers purchase goods and services from suppliers in other industries. These purchases of goods and services increase employment and income at the supplier companies; they also, in turn, increase demand for other upstream suppliers.[7]
3. **Induced impact:** The induced economic impact refers to the increase in employment and income within an economy that can be attributed to the re-spending of income by households that have earned income at both the direct and indirect stages of the economic impact.

The sum of the indirect and induced impacts is often referred to as the spin-off impact; while the sum of the direct, indirect and induced impacts is referred to as the total economic impact.

The EIMAH model only provided estimates for the direct and indirect impact stages; it did not provide estimates for the induced impact stage. Because of this, the results of economic impact analysis found in this report may have understated the total economic impact and thereby be

[7] "Upsteam suppliers" include companies and organizations that supply goods and services to manufacturers or other businesses which then convert them to finished goods or services for sale.

lower than estimates of the total economic impact of audiovisual production in Canada, which have appeared in other studies.

For each stage of economic impact, the EIMAH provided estimates of:

- **Employment:** Employment was measured in terms of FTEs.
- **GDP:** GDP represents the sum of the value added in a production process. In other words, it is the difference between the value of an industries' output and the value of the inputs acquired from other industries. When using the income approach, GDP consists of labour income, net operating surplus (i.e. operating profits and net income of sole proprietors), interest and investment income, and depreciation (i.e. capital consumption).
- **Labour income:** Labour income is the sum of wages, salaries and supplementary labour income (i.e. employment benefits) earned by workers.
- **Tax revenue:** For this analysis, the EIMAH provided estimates of taxes on products and production at both the federal and provincial government levels. Taxes on products include sales taxes. Taxes on production include taxes such as property taxes, licences and permits.

As noted above, the EIMAH provided estimates of the FTEs, GDP, labour income and tax revenue[8] generated at both the direct and indirect impact stages for audiovisual production in each province/territory. The EIMAH provided results for both the impact within the province that experienced an increase in output due to audiovisual production, as well as the impact experienced in other Canadian provinces/territories on account of the interprovincial supply of inputs to audiovisual production. We summed the EIMAH results across provinces/territories – both within and outside the province/territory that experienced the increase in audiovisual production – to arrive at estimates of the overall (i.e. national) economic impact of either coproduction or domestic production.

Time periods for EIMAH results

As with the statistics reported in the trends analysis, the EIMAH results for coproduction were based on calendar-year data for 2003 to 2012. Any statistics and EIMAH results for domestic production were based on data compiled on a fiscal year basis and included the fiscal years, 2007/08 through 2012/13 (i.e. 2008 to 2012). And any EIMAH results for co-venture production were based on aggregate data for the six-year period, 2007 to 2012.

2.2.3 Economic intensity ratios

We also analyzed the economic impact results generated by the EIMAH using *economic intensity ratios*. The economic intensity ratios permitted us to make size-adjusted comparisons of the economic impact of various categories of coproduction, domestic production and co-venture production. They also permitted us to compare the economic impact of coproduction, domestic production and co-venture production to each and to other Canadian industries.

The intensity ratio for the employment impact measured the number of FTEs generated for every $1 million of *output*. In film and television production, output is analogous to total Canadian spend, so the employment intensity ratios in this report essentially indicate the number of jobs generated for every $1 million of production expenditures. For GDP, labour income and tax revenue, the economic intensity ratios measured the dollar amount of economic impact generated by each dollar of Canadian spend.

[8] Note that the tax revenue impact results in this report only include federal and provincial taxes on products and production, and exclude the personal and corporate income taxes generated by the direct and indirect impacts of audiovisual production.

Table 3 Economic intensity ratios

Economic variable	Intensity ratio	Example
Employment	FTEs per $1 million output	14.6 FTEs per $1 million output
GDP		
Labour income	Dollars of impact per $ of output	$0.88 per dollar of output
Tax revenue		

3. Summary of Key Findings

3.1 Treaty coproduction

Overall

Between 2003 and 2012, Canadian producers were involved in 679 coproductions. The total volume of these coproductions was over $5.3 billion, of which the Canadian budgets were nearly $2.5 billion.

The Canadian spend on these coproductions generated 36,163 FTEs of employment in Canada, including 19,782 FTEs of direct employment within the film and television production industry and an additional 16,382 FTEs of employment in other sectors of the Canadian economy. The Canadian spend also generated over $2.1 billion in GDP for the Canadian economy and over $1.7 billion in labour income for Canadian workers. The economic activity associated with coproduction also yielded $65 million in federal and provincial taxes (i.e. taxes on products and production only).

When compared to other industries, coproduction proved to be a very effective source of employment. It generated 14.6 FTEs per $1 million of output (i.e. Canadian spend), which was fifth among 25 industries comprising the Canadian economy. Each dollar of output in the coproduction sector also yielded $0.70 of labour income – top among the 25 industries included in the comparison. The coproduction sector's record of GDP creation was in the middle of the pack. A GDP intensity ratio of 0.88 placed the sector 13th among 25 industries.

Language

English-language coproduction accounted for the vast majority of total Canadian budgets between 2003 and 2012. The former accounted for 87% of total Canadian budgets during the 10-year period. This high share was due not only to the fact that more projects were produced in English, but also because English-language projects displayed higher average budgets in both the film and television segments.

The prominence of English-language coproduction also meant that it accounted for the majority of the economic impact. However, French-language coproduction actually yielded a higher rate of job creation: 16.2 FTEs per $1 million output, compared to 14.4 FTEs for English-language production. This was due to lower average wages in Quebec, but also to the fact that French-language coproductions devoted the highest share of their budgets to below-the-line production expenditures – the main driver of cast and crew employment.

Medium

Between 2003 and 2012, the film and television mediums each accounted for approximately 50% of both Canadian coproduction budgets and their associated economic impact. And while feature film coproductions budgets were, in general, larger than television projects, the economic intensity ratios indicated that television projects generated a slightly higher rate of economic impact for every dollar of Canadian budget.

Genre

Most coproductions can be grouped into one of three genres: fiction, documentary and programming for children's audiences (i.e. "children's programming"). In terms of total production budgets, the fiction genre was the largest, accounting for two-thirds of Canadian budgets, since it also included many of the high-budget feature films produced as coproductions. While all three genres experienced year-to-year fluctuations in production volume and activity, the children's programming genre experienced a steady decline during the study period – both in terms of its annual level of Canadian budgets and its share of overall Canadian budgets (across all genres). This decline was driven by both a decrease in annual activity and a halving of the average project budget size between 2003 and 2012– from $10.6 million to $5.7 million.

Partner country

During the study period, Canada was able to diversify its base of coproduction partners – moving away from traditional partners such as the United Kingdom (UK) and France and doing more coproduction with countries such as Germany and Ireland. This diversification in partner countries gave Canadian producers more opportunities to create content that appealed to diverse audiences both inside and outside Canada.

At the beginning of the 2003 to 2012 period, the UK was Canada's largest coproduction partner by volume. However, by the end of the ten-year period, France had become Canada's leading partner country for bipartite coproductions in terms of volume. Between 2003 and 2012, coproduction with France accounted for 36% of total volume and 31% of total Canadian budgets. While production volume with the UK declined between 2003 and 2012, activity with Germany and Ireland increased.

Region

Ontario and Quebec were, by far, the most active regions in terms of coproduction between 2003 and 2012. And while Ontario was the largest source of economic impact in absolute terms, Quebec actually posted the highest rate of job creation, among all regions, on an intensity ratio basis: 16.5 FTEs per $1 million of output.

Canadian participation

Although the split between minority and majority participation was approximately 50-50 in terms of the number of projects, the nature of majority-participation coproduction is such that it accounted for 71% of total Canadian budgets between 2003 and 2012. Not only did majority Canadian coproduction account for the vast majority of the economic impact of coproduction in Canada, it also displayed slightly higher intensity ratios. This meant that a dollar of Canadian spending on a majority-Canadian coproduction yielded more employment, GDP and labour income than a dollar spent on a minority-Canadian coproduction.

Budget categories

Between 2003 and 2012, below-the-line production expenditures[9] accounted for 62% of total Canadian budgets, while above-the-line expenditures[10] accounted for 18% and post-production expenditures accounted for 20%. Below-the-line production expenditures not only accounted for the largest share of Canadian budgets and economic impact in absolute terms, but also displayed the highest rates of economic intensity among the three budget categories, yielding 19.6 FTEs per $1 million of output, as opposed to 10 FTEs for post-production and only 1.4 FTEs for above-the-line expenditures.

Although above-the-line expenditures generated significant GDP and labour income, the employment impact was very low compared to other budget categories, since above-the-line personnel earn very high rates of compensation compared to other cast and crew. The key implication is that categories of coproduction which devoted a high portion of their budgets to above-the-line expenditures often yielded lower employment impacts within Canada, when adjusted for budget size.

Financing

The nature of Canadian coproduction is such that it involves very high levels of foreign financing – much higher than for domestic production. For film coproductions (across all genres), 47% of total financing came from foreign sources. Other foreign private sources (e.g. gap financing,

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[9] This is the largest budget category and includes all of the expenditures on services and labour used during principal photography. The remuneration of all cast and crew, including supporting actors and extras is included in this category. For this analysis we have included certain financing costs (e.g. interest payments and completion guarantee fees) and certain publicity expenses in this category as well.

[10] This category includes expenditures on story rights, scenario, development costs, and producer and director fees. It also includes the remuneration paid to lead actors.

sponsorships, third-party investors) accounted for nearly half of this foreign financing, with foreign distributors and broadcasters also making significant contributions.

Television coproductions involved even higher levels of foreign financing than film coproductions. Foreign sources accounted for 63% of total project financing, with Canadian sources accounting for the other 37%. For television coproductions in the fiction genre, foreign sources accounted for 72% of total financing.

Consumption

Statistics for film coproductions' share of the total domestic box office held by all Canadian films indicates that coproductions' ability to attract audiences exceeds its share of the supply of content. Although coproductions accounted for 19% of all Canadian films (i.e. coproduction and domestic production) produced between 2008 and 2012, they often accounted for a much higher share of the overall consumption of Canadian films in Canada, particularly on the theatrical platform. In 2012, for example, film coproductions accounted for 39.3% of the total theatrical box office views earned by Canadian films in Canada. In the French-language market (i.e. films exhibited in French in Canada), coproductions' share was 17.3%, while in the English-language market it was 60%.

The relatively strong performance by film coproductions in the English-language market reflected the fact that many of the big-budget English-language films produced during this period were coproductions. The relatively lower share in the French-language market, meanwhile, could perhaps have been due to the fact that Canadian audiences in this language market sometimes displayed a preference for films that featured Quebecois stories, themes and performers.

In the English-language market, coproductions' performance on television platforms was often lower than their performance on the theatrical platform. In 2012, for example, film coproductions held a 60% share of the total views earned by Canadian films at the theatrical box office, but only 25.4% of the share of views (i.e. the number of times a film is viewed) on the pay-television platform, 28.7% on the specialty television platform and 24.6% on the conventional television platform.

In the French-language market, the opposite was the case. Film coproductions' share of the overall viewing of Canadian films televised in Canada was often higher than, or on par with, their share of all Canadian films' box office views. In particular, film coproductions' share of viewing of Canadian films on the pay-television platform was much higher than their share at the theatrical box office or on other television platforms.

3.2 Domestic production

Production volume

Between 20008/09 and 2012/13, Canadian producers made over 5,000 domestic film and television productions with a total volume of $10.6 billion. This production volume accounted for 89% of the $11.9 billion in total audiovisual production (i.e. domestic production and coproduction) during that five-year period.

Domestic production, when measured by volume, was concentrated in the television segment, English-language production and the fiction genre. Similarly, producers based in Ontario, Quebec, and BC and the Territories accounted for the vast majority of production volume between 2008/09 and 2012/13.

While the composition of domestic production in terms of medium, language, genre and region remained fairly stable between 2008/09 and 2012/13, a few trends did emerge. In terms of regional distribution, Ontario-based producers increased their share of production volume, while those based in Saskatchewan saw their share decrease.

There was a steady increase in the average budgets of domestic television projects during the study period. An increase in *hourly* budgets – particularly for English-language production – was probably a major factor behind this particular trend. In addition, there was also an upward trend in average *project* budgets for domestic English-language production, while average project budgets for domestic French-language production remained static.

Overall economic impact

Between 2008/09 and 2012/13, domestic production generated 167,837 FTEs of employment in Canada, including 92,460 FTEs of direct employment within the film and television production industry and an additional 75,377 FTEs of employment in other sectors of the Canadian economy. Domestic production also generated $9.4 billion in GDP for the Canadian economy and over $7.6 billion in labour income for Canadian workers. The economic activity associated with domestic production also yielded $240 million in federal and provincial taxes (i.e. taxes on products and production only).

When compared to other industries, domestic production proved to be a very efficient source of employment. It generated 15.9 FTEs per $1 million of output, which was third among 25 industries comprising the Canadian economy. Each dollar of output in the domestic production sector also yielded $0.73 of labour income – top among the 25 industries studied. The domestic production sector's record of GDP creation was in the middle of the pack. A GDP intensity ratio of 0.87 placed the sector 13th among 25 industries.

3.3 Comparative analysis

Trends and composition

Between 2008 and 2013, coproduction represented 5.8% of the number of all Canadian productions (coproduction and domestic production), but the Canadian share of coproduction budgets represented about 10.5% of all Canadian budget (coproduction and domestic) in that period.

Both coproduction and domestic production ended the study period (fiscal year beginning 2012) at virtually the same level they were at five years earlier (in terms of Canadian budgets). However, there were several significant differences in the composition of the two types of production.

Coproduction was weighted towards English-language production and film production. It also displayed higher average budgets than domestic production in both film and television. English-language production accounted for 87% of coproduction (i.e. Canadian budgets), compared to 71% of domestic production (i.e. total volume). And whereas film accounted for approximately one-half of coproduction in terms of Canadian budgets, it accounted for only 11% of domestic production.

The average budget of coproduction films was $5.9 million during the study period, more than double the average of $2.5 million for domestic film productions. The difference in average budgets was less pronounced in television and could have been explained by the genre composition of each type of audiovisual production. The average budget for a television coproduction was $2.7 million, compared to $2 million for domestic production.

On a regional basis, Ontario was the only jurisdiction that was over-represented in coproduction vis-à-vis domestic production. It accounted for 59% of coproduction, compared to 43% of domestic production. Quebec's shares of coproduction (31%) and domestic production (34%) were consistent. Meanwhile, BC and the Territories, the Prairie Provinces and Atlantic Canada all recorded shares of coproduction during the study period that were one-half or less of their shares of domestic production.

Production costs and salaries

Producers reported that production costs for coproductions were typically higher than for domestic productions; however, this was due to higher administrative costs and not necessarily higher labour costs in Canada. Most below-the-line labour in Canada was – and is – compensated on the basis of collective agreements, so any differences between coproductions and domestic productions would have arisen from the province or country in which the production took place. On the Canadian side, certain provinces such as BC, had higher costs. For coproductions, certain countries, such as Hungary or South Africa, in fact, offered the opportunity to lower costs vis-à-vis Canada.

The costs of coproductions and domestic productions varied from jurisdiction to jurisdiction. However, producers reported that the administrative costs associated with a coproduction in terms of the additional legal and accounting services meant that, all other things being equal, a coproduction would cost $200,000 to $300,000 more than a domestic production.

Impact on Canadian production companies

Coproductions provide Canadian producers and their companies with benefits that they cannot necessarily obtain by working exclusively on domestic productions. Coproductions give Canadian producers the opportunity to work on projects on a much larger scale and access global talent and financing. Producers also reported that coproductions provide them with opportunities to gain international recognition and reach, which can lead to more work. They also noted that coproductions facilitated an exchange of ideas and techniques, which they could then bring to domestic productions.

Despite the international nature of coproductions and the additional sales and marketing push that comes from having participating producers, broadcasters and distributors in more than one country, producers were divided as to the relative revenue benefits of coproductions. Much of the coproduction with European Union (EU) partners opens up a large sales market, however, according to producers, that often means that a project may not sell well in the US because the on-screen content is “too European.” A domestic production with a US presale and thereby an American “seal of approval” can have much better international sales potential, according to producers. There are, of course, exceptions. The *Resident Evil* films were European coproductions, but were associated with a globally successful video game franchise, rather than European settings and storylines.

According to a Canadian Heritage analysis, film coproductions (mainly English-language ones) were particularly successful at the international box office. They had about six times the international box office revenues of Canadian domestic productions released between 2005 and 2012. Also, the international box office earned by coproductions released in Canada between 2005 and 2012 was 20 times that of the box office they earned in Canada.

Even where a coproduction achieves strong international sales and revenue, however, the Canadian producer has to split the revenue with its foreign partners, so the net gains may be limited vis-à-vis domestic productions. Nevertheless, coproduction permits Canadian producers to diversify their slate, share risk, access additional funding and expand their international network, all of which are beneficial to Canadian production companies.

Skills development and transfer

Industry opinion is somewhat divided on the question as to whether coproductions provide more skills development and transfer than domestic productions. Some industry sources noted that Canadian cast and crew gain experience and develop their skills by working on large-scale projects regardless of whether that work is on coproductions, domestic productions or even FLS productions. In that regard, what is more important is the scale and volume of production. However, although FLS production is often larger in scale and volume than coproduction, Canadian crews are more likely to be involved in creative decisions and the problem-solving process on coproductions than on FLS productions – both of which contribute to skills development.

Relative economic intensity

On an absolute basis, the domestic production sector was approximately eight to ten times larger than the coproduction sector, and thereby, had a much larger economic impact. However, that does not necessarily mean that domestic production was a more efficient source of economic impact. A review of economic intensity ratios can provide some insights on the question of relative efficiency of coproduction and domestic production.

In terms of employment impact, domestic production was slightly more efficient, generating 15.9 FTEs per $1 million output, compared to 14.6 FTEs generated by all coproduction. However, when majority coproduction is separated from minority coproduction, we found that the former had an employment impact (15.6 FTEs) that was practically on par with domestic production.

There was much less difference between domestic production and coproduction in terms of GDP impact. In fact, coproduction displayed a slightly higher GDP intensity ratio of ($0.87 per $1 of output) than domestic production. In fact, the most efficient source of GDP was majority coproduction, which yielded $0.89 of GDP for every dollar of output.

Impact on other industries

One of the hallmarks of audiovisual production is the fact that it draws upon numerous supplies and services from beyond the sector itself. Equipment rentals, construction services, travel and hotels, catering services, and legal and accounting services are just some of the different types of supplies and services that go into an audiovisual production.

The production budget data collected for this study indicated that the financial, insurance and real estate services industry accounted for approximately two-thirds of the non-audiovisual expenditures on both coproductions and domestic productions. This included much of the location costs as well as equipment and vehicle rental costs. The accommodation and transportation industries accounted for significant shares of non-audiovisual expenditures. In general, the profile of non-audiovisual expenditures did not differ in any significant manner between coproduction and domestic production.

The audiovisual sector's impact on other industries is captured by its indirect economic impact. A comparison of employment intensity ratios for coproduction and domestic production showed that domestic production generated about 10% more indirect employment (7.2 FTEs per $1 million output) than coproduction (6.6. FTEs). Coproduction, however, generated a slightly higher indirect GDP impact ($0.21 per dollar of output) than domestic production ($0.20).

Any differences in indirect economic impact all but disappeared, when one compared majority coproduction with domestic production. Majority coproduction displayed an employment intensity ratio of 7.1 FTEs per $1 million output, compared to 7.2 FTEs for domestic production. These two categories of audiovisual coproduction also displayed equal economic ratios ($0.20 per dollar of output) for their indirect GDP impacts.

While the intensity of economic impacts for coproduction and domestic production were similar in terms of employment, GDP and labour impact, coproduction provided many unique advantages. For example, coproductions allowed Canadian producers and personnel to work on an international scale, while maintaining creative control - an advantage not offered by FLS productions. In addition, coproductions had significantly higher production budgets than domestic productions. The larger scale of coproductions resulted in higher production values, which was clearly attractive to audiences abroad.

3.4 Co-ventures

Volume and Activity

While there was no data available on the overall level of co-venture production in Canada between 2003 and 2012, data from the Canadian Heritage online survey and from the CRTC allowed us to ascertain the *minimum* level of co-venture production during the study period.

The survey indicated that at least 37 co-venture films were produced between 2003 and 2012, with a total volume of $410.7 million. The survey data also indicated that a minimum of 84 television co-ventures were produced between 2003 and 2012, with a total volume of $56.8 million.

The data supplied by the CRTC painted a somewhat different picture of the level of television co-venture production during the study period.[11] Although the CRTC data only covered a sample of 42 television projects that aired in Canada over a six-year period (2007-2012), it reported total Canadian spend of $137.9 million.

The data from the online survey and the CRTC indicated that co-venture production during the study period was concentrated in English-language production and in Ontario and BC. The survey data also suggested that the volume of co-venture production was somewhat higher in the latter half of the study period (2008-2012) than in the first half (2003-2007), although there was only a very weak time trend observed in the data.

The survey data indicated that co-venture films displayed an average budget of $11.1 million, which was nearly double the average for coproduction films ($5.9 million) and four times that of domestic film productions ($2.5 million). For the television co-ventures, however, the two different data sources yielded conflicting evidence with respect to average budgets.[12] The survey sample displayed an average budget of $700,000, which was lower than the average budgets for both coproduction ($2.7 million) and domestic production ($2.0 million). The CRTC data, however, pointed to an average budget of $3.3 million for television co-ventures, and thereby, much higher than both television coproductions and domestic television productions.

Rationale and benefits

Producers highlighted the lack of flexibility in Canada's coproduction treaties as one of the most important reasons for opting for a co-venture structure. Canada's coproduction treaties and guidelines stipulate that, among other things, the contribution of key creative personnel be in proportion to each partner country's share of project financing. The guidelines also promote the principle of proportionality with respect to the sharing of copyright and net revenues, and put limits on the financial or creative contribution from third countries.

It was the restriction on the creative contribution of third countries which producers highlighted as a key motivation for using a co-venture structure. In particular, they noted the restriction on the use of American writers meant that they would have to use a co-venture structure to meet the creative goals of a project. The fact that many co-venture producers who responded to the survey reported that they made co-ventures with partners in France, Germany, the UK and other countries with which Canada has audiovisual coproduction treaties suggests that the inflexibility of coproduction treaties was indeed a key factor.

The lack of any audiovisual coproduction treaty with a partner country, particularly the US, was also cited as an important factor. In particular, the fact that Canada has no audiovisual coproduction treaty with the US meant that a co-venture structure was the only way to coproduce with an American producer and qualify a project as Canadian content. By coproducing with an American partner, Canadian producers could not only obtain a valuable American sale and "seal of approval" but also establish relationships with Hollywood studios and gain unique knowledge that they may not obtain working with producers in other countries.

Economic intensity

On an economic-intensity basis, television co-ventures provided a slightly larger economic impact than either television coproductions or domestic television productions, during the study period. Television co-ventures generated 17.4 FTEs per $1 million of output, compared to 15.2 FTEs for television coproductions and 15.9 FTEs for domestic television productions. Television co-ventures also generated a higher GDP impact ($0.92 per dollar of output) than either television coproductions ($0.88) or domestic television production ($0.89).

[11] The CRTC's co-venture data only covered television productions; it did not include film productions.
[12] The differences in average budgets could be due to a number of reasons. The survey sample may not be representative and instead have a bias to smaller projects. Similarly, the CRTC sample may have been biased towards larger projects. Projects from the post-2007 period may have been larger.

4. Part I: Treaty Coproduction

The following section provides an analysis of coproduction in Canada between 2003 and 2012. It begins with a trend analysis followed by an analysis of the economic impact.

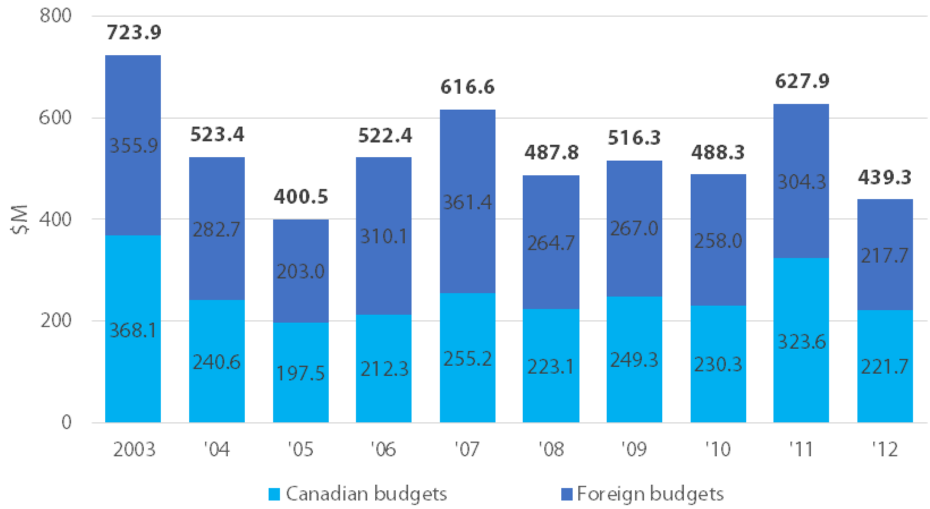
4.1 Trend analysis

In the following sub-section, we analyze the trends in coproduction as well as its composition in terms of language, medium, genre, partner countries, region of production and Canadian participation. We also examine data related to the coproduction budget categories, financing and consumption.

4.1.1 Total volume

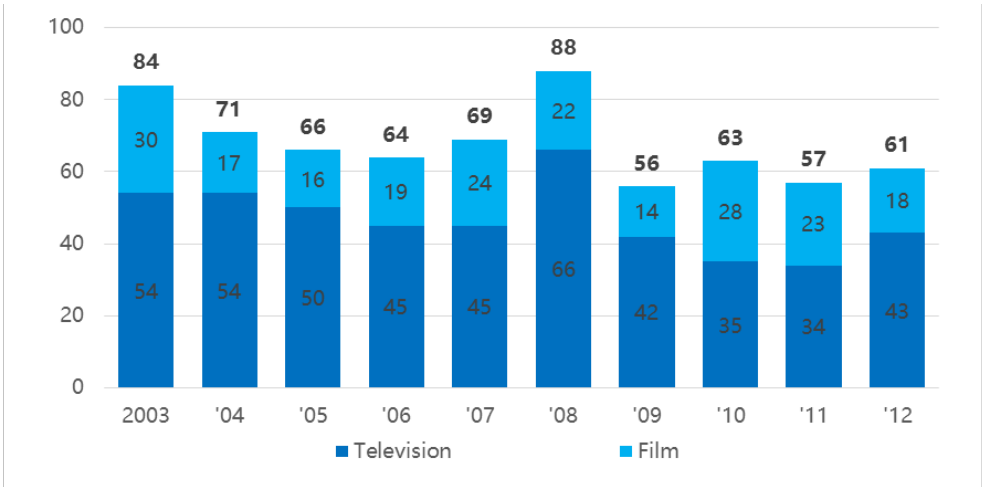
During the study period, the total volume of coproduction (i.e. total production budgets) was at its peak in 2003, when it stood at $723.9 million (Figure 3). For seven of the subsequent nine years of the study period, the annual levels of total coproduction budgets stayed within a range of $400 million to $525 million. Total coproduction budgets were outside of that range in only two of the nine years – 2007 and 2011 – when they exceeded $600 million.

Figure 3 Total volume of treaty coproduction (2013 $M, unless indicated otherwise)



Source: Telefilm Canada.

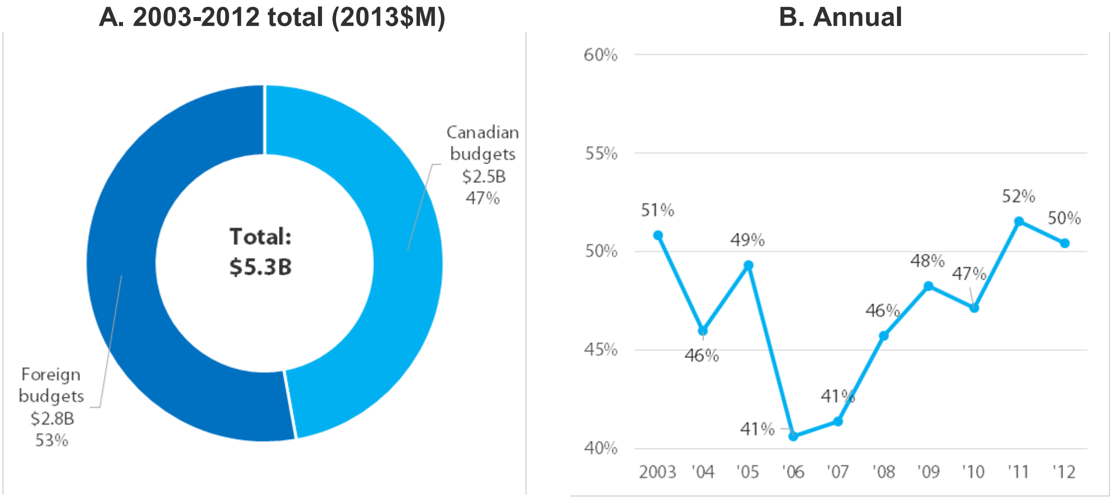
Figure 4 Number of coproductions, film vs. television



Source: Telefilm Canada.

In general, Canadian budgets accounted for approximately one-half of the total production budgets for coproductions; however, that share did fluctuate from year to year. Across the ten-year period, Canadian budgets totalled $2.5 billion and accounted for 47% of total production budgets of $5.3 billion (Figure 5A). On a year-to-year basis, Canadian budgets typically accounted for between 45% and 52% of total volume (Figure 5B). The only exceptions were 2006 and 2007, when the Canadian budget share was as low as 41%. From 2008 to 2011, the Canadian budget share rose to 52%; in 2012, it stood at 50%.

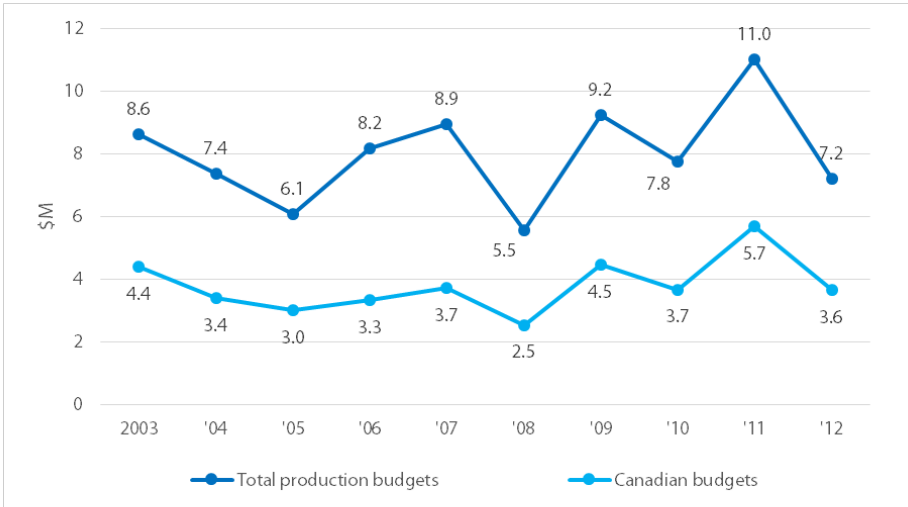
Figure 5 Total coproduction, Canadian budget share of total volume



Source: Telefilm Canada.

Despite the lower levels of total volume and Canadian budgets in the latter half of the ten-year period, the average project size did not fall in any material way; in fact, it moved slightly higher. On average, coproductions had total production budgets (i.e. foreign and Canadian budgets) of $7.9 million and Canadian budgets of $3.7 million (Figure 6). The average project size peaked in 2011 at $11.0 million in terms of total production budgets and $5.7 million in terms of Canadian budgets. In general, there appears to have been a trend toward fewer but larger coproductions during the study period.

Figure 6 Average project budgets (2013 $M)



Source: Telefilm Canada.

The average budget size can be affected by a number of factors, most notably the annual mix of film and television coproductions, and the mix by genre. Years with a higher share of feature films and coproductions in the fiction genre would typically also display higher average budgets, since these types of coproductions displayed higher relative budgets than television coproductions and coproductions in other genres (i.e. documentary and children's programming). Indeed, many of the spikes in average budget – i.e. 2003, 2007, 2009 and 2011 – were also years in which big-budget films such as *Blindness, Silent Hill* and the *Resident Evil* series went into production.

The year-to-year fluctuations in coproduction budgets were closely linked to the annual slates of English-language film coproduction

As we can see from Figure 3, there was no strong trend in coproduction volume during the study period. Instead, the 10-year period was characterized by significant year-to-year fluctuations in volume and Canadian budgets. For example, in 2004, volume dropped by 28%; in 2011, it increased by 29%, before falling back by 30% the following year. These year-to-year swings in volume and Canadian budgets were very much linked to the year-to-year fluctuations in film coproduction and English-language film coproduction, in particular. Across the 10-year period, the correlation coefficient between total Canadian budgets and Canadian budgets for film coproductions was 0.90; for television coproduction, it was only 0.39. [13] In other words, there was a strong and positive linear relationship between annual total coproduction and film coproduction, whereas the relationship with television coproduction was relatively weaker.

4.1.2 Language

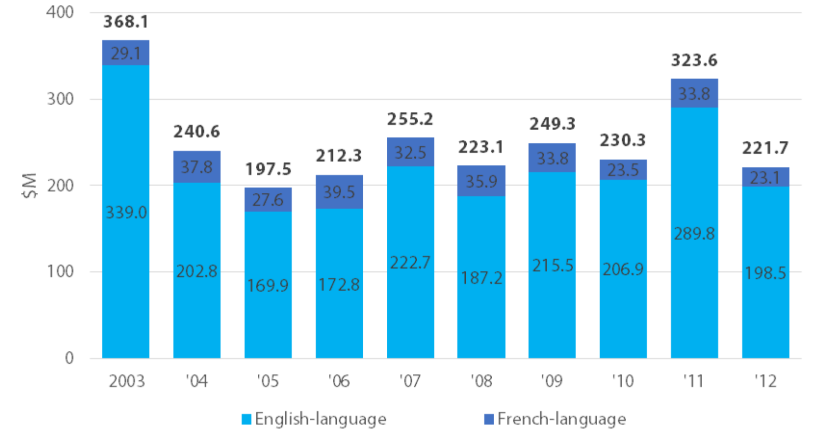
Nearly 90% of coproduction (based on Canadian budgets) was produced in English between 2003 and 2012

Canada's coproduction during the study period was primarily produced in English. Between 2003 and 2012, 87% of the Canadian budgets for coproductions were for English-language coproductions. The share of Canadian budgets held by English-language coproduction was largely consistent during the study period, varying from a low of 81% to a high of 92%. The large

[13] The correlation coefficient measures the linear relationship between two variables. It ranges between a value of −1 and +1. A correlation coefficient close to +1 indicates a strong positive linear relationship. That is high values of one variable are coincident with high values of the second variable. A correlation coefficient close to −1 indicates the opposite: high values of one variable are coincident with low values of the second variable. A correlation coefficient close to zero indicates that there is no linear relationship between the two variables. A high value of one variable is just as likely to be coincident with a high or low value of the second variable. The correlation coefficient is also referred to as Pearson's correlation coefficient or the Pearson product-moment correlation coefficient.

share of Canadian budgets associated with English-language coproduction was due not only to the fact that the annual number of English-language coproduction outnumbered French-language coproductions, but also because the average budgets for English-language productions were higher.

Figure 7 Coproduction, Canadian budgets, by language (2013 $M)

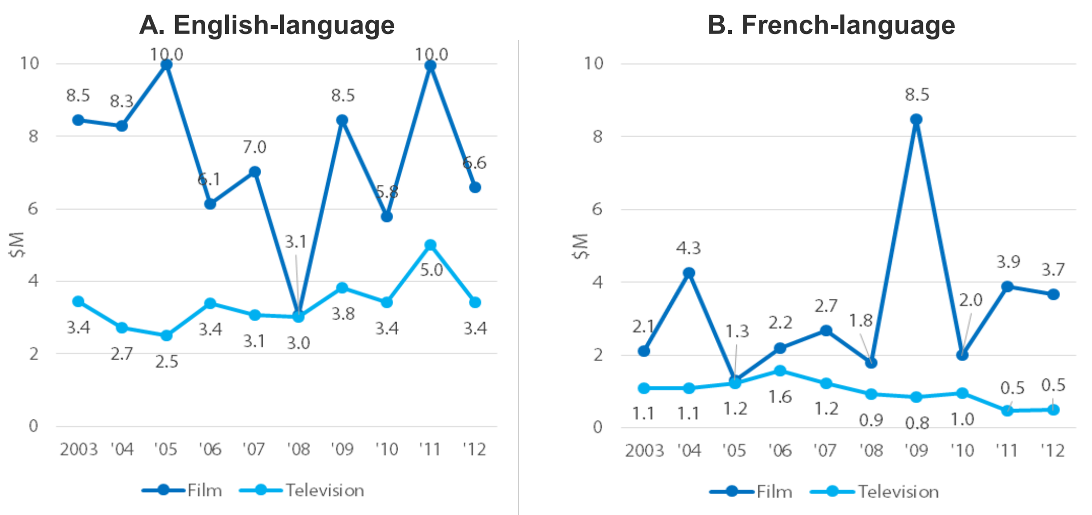


Source: Telefilm Canada.

Between 2003 and 2012, the average Canadian budgets for English-language coproductions were approximately 2.7 times that of French-language coproductions and as much as 4.1 times in 2003 (Figure 10).

This differential in average budgets between English-language and French-language coproduction also held across the two media – suggesting that the overall difference was not due to the medium composition in each language. With respect to film, average Canadian budgets for English-language coproductions were consistently higher than for French-language coproductions. As noted below in Figure 8, it was only in 2009 that the average Canadian budget was equal ($8.5 million) for film coproduction in both languages. The sharp drop in the average Canadian budget for English-language coproduction films in 2008 coincided with collapse in the financing of independent films during the financial crisis of 2008. The spike in 2009 in the average Canadian budget for French-language films coincided with a year in which the output of French-language film coproduction fell to a 10-year low of only three films but included *Incendies*.

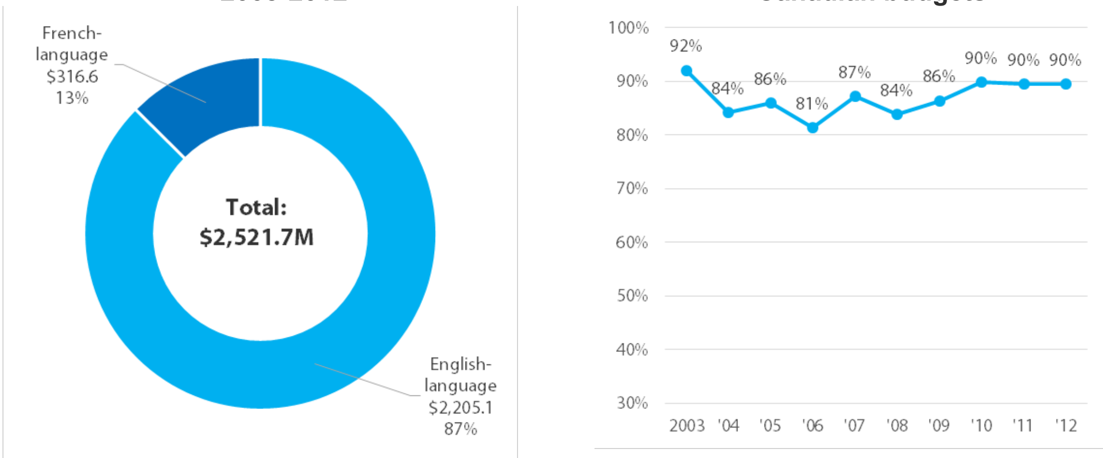
Figure 8 Average Canadian budget per project, by language and medium (2013 $M)



Source: Telefilm Canada.

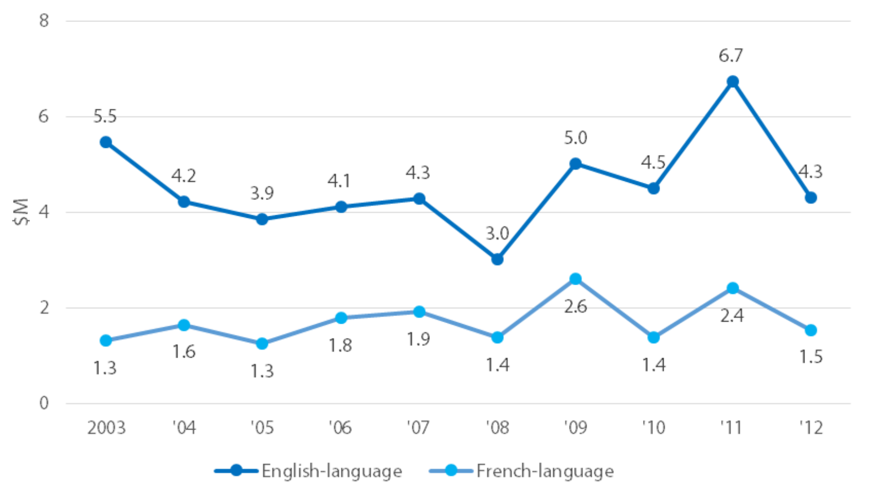
Figure 9 Total treaty coproduction, Canadian budget share, by language

A. Share of total Canadian budgets, 2003-2012 | **B. English-language projects' share of total Canadian budgets**



Source: Telefilm Canada.

Figure 10 Average Canadian budget per coproduction, by language (2013 $M)



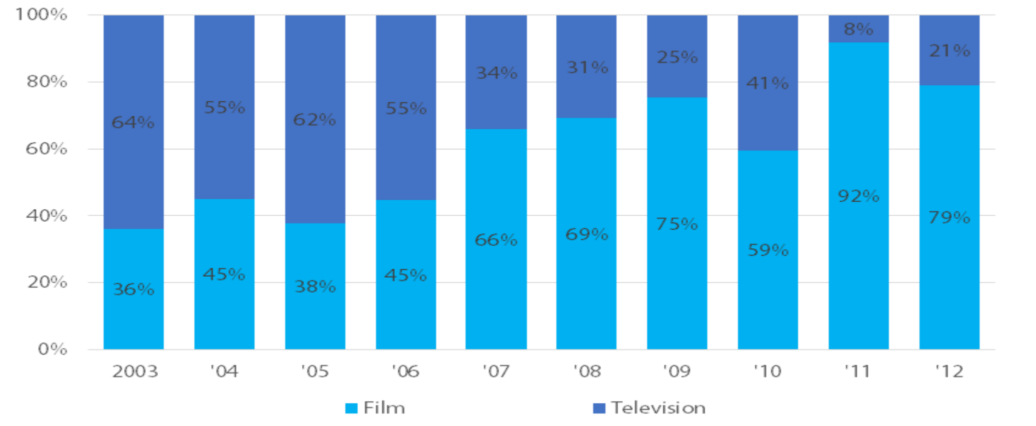
Source: Telefilm Canada.

In television, the average budget for English-language coproduction was higher than that for French-language coproduction, ranging from $2.5 million to $5.0 million as opposed to $500,000 to $1.6 million for French-language coproduction.

The average Canadian budgets for English-language coproductions were higher than French-language coproductions in both film and television

Based on shares of Canadian budgets, film coproduction accounted for 60% of total French-language coproduction between 2003 and 2012, as opposed to 48% for English-language coproduction. Contributing factors behind this differing trend were likely tied to more generous equity funding for feature film production offered by the Société de développement des entreprises culturelles (SODEC) in Quebec in comparison to other provinces. French-language films were also more likely to achieve box office success in Canada during the study period, making the investment in French-language film potentially less risky than English-language film. Meanwhile, it may have been more difficult to attract coproduction partners for French-language television production; since producers reported anecdotally that broadcasters in France faced greater pressure in recent years to commission purely domestic production. Films' share of total French-language coproduction also increased significantly during the study period, from 36% of Canadian budgets in 2003 to 79% in 2012, and was as high as 92% in 2011 (Figure 11).

Figure 11 French-language coproduction, share of total Canadian budgets, by medium



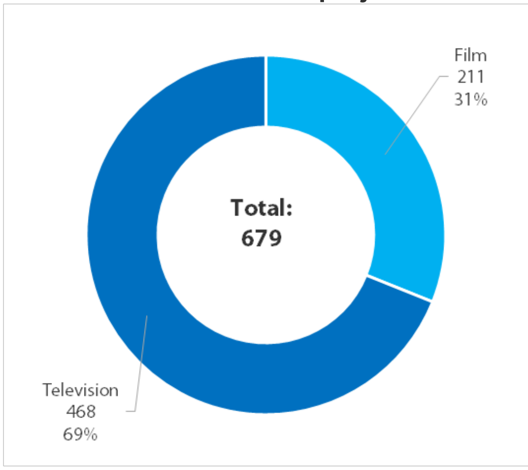
Source: Telefilm Canada.

4.1.3 Medium

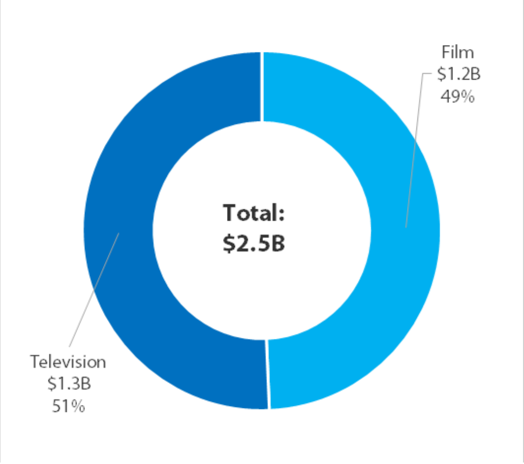
Television coproductions accounted for the majority of the number of coproductions during the study period – 69% vs. 31% for film coproduction (Figure 12A). However, because film coproductions had higher project budgets than television coproductions, the split between these two media in terms of Canadian budgets was approximately 50-50. Across the entire 10-year period, television coproduction accounted for $1.3 billion in Canadian budgets, or 51% of total Canadian budgets of $2.5 billion; film coproduction accounted for $1.2 billion, or 49% of total Canadian budgets during the period (Figure 12B).

Figure 12 Coproduction, by medium

A. Number of projects



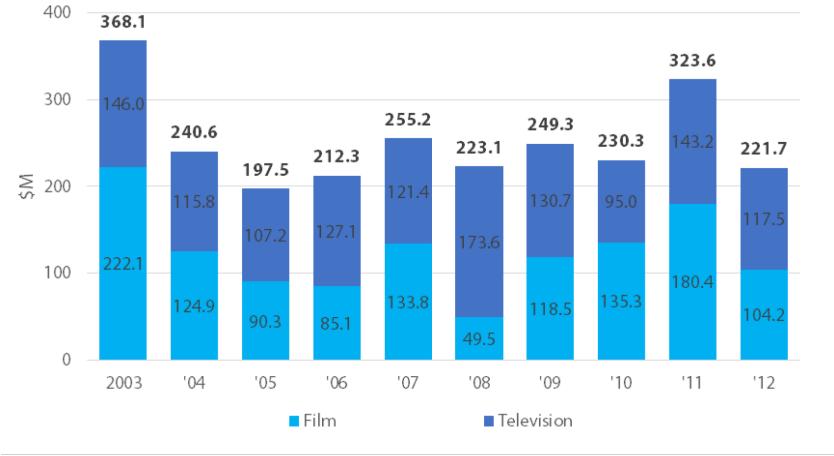
B. Canadian budgets



Source: Telefilm Canada.

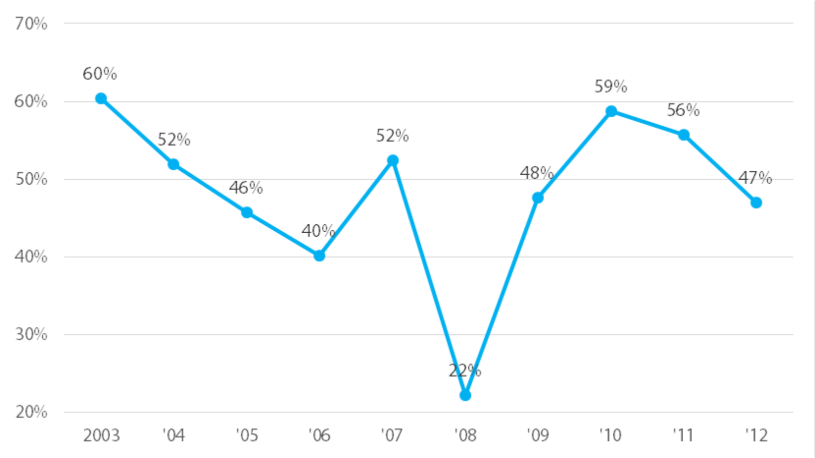
Film coproductions' share of Canadian budgets stayed within a range of 40% to 60% for most of the study period (Figure 14). The only exception was 2008, when it fell to only 22%. Television coproduction was somewhat above average in that year, rising to a 10-year peak of $173.6 million. However, the drop in film coproductions' share in 2008 was largely due to a sharp reduction in the size of film coproductions in that year, which, as noted above, was itself due to a collapse in the financing of independent film production during the 2008 financial crisis. The Canadian budgets for film coproductions fell to a 10-year low of $49.5 million in 2008, and the average film budget fell to $2.2 million - 60% lower than the 10-year average of $5.9 million (Figure 15).

Figure 13 Coproduction, Canadian budgets, film vs. television (2013 $M)



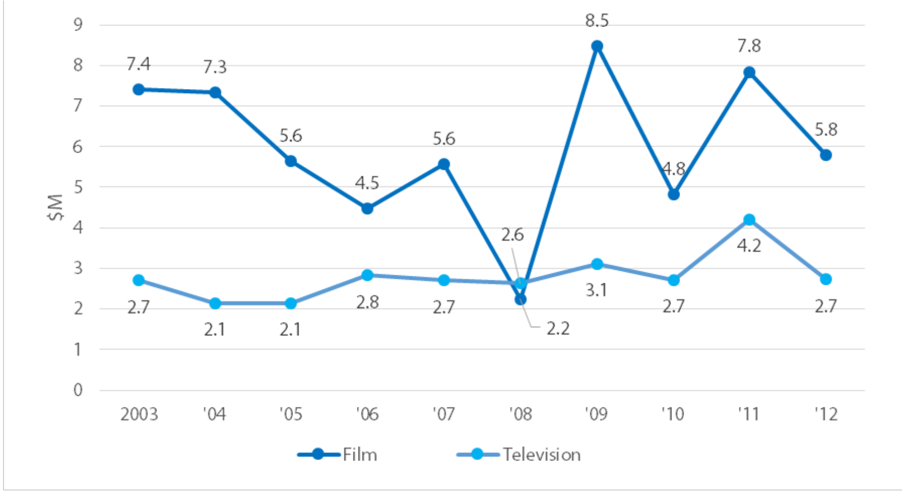
Source: Telefilm Canada.

Figure 14 Film coproductions' share of total Canadian budgets



Source: Telefilm Canada.

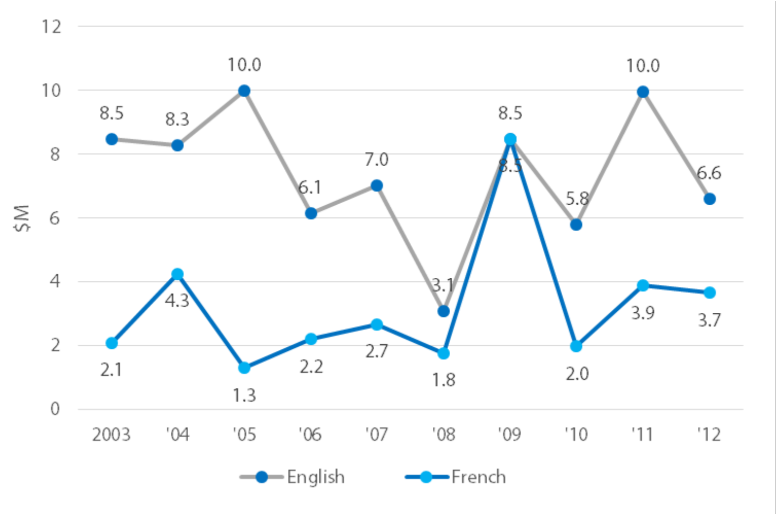
Figure 15 Average Canadian budgets per coproduction, film vs. television (2013 $M)



Source: Telefilm Canada.

The drop in the average size of film coproductions in 2008 reflected, in part, the prevalence of French-language film coproductions in relation to English-language film coproductions during that year. The former typically displayed lower Canadian budgets during the study period. In fact, there was only year, 2009, in which the average Canadian budgets were on par with one another (Figure 16). In 2008, Canadian producers were involved in only eight English-language film coproductions – a 10-year low. Meanwhile, that year, the production of French-language film coproductions hit a 10-year high of 15 films.

Figure 16 Average Canadian budgets per film coproduction, by language (2013 $M)



Source: Telefilm Canada.

This drop in film coproduction – and English-language film coproduction in particular – may have reflected the increased sensitivity of independent film production to conditions in financial markets. Independent film production often relies upon equity or cash flow financing from financial institutions or high-net individuals. This type of financing was significantly curtailed during the financial crisis in 2008. The quick recovery in film coproduction in 2009 would suggest that the financial crisis was not a significant factor in the drop in film coproduction in 2008; instead, the drop may just have been due to the timing of film coproductions. In 2009, film coproduction bounced back to $118.5 million in Canadian budgets, as several large budget films, such as *Resident Evil: Afterlife*, *Barney's Version* and *Incendies* went into production.

As noted above, it was the year-to-year fluctuations in film coproduction – and English-language film coproduction in particular – that were behind the year-to-year fluctuations in Canadian budgets for all coproduction. Indeed, the years with the highest levels of Canadian budgets were also those with the highest number of big budget films. The 2003 slate of coproductions included big-budget films such as *Being Julia*, *Resident Evil: Apocalypse* and *White Noise*. Canadian budgets also increased in 2009, as films such as *Resident Evil: Afterlife*, *Incendies* and *Barney's Version* went into production. Similarly, in 2011, Canadian budgets were well above the 10-year average of $252.2 million as films such as *Resident Evil: Retribution*, *Silent Hill 2* and *Cosmopolis* went into production.

Quebec's Caramel Films finds Canadian and international market success through actively building European and American partnerships for new projects and existing intellectual property

Since establishing the Montreal-based company in 2008, producer André Rouleau has created an impressive 11 coproductions in both French and English. While Caramel Films creates predominantly feature films, its coproductions span genres (e.g. drama, romantic comedy, musical, 3D thriller and animation) and partner countries (e.g. France, Spain, Italy, Finland, etc.). What is clear is that Rouleau has no trouble finding and building international partnerships and projects that meet critical and box office success.

Les doigts croches (2009), a French-language heist film that was coproduced with partners in France and Argentina (where the film was shot), benefited from top casting and high-calibre writing. High production values, in turn, helped the film to draw among one of the highest levels of attendance at the Quebec box office that year. Following this success, Rouleau released another French-language multipartite production, *Krach*, with Belgium and France.

Facing greater market opportunities, and with buyers and distributors in France increasingly looking for English, rather than French- language works, Quebec producers are diversifying their slate in both languages. In 2013, Rouleau produced *The F-Word* (2013) as an interprovincial coproduction and treaty coproduction with Ireland. The English-language romantic comedy starring Daniel Radcliffe (*Harry Potter)* is the follow-up to director Michael Dowse's *Goon,* which was also produced by Caramel Films as an interprovincial coproduction.

Rouleau also creates domestic productions, including the Canadian box office hit, *Starbuck* (2011), and then explores American and international partnerships to leverage successful intellectual property. Dreamworks acquired the rights for the Hollywood version of the film and *Delivery Man* starring Vince Vaughn was also produced by Rouleau in a co-venture agreement. He has also sold rights to create remakes in India and France. Rouleau sees the diversity of financing models as important to his business: coproductions allow him to match with international financing and co-ventures allow for more lucrative partnerships with American partners, and anticipates co-venture will increase in the future

Currently, Caramel is completing *Ballerina,* a $30 million English-language animated coproduction (of which $25 million was expected to be spent in Quebec) with France's QUAD. Rouleau believes that while it is difficult to compete with Hollywood in live action, Canada can compete with the big US studios when it comes to animation because of domestic talent, which he sees as a growing opportunity. As with many good experiences in coproduction, it begets further collaboration. The Canada-France team are also set to coproduce an English-language remake of *The Volcano* for a budget of $27 million, also to be directed by Michael Dowse.

Compared to film coproduction, television coproduction was much more stable: the year-to-year fluctuations were significantly less than that of film coproduction. The standard deviation[14] in Canadian budgets for television coproduction ($21.1 million) was half that of film coproduction ($46.5 million). In addition, the range between the 10-year peak and nadir for television coproduction ($78.6 million) was less than half that of film coproduction ($172.6 million) – a further indication of the wider year-to-year variability in Canadian budgets for film coproduction. Although television coproduction was relatively stable compared to film coproduction, our analysis of the genre composition of coproduction indicates there were some shifts in the types of television coproduction during the study period, as coproduction in the children's genre decreased and the production of high-budget fiction television series increased.

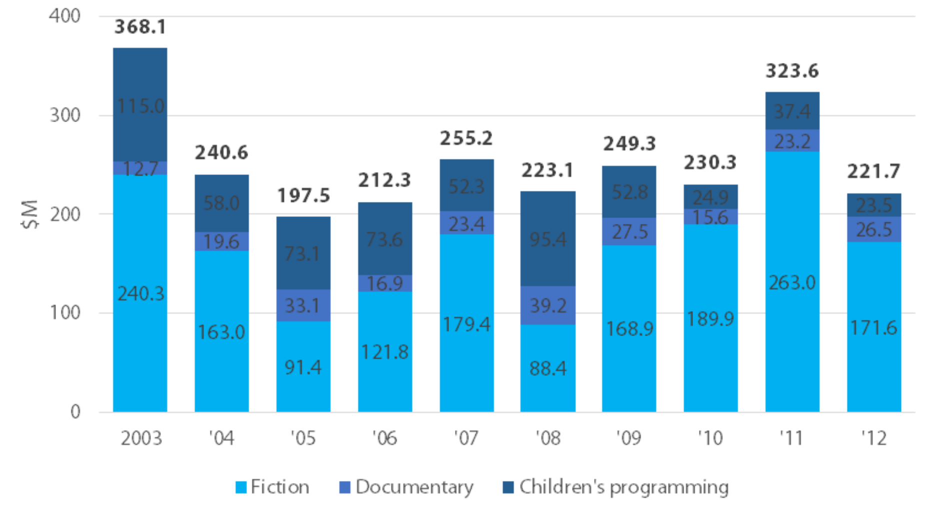
4.1.4 Genre

Of the three main genres that typically make up coproduction – fiction, documentary, and children's programming – fiction was clearly the most important contributor to overall coproduction. As the volume and activity of fiction coproduction fluctuated, so too, did overall coproduction. Indeed, in the latter half of the study period, the fiction genre increased its share of coproduction to the point where it accounted for approximately 80% of all Canadian budgets.

Fiction was the largest genre of coproduction and increased its share to over 80% of Canadian budgets by 2010

The fact that fiction was the largest genre in terms of Canadian budgets is not surprising. Although it did not account for the largest number of projects in all years, it displayed the highest average Canadian budgets, meaning that it accounted for the largest share of Canadian budgets overall. The average Canadian budget for fiction coproductions was positively impacted by film coproduction and high-budget television series. Between 2006 and 2009, the high-budget television fiction series, *The Tudors*, increased average fiction budgets and total Canadian budgets for fiction. In 2012, there were two notable high-budget fiction television series, *The Borgias* and *Vikings*.

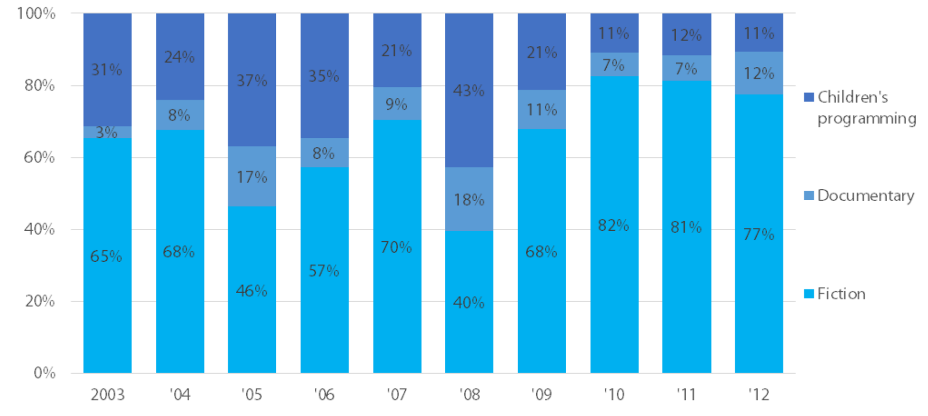
Figure 17 Coproduction, Canadian budgets, by genre (2013 $M)



Source: Telefilm Canada.

[14] Standard deviation measures the variation or dispersion around the mean of a particular sample or population of data. A standard deviation of zero indicates no variation, i.e. all data points are equal to the mean. As the variation of a data set increases, its standard deviation will also increase.

Figure 18 Coproduction, share of Canadian budgets, by genre



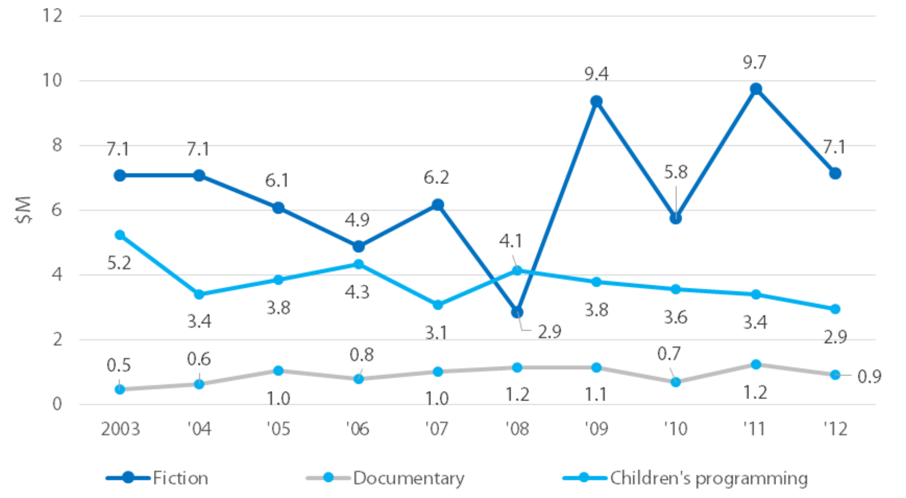
Source: Telefilm Canada.

Children's programming was the second largest genre in terms of Canadian budgets during the study period. It typically accounted for between 21% and 43% of the Canadian budgets on an annual basis; although between 2010 and 2012, its share dropped to a range of only 11% to 12%. This precipitous decline in coproduction in the children's genre was due to a combination of lower activity (i.e. fewer projects) and declining average budgets.

Up until 2009, the annual number of coproductions in the children's genre was never lower than 14; between 2010 and 2012, it was never higher than 11. The beginning of the study period was characterized by several recurring children's series, including *15/Love*, *Atomic Betty*, *Martin Mystery Captain Flamingo* and *Totally Spies*. Following 2010, there was less activity in English-language children's coproduction. In French-language coproduction, only one children's coproduction was made in both 2011 and 2012. The average budgets for children's programming, meanwhile, fell from $10.6 million to $5.7 million – a drop of 46%. No other genre experienced such a steep decline.

According to industry sources, the decrease in children's programming coproductions during the latter half of the study period can, in part, be attributed to Canadian broadcasters' reduced interest in minority coproductions and the fact that foreign producers started to tap into Canada's animation talent through service productions, rather than Canadian content productions. Rather than work through a treaty, a foreign producer could set up a studio in Canada, utilize Canadian labour, maintain control and ownership over the content, and benefit from services tax credits. The Quebec and Ontario governments' decision to change their services tax credits from labour to *all spend* tax credits made this production model even more advantageous for foreign producers. Canadian producers have also benefited from these tax credit changes. According to industry sources, it was also much easier now for Canadian producers to do animation productions outside of coproduction treaties, given that the tax credits in provinces such as Ontario, BC and Nova Scotia were very competitive.

Figure 19 Average budget (based on total volume) per coproduction, by genre (2013 $M)



Source: Telefilm Canada.

From coproduction and co-ventures to co-operation agreements – DHX explores multiple models in growing its worldwide footprint

Born out of a 2006 merger between Decode Entertainment and Halifax Film Company, DHX has quickly become an international leader in the production and distribution of children's programming. Today, the publicly-traded company is vertically integrated with production studios and operations in Vancouver, Halifax and Toronto. DHX is also a broadcaster, with the acquisition of the Family Channel in 2014. With further mergers and acquisitions since 2012, it now owns one of the largest independent libraries of children's video content in the world with approximately 10,000 half-hours of programming across more than 300+ titles, including a number of successful coproductions, including such titles as the 100-episode series *Waybuloo* with a UK partner.

In producing primarily animation for children and youth that appeals to worldwide audiences, DHX strategically pursues coproduction relationships with the objective to further expand output and gain access to international talent. The company has also developed a production funding model that ensures low capital risk with developing new titles while retaining long term exploitation rights. DHX reports that 85% to 100% of the direct costs of production are covered before a production gets a green light – and it cites coproduction arrangements, along with favorable Canadian tax credits and other funds, as one of the ways the company covers the costs of production costs.

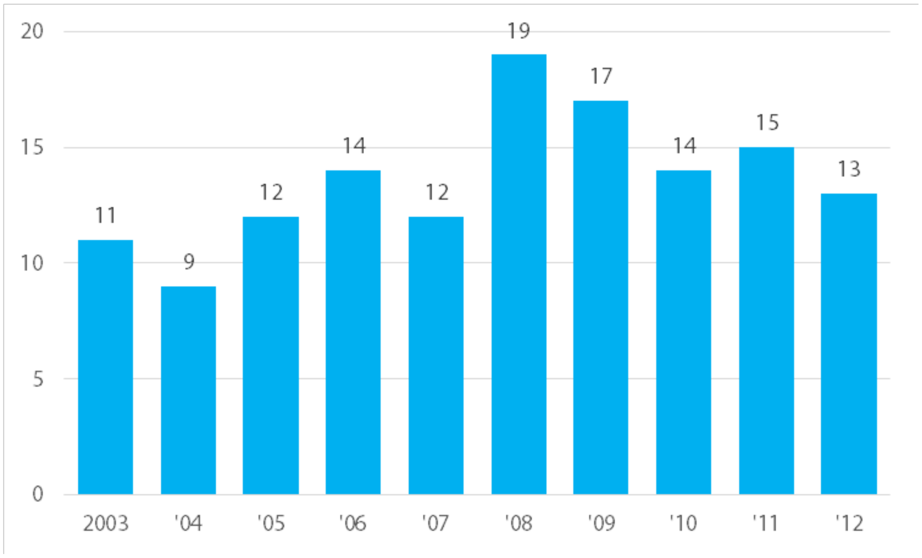
Co-ventures are another model that has been pursued by the company with success. *SUPER WHY!* is a co-venture with New York-based children's television production company, Out of the Blue Studios. It was the first show by DHX Media to use live-action with CGI animation - it debuted in 2007 on PBS in the US and Kids' CBC in Canada in 2007. Production continues on Season 3, and the magical 3-D world continues to help preschoolers learn to read across North America and the UK. In Canada, for instance, it streams on kidscbc.ca and is available on iTunes.

Recently, as DHX grows in scope and international reach, it has been pursuing partnerships and increasingly with broadcasters directly, especially those with international footprints such as Disney and Nickelodeon. In addition, in 2014, DHX entered into a co-operation agreement with China National Television (CNTV) to provide children's content, including *SUPER WHY!*, for a new streaming service. While broadening its types of partners, the company's continued production strategy recognizes Canada's excellent audiovisual coproduction treaties and highly skilled workforce for contributing to the favourable production climate in Canada.

4.1.5 Partner countries

Within the study period, there were some changes in the profile of Canada's coproduction partner countries. First, there was some moderate diversification of partner countries. The annual number of partner countries with which Canadian producers made bipartite coproductions increased from 11 in 2003 to a 10-year peak of 19 in 2008, before declining to 13 in 2012 (Figure 20). There was a subtle upward trend in the number of partner countries with which Canadian producers made bipartite coproductions during the study period. During the first half of the study period, the annual average number of partner countries for bipartite coproductions was 11.6; during the second half of the study period, the annual average was 15.6 countries.

Figure 20 Annual number of partner countries for bipartite coproductions



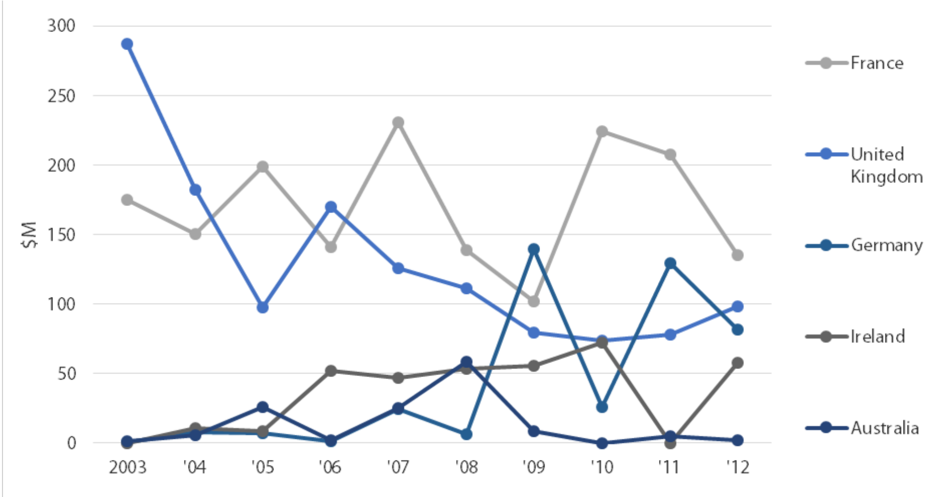
Source: Telefilm Canada.

In terms of total production volume, Canada's five most active partner countries for bipartite coproductions during the study period were France, the United Kingdom (UK), Germany, Ireland and Australia (Figure 21). All five accounted for over $100 million in total volume with Canada over the 10-year period; no other partner countries accounted for more than $100 million in bipartite coproduction with Canada.

A review of the coproduction volume with Canada's leading bipartite partner countries also provides evidence of diversification. Canada's top two partner countries for bipartite coproductions, France and the UK, accounted for 64% of total volume in 2003, and as much as 74% in 2005. By 2012, these two countries' shares had fallen to 51%.

Over the past decade the Canadian audiovisual sector has, with the support of federal and provincial governments, expanded its export development activities. Through trade missions, producer exchanges and attendance at major film and television markets, Canadian producers have expanded their international networks, and production and distribution-sales opportunities. These international initiatives may have contributed to the diversification of Canada's coproduction partners during the study period.

Figure 21 Total volume coproduction with Canada, top five partner countries for bipartite coproductions (2013 $M)



Source: Telefilm Canada.

Related to the diversification of coproduction partners was a change in the composition of the leading partner countries. In 2003 and 2004, the UK was Canada's leading partner country for bipartite coproductions, however, beginning in 2006, the total volume of production with the UK began to steadily decline. From that year, it usually held the second position behind France. Total production volume with France fluctuated significantly from year to year. However, because of the steady decline experienced by coproduction with the UK, France became Canada's most active partner in terms of volume in every year after 2005, with the exception of 2006 and 2009.

The decline in coproduction with the UK – and its drop from the position as Canada's leading partner country for bipartite coproductions– was linked to both policy and market developments. In January 2007, the UK introduced a Film Tax Relief (FTR). To qualify for FTR, a minimum of 25% of expenditures had to be incurred in the UK. This minimum spend requirement meant, for example, that a Canada-UK coproduction with post-production being done in the UK would have been denied a UK tax credits, if that post-production accounted for between 20% (the minimum spend in the treaty) and 25% of the total budget. This, in turn, made it less attractive for Canadian producers to participate in Canada-UK projects. However, in April 2014, this minimum level of UK expenditure was reduced from 25% to 10%, and thereby, should have restored the attractiveness of the UK as a coproduction partner.

According to industry stakeholders, UK broadcasters and producers also started to find it less attractive to work with Canadian producers during this period. UK broadcasters became increasingly interested in only using British writers on their projects, thereby dismissing many coproductions written by Canadians. British producers that had previously used Canada-UK coproductions to gain a foothold in the US market also found that they could have success selling directly to the US.

The European Union's (EU's) *Television Without Frontiers* (TWF) Directive (now known as the *Audiovisual Media Services* Directive) is often pointed to as another external factor that negatively affected Canada's coproduction position. The TWF Directive increased the incentives for intra-EU coproduction over coproduction with countries outside of the EU. Between 2008 and 2010, there was a trend towards a steady increase in European coproduction activity. For example, majority coproductions increased from 201 in 2008 to 230 in 2010.[15]

In addition, France has seen a significant increase in coproductions; in fact, 2012 saw the highest level of coproductions in the last three decades, with 129 projects carried out with partners from

[15] Olsberg-SPI (2012), *Evaluation and proposed revisions of the European Convention on Cinematographic Co-production*, a report prepared for the Council of Europe, p. 11.

37 different countries (mostly from Belgium, Germany and Italy).[16] In 2012, France's total volume of film coproductions was C$15.45 per capita, an increase from C$14.47 per capita in 2010. Meanwhile, the total volume of Canada's film coproductions was equivalent to C$5.17 per capita, a decline from C$6.35 per capita in 2010 (Table 4).

Table 4 Per capita film coproduction, Canada and France, 2012

Country	Total volume (home currency, M)	Total volume converted to (C$ M)	Total volume per capita (C$)
Canada	$182	$182	$5.17
France	€717	$1,020	$15.45

Source: Telefilm Canada and Centre national du cinéma et de l'image animée.

In 2012, Germany also had a historic number of feature film fiction coproductions (68) with 39 different countries. Spain's number of coproductions also grew to 53 projects in 2012. [17] Generally, there has been increasing levels of coproduction in Europe stemming from a trend toward intra-EU production flows.[18] The number of coproductions involving at least three countries has also been growing with the 1994 ratification of the *European Convention on Cinematographic Co-Production*, which applies to coproductions that involve at least three European signatory countries.[19]

In addition, European countries have been increasingly introducing fiscal incentive schemes to attract portable productions and foster coproductions, with 12 new fiscal incentives being introduced to support film, television, and video game production between 2010 and 2014.[20] These fiscal incentives have helped to repatriate domestic and international productions, but European producers also report that they have helped improve their ability attract new coproduction partners.[21]

Canada's coproduction became more diversified during the study period as the combined share held by France and the UK decreased

Meanwhile, Germany expanded its coproduction activity with Canada during the study period. After 2008, the value of total production budgets with Germany put it in third position or even second position in certain years in terms of Canada's most important partner country for bipartite coproductions. The rapid rise of Germany was in large part due to the success of the *Resident Evil* films, which Don Carmody Productions coproduced with the Frankfurt-based Constantin Film AG.

Canada's coproduction with Ireland also increased between 2003 and 2012, in large part because of the growth and success of the high-budget television series, *The Tudors* and *Vikings*, which Canada's Take 5 Productions coproduced with Ireland's Octagon Films.

4.1.6 Regions

Ontario and Quebec accounted for the vast majority of coproduction

While there was evidence of diversification in terms of partner countries during the study period, on the domestic front, the regional distribution of coproduction was rather concentrated. **Ontario** was the leading region in Canada for coproduction during the study period. Between 2003 and

[16] European Audiovisual Observatory (2014), Yearbook 2013: Television, cinema, video and on-demand audiovisual services in Europe, p. 22.
[17] European Audiovisual Observatory (2014), Yearbook 2013: Television, cinema, video and on-demand audiovisual services in Europe, p. 72, p. 101
[18] European Audiovisual Observatory (2014), Impact Analysis of Fiscal Incentive Schemes Supporting Film and Audiovisual Production in Europe, p. 15.
[19] Centre national du cinéma et de l'image animée (2013), *Results 2012,* CNC Report #326, p. 74.
[20] European Audiovisual Observatory (2014), Impact Analysis of Fiscal Incentive Schemes Supporting Film and Audiovisual Production in Europe, p. 27.
[21] Ibid, p. 35.

2012, the province accounted for 42% of coproductions and 59% of Canadian budgets (Figure 22). In terms of share of Canadian budgets, Ontario was followed by

- **Quebec** with 49% of projects and 31% of Canadian budgets;
- **BC and the Territories** with 6% of coproductions and Canadian budgets;
- The **Prairie Provinces** with 2% of coproductions and 3% of Canadian budgets; and,
- **Atlantic Canada** with one percent of coproductions and budgets.

Ontario also maintained its standing on a year-to-year basis, with the exception of 2010, when Quebec accounted for the largest share of Canadian budgets (Table 5 and Table 6). Ontario also appears to have expanded its share of Canadian budgets during the study period. Between 2003 and 2007, its share of Canadian budgets averaged 54%; from 2008 to 2012, its share averaged 62%, and, in 2011 and 2012, Ontario's share of Canadian budgets was 75% or higher.

It is not surprising that Ontario and Quebec accounted for a large share of coproduction (90% of Canadian budgets) since these provinces also accounted for approximately three-quarters of total film and television production in Canada (i.e. coproduction and domestic production) during the study period. Data presented later in the report show that this over-concentration was entirely due to over-representation of coproduction in Ontario.

It is unclear as to the reasons for such a high concentration of coproduction in Ontario. Producers in all regions appear to have been involved in coproductions during the study period. It could be that Ontario's production infrastructure – including soundstages and equipment rentals – has more capacity to accommodate film production – a medium that predominated coproduction during the study period. Alternatively, it could be that Ontario was home to larger production companies, which have the capacity to handle larger scale international projects such as coproductions. Or, it could just be serendipity: production companies such as Don Carmody Productions and Take 5 Productions, which have been active in coproduction, happen to be based in Ontario.

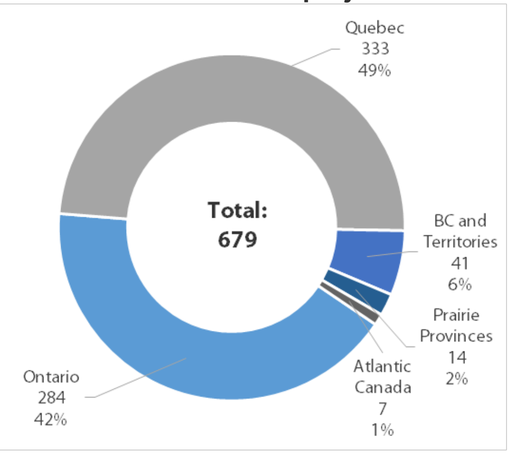
Table 5 Number of coproductions, by region

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Ontario	39	23	22	22	33	35	26	28	29	27
Quebec	40	38	36	35	28	45	26	32	24	29
BC and Territories	2	4	6	5	6	7	2	1	4	4
Prairie Provinces	2	5	1	1	2	0	1	2	0	0
Atlantic Canada	1	1	1	1	0	1	1	0	0	1
Total	**84**	**71**	**66**	**64**	**69**	**88**	**56**	**63**	**57**	**61**
Ontario	46%	32%	33%	34%	48%	40%	46%	44%	51%	44%
Quebec	48%	54%	55%	55%	41%	51%	46%	51%	42%	48%
BC and Territories	2%	6%	9%	8%	9%	8%	4%	2%	7%	7%
Prairie Provinces	2%	7%	2%	2%	3%	0%	2%	3%	0%	0%
Atlantic Canada	1%	1%	2%	2%	0%	1%	2%	0%	0%	2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

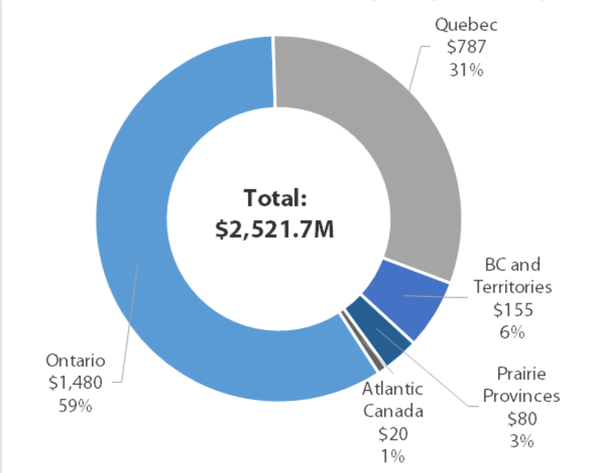
Source: Telefilm Canada.

Figure 22 Share of coproduction, by region, 2003-2012

A. Number of projects



B. Share of Canadian budgets (2013 $M)



Source: Telefilm Canada.

Table 6 Coproduction, Canadian budgets, by region

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Canadian budgets (2013 $M)										
Ontario	211.0	108.9	114.2	112.3	139.1	106.1	160.6	93.8	266.9	166.7
Quebec	135.7	81.3	59.5	75.2	68.1	90.9	70.0	110.1	51.8	44.0
BC and Territories	5.8	23.3	20.3	23.8	30.1	22.8	12.0	0.7	5.0	10.9
Prairie Provinces	11.6	18.7	0.2	0.8	17.9	0.0	5.2	25.8	0.0	0.0
Atlantic Canada	3.9	8.3	3.3	0.2	0.0	3.3	1.4	0.0	0.0	0.1
Total	**368.1**	**240.6**	**197.5**	**212.3**	**255.2**	**223.1**	**249.3**	**230.3**	**323.6**	**221.7**
Share of national total										
Ontario	57%	45%	58%	53%	54%	48%	64%	41%	82%	75%
Quebec	37%	34%	30%	35%	27%	41%	28%	48%	16%	20%
BC and Territories	2%	10%	10%	11%	12%	10%	5%	<1%	2%	5%
Prairie Provinces	3%	8%	<1%	<1%	7%	0%	2%	11%	0%	0%
Atlantic Canada	1%	3%	2%	<1%	0%	1%	1%	0%	0%	<1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

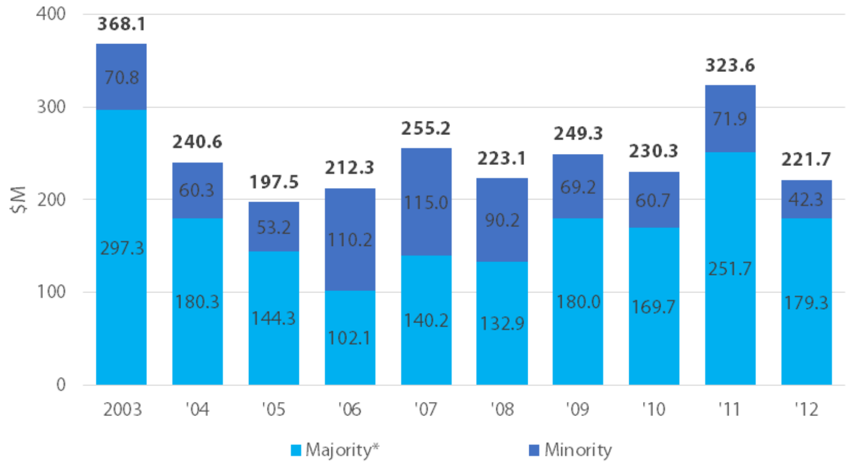
Source: Telefilm Canada.

4.1.7 Canadian participation

Canadian financial participation in coproduction can either be equal to or greater than 50% ("majority") or less than 50% ("minority"). By definition, majority coproductions will yield a higher share of total budgets in Canada. However, minority coproductions have the potential to deliver larger Canadian budgets on an absolute basis – and therefore greater economic impact – if their total volumes are higher. This can be referred to as the *bigger slice* effect. In other words, a smaller share of a bigger pie yields a bigger slice in terms of Canadian spend. And it is the size of the slice – and corresponding Canadian spend – which determines the economic impact more so than the size of the whole pie.

The evidence from the study period shows, however, that this so-called bigger-slice effect was not very prevalent between 2003 and 2012. The sum of Canadian budgets from minority coproductions only exceeded the sum from majority coproductions in one year: 2006. In 2012, for example, majority coproductions accounted for $179.3 million of the total Canadian budgets of $221.7 million; minority coproductions only accounted for $42.3 million (Figure 23). Across the entire 10-year period, majority coproductions accounted for $1.78 billion in Canadian budgets, or 71% of total Canadian budgets. Minority productions, meanwhile, generated $744 million in Canadian budgets and accounted for 29% of total Canadian budgets during the 10-year period.

Figure 23 Coproduction, Canadian budgets, majority vs. minority Canadian participation (2013 $M)



Source: Telefilm Canada.
* Includes equal-participation projects.

Take 5 taps coproduction treaties and CRTC co-ventures to become a world leader in the creation of period drama for television

In 2009, John Weber recognized an opportunity to develop large-scale television productions through partnering internationally and founded Take 5. Over the past five years, the Toronto-based company has produced several coproductions and CRTC co-ventures, creating over 200 hours of television programming for Showtime, Starz, History, CBS, The CW, Bell Media, Shaw Media and the CBC. It is now among the top production companies in Canada for any historical drama looking to coproduce.

Take 5's production activity began with season IV of *The Tudors*, then *Camelot* and three seasons of *The Borgias* – all coproductions with Ireland's Octagon Films. The coproduction team's current collaboration – *Vikings* – is their most well-received to date with the first episode premiering to an audience of 1.1 million in Canada in 2013, becoming at the time the number one Canadian scripted specialty debut.

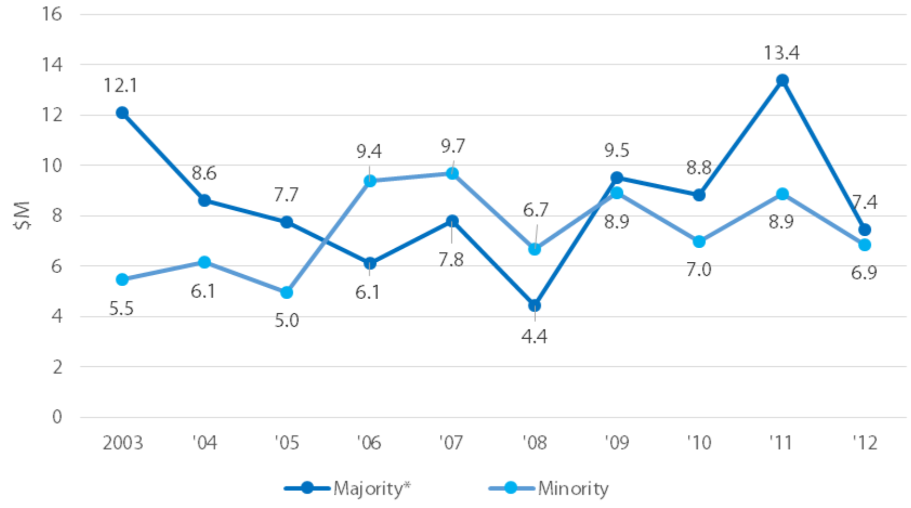
Take 5 is often the minority producer on coproductions - a decision that is primarily driven from the creative aspects of the project (i.e. the subject matter, script and shooting location). Every episode of the third season of *Vikings* is directed, produced, edited and composed by Canadians and stars from at least five nationals in leading roles. Post-production on *Vikings* is done at Take 5, as well as at post-production companies Deluxe, Tattersall Film and Sound and Mr. X. The relationships have been mutually beneficial. For instance, TV was new to Mr. X and meanwhile, for Take 5, having a high-calibre visual effects (VFX) firm that typically does big feature films was a value-added for *Vikings* – and so much so that Mr. X was involved in many of the company's early pitches for the show. *Vikings*' visual effects were nominated for a Primetime Emmy award in 2013 and 2015, and a Canadian Screen Award in 2015.

Conversely both of Take 5's CRTC co-ventures, *Beauty and the Beast* and *Reign*, are majority Canadian and filmed in Toronto with the Canadian coproducer, Whizbang Films, also based in Toronto. While these productions use a different financing model entirely, Take 5 finds its coproduction activity helped them to secure a co-venture with US partners because they brought to the table relationships with international broadcasters, which were built as a result of their treaty coproductions.

With a solid foundation in coproductions and co-ventures, the number of total series for Take 5 is increasing every year, with both coproduction and co-venture activity growing as large-budget period series require access to international financing. The benefits of coproductions and co-ventures are observed to be similar, with both providing the ability to participate at a different scale in terms of budget than a strictly domestic production. The company sees the ability to partner internationally as helping to speed up the development process, and that the greater volume translates into improved economic impact.

In fact, across the 10-year period, majority coproductions actually displayed a higher average Canadian budget than minority coproductions – \$8.5 million vs. \$7.3 million (Figure 24). What is more, majority coproductions were larger, on average, than minority coproductions in seven of the study period's 10 years. All of this data suggests that Canadian budgets were, by and large, generated by majority coproductions, which were more often than not larger projects than minority coproductions. So while the bigger slice effect, in theory, could have meant that minority coproductions could have yielded higher Canadian budgets, in reality, the vast majority of Canadian budgets originated from majority coproductions.

Figure 24 Average coproduction budgets (based on total volume), majority* vs. minority (2013 $M)



Source: Telefilm Canada.
* Includes equal-participation projects.

4.1.8 Budget categories

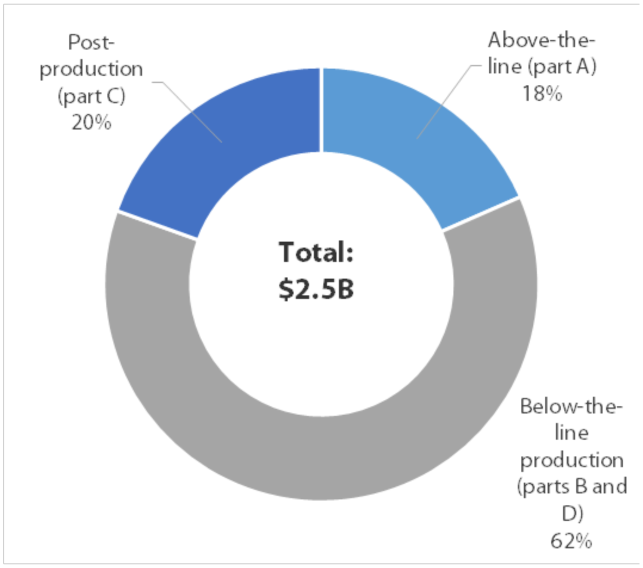
Film and television productions typically organize their budget expenditures into four categories:

- **Above the line (Part A):** This category includes expenditures on story rights, scenario, development costs, and producer and director fees. It also includes the remuneration paid to lead actors.
- **Below-the-line production (Part B):** This is typically the largest category and includes all of the expenditures on services and labour used during principal photography. The remuneration of all cast and crew, including supporting actors and extras is included in this category.
- **Post-production (Part C):** This category includes the labour and non-labour costs associated with video and sound editing following the completion of principal photography.
- **Other below the line costs (Part D):** This category includes certain financing costs (e.g. interest payments and completion guarantee fees) and certain publicity expenses.

The following sub-section presents results of the economic impact analysis on the basis of three production-budget parts: (i) above the line (Part A), (ii) below-the-line production (Parts B and D), and (iii) post-production (Part C).[22] When viewed on this three-part basis, below-the-line production expenditures accounted for 62% of total Canadian budgets (based on a sample of 100 coproduction projects) (Figure 25). It was followed in share by post-production expenditures with 20%, and above-the-line expenditures with 18%.

[22] To simplify the analysis, parts B and D have been combined. Part D is typically the smallest budget category; for coproductions, it accounted for 13% of total budgets. Part D expenditures are also closely related to other below-the-line-expenditures.

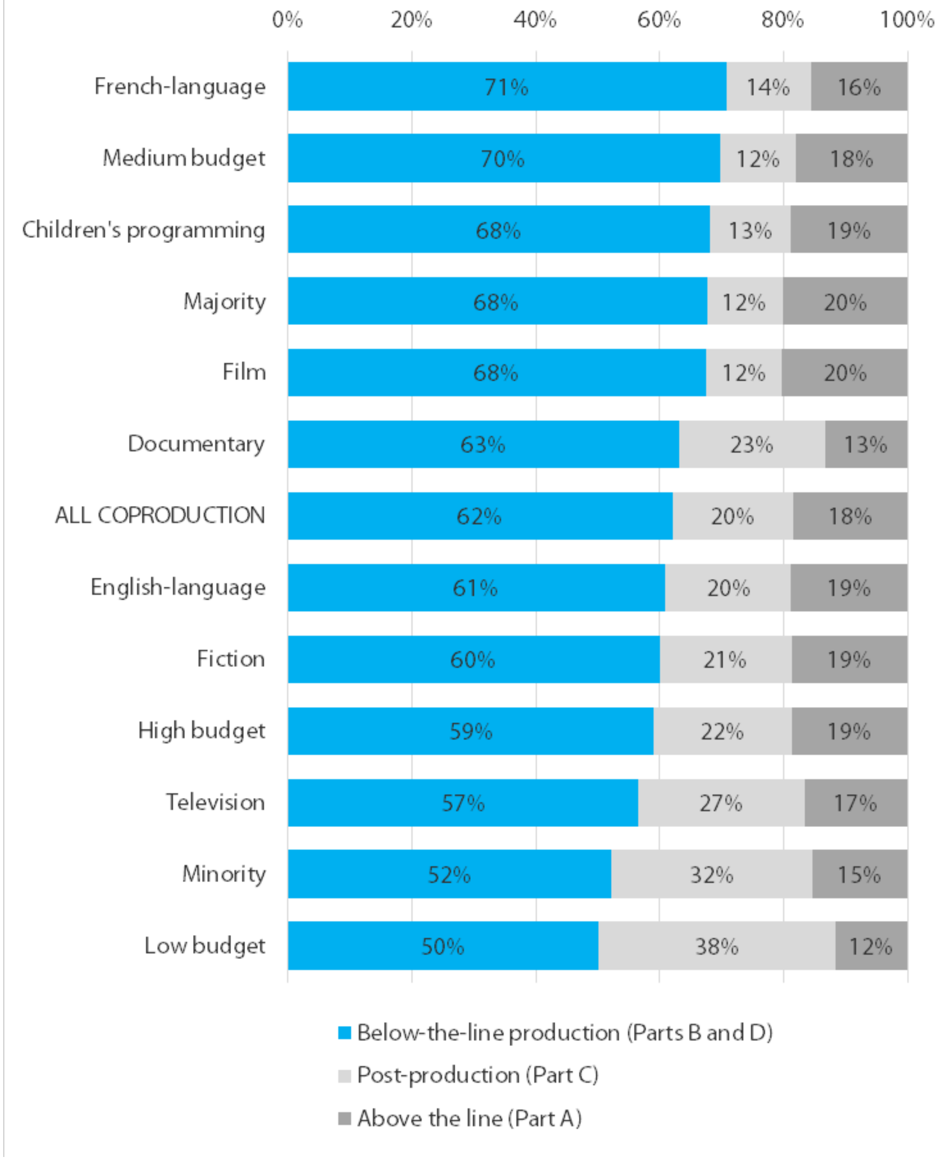
Figure 25 Distribution of coproduction expenditures by budget categories (based on sample of projects)



Source: Telefilm Canada.
N=100

Figure 26 ranks different categories of coproduction in terms of the share of total Canadian spend comprised of below-the-line production expenditures. French-language coproductions displayed the highest share of below-the-line production expenditures (71%) among different categories of coproduction. Other categories with high shares of their budgets devoted to below-the-line production expenditures included medium-budget coproductions, children's programming coproductions, majority-Canadian coproductions and film coproductions. Later in the report, we examine the positive relationship between the share of budget devoted to below-the-line production expenditures and relative rates of employment impact.

Figure 26 Share of Canadian spend, by type of coproduction and budget part (ranked by below-the -line production share; based on sample of coproductions)



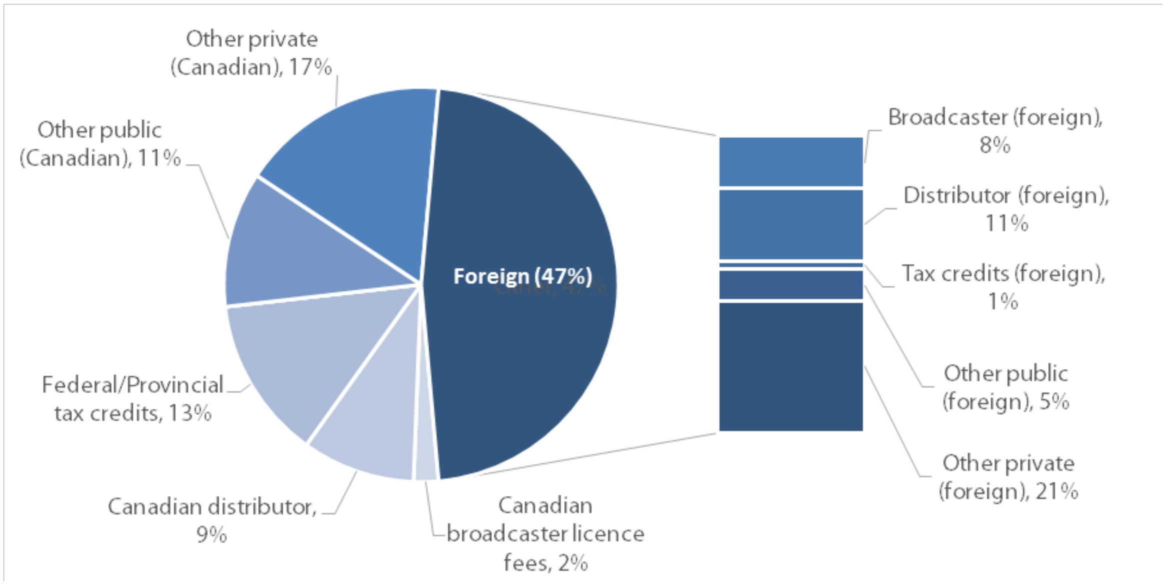
Source: Telefilm Canada.
N=100

4.1.9 Financing and foreign investment

For film coproduction, Canadian sources accounted for 53% of total project financing, while foreign sources accounted for 47%. The largest category of Canadian financing was "other private sources" (17%), which included gap financing, sponsorships and third-party investments (Figure 27). It was followed in share by federal/provincial tax credits (13%). Other public (Canadian) financing, which included provincial funding programs but was dominated by the CFFF, accounted for 11% of total financing. It was followed by financing from Canadian distributors (9%) and Canadian broadcaster licence fees (2%).

Most of the foreign financing for film coproductions came from other private sources. That category accounted for nearly one-half of all foreign financing and 21% of total project financing (i.e. Canadian and foreign). Other important sources of foreign financing included foreign distributors (11%) and licence fees from foreign broadcasters (8%). The fact that the share of financing from foreign broadcasters was four times that of Canadian broadcasters was consistent with the fact that broadcasters in countries such as the UK and France often invest in production of theatrical films, unlike broadcasters in North America.

Figure 27 Sources of financing of coproduction, film, 2003-2012

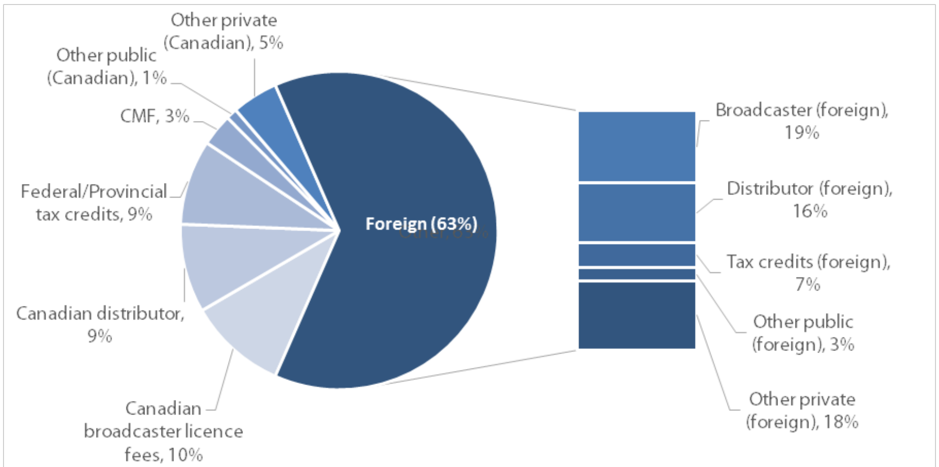


Source: Telefilm Canada.
Note: Some totals may not sum due to rounding.

In television coproduction, Canadian sources accounted for 37% of total project financing, while foreign financing accounted for 63% (Figure 28). Among Canadian financing sources, the largest contributions came from Canadian broadcasters' licence fees (10%), distributors (9%) and federal/provincial tax credits (9%). Among the foreign sources, broadcaster licence fees and distributors accounted for 19% and 16% of total project financing, respectively. Tax credits available outside of Canada accounted for 7% of total financing. For television coproductions in the fiction genre, foreign sources accounted for 72% of total financing.

Foreign financing accounted for 63% of the total financing of television coproductions between 2003 and 2012

Figure 28 Sources of financing of coproduction, television, 2003-2012

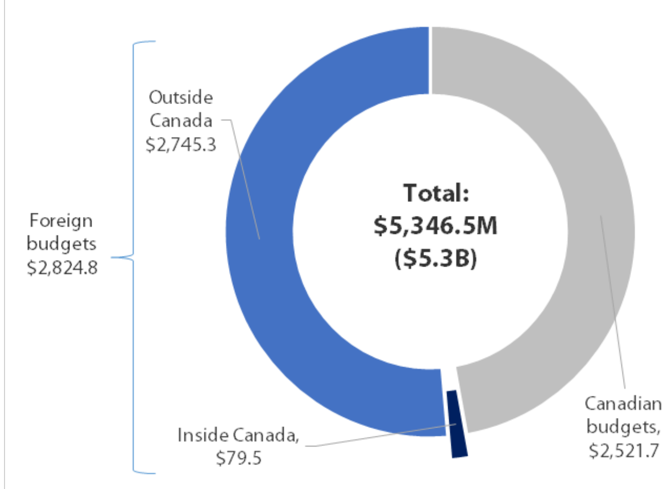


Source: Telefilm Canada.
Note: Some totals may not sum due to rounding.

Foreign producers invested nearly $80 million in production of audiovisual content in Canada

Coproductions not only involved significant shares of foreign project financing, they also drew foreign investment directly into the production of audiovisual content in Canada. Based on a sample of 100 coproduction budgets, we estimate that approximately 2.8% of foreign coproduction budgets (i.e. foreign financial participation), or $79.5 million, was spent on production activity in Canada between 2003 and 2012. In other words, for every $100 spent on coproduction in Canada by Canadian producers (i.e. Canadian spend) foreign producers contributed an additional $3.22.[23]

Figure 29 Foreign investment in coproduction in Canada, 2003-2012 (2013 $M)



Source: Nordicity estimates based on data from Telefilm Canada.
Note: Some totals may not sum due to rounding.

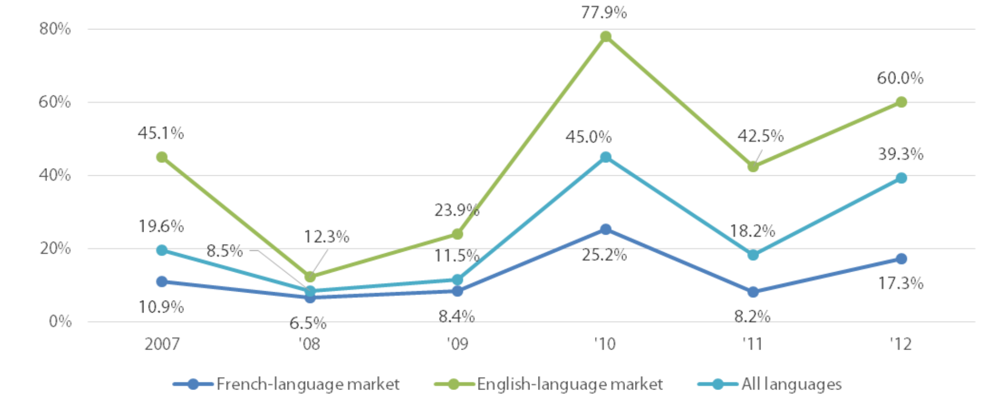
4.1.10 Consumption

Although coproductions accounted for 19% of all Canadian films (i.e. coproduction and domestic production) produced between 2008 and 2012, they typically accounted for a higher share of the overall consumption of Canadian films in Canada, particularly on the theatrical platform.[24] In 2012, for example, film coproductions accounted for 39.3% of the total theatrical box office revenue earned by Canadian films in Canada (Figure 30). In the French-language market (i.e. films exhibited in French in Canada), coproductions' share was 17.3%, while in the English-language market it was 60%.

From 2007 to 2012, film coproductions held a higher share of Canadian film consumption in the English-language market than in the French-language market. The relative performance of film coproductions in the English-language market was consistent with the fact that many of the big-budget English-language films produced during this period were coproductions. The relatively lower share in the French-language market, meanwhile, reflected the fact that Canadian audiences in this language market often showed preferences for films that featured Quebecois stories, themes and performers.

[23] This calculation is based data from Telefilm Canada which indicates that Canadian spend on coproductions in Canada between 2003 and 2012 totalled just under $2.5 billion.
[24] Note: feature film consumption data on DVD/Blu-ray and television platforms was not available prior to 2007.

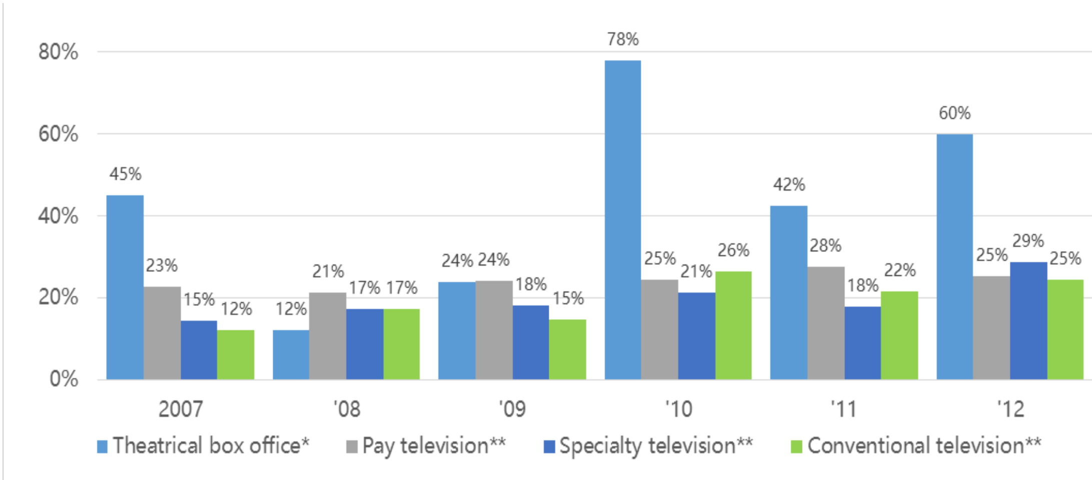
Figure 30 Market share of film coproductions (as a percentage of total Canadian feature film consumption in Canada)



Source: Canadian Heritage analysis based on data from the MTAC.

In the English-language market, film coproductions' performance on the various television platforms was often – but not always – much lower than their performance on the theatrical platform. In 2012, for example, film coproductions held a 60% share of the total views earned by Canadian films at the theatrical box office, but only 25.4% of the share of views on the pay-television platform, 28.7% on the specialty-television platform and 24.6% on the conventional-television platform (Figure 31).

Figure 31 Market share of film coproductions presented in English, theatrical box office and television platforms (as a percentage of total Canadian feature film consumption in Canada)

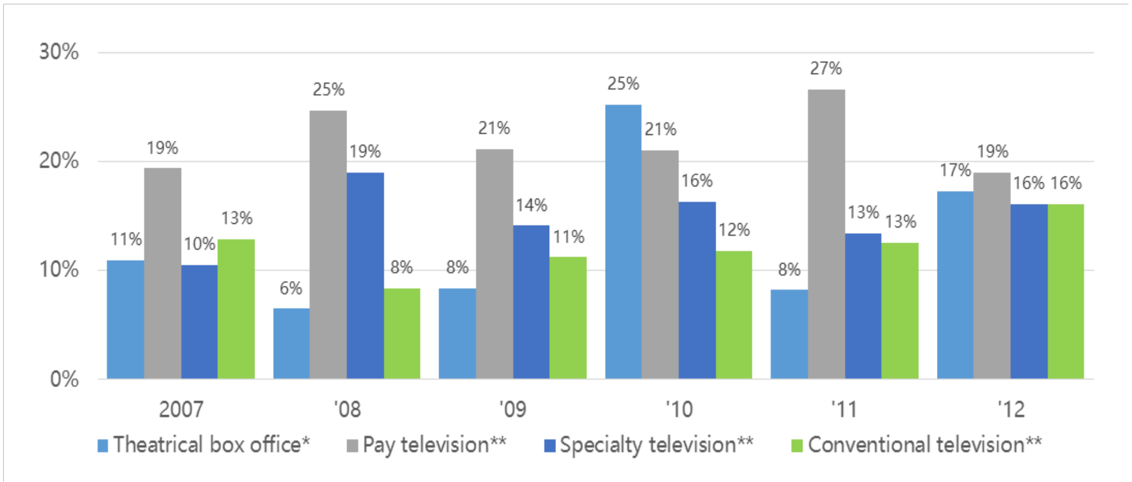


Source: Canadian Heritage analysis based on data from the MTAC and Numeris.
* Share of total box office views of Canadian films exhibited in Canada.
** Share of total number of views (the number of times a film is viewed) of Canadian films televised in Canada.

In the English-language market, coproductions' performance on television platforms was often lower than their performance on the theatrical platform; in the French-language market, the opposite was often the case

This lower performance for film coproductions on television platforms was not the case in the French-language market, however. In that language market, film coproductions' share of the overall views of Canadian films televised in Canada was often higher than, or on par with, coproductions' share of all Canadian films' box office views (Figure 32). In particular, film coproductions' share of views of Canadian films on the pay-television platform was much higher than their share at the theatrical box office or on other television platforms.

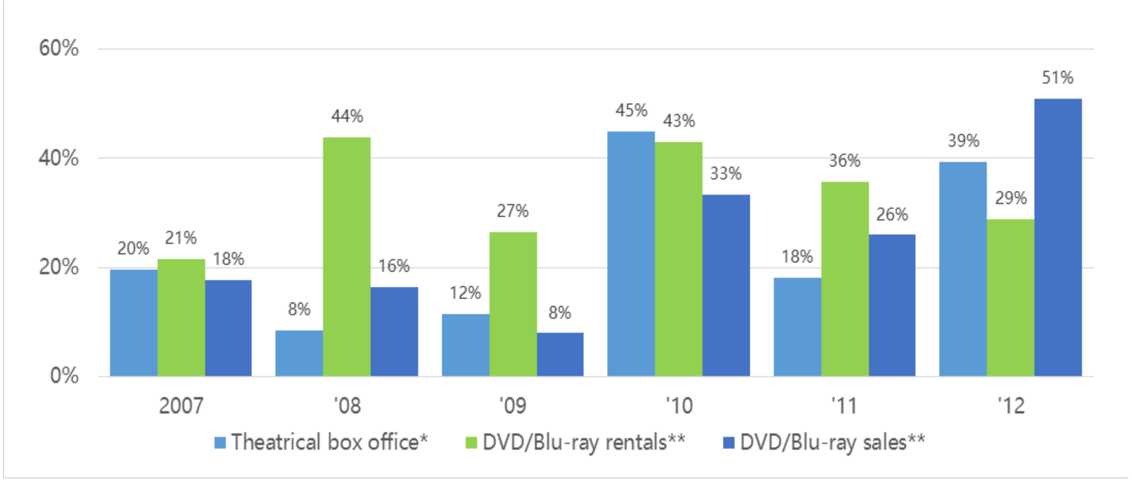
Figure 32 Market share of film coproductions presented in French, theatrical box office and television platforms (as a percentage of total Canadian feature film consumption in Canada)



Source: Canadian Heritage analysis based on data from the MTAC and Numeris.
* Share of total box office views of Canadian films exhibited in Canada.
** Share of total number of views (the number of times a film is viewed) of Canadian films televised in Canada.

The proliferation and popularity of video on demand (VOD) platforms in recent years has reduced the importance of DVD/Blu-ray rentals and sales as release platforms. Nevertheless, in terms of market share there was very little contemporaneous relationship between film coproductions' share of Canadian films' theatrical box office and their market share on the DVD/Blu-ray platforms during the study period. In some years, for example 2007 and 2010, film coproductions' share of the total number of copies of Canadian films rented or sold was on par with their share of Canadian films' box office views (Figure 33). However, in other years, there were wide variances in the market shares held by film coproductions on theatrical, and DVD/Blu-ray sales and rental platforms.

Figure 33 Market share of film coproductions, theatrical box office and DVD/Blu-ray rentals and sales (as a percentage of total Canadian feature film consumption in Canada)



Source: Canadian Heritage analysis based on data from the MTAC, Rentrak and Nielsen VideoScan.
* Share of total box office views of Canadian films exhibited in Canada.
** Share of total copies of Canadian films rented/sold in Canada.

4.2 Economic impact analysis

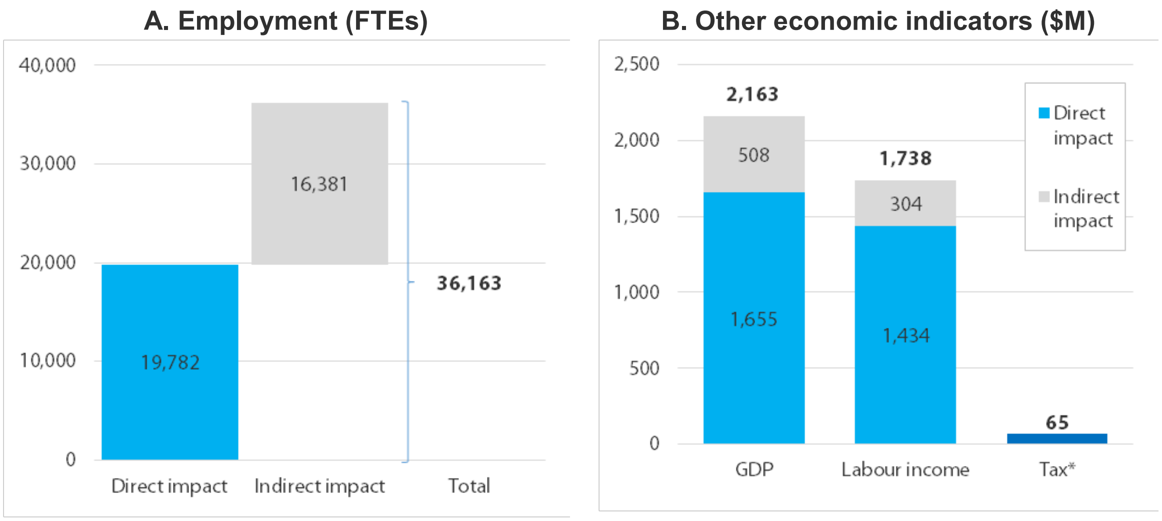
In the following section, we assess the economic impact of coproduction. We present results for the overall economic impact of coproduction as well as different categories of coproduction. We also use economic intensity ratios to interpret the results and make comparisons to other industries and across different categories of coproduction. Additional data tables can be found in **Appendix D**.

4.2.1 Total economic impact

Overall, the $2.5 billion in Canadian coproduction budgets between 2003 and 2012 generated 36,163 FTEs of employment within the Canadian economy, including 19,782 FTEs of direct employment and an additional 16,381 FTEs of indirect employment (Figure 34A).

Coproduction also generated $2.2 billion in GDP for the Canadian economy, including $1.7 billion in direct GDP and a further $508 million in indirect GDP (Figure 34B). The total labour income impact of coproduction was $1.7 billion during the study period, and included $1.4 billion in direct labour income and $304 million in indirect labour income. The economic activity generated by coproduction yielded $65 million in taxes on products and production, including federal and provincial taxes at both the direct and indirect impact stages.

Figure 34 Economic impact of coproduction, 2003-2012



Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.
Note: Some totals may not sum due to rounding.
* Tax impact includes the sum of taxes on products and production generated by direct and indirect economic impacts.

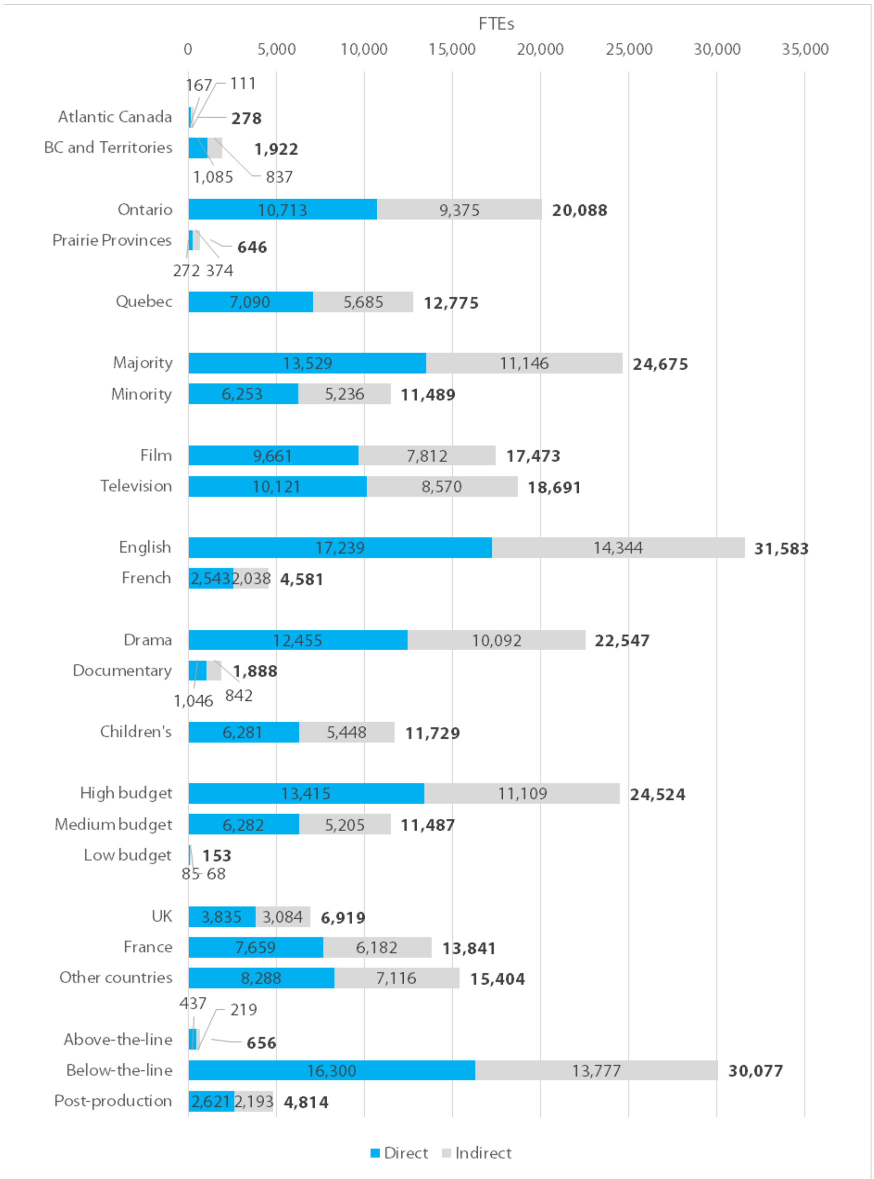
In addition to the overall economic impact of all coproduction, our analysis estimated the economic impact of coproduction in terms of: region, participation, medium, language, genre and partner country. It also examined the economic impact of different budget categories. The following three charts (Figure 35, Figure 36 and Figure 37) compare the employment, GDP and labour-income impacts of different categories of coproduction and different budget categories.

In general, the results show that the relative sizes of the economic impacts during the study period were very closely correlated with the Canadian budgets associated with each type of coproduction.

- On a regional basis, the largest impacts on employment, GDP and labour income were in Ontario and Quebec.
- The economic impact generated by majority coproduction was approximately double that of minority production.

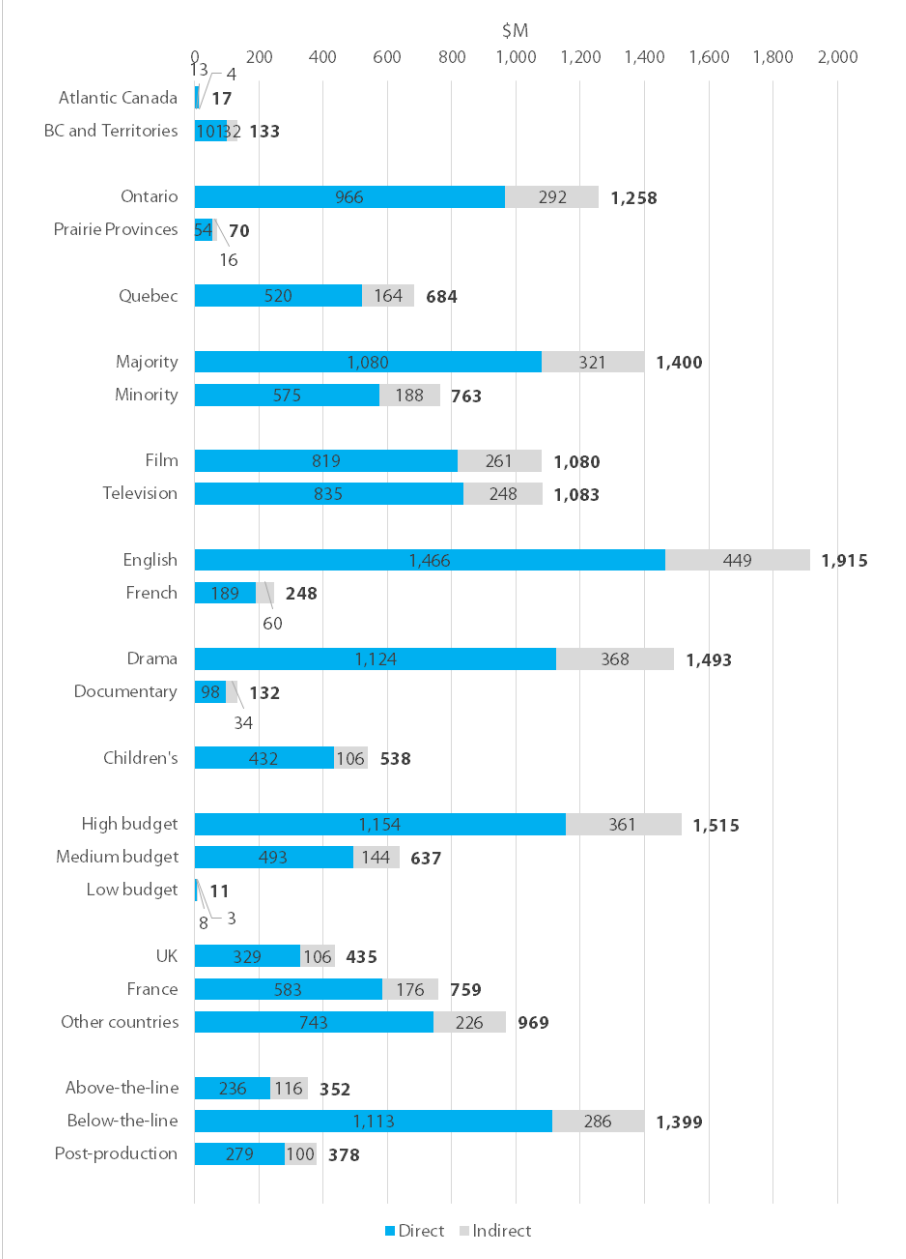
- The economic impact of film and television coproductions were nearly equal.
- English-language coproduction generated, by far, a much larger economic impact than French-language coproduction.
- Among the coproduction genres, the largest economic impact was concentrated in drama.
- High-budget coproductions (i.e. budgets over $10 million) accounted for the vast majority of the economic impact of coproduction.
- Among partner countries for bipartite projects, the largest economic impact arose from coproductions with France, followed by the UK.
- Below-the-line production expenditures generated the vast majority of the economic impact associated with coproduction.

Figure 35 Employment impact of coproduction, by category (FTEs)



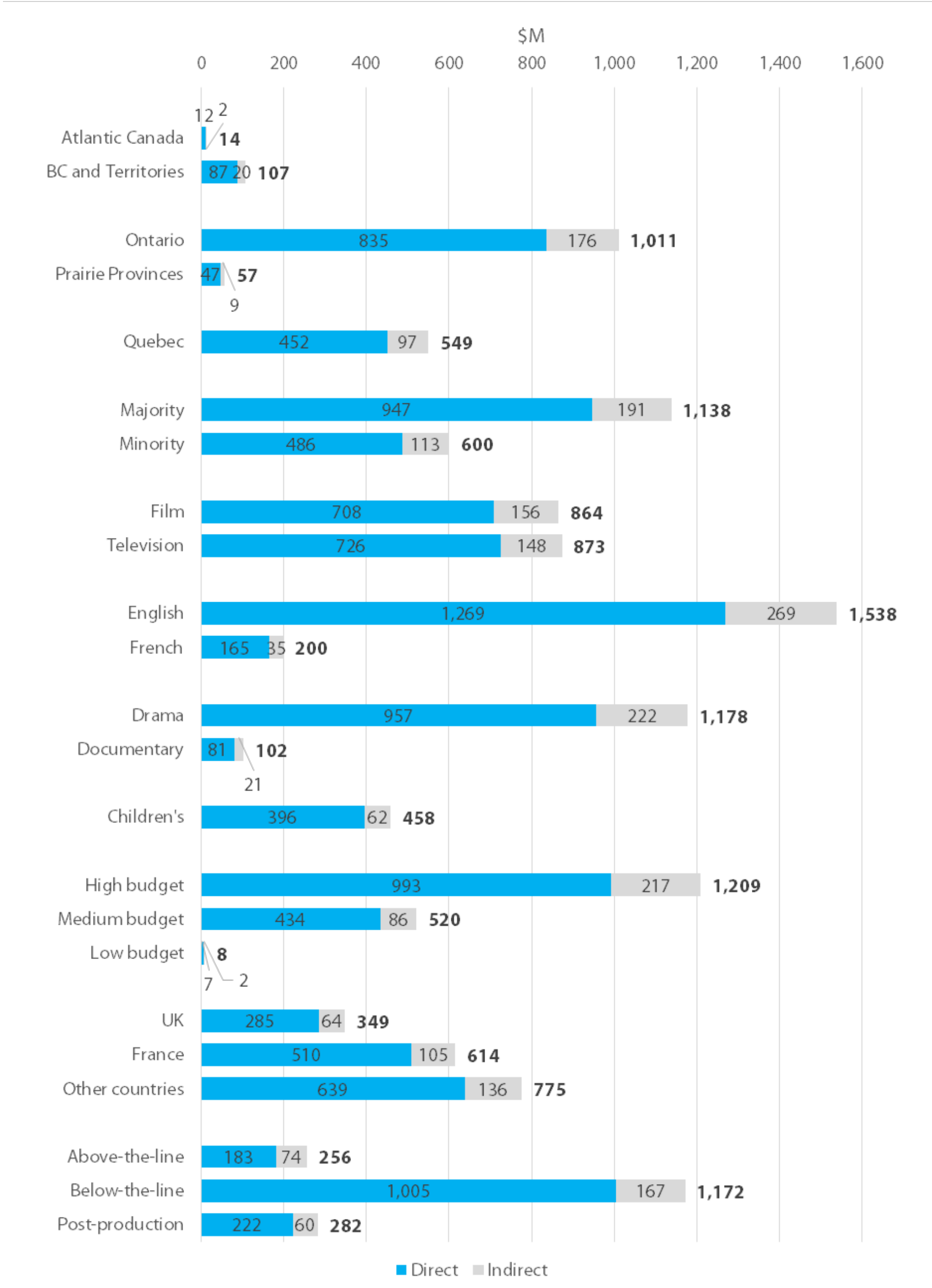
Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada, and EIMAH.

Figure 36 GDP impact of coproduction, by category (2013 $M)



Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada, and EIMAH.
Note: Some totals may not sum due to rounding.

Figure 37 Labour-income impact of coproduction, by category (2013 $M)



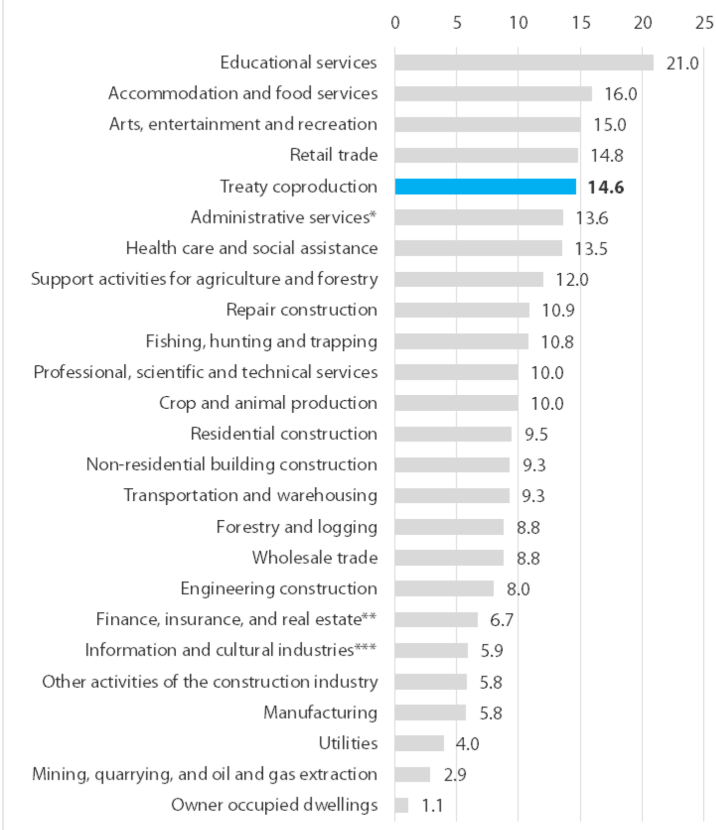
Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.
Note: Some totals may not sum due to rounding.

4.2.2 Economic intensity

In this section, we use intensity ratios to compare the economic impact of coproduction to other industries in the Canadian economy. We also use the intensity ratios to compare the economic impact generated by (i) different types of coproduction and (ii) different budget categories. The intensity ratio for the employment impact measures the number of FTEs generated for every $1 million of output (i.e. Canadian spend). For GDP and labour income, the intensity ratios measure the dollar amount of each economic variable generated by one dollar of output.

Based on a comparison of employment intensity ratios, coproduction appears to have been a highly efficient source of job creation in Canada during the study period. Between 2003 and 2012, coproduction generated 14.6 FTEs per $1 million of output (i.e. Canadian budgets), placing it fifth among 25 industries and almost 50% higher than the average of 9.9 FTEs observed across these 25 industries (Figure 38).

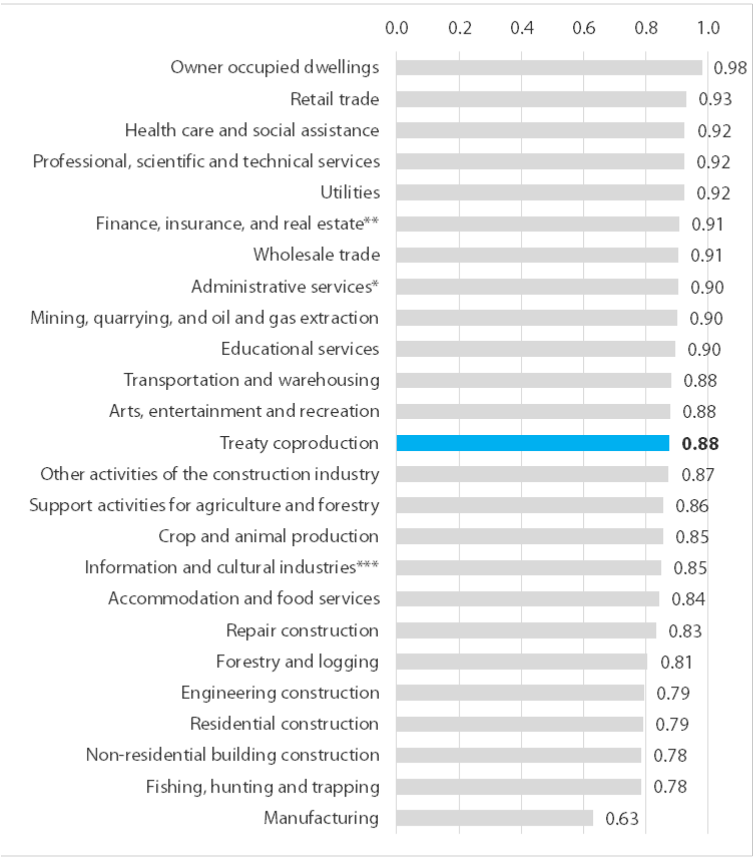
Figure 38 Employment impact, inter-industry comparison (FTEs per $1M output)



Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada catalogue no. 15F0046XDB and EIMAH.
* Administrative and support, waste management and remediation services
** Finance, insurance, real estate, rental and leasing and holding companies
*** Includes coproduction sector

In terms of GDP impact, coproduction was in the middle of the pack among Canadian industries. Between 2003 and 2012, each dollar spent on coproduction in Canada generated $0.88 of GDP, including direct and indirect GDP (Figure 39). This placed coproduction 13th among 25 industries and just slightly ahead of the average of $0.86 observed across all 25 industries.

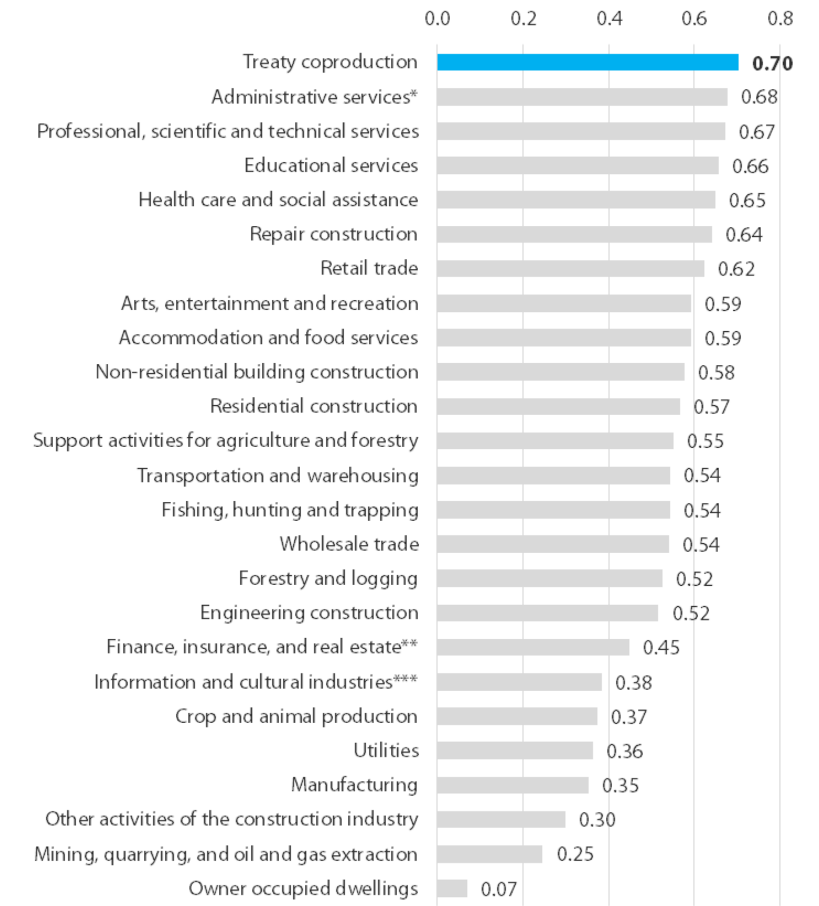
Figure 39 GDP impact, inter-industry comparison ($ per $1 of output)



Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada Catalogue no. 15F0046XDB and EIMAH.
* Administrative and support, waste management and remediation services
** Finance, insurance, real estate, rental and leasing and holding companies
*** Includes coproduction sector

Coproduction performed even better in terms of generating labour income. Each dollar of output generated $0.70 of labour income within the Canadian economy during the study period, including labour income for production sector workers and workers employed in supplier industries, i.e. indirect impact employment (Figure 40). This labour income intensity ratio placed coproduction ahead of 24 other industries comprising Canada's private-sector economy.

Figure 40 Labour income impact, inter-industry comparison ($ per $1 of output)



Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada Catalogue no. 15F0046XDB and EIMAH.
* Administrative and support, waste management and remediation services
** Finance, insurance, real estate, rental and leasing and holding companies
*** Includes coproduction sector

On a region-to-region basis, there were some clear differences in employment intensity displayed by coproduction. Coproduction in Quebec displayed the highest employment intensity ratio, 16.5 FTEs per $1 million of output. The lowest impact was in BC and the Territories, where $1 million dollars of output generated 12.7 FTEs. These differences in the employment intensity ratios were likely due to the variability in average FTE salaries observed across regions – both within and outside the audiovisual sector. In the case of Quebec, for example, the average FTE salary within the audiovisual sector was approximately 7% lower than the national average; whereas in BC, the average was approximately 4% higher than the national average (see Appendix A, Table A-3).

There were also wide variations in the employment intensities displayed by different budget categories. The below-the-line production category displayed a much higher employment intensity (19.6 FTEs per $1 million) than either the post-production (10 FTEs) or above-the-line expenditure categories (1.4 FTEs). The relatively high employment intensity displayed by the below-the-line budget category reflected the fact that most of the spending on cast and crew labour falls within this category, as does the spending on the purchase of goods and services from the wider economy. The relatively low employment intensity displayed by the above-the-line budget category reflected the fact that the average compensation among the key creative personnel (e.g. screenwriter, producer, director, star performers) was much higher than for below-the-line cast and crew.

Many of the variations in employment intensity displayed by various types of coproduction were likely due to differences in the regional distribution of those types of coproduction. Average salaries in the audiovisual sector and other industries vary by province; these variations in average salary ultimately affect the number of jobs generated for a given level of spending. In addition, the differences across various categories of coproduction in terms of the portion of Canadian spend devoted to below-the-line production expenditures may have also contributed to variations in employment intensity. As noted above, there were some wide differences among the three budget categories, which would explain those wide variations across categories. In some cases, both the regional distribution of coproduction and the preponderance of below-the-line production expenditures probably contributed to the overall differences.

Majority coproductions generated a higher rate of employment (15.6 FTEs) than minority coproductions (12.9 FTEs). This difference was likely due to the fact that majority coproductions devoted a much higher share of their Canadian spend to below-the-line production expenditures (68%) than minority coproduction (52%).

The higher rate of employment intensity displayed by French-language coproduction (16.2 FTEs) compared to English-language coproduction (14.4 FTEs) was consistent with the fact that most, if not all, of this coproduction took place in Quebec, which displayed the highest employment intensity ratio among the five regions. French-language coproduction also displayed the highest share of Canadian spend devoted to below-the-line production expenditures (71%), which would have also contributed to its higher employment intensity.

The preponderance of below-the-line production expenditures probably also contributed to the higher employment intensity for children's programming coproduction (20.9 FTEs) in relation to the fiction (12.9 FTEs) and documentary (11.9 FTEs) genres. In children's programming coproduction, 68% of Canadian spend was devoted to below-the-line production expenditures, compared to 63% in the documentary genre and 60% in the fiction genre.

Medium-budget coproductions ($1 million to $10 million) generated a higher rate of employment (16.1 FTEs) than either high-budget (14.1 FTEs) or low-budget coproductions (11.0 FTEs), even though the medium-budget category's absolute level of employment impact was much less than high-budget coproductions. The fact that medium-budget coproduction displayed the highest employment intensity ratio was probably also due, in part, to the fact that its preponderance of below-the-line production expenditures (70%) was higher than high-budget coproduction (59%) or low-budget coproduction (50%).

There was much less variation in GDP intensity ratios among different categories of coproduction, although there were still some differences worth noting (Figure 42). Majority coproductions ($0.72 per $1 output) were a more efficient source of GDP than minority coproductions ($0.67). Medium-budget coproductions ($0.73) were also more efficient sources of GDP than either high-budget ($0.69) or low-budget coproductions ($0.61).

Although above-the-line expenditures generated an employment-intensity ratio that was less than one-tenth of the ratio displayed by below-the-line production expenditures, its GDP intensity ratio ($0.77 per $1 output) was approximately 85% of the rate displayed by below-the-line production expenditures ($0.91). This result was consistent with the fact that high rates of average compensation characterized above-the-line expenditures.

These above-the-line expenditures generate labour income and revenue for production companies, thereby generating GDP without significant job-creation effects. Furthermore, above-the-line activities rely more upon human capital (i.e. ideas and creativity) than inputs from other industries, and thereby, generate much less of indirect economic impacts.

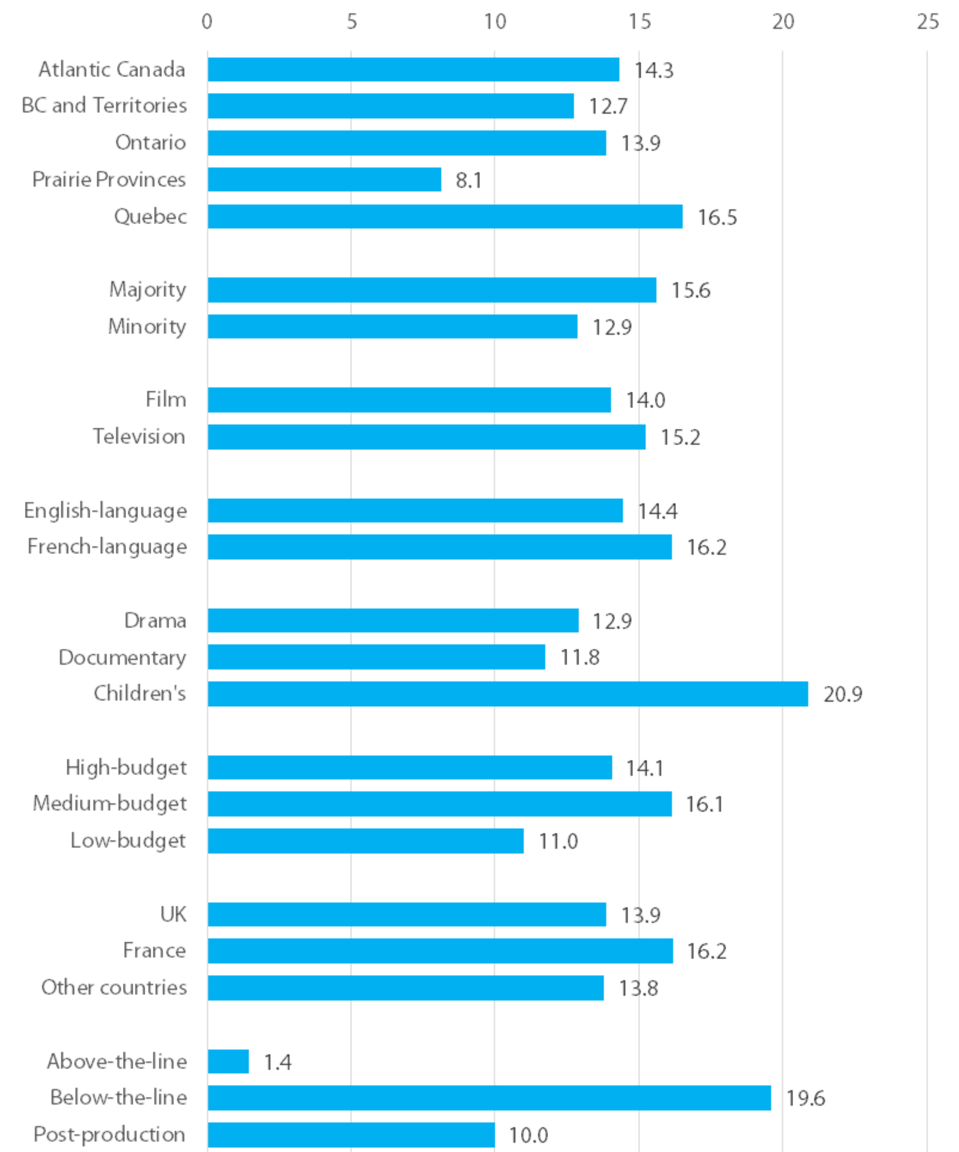
The results of a comparison of labour income intensity ratios were similar to those for GDP.

- Children's programming coproduction ($0.81 per $1 output) displayed a higher ratio than either the fiction ($0.67) or documentary ($0.63) genres.
- Majority coproductions ($0.72) displayed a higher ratio than minority coproductions ($0.67).
- Medium-budget coproductions ($0.73) displayed a higher ratio than either high-budget ($0.69) or low-budget coproductions ($0.61).
- The lowest labour income intensity ratios were displayed by above-the-line ($0.56) and post-production expenditures ($0.59).

As with the employment intensity ratios, it would appear that the budget-category composition of Canadian spend was probably a significant contributor to the differences in GDP and labour-income intensity ratios observed across various categories of coproduction. The below-the-line production category displayed higher GDP and labour income ratios than either the post-production or above-the-line budget categories. So, for example, categories of coproduction with relatively higher shares of Canadian spend devoted to below-the-line production expenditures also displayed higher GDP and labour income ratios than other types of coproductions.

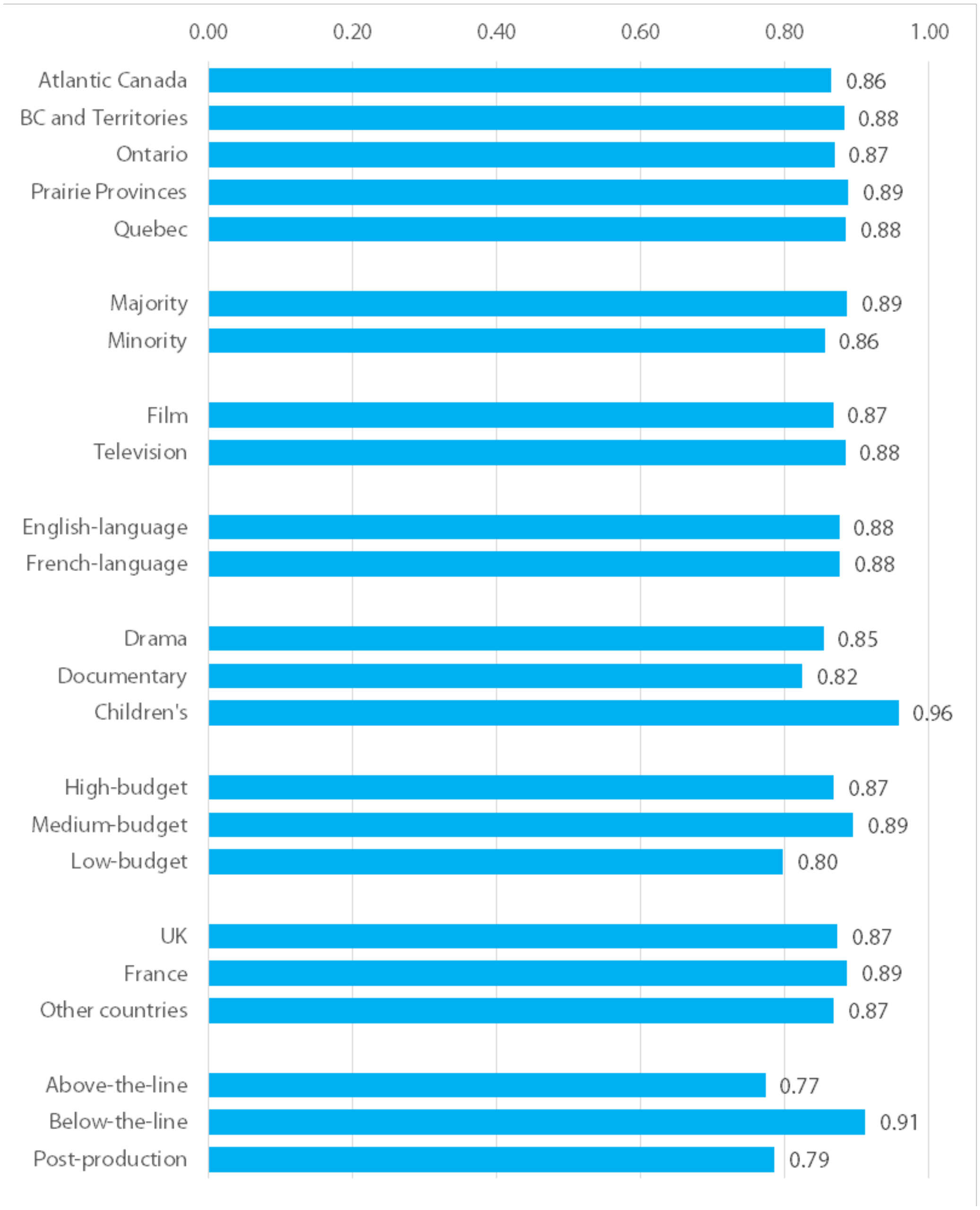
In general, the categories of coproduction with relatively more of their Canadian spend devoted to below-the-line production expenditures tended to also result in higher economic impact, not only in terms of employment intensity but also in terms of the intensities of GDP and labour-income impacts. However, the regional distribution of a particular category of coproduction also played a part in the employment intensity, since there were some significant differences in the average salaries in the audiovisual sector from region to region.

Figure 41 Economic intensity, employment, by category of coproduction (FTEs per $1 million output)



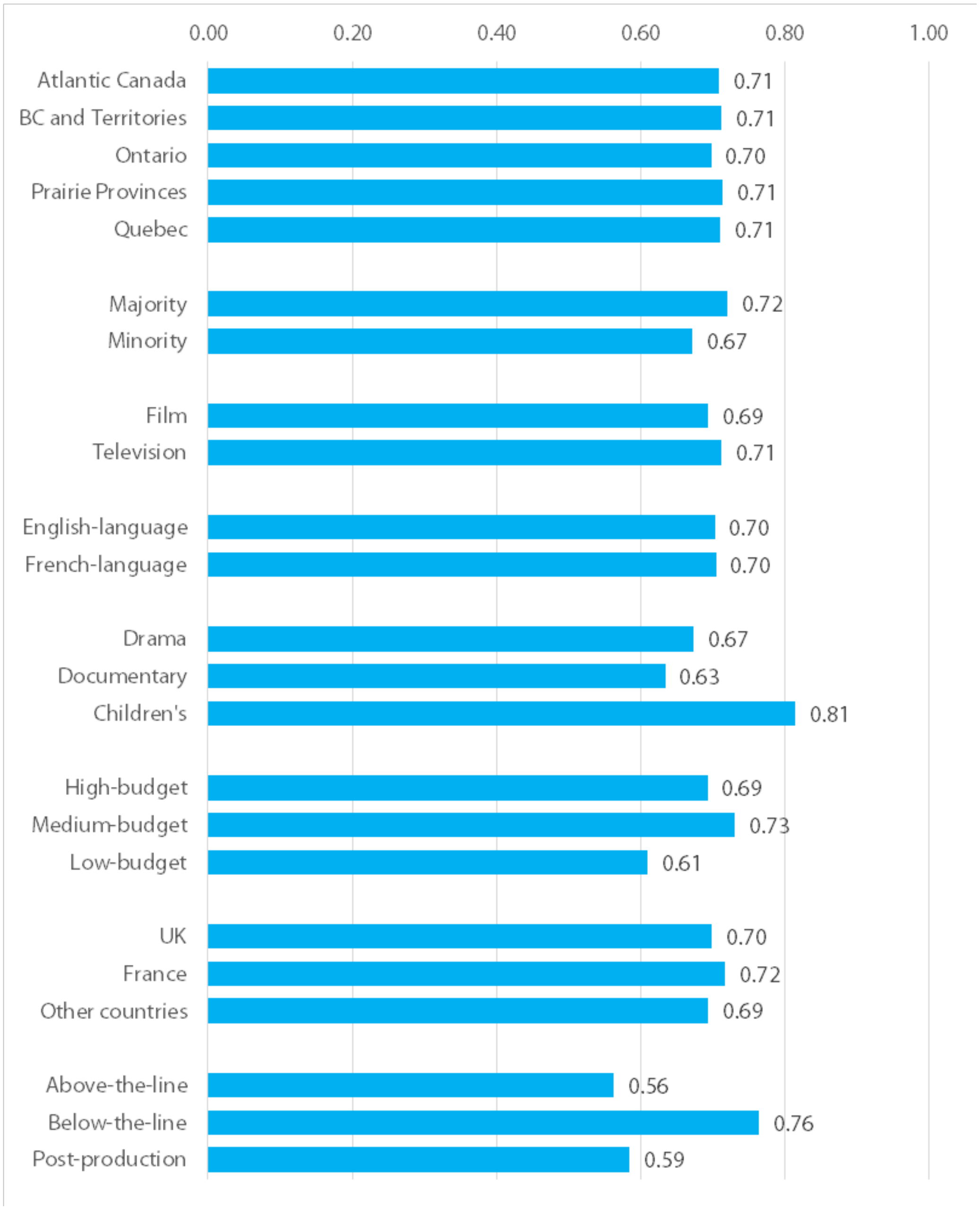
Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Figure 42 Economic intensity, GDP, by category of coproduction ($ per $1 output)



Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Figure 43 Economic intensity, labour income, by category of coproduction ($ per $1 output)



Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

5. Part II: Domestic Production

The following section provides an analysis of domestic production in Canada between 2008/09 and 2012/13. The first part of the section presents an analysis of the key trends. Additional data tables can be found in **Appendix C**. The trend analysis is followed by the economic impact analysis. As noted in Section 2, **Methodology**, all monetary amounts in this section are reported on the basis of constant 2013 dollars.

5.1 Trend analysis

The following sub-section presents the trend analysis for domestic production. It begins with the overview of domestic production during the five-year period, followed by an analysis of 2011/12 and separate reviews of domestic television and film production over the five-year period.

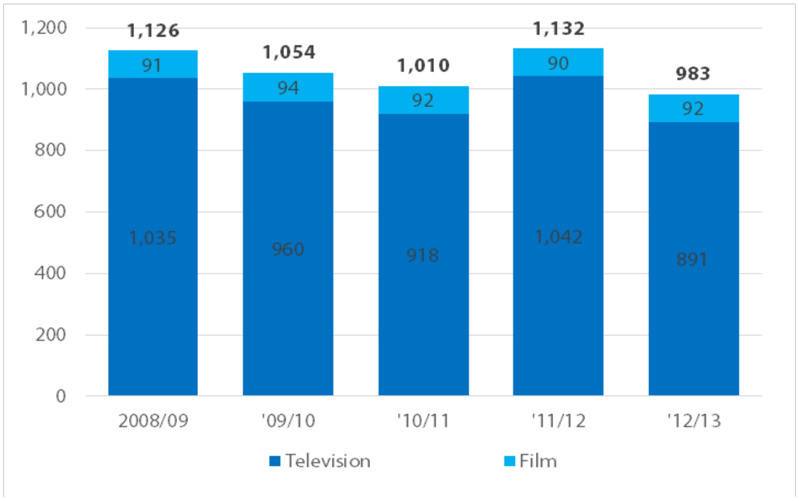
5.1.1 Overview

Domestic production volume totalled $10.6 billion between 2008/09 and 2012/13, or 79% of the total volume of Canadian film and television production

Between 2008/09 and 2012/13, the annual volume of domestic production (i.e. Canadian budgets) ranged from just under $2 billion to nearly $2.4 billion in 2011/12 (Figure 45).[25] There were over 1,000 domestic productions in each year, except 2012/13, when the number dropped below 1,000. Across the five-year period, the total volume of domestic production was $10.6 billion and was equal to 89% of the total Canadian budgets for audiovisual production (i.e. coproduction and domestic production) during that period ($11.9 billion).

With the exception of the one-time spike in 2011/12, the volume of domestic production was relatively static between 2008/09 and 2012/13. Excluding 2011/12, the variance between the highest and lowest volumes of domestic production was only 7%. Indeed, the volume of domestic production at the end of the five-year period was 2% lower than it was at the beginning of the period. However, the static nature of domestic production – and the lack of growth – at the surface during the study period masked some key developments and trends in its underlying composition.

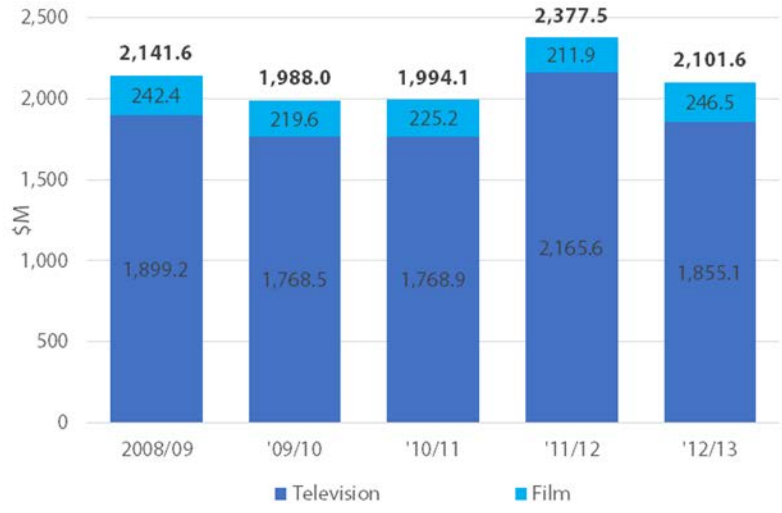
Figure 44 Number of domestic productions, by medium



Source: Estimates based on data collected from CAVCO.

[25] Note that due to the 42-month application window for certification under the Canadian Film or Video Production Tax Credit program, the statistics for the total volume of domestic production for 2012/13 may understate the actual level of production. However, given that these data were generated in August 2014, and obtained as of January 2015, any understatement is likely to be very small.

Figure 45 Total annual volume of domestic production, by medium (2013 $M)



Source: Estimates based on data collected from CAVCO.

5.1.2 Production in 2011/12

A confluence of market and regulatory factors pushed the domestic production volume to a five-year peak of $2.4 billion in 2011/12

In 2011/12, the volume of domestic production jumped by nearly 20% to an all-time high of just under $2.4 billion. This sharp increase in domestic production volume turned out to be a one-time event; volume retreated by approximately 12% in 2012/13.

The spike in domestic production volume was, in large part, broad based – most types of domestic production made a contribution to the increase. Domestic production volume was higher in all regions; both English-language and French-language domestic production volumes were higher; and all genres experienced higher domestic production volume in 2011/12. The only exception to this pattern of broad-based gains was in domestic film production. While the volume of domestic television production increased from $1.8 billion in 2010/11 to $2.2 billion in 2011/12, the volume of domestic film production actually dropped from $225.2 million to $211.9 million. This would imply that the spike in domestic production volume was entirely due to developments in domestic television production.

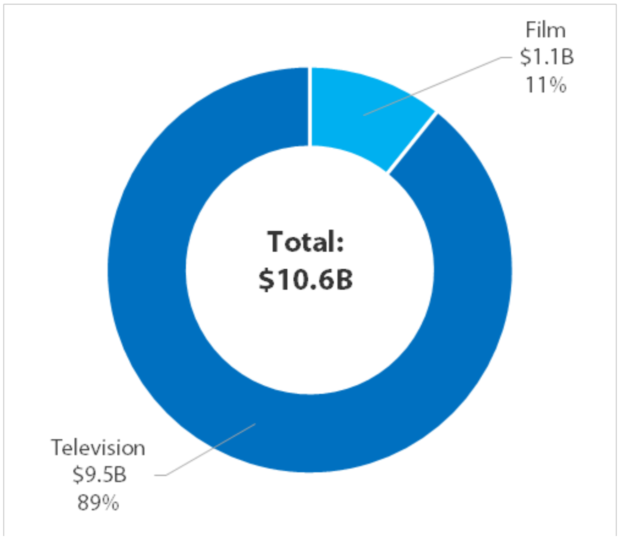
That being said, the statistics in this report and *Profile 2014* indicate that even though the spike in domestic production volume was broad based, it was very much driven by domestic production in the fiction genre, and, in particular, domestic production of English-language fiction programming.[26]

The spike in domestic production volume in 2011/12 was very much driven by domestic production in the fiction genre, and, in particular, domestic production of English-language drama (fiction) programming

The statistics in *Profile 2014* further suggest that this increase in the volume of English-language drama production was due, in large part, to higher-budget programming.[27] In 2011/12, the average budget for English-language fiction programming was at a ten-year high of over $1.6 million per hour.[28]

[26] CMPA et al. (2015), p. 53.
[27] CMPA et al. (2015), p. 34.
[28] CMPA et al. (2015), p. 48.

Figure 46 Domestic production, by medium, 2008/09-2012/13 (2013 $)



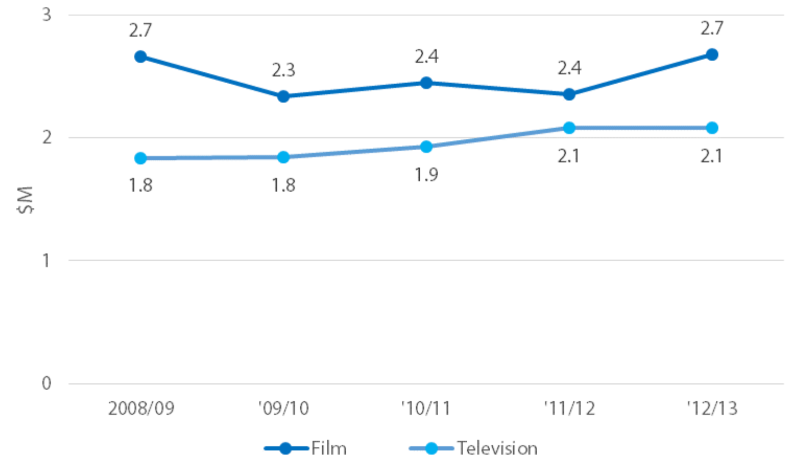
Source: Estimates based on data collected from CAVCO.

The increase in the volume of English-language fiction production, which drove the spike in 2011/12 was itself the likely product of a confluence of market and regulatory forces. During the 2010 broadcast year (September 1, 2009 to August 31, 2010), Canadian broadcasters experienced a sharp rise in revenue. Private conventional broadcasters experienced a recovery in revenue from two consecutive years of decreases following the onset of the 2008/09 recession. This bounce-back in private conventional broadcasters' revenue joined the steadily increasing revenue in the specialty television sub-sector. The Canadian broadcasting sector's higher revenue in 2010 was funnelled into Canadian television production via the Canadian Programming Expenditure (CPE) and Programs of National Interest (PNI) regulations. [29]

Alongside these ongoing expenditure commitments, several tangible benefits packages were working their way through the broadcasting system in 2011/12, putting further upward pressure on Canadian broadcasters' spending on Canadian programming. In 2010, the Shaw-Canwest merger triggered $80 million in expenditures on PNI over the subsequent seven years. The 2011 BCE-CTVglobemedia transaction triggered another $100 million in PNI. And while both benefits packages are split over seven years, the impending renewal of Bell Media Inc.'s broadcasting licence in 2011 may have led that broadcaster to frontload some of its expenditures.

[29] In Broadcasting Decision CRTC, 2011-441 *Group-based licence renewals for English-language television groups: Introductory decision*, the CRTC introduced new CPE regulations that require most English-language broadcast ownership groups to spend 30% of their gross revenues on Canadian programming. For Rogers Media Inc., the CPE rate was set at 25%. That decision also set out PNI expenditure requirements whereby the English-language broadcast ownership groups were required to spend a certain percentage of their gross revenue on programming in the drama and comedy, long-form documentary and certain awards shows. These percentages ranged from 5% for Bell Media and Shaw Media, to 9% for Corus Entertainment Inc. Rogers Media is required to spend 3% of gross revenues on PNI and 3% on local programming.

Figure 47 Average budget, domestic film and television production (2013 $M)



Source: Estimates based on data collected from CAVCO.

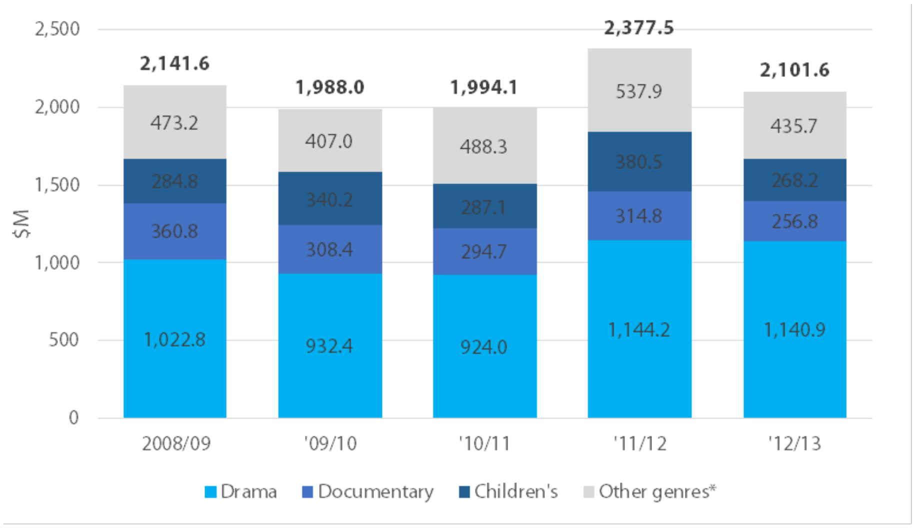
5.1.3 Television

Domestic television production experienced some significant shifts in composition during the study period

When we examine domestic television production across the entire five-year period, we see that it was just as static as overall domestic production. When the spike in 2011/12 is excluded, the volume of domestic television production during the study period ranged from just under $1.8 billion in 2010/11 to $1.9 billion in 2008/09 (Figure 45). Indeed, domestic television production volume comprised 89% of total domestic production volume during the study period, so this is not surprising. However, even the relative static pattern in the year-to-year volume of domestic television production at the surface hides shifts occurring in its composition during the study period.

Between 2008/09 and 2012/13, the average budgets of domestic television productions increased steadily. In 2008/09, the average budget was $1.8 million per project; by 2012/13, it was $2.1 million per project, or 17% higher (Figure 47). This increase in the average budget corresponded with the expansion in fiction production observed during the study period. Between 2008/09 and 2012/13, the volume of domestic fiction production increased by $118.1 million, or 11% (Figure 48). Indeed, the fiction genre was the only genre of domestic production that posted a higher volume at the end of the study period compared to the beginning.

Figure 48 Total volume of domestic production (based on Canadian budgets), by genre (2013 $M)



Source: Estimates based on data collected from CAVCO, and Statistics Canada.
* Includes lifestyle and educational/instructional genres.
Note: We examine three genres: drama, documentary and children's programming, since these genres are also utilized for the analysis of coproduction. Programming in the lifestyle, magazine, variety and performing arts, and educational/instructional genres has been combined into a single category, other genres, since these particular are not eligible as coproductions.

The drama genre typically displays the highest average project and hourly budgets compared to other genres. So any shift in domestic television production that contributed to a larger share for the fiction genre was bound to have put upward pressure on the average budget of domestic productions.

The increase in domestic television fiction production, and English-language domestic television fiction production in particular, reflected Canadian producers' and broadcasters' increasing attention to the genre, following the breakout success of the Canadian police drama, *Flashpoint*. *Flashpoint* premiered in July 2008, and was one of the first Canadian television dramas in many years to be aired by an American network during prime time. On the heels of *Flashpoint*, Canadian producers and broadcasters developed and brought to market several other domestic television fiction series, including *Rookie Blue*, *Saving Hope*, and *Bomb Girls*. Many of the domestic television fiction productions garnered average audiences in excess of one million in Canada. In 2012/13, these successful domestic television fiction productions were joined by *Murdoch Mysteries*, *Motive* and *The Listener*, which also had strong audience performances.

Canadian domestic English-language fiction television productions were not only garnering strong audiences at home, but also finding audiences and buyers outside of Canada. The year-to-year financing statistics reported for English-language television production show that the foreign demand for Canadian domestic English-language television programing was on the increase during the study period. In 2008/09, the combination of foreign financing and Canadian distributor financing was $403.6 million; by 2012/13, it had increased by 10% to $445 million.[30]

5.1.4 Film

Domestic film production was largely dependent on public sources of financing, which were relatively fixed during the study period

As noted above, the volume of domestic film production was also relatively static during the study period, dropping from $242.4 million in 2008/09 to $211.9 million in 2011/12, before increasing to

[30] CMPA et al. (2014), p. 51.

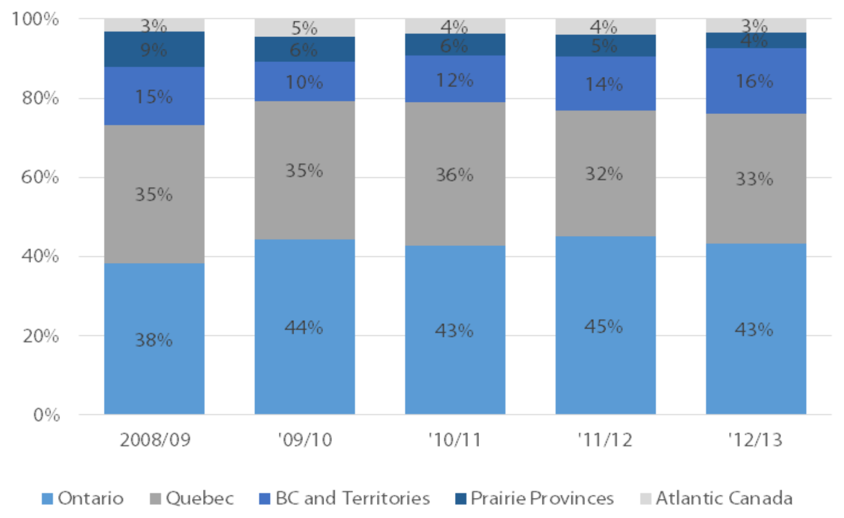
$246.5 million in 2012/13 (Figure 45). Over the five-year period, therefore, domestic film production was up by less than 2%.

This lack of growth in domestic film production was not surprising, considering that the financial resources available for domestic film production in Canada remained relatively fixed compared to domestic television production. The largest single source of financing for domestic film production was the CFFF for which the annual financial resources were essentially fixed by the federal government.

Federal and provincial tax credits were, on a combined basis, the second largest source of financing for domestic film production. Together, they accounted for 30% of total financing. And while the statutory rates for some provincial tax credits may have changed during the five-year period, the structure of tax credits was such that they only increased if other sources of financing, excluding government assistances, also increased.

Canadian broadcasters provided very little financing for domestic film production during the study period. So the only potential sources of growth would have been financing from Canadian or foreign distributors. These two sources of financing would have been based on the audience potential of Canadian films. While there were several notable Canadian domestic films produced during the study period – particularly domestic films produced in French – there was very little evidence of expanding audiences for domestic films. Between 2008 and 2012, the domestic box office for Canadian films (i.e. coproduction and domestic production) ranged from only 2.9% (2008) to 3.3% (2009) of the total box office in Canada. And although Canadian films' share of box office views was much higher in Canada's French-language market – as high as 18.5% in 2009 – this market was a fraction a size of the English-language market.

Figure 49 Share of total volume of domestic production, by region



Source: Estimates based on data collected from CAVCO.

To some degree, the average budget can be viewed as a proxy for the quality of a film, in that it may be a reflection of box office driving cast, although the relationship between budget and quality is by no means absolute. The average budget of domestic films stood at $2.7 million in 2012/13, unchanged from where it was five years prior. So while there have been noteworthy domestic films such as *Passchendaele* and *Monsieur Lazhar* produced during the study period, there appears to have been no general improvement in audience performance or production values, which could have helped attract more distributor financing and underpin growth.

5.2 Economic impact analysis

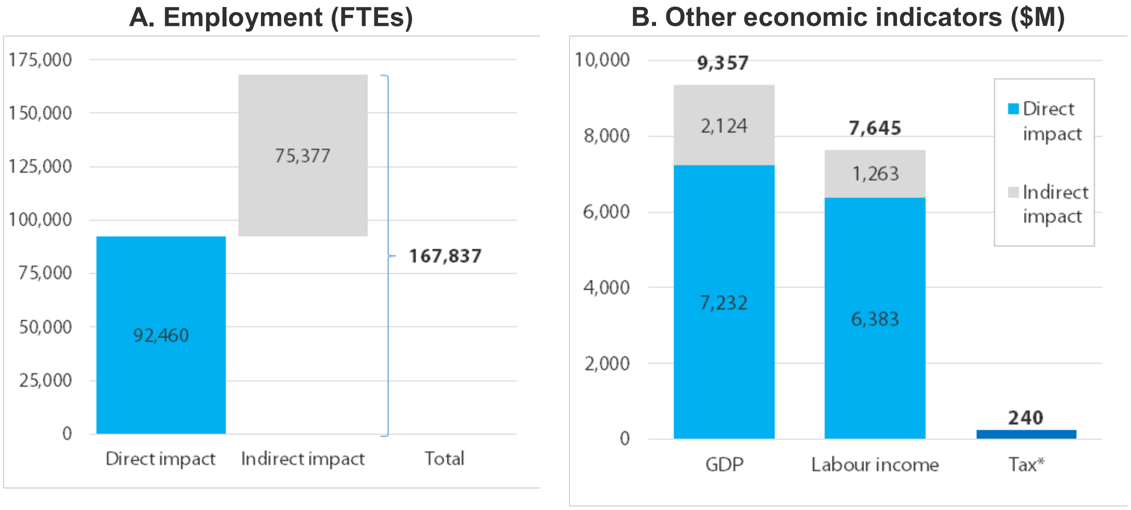
The following section presents the results of the economic impact analysis of domestic production. Additional data tables can be found in **Appendix D**.

5.2.1 Total economic impact

Domestic production generated over 167,000 FTEs and nearly $9.4 billion in GDP between 2008/09 and 2012/13

Between 2008/09 and 2012/13, the total volume of domestic production generated 167,837 FTEs of employment, including 92,460 FTEs of direct employment and 75,377 FTEs of indirect employment (Figure 50A). Domestic production generated $9.4 billion in GDP, including $7.2 billion in direct GDP and a further $2.1 billion in indirect GDP (Figure 34B). The total labour income impact was $7.6 billion between 2008/09 and 2012/13, and included $6.4 billion in direct labour income and $1.3 billion in indirect labour income. The economic activity generated by domestic production yielded a total of $240 million in taxes on products and production, including federal and provincial taxes generated by both direct and indirect economic impacts.

Figure 50 Economic impact of domestic production, total volume, 2008/09-2012/13



Source: Nordicity estimates based on data from CAVCO, Statistics Canada and EIMAH.
* Tax impact includes sum of taxes on products and taxes on production generated by direct and indirect economic impacts.

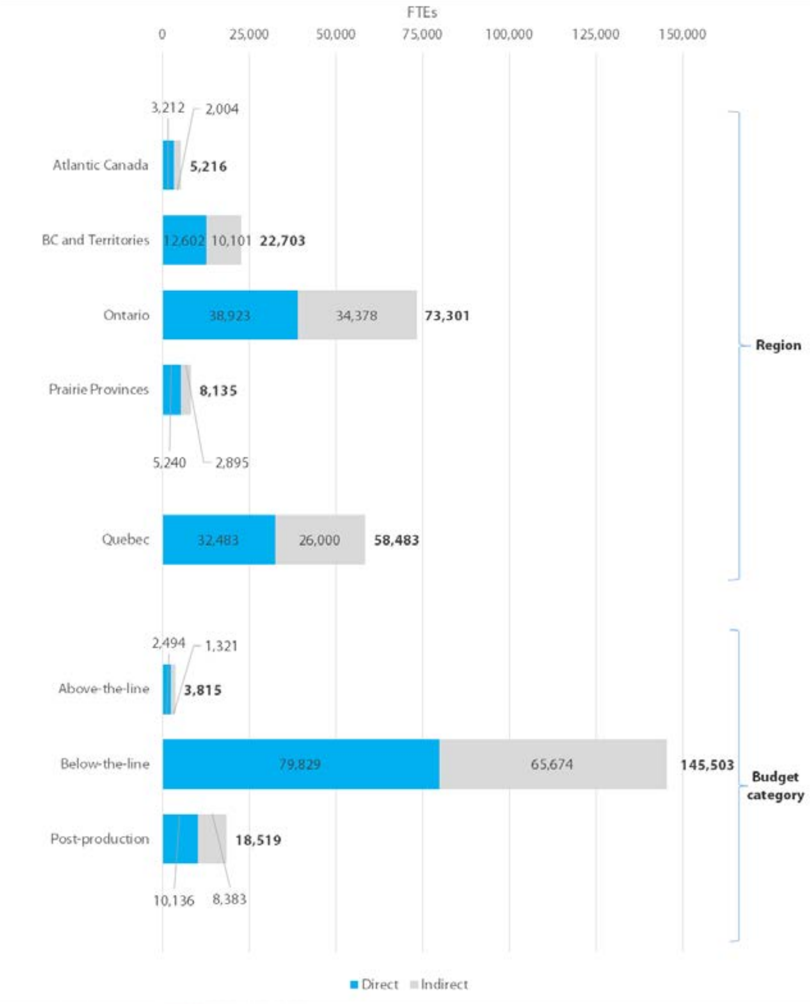
In addition to the overall economic impact of all domestic production, our analysis also estimated the economic impact of domestic production by region and for different budget categories. The following three charts (Figure 51, Figure 52 and Figure 53) compare the employment, GDP and labour-income impacts of different categories of domestic production.

As was the case for coproduction, the results show that the absolute levels of economic impacts of different categories of domestic production were very closely related to the volume of domestic production in each category.

- On a regional basis, the largest impacts on employment, GDP and labour income were in Ontario, followed by Quebec.
- Below-the-line production expenditures generated the vast majority of the economic impact associated with domestic production.

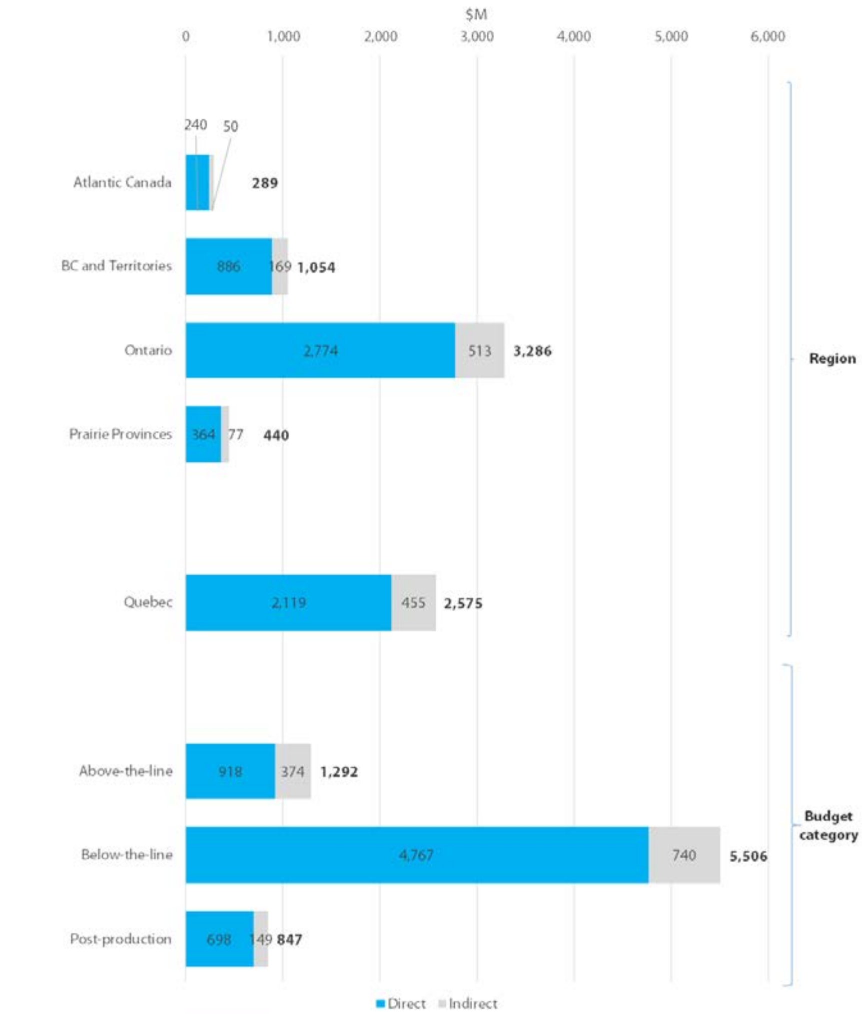
While these data show the size of economic impact generated by different categories of domestic production, they do not provide information on relative efficiency with which different categories of domestic production generate employment, GDP or labour income. In the next sub-section, we use the intensity ratios to identify the most efficient sources of economic impact among the various categories of domestic production.

Figure 51 Employment impact of domestic production, by category (FTEs)



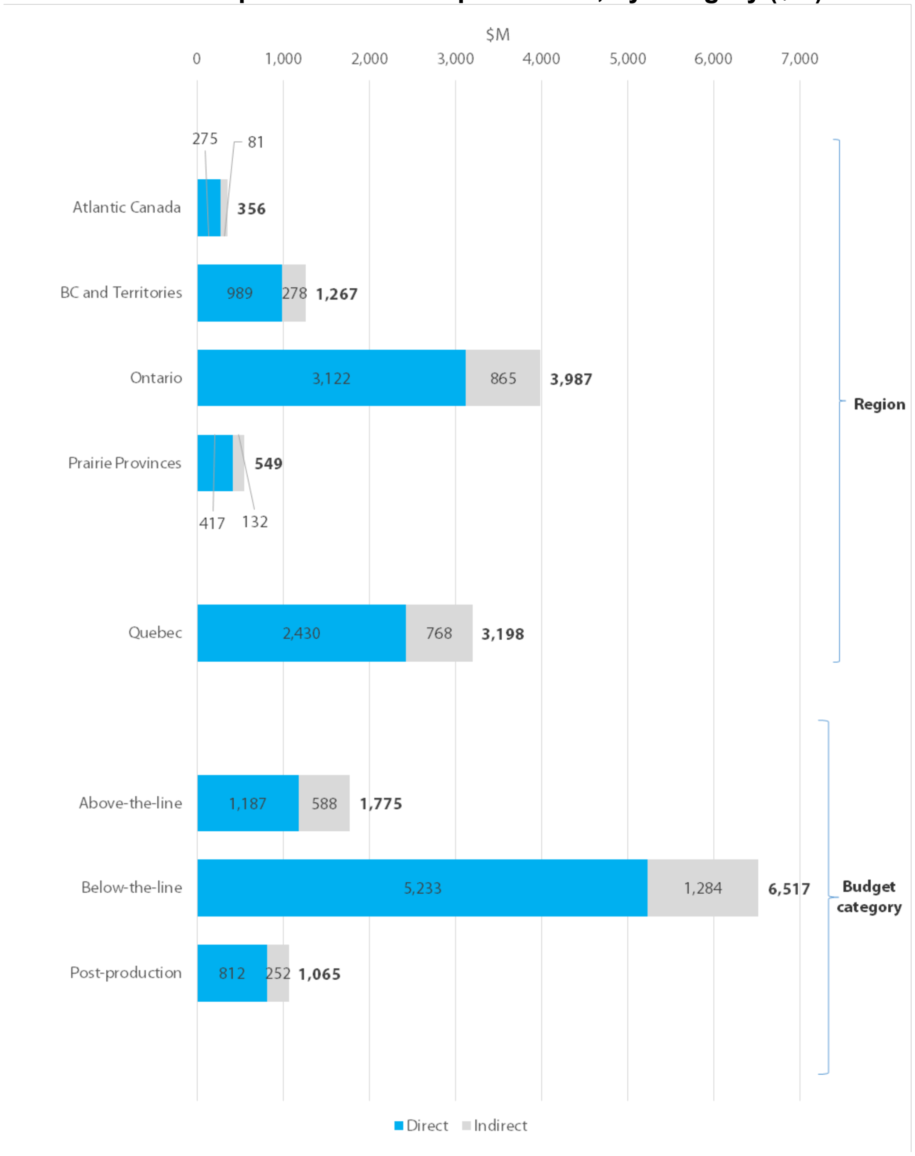
Source: Nordicity estimates based on data from CAVCO, Statistics Canada and EIMAH.

Figure 52 GDP impact of domestic production, by category ($M)



Source: Nordicity estimates based on data from CAVCO, Statistics Canada and EIMAH.
Note: Some totals may not sum due to rounding.

Figure 53 Labour-income impact of domestic production, by category ($M)



Source: Nordicity estimates based on data from CAVCO, Statistics Canada and EIMAH.
Note: Some totals may not sum due to rounding.

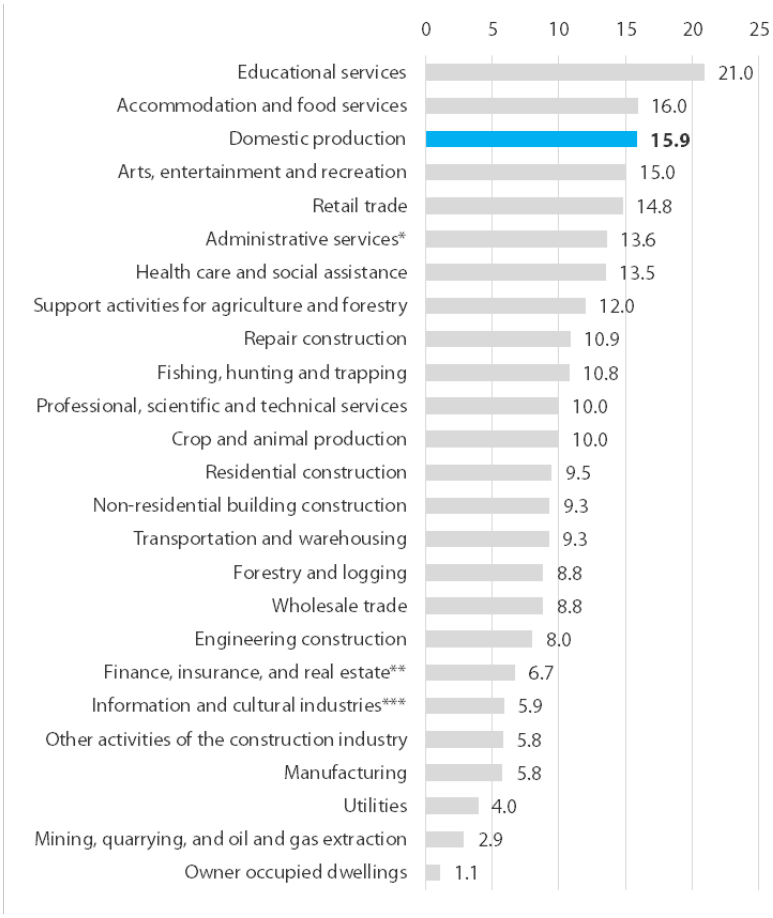
5.2.2 Economic intensity

Compared to other industries, domestic production was an efficient source of employment and labour income

As with coproduction, we also used intensity ratios to compare (i) domestic production to other industries within the Canadian economy, (ii) domestic production in different regions, and (iii) different budget categories.

Based on a comparison of employment intensity ratios, domestic production appears to have been a highly efficient source of job creation in relation to other industries within the Canadian economy. Between 2008/09 and 2012/13, domestic production generated 15.9 FTEs per $1 million of output; this placed it third among 25 industries and almost 60% higher than the average of 9.9 FTEs observed across these 25 industries (Figure 54).

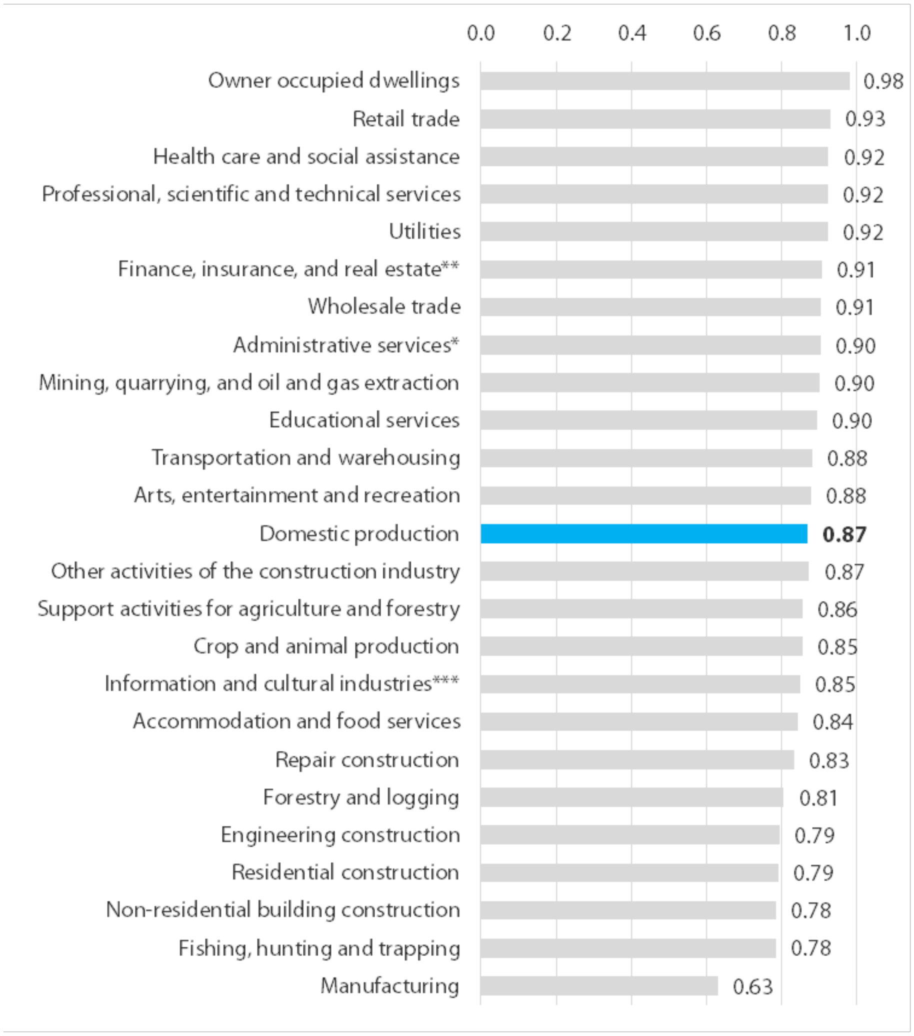
Figure 54 Employment impact, comparison of domestic production to other industries (FTEs per $1M output)



Source: Nordicity estimates based on data from CAVCO, Statistics Canada catalogue no. 15F0046XDB and EIMAH.
* Administrative and support, waste management and remediation services
** Finance, insurance, real estate, rental and leasing and holding companies
*** Includes domestic production sector

In terms of GDP impact, domestic production was in the middle of the pack among Canadian industries. Between 2008/09 and 2012/13, each dollar spent on domestic production in Canada generated $0.87 of GDP, including direct and indirect GDP (Figure 55). This placed domestic production 13th among 25 industries and just slightly ahead of the average of $0.86.

Figure 55 GDP impact, comparison of domestic production to other industries ($ per $1 of output)



Source: Nordicity estimates based on data from CAVCO, Statistics Canada Catalogue no. 15F0046XDB and EIMAH.
* Administrative and support, waste management and remediation services
** Finance, insurance, real estate, rental and leasing and holding companies
*** Includes domestic production sector

Domestic production performed even better in terms of generating labour income. Each dollar of domestic production volume generated $0.73 of labour income within the Canadian economy, including labour income for production industry workers and workers in supplier industries (i.e. indirect impact employment) (Figure 56). This labour income intensity ratio placed domestic production ahead of 24 other industries comprising the Canadian private-sector economy.

Figure 56 Labour-income impact, comparison of domestic production to other industries ($ per $1 of output)

Source: Nordicity estimates based on data from CAVCO, Statistics Canada Catalogue no. 15F0046XDB and EIMAH.
* Administrative and support, waste management and remediation services
** Finance, insurance, real estate, rental and leasing and holding companies
*** Includes domestic production sector

The regions that accounted for the largest shares of domestic production also appeared to have been the most efficient in terms of job creation during the study period. The employment intensity ratios in Ontario and Quebec were both 16.3 FTEs per $1 million output (Figure 57). In Atlantic Canada and the Prairie Provinces – the two smallest regions for domestic production – the intensity ratios were no higher than 13 FTEs.

The data in Figure 59 indicates that the variation in labour income intensity across different regions was rather limited. For example, the labour income intensity in the Prairie Provinces was only 5% less than the ratio in Ontario. This would suggest that the differences in employment intensity were likely driven by the differences in average FTE costs across the regions – particularly in domestic production. Indeed, in our analysis, Nova Scotia (Atlantic Canada) and Alberta (Prairie Provinces) had slightly higher average FTE salaries than Ontario and Quebec (Table A-3 in Appendix A: Methodology Notes).

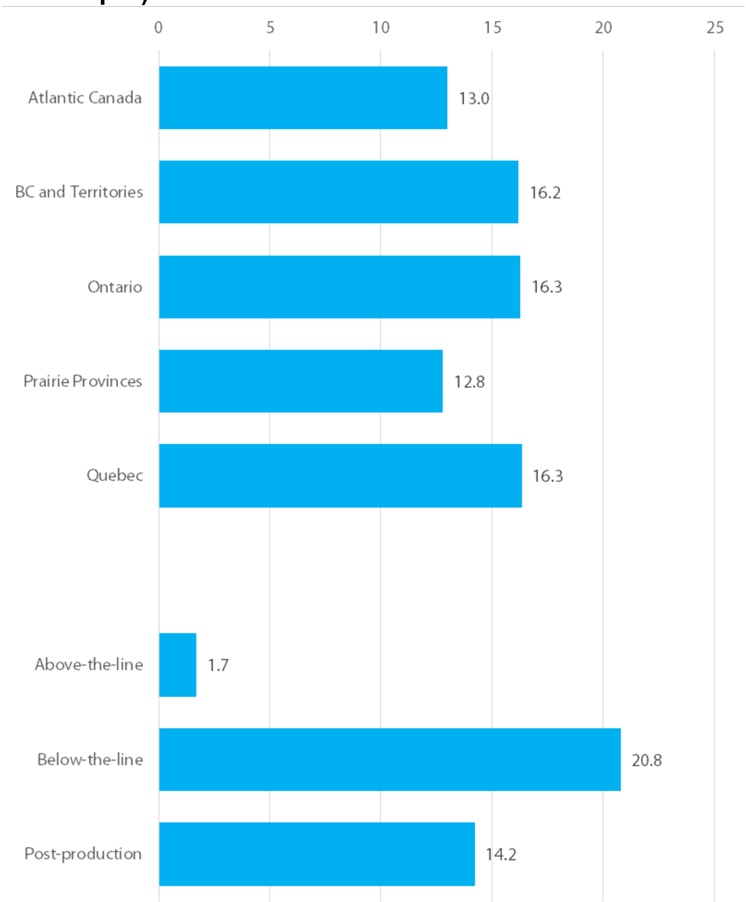
When adjusted for production expenditures, job creation was highest for domestic production in Ontario, Quebec, and BC and the Territories

There were also wide variations in the employment intensity of the different budget categories. Below-the-line production displayed the highest rate of employment intensity (20.9 FTEs per $1 million output) followed by post-production (14.2 FTEs). The employment intensity of 1.7 FTEs displayed by the above-the-line budget category reflected the fact that the average compensation among the key creative personnel (e.g. screenwriter, producer, director, star performers) was much higher than for below-the-line cast and crew.

There was much less variation in the GDP intensity of domestic production by region; however, there was variation across different budget categories (Figure 58). Although above-the-line expenditures generated an employment-intensity ratio that was less than 10% of the ratio displayed by below-the-line production expenditures, its GDP intensity ratio ($0.80 per dollar of output) was 86% of the rate displayed by below-the-line production expenditures ($0.93).

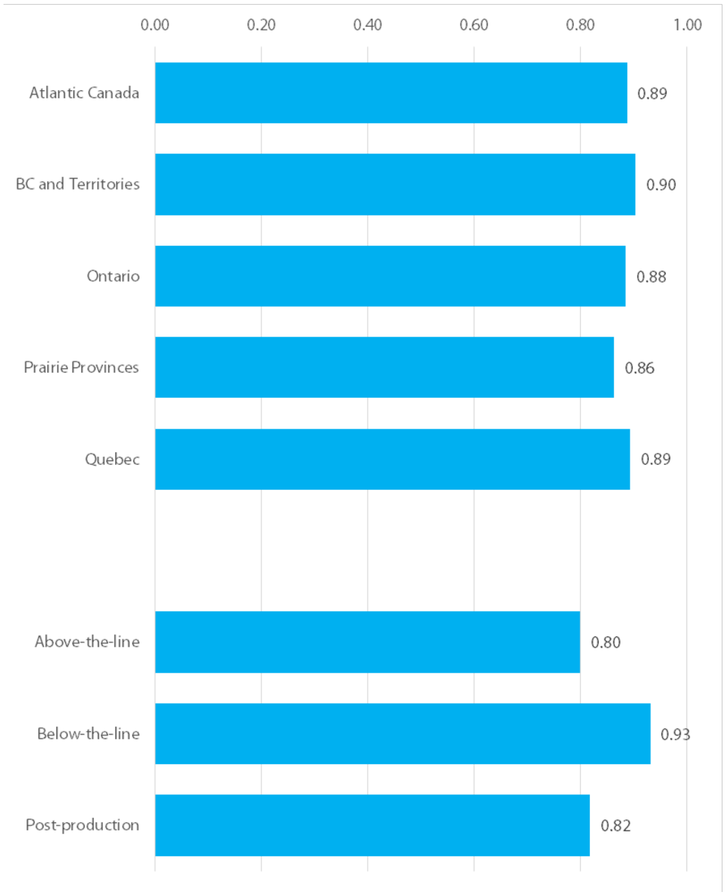
This result was consistent with the fact that high rates of average compensation characterize above-the-line expenditures. These expenditures generate labour income and revenue for production companies, and thereby, generated GDP, without significant job-creation effects. Furthermore, above-the-line activities rely more upon human capital (i.e. ideas and creativity) than inputs from other industries, and thereby, generate much less of indirect economic impacts.

Figure 57 Economic intensity, employment, by type of domestic production (FTEs per $1 million output)



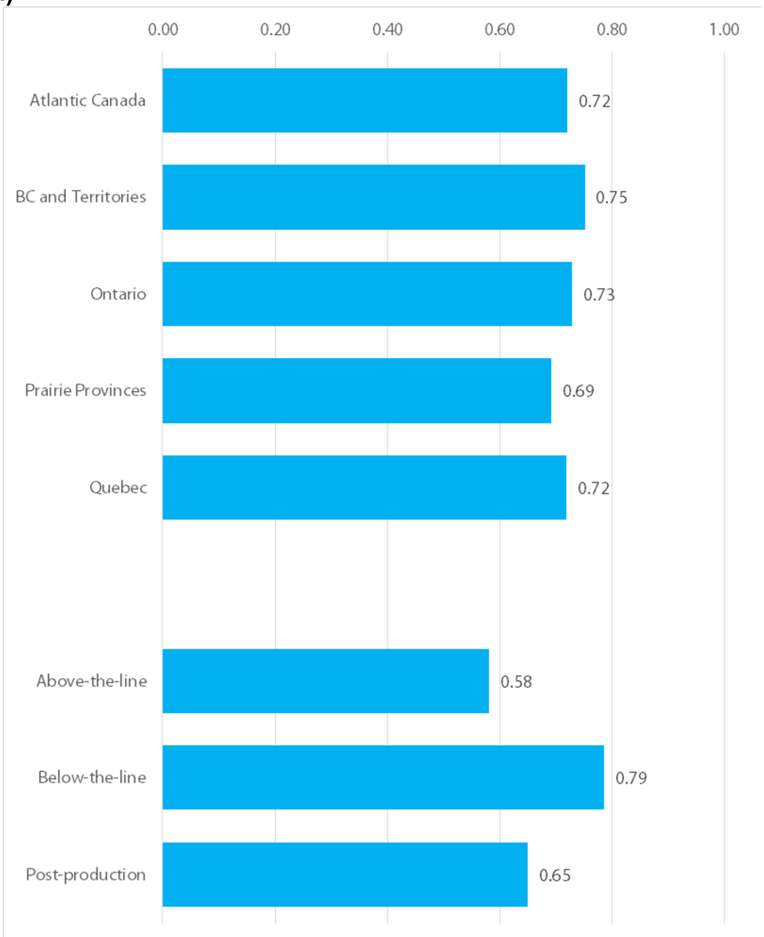
Source: Nordicity estimates based on data from CAVCO, Statistics Canada and EIMAH.

Figure 58 Economic intensity, GDP, by type of domestic production ($ per $1 output)



Source: Nordicity estimates based on data from CAVCO Statistics Canada and EIMAH.

Figure 59 Economic intensity, labour income, by type of domestic production ($ per $1 output)



Source: Nordicity estimates based on data from CAVCO, Statistics Canada and EIMAH.

6. Part III: Comparative Analysis

In the following section, we draw upon the research and analysis in the previous two sections to provide a comparative analysis of coproduction and domestic production. We begin with a comparison of the trends in and composition of both types of production. This is followed by a comparison of the two types of production in terms of production costs and salaries, impact on production companies, skills development and transfer, economic intensity and impact on other industries.

Note that some of the quantitative analysis in this section is based on two slightly different time periods. The data for coproduction pertains to calendar years, 2008 through 2012, and is, therefore, a subset of the full coproduction dataset for 2003 through 2012, which was used in Section 4. For domestic production, the data in this section pertains to the fiscal years, 2008/09 through 2012/13.[31] Also note that the comparison of coproduction and domestic production in this section was made on the basis of the Canadian budgets, even though in the case of domestic production, the sum of Canadian budgets can also be referred to as the total volume of production.

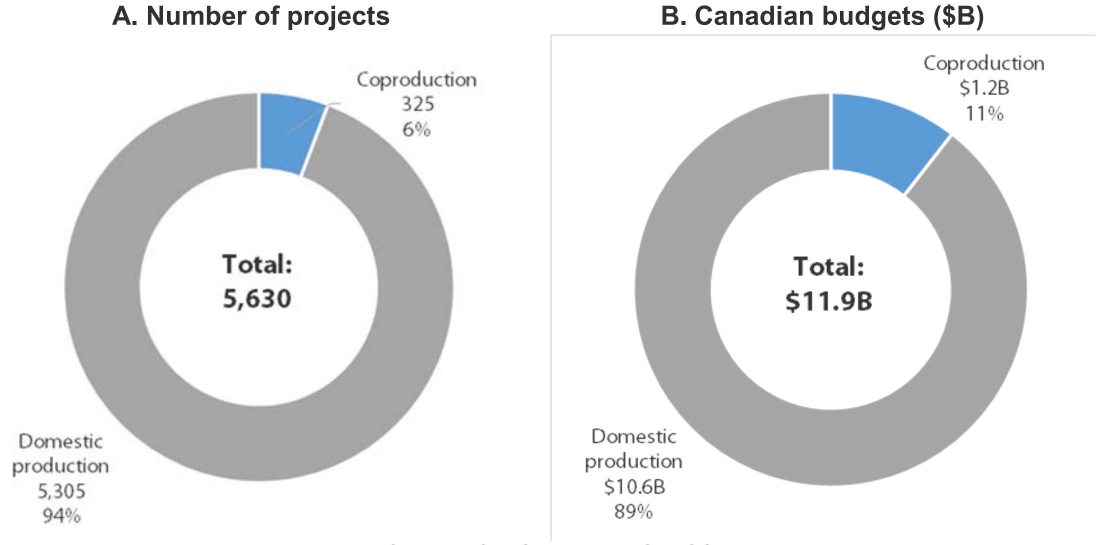
6.1 Trends and composition

Although coproduction accounted for only a small fraction of total Canadian film and television production between 2008 and 2012, coproductions were much larger in size. Between 2008 and 2012, coproductions accounted for 5.8% of all Canadian film and television projects (i.e. coproductions and domestic productions), but 10.5% of the sum of Canadian budgets across all Canadian film and television production (Figure 60). In other words, coproductions were, on average, 81% larger in Canadian-budget size than domestic production. Later in this section, we highlight how both film and television coproductions were, on average, larger than domestic productions. Without access to the audiovisual coproduction treaties, many high-budget Canadian films and television programs may not have been made. Furthermore, this underlines one of the key drivers for coproductions: the ability to produce projects of larger scope and budget due to access to a greater pool of financing.

Between 2008 and 2012, coproduction represented 5.8% of total number of all Canadian productions (i.e. coproduction and domestic production), but 10.5% of Canadian budgets

[31] Data were available for earlier years; however, Canadian Heritage determined that a 5-year sample for domestic production was sufficient for this analysis.

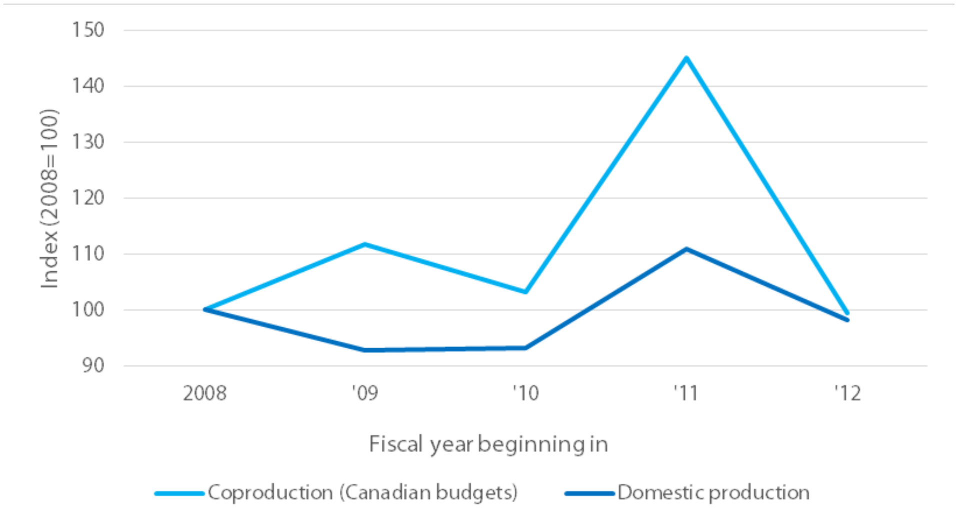
Figure 60 Share of total Canadian film and television production (i.e. coproduction and domestic production), 2008-2012



Source: Nordicity estimates based on data from Telefilm Canada and CAVCO.

Overall, the Canadian budgets of coproduction and domestic production moved in the same direction during the latter half of the study period (fiscal years ending 2008 to 2012). By 2012, the Canadian budgets associated with both coproductions and domestic productions were at virtually the same levels as they were five years earlier (Figure 61). Even in 2011/12, when domestic production experienced a one-time spike in volume, the level of Canadian budgets on coproductions actually spiked by an even greater percentage. The sharp spike in coproduction in 2011 was coincident with the production of several large-budget coproductions, such as the films *Resident Evil: Retribution*, *Silent Hill* and *Cosmopolis*, as well as the high-budget television series *The Borgias* and *Combat Hospital*.

Figure 61 Coproduction vs. domestic production, trend in Canadian budgets, 2008-2012



Source: Telefilm Canada and CAVCO.
Notes on index: For both coproduction and domestic production, the levels of Canadian budgets in 2008 have been set equal to 100. Any increases or decreases after 2008, therefore, can be viewed in percentage terms in the graph. For example, index level of 110 in 2011 indicates that level of Canadian budgets for domestic production in 2011 was 10% higher than in 2008.

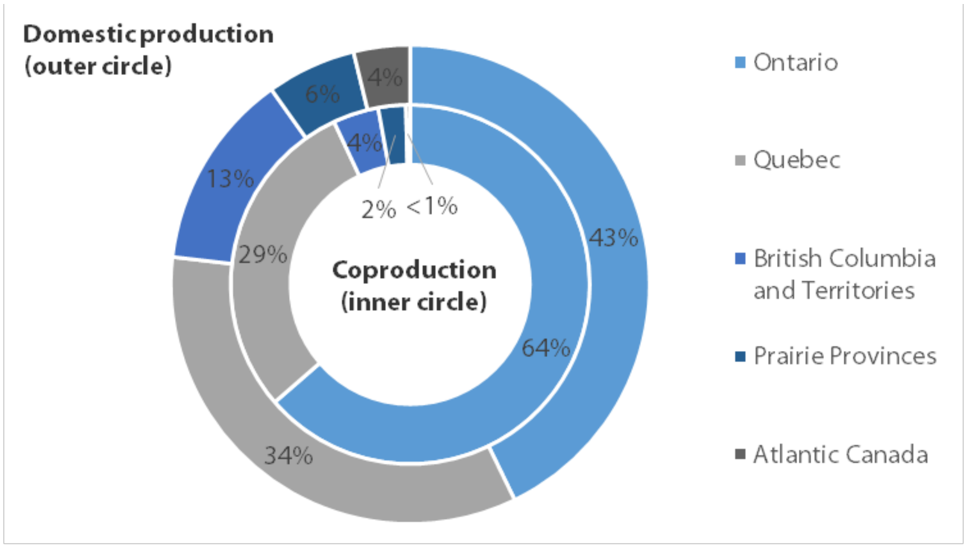
On a regional basis, coproduction was over-represented in Ontario, when compared to domestic production. While Ontario accounted for 59% of coproduction (i.e. Canadian budgets) during the study period, producers based in this province accounted for 43% of the total volume of domestic production.

Ontario was the only region where the share of coproduction was higher than the share of domestic production

Quebec's share of production was relatively consistent across coproduction and domestic production. The province accounted for 31% of coproduction; Quebec-based producers accounted for 34% of domestic production. BC and the Territories, along with the Prairie Provinces, and Atlantic Canada, however, displayed much lower shares of coproduction than domestic production.

In the case of BC and the Territories, and the Prairie Provinces, the share of total coproduction was approximately one-half of their shares of domestic production. In the case of Atlantic Canada, the share of coproduction (1%) was approximately one-quarter of its share of domestic production (4%). The under-representation of BC and the Territories was somewhat surprising given that BC is home to several large production companies, including animation studios. Nevertheless, our research interview suggests that BC producers' coproduction activity may have increased after 2012, particularly in animation.

Figure 62 Coproduction vs. domestic production, share by region, 2008-2012 (based on Canadian budgets)



Source: Telefilm Canada and CAVCO.

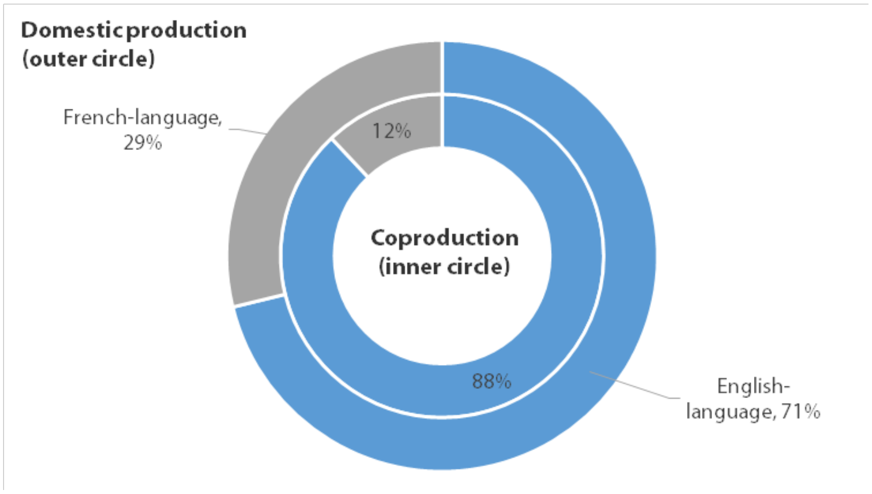
Coproduction was heavily weighted towards English-language production, compared to domestic production. During the study period, 87% of coproduction (based on Canadian budgets) was produced in English, compared to 71% of domestic production (Figure 63). The Canadian budgets of French-language coproductions accounted for 13% of total coproduction, whereas the volume of French-language production was equal to 29% of total domestic production during the study period.

Nearly 90% of coproduction was made in English, compared to 71% of domestic production

The over-representation of English-language coproduction vis-à-vis domestic production was understandable. Domestic production included much of the film and television production made primarily for Canada's two language markets, and thereby, the split in volume reflected each language's share of the domestic audience market. Coproductions, by definition, were made with international or at least multi-territory audiences in mind. On an international basis, the English-language market provided much more potential. A film or television program made in English can be sold to many more countries, particularly the US, without the need for versioning, for example. When versioning is required, the industry reported that it was more cost-effective to do from English rather than French.

This better economic potential for English-language productions was reflected in the financing marketplace. Industry sources reported that it can be very difficult to finance French-language coproductions. For example, it was nearly impossible to obtain gap financing for French-language coproductions – a piece of the financing structure which is often important to films. The limitations around financing in the French-language market are borne out by the coproduction statistics: French-language coproductions not only accounted for only 12% of total Canadian budgets, but displayed lower average Canadian budgets in both film and television.

Figure 63 Coproduction vs. domestic production, by language, 2008-2012 (based on Canadian budgets)



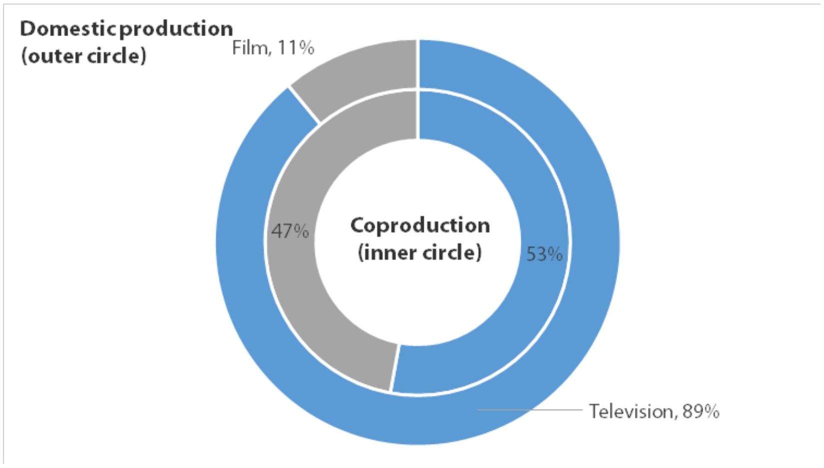
Source: Telefilm Canada and CAVCO.

There was also a very clear difference between coproduction and domestic production in terms of the medium of production (film or television). When measured on the basis of Canadian budgets, coproduction was practically evenly split between television and film. In contrast, the vast majority of the volume of domestic production was in television (89%); only 11% of domestic production volume was in film (Figure 64).

Many of Canada's big-budget English-language films during the study period were coproductions, making film a much more prominent share of coproduction (49%) than domestic production (11%)

Some of the biggest-budget Canadian films, such as the *Resident Evil* films, provided a boost to the Canadian volume of film coproduction. However, the relative prominence of film in coproduction probably also reflected a longstanding tradition of making Canadian films through coproductions in order to gain access to global talent, locations, financing and release markets.

Figure 64 Coproduction vs. domestic production, by medium, 2008-2012 (based on Canadian budgets)

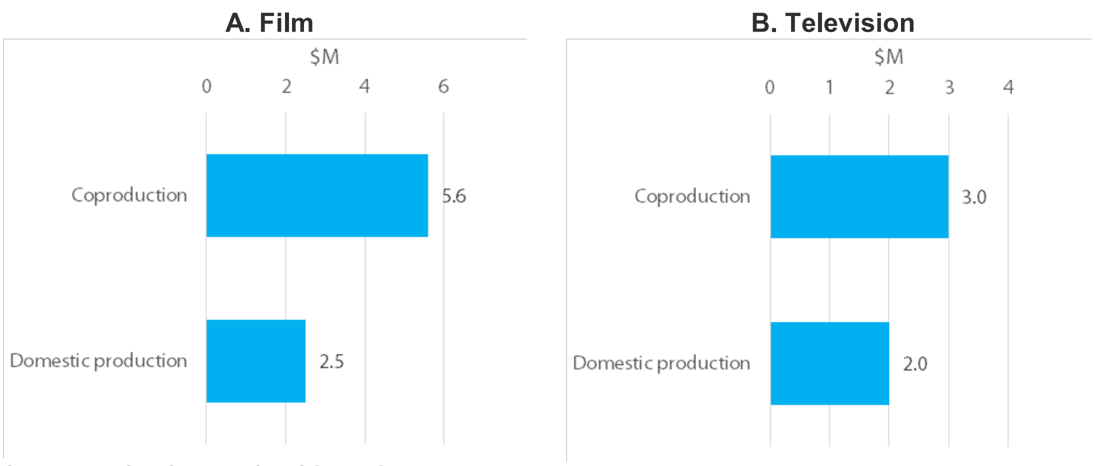


Source: Telefilm Canada and CAVCO.

One of the key differences between coproduction and domestic production during the study period was in terms of average budgets. Coproductions displayed significantly higher average budgets than domestic productions during the study period. In the case of film, the average Canadian budget for coproduction was $5.6 million (Figure 65A).

The average Canadian budget of film coproductions was more than double that of domestic film productions

Figure 65 Average Canadian budget per project, 2008-2012 (2013 $M)*



Source: Telefilm Canada, CAVCO and Canada Media Fund.
* Canadian volume only.

The differential between the average budgets for coproductions and domestic productions in television was much narrower than for film. The differential may have been due to the genre composition of the two types of production, rather than any substantive difference in hourly budgets or the number of episodes produced for projects. Television coproductions are mostly confined to the drama, children's and documentary genres, which tend to display higher hourly budgets than some of the other genres (i.e. lifestyle, variety and performing arts [VAPA], and magazine programming), which are also part of domestic production.

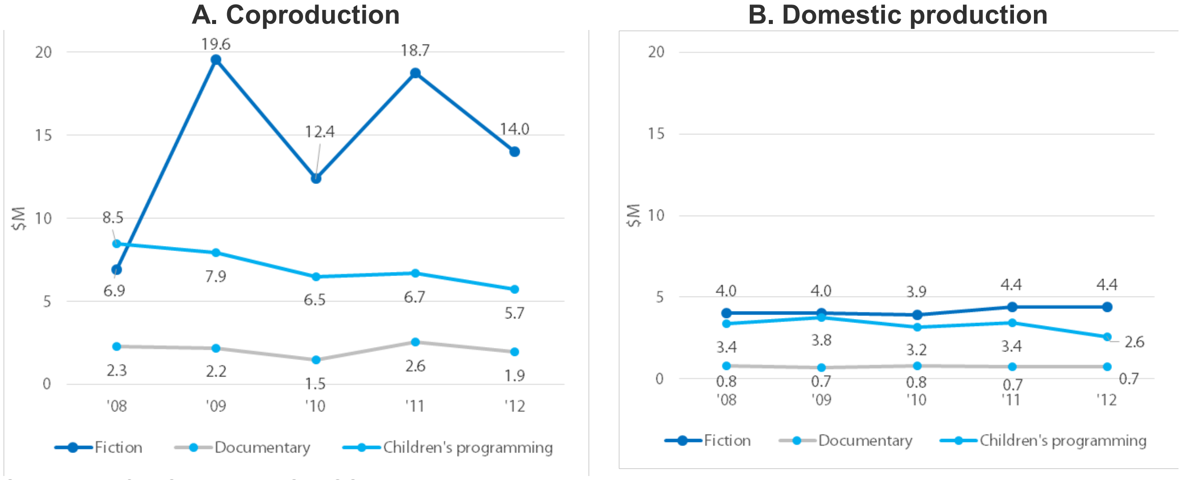
The average Canadian budget of television coproductions was 35% higher than the average for domestic television productions

To further understand the reasons of the differences in average budgets between coproduction and domestic production, we compared average budgets by genre. This comparison indicated that the average budgets in the documentary and children's programing genres were, in general, on par between coproduction and domestic production. What is more, the downward trend observed in children's programming budgets in coproduction also appeared to have characterized the domestic production of children's programming – although the downward trend was not as consistent.

It is clear from Figure 66 that the average budgets (based on total volume) for fiction projects were significantly higher in coproduction than in domestic production. A closer examination of the average budgets for fiction coproductions indicates that this average was due not only to the greater preponderance of films in coproduction but also high-budget television coproductions in the fiction genre such as *The Tudors*, *The Borgias* and *Vikings* (Figure 67).

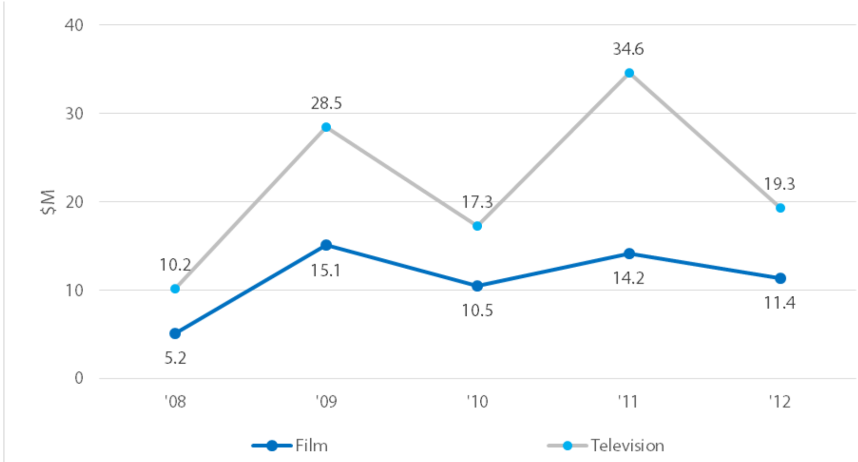
Figure 66 Average budgets per project, by genre (based on total volume) (2013 $M)

A. Coproduction **B. Domestic production**



Source: Telefilm Canada and CAVCO.

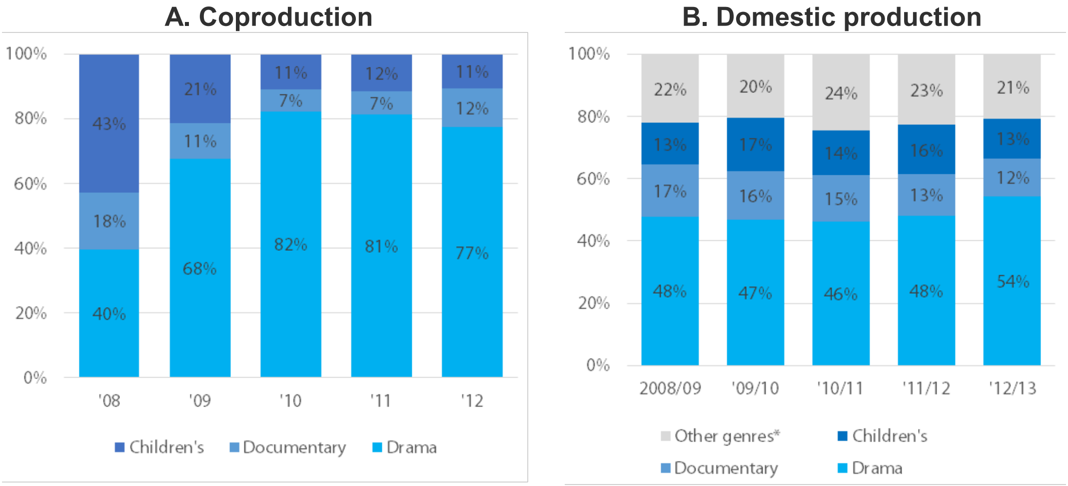
Figure 67 Average budgets per coproduction, fiction genre (based on total volume) (2013 $M)



Source: Telefilm Canada.

While the average budgets for children's programming in both coproduction and domestic production decreased during the latter half of the study period, it would appear that the overall contraction in children's production that occurred in coproduction did not occur in domestic production in terms of number of productions. The children's programming genre's share of coproduction fell from 43% in 2008 to 11% in 2012. In domestic production, however, the children's programming genre's share of total Canadian budgets was unchanged between 2008 and 2012. It stood at 13% in both years.

Figure 68 Share of Canadian budgets, by genre



Source: Telefilm Canada and CAVCO.
Note: Some totals may not sum due to rounding.
* Includes lifestyle, variety and performing arts, magazine programming and educational/instructional genres.

These data indicate that while Canadian broadcasters are assumed to have pulled back from their spending on children's programming, they pulled back even more from participating in coproductions in the children's genre. As noted in Section 4, between 2003 and 2012, Canadian broadcasters reduced their participation in minority coproductions, while foreign producers increasingly used service productions rather than coproductions to collaborate with Canadian producers of children's programming.

6.2 Production costs and salaries

Producers report that the production costs on coproductions are typically higher than for domestic productions, but this was due to the higher administrative costs on coproductions rather than any significant difference in labour costs. Most below-the-line labour in Canada is compensated on the basis of collective agreements which set out standard hourly and daily rates. In that regard, the cost of a day of shooting or single hour of screen content should not be more expensive on a coproduction compared to domestic production, unless more personnel are employed.

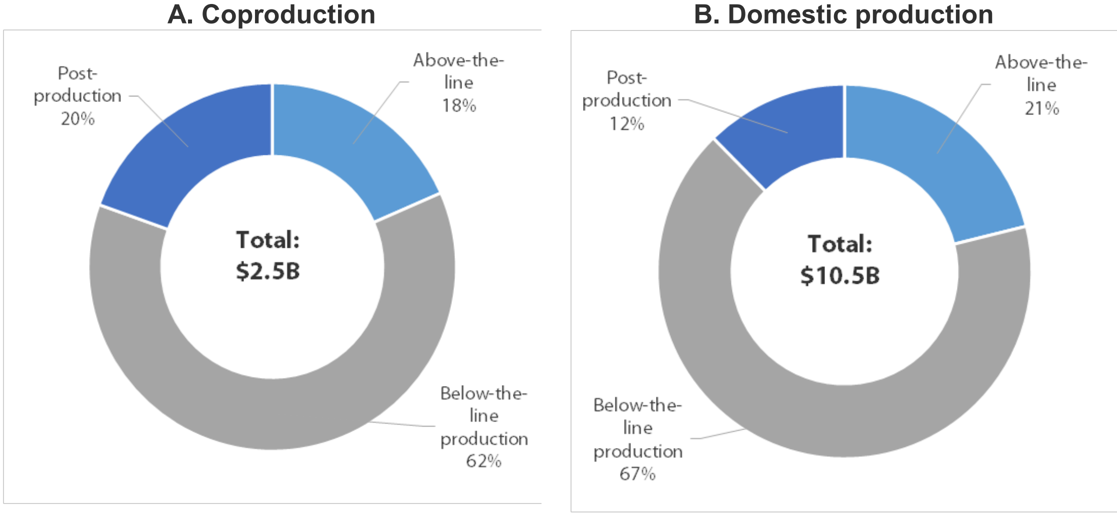
Production costs for coproductions and domestic productions can vary from province to province; production costs for coproductions also depend on the country or countries partnering with Canada

Producers did note, however, that below-the-line production costs and salaries can vary depending on the province in which the coproduction is made. Certain provinces have higher labour costs than others; this higher labour costs are not always offset by a higher tax credit rate. Some producers noted that production costs, including labour costs, can be higher in BC. These higher costs could be due to the prevalence of foreign location production in the province and the heightened competition for resources that it engenders.

Above-the-line costs could be another source of cost differential between coproduction and domestic production. The employment of very talented writers, directors and performers can quickly increase the overall costs of production. Anecdotally, coproductions are thought to employ more global above-the-line talent, such as Hollywood performers. However, the data from project samples indicates that there is no significant difference between coproduction and domestic production in terms of above-the-line expenditures as a share of total budgets. Indeed, the data show that above-the-line expenditures actually accounted for a lower share of coproduction budgets (18%) than for domestic production budgets (21%). Even where above-the-line costs are higher on coproductions, this too should be considered as a creative decision intended to increase the quality and value of the on-screen content.

The higher administrative costs for coproductions often make them more expensive than domestic productions

Figure 69 Share of Canadian production budgets, coproduction vs. domestic production (based on sample of projects)



Source: Telefilm Canada and CAVCO.
Project samples: coproduction, n=100; domestic production, n=250.

From the perspective of overall production costs there are variations depending on the partner country. Just as certain provinces can be more expensive, certain countries can be more expensive to produce in. Hungary, Eastern Europe, Australia, South Africa and Morocco were cited as jurisdictions where productions costs are cheaper than in Canada. Ireland was cited as a jurisdiction where production costs were on par with Canada. The UK was cited as a jurisdiction where production costs were typically higher, particularly for post-production. So while there may be no difference in Canadian costs and salaries between coproductions and domestic productions (within a given province), Canadian producers have the potential to reduce the overall unit costs of their coproductions by partnering with a producer in a country where the cost structure is lower. This means that a given level of on screen quality can be achieved at a lower cost than on a domestic production. In other words there is a higher rate of productivity: the ratio of the value of the output to the inputs is higher.

According to producers, coproductions were more expensive than domestic productions (and co-ventures) because of the administrative costs they imposed on the Canadian budgets, as well as the complexity of these more ambitious projects. Fulfillment of the CAVCO certification process entailed additional legal and accounting costs which added $200,000 to $300,000 to coproduction budgets. Travel expenses were also cited as an additional cost associated with coproductions. Some producers did note, however, that they try to find cost savings elsewhere in their budgets to compensate for these additional administrative costs on coproductions. For instance, a coproduction may move certain line items, such as sound mixing and scoring, to the partner country where they can be completed on a more cost-effective basis.

6.3 Impact on Canadian production companies

In relation to domestic productions, coproductions provide Canadian producers with several advantages, which help them, in turn, to develop the capacities of their production companies. Producers cited access to global talent, access to financing and international recognition as the three most important benefits.

Through coproductions, Canadian producers can tap into a global talent pool, particularly for above-the-line cast. The European Union's audiovisual policies mean that cast and crew from one EU country are considered nationals in any EU country. This allows a German coproduction partner, for example, to bring in talent from another EU country. The Canadian producer, in effect, has access to this large talent pool, including highly regarded writers and performers from the UK.

A television coproduction will typically be licensed to a broadcaster in Canada and at least one other partner country, leading not only to more sources of broadcaster financing, but also to larger licenses as the coproduction qualifies as domestic content in both countries. For both television and film, coproductions allow Canadian producers to access the same public funding as domestic productions. In addition, by working with producers in other countries, Canadian producers can participate in projects with access to public funding in other countries. In particular, when working with producers in European countries such as France, Belgium or the UK, the level of public funding flowing to a coproduction can be very substantial.

Coproductions provide Canadian producers with international recognition and connections that help them establish international reach and expand their production opportunities

Coproductions also provide international recognition for Canadian producers once they are sold to other territories. This track record begets further international connections and production opportunities. It also helps Canadian producers to establish international reach – i.e. business connections in other countries – which they could not accomplish solely with domestic productions. One production company noted how the international reach offered by coproduction helped it to establish a business relationship with a casting director in the UK. Producers also noted that coproductions facilitate an exchange of ideas and techniques, which they can then bring to domestic productions. This experience and knowledge expands the Canadian producers' competencies which, in turn, can help make Canadian producers more savvy, which can help their businesses to grow. In general, coproductions give Canadian producers an opportunity to work on a greater scale of production in terms of budget, talent and international reach, which they could not do in Canada alone.

Despite the international nature of coproductions, producers are divided as to whether there is any correlation between coproduction status and international sales. A coproduction will often mean better audience and market performance in Europe. As noted above, coproductions with EU partners provide access to the EU talent pool, which can help promote sales in Europe and internationally. However, many coproductions with EU partners can have difficulty attracting audiences in the US and thereby gaining the American "seal of approval" which is often vital to international sales. Furthermore, the need to access greater financing in coproductions can mean a greater number of presales and therefore reduced secondary-market sales.

Coproductions allow for higher-than-average documentary budget for Muse's *JFK: The Smoking Gun*

Muse Entertainment is one of Canada's largest film and television production companies. Founded in 1998 with its head office in Montreal, Muse produces a wide range of primetime comedy and drama series, miniseries, television movies, feature films, documentaries, factual entertainment, family programs and animation. Muse's distribution arm, Muse Distribution International, has a catalogue of over 460 hours of television programming, which it licenses to major broadcasters and third-party vendors around the world.

Muse has been involved in many coproductions and international partnerships. The company utilizes experience in international law and a strong understanding of off-network funding sources from around the world. Muse has coproduced with companies in France, the UK, Ireland, Spain, Germany, Switzerland, Romania, Hungary, Morocco, Australia and South Africa, amortizing costs of production over a wider audience base and qualifying for the public-funding advantages offered for coproductions.

JFK: The Smoking Gun (2013) was a feature length documentary coproduced with Australian partner Cordell Jigsaw Zapruder. By developing it as a coproduction, the company was able to access a much larger licence fee in Australia that helped the company build a $1.7 million budget for the 90-minute documentary when average budgets in the category are approximately $500,000.

Since it was a 30% Australian coproduction, Muse and its coproducers brought in an Australian director, but did the shooting entirely in Canada, with an exclusively Canadian crew. Apart from production, the partnership exploited the respective distribution channels of each company. Muse was able to sell the documentary to Reelz, the US network that bought the company's award winning, *The Kennedy's*. *JFK: The Smoking Gun* ranked as the second highest show in terms of rating after *The Kennedy's* for Reelz and was seen by an estimated 2.1 million viewers on the premiere night.

In addition to allowing Muse to access higher budgets in the category, coproductions provide Muse with access to new markets, a higher degree of risk-sharing and the opportunity to invest in more large-scale productions. This allows for companies to invest in high-budget productions and compete for the attention of viewers who have access to ever increasing options for content.

For Canadian producers, an increasingly appealing model is to develop a domestic production that can be more readily sold into the US – perhaps even with a US pre-sale – and then try to sell it internationally with the "seal of approval" from the US market. The television series *Rookie Blue* is a perfect example of this model. It was developed in Canada for Shaw Media and was picked up very quickly by ABC in the US. It was eventually sold into 190 territories, including the UK, France and Australia.[32] In contrast, a less common, though successful approach, is that of Take 5 Productions Inc., which has built its business model on creating high-quality period dramas with international financing, which the company then imports into Canada.

Film coproductions, nevertheless, appear to perform well in terms of international audiences. According to a Canadian Heritage analysis, film coproductions (mainly English-language ones) were particularly successful at the international box office. They approximately six times the international box office revenues of Canadian domestic productions released between 2005 and 2012. In addition, the international box office revenues earned by Canadian coproductions

[32] MoneyWeek (2013), "eOne's Rookie Blue commissioned for fifth series," *MoneyWeek*, July 18, 2013, accessed at http://moneyweek.com/prices-news-charts/eones-rookie-blue-commissioned-for-fifth-series/.

released between 2005 and 2012 was 20 times greater than the box office revenues they earned in Canada.

The correlation between coproduction status, audiences and sales is actually negative in the French-language market, according to producers. Quebec audiences show a strong preference for Quebec films and television programs. They can relate to the stories, but they also recognize the stars, whereas they may not in a coproduction that draws upon performers from other countries. There are exceptions, such as *Laurence Anyways*, which was a majority Canadian coproduction, but according to the producer, performed just as well at the Quebec box office as a domestic film.

Coproductions offer the potential for increased sales and marketing potential. For one, there are typically two or more licensing broadcasters for a television program, i.e. one in each partner country. And the combined international connections of producers in two or more countries can help with sales. However, even if a coproduction achieves greater sales than a domestic production, the financial return to the Canadian producer is going to be less because he or she has to share any sales proceeds with the production partner. In other words, when comparing coproductions and domestic productions with similar international audience appeal, the financial return is always going to be less for the Canadian producer from the coproduction.

Beyond being able to participate on a different scale due to the pooling of resources, coproductions also allow producers to diversity their slate, share risk and access a greater variety of funding models. Having the flexibility in financing models was noted by several producers as being a key benefit. In addition, coproductions allow producers to take on more projects than if they were doing purely domestic works as they are sharing tasks with more producers. Lastly, one producer noted that their existing partners sometimes approach them with the kinds of projects they would not normally consider – so coproductions can help to push them further out of their comfort zone and explore new formats and genres.

6.4 Skills development and transfer

As noted in the previous sub-section, there are a variety of channels through which coproductions provide Canadian producers and production companies with the opportunity to develop their businesses, which they may not necessarily obtain through domestic productions. One of the cited benefits was the exchange of knowledge, ideas and techniques, which Canadian producers can apply elsewhere in their production slates. In a similar regard, there is also a widely-held view that Canadian crews and casts can also benefit from exposure to international productions, such as coproductions, which provide them with additional skills and experience they can then apply to domestic productions.

Coproductions give Canadian casts and crews the opportunity to work on larger projects with international talent – an environment that yields exposure to new techniques

However, industry opinion is somewhat divided on this question. Some industry sources claim that coproductions have most definitely improved the skills of domestic cast and crew and thereby created the potential for a positive spillover to domestic production. In particular, they note that coproductions give Canadian cast and crew the opportunity to work on larger projects with international talent, and such an environment will yield exposure to new techniques. This was particularly the case among animation producers – not only in terms of sharing the technical crew and accessing the best artists, but also in terms of exchanging ideas on how to manage the *pipeline* (i.e. the various workflow stages leading to a final media file) and about the technical processes. It was also noted that mainly directors, writers and cast have benefitted from skills development through working with top talent. One producer noted that forcing writers to work with people beyond their immediate network – often from other cultures - pushes them enormously. On the technical side, sound personnel and visual effects artists have also reported to have benefitted from skills development and additional exposure.

One veteran producer of coproductions expressed that “big treaty coproductions and American service productions are what have built the Canadian industry... they are what have built our below the line technicians, and we wouldn't have as many labs, studios and equipment rentals without them." While some in the industry agree with this argument, they also note that today, foreign location and service productions offer an opportunity to work on an even larger scale. In fact the below-the-line crews in certain key jurisdictions such as Montreal, Vancouver and Toronto are already world class, and one producer expressed that it is sometimes the Canadian crew that is training up the crew in the coproduction country. As larger coproductions shooting in Canada are fewer than the bigger budget Hollywood foreign location and service productions, it is more likely that those productions are providing greater skills training benefits than coproductions today, although they have each played important roles in building the sector to what it is today.

Some industry sources pointed out that Canadian crews like to work on all types of production, whether it be coproduction, domestic production or FLS. They show a preference for being employed rather than underemployed, but do not show a preference for a particular type of production because it offers the opportunity for skills transfer. Under this argument, there is no discernible skills-transfer value arising from coproduction. That being said, the industry noted that when comparing the skills transfer merits of coproduction and FLS, it is important to keep in mind that coproductions offered Canadians the opportunity for creative control. Furthermore, one industry source noted that Canadian crews were more likely to be involved in problem solving on coproductions, whereas on FLS projects, all of the problem solving was done from the top down.

Skills development is more likely to occur when there is a lot of production and with larger budgets – coproduction or otherwise

Our research, therefore, provides no definitive conclusion as to whether or not coproductions deliver skills transfer and development that would not otherwise occur – other than perhaps regarding the unique skills that key creatives (e.g. directors and writers) and cast members may experience when working with talent from other cultures. What does seem to be clear is that skills development is more likely to occur when there is a lot of production and with larger budgets – coproduction or otherwise. In that regard, coproduction provides more benefit in an indirect manner. Canada's audiovisual market is relatively fixed in size – or slowly growing at best – as demonstrated by the trend analysis in Section 5. The only way for Canada's audiovisual sector to grow is through the export of content or production services. FLS offers an opportunity to export production services. However, coproduction offers the opportunity to export both production services and content, and is therefore one of the few routes for accessing larger pools of financing and for growing Canada's audiovisual sector.

6.5 Relative economic intensity

On an absolute basis, the domestic production sector is much larger than the coproduction sector, and therefore, provides a much greater economic impact in terms of the total employment, GDP and labour generated within the Canadian economy. A comparison of the economic intensity ratios, however, allows one to determine which sector is more efficient in terms of its economic impact. In the following sub-section we compare the intensity ratios for all coproduction to domestic production. Given the significant differences in the economic intensity of majority and minority coproduction, we have also included these in our comparative analysis.

In terms of employment impact, domestic production (15.9 FTEs per $1 million) displayed a slightly higher intensity ratio than not only all coproduction (14.6 FTEs), but also majority coproduction (15.6 FTEs), as well as minority coproduction (12.9 FTEs) (Figure 70A).

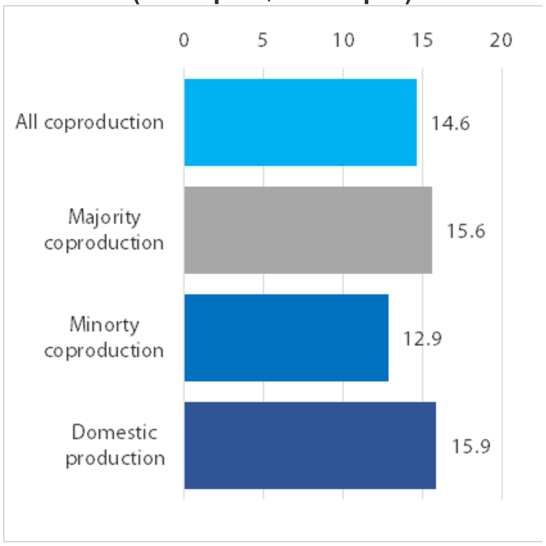
Domestic production displayed a slightly higher rate of employment impact than coproduction

There was much less difference between coproduction and domestic production in terms of GDP intensity. All coproduction (majority and minority coproduction together) displayed a GDP intensity of $0.88, while domestic production displayed a rate of $0.87 (Figure 70B). In fact, the most efficient source of GDP was majority coproduction, which yielded $0.89 of GDP for every dollar of output. Minority coproduction displayed the lowest GDP intensity ($0.86).

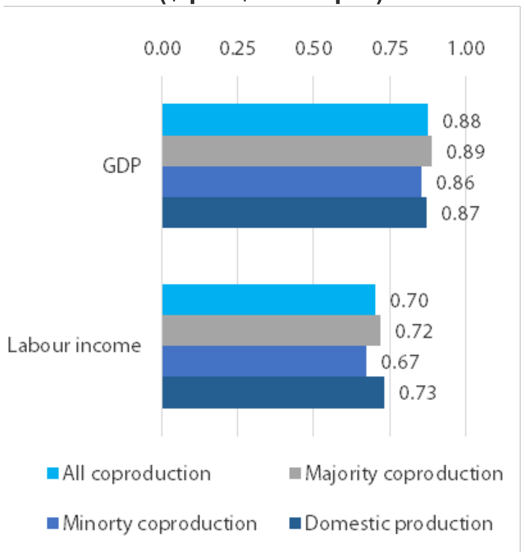
Domestic production ($0.73) did display a higher labour income ratio than all coproduction ($0.70), but it was only slightly higher than majority coproduction ($0.72) (Figure 70B). Minority coproduction displayed the lowest labour income ratio ($0.67).

Figure 70 Economic intensity ratios, coproduction vs. domestic production

A. Employment (FTEs per $1M output)



B. GDP and labour income ($ per $ of output)



Source: Nordicity estimates based on data from Telefilm Canada, CAVCO and EIMAH.

6.6 Impact on other industries

The results of the economic impact analysis can also help us ascertain – in a quantitative manner – the degree to which coproduction and domestic production impact other industries, and how those impacts compare to one another. The impact that the audiovisual sector – or any sector for that matter – has on other industries is captured by the indirect economic impact. In this sub-section we examine how the non-audiovisual expenditures for coproduction and domestic production are distributed across different industries and how those expenditures translate into indirect economic impact.[33]

Expenditures flowing to the financial, insurance and real estate services industry accounted for two-thirds of all non-audiovisual expenditures on both coproductions and domestic productions

For both coproduction and domestic production, the largest share of non-audiovisual expenditures flows to financial, insurance and real estate services. In both coproduction and domestic production, the financial, insurance and real estate services industry accounted for approximately two-thirds of non-audiovisual expenditures.. The accommodation and transportation industries also received significant shares of the non-audiovisual expenditures arising from coproduction and domestic production. This category includes much of the location and expenses associated with production such as site expenses, as well as equipment and vehicle rental expenses

In general, the profile of non-audiovisual expenditures for coproduction and domestic production were very similar. The only slight difference was in restaurant expenditures. The share in

[33] To attempt to isolate non-audiovisual expenditures we have removed expenditures on salaries and wages, programs, sets and materials; professional and business services; other business services; and other expenditures (see EIMAH User Guide for additional definitions). The salaries and wages category is composed of expenditures on cast and crew. The other four expenditure categories are largely composed of expenditures to above-the-line talent and activities, producers and production companies, post-production services and other goods and services directly supplied by the audiovisual sector. However, these four categories may include small amounts of goods and services supplied by other industries.

domestic production was 3.2% of non-audiovisual expenditures, compared to 1.7% in coproduction.

Table 7 Distribution of non-audiovisual expenditures by industry, coproduction vs. domestic production (based on sample of projects)*

	Coproduction		Domestic production	
	Amount ($M)	Share	Amount ($M)	Share
Financial, insurance and real estate services	263.9	66.0%	1,338.0	67.5%
Accommodation	55.0	13.8%	227.4	11.5%
Transportation (other modes)	41.1	10.3%	200.8	10.1%
Advertising and promotion	14.4	3.6%	68.8	3.5%
Repairs	10.3	2.6%	53.8	2.7%
Travel	6.8	1.7%	21.7	1.1%
Food and beverage (at restaurants)	6.7	1.7%	63.1	3.2%
Public utility	1.1	0.3%	7.5	0.4%
Transportation and storage	0.5	0.1%	0.6	<0.1%
Printing and publications	0.0	0.0%	0.0	0.0%
Total	399.7	100.0%	1,981.6	100.0%

Source: Nordicity calculations based on data from Telefilm Canada and CAVCO.
* Sample of coproduction projects for 2003 to 2012; sample of domestic production projects for 2008 to 2012.

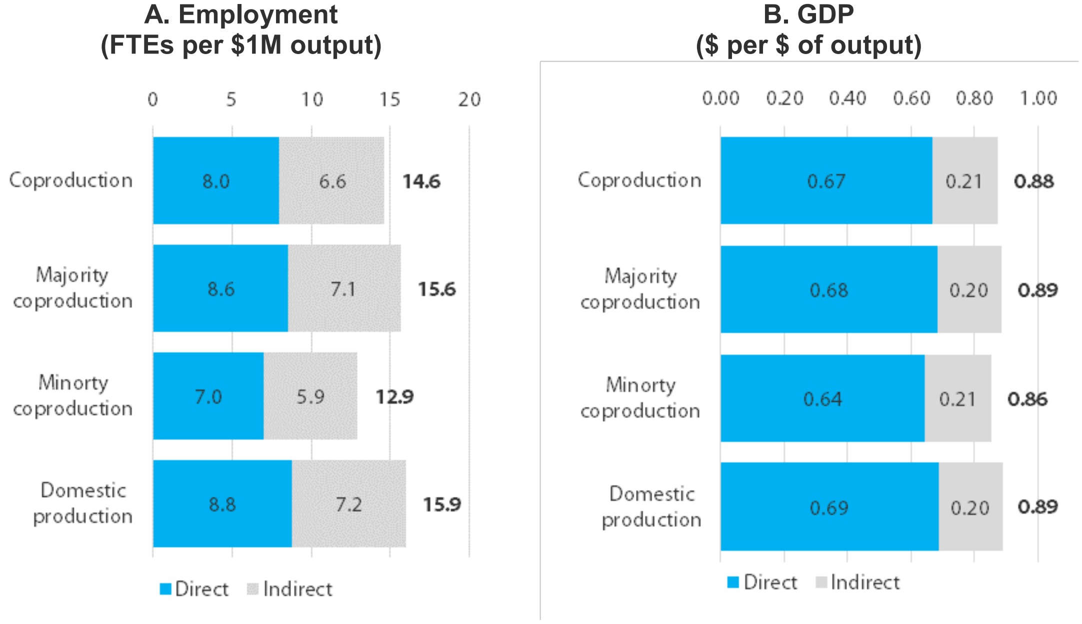
These non-audiovisual expenditures which flow to other industries ultimately translate into the indirect economic impact. In Figure 71, we provide the employment and GDP intensity ratios broken out into direct and indirect impacts. Figure 71A indicates that there were some differences in the indirect employment impact generated by coproduction and domestic production. Coproduction generated 6.6 FTEs per $1 million of output, while domestic production generated 7.2 FTEs per $1 million output. In other words the indirect employment impact was 10% higher for domestic productions.

The indirect employment impact generated by domestic production was about 10% higher than that of coproduction; however, there was very little difference in terms of indirect GDP impact

The indirect employment impact of majority coproduction was very much in line with domestic production (7.1 FTEs vs. 7.2 FTEs), so it would appear the lower indirect employment impact observed for coproduction was due to the lower indirect employment impact displayed by minority coproduction. The indirect employment impact of minority coproduction was 5.9 FTEs, compared to 7.1 FTEs for majority coproduction.

In terms of GDP, there were only very slight differences in the indirect impacts generated by coproduction and domestic production (Figure 71B). Coproduction generated $0.21 of indirect GDP for every dollar of output, while domestic production generated $0.20. Even the indirect GDP impacts generated by majority and minority coproduction individually were similar to those of all coproduction and domestic production.

Figure 71 Direct and indirect economic impact, intensity ratios, coproduction vs. domestic production



Source: Nordicity estimates based on data from Telefilm Canada, CAVCO and EIMAH.
Note: Some totals may not sum due to rounding.

The fact that the profile of non-audiovisual expenditures were very similar for coproduction and domestic production and the fact that the indirect GDP impacts were also similar suggests that the difference in the indirect employment impact – although only 10% – was likely due to the location of the expenditures in Canada. As noted elsewhere in this study, there were significant differences in the average wages across the Canadian provinces, which would mean that a given level of output or GDP would yield varying levels of employment in different provinces and regions.

7. Part IV: Co-venture Production

In the following section, we explore the impact that co-venture production had on the Canadian film and television production industry and the Canadian economy between 2003 and 2012. In recent years, several Canadian films and television programs have been produced through co-venture structures, such as *Beauty and the Beast* and *Reign*.

7.1 Volume and activity

While comprehensive data on the activity and volume of co-ventures was not available –namely for film co-ventures- the data obtained from Canadian Heritage's online survey and the CRTC allowed us to at least ascertain the *minimum* levels of co-venture production that occurred. In this subsection, therefore, we present statistics on the minimum levels of co-venture production in Canada between 2003 and 2012. It should be noted that CRTC data on co-venture productions is limited to television productions made between 2007 and 2012 and only includes Canadian spend (i.e. the spending by Canadian producers within Canada).

7.1.1 Film

For film co-ventures, the only source of data was the online survey. The 26 producers who responded to the online survey reported that they made a total of 37 co-venture films between 2003 and 2012, generating a total volume of $410.7 million (constant 2013 dollars) (Table 8). The majority of this co-venture film production was in English, which accounted for 31 of the 37 co-venture films (84%) made during the study period. French-language production accounted for 4 of the 37 co-venture films (11%), while production in other languages accounted for the remaining two projects (5%).

Table 8 Co-venture film production

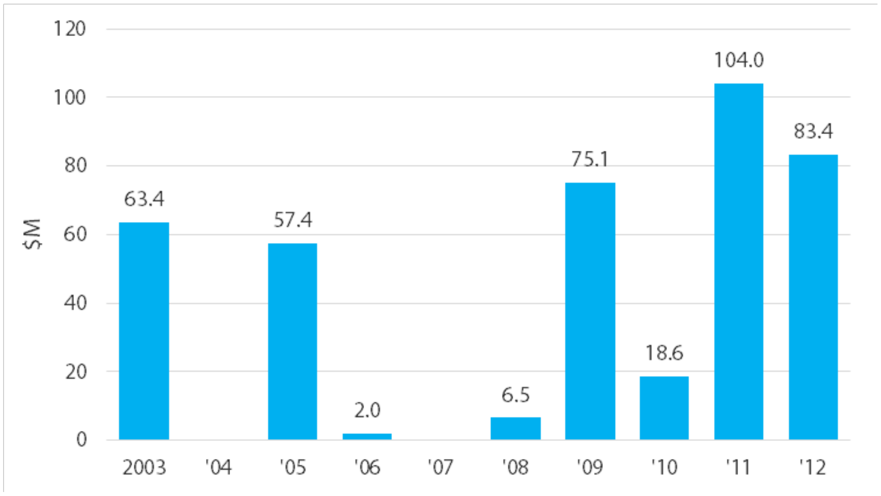
	English-language	French-language	Other languages	Total
Number of co-ventures	31	4	2	37
Total volume ($M)	n.a.	n.a.	n.a.	410.7
Average budget ($M)	n.a.	n.a.	n.a.	11.1

Source: Nordicity tabulations based on data from the Canadian Heritage online survey.
n.a.: Data not available.
n=26

The volume of co-venture film production was at least $411 million between 2003 and 2012

The survey data also indicated that the volume of co-venture film production was higher in the latter half of the study period than in the first half. Prior to 2008, the volume of co-venture film production (within the survey sample) was over $50 million in 2003 and 2005, and non-existent in 2004 and 2007 (Figure 72). In contrast, between 2008 and 2012, there was co-venture film production in every year, and in three of the five years, the volume was above $75 million.

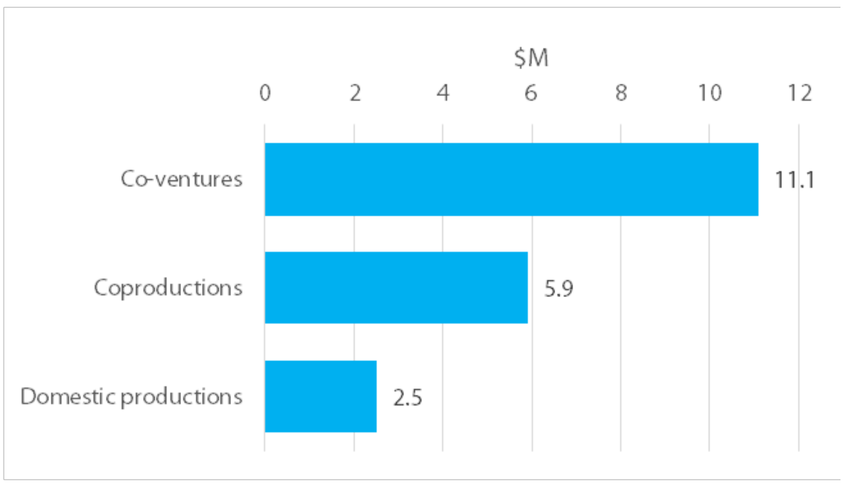
Figure 72 Annual volume of co-venture film production



Source: Nordicity tabulations based on data from the Canadian Heritage online survey.
n=26

The survey sample also indicated that co-venture films displayed average budgets that were not only higher than those for domestic film productions, but also for film coproduction. The 37 co-venture films in the survey sample produced between 2003 and 2012 had an average budget of $11.1 million – over four times larger than the average budget of $2.5 million for domestic film productions (2008/09 to 2012/13) and nearly double the average of $5.9 million for film coproductions (2003 to 2012) (Figure 73).

Figure 73 Average budgets, film, co-ventures vs. coproductions and domestic production



Source: Nordicity calculations based on data from the Canadian Heritage online survey, Telefilm Canada and CAVCO.
n=26 (online survey)

7.1.2 Television

In the case of television, there were two data sources available to us for ascertaining the minimum level of co-venture production during the study period: the Canadian Heritage online survey and CRTC data. Producers responding to the online survey indicated that they made a total of 84 television co-ventures between 2003 and 2012 with a total volume of $56.8 million (Table 9). As with film, English-language production accounted for the vast majority of co-venture television production. In this case, 77 of the 84 television co-ventures (92%) in the survey sample were produced in English. French-language production accounted for six television co-ventures (7%), while production in other languages accounted for one television co-venture (1%).

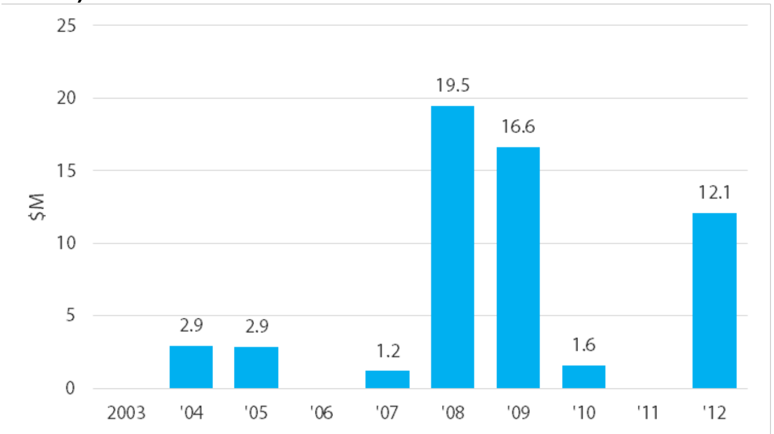
Table 9 Co-venture television production (based on Canadian Heritage online survey results)

	English-language	French-language	Other languages	Total
Number of co-ventures	77	6	1	84
Total volume ($M)	n.a.	n.a.	n.a.	56.8
Average budget ($M)	n.a.	n.a.	n.a.	0.7

Source: Nordicity tabulations based on data from the Canadian Heritage online survey.
n.a.: Data not available.
n=26

According to the survey data, the volume of co-venture television production was also higher in the latter half of the study period compared to first half. However, the data also showed that the volume was actually at its highest in 2008 and 2009 (Figure 74). Prior to 2008, the annual volume of co-venture television production was never higher than $2.9 million and in 2003 and 2006 the volume was zero. Between 2008 and 2012, the volume of co-venture television production was above $12 million in three of five years, and was at its highest ($19.5 million) in 2008.

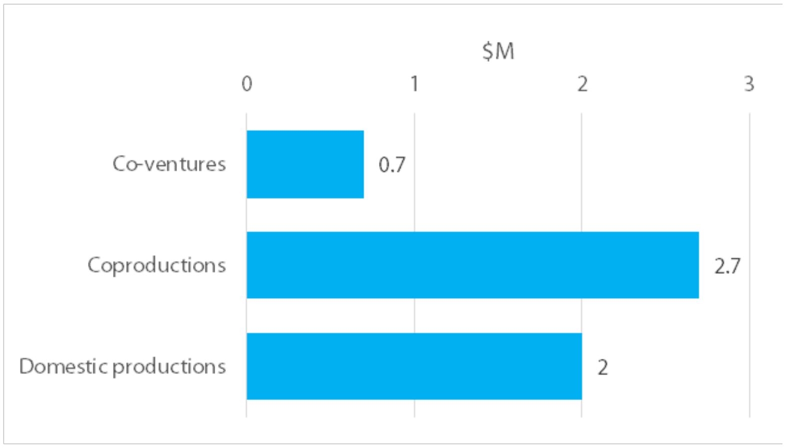
Figure 74 Annual volume of co-venture television production (based on Canadian Heritage online survey results)



Source: Nordicity tabulations based on data from the Canadian Heritage online survey.
n=26

In contrast to film, the data from the survey sample actually indicated that the average budget for television co-ventures was both lower than that for television coproductions and domestic television productions. Across the 84 television co-ventures in the survey sample, the average budget was $700,000. This was approximately one-quarter of the average budget of $2.7 million for television coproductions (2003-2012) and approximately one-third of the average budget of $2.0 million for domestic television productions (2008/09-2012/13) (Figure 75).

Figure 75 Average budgets, television, co-ventures vs. coproductions and domestic production (based on Canadian Heritage online survey results)



Source: Nordicity calculations based on data from the Canadian Heritage online survey, Telefilm Canada and CAVCO. n=26 (online survey)

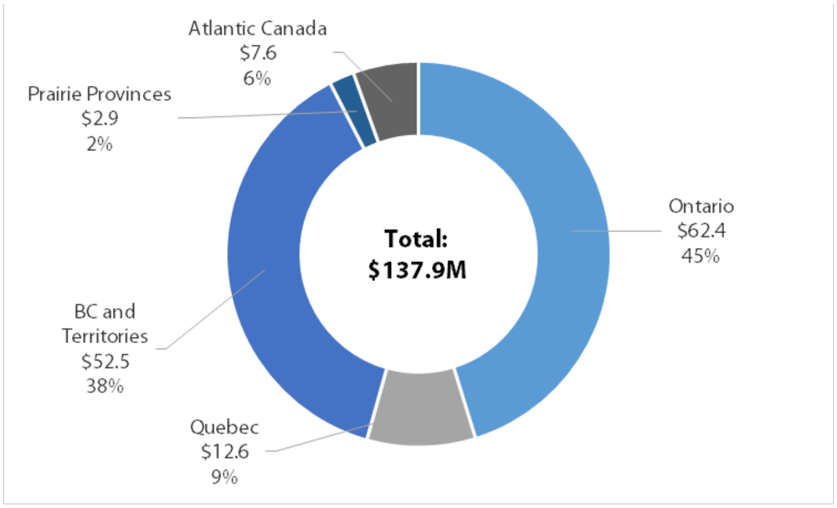
The data supplied by the CRTC also allowed us to formulate a portrait of the minimum level of television co-venture production; however, as noted above, the CRTC data covered a six-year time period (2007 to 2012) rather than a ten-year time period and measured production activity in terms of Canadian spend rather than total volume. Data from the CRTC for 42 co-ventures produced between 2007 and 2012 put the Canadian spend on co-venture television production at $137.9 million for the six-year period.

Ontario and BC accounted for over 80% of co-venture television production between 2007 and 2012 based on CRTC data

The CRTC data also provided an opportunity to assess the regional distribution of co-venture television production. As with domestic production and coproduction, the CRTC data indicated that Ontario accounted for the largest share of television co-venture production. Within the CRTC sample, Ontario accounted for 45% of the total Canadian spend on co-venture production (Figure 76). A large share of television co-venture production also took place in BC and the Territories.[34] This region accounted for 38% of Canadian spend on co-venture television production, which was much higher than its share of either Canadian budgets for coproductions (6%) or the total volume of domestic production (13%) (see Section 6.1, Figure 62). Quebec's 9% share of the Canadian spend on co-venture production was much lower than its share of either Canadian budgets for coproduction (31%) or the total volume of domestic production (34%).

[34] Although we used the regional term, BC and the Territories, all of co-venture television production took place in BC.

Figure 76 Co-venture television production, by region (based on CRTC data for Canadian spend) (2013 $M)

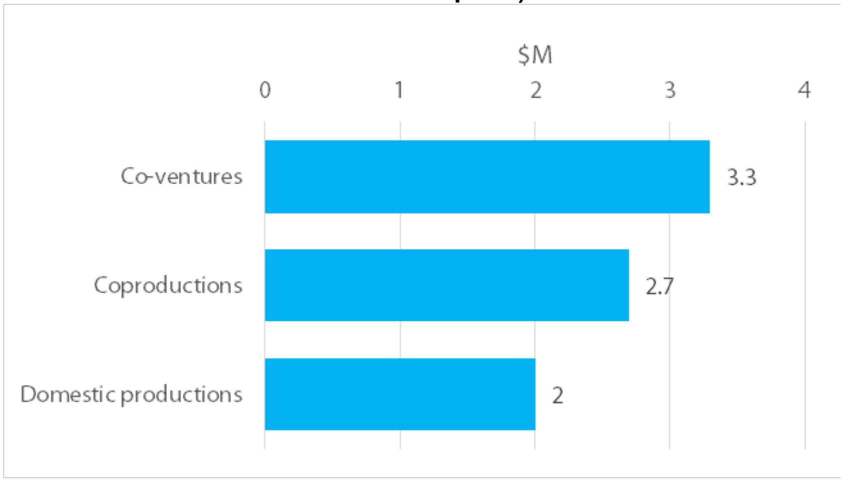


Source: Nordicity tabulations based on data from CRTC.
n=42

The precise explanations for the over-representation of BC and the Territories and the under-representation of Quebec in co-venture production are unclear. In the case of BC and the Territories, part of the over-representation was due to the size of the projects. BC and the Territories accounted for 19% of the projects in the CRTC sample (8 of 42 projects), but 38% of the Canadian spend on television co-venture production. In other words, BC's television co-ventures were double the size of the average television co-venture made in Canada between 2007 and 2012. Given that BC is Canada's leading province for FLS production, the region's over-representation in television co-venture production suggests that the relationships Canadian producers built up through FLS production – particularly with US studios and producers – likely spilled over into co-venture production.

The CRTC data also painted a much different picture than the survey data in terms of the average budget for television co-ventures. The CRTC data pointed to an average budget of $3.3 million (based on Canadian spend), which was not only higher than the average budget for domestic television productions ($2 million) but also 22% higher than the average budget for television coproductions ($2.7 million) (Figure 77). A leading entertainment lawyer on several notable televisions productions has also observed that typically co-ventures are able to achieve a higher per-hour budgets for fiction than domestic television series or coproductions.

Figure 77 Average budgets, television, co-ventures vs. coproductions and domestic production (based on CRTC data for Canadian spend)



Source: Nordicity calculations based on data from the CRTC, Telefilm Canada and CAVCO.

7.2 Copyright ownership and partner countries

Co-ventures typically involve the sharing of a film or television program's copyright between a Canadian producer and one or more foreign producers.[35] The survey data allowed us to assess the share of copyright ownership held by Canadian producers for co-ventures. According to the survey results, Canadian producers had a clear majority ownership of the film co-ventures in which they participated, with their share of copyright being equal to 74% of total co-venture volume.[36] On the other hand, for television co-ventures, the value of Canadian producers' share of copyright was only equal to 30% of total production volume.

From the survey data, we were also able to obtain a profile of the partner countries with which this sample of Canadian producers made co-ventures between 2003 and 2012.[37] Within the survey sample, France was the most frequent co-venture partner country, with 17 projects with respondent producers (Table 10). Table 10 Germany and the UK also appear to have been relatively frequent partner countries during the study period. They were followed by the US.[38] Other co-venture partner countries included Ireland, Hungary, Slovenia, Denmark and Belgium.

These survey data indicate that co-ventures were, in fact, common with countries for which Canada already had audiovisual coproduction treaties. Indeed, the leading partner country within the survey sample, France, was also Canada's leading coproduction partner country between 2003 and 2012. With the exception of the US, Canada had audiovisual coproduction treaties in place during the study period with all of the other countries in Table 10, although in the case of Belgium, the treaty only covered film coproduction.

[35] Note that the CRTC does not require any Canadian ownership of copyright in order to provide a co-venture with an SR number

[36] Note that the overall share of copyright was calculated on a weighted average basis. Survey respondents reported the percentage share of copyright they held in an annual slate of film or television co-ventures. These percentage shares were then multiplied by the volume of production in each slate to calculate a weighted average across all responding producers.

[37] Note that out of the sample of 26 production companies that reported that they made at least one co-venture between 2003 and 2012, only 12 went on to answer the question regarding partner countries.

[38] Anecdotal information collected through the interviews and other research suggests that most co-venture production is with US-based producers. It is unclear exactly why the survey respondents reported a high preponderance of co-venture production with European producers.

Table 10 Co-venture partner countries, 2003-2012

Country	Number of projects	Country	Number of projects
France	17	Ireland	1
Germany	7	Hungary/Slovenia	1
UK	7	Denmark	1
US	5	Belgium	1

Source: Nordicity tabulations based on data from the Canadian Heritage online survey.
n=12

This preponderance of France and other European countries among the top co-venture partner countries would suggest that many of the same factors that encourage producers in Canada and these other countries to collaborate through audiovisual coproduction treaties were probably also factors in their propensity to enter into co-venture productions. That being said, the preponderance of France as a co-venture partner may seem inconsistent with the fact that television co-venture activity in Quebec was limited between 2007 and 2012, according to the CRTC data. As noted in Section 7.2, Quebec accounted for only 9% of the Canadian volume of television co-venture production between 2007 and 2012. However, distributors in France were increasingly interested coproducing English-language projects with Canadian producers, rather than coproducing French-language projects. This tendency for the two countries to collaborate on English-language projects may also have applied to the production of television co-ventures.

7.3 Rationale for co-ventures

Canadian producers typically opt for a co-venture structure over a treaty coproduction structure in situations where the creative or financing aspects of a project contravene the terms of the audiovisual coproduction treaty that Canada has with the partner country or where the intended partner country has no audiovisual coproduction treaty with Canada. Producers also cited American interest in a higher level of creative control in many scenarios as a driving factor in co-venture production.

In recent years, there has been a downward pressure on licence fees in Canada – and producers report facing higher expectations to bring more financing to the table either through securing pre-sales in the US or through international coproductions.[39] Increasingly Canadian shows are being commissioned and pre-sold in the US as well, making development more focused on developing for a US, rather an international audience. International and domestic broadcasters have also noted that European and North American audiences currently have divergent tastes: in Europe, interest in closed-ended episodic storytelling (e.g. procedurals) is as high as ever, while U.S. audiences are increasingly drawn to more serialized content (i.e. stories that unfold over a several episodes). According to international commissions, the global market is a few years behind and have not begun creating similar limited series and mini-series that have been popular in the US.

On the online survey, a small group of producers (n=9) provided their feedback on the factors that led them to produce co-ventures. Two-thirds of responding producers cited the fact that co-ventures offered more “flexibility” than coproductions as one of the reasons they chose a co-venture structure over a coproduction structure (Figure 78).

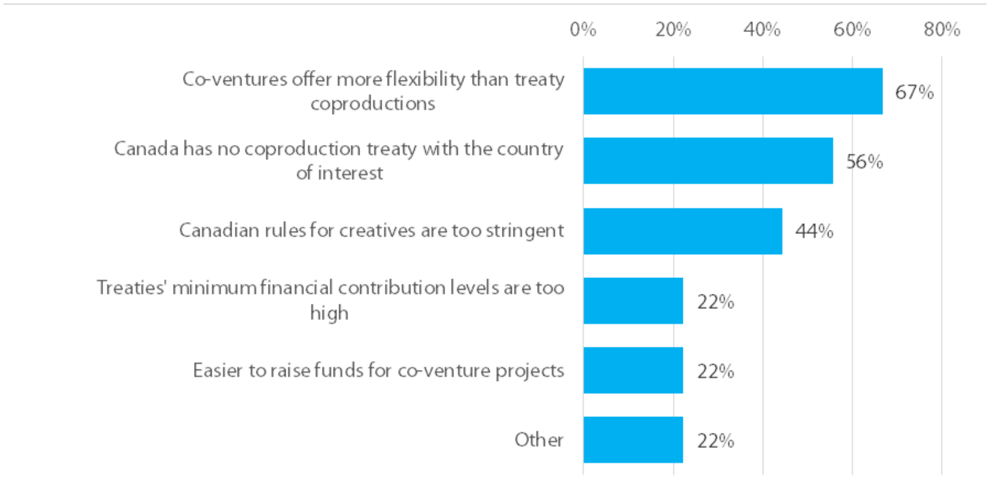
Canada’s coproduction treaties have a variety of rules that govern the nationality of key creative personnel, proportionality of creative/technical contributions, sharing of copyright and net revenue, the portion of investment that can come from third countries and the minimum spend in each partner country. In general, these treaty terms seek to ensure that the creative and technical contributions to the coproduction are in proportion to each country’s contribution to financing. So where a Canadian producer wants to work with a producer in another country which has a treaty

[39] Louis Fournier (2014), *Impact Study on the Group Licence Policy 2.5 Years Later*, p.4.

with Canada and the creative and financial aspects of the project do not meet the treaty requirements, the use of a co-venture may outweigh the benefits that might come from a coproduction structure, (i.e. access to the CPTC, CMF program funding or funding from Telefilm Canada programs).

Producers indicated that one of the aspects of audiovisual coproduction treaties they found most inflexible was the restrictions on the use of personnel from third countries in some key creative positions. While coproductions are permitted to use third-country actors in lead-performer or cameo roles, writers, directors and directors of photography must come from one of the partner countries. The fact that these rules mean that American writers cannot be used on coproductions was highlighted by producers as a “major problem” and something that motivates Canadian producers to opt for co-ventures over coproductions.

Figure 78 Factors that affect the decision to opt for co-venture structure



Source: Nordicity tabulations based on data from the Canadian Heritage online survey.
n=9

Control of copyright is another source of perceived inflexibility within treaties that leads to the use of co-venture structures with treaty-partner countries. To be eligible for the CPTC, Canadians must control 100% of a domestic film or television program’s copyright.[40] For coproductions, the distribution of copyright ownership among the coproducers should be proportional to their financial contributions. So, if a Canadian producer provides 40% of total project financing then he or she should also hold 40% of the copyright. However, the CRTC’s rules for Canadian program certification governing co-ventures do not require the Canadian producer to have any copyright ownership. Therefore, in cases where a foreign producer insists on 100% control of copyright, the Canadian producer can still participate in the project and the distribution of net revenues by using a co-venture structure.

A minority of survey respondents agreed that the minimum financial contribution rules that govern audiovisual coproduction treaties were also a factor in their decision to opt for co-venture structures. Canada’s audiovisual coproduction treaties typically stipulate that each partner country’s financial participation not fall below 20% of the total project financing.[41] It would appear that co-ventures open up the opportunity for Canadian producers to participate in projects where their financial contribution falls below 20% or where one of the partner country’s financial participation is allowed to slip below the 20% threshold. Given that the CRTC’s co-venture

[40] Canadian Audio-Visual Certification Office (2010), *CPTC Program Guidelines*, pp. 13-14.
[41] For some audiovisual coproduction treaties the minimum is 30% for bipartite projects.

definition requires a minimum Canadian financial participation of 50%[42], it would appear that the latter is the primary concern.

In Section 6.2, we noted how the administrative burden associated with coproductions vis-à-vis domestic productions resulted in higher administrative costs for coproductions. Producers also noted that co-ventures came with a lower administrative burden than coproductions. For example, coproduction must go through a certification process and have additional auditing requirements.

Until recently, the higher administrative costs of coproductions may have been offset by the access they gave to additional public funding in Canada. For example, although a co-venture could access the PSTC and production services tax credits at the provincial level, it was not eligible for the more generous CPTC. The CPTC has a statutory tax credit rate of 25%, compared to a rate of 16% for the PSTC. In addition, unlike a coproduction, a co-venture would also not be eligible to access additional funding from the CMF or Telefilm Canada. However, Ontario and Quebec's decisions in 2009 to switch their production services tax credits from a labour base to an "all-spend" base has narrowed – and perhaps even eliminated – the public-funding advantage previously enjoyed by coproductions.

To demonstrate how the migration to all-spend tax credits in Ontario and Quebec have improved the economics of co-ventures relative to coproductions, we have presented a simplified impact analysis in Table 11. Table 11 depicts an audiovisual project in which 100% of production expenditures were incurred in Ontario and 50% of those total production expenditures were spent in eligible Ontario labour.[43]

Prior to June 30, 2009, the Ontario Film and Television Tax Credit (OFTTC) was calculated as 35% of eligible Ontario labour expenditures incurred in Ontario, while the Ontario Production Services Tax Credit (OPSTC) was calculated as 25% of eligible Ontario labour expenditures incurred in Ontario. This would have translated into tax credit claims equal to 17.5 cents and 12.5 cents for every dollar of production expenditures. A coproduction that utilized the OFTTC could also access other direct public funding. In Table 11 we have assumed that these additional public funding benefits were worth 5% of total production expenditures, or five cents for every dollar. Adding in the federal tax credits brings the coproduction's total public funding to 33 cents per dollar and the co-venture's total public funding to 20.5 cents.

After June 30, 2009, the migration of the OPSTC to an all-spend base would have raised the value of provincial tax credits for the co-venture to 25 cents per dollar, and thereby, increased its total public funding to 33 cents per dollar, the same rate as for the coproduction. In other words, the financial benefit derived from access to higher tax credit rates and direct public funding has disappeared, meaning that producers are more likely to choose a co-venture structure which comes with more flexibility in terms of the nationality of key creative personnel and copyright ownership.

Table 11 Simplified illustration of the impact of changes to production services tax credits in Ontario

	Before June 30, 2009		After June 30, 2009	
	Coproduction	**Co-venture**	**Coproduction**	**Co-venture**
Federal tax credits	12.5	8.0	12.5	8.0
Provincial tax credits	17.5	12.5	17.5	25.0
Other direct public funding available to coproductions (e.g. CMF)	5.0	0	5.0	0

[42] The minimum Canadian financial participation is 75% for projects with countries for which Canada does not have an audiovisual coproduction treaty or are outside the Commonwealth or Francophonie.
[43] To simplify the analysis, we have ignored the effects of the assistance grind on the value of federal and provincial tax credit claims.

Total public funding	**33.0**	**20.5**	**33.0**	**33.0**

Source: Nordicity calculations based on data from CAVCO and OMDC.

The lack of a coproduction treaty was also cited by more than half of respondents as a factor that led them to opt for a co-venture structure. This, of course, would apply to the US, since the only way for a Canadian producer to collaborate with a US producer in order to make Canadian content is through a co-venture structure. This factor would also apply to countries where Canada currently has an audiovisual treaty that only covers film or television, but not both (e.g. China and Belgium).

7.4 Production company benefits

Through the online survey, producers were also asked if their production companies "acquired particular expertise while working on co-ventures." Survey results confirmed this to be the case: seven out of eight responding companies reported that they not only gained expertise from co-ventures, but that they were able to frequently apply that newly-acquired expertise to other projects.

Many of the benefits realized by production companies from co-ventures were similar to those acquired by Canadian producers from coproduction. For example, producers working on co-ventures reported the benefits of co-ventures included the opportunity to collaborate with international partners and access to international financing, and to develop relationships with foreign sales agents.

Co-ventures give Canadian producers the opportunity to build valuable relationships with Hollywood studios and US broadcasters

However, some of the expertise that producers gained was unique to co-venture structures, such as the possibility of acquiring a US sale. In addition, one producer reported that co-ventures gave her company the opportunity to build valuable relationships with Hollywood studios and produce a television series at a level of quality commensurate of programming airing in prime time on US networks. Another production company noted that its participation in co-ventures facilitated knowledge transfer from the American production team to its Canadian employees. All of this would suggest that there are potential benefits from working with US producers which could not necessarily be gained from working exclusively on coproductions with partners in other countries.

7.5 Economic intensity

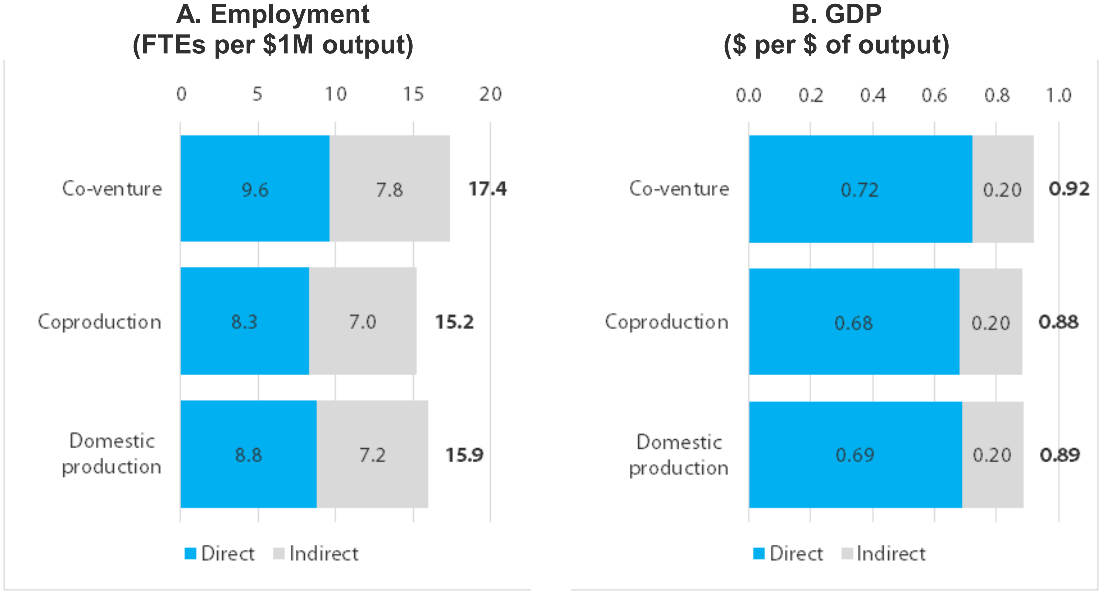
Since there was no way to reliably ascertain the total volume of co-venture production during the study period on the basis of the data from the online survey or the CRTC, we have instead calculated only the economic intensity ratios for co-venture television production. To calculate these economic intensity ratios we used the summary budget data supplied by the CRTC for 42 television co-ventures. Since similar summary budget data was not available from the survey for film co-ventures, our analysis of economic intensity ratios and comparisons to coproduction and domestic production were confined to television production and exclude film production.

From 2007 to 2013, television co-ventures generated 17.4 FTEs per $1 million in output, including 9.6 direct FTEs and 7.8 indirect FTEs (Figure 79A). The employment intensity of co-venture production was higher than both television coproduction (15.2 FTEs per $1 million) and domestic television production (15.9 FTEs per $1 million).

Television co-ventures generated more employment and GDP for every dollar of Canadian spend than either television coproduction or domestic television productions

Television co-ventures also displayed a higher GDP intensity ratio than both television coproduction and domestic television production. Television co-ventures generated $0.92 of GDP for every dollar of output, compared to $0.88 for television coproduction and $0.89 for domestic television production (Figure 79B).

Figure 79 Economic intensity ratios, television production: co-venture production vs. coproduction and domestic production*



Source: Nordicity estimates based on data from CRTC, Telefilm Canada, CAVCO, Statistics Canada and EIMAH.
* The intensity ratios for the three categories of audiovisual production are based on different time periods: co-venture production (2007-2012), coproduction (2003-2012) and domestic production (2008/09 -2012/13).

8. Conclusions

Our research confirmed that coproduction is a route through which Canadian producers can work on larger-budget projects and gain access to more sources of public funding. The average budgets for both film and television coproductions were higher than those for domestic productions. In the case of film, the average coproduction budget was more than double the budget for domestic film production. The financing data confirmed that coproductions were able to access not only foreign broadcast licences and distributor advances, but also tax credits and other public funding outside of Canada. In addition, the amounts spent by foreign coproducers within Canada, meant that coproductions also attracted an estimated $79.5 million in foreign investment into the production of audiovisual content in Canada between 2003 and 2012.

Working on larger scale international projects has provided benefits to Canadian producers and productions in several respects. Not only did it give Canadian producers experience working with other producers and global talent, but it facilitated exchanges of ideas and techniques that Canadian producers could bring to other projects. Coproduction also gave Canadian producers greater international recognition and reach, which helped them build their track record, establish a presence outside of Canada and attract new production opportunities.

The larger budgets and international reach translated into better traction with audiences both in Canada and internationally. Although film coproductions accounted for 19% of the films produced during the study period, their share of Canadian films' domestic box office was often higher. In 2012, for example, it was 39%. Film coproductions (mainly English-language ones) released between 2005 and 2012 had about 6 times the international box office revenues of Canadian domestic productions and an international box office that was 20 times higher.

The relative economic benefit of coproduction compared to domestic production was less clear cut when it came to skills development and transfer. Coproduction afforded Canadian crews the opportunity to learn new techniques, particularly in animation, directing and writing. However, the more significant source of skills development and transfer may have been through FLS production. In a 2010 study surveying the impacts of FLS production, 83% of production companies involved in FLS reported that they acquired particular expertise during a FLS production; of those, 89% reported transferring the skills to Canadian productions and 68% report transferring those skills to coproductions.[44]

From a quantitative perspective, both coproduction and domestic production delivered significant employment, GDP and labour-income impacts during the study period. Indeed, when compared to other industries, both coproduction and domestic production delivered very high rates of job creation and labour income. Both sectors' rate GDP impact was in the middle of the pack, which reflected the relative labour-intensive nature of audiovisual production.

On an economic intensity basis, domestic production generated a slightly higher employment impact (15.9 FTEs per $1 million of output) than coproduction (14.6 FTEs). There was much less difference between coproduction and domestic production in terms of GDP intensity. Within the television medium, co-venture production actually generated an employment impact (17.4 FTEs) that was higher than either domestic production (15.9 FTEs) or coproduction (15.2 FTEs). Television co-venture production also displayed higher GDP intensity ratios ($0.92 of GDP for every dollar of output) than either domestic television production ($0.89) or television coproduction ($0.88).

Many of the variations in employment and GDP impacts observed across different types of audiovisual were a function of the share of Canadian spend devoted to below-the-line production expenditures or the regional distribution of that spend within Canada. The below-the-line budget category displayed the highest rate of job creation, compared to the above-the-line and post-production categories. And the province-to-province variations in salaries and wages often meant

[44] E&B Data (2010), *Effects of Foreign Location Shooting on the Canadian Film and Television Industry*, p. 35.

that audiovisual productions in certain provinces, such as Quebec, generated more employment for a given level of Canadian spend.

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Appendix A: Methodology Notes

1. Collation of budget data

The Department provided summary budget data for a sample of 100 Canadian coproductions made between 2003 and 2012, and 250 domestic productions made between 2008/09 and 2012/13. The Department obtained this budget data from Telefilm Canada and CAVCO. Both samples were selected by the Department to provide representative samples of both coproduction and domestic production, respectively, in terms of regional distribution, language, genre, medium and budget size.

The approximate margin of error, based on the sample size of the 100 coproduction budgets, is 9.25%. The approximate margin of error for the 250 domestic budgets is 6.5%. This calculation is made solely in regards to the sample size, as opposed to any possible variances introduced through the process of migrating budget data into the EIMAH model[45].

The summary budget data contained data for expenditures by Canadian producers in Canada for 84 separate budget line items, in accordance with Telefilm Canada's application guidelines. [46] This multiyear dataset was converted to constant 2013 dollars using Statistics Canada's all-items CPI. The inflation factors used to convert the production expenditures to constant 2013 dollars can be found in Table A-1.

Table A - 1 Consumer price index and 2013 inflation factor

	Consumer price index (all items)	2013 inflation factor
2003	102.8	1.195
2004	104.7	1.173
2005	107.0	1.148
2006	109.1	1.126
2007	111.5	1.101
2008	114.1	1.076
2009	114.4	1.073
2010	116.5	1.054
2011	119.9	1.024
2012	121.7	1.009
2013	122.8	1.000

Source: Nordicity calculations based on data from Statistics Canada.

Statistics on the overall levels of Canadian coproduction expenditures within each province during the 2003-to-2012 period (expressed in constant 2013 dollars) were then used to *gross-up* the sample budget data to represent the production budgets for the entire population of coproductions between 2003 and 2012.

Similarly, Statistics on the overall volume of domestic production within each province during the 2008/09-to-2012/13 period (expressed in constant 2013 dollars) were then used to gross-up the sample budget data to represent the production budgets for the entire population of domestic production between 2008/09 and 2012/13.

2. Data transposition

Before inputting the production budget data into the EIMAH, it had to be transposed from Telefilm Canada's standard production budget categories to the various expenditure categories in the EIMAH. This is referred to as the data transposition or data mapping process and is depicted in

[45] Margin of error totals were calculated using the American Research Group, Inc.'s Margin of Error Calculator (see website for details): http://americanresearchgroup.com/moe.html.

[46] Note that Telefilm Canada also requires foreign coproducers involved in Canadian coproductions to submit budget data; however, this budget data does not necessarily conform to Telefilm Canada's standard template and therefore is not available on a consistent basis.

the figure below. Note that there are both live action and animation budget categories included in the data mapping below.

Telefilm Canada budget categories			EIMAH expenditure data input categories
001-Story Rights/Acquisition	046-Electrical Equipment		**Operating expenditures**
002-Scenario	047-Grip Equipment		Public utility services
003-Development Costs	048-Sound Equipment		Printing and publications
004-Producer	049-Second Unit		Programs, sets and materials
005-Director	050-Videotape Stock		Professional and business services
006-Stars	051-Production Laboratory		Other business services
010-Cast	060-Editorial Labour		Travel
011-Extras	061-Editorial Equipment		Advertising and promotion
012-Production Labour	062-Video Post Production (Picture)		Financial, insurance and real estate services
013-Design Labour	063-Video Post Production (Sound)		Transportation and storage
014-Construction Labour	064-Post-Production Laboratory		Other expenditures
015-Set Dressing Labour	065-Film Post-Production (Sound)		**Infrastructure expenditures**
016-Property Labour	066-Music		Repairs/renovations
017-Special Effects Labour	067-Titles/Opticals/Stock Footage		Residential
018-Wrangling Labour	068-Versioning		Non residential
019-Wardrobe Labour	069-Amortization (Series)		Access roads/parking
020-Makeup/Hair Labour	070-Unit Publicity		Access roads/parking lot repair and maintenance
021-Video Technical Crew	071-General Expenses		Other engineering construction
022-Camera Labour	072-Indirect Costs		Professional business services
023-Electrical Labour	080-Contingency		Exhibits and furniture
024-Grip Labour	081-Completion Guarantee		Other expenditures
025-Production Sound Labour	090-Storyboard Labour		**Labour expenditures**
026-Transportation Labour	091-Voices Recording		Wages and salaries paid to employees
027-Fringe Benefits	092-Voices, Mock Voices, and Rotoscope Talent/		**Visitor expenditures**
028-Production Office Expenses	093-Picture Edit (Leica Test) Labour		Transportation (automobile)
029-Studio/Backlot Expenses	094-Voice Editor Labour		Transportation (car rentals)
030-Location Office Expenses	095-Picture Edit (Line Test) Labour		Transportation (other modes)
031-Site Expenses	096-Layout and Background Labour		Accommodation
032-Unit Expenses	097-Animation Labour		Food and beverage (at restaurants)
033-Travel and Living Expenses	098-Assistant Animation		Food and beverage (at stores)
034-Transportation	099-Animation Check, Colour Check and Final Check		Recreation and entertainment
035-Construction Materials	100-Photocopy Labour		Other expenditures
036-Art Supplies	101-Matching and Repegging		
037-Set Dressing	102-Opaquing (Linking and Painting) Labour/		
038-Props	103-Office Labour		
039-Special Effects	104-Equipment		
040-Animals	105-Production and Office Supplies		
041-Wardrobe Supplies	106-Rental of Studio		
042-Makeup/Hair Supplies	107-Film Post-Production (Picture)		
043-Video Studio Facilities	108-Final Copies		
044-Video Remote Technical Facilities/	109-Shipping, Customs and Communications		
045-Camera Equipment	110-Dubbing		

Most budget line items were mapped to a single EIMAH expenditure category; however, several budget line items were split across two or more EIMAH expenditure categories. These splits were prepared, for the most part, on the basis of the analysis of detailed budgets conducted the Department's Policy and Research Group (PRG). Certain adjustments, however, were made to the treatment of travel and living expenses.

In Appendix B, we provide a grid that details the data transposition. The production budget line items are listed on the vertical axis; the EIMAH expenditure categories are listed along the horizontal axis. Each row sums to 100% and indicates how a particular budget line item was either assigned to a single EIMAH expenditure category or split across two or more categories.

3. Impact modelling

Once the budget data had been transposed to the EIMAH expenditure categories, it was entered into the EIMAH. For each type of production (e.g. film, television, English-language, French-language) the grossed-up data expressed in constant 2013 dollars was input to the EIMAH for each province. The EIMAH results for each province were then summed to arrive at the results for specific regions of Canada, some of which consisted of more than one province. These regions included Atlantic Canada (i.e. New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island), British Columbia and Territories, Ontario, the Prairie Provinces (i.e. Alberta, Manitoba and Saskatchewan) and Quebec. The national (i.e. Canada or overall) impact results for various types of production (e.g. film, television, English-language, French-language) were arrived at by summing the provincial impacts generated by the EIMAH.

In addition to the expenditure data, the EIMAH also requires an analyst to input data on direct employment (measured in FTEs). To estimate the number of direct FTEs generated by various types of coproduction, the total direct labour income (i.e. wages and salaries) generated by coproduction in each province was divided by an assumption for the average FTE salary in that province. For example, the total value of wages and salaries paid to cast and crew working on coproductions made in English in Alberta was divided by the average FTE salary assumption for Alberta to estimate the number of direct FTEs. These average FTE salary assumptions were developed specifically for this study. A similar approach was used to estimate the number of direct FTEs generated by domestic production.

To estimate the average FTE salary, data for the full-time salary of various production-sector occupations was obtained from Statistics Canada's National Household Survey (NHS) 2010. This data was weighted according to each occupation's average share of total labour expenditures in film and television production. These shares were derived from the summary budgets for treaty coproduction supplied by Telefilm Canada. The resulting weighted average FTE salary, which was in 2010 dollars, was converted to 2013 dollars using the CPI.

Table A - 2 Derivation of average FTE salary

Budget category	Budget category's share of production expenditures[1]	Full-time employment income (2010)[2]	National Occupation Code
002-Scenario (scriptwriter)	5.6%	49,368	5121 Authors and writers
010-Cast	8.9%	33,018	5135 Actors and comedians
011-Extras	2.5%	33,018	5135 Actors and comedians
012-Production Labour	17.5%	47,285	5226 Other technical and coordinating occupations in motion pictures, broadcasting and the performing arts
013-Design Labour	5.6%	38,457	5243 Theatre, fashion, exhibit and other creative designers
014-Construction Labour	6.3%	40,732	729 Other construction trades
015-Set Dressing Labour	2.5%	38,457	5243 Theatre, fashion, exhibit and other creative designers
016-Property Labour	1.1%	55,277	1224 Property administrators
017-Special Effects Labour	2.4%	47,285	5226 Other technical and coordinating occupations in motion pictures, broadcasting and the performing arts
018-Wrangling Labour	0.4%	46,419	5227 Support occupations in motion pictures, broadcasting, photography and the performing arts
019-Wardrobe Labour	2.7%	23,790	6342 Tailors, dressmakers, furriers and milliners
020-Makeup/Hair Labour	1.6%	22,051	6341 Hairstylists and barbers
021-Video Technical Crew	0.2%	48,080	5225 Audio and video recording technicians
022-Camera Labour	5.7%	54,302	5222 Film and video camera operators
023-Electrical Labour	3.1%	60,109	7241 Electricians (except industrial and power system)
024-Grip Labour	2.5%	47,285	5226 Other technical and coordinating occupations in motion pictures,

Budget category	Budget category's share of production expenditures[1]	Full-time employment income (2010)[2]	National Occupation Code
			broadcasting and the performing arts
025-Production Sound Labour	1.0%	48,080	5225 Audio and video recording technicians
026-Transportation Labour	2.1%	43,371	751 Motor vehicle and transit drivers
060-Editorial Labour	9.7%	48,080	5225 Audio and video recording technicians
068-Versioning	1.3%	52,891	5125 Translators, terminologists and interpreters
070-Unit Publicity	1.4%	62,957	1123 Professional occupations in advertising, marketing and public relations
090-Storyboard Labour	2.9%	47,285	5226 Other technical and coordinating occupations in motion pictures, broadcasting and the performing arts
091-Voices Recording	1.1%	33,018	5135 Actors and comedians
092-Voices, Mock Voices, and Rotoscope Talent	0.9%	33,018	5135 Actors and comedians
093-Picture Edit (Leica Test) Labour	0.1%	48,080	5225 Audio and video recording technicians
094-Voice Editor Labour	0.3%	48,080	5225 Audio and video recording technicians
095-Picture Edit (Line Test) Labour	0.0%	47,285	5226 Other technical and coordinating occupations in motion pictures, broadcasting and the performing arts
096-Layout and Background Labour	1.5%	44,076	5241 Graphic designers and illustrators
097-Animation Labour	5.4%	68,890	2174 Computer programmers and interactive media developers
098-Assistant Animation/In-Betweeining Labour	0.1%	68,890	2174 Computer programmers and interactive media developers
099-Animation Check, Colour Check and Final Check	0.6%	68,890	2174 Computer programmers and interactive media developers
100-Photocopy Labour	0.0%	44,076	5241 Graphic designers and illustrators
101-Matching and Repegging	0.0%	44,076	5241 Graphic designers and illustrators
102-Opaquing (Linking and Painting) Labour	2.6%	44,076	5241 Graphic designers and illustrators
103-Office Labour	0.0%	40,466	1241 Administrative assistants
Total/Average	**100.0%**	**45,689**	

Source: Nordicity calculations based on data from CAVCO, Telefilm Canada and Statistics Canada.
Notes:
1. Based on data from sample of 100 projects.
2. Annual wages and salary earned in 2010 by workers who worked full-time in the particular National Occupation Code

The national FTE salary was used to generate average FTE salaries for each province by applying the ratio of full-time salaries in National Occupation Code (NOC) *522 Photographers, graphic arts technicians and technical and co-ordinating occupations in motion pictures, broadcasting and the performing arts.* For example, in Alberta, the average full-time salary in NOC 522 in 2010 was $48,933, compared to a national average of $45,206. Therefore, a ratio of 1.082 ($48,933 ÷ $45,206) was applied to the weighted average of the production sector FTE salary, to derive an FTE salary for Alberta. Table A-3 summarizes the provincial adjustment and the FTE salary assumptions used in this analysis.

Table A - 3 FTE salary assumptions

	Provincial adjustment	Average FTE salary in film and TV production (2013 $)
Alberta	1.082	52,130
British Columbia	1.038	50,000
Manitoba	0.835	40,197
New Brunswick	0.762	36,699
Newfoundland and Labrador	0.970	46,711
Nova Scotia	1.107	53,305
Nunavut	1.000	48,159
Ontario	1.055	50,791
Quebec	0.930	44,779
Saskatchewan	0.883	42,504
Canada	1.000	48,159

Source: Nordicity calculation based on data from Statistics Canada.

Appendix B: Data Transposition Grid

Subcategory	Part	Public utility	Programs, sets and materials	Prof. and business services	Other business services	Travel	Advertising and promotion	Financial, insurance and real estate services	Trans-portation and storage	Other expen-ditures	Repairs	Other engineer-ing expen-ditures	Payment and salaries paid to employees	Trans-portation (other modes)	Accom-modation	Food and beverage	Sum
001-Story Rights/Acquisition	A		100.0%														100.0%
002-Scenario/	A			92.7%		0.2%							7.1%				100.0%
003-Development Costs/	A		12.2%	50.0%		11.9%	1.6%			24.3%							100.0%
004-Producer	A			100.0%													100.0%
005-Director	A			100.0%													100.0%
006-Stars/	A			100.0%													100.0%
010-Cast/	B												100.0%				100.0%
011-Extras	B												100.0%				100.0%
012-Production Labour	B												100.0%				100.0%
013-Design Labour	B												100.0%				100.0%
014-Construction Labour	B												100.0%				100.0%
015-Set Dressing Labour	B												100.0%				100.0%
016-Property Labour	B												100.0%				100.0%
017-Special Effects Labour	B												100.0%				100.0%
018-Wrangling Labour	B												100.0%				100.0%
019-Wardrobe Labour	B												100.0%				100.0%
020-Makeup/Hair Labour	B												100.0%				100.0%
021-Video Technical Crew	B												100.0%				100.0%
022-Camera Labour	B			32.9%									67.1%				100.0%
023-Electrical Labour	B												100.0%				100.0%
024-Grip Labour	B												100.0%				100.0%
025-Production Sound Labour	B												100.0%				100.0%
026-Transportation Labour	B												100.0%				100.0%
027-Fringe Benefits	B												100.0%				100.0%
028-Production Office Expenses	B	0.3%				1.7%		53.4%		44.5%							100.0%
029-Studio/Backlot Expenses	B	3.2%	2.3%			2.2%		91.5%		0.8%							100.0%
030-Location Office Expenses	B							100.0%									100.0%

Subcategory	Part	Public utility	Programs, sets and materials	Prof. and business services	Other business services	Travel	Advertising and promotion	Financial, insurance and real estate services	Trans-portation and storage	Other expen-ditures	Repairs	Other engineer-ing expen-ditures	Payment and salaries paid to employees	Trans-portation (other modes)	Accom-modation	Food and beverage	Sum
031-Site Expenses	B	1.7%		1.9%		2.3%		89.8%			4.3%						100.0%
032-Unit Expenses	B						0.1%	18.7%		32.8%						48.4%	100.0%
033-Travel and Living Expenses/	B														100.0%		100.0%
034-Transportation	B													100.0%			100.0%
035-Construction Materials	B										100.0%						100.0%
036-Art Supplies	B		100.0%														100.0%
037-Set Dressing	B		100.0%														100.0%
038-Props	B		100.0%														100.0%
039-Special Effects	B											100.0%					100.0%
040-Animals	B		100.0%														100.0%
041-Wardrobe Supplies	B		100.0%														100.0%
042-Makeup/Hair Supplies	B		100.0%														100.0%
043-Video Studio Facilities	B							100.0%									100.0%
044-Video Remote Technical Facilities/	B							100.0%									100.0%
045-Camera Equipment	B		100.0%														100.0%
046-Electrical Equipment	B		100.0%														100.0%
047-Grip Equipment	B		100.0%														100.0%
048-Sound Equipment	B		100.0%														100.0%
049-Second Unit	B					2.0%				9.2%			88.8%				100.0%
050-Videotape Stock	B				100.0%												100.0%
051-Production Laboratory	B		0.5%		23.8%					69.8%			5.9%				100.0%
060-Editorial Labour	C					1.6%							98.4%				100.0%
061-Editorial Equipment	C		100.0%														100.0%
062-Video Post Production (Picture)	C		62.0%		6.4%					31.5%							100.0%
063-Video Post Production (Sound)	C		23.3%		0.5%			24.3%		51.9%							100.0%
064-Post-Production Laboratory	C		6.9%		93.1%												100.0%
065-Film Post-Production (Sound)	C		99.6%		0.1%					0.4%							100.0%
066-Music	C			100.0%													100.0%
067-Titles/Opticals/Stock Footage	C									100.0%							100.0%
068-Versioning	C			100.0%													100.0%
069-Amortization (Series)	C							100.0%									100.0%

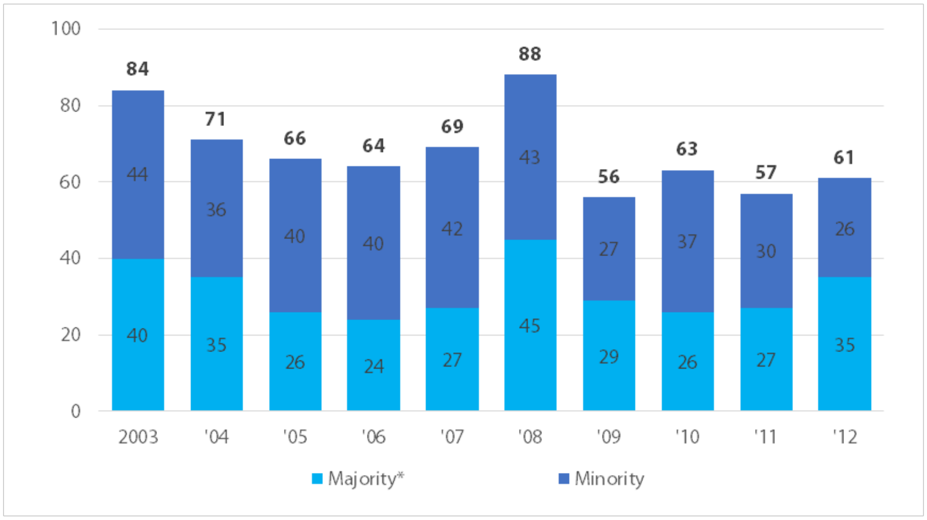
Subcategory	Part	Public utility	Programs, sets and materials	Prof. and business services	Other business services	Travel	Advertising and promotion	Financial, insurance and real estate services	Trans-portation and storage	Other expen-ditures	Repairs	Other engineer-ing expen-ditures	Payment and salaries paid to employees	Trans-portation (other modes)	Accom-modation	Food and beverage	Sum
070-Unit Publicity	D						100.0%										100.0%
071-General Expenses	D			100.0%													100.0%
072-Indirect Costs	D							100.0%									100.0%
080-Contingency	D									100.0%							100.0%
081-Completion Guarantee	D							100.0%									100.0%
090-Storyboard Labour	B												100.0%				100.0%
091-Voices Recording	B			1.0%		1.2%		14.2%		0.3%			83.2%				100.0%
092-Voices, Mock Voices, and Rotoscope Talent/	B												100.0%				100.0%
093-Picture Edit (Leica Test) Labour	C												100.0%				100.0%
094-Voice Editor Labour	C												100.0%				100.0%
095-Picture Edit (Line Test) Labour	C												100.0%				100.0%
096-Layout and Background Labour	B												100.0%				100.0%
097-Animation Labour	B												100.0%				100.0%
098-Assistant Animation	B												100.0%				100.0%
099-Animation Check, Colour Check and Final Check	B												100.0%				100.0%
100-Photocopy Labour	B												100.0%				100.0%
101-Matching and Repegging	B												100.0%				100.0%
102-Opaquing (Linking and Painting) Labour/	B												100.0%				100.0%
103-Office Labour/Personnel du bureau	B												100.0%				100.0%
104-Equipment	B		100.0%														100.0%
105-Production and Office Supplies	B									100.0%							100.0%
106-Rental of Studio	B							100.0%									100.0%
107-Film Post-Production (Picture)	C		100.0%														100.0%
108-Final Copies	C				100.0%												100.0%
109-Shipping, Customs and Communications	D								100.0%								100.0%
110-Dubbing	D			100.0%													100.0%

Appendix C: Data Exhibits

Treaty Coproduction

Canadian Participation

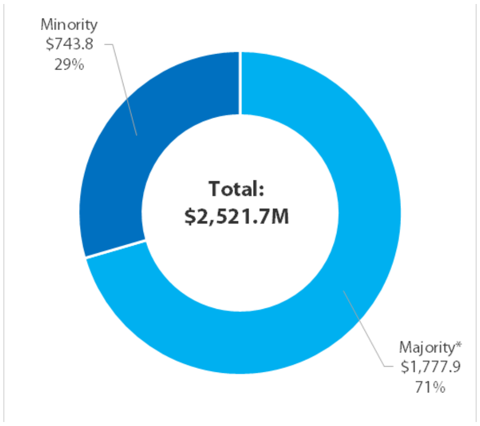
Figure A - 1 Number of coproductions, majority* vs. minority Canadian participation



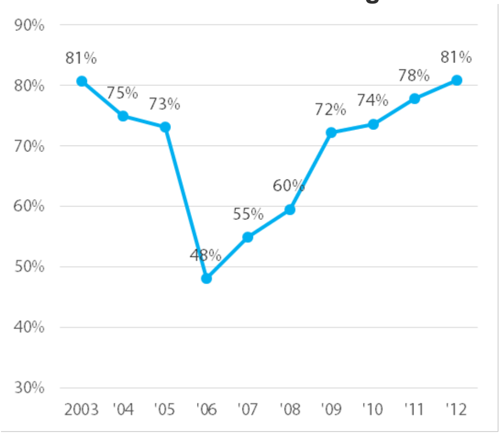
Source: Telefilm Canada.
* Includes equal-participation projects.

Figure A - 2 Share of Canadian budgets, majority vs. minority Canadian participation

A. Share of total Canadian budgets, 2003-2012



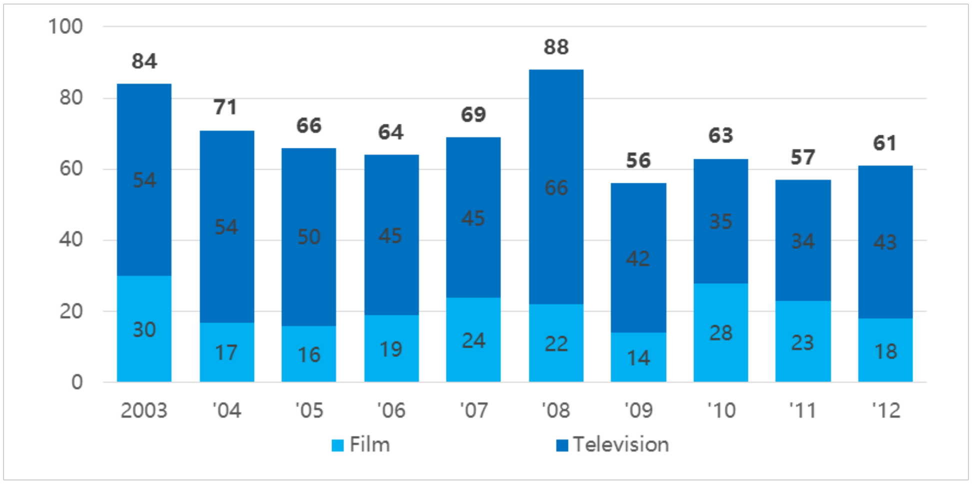
B. Majority* projects' share of total Canadian budgets



Source: Telefilm Canada.
* Includes equal-participation projects.

Medium

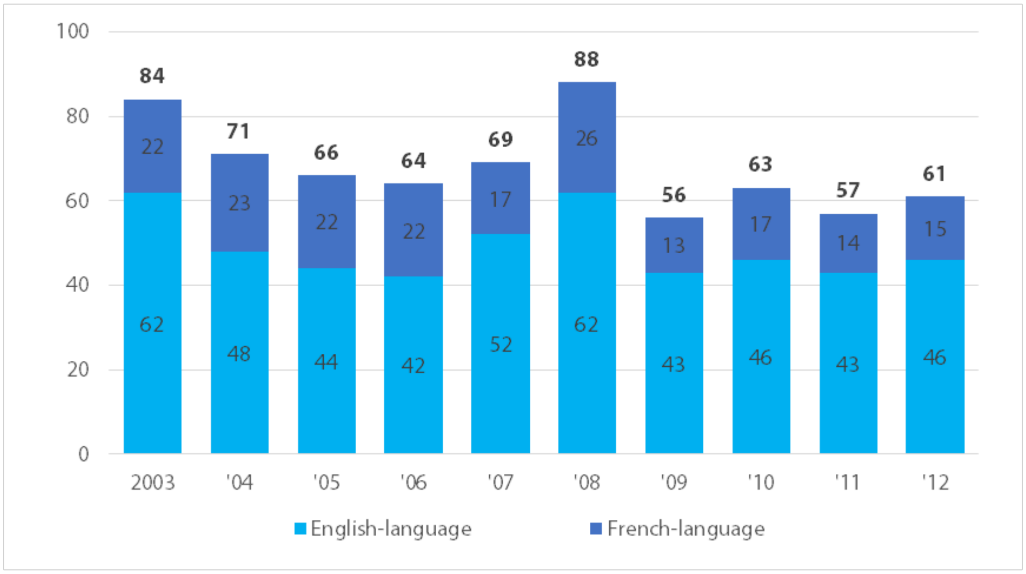
Figure A - 3 Number of coproductions, film vs. television



Source: Telefilm Canada.

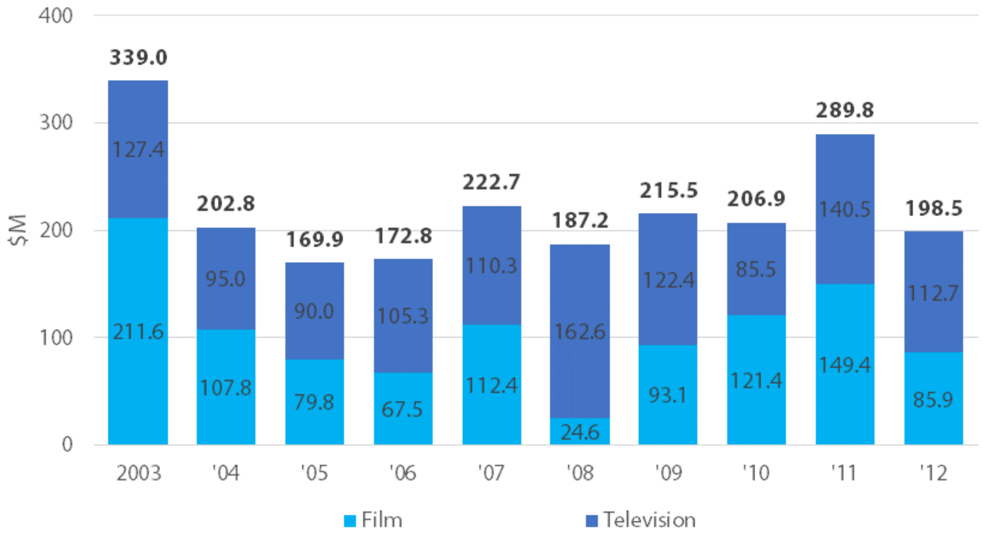
Language

Figure A - 4 Number of coproductions, by language



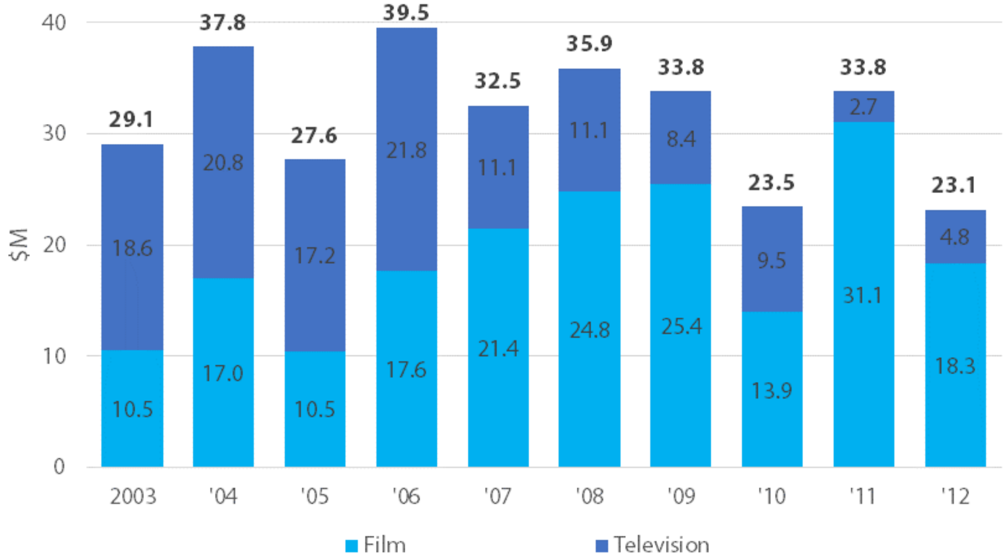
Source: Telefilm Canada.

Figure A - 5 Canadian budgets for English language coproductions, film vs. television (2013 $M)



Source: Telefilm Canada.

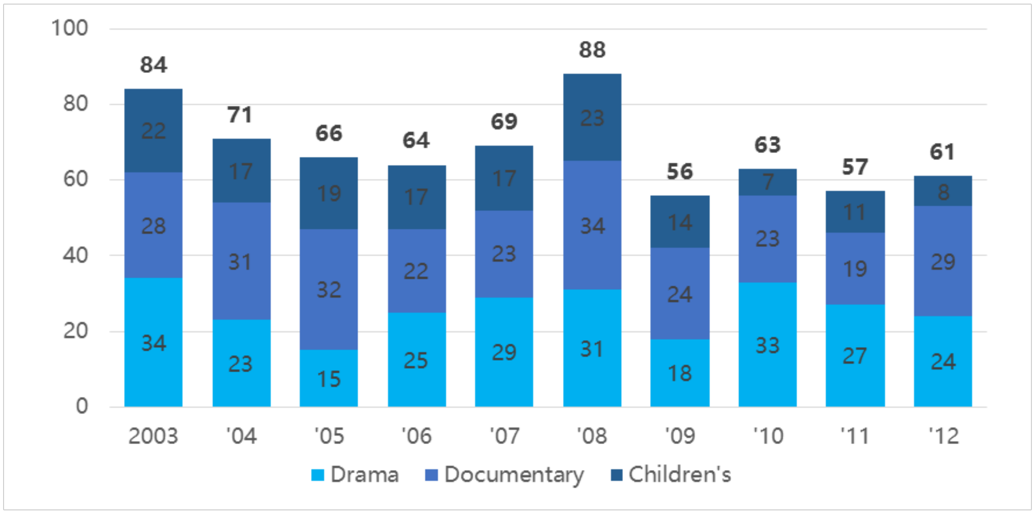
Figure A - 6 Canadian budgets for French-language coproductions, film vs. television (2013 $M)



Source: Telefilm Canada.

Genre

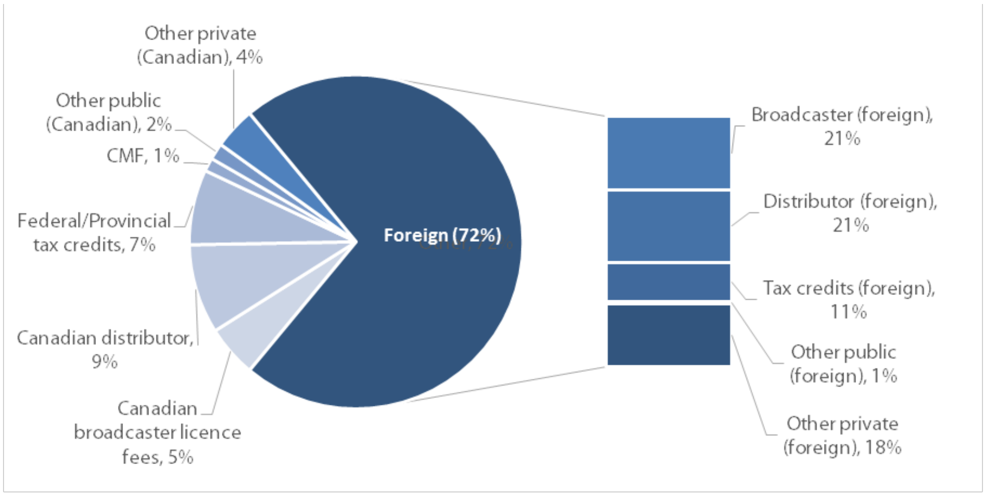
Figure A - 7 Number of coproductions, by genre



Source: Telefilm Canada.

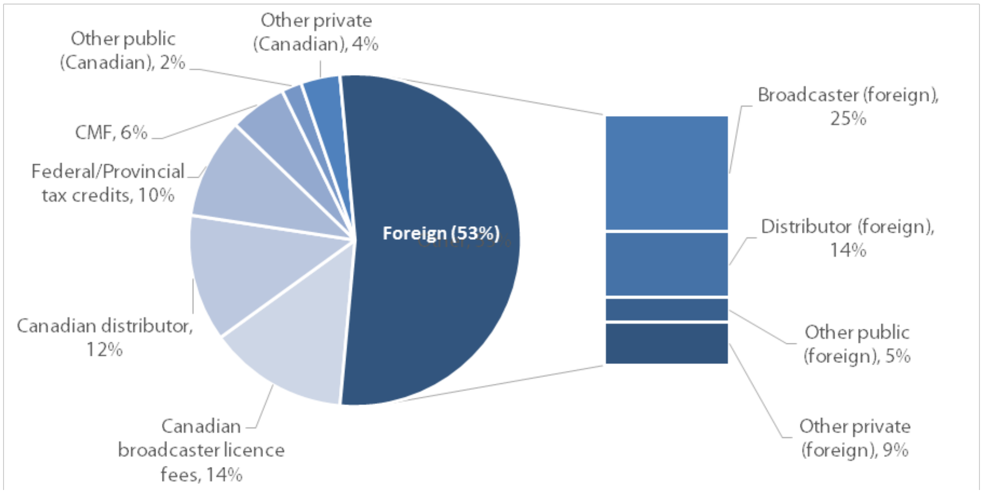
Financing

Figure A - 8 Sources of financing of coproduction, television fiction, 2003-2012



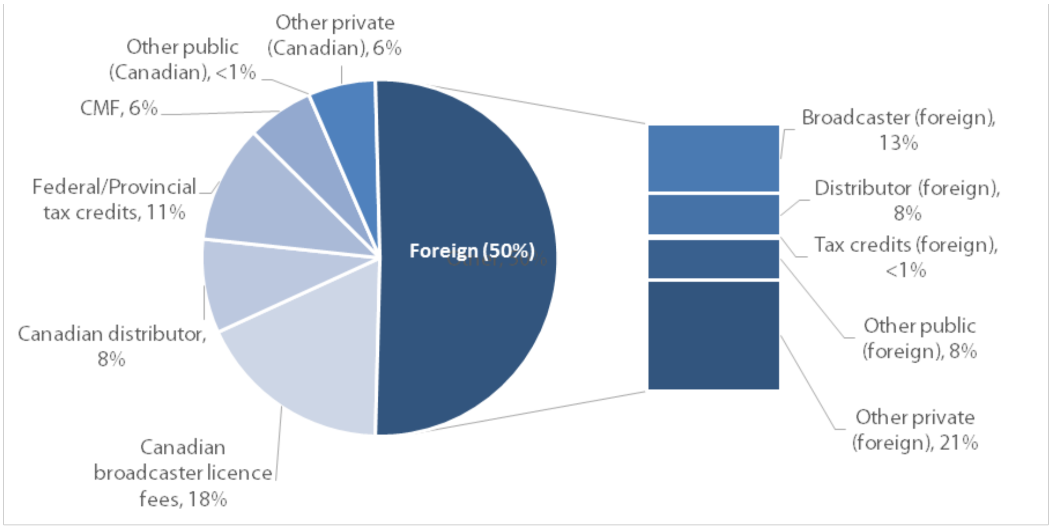
Source: Telefilm Canada.
Note: Some totals may not sum due to rounding.

Figure A - 9 Sources of financing of coproduction, television documentary, 2003-2012



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

Figure A - 10 Sources of financing of coproduction, television children's programming, 2003-2012

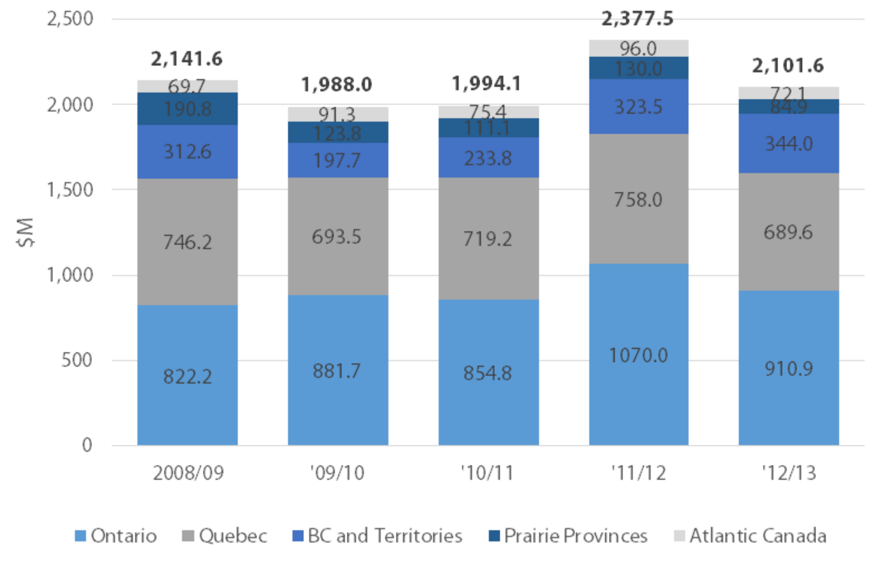


Source: Telefilm Canada.
Note: Some totals may not sum due to rounding.

Domestic production

Region

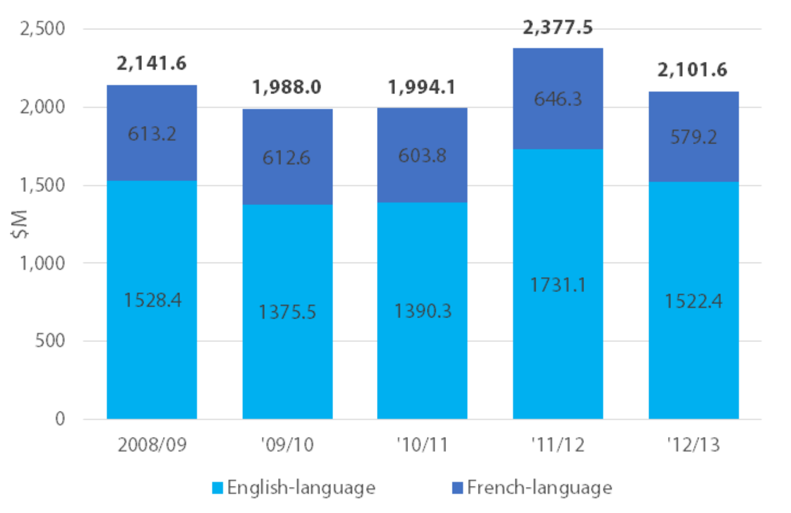
Figure A - 11 Total volume of domestic production, by region (2013 $M)



Source: Nodicity estimates based on data collected from CAVCO.

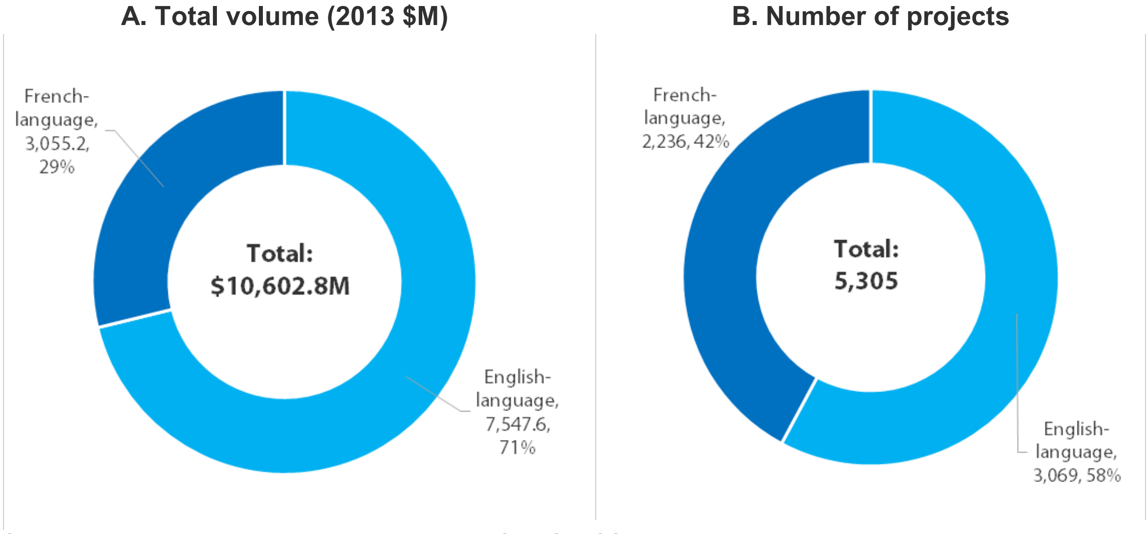
Language

Figure A - 12 Total volume of domestic production, by language (2013 $M)



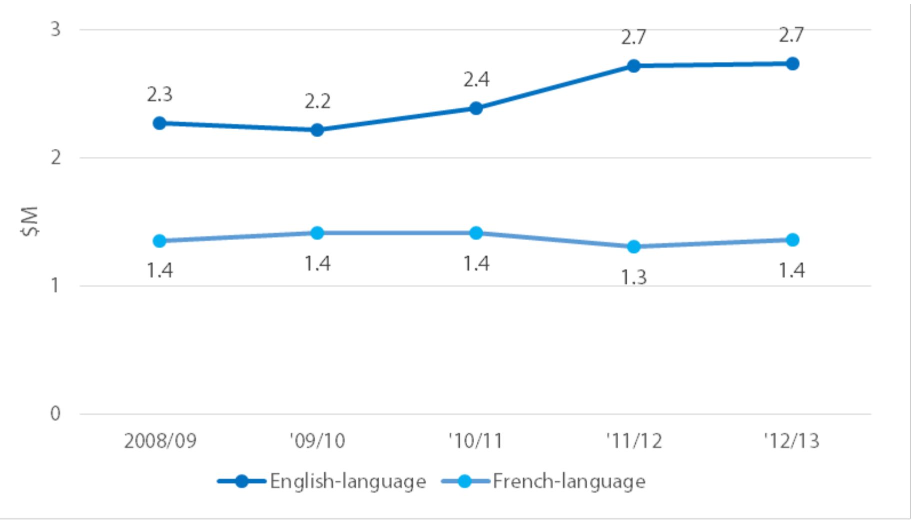
Source: Nordicity estimates based on data collected from CAVCO.

Figure A - 13 Share of domestic production, by language, 2008/09-2012/13



Source: Nordicity estimates based on data collected from CAVCO.

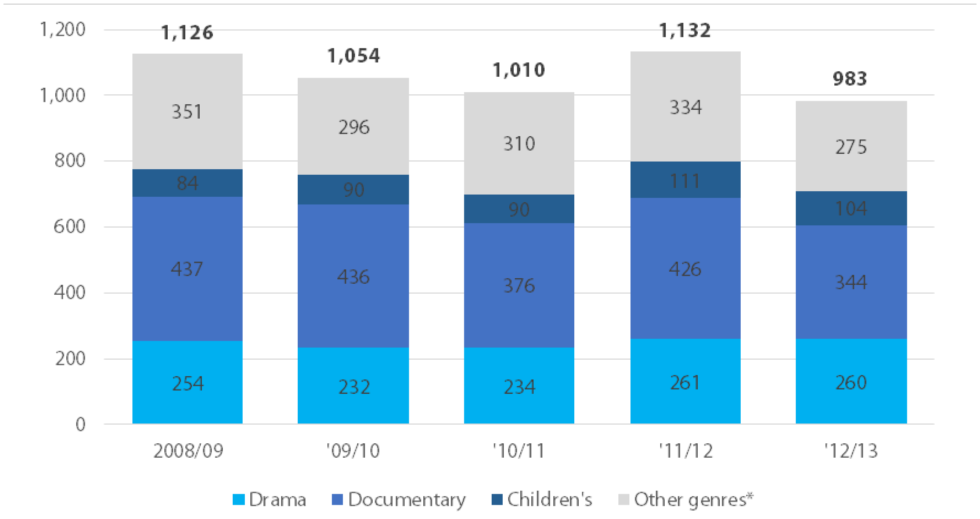
Figure A - 14 Average project budgets, domestic production, by language (2013 $M)



Source: Nordicity estimates based on data collected from CAVCO.

Genre

Figure A - 15 Domestic production, number of projects, by genre

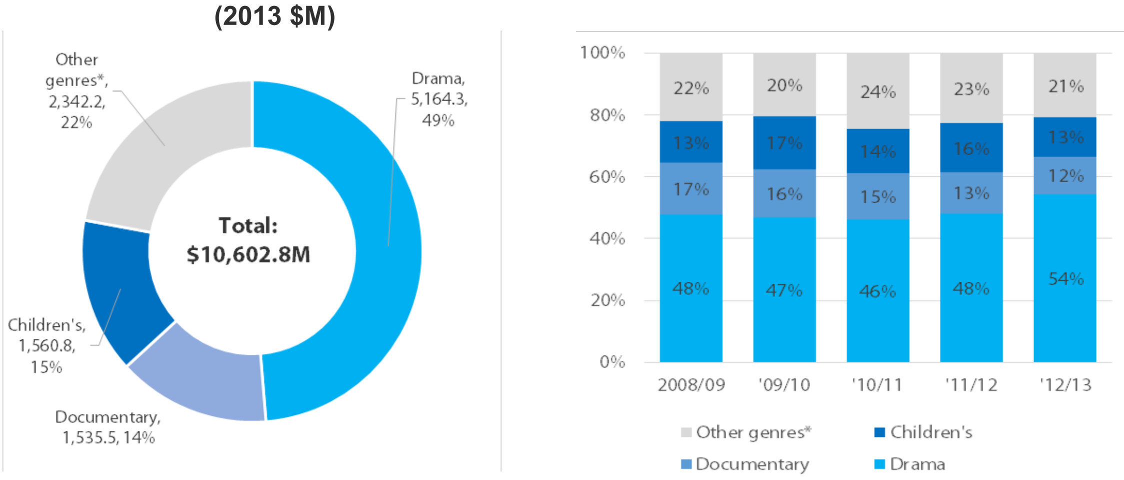


Source: Nordicity estimates based on data collected from CAVCO.
* The other genres category includes films and television programming in the lifestyle, magazine, variety and performing arts, and education/instructional programming genres.

Figure A - 16 Share of domestic production, by genre

A. Five-year total, 2008/09-2012/13 (2013 $M)

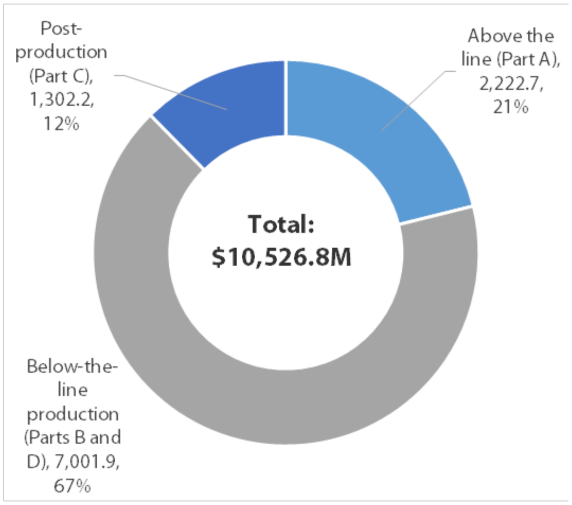
B. Annual



Source: Nordicity estimates based on data collected from CAVCO.
* The other genres category includes films and television programming in the lifestyle, magazine, variety and performing arts, and education/instructional programming genres.

Budget categories

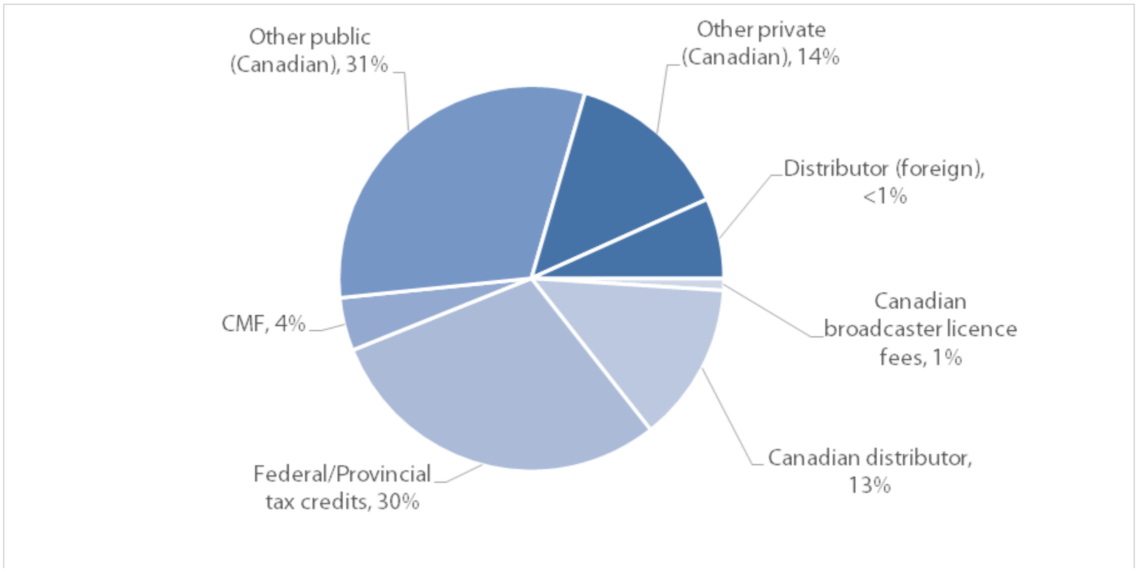
Figure A - 17 Share of Canadian production budgets, by budget categories, 2008/09-2012/13



Source: Noridicity estimates based on data collected from CAVCO.

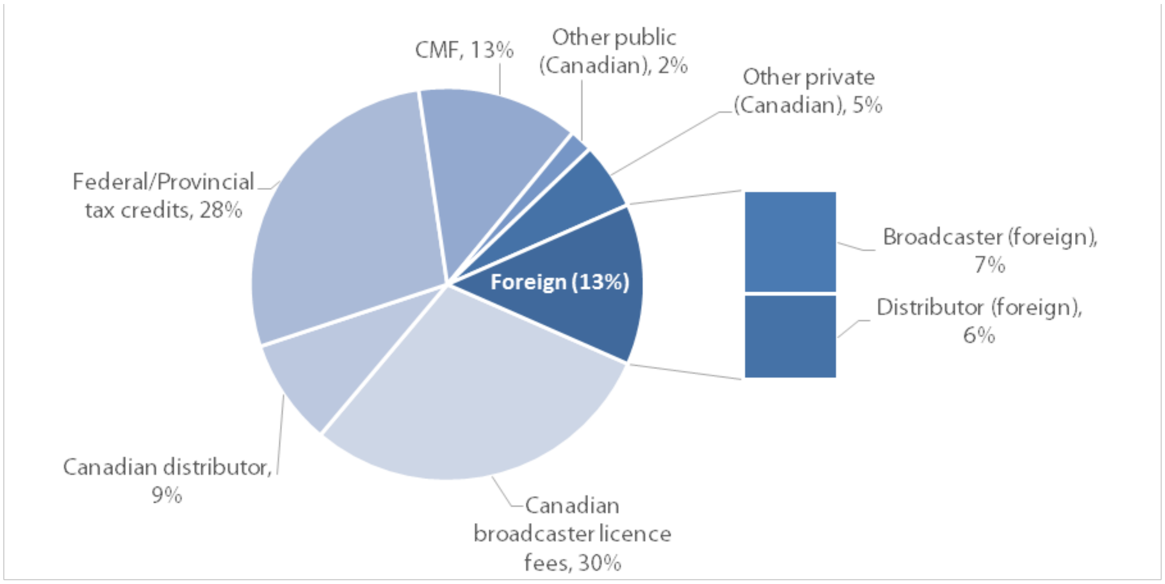
Financing

Figure A - 18 Sources of financing of domestic production, film, 2008/09-2012/13



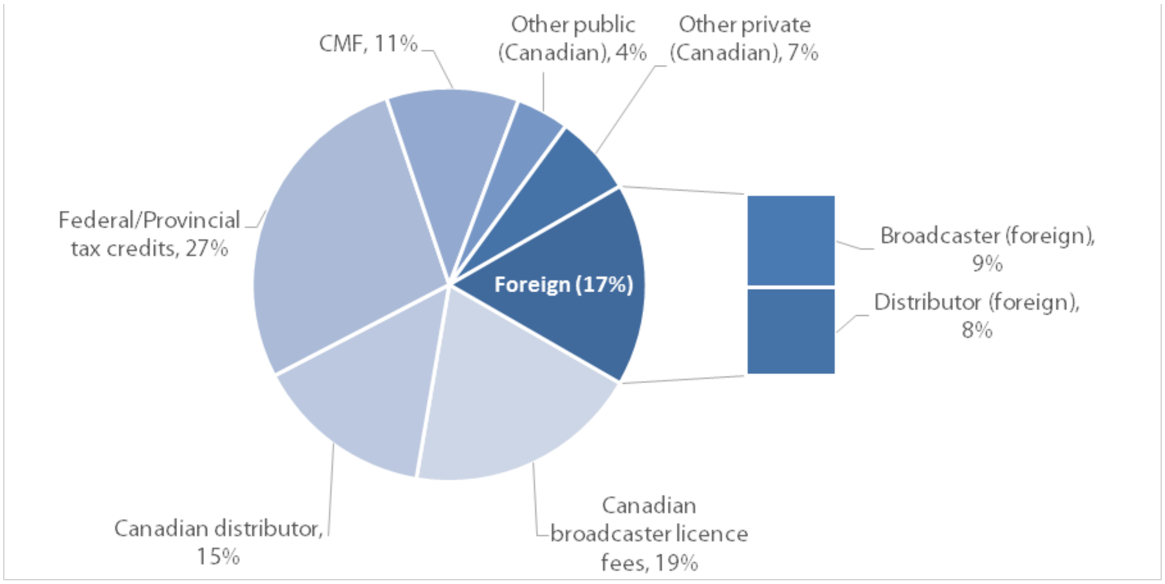
Source: Nordicity estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding.

Figure A - 19 Sources of financing of domestic production, television, 2008/09-2012/13



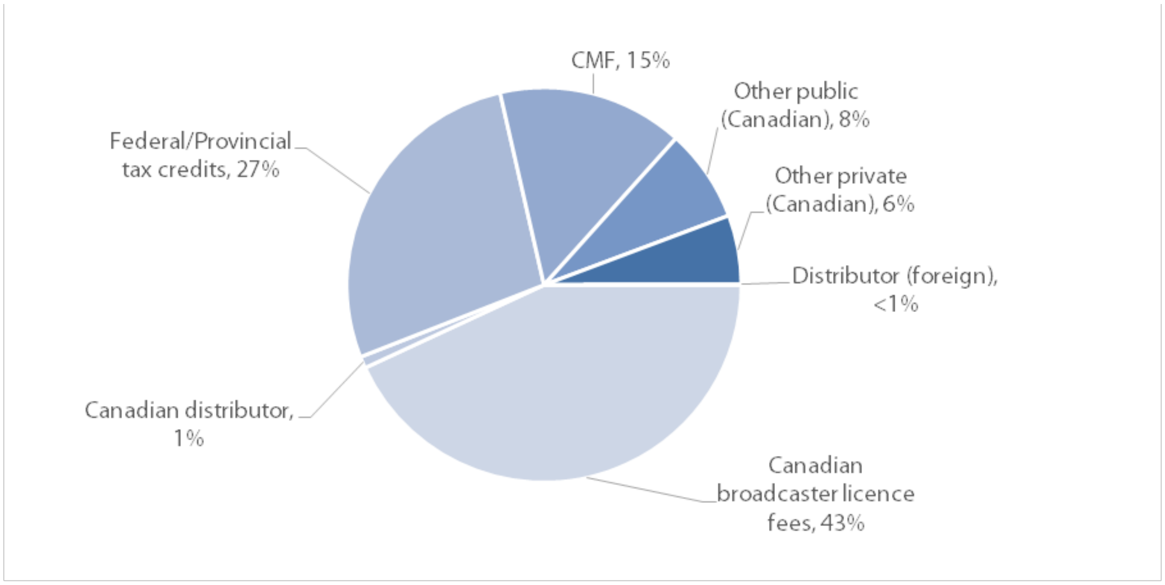
Source: Nordicity estimates based on data collected from CAVCO.
Note: Some totals may not sum due to rounding.

Figure A - 20 Sources of financing of domestic production, English-language, 2008/09-2012/13



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

Figure A - 21 Sources of financing of domestic production, French-language, 2008/09-2012/13



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

Appendix D: Economic Impact Data

Table A - 4 Economic impact of coproduction, Canada, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	2,471,206,517	--	**2,471,206,517**
Employment (FTEs)			
Total	19,782	16,382	**36,163**
Per $M production expenditures	8.0	6.6	**14.6**
Labour income ($)			
Total	1,433,611,359	304,214,957	**1,737,826,316**
Per $ production expenditures	0.58	0.12	**0.70**
GDP ($)			
Total	1,654,580,970	508,398,663	**2,162,979,633**
Per $ production expenditures	0.67	0.21	**0.88**
Tax revenue ($)			
Total	--	--	**64,937,494**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 5 Economic impact of coproduction, Atlantic Canada, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures*	19,394,163	--	**19,394,163**
Employment (FTEs)			
Total	167	112	**278**
Per $M production expenditures	8.6	5.8	**14.4**
Labour income ($)			
Total	11,507,818	2,242,692	**13,750,510**
Per $ production expenditures	0.59	0.12	**0.71**
GDP ($)			
Total	13,024,652	3,730,293	**16,754,945**
Per $ production expenditures	0.67	0.19	**0.86**
Tax revenue ($)**			
Total	--	--	**441,973**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 6 Economic impact of coproduction, British Columbia and territories, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	150,884,680	--	**150,884,680**
Employment (FTEs)			
Total	1,085	837	**1,922**
Per $M production expenditures	7.2	5.5	**12.7**
Labour income ($)			
Total	87,460,953	19,920,745	**107,381,698**
Per $ production expenditures	0.58	0.13	**0.71**
GDP ($)			
Total	100,889,787	32,215,803	**133,105,590**
Per $ production expenditures	0.67	0.21	**0.88**
Tax revenue ($)			
Total	--	--	**3,601,904**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 7 Economic impact of coproduction, Ontario, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	1,448,465,342	--	**1,448,465,342**
Employment (FTEs)			
Total	10,713	9,375	**20,087**
Per $M production expenditures	7.4	6.5	**13.9**
Labour income ($)			
Total	835,175,523	175,554,288	**1,010,729,811**
Per $ production expenditures	0.58	0.12	**0.70**
GDP ($)			
Total	966,449,936	291,896,704	**1,258,346,640**
Per $ production expenditures	0.67	0.20	**0.87**
Tax revenue ($)			
Total	--	--	**37,534,253**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 8 Economic impact of coproduction, Prairie Provinces, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	79,403,647	--	**79,403,647**
Employment (FTEs)			
Total	727	374	**1,101**
Per $M production expenditures	9.2	4.7	**13.9**
Labour income ($)			
Total	47,341,811	9,355,752	**56,697,563**
Per $ production expenditures	0.60	0.12	**0.71**
GDP ($)			
Total	54,065,881	16,384,370	**70,450,251**
Per $ production expenditures	0.68	0.21	**0.89**
Tax revenue ($)**			
Total	--	--	**1,765,034**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 9 Economic impact of coproduction, Quebec, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	773,288,654	--	**773,288,654**
Employment (FTEs)			
Total	7,090	5,685	**12,775**
Per $M production expenditures	9.2	7.4	**16.5**
Labour income ($)			
Total	452,125,254	97,141,480	**549,266,734**
Per $ production expenditures	0.58	0.13	**0.71**
GDP ($)			
Total	520,150,714	164,171,493	**684,322,207**
Per $ production expenditures	0.67	0.21	**0.88**
Tax revenue ($)			
Total	--	--	**21,594,330**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 10 Economic impact of coproduction, majority Canadian, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	1,579,622,006	--	**1,579,622,006**
Employment (FTEs)			
Total	13,529	11,146	**24,675**
Per $M production expenditures	8.6	7.1	**15.6**
Labour income ($)			
Total	947,209,045	190,876,639	**1,138,085,684**
Per $ production expenditures	0.60	0.12	**0.72**
GDP ($)			
Total	1,079,542,037	320,771,651	**1,400,313,688**
Per $ production expenditures	0.68	0.20	**0.89**
Tax revenue ($)			
Total	--	--	**39,006,769**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 11 Economic impact of coproduction, minority Canadian, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	891,814,480	--	**891,814,480**
Employment (FTEs)			
Total	6,253	5,236	**11,489**
Per $M production expenditures	7.0	5.9	**12.9**
Labour income ($)			
Total	486,402,314	113,338,318	**599,740,632**
Per $ production expenditures	0.55	0.13	**0.67**
GDP ($)			
Total	575,038,933	187,627,012	**762,665,945**
Per $ production expenditures	0.64	0.21	**0.86**
Tax revenue ($)			
Total	--	--	**25,930,725**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 12 Economic impact of coproduction, feature film, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	1,245,711,210	--	**1,245,711,210**
Employment (FTEs)			
Total	9,661	7,812	**17,473**
Per $M production expenditures	7.8	6.3	**14.0**
Labour income ($)			
Total	708,041,539	156,425,998	**864,467,537**
Per $ production expenditures	0.57	0.13	**0.69**
GDP ($)			
Total	819,337,863	260,743,563	**1,080,081,426**
Per $ production expenditures	0.66	0.21	**0.87**
Tax revenue ($)			
Total	--	--	**33,082,745**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 13 Economic impact of coproduction, television, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	1,225,725,276	--	**1,225,725,276**
Employment (FTEs)			
Total	10,121	8,570	**18,691**
Per $M production expenditures	8.3	7.0	**15.2**
Labour income ($)			
Total	725,569,820	147,788,959	**873,358,779**
Per $ production expenditures	0.59	0.12	**0.71**
GDP ($)			
Total	835,243,107	247,655,100	**1,082,898,207**
Per $ production expenditures	0.68	0.20	**0.88**
Tax revenue ($)			
Total	--	--	**31,854,749**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 14 Economic impact of coproduction, English-language, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	2,187,898,342	--	**2,187,898,342**
Employment (FTEs)			
Total	17,239	14,344	**31,583**
Per $M production expenditures	7.9	6.6	**14.4**
Labour income ($)			
Total	1,269,053,278	269,017,744	**1,538,071,022**
Per $ production expenditures	0.58	0.12	**0.70**
GDP ($)			
Total	1,465,825,586	448,801,956	**1,914,627,542**
Per $ production expenditures	0.67	0.21	**0.88**
Tax revenue ($)			
Total	--	--	**57,478,515**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 15 Economic impact of coproduction, French-language, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	283,538,144	--	**283,538,144**
Employment (FTEs)			
Total	2,543	2,038	**4,580**
Per $M production expenditures	9.0	7.2	**16.2**
Labour income ($)			
Total	164,558,081	35,197,213	**199,755,294**
Per $ production expenditures	0.58	0.12	**0.70**
GDP ($)			
Total	188,755,384	59,596,707	**248,352,091**
Per $ production expenditures	0.67	0.21	**0.88**
Tax revenue ($)			
Total	--	--	**7,458,979**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 16 Economic impact of coproduction, drama (fiction), 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	1,748,948,763	--	**1,748,948,763**
Employment (FTEs)			
Total	12,455	10,092	**22,547**
Per $M production expenditures	7.1	5.8	**12.9**
Labour income ($)			
Total	956,546,275	221,554,575	**1,178,100,850**
Per $ production expenditures	0.55	0.13	**0.67**
GDP ($)			
Total	1,124,452,704	368,095,783	**1,492,548,487**
Per $ production expenditures	0.64	0.21	**0.85**
Tax revenue ($)			
Total	--	--	**49,343,540**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 17 Economic impact of coproduction, documentary, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	160,579,284	--	**160,579,284**
Employment (FTEs)			
Total	1,046	842	**1,888**
Per $M production expenditures	6.5	5.2	**11.8**
Labour income ($)			
Total	81,224,519	20,623,165	**101,847,684**
Per $ production expenditures	0.51	0.13	**0.63**
GDP ($)			
Total	98,010,560	34,323,425	**132,333,985**
Per $ production expenditures	0.61	0.21	**0.82**
Tax revenue ($)			
Total	--	--	**5,423,988**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 18 Economic impact of coproduction, children's and youth, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	561,908,440	--	**561,908,440**
Employment (FTEs)			
Total	6,281	5,448	**11,729**
Per $M production expenditures	11.2	9.7	**20.9**
Labour income ($)			
Total	395,840,565	62,037,214	**457,877,779**
Per $ production expenditures	0.70	0.11	**0.81**
GDP ($)			
Total	432,117,707	105,979,453	**538,097,160**
Per $ production expenditures	0.77	0.19	**0.96**
Tax revenue ($)			
Total	--	--	**10,169,964**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 19 Economic impact of coproduction, high budget, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	1,745,361,156	--	**1,745,361,156**
Employment (FTEs)			
Total	13,415	11,109	**24,524**
Per $M production expenditures	7.7	6.4	**14.1**
Labour income ($)			
Total	992,748,194	216,581,584	**1,209,329,778**
Per $ production expenditures	0.57	0.12	**0.69**
GDP ($)			
Total	1,153,727,073	361,252,989	**1,514,980,062**
Per $ production expenditures	0.66	0.21	**0.87**
Tax revenue ($)			
Total	--	--	**47,117,580**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 20 Economic impact of coproduction, medium budget, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	712,158,036	--	**712,158,036**
Employment (FTEs)			
Total	6,282	5,205	**11,487**
Per $M production expenditures	8.8	7.3	**16.1**
Labour income ($)			
Total	434,138,450	85,866,196	**520,004,646**
Per $ production expenditures	0.61	0.12	**0.73**
GDP ($)			
Total	492,715,249	144,189,124	**636,904,373**
Per $ production expenditures	0.69	0.20	**0.89**
Tax revenue ($)			
Total	--	--	**17,396,864**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 21 Economic impact of coproduction, low budget, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	13,917,293	--	**13,917,293**
Employment (FTEs)			
Total	85	68	**152**
Per $M production expenditures	6.1	4.9	**11.0**
Labour income ($)			
Total	6,724,715	1,767,177	**8,491,892**
Per $ production expenditures	0.48	0.13	**0.61**
GDP ($)			
Total	8,138,648	2,956,550	**11,095,198**
Per $ production expenditures	0.58	0.21	**0.80**
Tax revenue ($)			
Total	--	--	**423,050**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 22 Economic impact of coproduction, United Kingdom, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	498,948,181	--	**498,948,181**
Employment (FTEs)			
Total	3,835	3,084	**6,918**
Per $M production expenditures	7.7	6.2	**13.9**
Labour income ($)			
Total	284,937,849	63,593,978	**348,531,827**
Per $ production expenditures	0.57	0.13	**0.70**
GDP ($)			
Total	329,391,980	105,809,047	**435,201,027**
Per $ production expenditures	0.66	0.21	**0.87**
Tax revenue ($)			
Total	--	--	**13,225,993**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 23 Economic impact of coproduction, France, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	855,786,516	--	**855,786,516**
Employment (FTEs)			
Total	7,659	6,182	**13,841**
Per $M production expenditures	9.0	7.2	**16.2**
Labour income ($)			
Total	509,641,984	104,510,760	**614,152,744**
Per $ production expenditures	0.60	0.12	**0.72**
GDP ($)			
Total	582,600,243	176,288,777	**758,889,020**
Per $ production expenditures	0.68	0.21	**0.89**
Tax revenue ($)			
Total	--	--	**22,263,345**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 24 Economic impact of coproduction, other countries, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	1,116,701,788	--	**1,116,701,788**
Employment (FTEs)			
Total	8,288	7,116	**15,404**
Per $M production expenditures	7.4	6.4	**13.8**
Labour income ($)			
Total	639,031,526	136,110,219	**775,141,745**
Per $ production expenditures	0.57	0.12	**0.69**
GDP ($)			
Total	742,588,747	226,300,839	**968,889,586**
Per $ production expenditures	0.66	0.20	**0.87**
Tax revenue ($)			
Total	--	--	**29,448,156**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 25 Economic impact of coproduction, above-the-line, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	455,345,903	--	**455,345,903**
Employment (FTEs)			
Total	437	219	**656**
Per $M production expenditures	1.0	0.5	**1.4**
Labour income ($)			
Total	182,787,260	73,613,250	**256,400,510**
Per $ production expenditures	0.40	0.16	**0.56**
GDP ($)			
Total	236,394,658	115,575,991	**351,970,649**
Per $ production expenditures	0.52	0.25	**0.77**
Tax revenue ($)			
Total	--	--	**15,056,837**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 26 Economic impact of coproduction, below the line production, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	1,533,990,904	--	**1,533,990,904**
Employment (FTEs)			
Total	16,300	13,777	**30,077**
Per $M production expenditures	10.6	9.0	**19.6**
Labour income ($)			
Total	1,004,939,912	166,834,782	**1,171,774,694**
Per $ production expenditures	0.66	0.11	**0.76**
GDP ($)			
Total	1,112,797,076	286,044,366	**1,398,841,442**
Per $ production expenditures	0.73	0.19	**0.91**
Tax revenue ($)			
Total	--	--	**31,260,520**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 27 Economic impact of coproduction, post-production, 2003-2012

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	482,099,679	--	**482,099,679**
Employment (FTEs)			
Total	2,621	2,193	**4,814**
Per $M production expenditures	5.4	4.5	**10.0**
Labour income ($)			
Total	222,323,637	59,746,484	**282,070,121**
Per $ production expenditures	0.46	0.12	**0.59**
GDP ($)			
Total	278,862,943	99,633,565	**378,496,508**
Per $ production expenditures	0.58	0.21	**0.79**
Tax revenue ($)			
Total	--	--	**17,743,317**
Per $ production expenditures	--	--	**0.04**

Source: Nordicity estimates based on data from Department of Canadian Heritage, Telefilm Canada, Statistics Canada and EIMAH.

Table A - 28 Economic impact of domestic production, Canada, 2008/09-2012/13

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	10,526,804,630	--	**10,526,804,630**
Employment (FTEs)			
Total	92,460	75,377	**167,837**
Per $M production expenditures	8.8	7.2	**15.9**
Labour income ($)			
Total	6,382,525,677	1,262,600,837	**7,645,126,514**
Per $ production expenditures	0.61	0.12	**0.73**
GDP ($)			
Total	7,232,298,760	2,124,488,234	**9,356,786,994**
Per $ production expenditures	0.69	0.20	**0.89**
Tax revenue ($)			
Total	--	--	**240,073,836**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, CAVCO, Statistics Canada and EIMAH.

Table A - 29 Economic impact of domestic production, Atlantic Canada, 2008/09-2012/13

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	401,510,121	--	**401,510,121**
Employment (FTEs)			
Total	3,212	2,004	**5,216**
Per $M production expenditures	8.0	5.0	**13.0**
Labour income ($)			
Total	239,801,368	49,612,566	**289,413,934**
Per $ production expenditures	0.60	0.12	**0.72**
GDP ($)			
Total	274,910,813	81,245,110	**356,155,923**
Per $ production expenditures	0.68	0.20	**0.89**
Tax revenue ($)			
Total	--	--	**9,397,757**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, CAVCO, Statistics Canada and EIMAH.

Table A - 30 Economic impact of domestic production, British Columbia and territories, 2008/09-2012/13

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	1,402,104,332	--	**1,402,104,332**
Employment (FTEs)			
Total	12,602	10,101	**22,703**
Per $M production expenditures	9.0	7.2	**16.2**
Labour income ($)			
Total	885,551,980	168,544,524	**1,054,096,504**
Per $ production expenditures	0.63	0.12	**0.75**
GDP ($)			
Total	988,629,379	277,873,264	**1,266,502,643**
Per $ production expenditures	0.71	0.20	**0.90**
Tax revenue ($)			
Total	--	--	**27,081,281**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, CAVCO, Statistics Canada and EIMAH.

Table A - 31 Economic impact of domestic production, Ontario, 2008/09-2012/13

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	4,506,489,650	--	**4,506,489,650**
Employment (FTEs)			
Total	38,923	34,378	**73,301**
Per $M production expenditures	8.6	7.6	**16.3**
Labour income ($)			
Total	2,773,915,256	512,530,038	**3,286,445,294**
Per $ production expenditures	0.62	0.11	**0.73**
GDP ($)			
Total	3,121,970,939	865,071,230	**3,987,042,169**
Per $ production expenditures	0.69	0.19	**0.88**
Tax revenue ($)			
Total	--	--	**98,572,402**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, CAVCO, Statistics Canada and EIMAH.

Table A - 32 Economic impact of domestic production, Prairie Provinces, 2008/09-2012/13

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	636,284,904	--	**636,284,904**
Employment (FTEs)			
Total	5,240	2,895	**8,135**
Per $M production expenditures	8.2	4.5	**12.8**
Labour income ($)			
Total	363,959,981	76,514,439	**440,474,420**
Per $ production expenditures	0.57	0.12	**0.69**
GDP ($)			
Total	417,051,618	132,177,887	**549,229,505**
Per $ production expenditures	0.66	0.21	**0.86**
Tax revenue ($)**			
Total	--	--	**13,437,216**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, CAVCO, Statistics Canada and EIMAH.

Table A - 33 Economic impact of domestic production, Quebec, 2008/09-2012/13

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	3,580,415,623	--	**3,580,415,623**
Employment (FTEs)			
Total	32,483	26,000	**58,483**
Per $M production expenditures	9.1	7.3	**16.3**
Labour income ($)			
Total	2,119,297,092	455,399,270	**2,574,696,362**
Per $ production expenditures	0.59	0.13	**0.72**
GDP ($)			
Total	2,429,736,011	768,120,743	**3,197,856,754**
Per $ production expenditures	0.68	0.21	**0.89**
Tax revenue ($)			
Total	--	--	**91,585,180**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, CAVCO, Statistics Canada and EIMAH.

Table A - 34 Economic impact of domestic production, above-the-line, 2008/09-2012/13

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	2,222,707,368	--	**2,222,707,368**
Employment (FTEs)			
Total	2,494	1,321	**3,815**
Per $M production expenditures	1.1	0.6	**1.7**
Labour income ($)			
Total	918,073,554	374,080,851	**1,292,154,405**
Per $ production expenditures	0.41	0.17	**0.58**
GDP ($)			
Total	1,186,796,352	588,404,754	**1,775,201,106**
Per $ production expenditures	0.53	0.26	**0.80**
Tax revenue ($)			
Total	--	--	**72,785,450**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, CAVCO, Statistics Canada and EIMAH.

Table A - 35 Economic impact of domestic production, below the line production, 2008/09-2012/13

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	7,001,863,149	--	**7,001,863,149**
Employment (FTEs)			
Total	79,829	65,674	**145,503**
Per $M production expenditures	11.4	9.4	**20.8**
Labour income ($)			
Total	4,766,543,211	739,537,813	**5,506,081,024**
Per $ production expenditures	0.68	0.11	**0.79**
GDP ($)			
Total	5,233,175,259	1,283,735,936	**6,516,911,195**
Per $ production expenditures	0.75	0.18	**0.93**
Tax revenue ($)			
Total	--	--	**130,862,194**
Per $ production expenditures	--	--	**0.02**

Source: Nordicity estimates based on data from Department of Canadian Heritage, CAVCO, Statistics Canada and EIMAH.

Table A - 36 Economic impact of domestic production, post-production, 2008/09-2012/13

	Direct impact	Indirect impact	Total impact
Production expenditures ($)	1,302,234,112	--	**1,302,234,112**
Employment (FTEs)			
Total	10,136	8,383	**18,519**
Per $M production expenditures	7.8	6.4	**14.2**
Labour income ($)			
Total	697,908,912	148,982,173	**846,891,085**
Per $ production expenditures	0.54	0.11	**0.65**
GDP ($)			
Total	812,327,149	252,347,544	**1,064,674,693**
Per $ production expenditures	0.62	0.19	**0.82**
Tax revenue ($)			
Total	--	--	**36,426,192**
Per $ production expenditures	--	--	**0.03**

Source: Nordicity estimates based on data from Department of Canadian Heritage, CAVCO, Statistics Canada and EIMAH.

Appendix E: List of Interviewees

Table A - 37 List of interviewees

Name	Organization
Fraser Ash, Dominic Stubbs and Kevin Krikst	Rhombus Media Inc.
Tom Berry	Reel One Entertainment Inc.
Marie-Claude Beauchamp	CarpeDiem Film and TV Inc.
Jeff Brinton	Alberta Film
Richard Brownsey and Bob Wong	Creative BC
Don Carmody	Don Carmody Productions
Steven DeNure	DHX Media Ltd.
David Forget	Directors Guild of Canada
Nick Hirst	Original Pictures Inc.
Kristine Murphy	Ontario Media Development Corporation
Michael Prupas	Muse Entertainment Inc.
Alexandra Raffé	Thunderbird Films
Vanessa Steinmetz	Entertainment One Ltd.
Samantha Traub	Temple Street Productions Inc.
François Tremblay	Lyla Films
Gina Vanni	Take 5 Productions Inc.
Linda Wood	Film & Creative Nova Scotia

Appendix F: Online Survey Questionnaire

Canadian Heritage - Survey on the Impact of Co-venture Activity in Canada between 2003 and 2012

GENERAL INFORMATION

Please indicate the province in which your company (or head office) is located:

- ○ British Columbia
- ○ Alberta
- ○ Saskatchewan
- ○ Manitoba
- ○ Ontario
- ○ Quebec
- ○ New Brunswick
- ○ Nova Scotia
- ○ Prince Edward Island
- ○ Newfoundland and Labrador
- ○ Yukon
- ○ Northwest Territories
- ○ Nunavut

How many years of experience does your company have in the feature film and television industry?

Between 2003 and 2012 (calendar years), what was the language of all the project(s) produced by your company?

*Feature films= films, with a minimum length of 75 minutes, made with movie theatres as the primary venue for initial release to the public. Feature films (number of projects):

English:

French:

Other language(s):

Please specify other language(s):

Television projects (number of projects):

English:

French:

Other language(s):

Please specify other language(s):

PROFILE OF BUSINESS ACTIVITIES: CO-VENTURE PROJECTS

Between 2003 and 2012, what was the language of the co-venture* project(s) produced by your company?

* Co-ventures are audiovisual coproductions between a Canadian and foreign producer that have been produced without following the modalities of a coproduction treaty but for which the Canadian producer has retained some copyright and a share of the revenues. These types of projects would not receive a coproduction certification by Canadian Heritage or national status but, in some cases, could still obtain public funding (e.g. Film or Video Production Services Tax Credit), and a CRTC Canadian content certificate.

Co-venture feature films (number of projects):

English: ☐

French: ☐

Other language(s): ☐

Please specify other language(s): ☐

Co-venture television projects (number of projects):

English: ☐

French: ☐

Other language(s): ☐

Please specify other language(s): ☐

Please indicate in which years between 2003 and 2012 your company produced at least one co-venture project.

Feature films

- ☐ 2003
- ☐ 2004
- ☐ 2005
- ☐ 2006
- ☐ 2007
- ☐ 2008
- ☐ 2009
- ☐ 2010
- ☐ 2011
- ☐ 2012

Television

- ☐ 2003
- ☐ 2004
- ☐ 2005
- ☐ 2006
- ☐ 2007
- ☐ 2008
- ☐ 2009
- ☐ 2010
- ☐ 2011
- ☐ 2012

For the years where your company produced at least one co-venture feature film, please provide:

The approximate overall production volume (in Canadian $) of all feature film and co-venture feature film projects produced by your company in that year. The average share of copyright you retained in the feature film co-ventures produced by your company in that year (e.g. participated in 4 feature film co-ventures → retained 20% of copyright for 3 and 40% for 1 = 25% average).

	Feature Film Volume (CDN$)	Co-venture Feature Film Volume (CDN$)	Average Share of Copyright for Co-ventures (%)
2003			
2004			
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012			

For the years where your company produced at least one co-venture television project, please provide:

The approximate overall production volume (in Canadian $) of all television projects and co-venture television projects produced by your company in that year. The average share of copyright you retained in the co-venture television projects produced by your company in that year (e.g. participated in 4 feature film co-ventures → retained 20% of copyright for 3 and 40% for 1 = 25 % average).

	Television Projects Volume (CDN$)	Co-venture Television Projects Volume (CDN$)	Average Share of Copyright for Co-ventures (%)
2003			
2004			
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012			

Between 2003 and 2012, what was the financial participation in the feature film and television co-ventures produced by your company? How many times was your company a majority, minority or equal (50%) partner?

Feature films:

Majority:

Minority:

Equal:

Television projects:

Majority:

Minority: ☐

Equal: ☐

For the years 2003 to 2012, please indicate the approximate total amount of secondary sales and rights income* (in Canadian $) earned by your production company from co-venture feature films and co-venture television projects produced by your production company:

* Secondary sales and rights income includes revenue earned from: the licensing of content to broadcasters in Canada and other territories <u>after</u> the Canadian premiere of the content; video on demand (VOD) and subscription VOD (SVOD); home video sales and rentals (i.e. DVD and Blu-ray); format licensing; and, merchandising, music or publishing rights. Secondary sales and rights income <u>excludes</u> the value of pre-sale broadcast licence fees.

	$0	$1 to $499,999	$500,000 to $999,999	$1M to $4.9M	$5M to $9.9M	$10M to $14.9M	$15M to $19.9M	$20M to $24.9M	$25M +
Co-venture feature films:	○	○	○	○	○	○	○	○	○
Co-venture television projects:	○	○	○	○	○	○	○	○	○

For the period 2003 to 2012, please list the top five foreign countries with which your company produced co-ventures (measured in terms of number of projects)

	Country	Number of Co-ventures
1.		
2.		
3.		
4.		
5.		

For the feature film and/or television co-ventures produced by your company between 2003 and 2012, please provide:

The percentage co-venture production budgets that were spent in your province (i.e. the province in which your productions company has its head office).	
The percentage of the co-venture production budgets spent in other Canadian provinces	
The percentage of the co-venture production budgets spent in a foreign country or countries	

Please provide an overall estimate of the total salaries of Canadians hired by your company between 2003 and 2012 (creative, technical and production personnel*) to work on feature film and/or television co-ventures, in Canadian dollars.

*1) “Creative personnel” includes: actor, music composer, screenwriter, director, director of photography, etc.; 2) “Technical personnel” includes: camera labour, electrical labour, special effects labour, set dressing labour, make-up/hair labour, etc.; 3) “Production personnel” includes: executive producer, producer, associate producer, line producer, production manager, etc.

1) Creative:	
2) Technical:	
3) Production personnel:	

For co-ventures produced by your company between 2003 and 2012, please provide an overall estimate in Canadian dollars of the total amount spent on:

Travel and living expenses in Canada (including hotels and per diems)	
The development in Canada (e.g. development costs, storyline, rights for the script) of co-ventures	
Equipment and studio rentals*, post-production services* and other facility rentals*	
Other expenditures** in Canada for co-ventures produced	

*Equipment and studio rentals include 1) video studio facilities, video remote facilities, catering, trucks, cars, vans, and other means of transportation needed for shoot; 2) post-production services refer to studio/laboratory/editorial equipment, video post-production sound, versioning; 3) other facilities are the offices and spaces used for purposes other than shooting the movie or television program.

**Other expenditures include all administrative expenses such as: office supplies, tapes and film supplies; insurance; legal fees; auditing costs; corporate overhead; interim financing; and completion guarantee (bond).

What factors does your company consider when deciding whether to undertake a co-venture as opposed to a treaty coproduction?

- ☐ Co-ventures offer more flexibility than treaty coproductions
- ☐ Canada has no coproduction treaty with the country of interest
- ☐ The minimum financial contribution by producers (%) required by Canadian coproduction treaties is too high
- ☐ Canadian rules regarding creative and technical participation of personnel are too stringent
- ☐ It is easier to raise funds for co-venture projects
- ☐ Other factors, please specify: ______________________

Has your company acquired any particular expertise while working on co-ventures? (For example, assistance with securing financing through the involvement of the foreign partner, or developing relationships with international distributors, etc.)

- ○ Yes
- ○ No

Please describe the expertise acquired.

How often has your company applied this newly-acquired expertise to its other productions?

Between 2003 and 2012, did your company access public and private support programs for the Canadian portion of the co-ventures it produced?

○ Yes

○ No

Over the period in general (from 2003 to 2012), please provide the name(s) and an estimate of the average percentage of funding received from public and/or private support program(s) for all co-ventures (please use separate sheet to list additional resource(s) and percentage, if needed):

Federal tax credits (Film or Video Production Services Tax Credit (PSTC), Canadian Film or Video Production Tax Credit (CPTC))

	Name of the tax credit	Percentage
1.		
2.		

Provincial tax credits (e.g. OMDC's Ontario Production Services Tax Credit or SODEC's Refundable Tax Credit for Film Production Services)

	Name of the program	Percentage
1.		
2.		

Federal funding (e.g. Canada Feature Film Fund, Canada Media Fund)

	Name of the program	Percentage
1.		
2.		

Provincial funding (e.g. Creative B.C. Project Development Fund, Manitoba Film and Music's Feature Film Production Fund)

	Name of the program	Percentage
1.		
2.		

Private funds (e.g. Quebecor Fund, Harold Greenberg Fund)

	Name of the program	Percentage
1.		
2.		

Other sources of funding (broadcaster licence fees, distributor advances, sponsorship, etc.)

	Source of funding	Percentage
1.		
2.		

Canadian producers contribution (e.g. deferrals)

	Percentage

Please provide any additional comments you may have concerning feature film and television co-ventures (e.g. concerns, suggestions, etc.).