



Getting Real: An Economic Profile of the Canadian Documentary Production Industry Volume 3, 2007

Submitted by
The Documentary Organization of Canada
(DOC)

Nordicity Group Ltd. (NGL)
in association with
Digital Theory Media Consulting

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The Documentary Organization of Canada (DOC)

The Documentary Organization of Canada (DOC) is a bilingual national association of independent documentary producers, directors, craftspeople and service providers. It was founded in 1983 and now has over 650 members and seven local chapters working in both official languages in all provinces and territories of Canada.

For DOC: Samantha Hodder, Executive Director

Study Consultants:



Nordicity Group Ltd. is one of Canada's leading strategy-consulting firms for clients in the media/entertainment, culture/content, and telecommunications sectors. Our consultants work with clients in both the private and public sectors to make business and policy decisions, and to understand the impacts of policy and regulatory developments.



Digital Theory Media Consulting is a leading management consulting firm focused on assisting clients understand and exploit the emerging digital content marketplace. The Digital Theory team offers deep practical expertise in the Canadian communications and cultural industries, providing real-world solutions including market research, corporate training and strategic development.



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Getting Real III: Steering Committee

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Rose Bellosillo

Director of Development
Hot Docs International Documentary Festival

Jacques Bensimon

Past Film Commissioner and Chairperson
National Film Board of Canada

Rudy Buttignol

President and CEO, Knowledge Network

Nick Ketchum

Senior Director, Television Policy and Applications
CRTC

Chris McDonald

Executive Director,
Hot Docs International Documentary Festival

Trina McQueen

CTV Visiting Professor of Broadcast Management
Schulich School of Business at York University

Andrea Nemtin

President
PTV Productions Inc.,
Board Member, Documentary Organisation of Canada



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Peter Wintonick, At Large Member (Montreal)

Barri Cohen, ex-officio

Bart Simpson, ex-officio

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I Executive Summary

Canadian Documentary Production in the Digital Era: An Industry at the Crossroads

Getting Real III presents a snapshot of a fast-growing Canadian industry and a vital form of cultural expression. During the past decade, the documentary genre's favourable economics and compelling niche content have fuelled an unprecedented expansion in production activity, job creation and export value, outpacing overall industry growth on all fronts.

The launch of some 35 specialty channels in the late 1990's, along with key licence commitments from conventional broadcasters, resulted in documentary programming nearly doubling on Canadian screens as did aggregate audience levels. What's more, Canadians preferred watching Canadian documentaries. Documentaries held their own better than almost any Canadian Television Fund (CTF) genre against foreign competition. In 2004-05, Canadian documentaries accounted for 71% of viewing of all documentaries on Canadian television in the English-language market and 83% in the French-language market.

Canadian documentaries are contributing to a global renaissance in Point of View (P.O.V.) non-fiction storytelling, garnering critical acclaim, international box office success and mass television audiences rivalling those of hit Canadian drama.

The 2005-06 broadcasting season saw the highest rated documentaries attract well over one million viewers. An average minute audience of 1.6 million watched *Libérée- Le Choix de Nathalie Simard*. *Ice Storm: The Sale/Pelletier Affair* attracted an average minute audience just under 1.2 million.

Box office success stories like Mark Achbar and Jennifer Abbot's *The Corporation*, which earned \$1.9 million in Canadian theatres and an additional US\$3.5 million in U.S. theatres, and Paul Arcand's *Les Voleurs d'enfance*, which earned close to \$1.8 million in Canadian theatres, demonstrate how documentaries are competing in the theatrical market, capturing comparatively large audiences and earning substantial revenue.

As with the Canadian film and television industry overall, success is invariably underpinned by strategic investment and policy. Key public support from sources such as the CTF, Telefilm Canada and the National Film Board (NFB) along with important broadcaster licensing and benefit commitments, have helped fuel the growth of documentary production in Canada.

In *Getting Real III*, the numbers speak for themselves: public and private investment in Canadian documentaries have indeed proved fruitful by any measure.

Despite this positive picture, important policy gaps are leaving the genre vulnerable to market forces in a turbulent environment. The biggest losers are the portions of the sector that are the most ambitious and therefore the most risky. As well, without a broad and imaginative public vision for the documentary genre in digital media, this pivotal opportunity has the potential to go unrealized.

Not surprisingly, the P.O.V. documentary is under threat, both on our broadcast screens and in our theatres. The economics of specialty television have not been favourable to single program P.O.V. production with its larger budgets, unique subject matter and limited program hours. Single program budgets in the English market are smaller than a decade ago, licence fees make up a much smaller percentage of total financing in comparison to series and growth has not kept up with the genre as a whole. Documentary series production volume grew by an astounding 233% since 1996-97. In contrast, single-episode program production grew by only 136% in the same period.

Like high profile drama, P.O.V. documentaries cannot flourish without strong regulatory support and production incentives. Long-form documentaries must cement a well-defined position in the regulatory system as a priority program genre with incentives akin to those enjoyed by the drama genre. It is also vital that broadcaster tangible benefits packages and licences be tied to specific commitments to long form documentaries. In addition, targeted funding support is needed to fill the significant P.O.V. financing gap.

Canada has played a key role in the global renaissance of theatrical documentaries. However, success in this budding sector has been achieved with little public financial support. Other hurdles, include a shortage of theatrical documentary distributors and the prohibitive cost of transferring and then duplicating digital documentary features to 35 mm film. These have all contributed to a recent decline in theatrical production at a time when the opportunities for success are greatest.

While theatrical documentary production is dropping, more features are being financed as television projects with the intention of securing theatrical distribution after completion. While it is positive that feature documentaries continue to be produced, the arrangement places responsibility for the success of an important Canadian theatrical genre fully in the domain of the broadcast marketplace.

Telefilm Canada has responded with qualified access to the Canada Feature Film Fund (CFFF) and the introduction of The Theatrical Documentary Pilot Program in partnership with CBC and the Rogers Group of Funds. This, along with continued funding from the National Film Board and others, is an important start.

However, success in the competitive theatrical market demands healthy budgets and high production values. Greater public funding is needed for the sector to flourish. As well, incentives for feature film distributors to invest in documentary properties early in the financing stage, and additional support for digital-to-film transfer and print duplication are required to create much needed distribution infrastructure.



Digital Cinema, with its compatible technical format and capacity for alternative content, could economically deliver more documentaries to movie audiences. Although Canadian theatres are increasingly offering alternative content via High-Definition (HD) projection, documentaries are not yet participating. Without clear paths to entry or public support for digital cinema (examples of which can be found in the E.U., the United Kingdom and Australia) the potential for Canadian documentaries could remain unrealized.

The developing digital landscape offers tremendous opportunities to reach audiences with Canadian documentaries. However, that promise is tempered by the challenge of gaining recognition and generating revenue in a vast commercial landscape that favours well branded global media players with substantial content libraries and established mass awareness. While there is a huge selection of video content on the internet today, there are few substantial revenue opportunities for professional filmmakers. In reality, professional documentaries must compete in a market flooded with amateur and semi-professional content, often available free to online aggregators.

The major new media funds, including the Bell Broadcast and New Media Fund and the Telefilm New Media Fund, while critical, are focused on large-scale interactive projects. They cannot address the need to position Canadian non-linear and traditional documentary stories on the digital menu. As well, tensions between broadcasters and content creators related to exploitation of digital rights are hampering documentary innovation on the internet.

Fresh public policy is needed to address these issues if documentary filmmakers are to earn a living and make a real contribution in the digital domain. A Terms of Trade framework with respect to digital rights is essential to move the industry forward. Targeted funding in support of original online documentary content and digital distribution of existing documentaries is also needed to promote Canadian stories on new platforms.

Getting Real III profiles an industry that delivers economic and cultural dividends when cultivated. It also shows a quintessential Canadian storytelling tradition in danger of losing ground. It is hoped that the information presented in *Getting Real III* will help to underline the many successes that have been achieved in the past decade and provide benchmarks from which we can measure future growth.

We invite you to explore our findings and to download the report in its entirety at www.gettingreal.ca

Sincerely,

Samantha Hodder
Executive Director
The Documentary Organization of Canada (DOC)

2 Approach and Methodology

Nordicity prepared the statistical research for this report on the Canadian documentary production industry by compiling and analyzing data from several different sources.

Production Activity:

Nordicity collected production-activity data from the:

- National Film Board (NFB);
- Canadian Audio-Visual Certification Office (CAVCO); and,
- Canadian Radio-television and Telecommunications Commission (CRTC).

The consulting team supplemented these data sets with additional information from the annual reports of Telefilm Canada, and the Canadian Television Fund (CTF). CTF also provided additional detailed statistics related to its funding of Canadian documentaries; these additional CTF data were invaluable to the analysis contained in the report.

The consulting team also collected additional historical information and data from research of the Canadian documentary production industry. At the end of this report, there is a list all of the research sources used to prepare the report.

Nordicity used the data collected from these various sources to estimate the total *volume* of Canadian documentary production in terms of dollars spent on production activity. By using data from several different sources, Nordicity was able to construct an estimate of production activity across several segments of the industry, including independent production as well as in-house production. This approach also allowed it to produce estimates of production by language and by region.

Volume of Production

Many reports on the film and television production industry may use the term *volume* to refer to the number of projects or total hours of production. In this report, however, Nordicity uses the term *volume of production* to refer to the total dollar amount of expenditures on the production of documentary films and television programs.

In some cases, Nordicity had to develop models or make assumptions for certain components of production activity for which data were not available. In Appendix B, there are detailed notes for these models and assumptions.

Audience Statistics

Nordicity sourced the television viewing data found in Section 4.3 of this report from special tabulations prepared by Statistics Canada, as well as other industry reports. Nordicity obtained a comprehensive set of television viewing data for the 1991-to-1998 period from:

Cox, Kirwan, *Appendix 3: Audience Data: Availability and Viewing, 1991-1998*; in Michel, Houle, *Documentary Production in Quebec and Canada*, Report prepared for Les Rencontres internationales du documentaire de Montréal, 1999.

Nordicity obtained the television viewing data for 1999 to 2004 from special tabulations prepared by Statistics Canada. The Statistics Canada tabulations were based on data collected by the BBM Fall



Survey of television viewing. The CTF also provided television audience data derived from its own audience analysis program.

Getting Real also includes box office statistics for theatrical-release documentaries. The consulting team compiled box office data from a variety of sources. The Department of Canadian Heritage supplied certain box office that it sourced from the Motion Picture Theatres Association of Canada. The consulting team also obtained box office data through a survey, conducted by DOC, of Canadian documentary producers and distributors.

Theatrical Production Statistics

One of the biggest challenges in preparing the statistical profile of documentary production was in relation to obtaining comprehensive statistics for Canadian theatrical documentary production. Unlike most feature films in the fiction genre, many documentaries that ultimately have a theatrical release actually begin as television projects.

The Corporation is a perfect example of this type of release pattern. *The Corporation* originated as a three-part television mini-series for TVOntario, before the producers realized that the project had strong potential to be successful in theatres. Because much of the data employed in the analysis of the Canadian production is based on information collected at the *beginning* of Canadian film and television projects, there is no assurance that a project such as *The Corporation* would ultimately be counted as a theatrical-release project, and therefore be reflected in the production-volume statistics.

The theatrical-production statistics contained in *Getting Real* are based on data collected by CAVCO at the time that projects apply for the Canadian Film or Video Production Tax Credit (CPTC). At the time of the CPTC application, CAVCO collects data on a project's first and second windows of release. Most published production-industry statistics reflect the data for the first window of release. In order to try to capture documentaries that start as television projects, but also have theatrical release, Nordicity expanded the definition of theatrical production to include projects with a theatrical window as either their first or second window of release.

Nordicity believes that this approach provides more indicative statistics for theatrical documentary production in Canada. However, even this approach may underestimate the total volume of theatrical documentary production, because it still does not account for documentary projects that did not indicate a theatrical release as either a first or second window at the time of CAVCO application.

Digital Cinema and Alternative Platforms Research

Canadian participation in digital media and other alternative platforms remains largely un-measured to date. The new-media financing statistics contained in *Getting Real III* are based on data collected by the Bell Broadcast New Media Fund and Telefilm Canada.

The consultants obtained documentary video-on-demand (VOD) viewership rankings directly from Astral Communications The Movie Network and the Documentary Channel.

The consultants reviewed a variety of industry research reports, journals and news services in order to prepare a snapshot of trends in digital media and digital cinema and how they are affecting the documentary genre. All sources are listed at the end of this study.

3 The Economic Impact of the Canadian Documentary Film and Television Industry

With the advent of specialty television in Canada and new demand for high quality niche programming on one hand and the renaissance of the feature-length documentary on the other, the Canadian documentary film and television production industry has grown substantially in the past decade.

Documentary production is a growing source of stable economic activity, employment and export, outpacing overall production industry growth in each of these fronts.

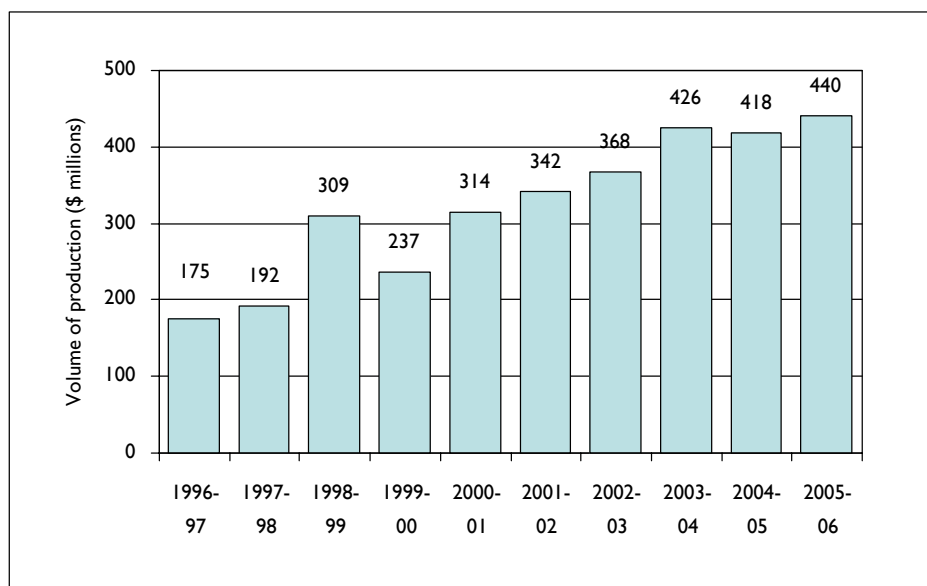
In this section, we review overall economic activity in the Canadian documentary production industry across all traditional release windows. The statistics cover independent production as well as in-house production at conventional and specialty-television broadcasters. In subsequent sections, we examine each production segment in more detail, including Canadian television documentary film production, Canadian documentary theatrical production and Canadian documentary participation in emerging digital platforms.

3.1 Impact of Documentary Film and Television Production Volumes

Canadian documentary film and television production has grown steadily in the last decade, increasing by 2.5 times, even as growth in the overall Canadian production industry has stalled.

- In 2005-06 total Canadian documentary production (including independent and in-house production) reached \$440 million, representing a 5.2% increase from 2004-05
- Canadian documentary production increased by 2.5 times between 1996-97 and 2005-06. By comparison, overall Canadian-content production (across all genres) in 2005-06 was 1.5 times its 1996-97 level.

Figure 1: Total Volume of Documentary Production

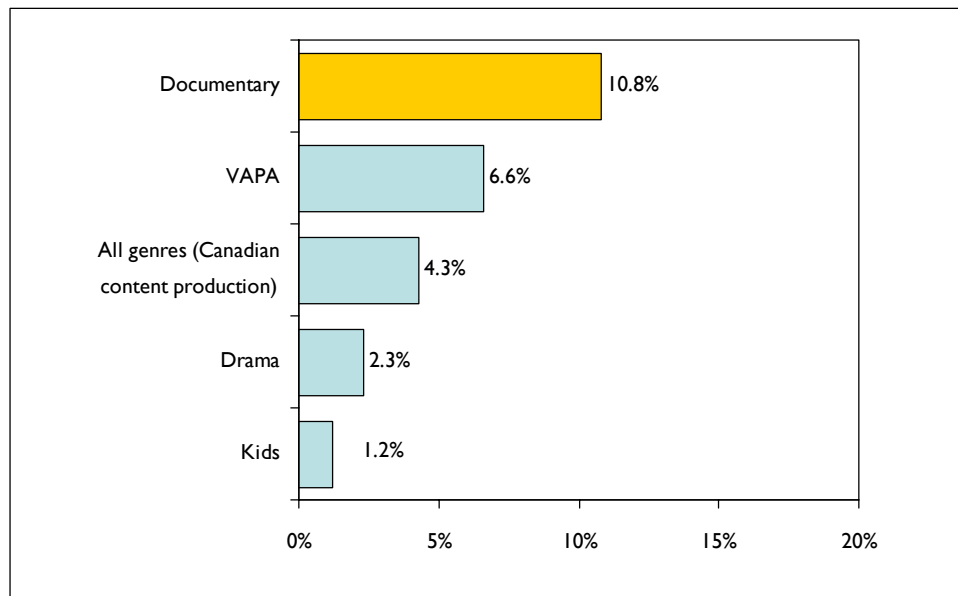


Source: NGL calculations based on data from CAVCO, CRTC, CBC and NFB

The growth of Canadian documentary production outpaced that of the overall Canadian production industry between 1996-97 and 2005-06, as well as the other under-represented genres.

- The volume of Canadian documentary production experienced annualized growth of 10.8% during that nine-year period. Overall, Canadian-content production increased at an annual average rate of 4.3%.
- Variety and performing arts production grew at a rate of 6.6%; while drama production grew by 2.3% and children’s production by 1.2%.

Figure 2: Average Annual Growth Rate in Canadian Film and Television Production, 1996-97 to 2005-06

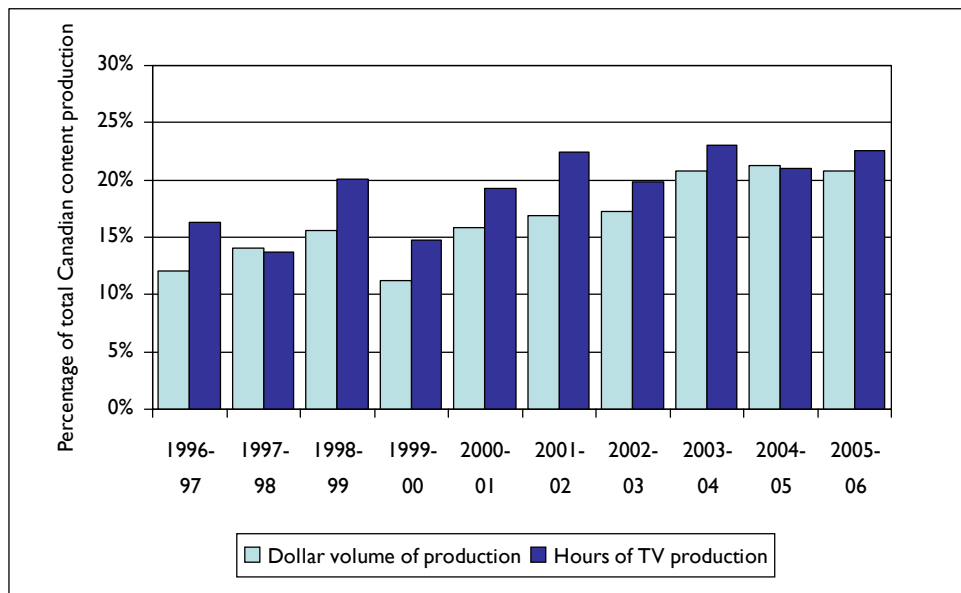


Source: NGL calculations based on data from CFTPA, CAVCO, CRTC, CBC and NFB
 VAPA – Variety and performing arts

The documentary production industry’s share of total Canadian-content production also grew significantly between 1996-97 and 2005-06:

- The documentary genre’s share of Canadian-content production increased from 12.0% in 1996-97 to 20.8% in 2005-06.
- In terms of the total annual hours of Canadian-content production, the documentary genre increased its share by 39%, rising from a 16.3% share in 1996-97 to 22.5% in 2005-06.

Figure 3: Documentary Production’s Share of Total Canadian Content Production



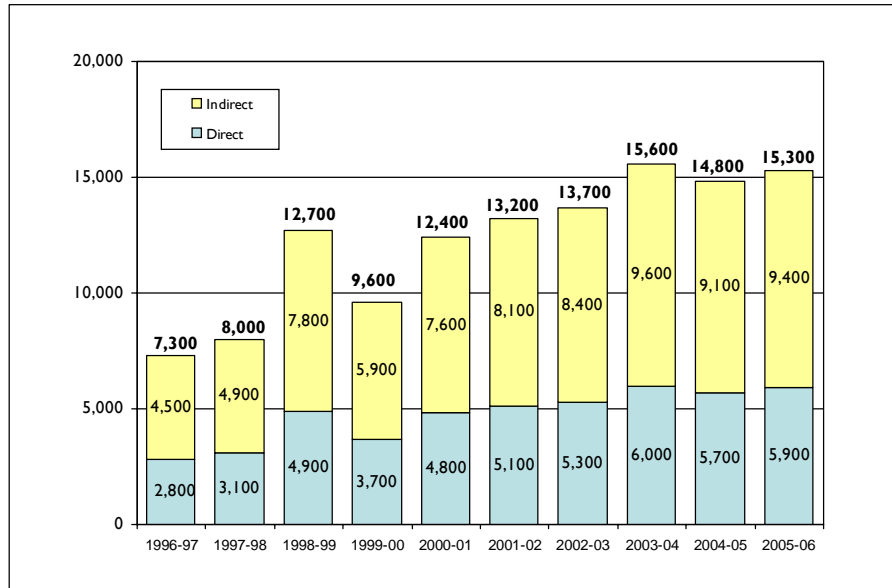
Source: NGL calculations based on data from CFTPA, CAVCO, CRTC, CBC and NFB

3.2 Documentary Production Impact on Employment

The steady growth of documentary production has played a key role in developing a stable domestic production industry in Canada. Employment in Canadian documentary production more than doubled between 1996-97 and 2005-06.

- In 2005-06, Canadian documentary production generated 5,900 full-time equivalent direct jobs. These direct jobs included persons employed directly (on contract or otherwise) in the independent production of documentaries, and at the Canadian broadcasters producing in-house documentaries.
- Canadian documentary production stimulated the creation of an additional 9,400 indirect jobs in other industries in the Canadian economy. These indirect jobs were created across a diverse range of industries, including hospitality, retail, and construction.
- As the volume of Canadian documentary production increased over the last several years, so too did employment in the documentary production industry and related industries. The total number of full-time equivalent employees in documentary production more than doubled from 2,800 in 1996-97 to 5,900 in 2005-06. Total direct and indirect jobs increased from 7,300 to 15,300 over this same period.

Figure 4 Employment (Full-Time Equivalent Jobs)

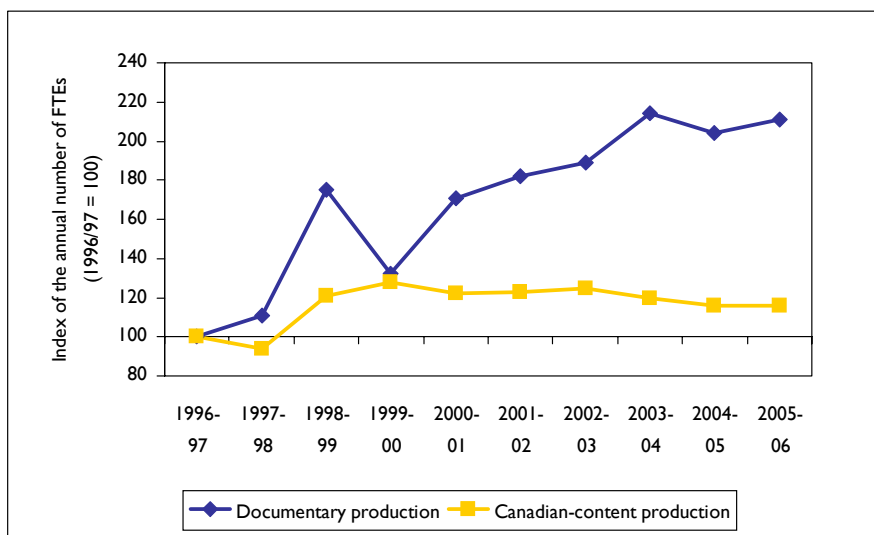


Source: NGL calculations based on data from CAVCO and Statistics Canada

Employment growth in documentary production outpaced overall job creation in Canadian film and television production between 1996-97 and 2005-06.

- The number of direct FTEs in documentary production increased by approximately 110% between 1996-97 and 2005-06; while the number of direct FTEs employed across all Canadian-content production increased by only 17%.
- The relatively stronger growth in documentary-production employment reflected its relatively stronger growth in production volumes.

Figure 5: Growth in the Number of Direct Jobs in Film and TV Production



Source: NGL calculations based on data from CAVCO and Statistics Canada

3.3 Documentary Production Impact on Foreign Investment and Export

Canadian documentaries are known internationally for their quality; moreover, they have attracted rising levels of international investment over the past decade, in contrast to the long-term decline in export value and treaty co-production activity for Canadian content production as a whole.

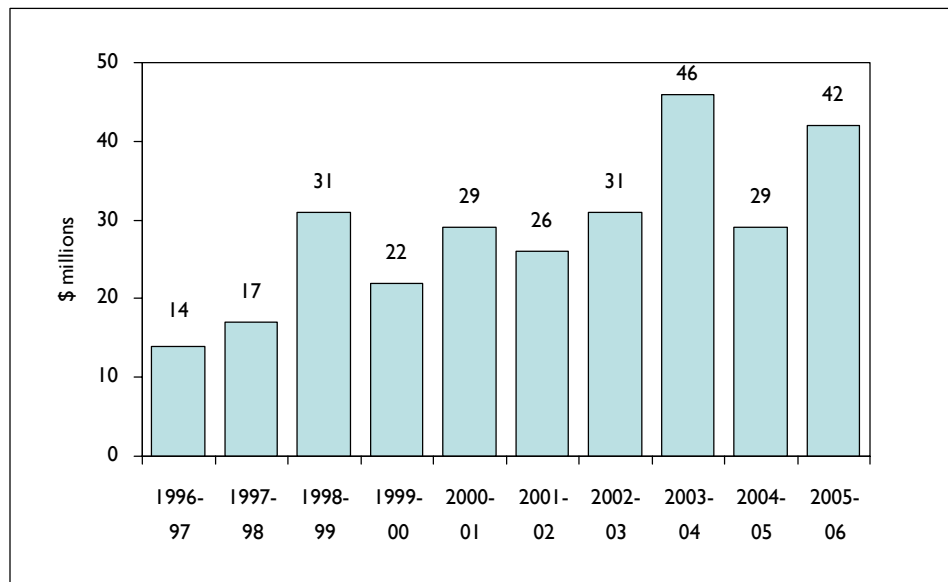
3.3.1 Export Value

Export value is an indicator developed by the Canadian Film and Television Production Association (CFTPA) to measure trends in the foreign demand for Canadian film and television production. The export-value indicator is comprised of the sum of foreign presales and distribution advances for Canadian television programs and feature films.

In 2005-06 – continuing a long-term trend – the documentary genre increased in export value.

- The export value of Canadian documentary production was \$42 million in 2005-06. It increased by 45% from a total of \$29 million in 2004-05.
- In 2005-06, the export value of Canadian documentary production equalled 15% of the overall export value of the sector at \$288 million (minus foreign location revenues).
- The export value of Canadian documentary production increased 200% between 1996-97 and 2005-06.

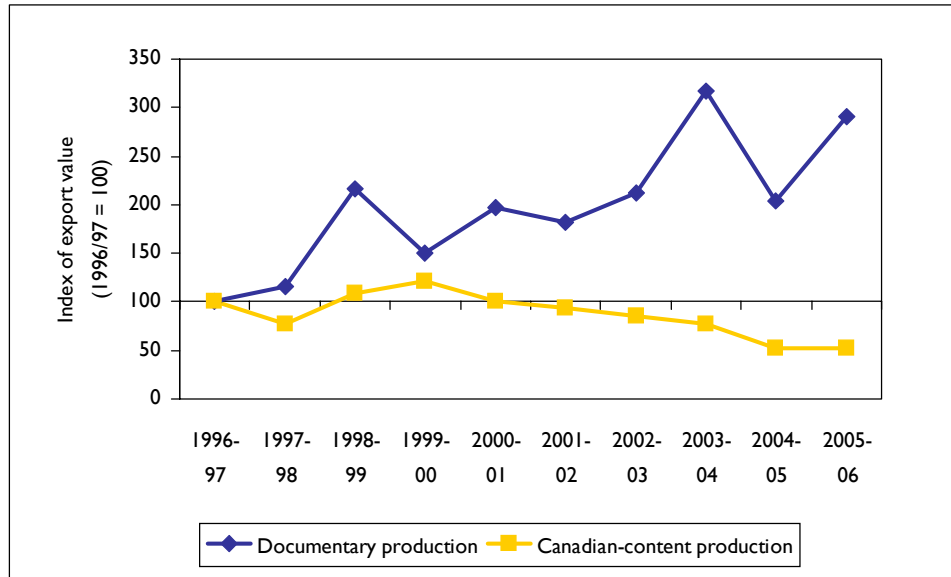
Figure 6: Export Value of Canadian Documentary Production



Source: NGL calculations based on data from CAVCO

During that same period, the export value of Canadian-content production actually decreased by 48%; in 2005-06, it stood at one-half of its 1996-97 level.

Figure 7: Growth in Export Value of Canadian Documentary Production



Source: NGL calculations based on data from CAVCO

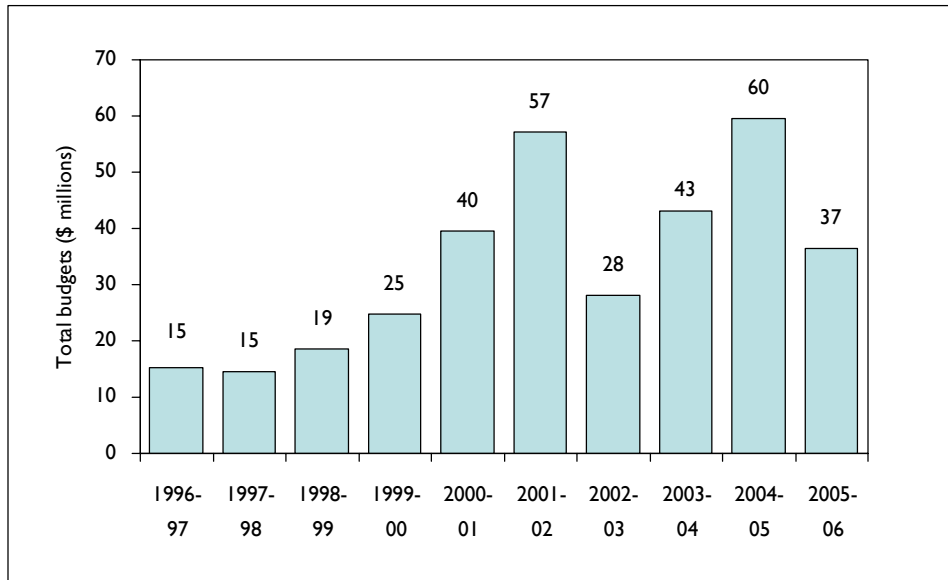
3.3.2 International Treaty Co-Production

While most genres of Canadian production witnessed steep declines in international treaty co-production over the last few years, the documentary genre has managed to keep activity above levels seen in the early years of the millennium.

- During the 2006 calendar year, the volume of Canada’s international treaty co-production in the documentary genre totalled \$36.5 million (sum of domestic and foreign budgets).
- While treaty co-production activity was 39% lower than the \$59.6 million recorded in 2005, it was more than double the levels seen in the late 1990s.
- By comparison, overall treaty co-production in 2006 was at approximately the same level it was at in 1997.¹

¹ Source: Telefilm Canada

Figure 8 Canada's International Treaty Co-Production in the Documentary Genre



Source: Telefilm Canada

4 Television Documentary: The Core Market

The past decade has been marked by a substantial increase in the volume of documentary television production. With the expansion of specialty-television services in the late 1990s, documentary series in particular have experienced strong growth. Other important demand-side stimuli included the addition of documentaries as a CRTC-mandated “priority programming” genre in 1999 and a series of conventional and specialty broadcaster licensing commitments relating to documentary expenditures made in the early part of the millennium.

Canadian documentaries have proven to be remarkably well-suited to the evolving television market. As broadcasters cater to increasingly fragmented audiences, the documentary genre offers economical yet compelling programming that appeals to a variety of niche interests.

On the other hand, large-scale single-program documentaries – including feature-length television documentaries – fulfill a central role in Canadian discourse, attracting large audiences and critical acclaim. Single-program documentaries satisfy a demand for socially relevant programming from uniquely Canadian perspectives.

However, the economics of niche specialty television have not proved favourable to P.O.V. documentaries with their larger budgets and limited program hours. Without the benefit of strong regulatory incentives such as those enjoyed by the drama genre, P.O.V. documentaries face a series of challenges including stalled growth and declining public investment.

4.1 Total Volume of Documentary Television Production

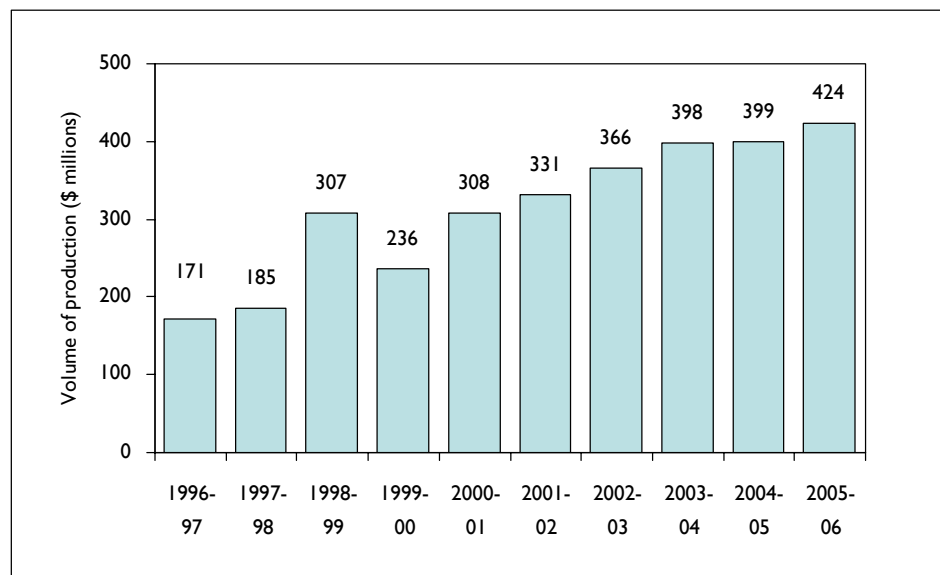
In this section we provide several indicators of the supply and demand for Canadian documentary television programming in Canada.²

4.1.1 Total Volume

Documentary production for the television market grew steadily during the last decade, outpacing the industry as a whole. However, growth slowed in the past three years, as the wave of new analog specialty-television channel licences eased and demand stabilized.

- Canadian documentary production (independent and in-house production) for the television market reached \$424 million in 2005-06, increasing 6% from 2004-05.
- Between 1996-97 and 2005-06, documentary television production increased by 150% – growing at an annual average rate of 10.6%.
- Growth of documentary television production outpaced overall Canadian television production, which grew by 42% during the same time period.³

Figure 9: Total Volume Television Production (Independent Production and In-House Production)



Source: NGL calculations based on data from CAVCO, CRTC, CBC and NFB

² We use the term “Canadian documentary” programming because in our review we are excluding the viewing of foreign-produced documentaries by Canadians.

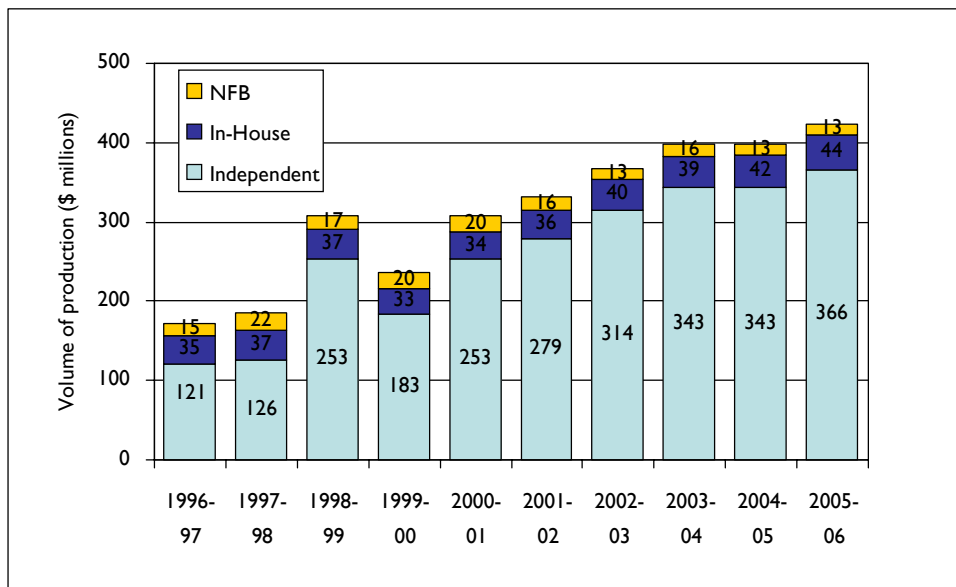
³ CFTPA, *Profile 2007: An Economic Report on the Canadian Film and Television Production Industry*, p. 29.

4.1.2 Volume by Market Segments

The vast majority of Canadian television documentaries are made by independent producers. Their share of television production increased steadily, growing from 71% in 1996-97 to 86% in 2005-06. In-house production among Canadian broadcasters – although a much smaller share – also increased steadily; while NFB production (excluding co-production) has declined sharply from levels in the late 1990s.

- In 2005-06, independent documentary production for the television market totalled \$366 million, or 87% of total documentary television production
- In-house production – which includes the production of documentaries by CBC/SRC, private conventional broadcasters and specialty-television broadcasters – was estimated to be \$44 million in 2005-06.
- NFB production (excluding co-production) was \$13 million in 2005-06. Six years prior, NFB production was 35% higher, at \$20 million.⁴

Figure 10: Total Volume of Production by Market Segment



Source: NGL calculations based on data from CAVCO, CRTC, CBC and NFB

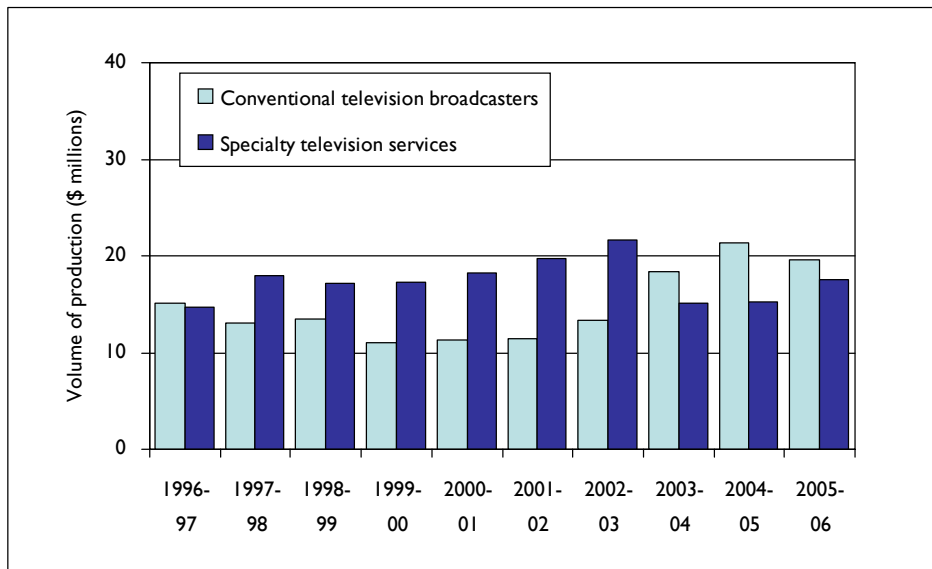
⁴ Production statistics for the NFB exclude co-productions with independent producers or other external producers.

4.1.3 Volume of In-House Production

In-house production of documentaries by conventional broadcasters expanded significantly during the last several years, while in-house production in the specialty-television segment remained relatively unchanged.

- In-house production among conventional television broadcasters averaged \$12.7 million prior to 2003-04; however, between 2003-04 and 2005-06, the annual average rose to \$19.7 million – an increase of 55%.
- In-house production in the specialty-television segment was an estimated \$17.6 million in 2005-06. This was in line with the ten-year average of \$17.5 million, although it was off from a peak of \$22.0 million in 2002-03.

Figure 11 In-House Documentary Production, by Segment



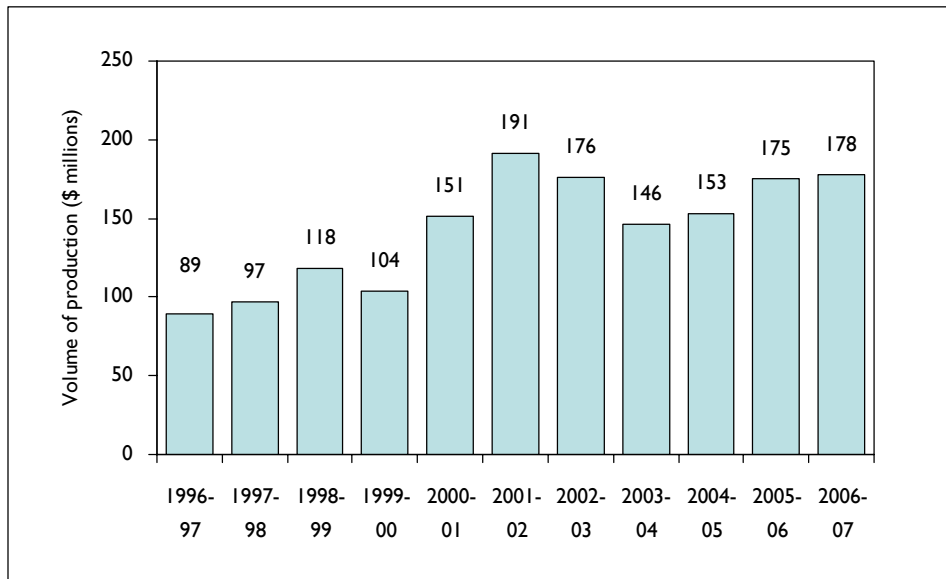
Source: NGL calculations based on data from CRTC, CBC-SRC, and NFB.

4.1.4 Volume of CTF Supported Production

The CTF provides key stimulus for the creation of high-quality, culturally significant, independent programming in the genres of drama, children’s programming, variety and performing arts programs, and documentary (the ‘under-represented’ genres) In this section, we review the volume of CTF-supported documentary production; in Section 4.2.6, we examine in more detail the CTF’s role in the financing of documentary production.

- In 2006-07, CTF funding of \$51.6 million supported the production of 798.2 hours of documentaries, representing a total production volume of \$178 million.
- CTF supported documentary production represented 46% of total Canadian documentary production.
- Total volume of CTF-supported documentary production rose slightly from \$175 million in 2005-06 but remains down from its high point of \$191 million in 2001-02, when CTF funding also peaked.

Figure 12: Total Volume of CTF-Supported Documentary Production



Source: CTF

Because the average budgets for CTF-supported documentaries are typically lower than for CTF-supported drama or children’s programming, the CTF’s investment in the genre generates a far higher share of CTF-supported programming hours than its proportion of disbursed funding. In other words, the CTF’s investment in the documentary genre generates significant leverage in terms of the amount of produced programming.

- In 2006-07 the CTF’s investment in documentaries represented 20.5% of its funding to all genres. That investment generated original content equal to 34.7% of all programming hours supported by the CTF.
- However, the documentary genre’s share of CTF-supported production hours dipped in 2006-07 and remains below 2000-01 and 2002-03 levels, when the genre accounted for approximately 40% of CTF-supported hours of production.

Table 1: Hours of CTF-Supported Production

Hours unless specified otherwise	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
Documentary	543.0	568.0	713.0	634.0	968.0	1,120.8	1,000.2	738.5	839.3	836.5	798.2
All Genres	2,193.0	1,883.0	2,245.0	2,035.0	2,387.0	2,790.5	2,554.8	2,141.8	2,445.6	2,275.7	2,297.3
Documentary Share	24.8%	30.2%	31.8%	31.2%	40.6%	40.2%	39.1%	34.5%	34.3%	36.8%	34.7%

Source: CTF

4.1.5 Volume of Non-CTF Production

Non-CTF Production refers to Canadian television production certified as Canadian content by CAVCO or the CRTC, but created without the support of the CTF. This type of production typically receives between six and nine points on the ten-point scale for Canadian content. In some cases a non-CTF production will actually receive ten points.⁵

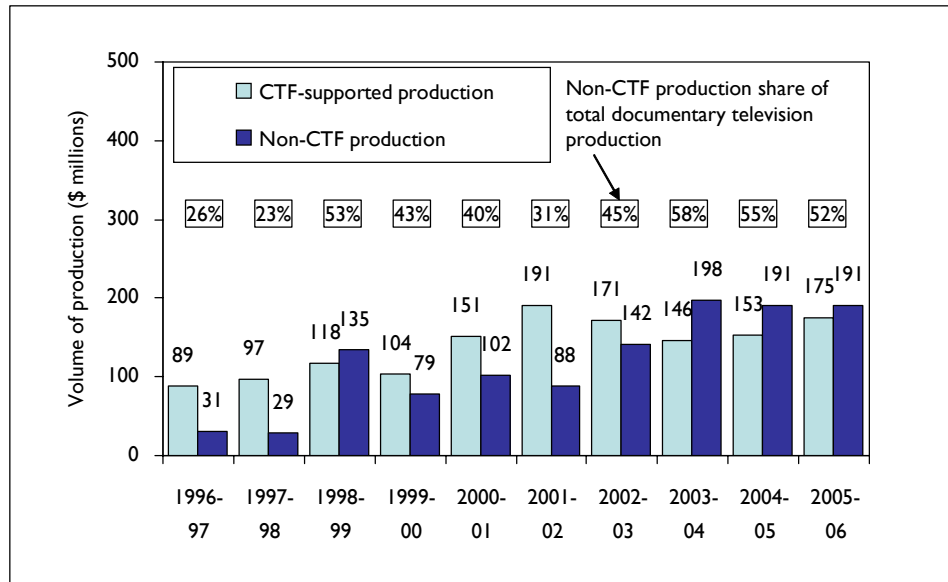
Although the CTF plays a key role in supporting documentary production, over half of Canadian television documentary content was produced without CTF funding in 2005-06.

Between 1999-00 and 2005-06, the growth in non-CTF production outpaced that of CTF-supported production. This relatively faster growth in the non-CTF segment indicates that a large proportion of the industry’s growth in recent years was supported by higher levels of foreign financing and tax credits, as opposed to direct funding from the CTF.

- In 2005-06, \$191 million, or 52% of independently produced Canadian television documentaries were made without support from the CTF. This is in contrast to 1996-97 when non-CTF supported documentaries accounted for just 26% of total independent production.
- Between 1999-00 and 2005-06, non-CTF documentary production grew by \$112 million, while CTF-supported production grew by \$71 million.
- Non-CTF production accounted for 61% of the genre’s growth during this period.

⁵ For documentaries, which often do not have performing positions, the maximum number of points can be below ten. For example, a single point is awarded for having a Canadian in the highest-paid lead performer role; another point is awarded for a having a Canadian in the second-highest paid lead performer role. A documentary without performing roles would receive eight out of eight points, instead of ten out of ten points.

Figure 13 Documentary Television Production in the Non-CTF Segment



Source: NGL calculations based on data from CAVCO and CTF

4.1.6 Volume by Type of Television Production

Documentary television production can be classified into three distinct categories: television series, single-episode programs (this category includes P.O.V. documentaries), and mini-series. In this section, we examine volume for each category separately.

Documentary Television Series

Documentary television series have become an essential programming staple for certain specialty-television services, in particular. Providing economical, compelling content to a range of niche audiences, documentary series drive viewership, loyalty and advertising revenues in an increasingly fragmented marketplace.

Canadian broadcaster demand for documentary programming has underpinned the tremendous growth of the genre in the last decade.

- In 2005-06, Canadians produced 201 documentary television series, representing 1,390 hours of original production.
- Documentary television series generated \$227 million in production expenditures in 2005-06, accounting for 62% of \$366 million in total independent documentary television production.
- Documentary series production volume grew the most of any program type, increasing by 233% since 1996-97.

Table 2: Documentary Television Series Production (Independent Production Only)

	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06
Number of projects	89	77	127	135	166	195	211	216	212	201
Number of hours	606	564	1,035	941	1,469	1,543	1,547	1,464	1,479	1,390
Dollar volume (\$ millions)	68	78	155	116	154	181	200	198	219	227

Source: NGL calculations based on data from CAVCO

Single Episode Documentary Programs

Single-episode programs – or single-program documentaries – are the traditional home of the genre’s flagship P.O.V. properties. Shown either alone or as part of documentary anthologies, P.O.V. documentaries play a key role in the nation’s public discourse, providing uniquely Canadian perspectives on key events and issues. P.O.V. documentaries exemplify Canada’s long-standing tradition of documentary excellence, often attracting numerous awards and critical acclaim.

However, without the benefit of regulatory or funding incentives the production of P.O.V. documentaries is largely dictated by market economics. Today’s landscape, dominated by niche specialty channels seeking to fill program schedules with high-volume content, has not been favourable to P.O.V. production. As well, broadcasters have taken on an increasingly central role in financing feature documentaries, responding to the lack of traditional funding sources. Thus, growth of P.O.V. single program production has not kept pace with that of documentary television series.

- There were 272 single-episode programs (under 74 minutes) produced in 2005-06, generating a total of \$109 million in production expenditures and 325 hours of original programming.
- Total single-episode program production volume equalled 30% of total independent documentary production volume in the television segment.
- While total hours of single-program production increased substantially (94%) since 1996-97, total program hours have been in decline since 2003-04.
- Single-episode program production grew at the slowest rate of all documentary program types. Expenditures on single-episode production grew by 136% since 1996-97.

Table 3: Single-Episode* Documentary Programs (Independent Production Only)

	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06
Number of projects	162	155	222	209	274	302	321	347	311	272
Number of hours	168	146	207	201	268	305	337	451	364	325
Dollar volume (\$ millions)	46	39	87	54	81	87	88	109	96	109

Source: NGL calculations based on data from CAVCO

* Single-episode programs includes short-length documentaries (under 74 minutes) and feature-length documentaries (74 minutes and higher)

Documentary Mini-Series

The documentary mini-series has proved to be an extremely versatile format, accommodating some of Canada’s most acclaimed P.O.V. titles including *The Corporation*.

- There were 21 documentary mini-series produced in 2005-06, representing 73 hours of original programming and total expenditures of \$30 million.
- While there has been a long-term increase in amount of documentary mini-series production, between 2003-04 and 2005-06, this segment experienced a retreat in activity.
- The total annual number of production hours in the mini-series grew five-fold between 1996-97 and 2005-06, but it dropped by 28% between 2003-04 and 2005-06.
- The volume of documentary mini-series production also grew five-fold between 1996-97 and 2005-06, but, it was off by 17% between 2003-04 and 2005-06.

Table 4: Documentary Mini-Series (Independent Production Only)

	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06
Number of projects	6	7	14	16	27	23	33	44	40	21
Number of hours	13	22	42	50	66	60	93	115	101	73
Dollar volume (\$ millions)	6	8	11	13	18	11	26	36	28	30

Source: NGL calculations based on data from CAVCO

4.1.7 Trends in Average Budgets

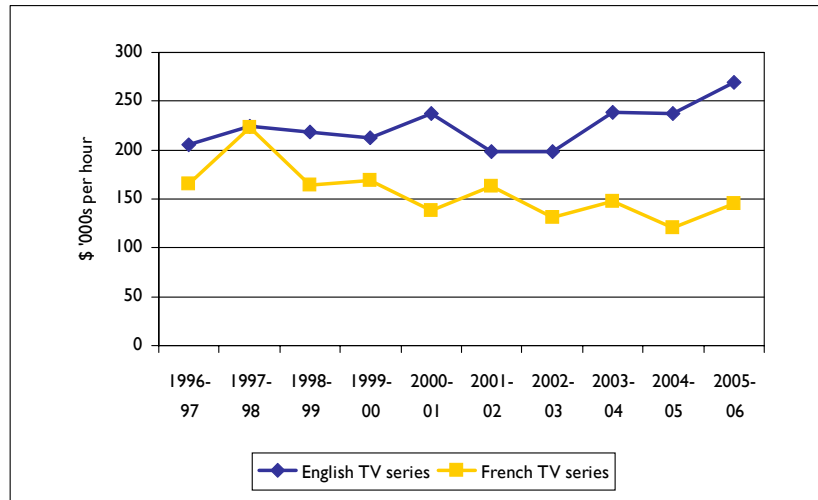
In this section, we review trends in average budgets for documentary television series and single-program documentaries.

Documentary Television Series Budgets

The average budgets for documentary television series in Canada’s English- and French-language markets took diverging paths in recent years. The English-language market, characterized by the maturing of Canada’s specialty-television services and increased demand for high-definition (HD) production, saw budgets reach a nine-year high in 2005-06. The French-language market, on the other hand, continued its tradition of lower-budget television production.

- In the English-language market, the average budget increased from \$198,000 per hour (all average-budget amounts are adjusted for inflation and expressed in real 2005 dollars) to \$269,000 per hour in 2005-06 – the highest level recorded during the nine-year period.
- In the French-language market, the average budgets for documentary television series experienced a long-term decline stretching back to 1997-98. In 2005-06, the average budget did increase to \$145,000 per hour; however, this was still below levels reached in the late 1990s, and early 2000s.
- Because of the diverging paths in average budgets in the two language markets, in 2005-06, hourly budgets for English-language documentary television series were, on average, 85% higher than their French-language counterparts.

Figure 14: Average Hourly Budgets for Documentary Television Series (Real 2005 Dollars)



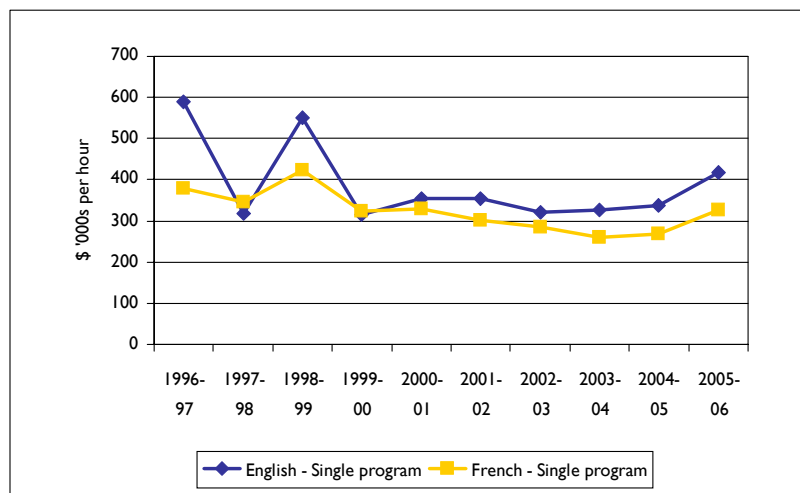
Source: NGL calculations based on data from CAVCO and Statistics Canada

Single-Program Documentary Budgets

Both language markets experienced increases in the average budgets of single-program documentaries in 2005/06, following several years of stagnation or even declines.

- For single-program documentaries in the English-language market, the average budget was \$419,000 per hour in 2005-06. This was up from \$329,000 per hour in 2004-05, and 40% higher than the interim low of \$300,000 per hour in 2002-03.
- The average budget in the French-language rose by 21% in 2005-06 to \$326,000 per hour. This increase followed a long-term, six-year, decrease of 37% in the average budget, before it started to rebound in 2004-05

Figure 15: Average Hourly Budgets for Single-Program* Documentaries (Real 2005 Dollars)



Source: NGL calculations based on data from CAVCO and CFTP Profile 2007

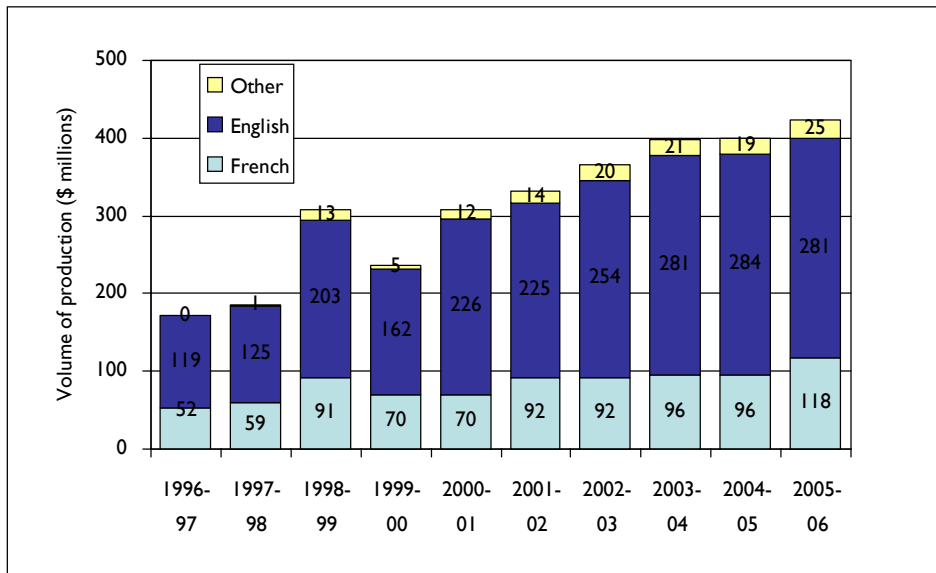
*Single program category includes short-length documentaries (under 74 minutes) and feature-length documentaries (74 minutes and higher).

4.1.8 Volume by Language of Production

The majority of documentary television production is for the English-language market. In fact, the English-language was the source of most of the genre’s growth between 1996-97 and 2005-06:

- Documentaries originally shot in English totalled \$281 million in 2005-06, or 66% of total documentary production.
- Documentaries originally shot in French totalled \$118 million, or 28% of overall documentary production. French-language documentary production significantly increased its share of total documentary production in 2005-06, from 24% in 2004-05.
- Documentary productions in other languages, including bilingual and Aboriginal-language productions, accounted for \$25 million of production in 2005-06, or 6% of total documentary production. Between 2002-03 and 2005-06, production in other languages hovered near or above \$20 million. Prior to 2002-03, production levels never exceeded \$14 million; in most years, the level of production activity was very low compared to the current volumes.

Figure 16: Language of Production, Television Production



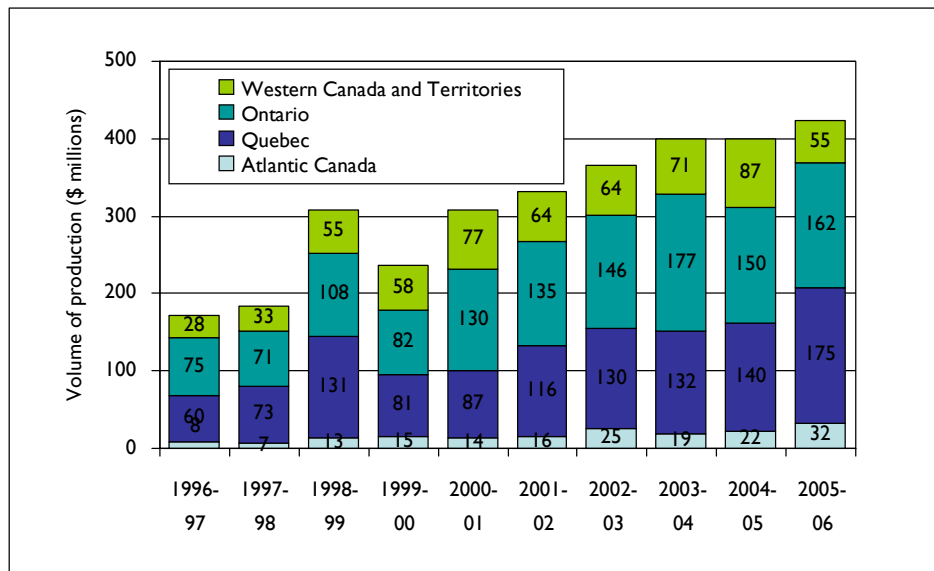
Source: NGL calculations based on data from CAVCO

4.1.9 Volume by Region of Production

The bulk of documentary television producers in Canada are based in Montreal and Toronto – the two largest centres for film and television production in Canada. As such, Quebec and Ontario lead the provinces in documentary production. Most recently, Atlantic Canada saw a healthy jump in production while activity in the Western provinces dropped sharply.

- In 2005-06, Quebec-based producers generated \$174 million in documentary production, or 41% of total Canadian documentary production.⁶
- Ontario-based producers generated \$163 million in documentaries in 2005-06, representing 38% of total Canadian documentary production.
- In Western Canada and the territories, documentary producers accounted for \$55 million, or 13% of total Canadian documentary production spending. Documentary production in this region was down by 37% compared to 2004-05.
- Producers in Atlantic Canada accounted for \$32 million of documentary production spending in 2005-06 – 8% of total Canadian documentary production spending. Documentary production in Atlantic Canada jumped by 44% compared to 2004-05.

Figure 17: Documentary Television Production, by Region



Source: NGL calculations based on data from CAVCO, CRTC, CBC and NFB

Western Canada and the Territories along with Atlantic Canada are prone to erratic shifts in production. With the lower annual volumes of production in these regions, the gain or loss of one or two television series or feature films can sway productions levels significantly.

⁶ Location of production is based on location of producer or production company, rather than the location of shooting, per se.

4.2 Documentary Television Financing

In this section, we present and analyze statistics on the financing of Canadian television documentary production. The financing landscape for television documentary production underwent a number of important changes in recent years. Among these changes was the introduction of the CTF Broadcast Performance Envelope (BPE) system in fiscal 2004-05 and with it, the discontinuation of the CTF P.O.V. documentary funding envelope. The early years of the millennium were also marked by a steady increase in the volume of federal and provincial tax credits, but flat levels of direct public funding.

This section will also highlight the basic differences between producing film and television in English and French. It is important to note that the two language markets display two different financing systems that run on very different business models, with different rules attached.

4.2.1 English-Language Production Financing

Key shifts in the financing of English-language documentaries accompanied the genre's growth between 2000-01 and 2005-06. The period, characterized by robust production growth, also saw healthy increases in broadcast license fees, a key pillar of long-term economic sustainability. Direct public funding of independent production, however, did not keep pace with growth. In fact, it steadily declined both in terms of share of total financing and real dollars. Instead, the share of English-language financing from federal and provincial tax credits, intended as much-needed interim financing for production-company operations, increased significantly.

- Canadian broadcasters steadily increased their investment in English-language documentary production in terms of dollars and share of total budgets. Combined private and public Canadian broadcaster licence fees contributed 37% of financing for Canadian television documentaries in 2005-06, rising from 29% in 2000-01, with most of the growth coming from private broadcasters.
- Since 2000-01, the contribution of direct public sources (including public funds from the CTF and NFB) declined from \$23 million or 12% of total financing to \$18 million, or just 7% in 2005-06.
- Canadian distributors' share of documentary financing also declined, dropping from 10% in 2000-01 to 6% in 2005-06.
- Conversely, the share of financing from federal and provincial tax credits increased markedly to 23% of production financing for television documentaries in 2005-06.

Table 5: Financing of English-Language Documentary Television Production

	2000-01		2001-02		2002-03		2003-04		2004-05		2005-06	
	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%
Private broadcaster licence fees	45	25%	64	34%	65	31%	69	29%	74	31%	75	31%
Public broadcaster licence fees	7	4%	8	4%	10	5%	18	8%	13	5%	15	6%
Canadian distributor	19	10%	14	7%	17	8%	14	6%	16	7%	14	6%
Federal tax credits	16	8%	16	8%	19	9%	23	10%	25	10%	25	10%
Provincial tax credits	15	8%	16	9%	20	9%	22	10%	30	12%	32	13%
Foreign	23	12%	16	9%	23	11%	25	10%	25	10%	26	11%
Production company	9	5%	9	5%	8	4%	12	5%	7	3%	5	2%
Public*	23	12%	16	8%	20	9%	22	9%	22	9%	18	7%
Other private**	27	15%	28	15%	30	14%	30	13%	30	12%	29	12%
Total	184	100%	187	100%	212	100%	235	100%	242	100%	238	100%

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

* Public includes financing from the Canadian Television Fund (public-sector monies), National Film Board, provincial governments, Telefilm Canada and other government departments and agencies.

** Other Private includes financing from the Canadian Television Fund (private-sector monies), independent production funds, broadcaster equity, and other private investors.

4.2.2 French-Language Production Financing

Between 2000-01 and 2005-06, the total volume of CAVCO-certified French-language documentary production nearly doubled – from \$57 million to \$104 million. This growth in production volume was fuelled by substantial increases in financing from Canadian broadcasters, government tax credits, and other private sources (including CTF private-sector monies). Direct public funding such as the CTF (public monies) and other government sources (e.g., NFB, SODEC) did not keep pace with the growth of French-language documentary production, and as a result, saw their share of total financing drop significantly.

- Broadcaster licence fees grew from \$18 million in 2000-01 to \$38 million during the period. In 2005-06, Canadian broadcaster licence fees represented the largest single source of financing for French-language Canadian documentaries, accounting for 37% of total budgets, with public and private broadcasters equally accounting for the growth.
- Federal and provincial tax credits contributed a combined of \$27 million to French-language documentary production in 2005-06. On a combined basis, tax credits were the second largest source of production financing, accounting for 25% of total financing.
- Other private sources – namely the private monies available through the CTF and Canadian private broadcasters' equity investments – accounted for 18% of total financing for French-language documentaries.
- Direct public funding saw a steep decline in its share of total financing, dropping from 20% in 2000-01 to 15% in 2005-06.

Table 6: Financing of French-Language Documentary Television Production

	2000-01		2001-02		2002-03		2003-04		2004-05		2005-06	
	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%
Private broadcaster licence fees	11	19%	13	16%	15	19%	19	22%	16	19%	23	22%
Public broadcaster licence fees	7	12%	12	15%	13	16%	12	14%	12	15%	15	15%
Canadian distributors	2	3%	1	2%	1	2%	2	3%	2	2%	3	3%
Federal tax credits	4	7%	6	8%	6	8%	8	9%	9	10%	11	10%
Provincial tax credits	9	16%	14	17%	14	18%	14	17%	12	15%	16	15%
Foreign	0	0%	2	3%	1	1%	0	0%	0	1%	2	1%
Production company	2	4%	3	4%	3	4%	4	5%	3	4%	3	3%
Public*	11	20%	12	16%	13	16%	12	13%	11	13%	13	13%
Other private**	11	19%	15	20%	14	17%	15	17%	17	21%	19	18%
Total	57	100%	79	100%	81	100%	87	100%	83	100%	104	100%

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

* Public includes financing from the Canadian Television Fund (public-sector monies), National Film Board, provincial governments, Telefilm Canada and other government departments and agencies.

** Other Private includes financing from the Canadian Television Fund (private-sector monies), independent production funds, broadcaster equity, and other private investors.

4.2.3 *Single-Program Documentaries vs. Television Series Financing*

In this section, we examine the financing sources for single-program documentaries. This program type includes stand-alone short- and feature-length documentaries made for television. We also compare the financing of single-program documentaries to documentary television series.

Single programs, the traditional home of the P.O.V. documentary, are typically more difficult to finance than television series. Single programs often have larger per-hour budgets and do not benefit from the economies of scale of television series. As well, P.O.V. properties often do not conform to the niche program mandates of specialty-television services and, therefore, can be considered more risky. Thus the financing structure of single-program documentaries is, in both language markets, significantly different from that of documentary television series.

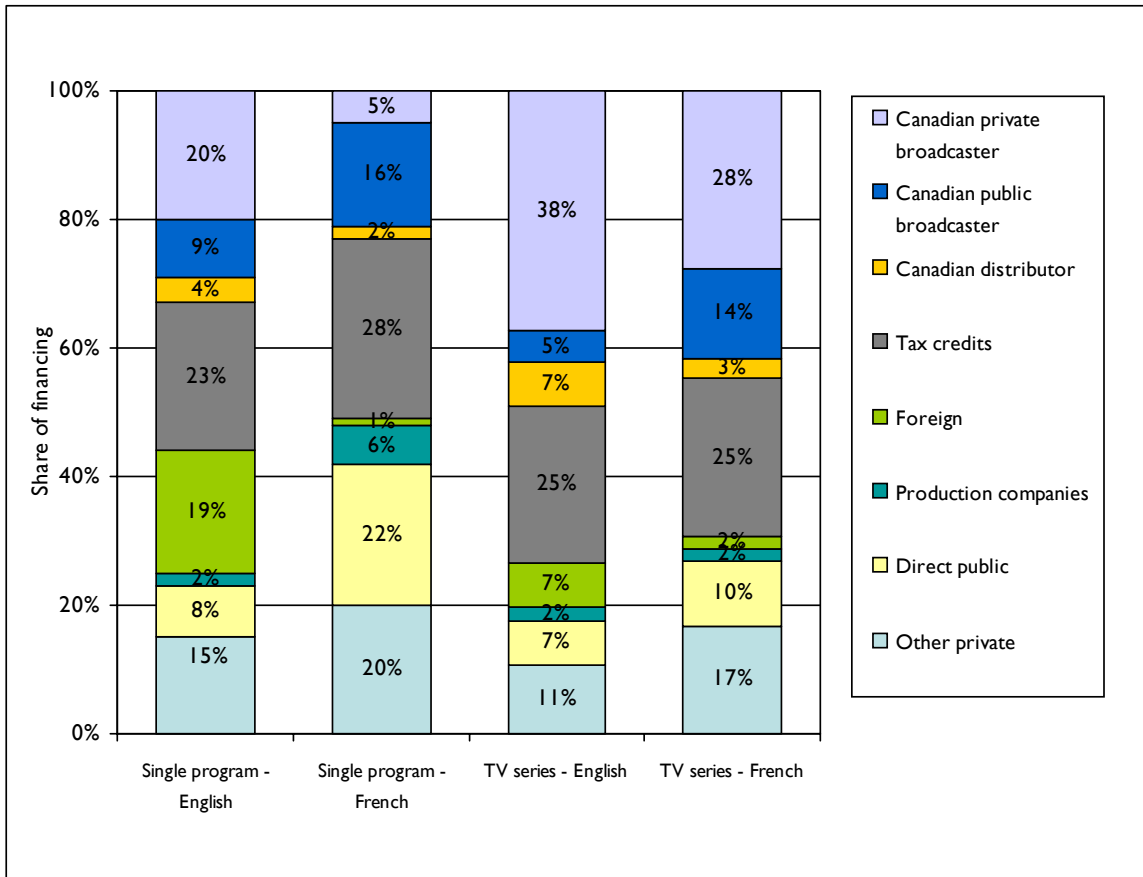
Broadcaster licence fees make up the single largest component of documentary television series financing.

- In the English-language market, Canadian private broadcaster licence fees accounted for 38% of financing for documentary television series in 2005-06; public broadcasters contributed another 5%.
- In the French-language market, private broadcasters contributed 28% of total funding for documentary television series while public broadcasters contributed another 14%.

Private broadcasters provided a smaller share of financing toward single-program documentaries, compared with their contribution to documentary series funding. Thus, other financing sources played a larger role in the financing of single-program documentaries:

- In the English-language market, private broadcaster licence fees accounted for 20% of total financing for single-program documentaries; public broadcasters contributed 9% for a total of 29% of total financing.
- In the French-language market, private broadcasters contributed 5% of total financing of single-program documentaries, while public broadcasters contributed 16%, for a total share of 21%.
- In the English-language market, foreign financing played a significant role in the financing of single-program documentaries, accounting for 19% of total financing in 2005-06. Single program documentaries in the French-language market, in contrast, had very little foreign financing.
- In the French-language market, single-program documentaries benefited from significant direct public funding from SODEC, NFB, CTF (public monies) and other public-sector sources, representing 22% of total financing.
- In the English-language market, direct public funding for single programs amounted to 8% of total financing.

Figure 18: Financing of CAVCO-Certified Documentary Production (Single Program* vs. TV Series), 2005-06



Source: NGL calculations based on data from CAVCO

* Single-episode programs include short-length documentaries (under 74 minutes) and feature-length documentaries (74 minutes and higher).

Public includes financing from the Canadian Television Fund (public-sector monies), National Film Board, provincial governments, Telefilm Canada and other government departments and agencies.

Other Private includes financing from the Canadian Television Fund (private-sector monies), independent production funds, broadcaster equity, and other private investors.

4.2.4 Broadcaster Licence Fees

Broadcaster licence fees are the largest single source of financing for Canadian documentary production. In 2005-06 Canadian broadcaster licence fees contributed 37% of the total financing for Canadian documentary production and accounted for:

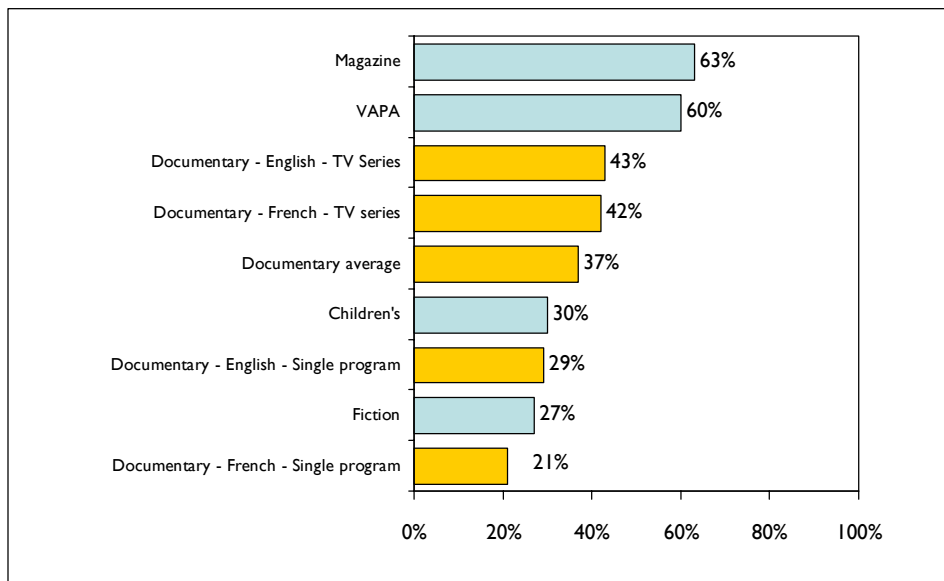
- 43% of total financing for English-language documentary television series;
- 42% of total financing for French-language documentary television series;
- 29% of total financing for English-language single-program documentaries; and,
- 21% of total financing for French-language single-program documentaries.

Compared to other genres, Canadian documentary television *series* occupy the middle ground, when it comes to the share of licence-fee financing from Canadian broadcasters.

- Prime-time fiction programming (drama and comedy) and children’s programming typically receive a smaller share of their financing through Canadian broadcaster licence fees. In 2005-06, Canadian broadcaster licence fees comprised 27% of financing for prime-time fiction and 30% for children’s programming.
- Variety and performing arts programming, and magazine programs, in contrast, drew 60% and 63%, respectively, from Canadian broadcaster licence fees in 2005-06.

Licence fees for single-program documentaries were lower than those of documentary television series in 2005-06, however, they were still slightly higher than the average for fiction programming. Licence fees for single-program documentaries in the French-language market were below all other genres: only 21% of total financing for single-program documentaries came from broadcasters.

Figure 19: Share of Total Financing from Broadcaster Licence Fees, Independent Production, 2005-06



Source: NGL calculations based on data from CAVCO and CFTPA *Profile 2007*

Note: Single-program category includes short-length documentaries (under 74 minutes) and feature-length documentaries (74 minutes and higher)

Canadian broadcaster licence fees for documentary television series rose in recent years as production volumes increased. For single-program documentaries, licence fee levels as a percentage of total financing were relatively flat between 2001-02 and 2005-06, and remained well below that of television series.

- For documentary television series, Canadian broadcaster licence fees as a percentage of total financing held steady at around 40%. Meanwhile, the total volume of television-series production rose steadily from \$129 million in 1999-00 to \$257 million in 2005-06.
- In 2005-06, Canadian broadcasters paid licence fees totalling an estimated \$107 million; this accounted for 41.6% of total financing for documentary television series. Between 1999-00 and 2005-06, Canadian broadcaster licence fees nearly tripled from \$37 million to \$107 million.
- For single-program documentaries, Canadian broadcasters paid licence fees totalling an estimated \$29 million in 2005-06. This amount represented 26.6% of total financing. Broadcaster licence fees as a percentage of total financing were flat between 2000-01 and 2005-06 – staying within a tight range of 26.1% to 28.2%.

Table 7: Share and Total Dollar Amount of Broadcaster Licence Fees for TV Series and Single Program Documentaries

	99-00	00-01	01-02	02-03	03-04	04-05	05-06
Total Volume of Production (\$ millions)							
TV Series	129	172	192	225	234	247	257
Single Program*	54	81	87	88	109	96	109
Licence Fee Shares (percent of total financing)							
TV Series	29.1%	32.1%	40.5%	38.1%	40.9%	39.3%	41.6%
Single Program*	21.4%	23.2%	26.1%	27.0%	28.2%	27.7%	26.6%
Dollar Amount of Licence Fees (\$ millions)							
TV Series	37	55	78	86	96	97	107
Single Program*	12	19	23	24	31	27	29

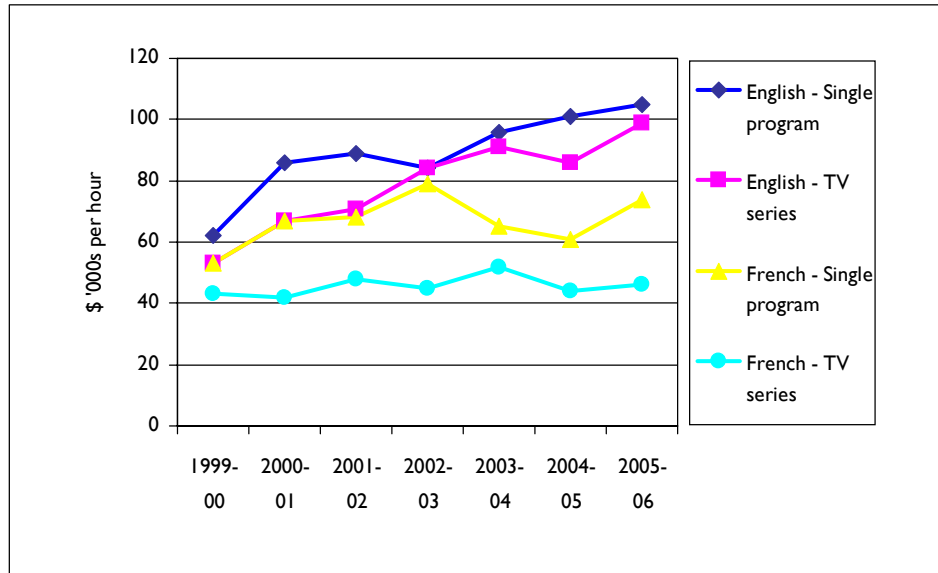
Source: NGL calculations based on data from CAVCO

Note: * Single-program category includes short-length documentaries (under 74 minutes) and feature-length documentaries (74 minutes and higher).

Canadian broadcaster licence fees for documentary programming rose steadily between 1999-00 and 2005-06 in the English-language market for both single programs and television series. In the French-language market, however, the broadcaster licence fees for documentary programming experienced slower growth. Indeed, for French-language television series, Canadian broadcaster licence fees were largely stagnant during the six-year period, 1999-00 to 2005-06.

- The median licence fee for English-language single-program documentaries was \$105,000 per hour in 2005-06 (all amounts in real 2005 dollars – adjusted for the effect of inflation). The median licence fee increased by 70% between 1999-00 and 2005-06.
- For French-language single-program documentaries, the median licence fee was \$74,000 per hour – up by 39% compared to 1999-00.
- The median licence fee for English-language documentary television series was \$99,000 per hour in 2005-06 – 88% higher than the 1999-00 level.
- The median licence fee for French-language documentary television series was \$46,000 per hour in 2005-06. This was only \$3,000 higher than the median licence fee recorded in 1999-00.

Figure 20: Median Broadcaster Licence Fees for Documentary Production (Real 2005 Dollars)



Source: NGL calculations based on data from CAVCO

Note: * Single program category includes short-length documentaries (under 74 minutes) and feature-length documentaries (74 minutes and higher).

4.2.5 Direct Public Funding

In this section, we examine the trends in *overall* direct public funding for the production of television documentaries; this includes direct public funding detailed in Sections 4.2.1 and 4.2.2, as well as direct public funding for the genre available from the NFB. Direct public funding includes loans, equity investments, grants and contributions from public-sector sources, including the NFB, CTF, Telefilm Canada, and provincial-government agencies. Documentaries also receive public financing from federal and provincial tax credits. The latter is often referred to as *indirect* public funding; we examine the trends in this type of financing in Section 4.2.6 (below).

Table 8: Direct Public Funding for Documentaries

(\$ millions)	99-00	00-01	01-02	02-03	03-04	04-05	05-06
NFB Funding (including financing of co-productions)	23.3	22.6	18.0	14.1	21.2	18.0	16.1
Other Direct Funding (including CTF)	27.3	34.2	27.6	35.4	31.0	28.6	28.7
Total	50.6	56.7	45.6	49.5	52.2	46.6	44.8

Source: NGL tabulations based on data from CAVCO and NFB

Note: The amounts for other direct funding will not equal the sum of the amounts in Table 5 and Table 6. The latter data include NFB financing of NFB co-productions; the former data do not.

While the annual levels of television documentary production have increased substantially in recent years, the levels of direct public funding have remained relatively flat – staying close to \$50 million annually.

- In 2005-06, the NFB, CTF and other sources provided an estimated \$44.8 million in direct public funding to television documentaries.
- Of this amount, \$16.1 million, or 36% of the total, was from the NFB. The CTF and other sources provided \$28.7 million, or 64% of the total.

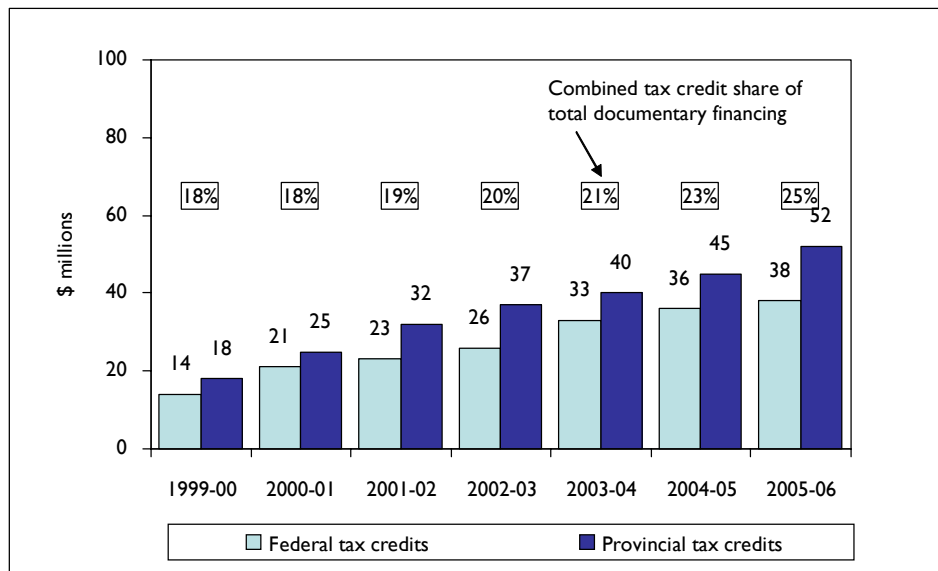
- Despite the fact that the total volume of documentary television production doubled between 1999-00 and 2005-06 (see Figure 9), the annual level of direct public funding for television documentaries actually dropped by 11%, from \$50.6 million to \$44.8 million.

4.2.6 Federal and Provincial Tax Credits

Between 1999-00 and 2005-06, tax credit financing for Canadian documentaries rose steadily, largely due to the consistent increase in annual production volumes during this period and increases in the tax credit rates. On a combined basis, federal and provincial tax credits comprised the second largest source of financing for documentary production in 2005-06, after broadcaster licence fees. Not only did the dollar amount of tax credit financing rise during this period, but so too did its share of production financing.

- In 1999-00, federal and provincial tax credits comprised a combined 18% of total financing for documentary production; by 2005-06, the share had risen by seven percentage points to 25%.
- The increase in tax credit financing during this period can be partly attributed to increased tax credit rates at federal and provincial levels, as well as revised guidelines for calculating tax credits.
- In November 2003, the federal government implemented changes to the Canadian Film or Video Production Tax Credit (CPTC) that led to an increase in its maximum rate from 12% of the total production budget to 15% of the total production budget.
- Provinces such as Ontario, Quebec, and British Columbia have also raised their tax-credit rates for Canadian-content production in recent years.

Figure 21: Production Tax Credits for Documentary Production



Source: NGL calculations based on data from CAVCO

Note: Value of one percentage point: 1999-00, \$1.8M; 2000-01, \$2.5M; 2001-02, \$2.8M; 2002-03, \$3.1M; 2003-04, \$3.4M; 2004-05, \$3.4M; 2005-06, \$3.7M.

4.2.7 CTF Funding and Broadcaster Performance Envelopes

In this section we examine the role of the CTF in financing Canadian documentaries. As noted earlier in this report, there have been a number of recent changes to CTF funding policy.

Fiscal 2004-05 saw the introduction of the BPEs for documentaries, accompanied by the discontinuation of the CTF P.O.V. Documentary envelope.⁷ Despite the adoption of the BPE system, the documentary genre's share of CTF funding remained stable and total levels of funding for the genre increased. However, Atlantic Canada experienced a significant drop in share of funding in both 2005-06 and 2006-07.

- In 2006-07, the CTF provided a total of \$51.6 million in financial support to the production of Canadian documentaries.
- CTF funding accounted for 29% of total budgets of \$178 million in 2006-07; this was consistent with the CTF's share of total budgets in past years. It was also consistent with CTF funding in other genres. Across all genres, CTF funding accounted for 29% of total budgets.
- In 2006-07, the total amount of CTF funding for the documentary genre accounted for 20.5% of the \$251.8 million in production funding provided by the CTF to all genres.
- The documentary genre's share of CTF production funding in 2006-07 was consistent with its share in recent years going back to 2002-03.
- CTF funding for the documentary genre did reach as high as 24.5% in 2001-02; but since that year, it appears that its funding share was relatively stable at around 20% of total CTF production funding.

Table 9: CTF Share of Funding of Documentaries

\$ millions, unless specified otherwise	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
CTF Funding	23.8	28.4	32.5	31.8	44.0	55.7	50.0	44.6	46.5	48.3	51.6
Other Financing	65.5	68.7	85.1	71.9	107.3	135.7	126.4	101.1	106.3	126.8	126.5
Total Budgets	89.3	97.1	117.6	103.7	151.3	191.4	176.4	145.7	152.8	175.1	178.1
CTF Share of Total Budget	26.7%	29.2%	27.6%	30.7%	29.1%	29.1%	28.3%	30.6%	30.4%	27.6%	29.0%

Source: NGL calculations based on data from CTF

Table 10: Documentary Share of CTF Funding

\$ millions, unless specified otherwise	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
Documentary	23.8	28.4	32.5	31.8	44.0	55.7	50	44.6	46.5	48.3	51.6
All Genres	181.7	161.2	199.0	181.2	194.4	226.9	254.3	218.9	235.5	248.9	251.8
Documentary Share	13.1%	17.6%	16.3%	17.5%	22.6%	24.5%	19.7%	20.4%	19.7%	19.4%	20.5%

Source: CTF

⁷ See the Canadian Television Fund 2004-2005 Annual Report
<http://www.canadiantelevisionfund.ca/archives/0405/publications/report0405.pdf>

CTF Supported Hours by Program Type

Television series accounted for the largest share of CTF-supported documentary production hours in recent years.

- In 2006-07, CTF-supported documentary television series production totalled 525.0 hours, and accounted for 70% of total hours of CTF-supported production in the genre.
- The production of CTF-supported one-off documentaries totalled 141.0 hours in 2006-07 and accounted for 19% of total supported hours.
- In general, one-off and feature documentaries' share of CTF-supported hours of production held steady during the last five years (at around 19% for one-off programs and 3% to 4% for features respectively), despite the discontinuation of the P.O.V. Envelope in 2004-05.⁸

Table 11: Types of CTF-Supported Production (English- and French-language Production Only)

	02-03	03-04	04-05	05-06	06-07
Hours of Production					
One-off	184.9	126.0	130.0	142.0	141.0
Feature	32.8	18.5	42.0	37.5	29.5
Series	637.0	466.0	523.5	519.0	525.0
Mini-series	109.0	96.5	68.0	96.5	59.5
Total	963.7	707	763.5	795.0	755.0
Share of Total Hours					
One-off	19%	18%	17%	18%	19%
Feature	3%	3%	6%	5%	4%
Series	66%	66%	69%	65%	70%
Mini-series	11%	14%	9%	12%	8%
Total	100%	100%	100%	100%	100%

Source: CTF

Note: Totals in the table do not match overall genre totals because they do not include Aboriginal-language production.

⁸ Note that CTF 2003-2004 Guidelines for example do not define a P.O.V. documentary by any particular program type but rather called for an evaluation of each project according to a set of indicia, including whether or not it is a "single work". Typically, (although not always) P.O.V. documentaries are made as either one-off or feature documentaries. For the purposes of this report, Nordicity was not able to obtain ongoing CTF funding data with respect to P.O.V. programs. However, it is instructive, (but not conclusive) to examine share of funding for these programming types to gain a better understanding of how the P.O.V. documentary is faring in terms of access to this critical source of funding. See *Canadian Television Fund 2003-2004 Guidelines*, Documentary Programming Module page 1 "Auteur Point of View/Creative Documentaries (POV)" <http://www.canadiantelevisionfund.ca/archives/0304/>

CTF Support by Region of Production

Funding for CTF-supported documentary production was concentrated in Toronto and Montreal in recent years – Canada’s two major centres of documentary production.

- In 2006-07, these two urban areas accounted for 61% of funding for English- and French-language documentary production supported by the CTF.

Atlantic Canada experienced a sharp drop in its share of CTF funding since 2004-05.

- Between 2002-03 and 2004-05, Atlantic Canada accounted for between 8% and 9% of CTF funding of documentaries. In both 2005-06 and 2006-07, its share dropped to 5%. Actual funding dollars dropped from \$4 million in 2004-05 to \$2.2 million in 2005-06 and \$2.7 million in 2006-07 in Atlantic Canada.

Table 12: CTF Funding for Documentary Production, by Region (English- and French-language Production Only)

	02-03	03-04	04-05	05-06	06-07
CTF Funding (\$ millions)					
Toronto	13.2	14.6	12.2	12.8	12.8
Montreal	14.8	12.2	16.4	18.9	18
Ontario (excl. Toronto)	1.8	0.5	1.8	1.1	1.7
Quebec (excl. Montreal)	4.1	1.8	1.9	3.5	1.9
Western Canada and Territories	10.3	9.7	8.8	7.9	13.1
Atlantic Canada	4.1	4.0	4.0	2.2	2.7
Total	48.3	42.8	45.1	46.4	50.2
Share of Total Funding					
Toronto	27%	34%	27%	28%	25%
Montreal	31%	29%	36%	41%	36%
Ontario (excl. Toronto)	4%	1%	4%	2%	3%
Quebec (excl. Montreal)	8%	4%	4%	8%	4%
Western Canada and Territories	21%	23%	20%	17%	26%
Atlantic Canada	8%	9%	9%	5%	5%
Total	100%	100%	100%	100%	100%

Source: CTF

Note: Totals in the table do not match overall genre totals because they do not include Aboriginal-language production.

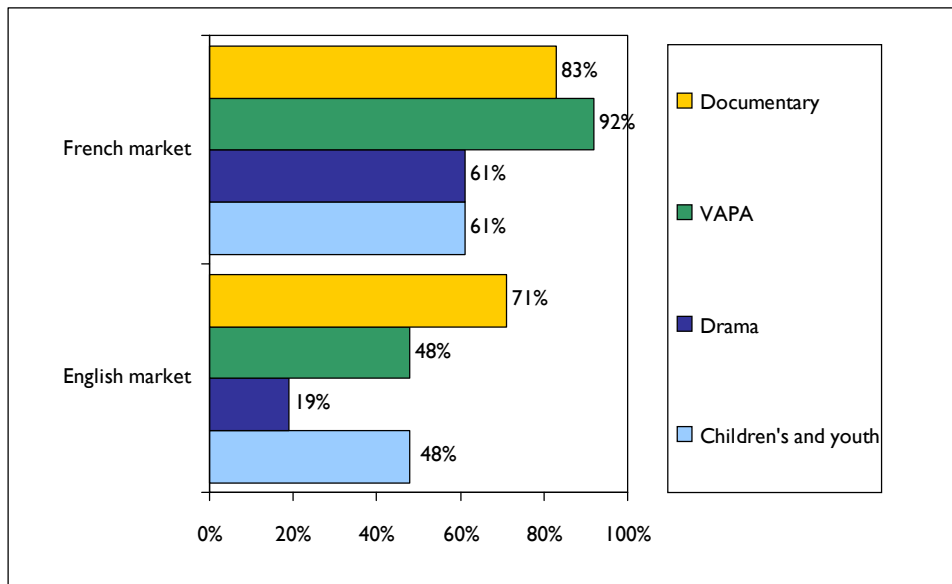
4.3 Television Documentary Supply and Audience Demand

4.3.1 Viewing to Canadian Content

Among the CTF-supported genres, the documentary genre is one of the best at attracting Canadian viewers to Canadian programming.

- In the English-language market, Canadian documentaries accounted for 71% of viewing to all television documentaries (Canadian and foreign) that aired in 2004-05 – well ahead of any other genre.
- In the French-language market, Canadian documentaries accounted for 83% of viewing to television documentaries in 2004-05; foreign programs accounted for the other 17%. The documentary genre was second to only the variety and performing arts genre, with a 92% share.

Figure 22: Share of Viewing to Canadian Programs



Source: Canadian Television Fund

The leading Canadian documentaries on Canadian television often reach and exceed average audiences of one million. These audience levels are on par with the leading Canadian fiction programming in the English-language market, although well behind the leading Canadian television programs in the French-language market.⁹

- During the 2005-06 broadcasting season, the highest-rated Canadian documentary on television was *Libérée - Le Choix de Nathalie Simard*, with an average audience of over 1.6 million.
- The highest-rated Canadian documentary in the English-language market was *Ice Storm: The Salé/Pelletier Affair*; it attracted an average audience of just under 1.2 million.
- Among the top ten documentaries were four other English-language documentaries, all with average audiences above 700,000. The top-ten list also included four other French-language documentaries with average audiences exceeding 650,000, including the successful theatrical documentary, *Les voleurs d'enfance*.

Table 13: Top Ten Canadian Documentaries, 2005-06 Broadcast Season (September 2005 to August 2006)

Rank	Title	Average Minute Audience	Broadcaster
1	<i>Libérée - Le Choix de Nathalie Simard</i>	1,644,000	TVA
2	<i>Ice Storm: The Salé/Pelletier Affair</i>	1,174,000	CTV
3	<i>Les voleurs d'enfance</i>	1,039,000	SRC
4	<i>The Degrassi Story</i>	948,000	CTV
5	<i>Anne Murray: The Music of My Life</i>	889,000	CBC
6	<i>Gaétan Girouard : Biographie</i>	782,000	TVA
7	<i>Beyond Corner Gas: Tales from Dog River</i>	729,000	CTV
8	<i>The Secret History of 9/11</i>	728,000	CBC
9	<i>Jean Lapointe les sentiers de ma vie</i>	707,000	TVA
10	<i>Délateurs</i>	652,000	TVA

Source: Nordicity research based on data Nielsen Media Research, BBM, CBC, CTV, TVA, SRC and CTF

Note: For documentaries with multiple episodes (i.e., mini-series), Only the audience statistic for the highest-rated episode was included in the data table. In cases where a documentary mini-series had more than one episode that qualified for the top-ten list, only the highest-rated episode was included in the data table.

Between 2001-02 and 2005-06, several Canadian documentaries – in both language markets – have attracted audiences close to and exceeding one million viewers. Some of the successful documentaries that aired prior to the 2005-06 television season (and since 2001-02) were: *The Parkinson's Enigma* (1,300,000 viewers – CTV, 2001-02), *The Notorious Mrs. Dick* (1,100,000 viewers – CTV, 2001-02), and *Men of the Deeps* (952,000 viewers – CTV, 2003-04).

⁹ CFTPA, p. 44.

4.3.2 Total Hours of Canadian Documentary Viewing

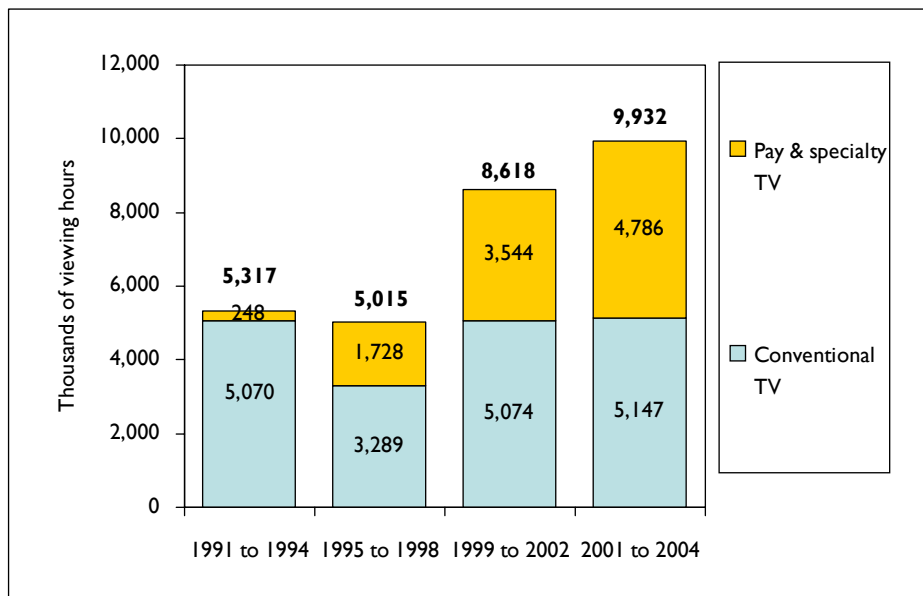
Between 1995 and 2000, the CRTC licensed 35 new specialty-television services, including 11 channels, which draw a portion of their regular programming schedule from the documentary genre.¹⁰ This resulted in a marked increase in the choice and supply of documentary programming. Canadians responded positively by significantly increasing their overall viewership of the genre.

Beginning in 2000, the CRTC licensed several digital-only specialty-television services, including The Canadian Documentary Channel, as well as other services that feature documentary programming, including The Biography Channel, Animal Planet, Discovery Civilization, Discovery HD, and National Geographic.

The licensing of television services featuring documentary programming helped to fuel increases in viewership to documentary programming since the late 1990s. Beginning in 1999, the annual average number of documentary hours of Canadian documentaries watched on Canadian television rose sharply.

- During the 1990s, the annual average number of hours of viewed documentaries remained stable, at around five million on conventional television.
- From 1999 to 2002, the annual average rose to 8.6 million hours. Virtually all of the increase in viewed documentary hours can be attributed to Canadian pay and specialty television services, which accounted for 3.5 million hours of the total hours.
- Between 2001 and 2004, the annual average increased even further to 9.9 million hours. Again, the number of hours viewed on Canadian conventional broadcasters stayed at around five million, while the amount on Canadian pay and specialty services increased to 4.8 million hours.

Figure 23: Average Annual Hours of Canadian Documentaries Viewed on Canadian Stations



Note: The viewing statistics underestimate viewing of documentaries because the data are collected by BBM during the fall when broadcasters are typically airing other types of programming.

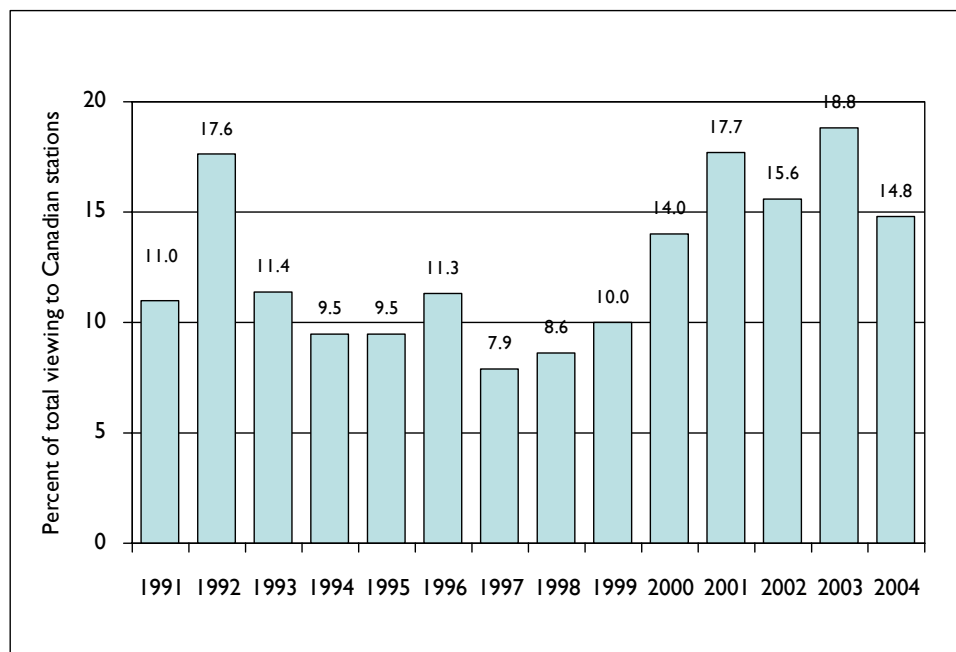
Source: Data compiled by Statistics Canada based on data collected by BBM Fall Survey

¹⁰ Documentary Organization of Canada, *Getting Real II: An Economic Profile of the Documentary Production Industry*, volume 2, 2004, p. 72.

The documentary genre's share of viewing to CTF-supported genres on Canadian stations has also increased.

- For most of the 1990s, viewing to Canadian documentaries was consistently around 9% of viewing to Canadian television programs in the CTF-supported genres and on Canadian stations.
- However, beginning in 1999, Canadian documentaries started to show a steady increase in their share of audiences. The share of viewing to Canadian documentaries rose from 7.9% in 1997 to as high as 18.8% in 2003.
- The genre's audience share experienced a slight pullback to 14.8% in 2004, but was still about 50% higher than the levels experienced during most of the 1990s.

Figure 24: Percentage of Total Viewing to Documentaries on Canadian Stations (CTF-Funded Program Categories Only)



Note: The viewing statistics underestimate viewing of documentaries because the data are collected by BBM during the fall when broadcasters are typically airing other types of programming.
 Source: Data compiled by Statistics Canada based on data collected by BBM Fall Survey

4.3.3 Conventional Broadcasting Presentation and Viewing

The specialty-television segment has been an important source of growth for the genre. However, conventional television still accounted for one-half of all viewing to Canadian documentaries, as recently as 2004.

The supply of documentary programming presented on conventional television is dependent, in part, on CRTC broadcasting regulations and broadcaster-specific licence requirements.

- The current broadcasting licences of both CTV and Global Television include specific requirements to broadcast long-form documentary during the peak-viewing period.¹¹
- As part of the benefits package associated with the transfer of effective control of CTV to BCE Inc., CTV committed an additional \$18 million in spending on new documentaries totalling 35 hours during the 2000 to 2007 period.¹²
- According to the CBC/SRC's current licence, the CBC does not have specific conditions of licence related to documentary programming. SRC does have a commitment to broadcast 18 hours of independently produced original long-form documentaries during each year of its licence.¹³

The number of documentary hours presented by private conventional broadcasters remained fairly stable from 1999 to 2004. However, CBC-SRC significantly reduced the number of documentaries it scheduled over the period.

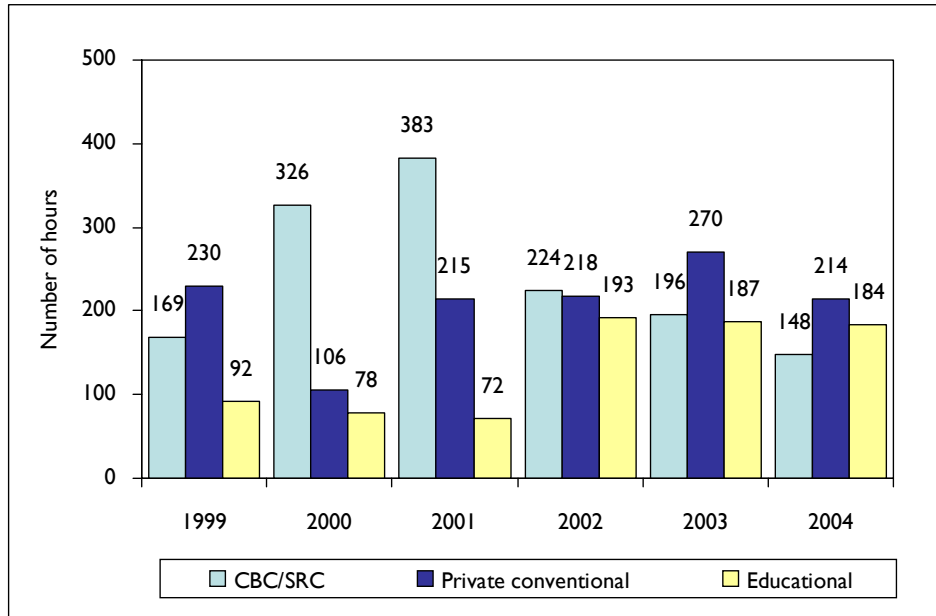
- CBC-SRC scheduled an estimated 148 hours of documentary programming in 2004. This was down from 196 hours in 2003, and is significantly lower than 383 hours 2001.
- On a combined basis, private conventional broadcasters scheduled an estimated 214 hours of documentary programming in 2004.
- Educational broadcasters scheduled an estimated 184 hours of documentary programming in 2004. This level was in line with previous years.

¹¹ Documentary Organization of Canada, *Getting Real II: An Economic Profile of the Documentary Production Industry*, volume 2, 2004, p. 74.

¹² Canadian Radio-television and Telecommunication Commission, *Decision CRTC 2000-747*.

¹³ Documentary Organization of Canada, *Getting Real II: An Economic Profile of the Documentary Production Industry*, volume 2, 2004, p. 74.

Figure 25: Number of Scheduled Hours of Documentary Programming, Conventional Broadcasting Segment

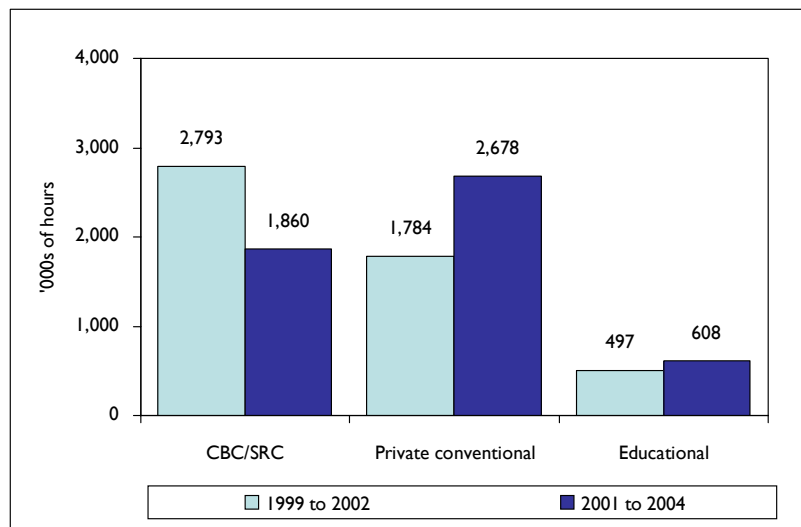


Source: Data compiled by Statistics Canada based on data collected by BBM Fall Survey

The quantity of documentary programming presented by broadcasters had a direct impact on total hours viewed:

- As CBC reduced its hours of documentary presentation, it experienced a significant decline in annual viewing hours for the genre (from an average of 2.793 million hours in 1999-2002 to an average of 1.860 million hours tuned in 2001-2004)
- Private broadcasters, on the other hand, saw a 50% increase in average annual viewing hours in 1999-2002 of 1.784 million hours to 2.678 million hours in 2001-2004

Figure 26: Total Viewing to Canadian Documentary Programming, Conventional Broadcasters (Annual Average)



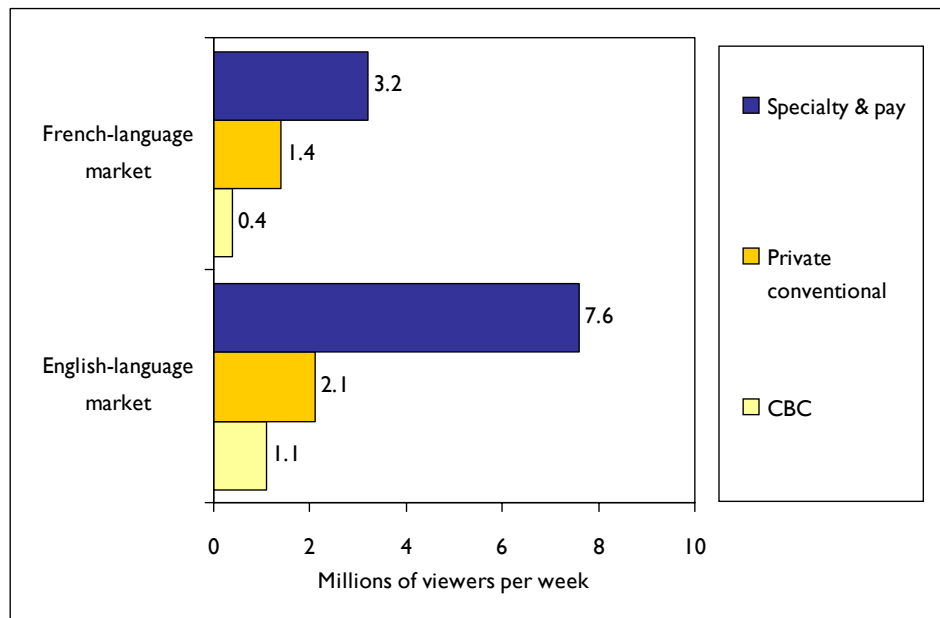
Source: Data compiled by Statistics Canada based on data collected by BBM Fall Survey

4.3.4 Specialty Broadcast Viewing

While the conventional-broadcasting segment offers the potential for Canadian documentaries to reach mass audiences, in recent years, the bulk of viewership to long-form Canadian documentaries has been in the specialty and pay television segment.

- During the 2005-06 broadcasting year, the average weekly number of viewers to French-language long-form Canadian documentaries in the specialty and pay television segment was 3.2 million. This was more than double the average weekly viewership of 1.4 million on private conventional broadcasters in the French-language market. It was also well above the average weekly audience of 400,000 to long-form documentaries on SRC.
- In the English-language market, long-form Canadian documentaries attracted average weekly viewership of 7.6 million during the 2005-06 broadcasting year. This compares to 2.1 million for private conventional broadcasters, and 1.1 million for CBC.

Figure 27: Average Weekly Number of Viewers to Canadian Long-Form Documentaries, 2005-06 Broadcasting Year



Source: BBM-Nielsen Media Research (Statistics published in CRTC, *Broadcasting Policy Monitoring Report 2007*, July 2007)

The specialty and pay television segment provides a greater number of programming services featuring documentary programming. So, while the average minute audiences for documentary programming on specialty television services are typically lower, the higher volume of scheduled documentary programming generates higher average weekly audiences to the genre, when compared to conventional broadcasting outlets.

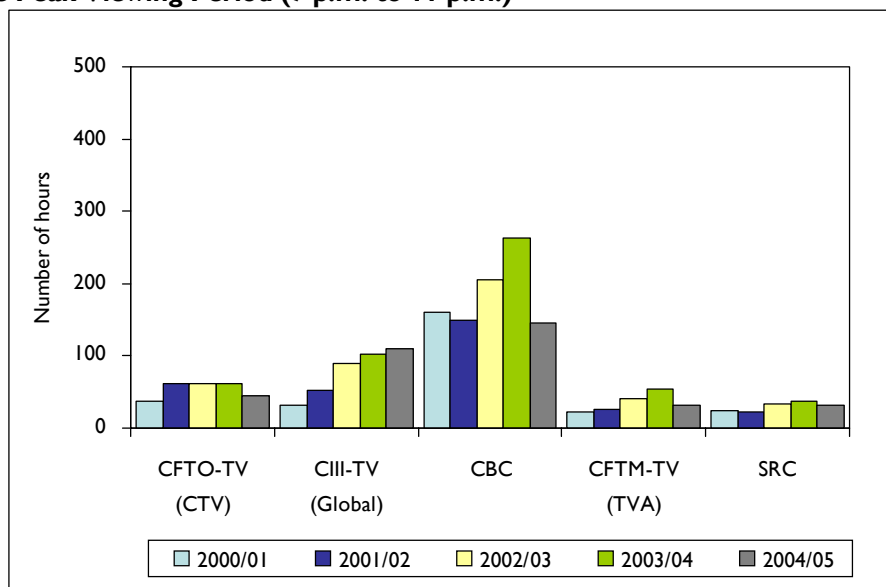
4.3.5 Documentary Programming during the Peak-Viewing Period

Despite growing demand by Canadian viewers and broadcaster licence commitments, Canadian long-form documentaries comprise only a small share of peak-period schedules among many of the major conventional private broadcasters.

Since the CRTC's 1999 Television Policy (*Building on Success – A Policy Framework for Canadian Television*, Public Notice CRTC 1999-97) the priority programming category has included long-form documentaries. However, the genre must compete with other under-represented categories for airtime during the peak period, including drama, which benefits from a 150% bonus credit and other broadcaster incentive programs.

- In 2004-05, CTV's flagship Toronto station, CFTO-TV, scheduled 45 hours of long-form documentary programming during the peak period, representing 3% of total annual peak-period hours. This was down from 62 hours in the three prior years.
- CanWest MediaWorks' Toronto station, CIII-TV, scheduled 111 hours of long-form documentaries in 2004-05. It accounted for 8% of the total peak-period schedule and 36% of the 361 hours of Canadian priority programming scheduled in that year.¹⁴
- In the French-language market, the presence of long-form documentaries was even smaller. TVA's Montreal station, CFTM-TV, scheduled only 31 hours of long-form documentary programming in 2004-05; this was 2% of its annual peak-period schedule, or 8% of the 396 hours of Canadian priority programming scheduled in 2004-05.
- The CBC aired 145 hours of Canadian long-form documentaries in 2004-05, representing 10% of total peak-period hours in that year. This was down from 263 hours in 2003-04, but in line with levels in previous years. SRC aired 31.5 hours of long-form documentaries in 2004-05 – 2% of total peak-period hours.

Figure 28: Annual Number of Hours of Long-Form Documentary Programming Scheduled during the Peak Viewing Period (7 p.m. to 11 p.m.)



Source: Licensee and CRTC logs (October 2005), and CBC-SRC Annual Reports to CRTC

¹⁴ Canadian Radio-television and Telecommunications Commission, *Broadcasting Policy Monitoring Report 2006*, 2006.

4.4 Industry Outlook – The Television Market and Documentary

The statistics in Section 4 show that Canadian documentary television production has experienced a period of strong growth, outpacing the industry as whole.

- The volume of Canadian documentary programming on Canadian television practically doubled, as did aggregate audience levels. Licence fees rose after years of stagnation, as did total budgets.
- In contrast to the Canadian television industry as whole, international demand for Canadian documentaries was strong, as evidenced by increases in the export value of Canadian documentary production and the growth in international treaty co-production activity in the genre.

4.4.1 Opportunities:

Several trends in the broadcasting sector could yield a number of opportunities for increased production of television documentaries in Canada in the near future.

- Much of the growth of television documentaries has resulted from the proliferation of specialty-television services. Documentary series have become speciality channel staples as a result of their favourable economics and compelling niche content.
- Specialty television is forecasted to experience continued strong growth as audiences further fragment and advertisers increasingly seek targeted environments for their messages. Canadian documentaries are well positioned to exploit the trend toward niche television and should experience further significant growth in the years ahead.
- The renaissance of Canadian feature documentaries and the international demand for Canadian P.O.V.s of all formats signify strong potential for Canadian P.O.V. documentaries.
- Finally, the ability of documentaries to appeal to niche audiences and invoke public participation on a large scale makes the genre an ideal format for multi-platform programming – qualities all broadcasters will be seeking in the years ahead.

4.4.2 Challenges:

Despite the genre's strong economic and audience performance in recent years, the Canadian documentary production industry faces a number of challenges. Some of these challenges are shared with other genres of Canadian television programming; others are specific to the documentary genre.

The P.O.V. Documentary at Risk

- While the television documentary genre as a whole has experienced exceptional growth, it has been driven largely by specialty channel demand for series programming. Single-program and feature documentaries, the typical home of P.O.V. documentaries, while attracting critical acclaim, have not enjoyed the same level of growth.
- The single-program documentary, in particular, has experienced declining production volume in recent years.

P.O.V. documentaries are also experiencing growing challenges with respect to financing and broadcaster access.

- In the English-language market, the budgets for single-program documentaries have stagnated in recent years, at levels well below those seen as far back as 1998-99.
- Broadcaster licence fees make up a smaller share of the financing for single-program documentaries, leaving a critical funding gap for this type of documentary programming.

The P.O.V. documentary is a genre in which Canadian's have recognized expertise; as well it is a key catalyst for democratic participation and social change. Given the cultural significance of P.O.V. documentaries, it may not be prudent to count on a market increasingly dominated by specialty channel economics to reverse their decline. Demand-side stimulus may be necessary to ensure that the P.O.V. documentary continues to flourish on Canadian screens.

Impact of Digital Media on the Canadian Broadcasting System

The Canadian broadcasting system and its regulatory scheme are under an increasing threat from new distribution platforms, particularly the internet.

- All genres of Canadian television programming are feeling the effects of the slow erosion of the television medium's audience share and advertising revenues.
- As the research in this report shows, the viability of Canadian documentaries is very much tied to the financial health of Canadian broadcasters; the latter represent the largest single source of financing for television documentaries.
- More than ever, broadcasters are going to require impactful and highly popular programming for television that can draw people away from the computer screens as well as programming that can cross a variety of platforms, appealing to increasingly fragmented audiences.
- Like all television programming, the documentary will have to adapt in order for it to maintain and grow its presence on conventional television, while meeting new broadcaster demand for cross-platform content.
- However, documentary, as a factual genre, may be subject to increased competition from new and inexpensive internet formats, including user-generated content (UGC) and semi-professional video.

Documentaries and the Broadcast Regulatory Framework

As seen in this report, demand-side regulatory measures have been key to the genre's growth in terms of audiences and production volume. However, the documentary genre remains somewhat orphaned within Canada's system of television exhibition regulation.

- Long-form documentaries are one of the priority programming genres, but this category neither benefits from the added layer of incentives associated with drama, nor matches the favourable economics of magazine programming.
- As the industry faces dramatic shifts as a result of fragmenting viewership, consolidation and globalization, the regulatory framework is also facing transition.
- In order to maintain a presence on Canadian television screens, the documentary genre must cement a well-defined position within the Canadian broadcast regulatory system.

- To this end, it will also be vital that benefit packages and broadcaster licences contain specific broadcaster commitments to the documentary genre, just as they often do for other genres.

Financing High-Definition Programming

One of the biggest challenges facing the television documentary is the added cost associated with producing in HD. To continue to increase their levels of HD production, Canadian documentary producers will have to secure additional financing.

While comprehensive statistics for HD production in Canada are not yet available, statistics compiled by the CTF provide a barometer of HD production activity for Canadian content within the under-represented genres.¹⁵

- The CTF's statistics show that Canadian producers are quickly ramping up their HD production. Between 2003-04 and 2005-06, CTF-supported HD production in the documentary genre grew from 8.5 hours to 191.0 hours. In 2005-06, HD production accounted for 23% of the total number of hours of CTF-supported production in the documentary genre. This was in line with the overall share (19%) of HD production across all CTF-supported production.
- Statistics compiled by the CTF indicate that HD documentary productions costs are, on average, 78% higher than the cost of standard-definition programming, a figure significantly in excess of the 27% HD premium for CTF-supported drama.
- To date, most broadcasters have failed to discover any incremental revenue from HD programming because advertisers have no compelling reason to pay higher rates for HD programs. Television manufacturers have captured a good part of the HD value premium. Canadian BDUs have captured part of it, too, by selling access to television services that offer HD programming. As such, there is a growing disconnect between the collectors of the HD value premium and the producers that must meet the higher budgets of HD programming.

If the genre is to efficiently migrate its production to the HD format a mechanism must be put in place to allow a portion of the HD value premium to flow to the producers of HD programming.

¹⁵ The CTF has suspended its publication of statistics on HD production, pending a re-design of its program for the collection of HD data.

5 Theatrical Documentary: An Emerging Industry

In the theatrical market, Canadian documentaries have emerged as another film genre that can successfully attract large audiences. In recent years, there has been an international renaissance in theatrical documentary. Worldwide, films such as *Fahrenheit 9/11*, *An Inconvenient Truth*, *Winged Migration*, and *March of the Penguins* have enjoyed unprecedented commercial success and critical acclaim.

Canada, known the world over for its documentary tradition, has played a leading role in the global re-emergence of theatrical documentaries. Canadian films such as *The Corporation*, *Les Voleurs d'enfance* and *Manufactured Landscapes* have garnered critical acclaim and box office success both domestically and internationally.

Canadian successes in theatrical production have been achieved despite major challenges. With no secure functioning distribution, exhibition or financing infrastructure to support Canadian theatrical documentaries, they remain tied to the television documentary industry. The heavy cost of creating and duplicating 35mm prints for distribution to theatres presents yet another disincentive to production. As a result, a good many documentary films that are shown in theatres are actually developed and financed initially as television properties. This is exemplified by films such as *The Corporation* which was developed and financed as a television mini-series, securing theatrical distribution only after the project was completed and had successful openings in both the Toronto International Film Festival and Sundance Film Festival. Despite these hurdles, Canadian theatrical documentaries play to large audiences, attract international investment, earn critical acclaim, and represent an important new opportunity for the genre and for the Canadian feature film industry.

Measuring Theatrical Documentaries

One of the challenges in analyzing the growth and performance of Canadian theatrical documentaries is that Canadian production statistics do not track them very well. Again, this is largely due to the structure of the industry and its reliance on television financing and exhibition. CAVCO statistics, for example, may not necessarily classify a feature documentary as a theatrical-release project because the producers and CAVCO may have considered it to be destined for television at the time of its request for tax credits. Typically, after a project secures theatrical distribution only at the rough-cut stage, or even after completion, as a result of a positive film festival response.

To mitigate the under-reporting in CAVCO statistics on the basis of primary-release window, we have expanded our definition of theatrical documentaries to include CAVCO-certified projects that planned to have a theatrical release as either their first or second window. The statistics in this section, therefore, present production volumes under a broader definition than that used in other production-industry analyses.

For the reasons stated above, even taking into account the second release window at the time of the CAVCO application may still underestimate the volume of theatrical documentary production. With this mind, we also present selected statistics on television feature film production. We explore production activity associated with a film that might well have enjoyed a theatrical release later in its life cycle.

5.1 Volume of Production

In this section, we present and analyze statistics for the total volume of production of Canadian documentaries with a planned theatrical release (first and second window.). We also examine production statistics for television feature films as an indicator of the volume of films that potentially enjoyed a theatrical release at sometime in their lifecycle.

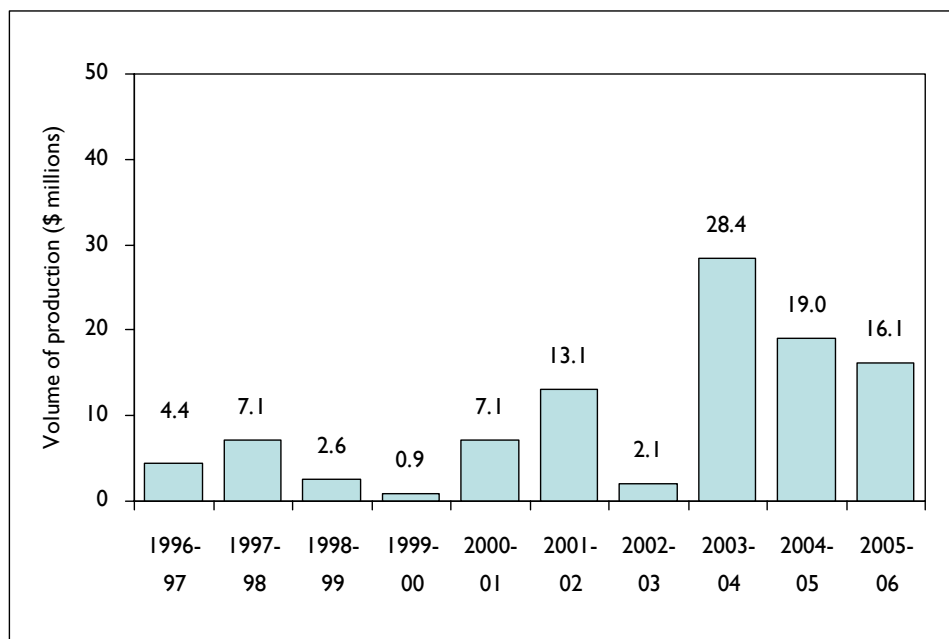
5.1.1 Total Volume

The production of Canadian documentaries with a planned theatrical release (first and second window) increased substantially in the last few years:

- Between 1996-97 and 2002-03, the total annual volume of Canadian theatrical documentary production never exceeded \$13.1 million. Indeed, the annual average production volume was \$5.3 million during this period.
- In 2003-04, however, production volume jumped to \$28.2 million. This sharp increase in production was coincident with the renaissance of the genre in theatres around the world. *Bowling for Columbine* was released in 2002; it was followed closely by other box-office successes, including *Ghosts of the Abyss* and *Winged Migration*.

While production in 2005-06 was still well above pre-2003-04 levels (see Figure 29), it experienced successive declines in 2004-05 and 2005-06. These decreases may have been related to the ongoing challenges of financing and distributing theatrical films. The annual production of Canadian theatrical documentaries eased off in 2004-05 (\$19.0 million) and 2005-06 (\$16.1 million), but was still well above the pre-2003-04 average of \$5.3 million.

Figure 29: Theatrical Documentary Production (Independent Production Only)



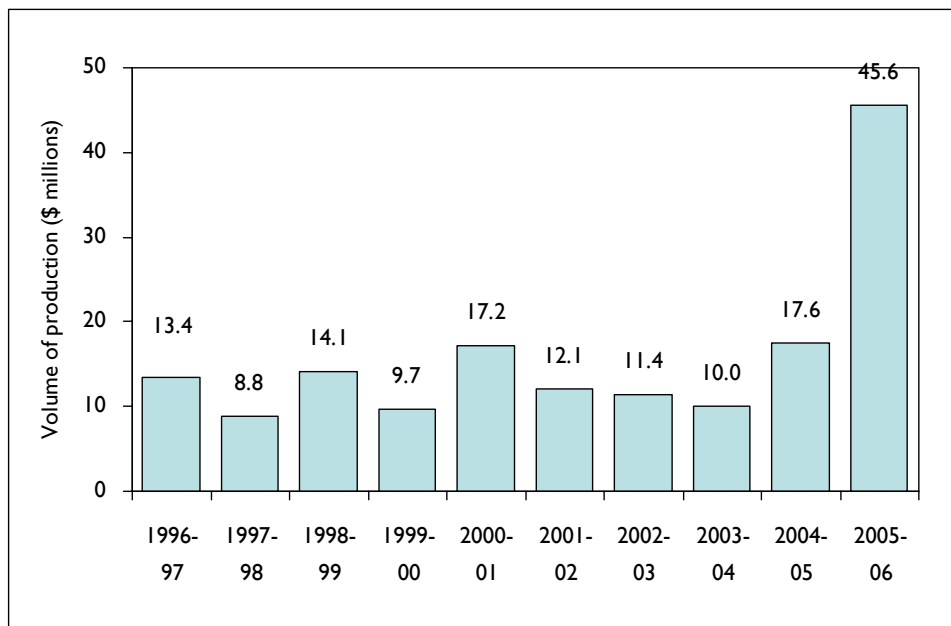
Source: NGL calculations based on data from CAVCO

The annual volume of feature-length documentary production also provides an indication of the emergence of the genre in the theatrical market. Many Canadian feature-length documentaries are financed for broadcast windows, with the hopes that they will be placed in theatrical distribution once production is completed.

Like the theatrical-market statistics (see previous page), the statistics for the annual volume of feature-documentary production indicate that this side of the genre underwent significant growth in the years leading up to 2005-06. The fact that documentary feature film production rose to \$45.6 million in 2005-06, while theatrical release production dropped to \$16.1 million may be indicative of the ongoing challenges in financing and distributing theatrical documentaries. In 2005-06 alone, there was \$30 million worth of feature documentary production volume that had to proceed – initially at least – as television projects with no guarantee of ever reaching theatrical audiences.

- Prior to 2004/05, the annual volume of feature documentary production never exceeded \$17.2 million.
- In 2004/05, however, the production volume increased to \$17.6 million; in 2005/06 it jumped by 160% to \$45.6 million.

Figure 30: Documentary Feature Film Production



Source: NGL calculations based on data from CAVCO

When documentary projects that were conceived as theatrical films have to proceed as broadcast-release projects, it creates a number of challenges: For one, producers must shape the theatrical projects to meet broadcast television formats. But what is more of concern is that it places the responsibility for success of a potentially important Canadian theatrical genre fully in the domain of the broadcast market.

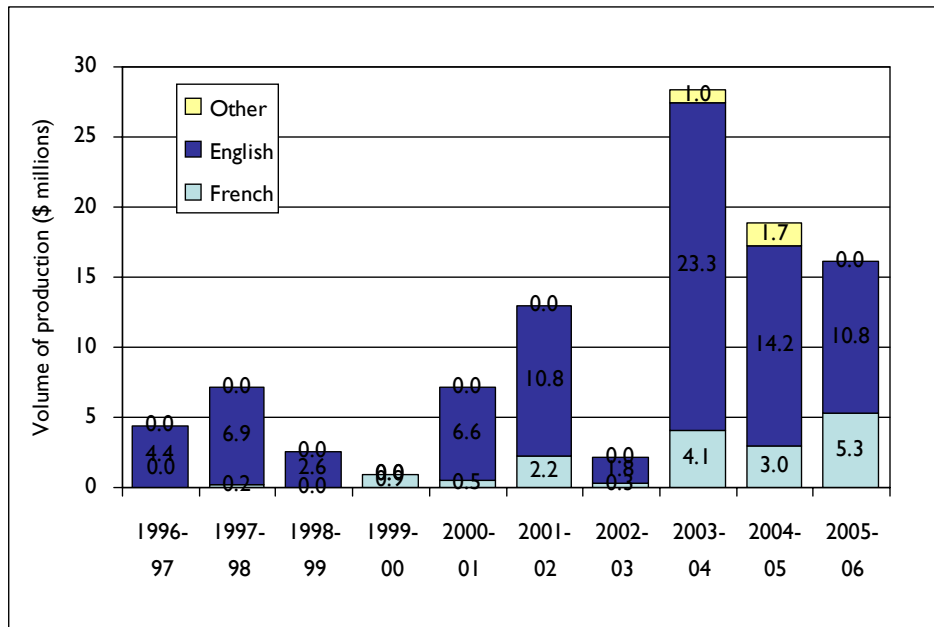
With appropriate financing resources made available directly to theatrical documentary production, the industry can close the gap between feature film production and theatrical-release production and provide feature documentaries with a greater opportunity to reach theatre audiences as well as home video audiences, before they enter the television window.

5.1.2 Language of Production

The vast majority of theatrical documentary production is originally shot in English. However, in recent years, theatrical production in the French-language market has grown as well.

- Theatrical documentaries originally shot in English totalled \$10.8 million in 2005-06, or 67% of total theatrical documentary production.
- Theatrical documentaries originally shot in French totalled \$5.3 million in 2005-06, or 33% of total theatrical documentary production. Prior to 2003-04, the annual volumes of French-language theatrical documentary production were small: less than \$1 million. In 2003-04, however, French-language production rose to \$3.9 million; and in 2004-05 it was \$2.8 million.
- Theatrical documentaries in other languages, including bilingual and Aboriginal-language productions, generated small volumes of production in 2003-04 and 2004-05, and very little in other years.

Figure 31: Language of Production, Theatrical Production



Source: NGL calculations based on data from CAVCO

5.1.3 Region of Production

The bulk of theatrical documentary production in Canada originated in Quebec in recent years. However, in 2005-06, Atlantic Canada was actually the source of most theatrical documentary production.

- In 2005-06, producers based in Atlantic Canada generated \$8.2 million of theatrical documentary production; this represented just over one-half of the total volume that year.
- Theatrical documentary production from Quebec-based producers totalled \$5.0 million in 2005-06. Quebec is traditionally the major source of theatrical documentary production in Canada. Between 1996-97 and 2005-06, Quebec-based producers accounted for 65% of all theatrical documentary production. In 2004-05, it accounted for 79% of total production volume; in 2003-04, it accounted for 89%.
- Theatrical documentary production by Ontario-based producers totalled \$1 million in 2005-06. Between 1996-97 and 2005-06, Ontario-based producers accounted for 16% of all theatrical documentary production.
- Theatrical documentary production by producers based in Western Canada and the Territories totalled \$1.9 million in 2005-06. Between 1996-97 and 2005-06, producers in these regions accounted for 10% of all theatrical documentary production.

Table 14: Volume of Theatrical Documentary Production, by Region

\$ millions	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06
Atlantic	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0	8.2
Quebec	0.0	2.1	0.0	0.9	6.8	9.9	0.3	25.4	15.1	5.0
Ontario	4.4	2.3	0.0	0.0	0.3	2.1	1.3	1.3	3.8	1.0
Western Canada and Terr.	0.0	2.7	2.6	0.0	0.0	0.2	0.6	1.7	0.1	1.9
Total	4.4	7.1	2.6	0.9	7.1	13.1	2.1	28.4	19.0	16.1

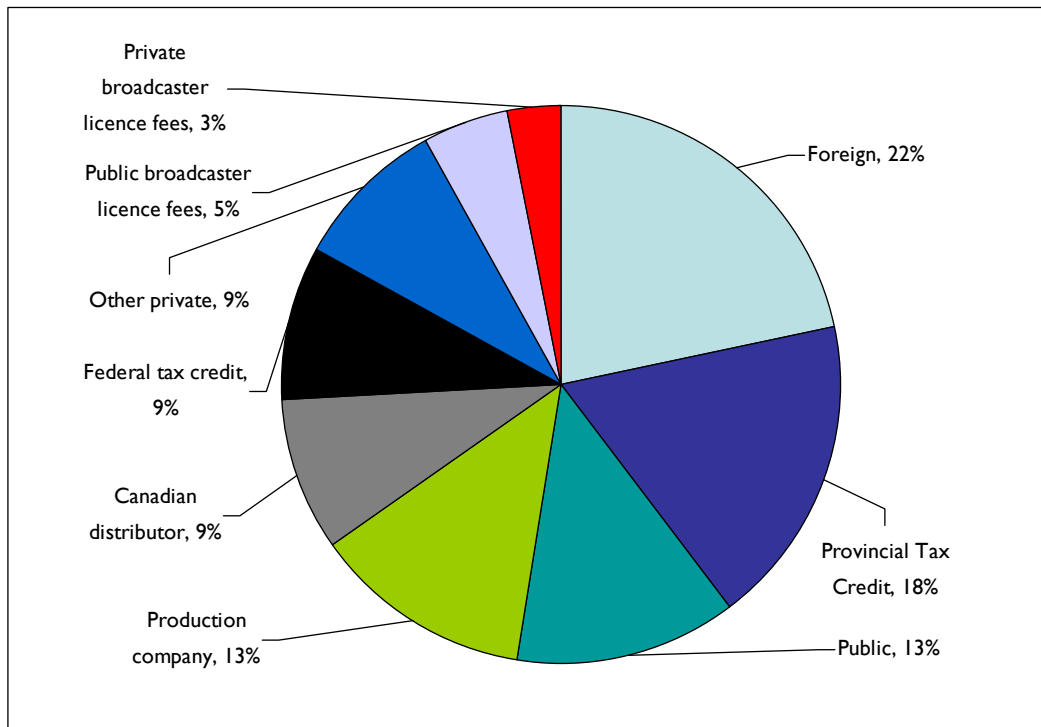
Source: NGL calculations based on data from CAVCO

5.2 Financing Theatrical Documentary Production

Financing is the most significant hurdle to producing theatrical documentaries. Up until 2006, documentary features were not eligible for the mainstay of public theatrical funding – the Canada Feature Film Fund (CFFF); they now have limited access to that fund as well as access to the new Theatrical Documentary Pilot Program. The NFB has played a key role over the decades in providing both direct and indirect stimulus for the production of Canadian documentaries for the theatre screen. Other sources have opened up, such as the Ontario Media Development Corporation’s Feature Film Fund. However, in today’s global market much more financing is required to produce the type of documentary that can compete in theatres.

5.2.1 Theatrical-Release Production

Figure 32: Sources of Financing for Theatrical Documentaries, 1999-00 to 2005-06



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

* Public includes financing from the Canadian Television Fund (public-sector monies), National Film Board, provincial governments, Telefilm Canada and other government departments and agencies.

** Other Private includes financing from the Canadian Television Fund (private-sector monies), independent production funds, broadcaster equity, and other private investors.

Canadian theatrical documentaries receive far less direct public funding than theatrical films overall. This is largely due to the fact that feature-length dramas have had access to the CFFF for several years, while documentary features have not.

- Whereas Canadian theatrical documentary production obtained 13% of its financing between 1999-00 and 2005-06 from direct public sources, overall Canadian theatrical production (largely fiction production) obtained 26% of its total financing from direct public sources between 2000-01 and 2005-06.
- Foreign sources (i.e. foreign distributors) contributed 22% of the total financing for theatrical-release documentaries made between 1999-00 and 2005-06.
- Provincial tax credits accounted for 18% of total financing; federal tax credits contributed an additional 9% of financing. Direct funding from federal and provincial governments contributed 13% of total financing.
- Production companies contributed 13% of total financing.
- Financing from Canadian distributors accounted for 9% of total financing; other private-sector sources also contributed 9%.
- Canadian broadcasters played a very minor role in the financing of theatrical documentaries: their total contribution was 8%.

Theatrical Documentaries and the Canadian Feature Film Fund

The significant financing differential that exists between theatrical documentary and fiction production can be partly attributed to the CFFF's funding guidelines.

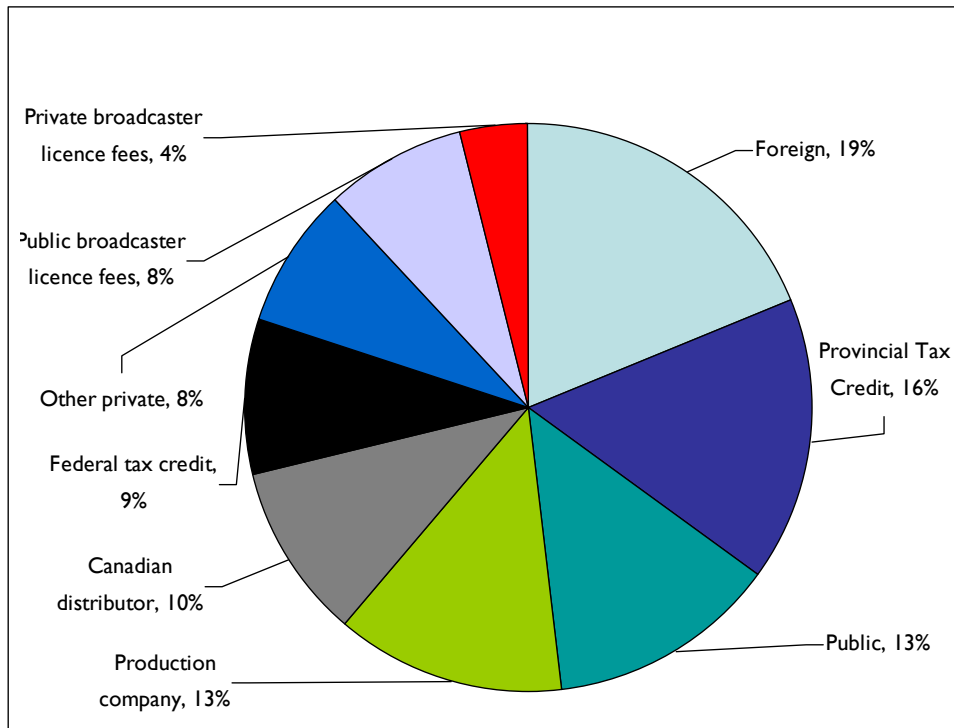
Up until 2006, documentary feature films were ineligible for production support through the CFFF. Although still not directly funded under the CFFF; recent changes to the program guidelines now allow producers to use their CFFF performance envelopes to fund documentaries, provided that the producer earned his or her performance envelope based on the historical box office performance of a documentary film. This actually has provided a much-needed boon to the theatrical documentary industry.

In 2005-06, Telefilm also introduced the \$2 million Theatrical Documentary Pilot Program in partnership with the CBC and the Rogers Group of Funds. During its first year of operation, the program financed the development and production of seven theatrical documentaries and the completion of six other documentary projects. Telefilm Canada is in the process of renewal of the Theatrical Documentary Pilot Program for 2007-08.

While the Theatrical Documentary Pilot Program and the qualified inclusion of documentaries in the CFFF should help to close the funding gap for documentaries somewhat; these developments are unlikely to bring direct public funding for theatrical documentaries in line with that of fiction projects.

5.2.2 Feature Length Production for TV

Figure 33: Sources of Financing for Feature-length TV Documentaries, 1999-00 to 2005-06



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

* Public includes financing from the Canadian Television Fund (public-sector monies), National Film Board, provincial governments, Telefilm Canada and other government departments and agencies.

** Other Private includes financing from the Canadian Television Fund (private-sector monies), independent production funds, broadcaster equity, and other private investors.

A large share of Canadian feature-length documentaries are financed as television projects. In contrast to theatrical-release documentaries, feature-length Canadian TV documentaries display lower shares of financing from foreign sources. Instead, they rely on financing from a large array of domestic public and private sources, with Canadian broadcasters playing a larger role than found in theatrical production.

- On a combined basis, Canadian broadcasters accounted for 25% of the total financing for feature documentaries made between 1999-00 and 2005-06. This is more than their contribution to theatrical documentaries, but less than their financing share for documentary television series.
- On a combined basis, federal and provincial tax credits were the second largest source of financing for feature documentaries. They accounted for a total of 21% of total financing.
- Other private sources – including corporate film funds and the CTF – were another large contributor to the financing pie: they accounted for 17% of total financing.
- Foreign sources accounted for 10% of total financing.
- Production companies contributed 6% of total financing; while Canadian distributors contributed 4%.

5.3 Theatrical Documentary Box Office Performance

Canadian-produced documentaries perform remarkably well in the theatrical market, where they have to compete with foreign documentaries for extremely scarce screens. In 2006, Al Gore’s Oscar-winning film, *An Inconvenient Truth*, was the box office leader in Canada in the documentary genre – earning \$1.7 million during the 2006 calendar year. However, Canadian-produced films did very well too; they occupied four spots among the top ten theatrical documentaries in Canadian theatres in 2006.

- The IMAX film (a Canada-U.S. co-venture), *Deep Sea 3-D*, earned just over \$500,000 in Canadian theatres.
- Jennifer Baichwal’s *Manufactured Landscapes* earned over \$270,000 in Canadian theatres during the 2006 calendar year, and was ranked fifth among the top ten.
- *La Planète blanche*, produced by Jean Lemire, Jean Labadie, and Stéphane Milliere, earned \$228,000 in theatres and held the sixth spot.
- The CBC international co-production, *Why We Fight*, earned \$174,000 in Canadian theatres and held the eighth position.

Table 15: Top Ten Documentary Films in Canadian Theatres in 2006

Rank	Film Title	Box Office Gross Receipts in Canada, 2006	Country of Origin
1	<i>An Inconvenient Truth</i>	\$1,680,546	USA
2	<i>Greece: Secrets of the Past</i>	\$750,025	USA
3	<i>Deep Sea 3-D</i>	\$509,519	Canada-USA
4	<i>Shut Up & Sing</i>	\$303,633	USA
5	<i>Manufactured Landscapes</i>	\$273,397	Canada
6	<i>La Planète blanche</i>	\$228,115	France-Canada
7	<i>Leonard Cohen I’m Your Man</i>	\$204,261	USA
8	<i>Why We Fight</i>	\$173,922	USA-France-UK-Canada-Denmark
9	<i>Who Killed the Electric Car</i>	\$173,587	USA
10	<i>Wordplay</i>	\$76,288	USA

Note: Box office data includes only receipts earned during the 2006 calendar year. The box office data does not include any receipts earned in other years.

Source: Compiled by Department of Canadian Heritage based on data from Motion Picture Theatres Association of Canada.

The box office performance of Canadian documentaries is outstanding when compared to Canadian feature film dramas in the English-language market. While the margins are quite different, in the English-language market, Canadian films have yet to penetrate the list of top-ten films in the same way that Canadian documentaries have.

Canadian documentaries have also posted strong box-office performances in Canadian theatres over the past several years. Two Canadian documentaries earned in excess of \$1 million at the Canadian box office; two others earned more than \$500,000.

- Mark Achbar and Jennifer Abbot's *The Corporation*, released in 2004, earned \$1.9 million at Canadian theatres. It earned an additional US\$3.5 million at U.S. theatres.¹⁶
- Paul Arcand's *Les Voleurs d'enfance* earned \$1.8 million at Canadian theatres, following its release in 2005.
- Rob Stewart's *Sharkwater* has already earned \$757,000 (as of July 2007) in Canadian theatres and it is still in active distribution.
- The NFB production, *What Remains of Us*, earned \$540,000 at Canadian theatres, following its release in 2004.

Table 16: Top Canadian Documentary Films in Canadian Theatres in 2002 to 2007

Rank	Film Title	Cumulative Box Office Gross Receipts in Canada	Year of Release
1	<i>The Corporation</i>	\$1,900,000	2004
2	<i>Les Voleurs d'enfance</i>	\$1,756,438	2005
3	<i>Sharkwater</i>	\$757,311	2007
4	<i>What Remains of Us</i>	\$540,070	2004
5	<i>Manufactured Landscapes</i>	\$421,000	2006
6	<i>FIX: The Story of an Addicted City</i>	\$300,000	2003
7	<i>La Planete blanche</i>	\$242,607	2006
8	<i>The Take</i>	\$162,804	2004
9	<i>Radiant City</i>	\$82,392	2007
10	<i>Go Further</i>	\$60,000	2004
11	<i>Stupidity</i>	\$45,500	2003
12	<i>A Force de reves</i>	\$41,960	2007
13	<i>L'illusion tranquille</i>	\$29,450	2006
14	<i>La Cité interdite</i>	\$24,118	2007
15	<i>Sacred Sacred</i>	\$21,000	2004

Note: Box office data includes only receipts earned in Canadian theatres from the time of release until July 2007.

Source: Compiled by Documentary Organization of Canada based on a survey of Canadian documentary producers and distributors and data supplied by the Department of Canadian Heritage and the Motion Picture Theatres Association of Canada.

Canadian documentaries have also made significant inroads with audiences internationally. *The Corporation* earned world box office revenues of over \$5 million.

Other Canadian success stories include *Winged Migration*; it placed seventh on Box Office Mojo's list of top documentary films with \$32 million in global box office receipts.¹⁷ CBC was involved in the co-production *Why We Fight*, which placed in at number 54 on Box Office Mojo's list of top documentaries with \$1.4 million in earnings.¹⁸

¹⁶ U.S. box office statistics from www.boxofficemojo.com.

¹⁷ Source: www.boxofficemojo.com

¹⁸ Source: www.boxofficemojo.com

Two other examples of Canadian broadcasting projects that achieved theatrical distribution in the U.S. but not in Canada are: Peter Raymont’s *Shake Hands with the Devil* (2005) with \$68,000 in box office earnings,¹⁹ and Irene Angelico’s *Black Coffee* (2005), which earned \$98,000 at the box office.

5.4 Theatrical Documentaries and Film Festivals

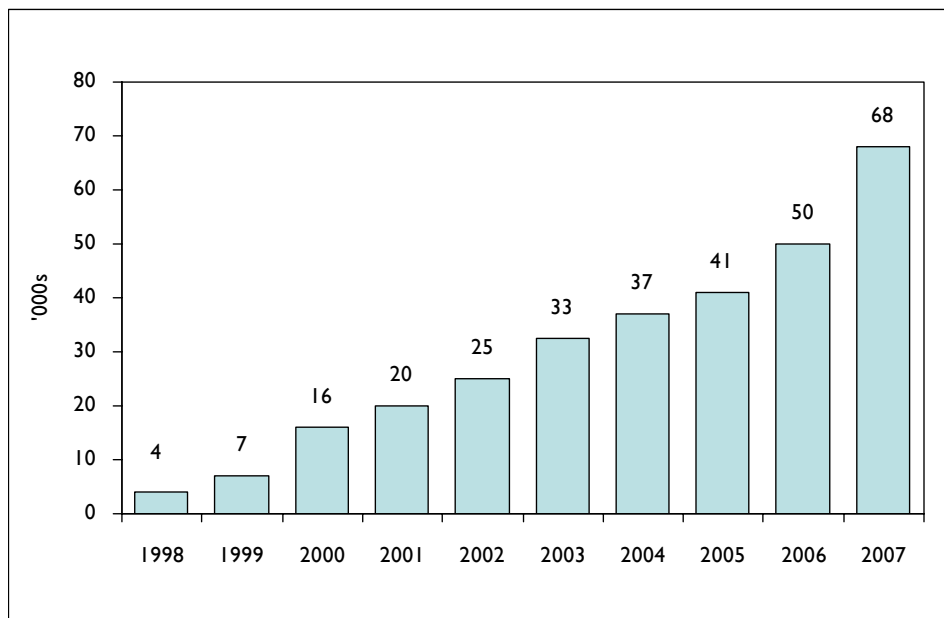
Festivals play a key role in bringing feature-length documentaries to new audiences, showcasing films to potential theatrical distributors and facilitating international co-financing and investment. The success of documentary festivals and the increased presence of documentaries at leading traditional film festivals reflect the popularity of the genre.

Documentary film festivals have grown dramatically, providing an important opportunity to showcase the genre to increasingly large audiences. Most documentaries are produced in digital format rather than 35mm. This often limits their initial theatrical release to festivals that can digitally equip their theatres.

The largest film festival for documentaries is the International Documentary Film Festival Amsterdam (IDFA). The IDFA is held each November; in recent years its screening attendance has exceeded 130,000 in the last few years.

Canada’s largest documentary film festival, Hot Docs Canadian International Documentary Festival (“Hot Docs”), has also become one of the world’s leading festivals for the genre and the largest in North America. Hot Docs screens over 120 documentaries produced by Canadian and foreign filmmakers. The festival also provides documentary professionals with opportunities for professional development, marketing and networking.

Figure 34: Hot Docs, Annual Screening Attendance



Source: Hot Docs

¹⁹ Source: www.boxofficemojo.com



Between 1998 and 2007, Hot Docs increased its annual screening attendance from 4,000 to 68,000. And Hot Docs growth has actually accelerated in recent years: After experiencing attendance growth of 12% and 11% in 2004 and 2005, respectively, attendance grew by 22% in 2006 and a staggering 36% in 2007.

Documentaries have also become an integral part of the leading film festivals. Documentaries are now prominent within the screening schedules at Cannes, Sundance Film Festival, Toronto International Film Festival, Venice Film Festival, Berlin International Film Festival, and the American Film Institute Film Festival. The Toronto International Film Festival alone screened 53 documentaries in 2006 representing 15% of the total of 352 films in the program²⁰.

In addition to showcasing documentary films, festivals play a key role in facilitating financing and distribution. International financing forums, now part of most major documentary festivals, bring international players together to invest in both television and theatrical documentaries. The rise of financing forums has helped drive official treaty co-productions and fuel a growing trend to international non-treaty co-financing of documentaries.

The high risk of feature-length documentary production dictates that many projects secure theatrical distribution only after production is completed. As a result, the festival circuit has also become an important platform from which to showcase documentaries to potential theatrical distributors.

Starting next year, Telefilm Canada will require festivals that receive Telefilm Canada funding to start to track audiences as a box office indicator by specific film. This will be a good start to measuring the growth of box office data outside of the traditional multi-plex setting.

5.5 Digital Cinema

5.5.1 Digital Cinema: A Potential Driver of Theatrical Documentaries

As theatrical documentaries continue to draw substantial audiences and critical acclaim, Digital Cinema (D-Cinema) holds the promise of driving growth for the genre.

The high cost of producing and distributing multiple 35 mm film prints—the current industry standard for theatrical exhibition—can be prohibitive for independently produced documentaries. In addition, documentary films are often shot in digital formats and the process of transferring digital masters to 35 mm film is very costly.

D-Cinema utilizes digital projectors and central servers, enabling networked print-free circulation. Thus, D-Cinema's economical distribution model and compatible format has the potential to increase documentary access to theatrical screens.

In addition, D-Cinema's tremendous flexibility is expected to facilitate the expansion of alternative, non-traditional theatre programming, from sporting events to opera and edutainment. As exhibitors pursue niche audiences and new forms of entertainment to fill seats outside of peak periods, new opportunities may arise for documentary presentation in theatres.

²⁰ Source: Toronto International Film Festival Group 2007

Perhaps most importantly, digital cinema technology can economically facilitate the creation of a networked 'theatre' in almost any venue. Art houses, museums and regional auditoriums all have the potential to become big-screen platforms for bringing Canadian stories, including documentaries to wider audiences.

5.5.2 The Worldwide Digital Cinema Rollout

Despite a slow global uptake, there appears to be industry consensus that Digital Cinema (D-Cinema) will replace film projection as the theatre format of the future.

A major hurdle was overcome in 2005 when uniform technical standards were established (including 2K resolution as the minimum projection grade for commercial D-Cinema²¹. Smaller 'E-Cinema' systems were deemed inappropriate for Hollywood feature film content, although they are used regularly for alternative entertainment.

Greater technical certainty paved the way for a dramatic D-Cinema expansion in 2006. Worldwide screens equipped with D-Cinema Grade projectors grew by 383% totalling 2,866 at year's end.²²

D-Cinema screens however, make up less than 3% of the estimated 100,000 targeted for conversion worldwide.²³ Thus, a full commercial D-Cinema rollout is still some time away.

5.5.3 International Alternative Digital Cinema Models: Creating Access for Theatrical Documentaries

While commercial D-Cinema slowly gathers momentum, documentaries are finding new audiences internationally via a number of proactive small-scale D-Cinema and E-Cinema-grade digital projects.

U.K. Film Council Digital Screen Network and Non-Theatrical Exhibition Fund

In an effort to bring a wider range of films, including documentaries to British audiences, the U.K. Film Council has spearheaded Digital Cinema installations across Great Britain:

- The Digital Screen Network, slated for completion in 2007, will make possible Digital Cinema installations in 210 theatres and 240 screens across Britain, Scotland, Wales and Northern Ireland.²⁴
- Equipment is provided to theatres free of charge in return for devoting a set percentage of screen time to 'non-Hollywood, specialized films' including documentary features.
- In addition, the U.K. Film Council administers the The Digital Fund (Non Theatrical Exhibition) a £500,000 fund to assist British film societies and community networks with installations and

²¹ Digital Cinema Initiatives, LLC (DCI), *Digital Cinema System Specification V1.0*, July 20, 2005

²² Source: MEDIA Salles, *European Cinema Yearbook 2006*, 15th Edition

²³ Source: Mead, Bill "The Big Picture: Who's Who and What's Where in the Digital Cinema Rollout" *Film Journal International*, March 13, 2007

²⁴ Source: U.K. Film Council, "Film Fans Across the UK Get Ready for Cinema Revolution", Media Release August 11, 2006.

upgrades of existing digital projection systems in order to increase access to films outside of commercial cinemas.²⁵

CinemaNet Europe

Funded by the European Union MEDIA Program, CinemaNet Europe (CNE) is a joint public/private initiative designed to increase access to documentary content in European theatres²⁶

- CNE has brought digital installations to a network of 180 cinemas in 8 countries since its inception in 2003²⁷.
- D-Cinema and E-Cinema installations are provided to selected theatres in return for a small monthly usage fee and the required screening of one CNE documentary per month.
- The organization also distributes optional documentary and other independent titles to the network, providing a growing catalogue of alternative content to European audiences.

Other International Alternative Digital Distribution Networks:

Other examples of alternative digital networks exhibiting a range of indigenous and international documentary films include:

- Emerging Pictures Cinema Network in the U.S.A.²⁸
- RAIN Network in Brazil²⁹
- Folkets Hus och Parker network in Sweden³⁰
- Australian Film Commission's Regional Digital Screen Network³¹

²⁵ For more information see <http://www.ukfilmcouncil.org.uk/cinemagoing/distributionandexhibition/dfnte>

²⁶ For more information see <http://www.cinemaneteurope.com>

²⁷ Source: Watson, David "A Review of Digital Cinema", *Journal of the National Film and Sound Archive, Australia*, Volume 2, No 1, 2007.

²⁸ For more information see <http://www.emergingpictures.com>

²⁹ For more information see <http://www.rain.com.br>

³⁰ For more information see <http://www.fhp.nu/frameset.asp>

³¹ For more information see http://www.afc.gov.au/newsandevents/rdsn/newspage_365.aspx

5.5.4 Canadian Digital Cinema Rollout

In Canada, commercial D-Cinema is in its infancy. There were just ten D-Cinema screens nationally at the end of 2006.³² However, D-Cinema may claim a larger Canadian footprint in the next few years. The country's largest theatre chain Cineplex Entertainment reports it is considering joining U.S. based Digital Cinema Implementation Partners for a major D-Cinema rollout.³³

Until then, lower-grade E-Cinema technology *will be* driving new distribution of alternative entertainment to commercial theatres:

- Cineplex Entertainment has installed HD digital projection and distribution systems in 80 theatres and 902 screens nationally³⁴.
- Primarily used for pre-show advertising, the projectors do not meet DCI standards for feature film D-Cinema. However, Cineplex is increasingly utilizing the network to broadcast a range of alternative programming, from educational films to live hockey, opera and ballet.
- In December, 2006, Cineplex Entertainment began broadcasting Live HD Metropolitan Opera performances to sell-out audiences in theatres across Canada.³⁵

Documentaries and Canadian Digital Cinema

The enormous success of Canadian feature documentaries, along with record-breaking documentary festival attendance, suggest a growing demand for home-grown documentary content in our theatres—one which could be met economically through E-Cinema, if not D-Cinema, alternative venues.

However, there are no clear paths to entry for documentary content. Unlike a number of territories around the world, Canada has not initiated funding programs or incentives to ensure that Canadian content plays a role in digital cinema.

The NFB has initiated a new project that holds some promise. This pilot program focuses on digital cinema installations for use predominantly by New Brunswick's minority French-language community. E-cinema digital projection equipment will be provided to community sites in an effort to bring NFB films to a traditionally underserved population. This initiative, however, only involves exhibition of NFB documentaries.

On the commercial front, alternative E-Cinema has primarily focused on live events and sports to date. It is not clear whether Canadian documentaries will find a place in this emerging delivery system.

While the approaching full-scale D-Cinema rollout could facilitate more economical distribution of Canadian theatrical documentaries, increased access is not guaranteed. In fact, emerging business models feature long-term investment by the major Hollywood studios to offset exhibitor costs of D-Cinema conversions.³⁶ A direct studio role in financing the digital rollout could reinforce their already substantial economic leverage in Canadian theatres. As well, some fear that distribution of films via

³² Source: MEDIA Salle, *European Cinema Yearbook 2006*.

³³ Cane, Peter "Shop Talk" May 14, 2007 *BoxOffice.com* (<http://www.boxoffice.com>).

³⁴ Source: Cineplex Entertainment LP, <http://media.cineplex.com/OnScreen/Digital/PreShow.aspx>

³⁵ Cineplex Entertainment LP, "Thousands Experience the Met Opera on the Giant Screen with Sell-Out Audiences in Theatres Across Canada", Media Release January 3, 2007.

³⁶ Screen Digest, *Digital Cinema: Rollout, Business Models and Forecasts to 2010*, May 2006.

global digital networks controlled by major suppliers could see studio content further dominating screens.

D-Cinema presents extraordinary opportunities for Canadian documentaries to reach more audiences at home and internationally. However, it is not assured that substantial benefits will be realized without strengthened distribution mechanisms and pro-active planning. International projects like CinemaNet and the NFB pilot program are both models which merit consideration if Canada's documentary industry is to fully leverage the potential of digital cinema.

5.6 Industry Outlook

5.6.1 Opportunities:

- While the Canadian feature film industry struggles to increase its share of box office, theatrical documentaries have proven potential to attract audiences here and around the world with uniquely Canadian stories.
- Documentary features with their lower budgets and alternative themes represent a sub-category of the theatrical market where Canada can and does successfully compete. Assuming that audience trends continue to favour documentary fare in theatres, there are clear opportunities for growth of the genre and the Canadian feature film industry in general.
- D-Cinema, with its compatible technical format and its ability to facilitate alternative content, holds the promise of driving growth in the documentary genre in theatres. As well, the technology's ability to transform almost any venue into a networked 'theatre' could translate into non-traditional opportunities to reach underserved Canadians with documentary fare of all kinds.

5.6.2 Challenges:

The recent success of Canadian theatrical documentaries has been achieved with little public financial support and significant barriers to distribution and exhibition. In order to facilitate real growth in the genre, a number of structural challenges will likely need to be addressed.

- Firstly, substantial new production funding will have to be found in order to encourage more project development and ensure that Canadian products have the budgets to compete in the commercial theatrical market.
- In addition, marketing and distribution support is needed to mitigate the challenges and prohibitive costs of distributing documentary feature films to theatres.

Likewise, the advent of D-Cinema will not necessarily bring new opportunities for Canadian documentaries without pro-active policy.

- Some of Canada's largest cinema chains are outfitted today with HD e-cinema projectors potentially adequate to screen feature length documentaries. However, with no clear paths to entry, Canadian documentaries have yet to participate in this new programming outlet in a meaningful way.



- Recent initiatives designed to ensure greater diversity of content through digital screens undertaken in the European Union, Great Britain, Australia and the NFB may provide useful models for a future policy in Canada.

6 Alternative Platforms: The Documentary Long Tail

Rapid changes in technologies are impacting all genres of global video content. The internet revolutionized communication, then retail distribution, and is now transforming the way in which audio-visual content is distributed and consumed.

New digital technologies are giving Canadians access to on-demand information and entertainment through an array of sources alongside the traditional television and theatre experience. Multi-platform projects, online video, mobile entertainment and others all share the key ability to support a wider range of content serving multiples of niche audiences. The 'Long Tail' economics of digital media holds exciting opportunities for documentaries as well as tremendous challenges.

6.1 Trends in Alternative Platforms

In this section we briefly review some of the leading trends in alternative media platforms and provide a sampling of current participation by Canadian documentaries.

6.1.1 Video on Demand (VOD)

Increasingly, BDU's, either on their own or in partnership with broadcasters, are offering content through VOD or 'near' video-on-demand services such as pay-per-view:

- As of 2006, 44% of Canadian cable subscribers have used on-demand video services, and that number is expected to grow substantially.³⁷

Consumers' ability to access a broad array of movies and programming at their convenience is fuelling the popularity of this platform and documentaries are helping drive growth.

Services like The Movie Network and Rogers on Demand that supply primarily Hollywood-hit-type fare, also offer top feature-length documentaries as part of the entertainment mix. For example in April 2007, *An Inconvenient Truth* was ranked #6 and *March of the Penguins* was ranked #41 for total downloads out of approximately 100 movie titles offered on The Movie Network OnDemand.³⁸

As the VOD platform matures, the addition of niche titles and services could provide significant new exposure for Canadian documentaries.

- For example, the Documentary Channel now offers programming through an on-demand service. Five Canadian BDUs, including Rogers, Cogeco, Shaw, SaskTel and MTS TV currently offer their digital subscribers Documentary on Demand.

As the number of VOD options available on Canadian BDU's multiplies, it may be a challenge for the Documentary Channel on Demand to achieve a high level of uptake. Nevertheless, the service represents an important opportunity for Canadian viewers to access an all-documentary on-demand catalogue.

³⁷ Source: Solutions Research Group *Fast Forward Trend Analysis Prepared for the CRTC*, August 2006 available at www.crtc.gc.ca/eng/publications/reports/radio/srg.pdf

³⁸ Source: Data obtained from Astral Television Networks

6.1.2 Online DVD Rental Services

While growth of the traditional DVD purchase and rental market in Canada has slowed considerably, (from nearly 50% increase from years 2004-05 to 2005-06, compared to a less than 1% increase in the subsequent year³⁹) a new online DVD distribution model has emerged.

The U.S. DVD rental service Netflix and others including Canadian counterpart Zip.ca are forging new business models, offering large inventories of titles for rent over the internet and delivered via the postal service.

- With over 6.3 million subscribers and, according to Netflix, 72% of its rentals from “back catalogue films” (films on the market for more than a month and no longer promoted by the studios), Netflix has the capacity to link niche content to large audiences.⁴⁰
- Netflix offers a catalogue of over 5,800 Documentary DVDs for rent as well as online video for select documentary titles. As of June 2007, site users ranked Canadian produced *Bowling for Columbine* and *The Corporation* #4 and #14 respectively in the top 25 most popular documentary titles.⁴¹
- Canadian start up Zip.ca offers a library of 24,000 titles for rent online to a customer base of 37,000 subscribers.
- Mainstream DVD rental and retail chains Rogers Video and Blockbuster have both introduced online rental services in Canada, outsourcing fulfillment operations to Zip.

The online DVD rental model holds new opportunity for documentary fare as it allows smaller titles that could not access valuable “shelf space” in traditional storefronts to find new like-minded audiences while earning additional revenues. However, shelf space does not guarantee substantial sales. It is not clear the extent to which the average documentary filmmaker is realizing any more than incremental additional revenues from this long tail model.

6.1.3 Cross-Platform or ‘360’Projects

The global programming marketplace is seeing a significant trend toward commissioning ‘360-degree projects’ where linear television is accompanied by related elements across mobile and the internet. The internet is a natural platform for extending the documentary experience with in-depth information, additional video content and opportunities to build unique communities of interest. Thus the documentary genre is well suited to the creation of compelling content across a number of platforms.

Innovative 360-degree Canadian documentary projects such as Rhombus Media’s *Beethoven’s Hair*, *Mission Antarctica*, by Glacialis Productions and *The Sea Hunters*, produced by Eco-Nova Productions, demonstrate the power of factual multi-platform media.

³⁹ Source: Statistics Canada, The Daily Monday “Film, Video and Audio-Visual Distribution”, August 28, 2006.

⁴⁰ Hardy, Quentin “Netflix To Stream Live Movies For Free” Forbes.com, January 16, 2007
http://www.forbes.com/digitalentertainment/2007/01/15/netflix-free-video-streaming-tech-media-cz_qh_0116netflix.html

⁴¹ See <http://www.netflix.com> for continuously updated movie rankings

The Sea Hunters and shipwreckcentral.com Taking Broadcast Documentary Interactive

This documentary series produced by Eco-Nova Productions for the History and National Geographic Channels takes viewers deep into the world of shipwrecks and their exploration by divers today. The series is complemented by the shipwreckcentral.com website, a comprehensive portal and information source focused on shipwrecks around the world. The site blends extensive broadband video with the web's unique interactive and social network capabilities linking shipwreck enthusiasts everywhere. Offerings include a substantial collection of shipwreck video, opportunities to chat with the Sea Hunters Team and other fans, forums, as well as an interactive map of global shipwrecks which allows users to upload information to a growing database of specialized knowledge.

The Bell Broadcast and New Media Fund (the “Bell Fund”) has been a major source of funding for multi-platform programs in Canada and a catalyst for new-media innovation. Documentary projects have consistently accessed funding, indicating genre’s participation in the developing cross-platform landscape.

- Since its inception in 1997, the Bell Fund has funded 39 English and French documentary cross-platform projects, accounting for 20% of all projects.
- The fund has allocated a total of \$5,743,648 in new-media funding for documentary cross-platform projects, equal to 17% of funding for all genres.

Table 17 Bell Broadcast and New Media fund Cross-Platform Documentary Funding

Year	DOC Funded Projects	DOC Funding	Total Funded Projects	Total Funding	DOC % of Funded Projects	DOC % of Total Funding
1997	4	485,255	12	\$1,540,396	33.33%	31.50%
1998	4	423,675	17	\$2,147,975	23.53%	19.72%
1999	5	597,500	14	\$1,555,730	35.71%	38.40%
2000	2	245,000	13	\$2,150,000	15.38%	11.39%
2001	5	678,390	22	\$3,535,093	22.72%	17.68%
2002	4	623,215	24	\$3,753,093	16.66%	16.60%
2003	2	368,400	28	\$4,754,234	7.14%	7.74%
2004	4	836,000	24	\$4,515,055	16.66%	18.51%
2005	6	987,838	21	\$4,012,863	28.57%	24.61%
2006	3	498,375	27	\$5,584,736	11.11%	8.92%
Total	39	5,743,648	202	\$33,549,175	19.80%	17.12%

Source: Bell Broadcast New Media Fund June 2007

- Overall, 27 English documentary projects have accessed the Bell Fund’s financing, more than double the rate of French-language properties, which stands at 12.
- Total English documentary financial investment is also considerably higher than investment in French properties.

Table 18 Bell Broadcast and New Media Fund, Documentary Projects by Language

English Doc Projects			French Doc Projects	
Year	Number of English Projects	Funding	Number of French Projects	Funding
1997	3	\$235,255	1	\$250,000
1998	4	\$423,675	0	0
1999	4	\$447,500	1	\$150,000
2000	2	\$245,000	0	0
2001	2	\$170,000	3	\$508,390
2002	3	\$379,000	1	\$244,215
2003	1	\$233,400	1	\$135,000
2004	3	\$638,000	1	\$198,000
2005	2	\$331,500	4	\$656,338
2006	3	\$498,375	0	0
Total	27	\$3,601,705	12	\$2,141,943

Source: Bell Broadcast and New Media Fund June 2007

New internet capabilities in social networking, online video and virtual realities will enable content creators to build rich communities of interest and multi-layered experiences around documentary subject matter. However, as the creative opportunities multiply, so will traditional linear budgets. It is not clear whether television licence fees are rising to accommodate multi-platform projects. This will be a key trend to monitor as the market unfolds.

6.1.4 Mobile Distribution

As video-enabled mobile phones become more prevalent in Canada, and as broadcasters and networks continue to innovate in their provision of mobile services, particularly more of the younger generation will ‘snack’ on video content offered via mobile. This could lead to new opportunities for mobile short-form documentary content.

However, mobile video usage is currently limited; a minimal 2% of the population in Canada have viewed a video on their mobile phone.⁴²

As well, even with greater mobile video uptake, it is unclear whether traditional long-form or feature-length documentary will ever see mobile as a viable distribution platform.

6.1.5 On-Demand Online Video Distribution

Improved streaming technologies and greater distributor bandwidth is fuelling an explosion of video content online. This rapidly developing trend is at the centre of the transformation of the internet from a print based medium to a full motion entertainment platform. Its impact on television viewership has

⁴² Research from Quickplay Media, cited in “Mobile Biz Gets Moving” by Sean Davidson; Playback Magazine January 23, 2006.

been minimal to date.⁴³ However, this ‘disruptive’ innovation may pose the greatest potential threat to traditional broadcasting business models in the longer term.

Online Viewing Trends

In increasing numbers, consumers are accessing a huge array of on-demand entertainment ranging from amateur UGC and semi-professional video to full-length television series and movies of every genre.

- Internet measurement firm comScore reports that in the month of March 2007, 71.4% of American internet users streamed video online, consuming a total of more than 7 billion streams.⁴⁴
- According to the Solutions Research Group, in 2006 41% of all internet users in Canada had watched a video online.⁴⁵

As the provision of content online grows, viewing is quickly moving from early adopters to mainstream:

- The Solutions Research Group forecasts that, in the next seven years, the 18-39 year-old demographic in the United States will probably consume 80 percent of its television programming through some type of on-demand service.⁴⁶

Online Video Supply Trends

Amateur Video Online (User Generated Content)

Amateur UGC has dominated the early online video landscape, sparking global interest. The UGC premise rests on allowing anyone with a video camera and a computer to create their own stories and upload them for immediate access by mass audiences. In this way, UGC has increased the presence of documentaries online enormously, driving the creation of millions of micro-documentaries from citizens around the world.

- As of June 2007, the hugely popular YouTube was ranked the sixth most popular website in Canada, just behind Google and well ahead of any Canadian television broadcaster’s website -- Canada.com at 29, CBC at 32 and The Sports Network at 67.⁴⁷
- New Canadian counterpart Blog.tv.ca, from Alliance Atlantis has quickly gained popularity, attracting over 800,000 unique visitors in April 2007.⁴⁸
- Solutions Research Group reports that as of May 2007, over 3 million Canadians have uploaded video to private or public web pages.⁴⁹

UGC is typically uploaded and shared for free. As such, it provides an extremely low-cost form of entertainment but does not provide revenue opportunities for professional filmmakers. However, some

⁴³ Weeks Carly, *Canada Embraces Technology* OWL Institute, July 4th 2006.

⁴⁴ Source: comScore “Google sites Ranked by ComScore as Top U.S. Video Property in March 2007” Media Release June 4, 2007

⁴⁵ Source: Solutions Research Group *Fast Forward Trend Analysis* prepared for the CRTC, August 2006.

⁴⁶ Ibid.

⁴⁷ Source: Alexa Web Information Service, June 2007, www.alexa.com

⁴⁸ Alliance Atlantis Communications “From Mommies to Megadeth: Canada Finds a Stage on blogTV.ca” Media Release May 9, 2007

⁴⁹ Solutions Research Group “3 Million Canadians Upload Video” Media Release June 25, 2007.



documentary filmmakers have embraced the UGC phenomenon, harnessing the power of citizen journalism to tell compelling stories and drive social change.

NFB: Linking Documentary Filmmakers to User Generated Content

The National Film Board of Canada has participated in a series of projects that link professional documentary filmmakers with citizen UGC for powerful results. For example,

CITIZENShift (<http://citizen.nfb.ca>) is an NFB-produced interactive platform where users can explore social issues through film, photography, articles, blogs and podcasts. Designed to engage citizens, the space provides opportunities for users to view clips from professional documentary films as well as share their own media.

Homeless Nation, (www.homelessnation.org) from documentary filmmaker Daniel Cross provides web access to hundreds of homeless people and activists who work among them. It weaves together first-person video stories, blogs and forums to create a compelling point-of-view statement and call to action.

Who We Are, (www.whoweare.ca) by Kung Fu Numerik and Turbulent Media won the NFB's 2006 Cross Media Challenge. This multi-platform project seeks to create an interactive communal portrait of the Canadian immigrant experience, using a mix of curated and user-generated content from dozens of immigrant communities across the country.

Semi Professional Video On-Line

The internet is also emerging as a tool for broadcasters to showcase and foster new documentary talent. In this sense it is a democratizing force, allowing any aspiring filmmaker to connect immediately with an online audience:

- **Current TV:** This Al-Gore-sponsored website invites uploads of documentary and other genre and then airs chosen projects on its linear specialty channel. The most promising filmmakers are given access to story editors and post-production tools, ensuring a higher quality of content on the site. (www.current.tv)
- **FourDocs:** This user-generated online platform from Channel 4 in the United Kingdom aims to train amateur filmmakers in the art of documentary and also increase the pool of talent from which it can commission programs. (www.channel4.com/fourdocs)
- **Exposure:** In June 2007, the CBC launched a Canadian user-generated micro site and television series inviting aspiring filmmakers to upload short digital videos, including documentaries. The most popular films air on CBC and compete for prizes including chance at a development deal worth \$25,000. (www.cbc.ca/exposure).

However, none of the initiatives cited above fund or license uploaded online programming. As distributors and consumers become accustomed to a steady supply of low-cost entertainment, there may be a danger that professional filmmakers will experience downward pressure on budgets and licence fees.

Professional Video Online

While amateur video content has dominated the web to date, opportunities for professional documentaries are growing. Web aggregators and traditional media players are leading the migration of mainstream entertainment to the internet. Most include some form of professional documentary content in their mix. For example:

- **Google Video** and **Google Video Canada** offer thousands of video clips for download ranging from amateur shorts to full-length films from major media brands. **Google Video Canada** offers a huge range of Canadian content tagged 'Documentary', as well as programming from Discovery Channel Canada and the CBC. (<http://video.google.ca>)
- **YouTube** is adding professional content to its amateur offerings, including documentary catalogues from the Sundance Channel and BBC archives. (www.youtube.com)
- **AOL True Stories** is the only major site exclusively dedicated to professional documentary content, offering 77 films for download as of June 2007. A well-promoted film can generate upwards of 250,000 page views on the site. (<http://movies.aol.com/truestories>)
- **Joost** is a new high-profile online aggregator that combines full-screen broadcast quality entertainment with interactive and community features. As of June 2007, Joost offered a range of documentary material from the Independent Film Channel, National Geographic as well as independent online distributors such as indiflix. (<http://www.joost.com>)

Joost: Combining Television Entertainment with Internet Interactivity

Joost™ is a new player that provides broadcast-quality video to viewers anytime, anywhere. Based on peer-to-peer streaming technology, Joost can be accessed with a broadband internet connection and offers free, fully customizable commercial content along with interactive functions like video sharing, live chats and community forums. Joost features more than 200 channels with programming across all genres including substantial content from major media brands like CBS, MTV, Warner Bros. and CNN. Channels and programs available on Joost vary by geographic region, based on copyright ownership.

Increasingly, major broadcasters and other traditional media players are offering broadband on-demand versions of their content, either on their own sites, or through aggregators. Broadcaster investment in broadband video reflects the new imperative to reach a fragmenting viewership wherever and whenever they consume media.

Leading international documentary brands offerings online video content on their websites as well as through internet aggregators include the BBC, the Documentary Channel, The History Channel, Discovery Networks, National Geographic and the Sundance Channel.⁵⁰

In Canada, the national networks are introducing selected opportunities to view short clips and longer content from their schedule on broadband. As of June 2007 Global Television offered full VOD episodes

⁵⁰ These broadcasters offer content on their own websites as well as through major aggregators. See for example "The Screening Room" on The Documentary Channel website www.documentarychannel.com/screeningroom, The History Channel website "Video Gallery" www.history.com/media.do and documentary video clips on the Sundance Channel www.sundancechannel.com/videos

from its independent documentary series *Currents* on its website. (www.canada.com/globaltv). A few Canadian specialty-television services such as the Discovery Channel Canada and lifestyle property Slice are providing a selection of documentary broadband content on their websites.⁵¹

In addition, numerous smaller web aggregators, such as Jaman (www.jaman.com) and GreenCine (www.greencine.com) specialize in offering niche and independent films for download rental or sale. These sites are increasing in number on the internet and offer important alternative sources of professional documentary content. Jaman, for example, has a current catalogue of 56 documentaries harvested almost entirely from film festivals.

To date, Canada has not produced any comparable independent aggregators, although mobile content distributor MoboVivo (www.mobovivo.com) offers some Canadian documentary content for download on its site.

Online Revenue Models for Documentary Content

The huge growth of online video holds the promise of new revenue opportunities for documentary filmmakers. However, the most common revenue models today offer suppliers only a small share of ‘click through’ advertising revenue directly associated with content, or a percentage of download rental or purchase fees.⁵² Nevertheless, as more professional content migrates online, more favourable revenue models may also emerge.

Table 19 Sample Online Documentary Video Revenue Opportunities

Aggregator	Description	Revenue Opportunity
AOL True Stories	Offers 77 films available to stream for free with advertising or purchase for download to own.	Producers share 50% of net revenue from advertising click-throughs. For download sales, producer establishes wholesale price and AOL adds up to 30% for retail.
Google Video	Thousands of professional and amateur videos of all lengths available for viewing and download, either for free or for a fee. (Paid downloads available on the US version only)	Producers with more than 1,000 hours of video content can sign as a “major producer” and set the price for their downloads. There is currently no payment model for independent producer content.
GreenCine Video on Demand	Approximately 12,000 on-demand titles available for download including over 80 documentary films	Producer is paid a percentage of gross revenue from VOD rental or sale
Jaman	Offers international movies and documentaries for rent or sale via download. Currently offers 56 documentaries for download including two titles from Canada	Offers producers share of revenue from VOD rental or sale

Source: Compiled by Digital Theory Media Consulting based on research from Kirsner, Scott, *The Future of Web Video: Opportunities for Producers, Entrepreneurs and Advertisers*, Second Edition March 2007, AOL True Stories <http://movies.aol.com/truestories>, Google Video <http://video.google.ca> GreenCine www.greencine.com, Jaman www.jaman.com

⁵¹ See The Discovery Channel Canada Broadband Network <http://broadband.discoverychannel.ca/discovery> and Slice website “Video Centre” www.slice.ca/Slice/Watch

⁵² See Kirsner, Scott, *The Future of Web Video: Opportunities for Producers, Entrepreneurs, Media Companies and Advertisers*, 2nd Edition, March 2007 for a review of major internet video aggregators and associated revenue opportunities for producers.

Those with large content libraries grouped under recognizable media brands will be better positioned to attract the many click-throughs or downloads needed to cumulatively gain revenue. Independent filmmakers with one or two projects are not likely to see more than incremental fees.

6.2 Industry Outlook

6.2.1 Canadian Documentary Content in a Global Commercial Marketplace

Video on the internet, with its unlimited capacity for niche content, presents a significant opportunity for Canadian documentaries to reach audiences both at home and internationally. That promise, however, is tempered by the serious challenge of gaining recognition in a vast commercial landscape that favours well-branded global media players with substantial content libraries and established mass awareness.

While anyone can gain access to the online marketplace, they must be prepared to compete for recognition with an infinite selection of content including that of the world's largest media brands. The challenge is compounded with the current lack of any well-promoted Canadian aggregator of professional documentary content. Small producers offering streaming of their documentaries online will not manage to breakthrough the mass of content available to Canadians today.

For documentary producers in the future, it will be critical to develop strong routes to market, which are well known to consumers, either by working with known brands or by developing new, aggregators which are heavily promoted by the industry.

6.2.2 Traditional Licence and Rights Models and the Multi-Platform Reality

As provision of digital content becomes essential for broadcasters to compete for fragmenting audiences, there is increasing pressure on producers to deliver multi-platform projects. The current lack of proven business models associated with new platforms may see broadcasters expecting more from filmmakers for the same level of licence (or even lower levels).

In addition, if services like Joost and other online delivery outlets begin holding real potential for revenue, both broadcasters and producers will have a strong interest in retaining media rights in hopes of recouping their investments. Such an environment could result in a squeeze for producers as they are pressured into relinquishing key digital rights *and* accepting licence fees that do not cover the actual work carried out across all platforms.

The growing tension over rights could pose a real barrier to Canadian innovation in digital media and hamper efforts to bring Canadian digital stories to a fast growing global marketplace. In such a case, it may become important for the CTF and the CRTC to introduce terms-of-trade frameworks in order to ensure sustained production of the documentary genre in the digital on-demand era.

Indeed, in June 2007 the CRTC released its Report of the CRTC Task Force on the Canadian Television Fund.⁵³ The Report called for imposing terms that would see producers and broadcasters equally share net revenues from new media platforms unless the parties agree to an alternative arrangement.

⁵³ *Report of the CRTC Task Force on the Canadian Television Fund*, June 29 2007

6.2.3 Financing Mechanisms and the Multi-Platform Landscape

As the influence of digital media grows, financing Canadian digital documentary content will increasingly become an issue.

Major funding thus far has been provided by the Bell Fund. It is driving innovation in the documentary genre but is strictly applicable to multi-platform projects only. The Telefilm Canada New Media Fund, recently renewed by the Department Canadian Heritage has also played a key role in financing Canadian digital content, although it is not clear to what extent documentary-based projects have participated.⁵⁴ There is not yet a federal tax credit exclusively for new-media and new-platform applications, although Quebec and Ontario have both introduced provincial new media tax credit programs.⁵⁵

Current changes in the broadcast landscape could dramatically alter the funding base for new media and multi-platform production. Perhaps most importantly, The CRTC Task Force on the Canadian Television Fund has called for the creation of an envelope of up to \$25 million per year to support Canadian programs for new-media platforms as well as more flexibility for CRTC-certified independent funds to invest in Canadian programs for new-media platforms.⁵⁶ It will be important that any new funding include the financing of high quality documentary content in its mandate.

These funds do not in themselves address the growing need to promote Canadian documentary content online or ensure that Canadian documentaries play a meaningful role in our online experiences. As well, the important work of digitizing existing documentary libraries may require additional funding going forward.

6.2.4 Fulfilling the Promise of the Long-tail Opportunity

The proliferation of new distribution platforms, from online DVD rentals through to broadband video, represents a tremendous range of opportunities to reach Canadian and international audiences with documentary stories. Documentaries are the quintessential long-tail product, offering an abundance of specialized content appealing to a variety of niche audiences around the world.

At present, documentary producers and broadcasters alike face a series of hurdles to realizing this long-tail potential and thus bringing more Canadian documentary to online audiences. The difficulty in monetizing online content, the increasing presence of global media brands on the internet and significant rights management issues present significant barriers to growth. These issues will need to be successfully resolved if documentary producers are to realize the benefits of the multi-platform marketplace. Most importantly, meaningful participation in alternative platforms will become essential for Canadian documentary stories to reaching increasingly fragmented audiences.

⁵⁴ Telefilm does not track projects supported by the New Media Fund by genre.

⁵⁵ The Ontario Interactive Digital Media Tax Credit <http://www.omdc.on.ca/Page3400.aspx>

The Quebec Refundable Tax Credit for the Production of Multimedia Titles
http://www.investquebec.com/documents/en/mesures_fiscales/FTTITRES_general_en_0406.pdf

⁵⁶ *Report of the CRTC Task Force on the Canadian Television Fund*, June 29 2007

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Appendix A - Glossary of Terms

Atlantic Canada	Refers to Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland.
Canadian-Content Production	Canadian content production includes in-house station production by Canadian broadcasters, in-house production by the NFB, and independent production certified as Canadian content by CAVCO or the CRTC.
Canadian Television Fund	A public-private initiative which provides funding to Canadian producers creating distinctively Canadian television programs and feature films. It is funded by money from the Canadian federal government, cable-television companies and direct-to-home satellite television companies.
CAVCO	Canadian Audio-visual Certification Office
CAVCO-Certified Production	Refers to productions certified as “Canadian” for the purpose of utilizing the Canadian Film or Video Production Tax Credit (CPTC). It does not include foreign productions that use the Film or Video Production Services Tax Credit (PSTC), which must also get certification from CAVCO, but are not considered “Canadian” productions.
Conventional Television Broadcasters	Refers to Canadian television broadcasting licensees that are available to the public through over-the-air transmission, basic cable, and direct-to-home television services.
Direct Jobs	Refers to jobs directly involved in the production of television programs and feature films. Direct jobs refer to jobs at production companies, or jobs involved in production at television broadcasters.
Direct Public Funding	Direct public funding includes loans, equity investments, licence fees, grants and contributions from government sources, including the CBC. It excludes tax credits.
Export Value	The export value tracks the value of international participation in the Canadian production industry. The term “export value” as opposed to just “export” has been used to better reflect the nature of film and television production in Canada. First, this indicator acknowledges that film and television productions are intangible products and <u>portions</u> of the copyright can be exported to foreign countries. Second, this indicator accounts for the budgets of productions shot in Canada, even when the copyright is held by a foreign entity. For Canadian content production, the export value includes foreign presales and distribution advances for all CAVCO certified projects; and estimates of presales and distribution advances for non-CAVCO certified productions.
Full-time Equivalent Jobs	Refers to the number of jobs in an industry, if it is assumed that all workers worked on a full-time basis. The number of full-time equivalent jobs in an industry is typically fewer than the total number of jobs, as many jobs are on a part-time basis.
In-House Production	In-house production refers to productions conducted internally by private conventional television broadcasters, the CBC, and specialty and pay television services.
Indirect Jobs	Refers to the jobs created in other industries by the economic activity generated in the film and television production industry. It includes all jobs created outside of production companies and broadcasters. It includes jobs across all other sectors of the economy such as the services, retail and construction sectors.
Non-CTF	Refers to Canadian production certified as Canadian content by CAVCO or the CRTC,



Production	but created without the support of the CTF. This type of production typically receives between 6 points and 9 points on the CAVCO 10-point scale for Canadian content. In some cases a non-CTF production will actually receive 10 points.
Single Program	Includes short films, feature films, made-for-television movies-movies-of-the-week, and pilots. In the documentary genre, most single program production would be in the category of short films as feature films refers to films of 90 minutes or more.
Specialty Television Services	Refers to television broadcasting licences that are only available to the public over cable television or direct-to-home satellite services. Specialty television services typically focus on a particular programming theme such as sports, food, history, or music. While some specialty television services are included in basic cable (and direct-to-home satellite) packages, the majority are included in optional packages available to subscribers.
Treaty Co-Production	Treaty co-production is production developed jointly by production companies in treaty countries. Treaty co-productions are considered indigenous in both countries, and are fully entitled to legislative and regulatory benefits in their respective countries. The objective of treaty co-productions is to maximize the efficient use of available public incentives in each treaty nation.
Volume of Production	The volume of production refers to the total expenditures on film and TV production in Canada (i.e., the sum of all the production budgets of productions in Canada).
Western Canada and Territories	Alberta, British Columbia, Manitoba, Northwest Territories, Nunavut, Saskatchewan, Yukon.

Appendix B - Methodological Notes

1. The DOC borrowed several of the key methodologies and concepts used in this report from the CFTPA's annual economic profile of the Canadian film and television production industry, and its periodic research reports on the industry. (1) The approach and data sources used to estimate the total volume of documentary production are based on those used by the CFTPA to estimate the total volume of production for the overall industry. (2) The concept of "Non-CTF Production" used in this report was first presented in the CFTPA's 2002 report entitled: *The Economic Impact of Non-CTF Certified Canadian Film and Television Production*. The CFTPA has also used the concept of Non-CTF Production in subsequent publications. (3) The model used to estimate the number of direct and indirect jobs generated by production activity is based on the methodology used by the CFTPA in its annual industry profile – most recently *Profile 2007: An Economic Report on the Canadian Film and Television Production Industry*. (4) The concept "Export Value", and the methods used to estimate it, were developed by the CFTPA and have been included in its annual profile for several years.
2. Detailed data for the expenditures by television broadcasters on the in-house production of documentary programming are not available. However data are available from the CRTC for expenditures by broadcasters in programming category of "Other Information". The "Other Information" category includes CRTC program categories 2 through 5 (Category 2a Analysis and Interpretation, Category 2b Long-Form Documentary, Category 3 Reporting and Actualities, Category 4 Religion, Category 5a Formal Education & Pre-school, Category 5b Informal Education-Recreation & Leisure). To estimate in-house documentary production by private conventional broadcasters, NGL used data for expenditures classified under the "Other Information" category. Because this category includes programming other than documentaries, NGL assumed that 50% of production in the "Other Information" category was attributable to documentaries. The exact number is not known.
3. To estimate the amount of in-house documentary production expenditures, NGL used information that CBC produces about 40 hours per year of documentary programming. We assumed that half of these 40 hours were attributable to CBC Newsworld and half to CBC. The number of hours was then multiplied by the average hourly budgets for English-language CTF-supported documentary production. This method resulted in an equal level of in-house documentary spending at CBC and CBC Newsworld. A similar method was used to estimate in-house documentary spending by SRC and RDI. For these networks, a total annual level of 20 hours of original documentary production was used, as well as the average budget for French-language CTF-supported documentary production.

Appendix C - Definition of Documentaries

One of the challenges in preparing a profile of the documentary industry based on data from different sources is that each source's definition of a documentary can be different. In this section, we review the various definitions of documentaries adopted by the data sources we used. This review of documentary definitions is also useful from the standpoint of effectively differentiating documentary programming from other non-fiction programming such as reality programming.

Canadian Television Fund

The CTF defines a documentary “as a non-fiction representation of reality that contains the following elements:

- informs and engages in critical analysis of a specific topic or point of view;
- provides an in-depth treatment of the subject;
- is meditative and reflective;
- is primarily designed to inform but may also entertain;
- treats a specific topic over the course of at least 30 minutes (including commercial time);
- requires substantial time in preparation, production and post-production;
- has an original narrative and visual construction (which may include scenes of dramatic re-enactments);
- has enduring appeal and, therefore, a long shelf life.”⁵⁷

This definition excludes such programming as: current affairs, public affairs, human interest or lifestyle productions, “how-to” productions, reality television, instructional television, formal or curriculum-based educational programming, magazine productions, talk shows, reporting and current events, religious programming, promotional productions, travelogues and interstitials.

The CTF also makes a distinction between factual documentaries (as described above) and auteur point-of-view-creative documentaries (P.O.V.). A P.O.V. does not include documentaries that are:

- a docu-drama, docu-soap, re-enactment or
- performance piece with people playing themselves or with professional actors;
- a factual project;
- a profile or biography;
- segmented or capsular one-off or series;
- a video “diary” of social events (e.g. a series on graduations or family reunions);
- a project dependent on light “information” format; or
- “Surveillance” television.⁵⁸

Canadian Radio-television and Telecommunications Commission

Until September 2000, the CRTC did not have a broadcast category for documentaries. Up until that time, broadcasters classified any documentary programs they aired under either categories, of *Analysis & Interpretation* or *Informal Education Programs*. In some cases documentary programs may also have been classified under the categories of *Reporting & Actualities*, *Religion*, or *Human Interest*.

⁵⁷ Canadian Television Fund, 2004-2005 Guidelines: Documentary Programming Module

⁵⁸ Canadian Television Fund, 2004-2005 Guidelines: Documentary Programming Module

With the CRTC's 1999 Broadcasting Policy, came the creation of the concept of *priority programming*. Priority programming included drama, music and dance, variety programs, entertainment magazines, regionally produced programs, and long-form documentaries. To guide broadcasters, the CRTC formulated the following definition for long-form documentary:

“Category 2 b) Long-form documentary

Original works of non-fiction primarily designed to inform but may also educate and entertain, providing an in-depth critical analysis of a specific subject or point of view over the course of at least 30 minutes (less a reasonable time for commercials, if any). These programs shall not be used as commercial vehicles.”⁵⁹

National Film Board

The NFB only supports the development and production of point-of-view (P.O.V.) documentary. P.O.V., or auteur, documentaries may include autobiographical narratives, documentary essays, investigative documentaries, experimental films, and direct cinema. What makes P.O.V. documentaries distinctive from other documentaries is that they present a single viewpoint – that of the filmmaker.

Canadian Audio-Visual Certification Office

CAVCO actually uses a negative definition for documentaries. The CAVCO regulations define types of non-fiction programming which are excluded from the category of a documentary for purposes of the federal tax credit; instead of defining what type of programming is included. The CAVCO regulations exclude the following types of non-fiction programming from the documentary genre⁶⁰:

- (i) news, current events or public affairs programming, or a program that includes weather or stock market reports;
- (vii) reality television;
- (x) a production produced primarily for industrial, corporate or institutional purposes; and
- (xi) a production, other than a documentary, all or substantially all of which consists of stock footage.

A large part of the data used to prepare this economic profile came from CAVCO. The CAVCO data classify production as documentary, ‘doc-fiction’, or ‘doc-variety’. Productions classified under all three of these categories were included in the definition of documentary in this report.

⁵⁹ CRTC, *Television Program Categories* at www.crtc.gc.ca-canrec-eng-tvcat.htm

⁶⁰ *Income Tax Act and Regulations*, Subsection 1106(1)(b).

Société de Développement des Entreprises Culturelles

Like the CTF, Société de Développement des Entreprises Culturelles (SODEC) operates with two definition levels for documentaries. SODEC has a broad definition, which like the CTF's broad definition, includes a wide range of non-fiction programming types examining issues of social, political and cultural importance.⁶¹ At the same time, SODEC also maintains a P.O.V. definition, which emphasizes that the filmmaker maintains creative control at each stage of the development and production process.⁶²

The comparison of the definitions of documentary definitions yields a few observations. First, reality television is clearly excluded from all definitions, thus preserving the distinction between these two non-fiction genres. The second aspect to note is the distinction made by the CTF and SODEC between documentary and P.O.V. documentary. This distinction underlines the importance of P.O.V. documentaries. They warrant a separate category, and often require that funding resources be set aside so that they can be made with public support.

The third observation is that the CRTC definition is quite broad; it includes any non-fiction program designed to inform by way of in-depth critical analysis. This broad definition affords broadcasters some flexibility in terms of meeting their priority programming requirements.

⁶¹ Cox, Kirwan, *Appendix 3: Audience Data: Availability and Viewing, 1991-1998*; in Houle, Michel, *Documentary Production in Quebec and Canada*, Report prepared for Les Rencontres internationales du documentaire de Montréal, 1999.

⁶² Cox, Kirwan, *Appendix 3: Audience Data: Availability and Viewing, 1991-1998*; in Houle, Michel, *Documentary Production in Quebec and Canada*, Report prepared for Les Rencontres internationales du documentaire de Montréal, 1999.