APPENDIX B

Preliminary Research

Getting Real 2025

Prepared for: Documentary Organization of Canada

January 2025

Nordicity

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1. Introduction

This report contains the preliminary research for an update of Getting Real commissioned by the Documentary Organization of Canada (DOC) from Nordicity. The update is to be published in early 2025. This report provides available-to-date data that will contribute to the final version of Getting Real 2025. The data and information contained in this report is subject to change as research and analysis is finalized.

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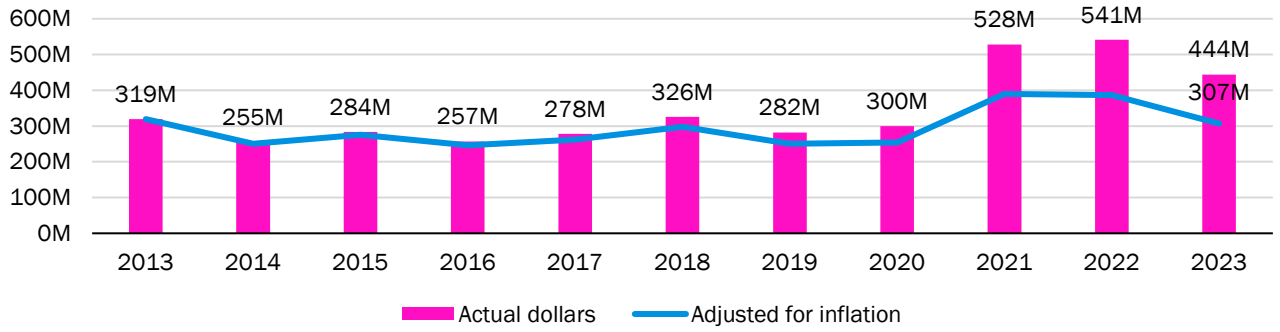
Nordicity

2. Production Volume

2.1. Overview

Using preliminary data received from CAVCO, Nordicity estimates that the total production volume of Canadian documentary was $444 million in 2023, a 39% increase over the $319 million recorded in 2013. The annual average volume from 2013 to 2023 was $347 million. However, it is important to nuance this apparent increase in production volume through the lens of inflation. In real 2013 dollars,[1] the average annual production volume from 2013 to 2023 was $294 million, 4% less than the annual average in 2013 (see section 3 for a discussion of the broader economic context).

Figure 1 - Volume of Canadian documentary production



Source: Estimates based on data collected from CAVCO.

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

Striking in Figure 1 is the spike in total production volume in 2021 and 2022, representing an increase of nearly $200 million above the annual average production volume of $288 million recorded from 2013 through 2020. This sudden increase in production drops by $100 million in actual dollars in 2023, which when expressed in real 2013 dollars suggests a return to an average total production volume around $300 million.

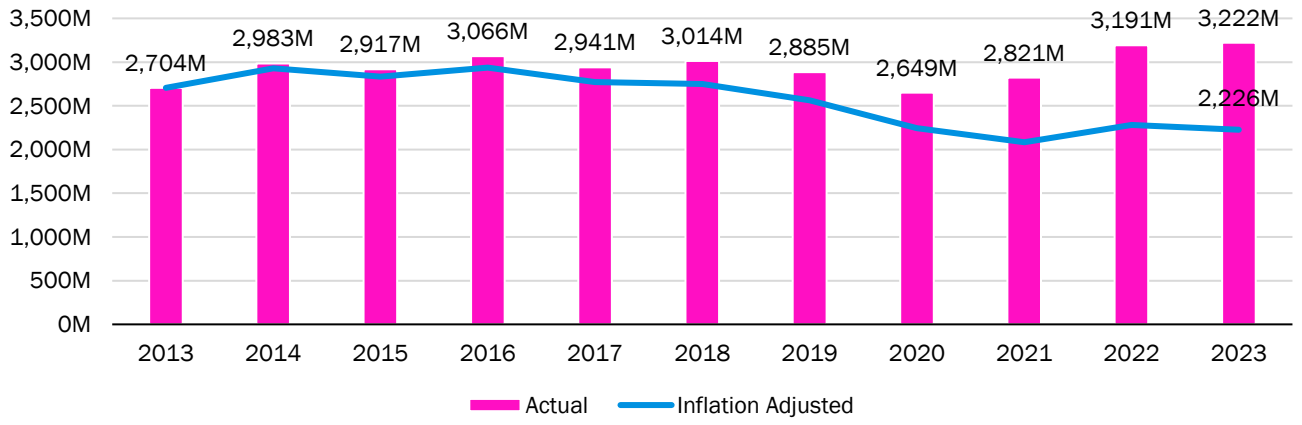
Worldwide, audiovisual production stopped for several months in 2020 during the first year of the COVID-19 pandemic, then steadily picked up over 2021 through 2023. Documentary production, however, with its relatively small crew size, appears to have experienced less interruption than dramatic productions.

Canadian broadcasting undertakings in both language markets are required to direct 30% of their gross revenue to Canadian programming expenditures (CPE) and a minimum of 5% of their gross revenue to programs of national interest (PNI), a subset of CPE. Licensees must provide annual reports on their CPE and PNI, which allows the CRTC to monitor progress on its objective to increase the production and distribution of Canadian programs.

Figure 1 shows the total annual CPE from 2013 through 2023 in both English- and French-language markets combined.[2] Total CPE averaged $3 billion annually over this ten-year period. The dip in annual CPE during broadcast years 2019, 2020, and 2021 is due to production stoppages in accordance with health restrictions during the COVID-19 pandemic.

The high levels of CPE contributions in 2022 and 2023 may be attributed to regulatory relief by the CRTC. The CRTC allowed large ownership groups and independent broadcast services that incurred CPE shortfalls as of August 31, 2020, to "catch up" on CPE by August 31, 2023.[3] This provided a measure of stability during an unpredictable time for the independent Canadian content production industry.

Figure 2 – Total Canadian programming expenses (CPE)



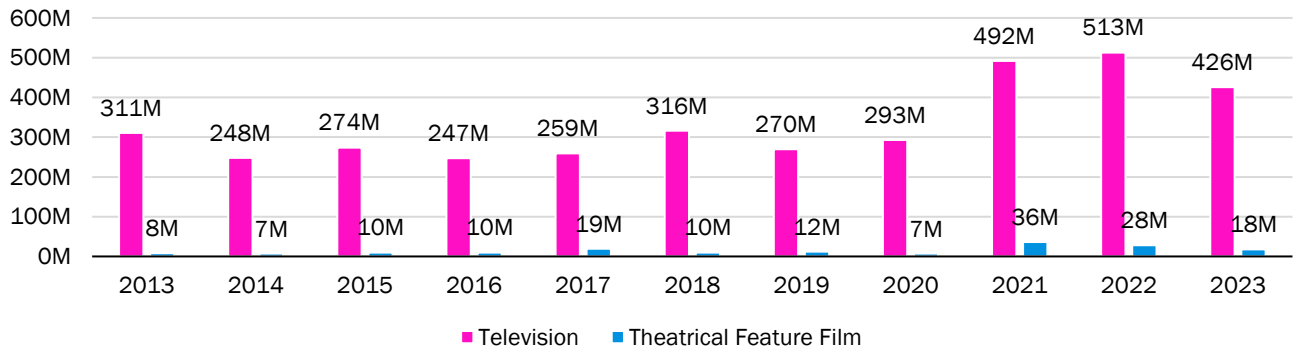
Source: CRTC, Open Data (TV-T32)

[2] This graph includes public and private broadcaster and online undertakings with CPE requirements.

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

The increase in CPE contributions (Figure 2) may have contributed in part to the total documentary production volume documented in Figure 1. A breakdown of the total production volume of Canadian documentary by release medium confirms that most documentary in Canada is produced for television broadcast. The volume of documentary production for television increased by 37%, with most of the growth taking place between 2021 and 2023. On average, television projects represented 96% of the total annual documentary production volume. Starting from a much lower production volume in 2013, theatrical documentary productions have increased by a remarkable 125%.

Figure 2 – Volume of Canadian documentary production by release medium



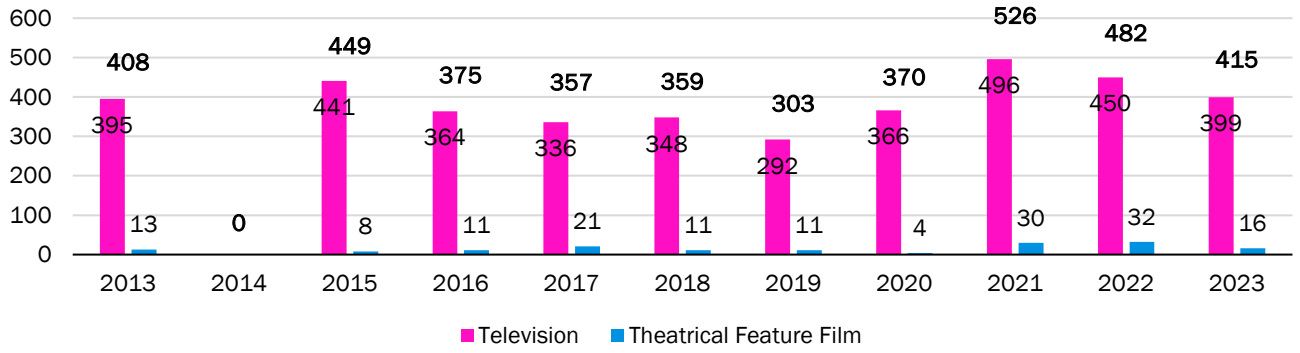
Source: Estimates based on data collected from CAVCO.

A closer look at the total production volume of Canadian documentary in real 2013 dollars, demonstrates a more modest, yet significant 55% increase in the theatrical documentary production volume since 2013. The production volume of television documentary in real 2013 dollars, however, is in fact, 5% lower than it was in 2013; and, total documentary production volume has decreased by 4%. The impact of inflation is compounded by other factors discussed in Section 3.

Category	2013-2023, Actual	2013-2023, Real
Television	+37%	-5%
Theatrical	+125%	+55%
TOTAL	**+39%**	**-4%**

The Figure 3 below shows the evolution of the number of Canadian documentary productions. On average, 404 documentary projects were produced every year between 2013 and 2023. Following the increased total production volume in 2021 and 2022, there was a corresponding uptick in the number of documentary projects. Television documentaries accounted for an annual average of 96% of documentary productions during the ten-year period.

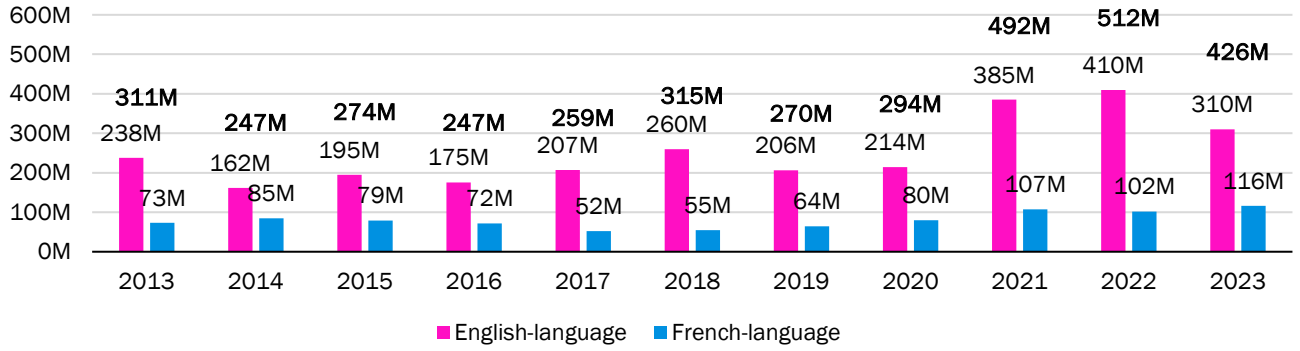
Figure 3 – Number of Canadian documentary projects, by release medium



Source: Estimates based on data collected from CAVCO. Note: no data for 2014.

Focusing on television documentary production, Figure 4 indicates that, on average, English-language production accounted for 74% of the total annual documentary production volume, reaching 80% in 2017, 2018, and 2022. Over the past decade, the volume of English-language production has increased by 28%, with a significant uptick in 2021 that tapers off in 2023. The increase in 2021 was less significant for French-language production, but overall, French-language documentary production grew at a faster rate than English-language production from 2013 to 2023 representing an overall 40% increase.

Figure 4 – Volume of Canadian TV documentary production, by language market



Source: Estimates based on data collected from CAVCO.

While actual production volumes show solid increases, accounting for inflation shows a declining trend, although more nuanced in the French market.

Category	2013-2023, Actual	2013-2023, Real
English-language	+28%	-12%
French-language	+40%	-4%
TOTAL	**+39%**	**-4%**

2.2. Programs of National Interest

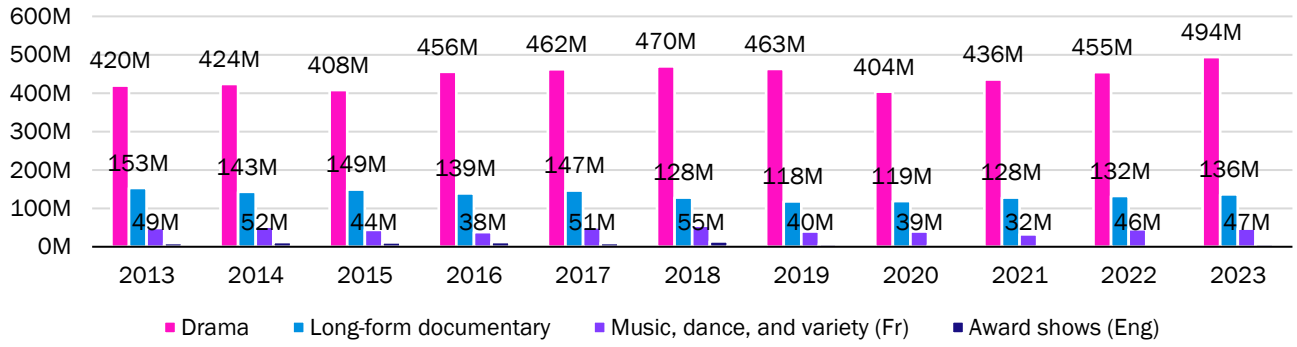
In Broadcasting Regulatory Policy CRTC 2010-167, the CRTC set out a framework for a group-based approach for licensing private broadcasting services. In an effort to adapt to audiences' shift to on demand viewing, the Commission reintroduced expenditure requirements for priority programs, which had been eliminated in the 1999 Television Policy. Under the group-based approach, priority programs were redescribed as programs of national interest (PNI) and the categories were defined as:

- Drama and comedy programming (category 7)
- Long-form documentaries (category 2(b))
- Canadian award shows celebrating Canadian creative talent
- Music (categories 8(a), 8(b) and 8(c)) and variety (category 9) programming (French-language only)

In establishing the Group-based approach, the Commission noted that "*Drama programs and documentary programs are expensive and difficult to produce, yet are central vehicles for communicating Canadian stories and values.*"

Figure 5 below shows that a total (both language markets) of $685 million was invested in PNI by Canadian broadcasters in 2023, an 8% increase compared to 2013. Similar to CPE, PNI spending dips in 2019 and 2020 before catching up at a compound annual growth rate of 6.7% for the 2020-2023 period.

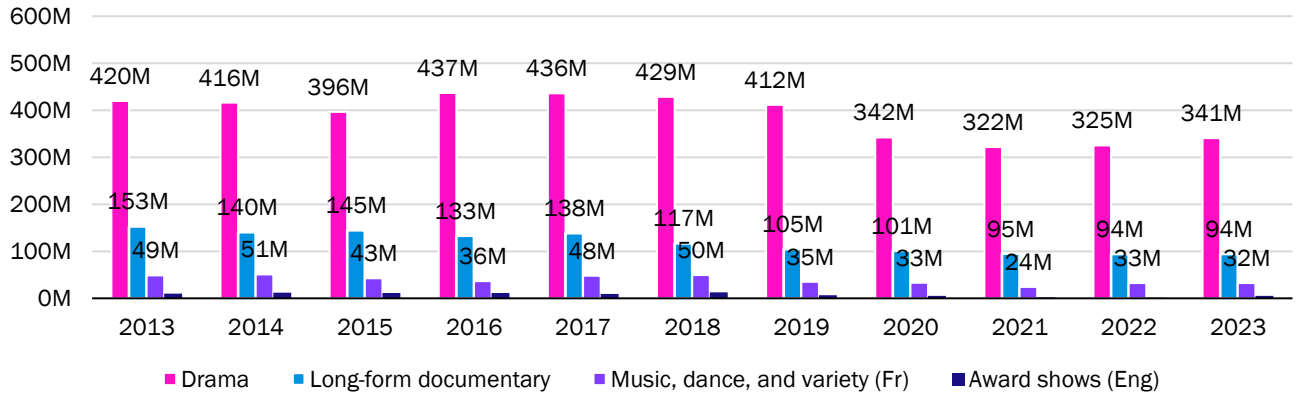
Figure 5 - Total PNI expenditures, by program category, actual dollars, English- and French-language markets



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

The analysis is nuanced when annual spending is adjusted for inflation revealing significant drops in real dollars across all program categories. In real 2013 dollars, spending on long-form documentary decreased by 38% during the 2013-2023 period. When comparing 2013 and 2023, this decline represents a loss of $60 million in real dollars of Long-form documentary contributions.

Figure 6 - Total PNI expenditures, by program category, adjusted for inflation (2013 dollars)



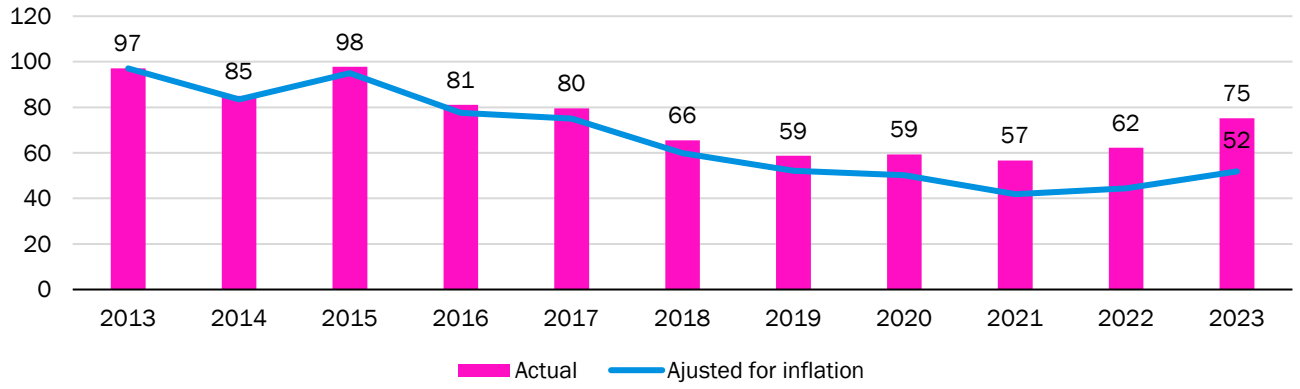
Source: CRTC Open Data (TV- T34), Communications Monitoring Report 2015

Category	2013-2023, Actual	2013-2023, Real
Drama	+18%	-19%
Long-form documentary	-11%	-38%
Music, dance and variety	-4%	-34%
Award shows	-24%	-48%
TOTAL PNI	**+8%**	**-25%**

English-language market

While total PNI investment in Long-form documentary across both English- and French-language markets has increased from 2013 to 2023, Figure 7 below shows that in the English-language market, contributions have declined, dropping to $75 million in 2023, a decline of 23% from 2013. Increased investment in 2022 and 2023 is likely driven by broadcasters catching up on their respective shortfalls CPE in 2020; however, a downward trend was present prior to the pandemic with PNI expenditure dropping by 39% in actual dollars between 2013 and 2019.

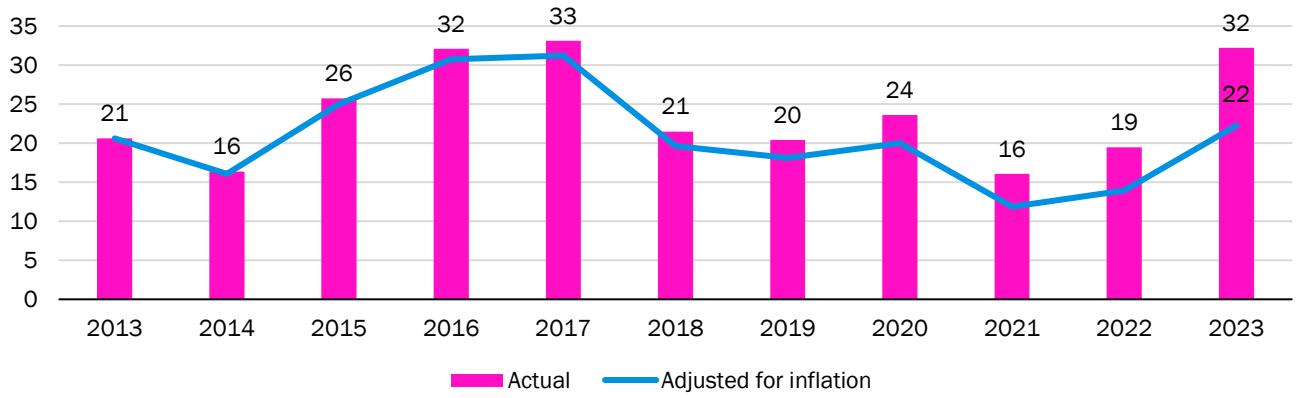
Figure 7 – Long-form documentary PNI expenditures, CBC and Large Groups, English-language



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

CBC contributions to English-language Long-form documentary fluctuate between $16 million and $32 million. On average, CBC spent 18% of its annual English-language PNI contribution on Long-form documentary.

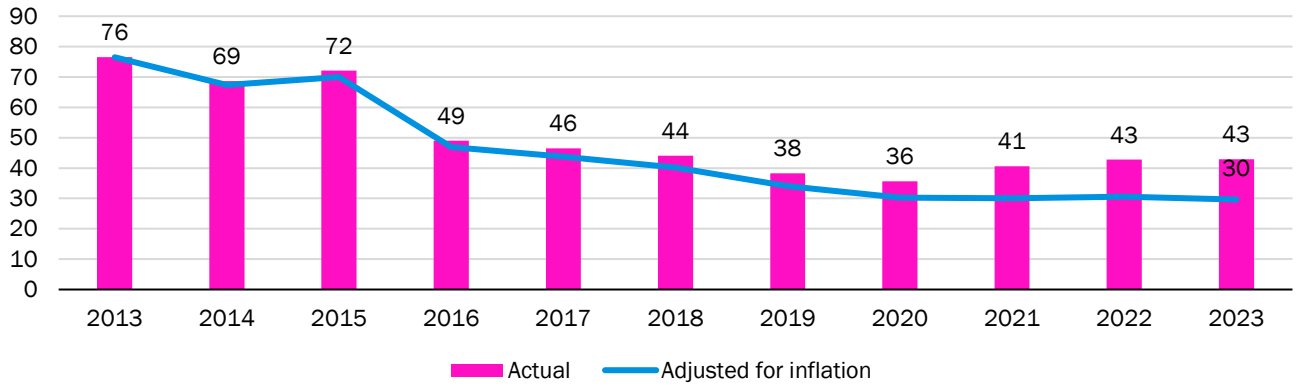
Figure 8 - Long-form documentary PNI expenditures, CBC, English-language



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

The downward trend in PNI contributions to Long-form documentary is striking when considering the large ownership groups (BCE Inc., Rogers Communications and Corus+Shaw) in Figure 9 below. PNI contributions to Long-form documentary by the large ownership groups was $76 million in 2013, dropping to $43 million in 2023, a decrease of 44% in actual dollars (a 61% decline in real 2013 dollars). Large ownership group investment in Long-form documentary PNI appears to have stagnated since 2016, averaging $42 million annually (actual dollars) from 2016 to 2023, with a slight dip during the pandemic.

Figure 9 - Long-form documentary PNI expenditures, Large Ownership Groups (BCE, Corus+Shaw, Rogers), English-language



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

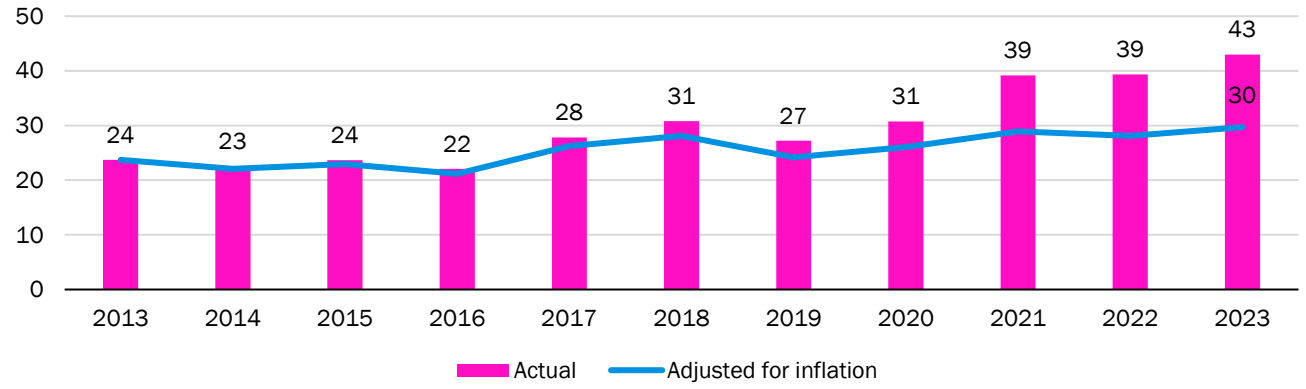
The table below summarizes the average volume, and evolution of PNI contributions in the English-language market, comparing actual to real dollar contributions.

PNI, Long-form Documentary, English-language	2013-2023 Actual Delta	2013-2023 Real Delta	2013-2023 Actual Average	2013-2023 Real Average
CBC	+56%	+85%	$24M	$21M
Private Groups	-44%	-61%	$51M	$45M
TOTAL PNI	**-23%**	**-47%**	**$74M**	**$66M**

French-language market

The overall dynamics are different on the French-language market, which shows an 81% increase in PNI contributions from 2013 to 2023 with an acceleration since 2017. PNI expenditures in the French-language market represent 20% of total PNI Long-form documentary contributions in 2013, rising to 36% of total PNI Long-form documentary spending in both language markets.

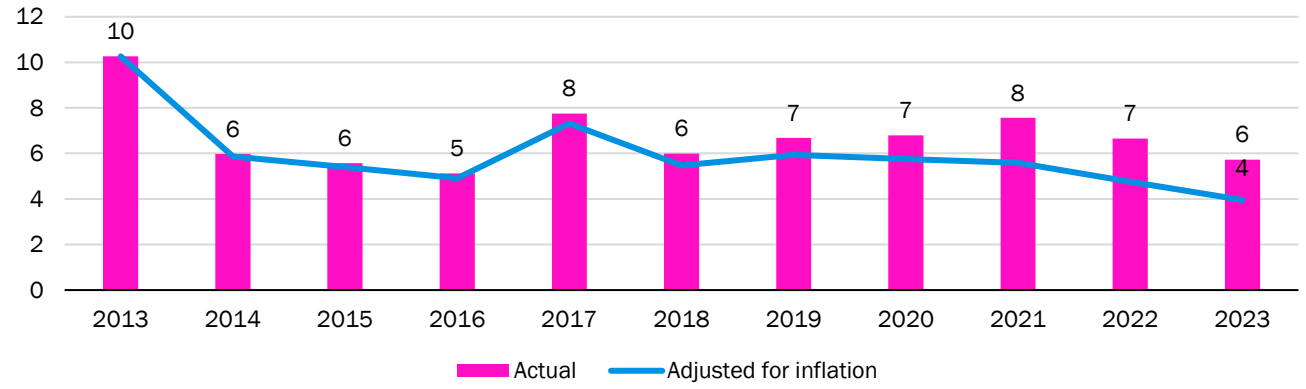
Figure 10 - Long-form documentary PNI expenditures, SRC and Large Groups, French-language market



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

As illustrated below, Radio-Canada (SRC) has maintained its contributions to French-language Long-form documentary at an annual average of $7 million from 2013 to 2023.

Figure 11 - Long-form documentary PNI expenditures, SRC, French-language



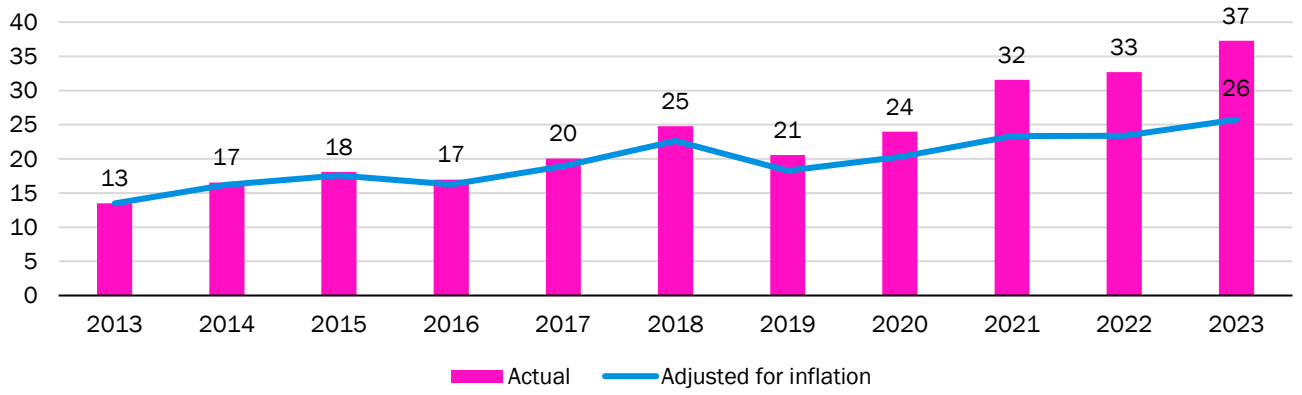
Source: CRTC, Annual/Monthly Reports Filed by Broadcasting Industry Players

It is the PNI investments made by private broadcasters that have driven the growth of Long-form documentary in the French-language market representing a striking increase of 176%. Even when taking into account the impact of inflation, PNI Long-form documentary contributions in the French-language market have increased by 91% from 2013 to 2023. This growth may be attributed to:

1. Broadcasting Decision CRTC 2017-145 regarding licence renewals for Corus' French-language television services, which imposed a minimum PNI expenditure requirement for all services in Corus's French-language Group at 15% of the previous broadcast year's gross revenues.

2. Broadcasting Decisions CRTC 2020-116 and 2020-154 regarding the ownership and effective control of V Interactions Inc., and the creation of a new French-language Bell Media Group. PNI expenditures for the new French-language Bell Media Group were set at 16.5%.

Figure 12 - Long-form documentary PNI expenditures, large ownership groups, French-language market



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

Finally, the table below consolidates the key trends in PNI Long-form documentary contributions in the French-language market, illustrating the impact of inflation.

PNI, Long-form Documentary, French-language	2013-2023 Actual Delta	2013-2023 Real Delta	2013-2023 Actual Average	2013-2023 Real Average
SRC	-44%	-61%	$7M	$6M
Private Groups	+176%	+91%	$23M	$20M
TOTAL PNI	**+81%**	**+25%**	**$30M**	**$26M**

3. Budgets and Financing

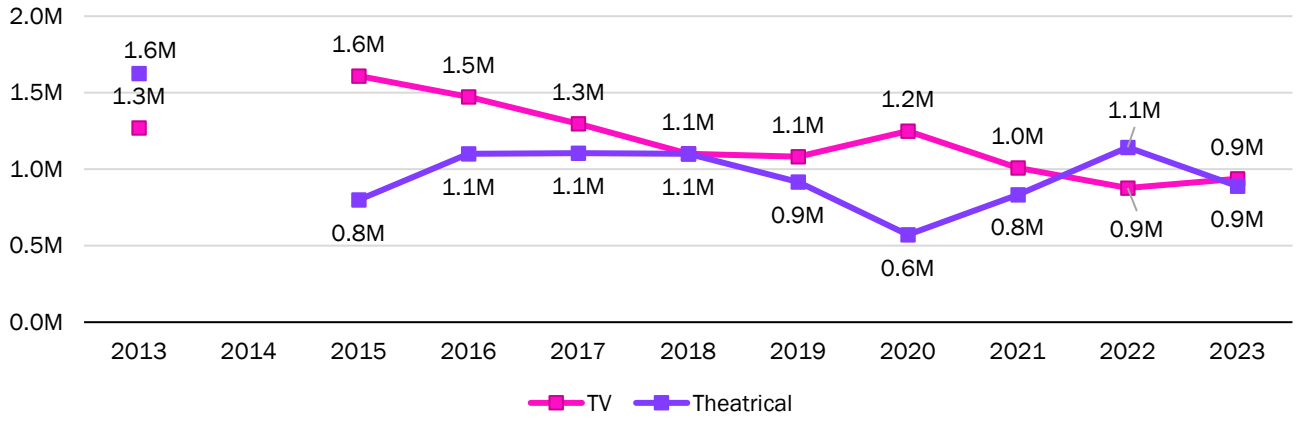
3.1. Average Budgets

Budget per project

While both the number of projects, and the production volume, have increased from 2013 to 2023 (Figures 1 and 3), the average size of production budgets has decreased (Figure 13). This observation suggests that documentary projects may be more costly to produce in 2023 than in 2013, or that more smaller-scale, potentially less risky projects have been given the green light.

In fact, for both television and theatrical documentary, the average budget now sits under $1 million per project where the average budgets in 2013 were $1.3 and $1.6 million respectively. This decline in the average production budget represents a 26% decrease for the average television documentary budget, and a 45% decrease for the average theatrical documentary budget.

Figure 13 – Average budget by project, by release medium



Source: Estimates based on data collected from CAVCO. Note: no data for 2014.

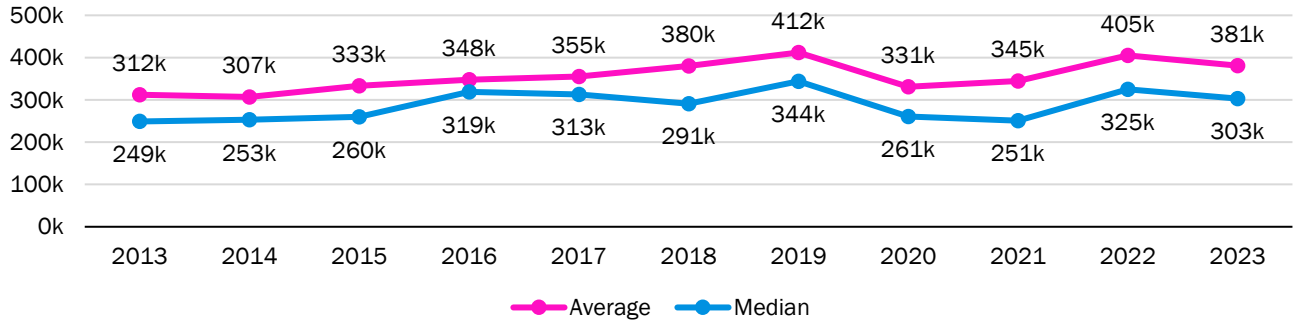
Increased production costs have been driven by the global economic slowdown and inflated prices of various materials that began during the pandemic. Supply-chain shortages, the rising cost of talent, costs related to new health safety protocols, and rising insurance costs contribute to the higher cost of documentary production.

Budget per hour

As observed in previous sections of this report, investments in PNI Long-form documentary programs have decreased by 11% from 2013 to 2023 (Figure 5) while overall Canadian documentary television production has increased by 37% over the same period (Figure 2).

Figures 14 and 15 below highlight the rising cost of production for this type of programming. Where an hour of English-language documentary programming cost $312,000 to produce in 2013, the average hourly budget in 2023 is $381,000 per hour, a 22% increase. PNI contributions in the English-language market decreased, amplifying the challenge of managing the surge in production costs, suggesting that fewer hours of English-language Long-form documentary are now being produced.

Figure 14 – Average budget of Canadian TV documentary production, English language ($000s per hour)

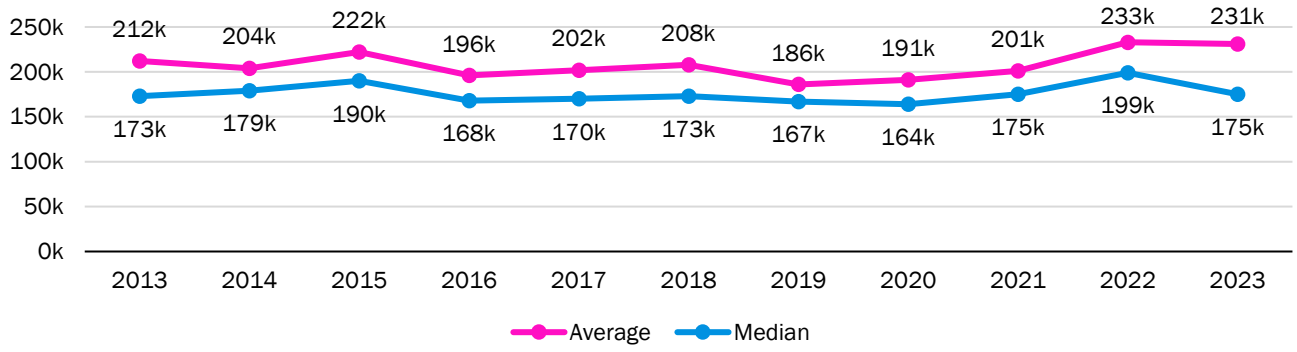


Source: Estimates based on data collected from CAVCO.

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

The story is again slightly different in the French-language market where the average hourly budget for television documentary projects only grew by 9% over the ten-year period. Increased private investments in this market have outpaced the increased production costs, allowing for more hours of programming and potentially more ambitious projects to be produced.

Figure 15 - Average budget of Canadian TV documentary production, French language ($000s per hour)



Source: Estimates based on data collected from CAVCO.

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

TV documentary production, hourly budget	2013-2023 Actual Delta	2013-2023 Real Delta
English-language	+22%	-16%
French-language	+9%	-25%

3.2. Financing

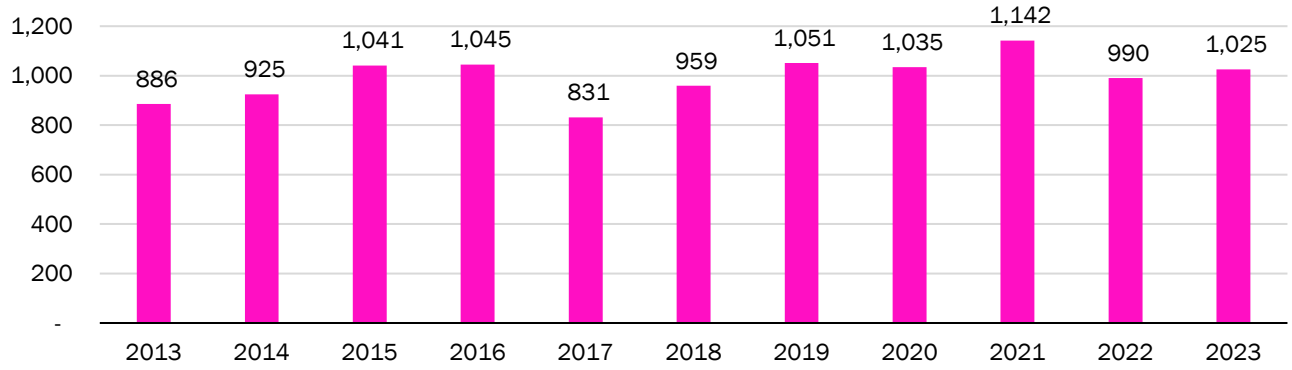
This section explores data provided by various funding sources as well as the financing structure of television documentary productions.

CMF

The Canada Media Fund (CMF) is funded by the Government of Canada, as well as cable-television, direct-to-home (DTH) satellite and Internet protocol television (IPTV) service providers, collectively known as broadcasting distribution undertakings (BDUs). The CMF fosters, develops, finances, and promotes the production of Canadian content for all audiovisual media platforms.

In 2023/24, the CMF had an overall program budget of more than $384 million, of which $80 million was allocated to documentary (21%). On average, the CMF has supported 994 hours of documentary television annually over the past decade, with relatively small year-over-year differences.

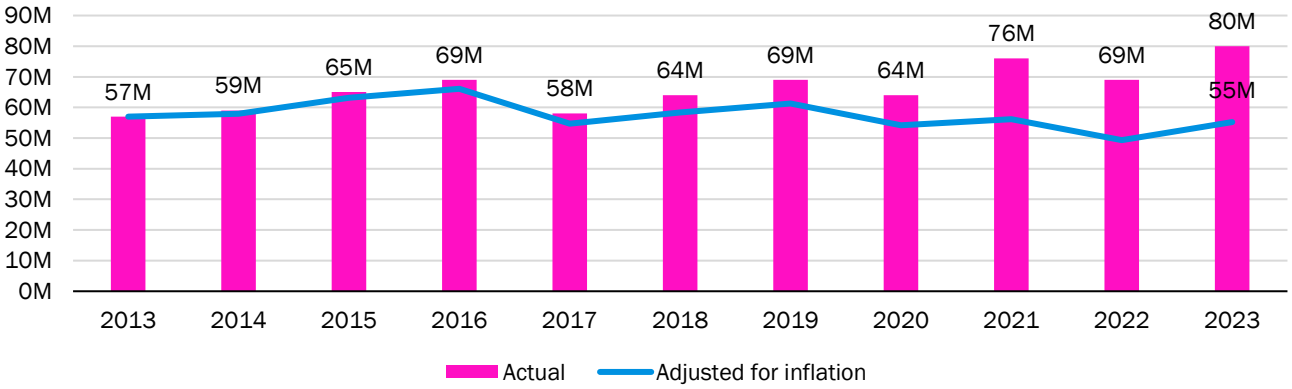
Figure 16 – Number of CMF-supported hours of TV documentary



Source: CMF

In terms of its financial contribution, the figure below shows the CMF has increased its investment in documentary projects from 2013 to 2023 by 40%. This increase in funding has helped to offset the impact of inflation, with an average annual contribution of $58 million in real 2013 dollars.

Figure 17 – CMF contribution to TV documentary



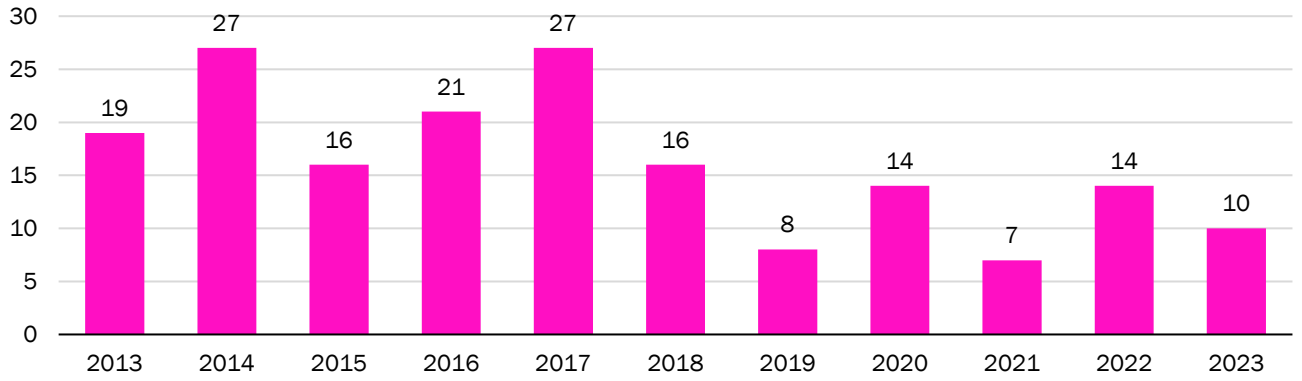
Source: CMF

Treaty Coproductions

The Government of Canada currently has audiovisual coproduction treaties or memoranda of understanding with close to 60 partners. These agreements offer Canadian and foreign producers the opportunity to combine their creative, technical and financial resources to make coproductions that can be granted national production status in each of the partnering countries.

The annual volume of treaty coproductions can be prone to significant year-to-year fluctuations due to a small number of large-budget productions. However, Canada appears to be producing fewer coproduction documentary projects in 2023 than in 2013. An average of 21 projects were greenlit every year from 2013 to 2018, while the annual average has decreased to 11 from 2019 to 2023.

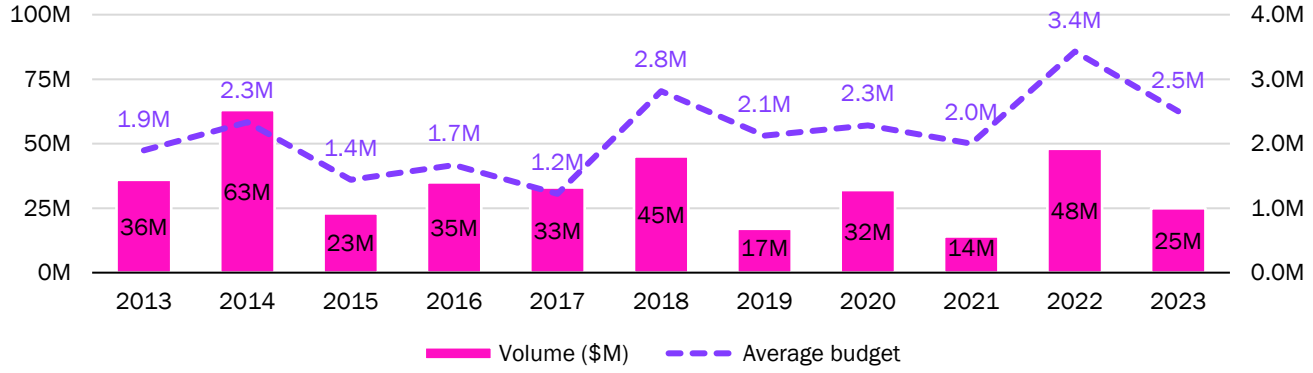
Figure 18 – Number of audiovisual treaty coproduction documentary projects



Source: Telefilm Canada.

Further examination of the total volume of documentary treaty coproductions reveals an increase in the average budget of these projects. The average budget was $1.9 million for projects produced between 2013 and 2018, and $2.5 million for the period between 2019 and 2023. Further research is required to identify the cause for this increase as it is well above inflation. Increasing production costs are a part of the story, but an increase in budget size of this magnitude suggests producers are securing more ambitious or complex projects, and/or that international markets require documentary productions with a higher production value (hence a greater investment in production).

Figure 19 – Audiovisual treaty coproduction, volume and average of documentary projects

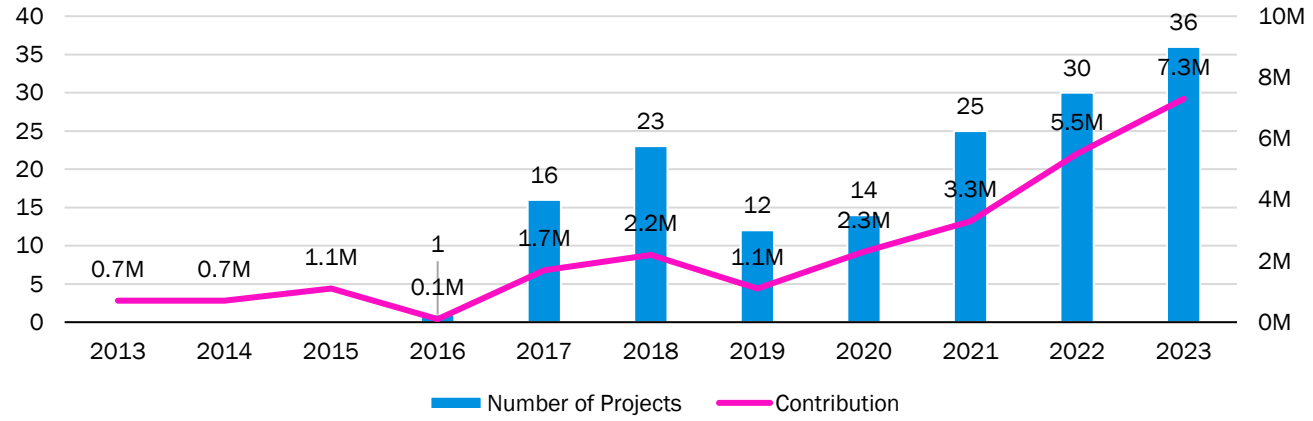


Source: Telefilm Canada.

Telefilm Canada

Telefilm's Theatrical Documentary Program finances feature-length documentary projects in production (for projects with a minimum budget of $400,000) and post-production. Since its inception, the Theatrical Documentary Program has supported the production and post-production of more than 150 Canadian releases. As demonstrated in Figure 20, Telefilm has steadily increased its contribution to reach a total of $7.3 million in 2023, with a combined contribution of $26 million over the past decade.

Figure 20 – Telefilm Theatrical Documentary Program, Contribution and Number of Projects



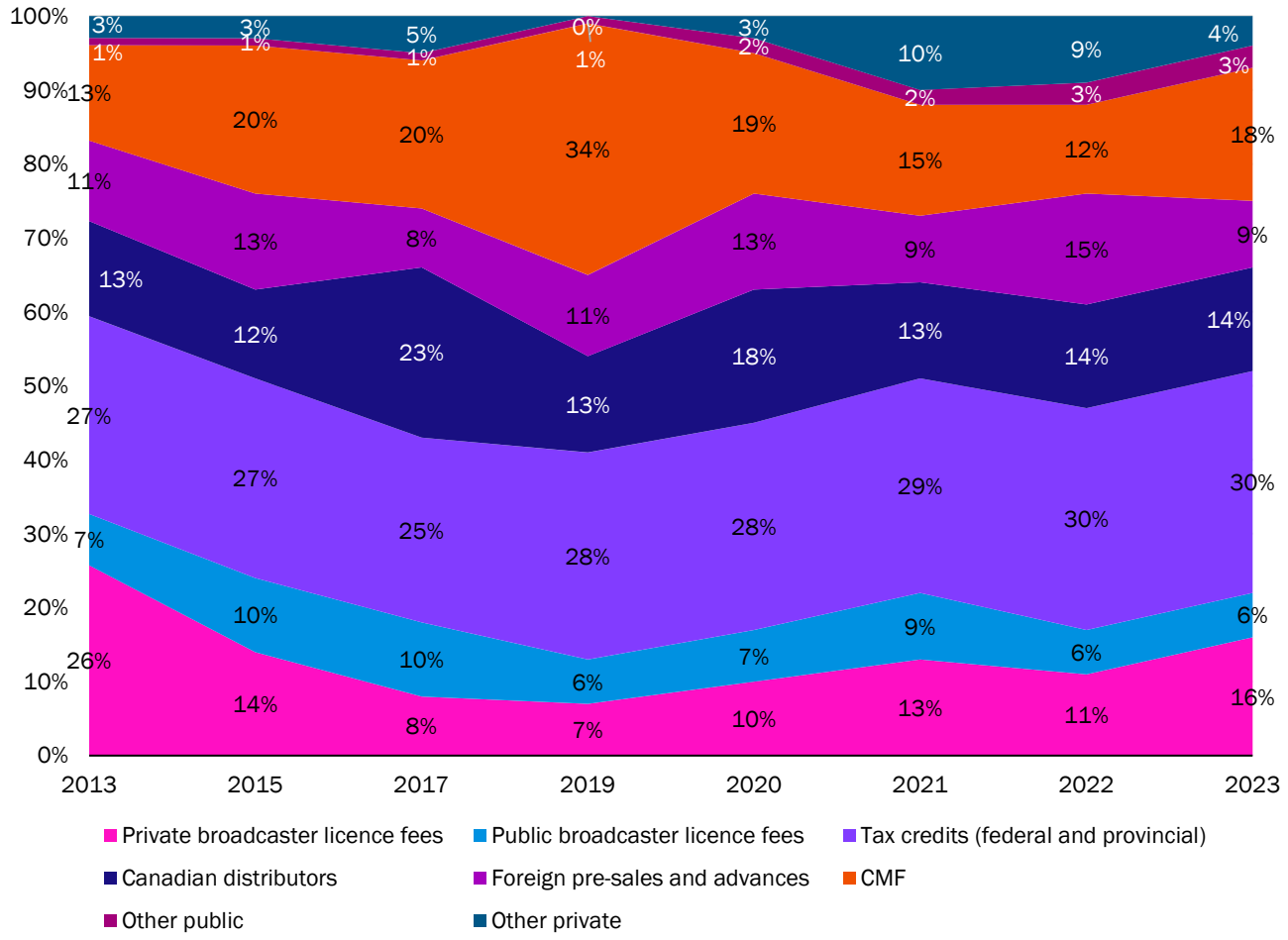
Source: Telefilm Canada.

TV Production Financing

Figures 21 and 22 below examine the financing structure of Canadian television documentary projects.

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

Figure 21 - Financing of Canadian English-language television documentary production

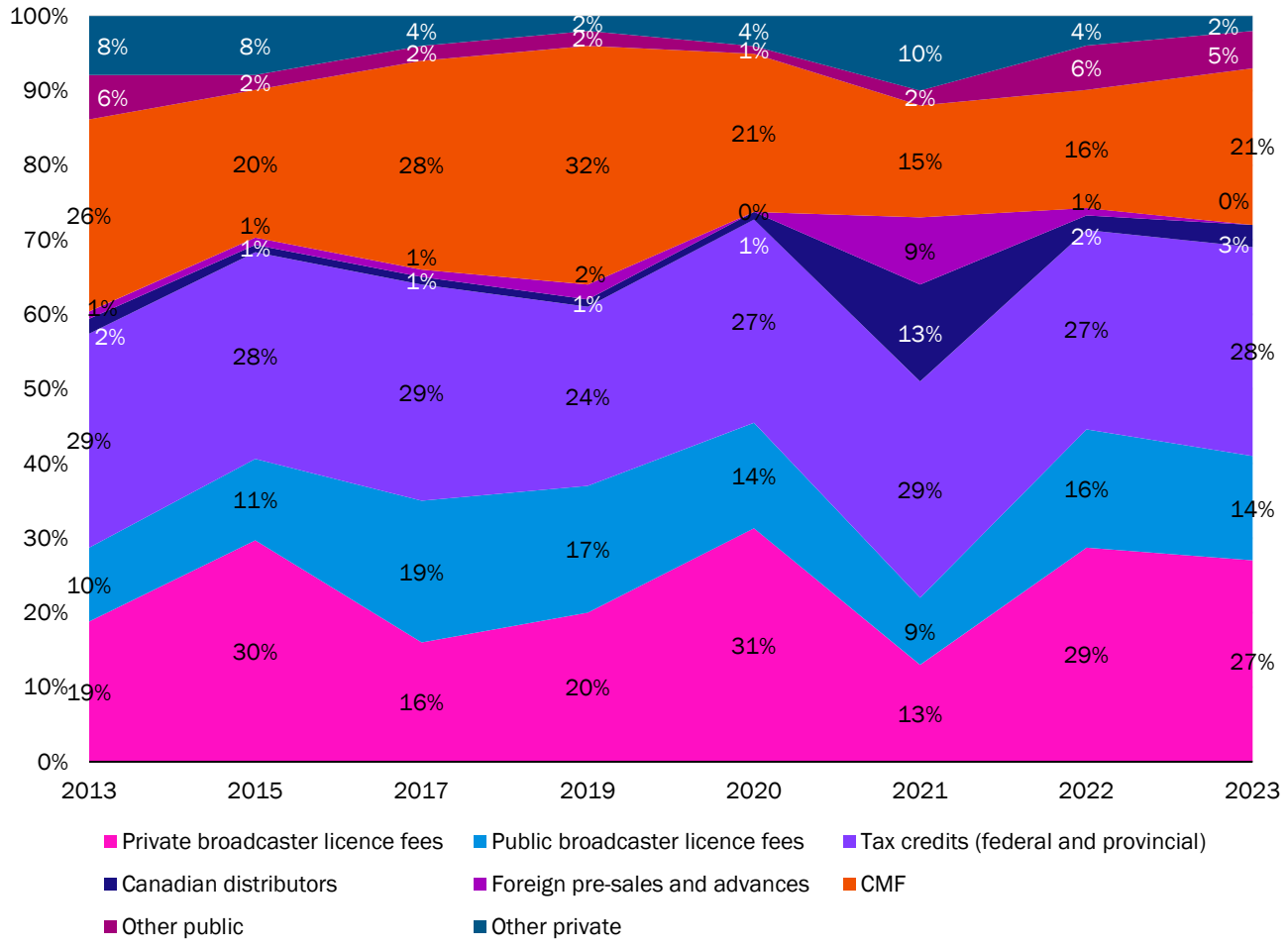


Sources: Estimates based on data obtained from CAVCO and CMF.

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

In the French-language market, private broadcaster licence fees take up a more substantial share of the financing (as discussed in Section 2.2), for an average of 23% over the ten-year period. The limited nature of the Canadian (and global) market for French-language productions explains why the share of Canadian distributors and foreign presales remains so low (an average 3% and 2% respectively). This challenge is, to some extent, overcome by a more important participation of the public broadcaster, as compared to its English-language counterpart.

Figure 22 - Financing of Canadian French-language television documentary production



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

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

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