THROUGH THE LOOKING GLASS

A COMPARISON of BROADCAST LICENSE FEES
in
CANADA, AUSTRALIA, the UNITED KINGDOM,
and
the UNITED STATES

BY

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EXECUTIVE SUMMARY

Note: Unless otherwise stated, all data are for the year 2001, and all dollar figures are Canadian. Average or total license fees paid by domestic broadcasters in each country are calculated as a percentage of average or total production budgets. See original tables and methodology for details.

I. INTERNATIONAL COMPARISONS

Among the four countries surveyed, English Canadian broadcasters:

* Paid the lowest average license fees

18.4%	English-Canada
30-85% (51% for drama)	Australia
81%	United States
70-115%	United Kingdom

* Spent the most on foreign programs as a percentage of total revenue

32%	English-Canada
9%	Australia
5%	United Kingdom
4%	United States

* Had the lowest per capita TV advertising revenue

$82	Canada (both languages)
$103	Australia
$112	United Kingdom
$246	United States

* Have the fewest domestic productions among their highest rated programs

Canada:	6 of top 20 network series/specials in 2002-3 were Canadian. These included 4 NHL games and the Grey Cup.
Australia:	16 of top 20 programs in 2000 were Australian
Britain:	95 of top 100 programs in 2001 were British
U.S.	100 of top 100 programs in 2000-1 were American.

II. CANADIAN COMPARISONS

* English Language

Canadian license fees averaged 18.4% of budget for English-language television production.

Canadian Television Fund projects had a higher average license fee of 26.4%.

Certified non-CTF projects had a much lower average license fee of 11.3%. Many of the non-CTF projects with the lowest licenses were big budget international projects which attracted significant foreign television pre-sales.

* French Language

Canadian license fees averaged 38.8% of budget for French-language television production.

CTF projects had 36.8% average fees.

Certified non-CTF projects were slightly higher at 39.5%. Factors in the higher license percentage for francophone projects are lower average production budgets than English projects; stronger support from domestic conventional broadcasters; and fewer of the foreign pre-sales that appear to depress domestic license fees.

* Fees by Program Category

Highest average Canadian license fees were paid for magazine and, largely French, variety programs.

Broadcasters paid 60% for French magazine shows.

53% for English magazine shows which were not eligible for CTF funds. The high percentage reflects low average budgets and the profitability of this inexpensive format to domestic broadcasters.

Lowest average licenses were 5.4% paid for non-CTF English drama and 3.7% for non-CTF French children's programs. The low percentage reflects high average budgets and foreign broadcast pre-sales.

* Canadian Historical Comparisons

Comparing 1984 to 2001for Telefilm-supported productions:

Average English-Canadian license fees have fallen by 3% as a percentage of budget (27% to 24%).

However, average English-Canada budgets have fallen 41% in constant dollars.

Average French-language fees, as a percentage of budget, have risen 3% (26% to 29%).

Average French-language production budgets have fallen by 33% in constant dollars.

English-Canadian private conventional broadcasters were the only broadcast group in either language whose total license fee expenditures declined. The decline was 24% in constant dollars.

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I. MANDATE

The decision of a domestic broadcaster to commission a program from a producer, and the license fee paid by the broadcaster to that producer, is the foundation of the independent television production system in Canada. Most public funding for Canadian programming follows on the basis of these transactions. Unfortunately, that public funding is oversubscribed, and the production industry is chronically underfunded.

Some suggest that part of this problem is the size of the Canadian broadcast license fee. Based on anecdotal evidence, it is argued that Canadian license fees are low by international standards.

The purpose of this study is to see if Canadian license fees for English independent television programs are indeed low based on selected international and historical comparisons. If they are, why?

The specific mandate of this study is to:

a) provide representative data comparing current Canadian broadcast license fees for independent production, <u>as a percentage of production budget</u>, with similar information from Australia, the United States, and the United Kingdom;

b) investigate the regulatory or funding environment surrounding foreign broadcast license fees to understand the rationale for the license fee level in these selected foreign countries; and

c) compare current license fees with historical levels in Canada for selected years.

Domestic statistical research for this study included both English and French production, but due to budgetary constraints, the international research was limited to English language production. Further explanations of methodological issues are included in the next section.

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National Film Board of Canada

Department of Foreign Affairs and International Trade

Documentary Organization of Canada

The opinions stated in this report do not necessarily represent the opinions of the sponsors.

II. METHODOLOGY

Reference Years

For purposes of international comparison, we needed to find the most recent year to provide a statistical reference or benchmark. It soon became clear that that year should be 2001, or 2001-2. This was the most recent year that we could use for published data from each country, though it was an unusually poor year for broadcast advertising revenue worldwide.

In addition, using 2001 had benefits in terms of Canadian Audio-Visual Certification Office (CAVCO) data. The older the data from CAVCO, the more "settled" it is since applications for tax certification continue to arrive years after production. Thus, CAVCO data is subject to significant change in more recent years.

Also, we found from Canadian Television Fund-License Fee Program (CTF-LFP) data over the three year period (2000-2002) that 2001 was fairly typical in terms of average license fees in Canada (See Table 16).

The historical record is another problem due to changes in computer systems over the years. CRTC and CAVCO could not go back earlier than 1992, and CTF-LFP is only a few years old. Fortunately, Telefilm Canada did have accessible records going back further.

We chose 1984 as the historical reference year because that was the first year the Broadcast Fund was operational. Telefilm included data from both the General Production Fund and the broadcast fund for that year. Therefore, comparisons between 1984 and 2001 may not be precise, but they do provide clear trendlines. The Bank of Canada consumer price index deflator was used to create constant numbers for 1984 and 2001.

International Sources

Each of the four countries studied provides public funding for television production, but each distributes that funding through different mechanisms which affect domestic production differently.

We discovered a huge gap in record keeping between net importers of television programs and net exporters. The importing countries seem to understand the rationale for keeping cultural statistics which exporters do not understand at all.

Canada

Among the four countries surveyed, Canada may have the best statistical environment because it has two federal public funders (CTF-LFP and Telefilm) as well as a tax certifying authority (CAVCO) and a regulator with a comprehensive policy mandate (CRTC).

Australia

Next to Canada, Australia has the best statistical database because it is also a net program importer, has public funders, and has a unique public sector agency with a research mandate: the Australian Film Commission. Their annual publication of television and film statistics, <u>Getting The Picture</u>, establishes a very high international standard. We consulted with the Film Finance Corporation of Australia (FFC), the Australian Film Commission (AFC), and the Australian Broadcasting Authority (ABA), all of whom were most helpful.

United Kingdom

It was difficult to find this information in the United Kingdom because it does not have a public television funder. The UK Film Council subsidizes theatrical films, not television. The U.K. also is a major exporter and doesn't see the need for these statistics.

However, under pressure from independent producers and their association (Producers Alliance for Cinema & Television - PACT), there has been a revolution of sorts in British television production. First, the ITC undertook a <u>U.K. Programme Supply Review</u> in 2002 which generated a great deal of comparative information on British and other production. Second, the Government has reorganized the regulation of British communications and created a new regulator, the Office of Communications (OFCOM), which replaces the ITC with a broader mandate similar to that of the CRTC. OFCOM started work on the first of this year so it was not relevant to our study.

As a result of these changes, the entire British system is moving away from the fully-funded program model (where license fees are higher than the cost of production and the broadcaster gets all the rights) to the license fee or hybrid model (where the license fees are less than the cost of production and the broadcaster gets limited rights). Although our 2001 reference year only provides a snapshot under the old system, the fundamentals have not changed. The British program production industry remains extremely well funded by any international comparison.

United States

The United States is a statistical desert. It is, of course, the world's biggest exporter of television programming and does not see the need for keeping statistical data to further public policy. Even the public agencies, such as the Federal Communications Commission, do not keep financial statistics on the industry and couldn't understand why they should.

Only Kagan World Media had this data on hand, and through the CRTC library, we were able to access that source. Unfortunately, Kagan data is limited to conventional network prime time programs. We added a documentary category to their genres by interviewing Discovery Channel producers and extrapolating the results.

Appreciation

We would like to especially thank two people who made this report possible: Sandra Gathercole who edited it and made the information accessible; and Pam Chapman Maguire who input and laid out the data. We would also like to thank everyone who helped with, or provided, the research data, including: Suzanne Keppler (CTF-LFP), Anne-Chantal Roy (Telefilm), Paul Chard & Anik Gibeault (CRTC), Scott Galley (CAVCO), Jonathan Porter (ITC), Bethwyn Serow (SPAA), Rebecca Mostyn and Talei Goater (AFC), Mary Anne Reid (FFC), David Graham and Associates, Oliver and Ohlbaum Associates, OFT, PACT, Channel 4, ITV, and others who asked to remain anonymous. Kirwan Cox is responsible for the contents of this report.

III. INTERNATIONAL COMPARISONS

A. License Fees in 2001

1) Overview

Exact license fee comparisons with other countries are difficult to make because data in each country are collected in different ways for different purposes. However, with these caveats in mind, it is possible to draw conclusions from the information available.

Table A

Comparison of TV Program Markets In U.S., U.K., Australia and Canada 2000 - 2002 (C$000,000's)

	Total TV Programming		Per Capita	Population
	$	%	$	(000,000's)
Australia	1,387	2.7	71	19.4
Canada	2,912	5.7	94	31.1
U.K.	9,708	19.1	163	59.7
U.S.	36,750	72.4	129	285.0
Total	50,757	100	128	395.2

Source: Estimates from Oliver & Ohlbaum Assoc.
Notes: See Tables 19 and 23.
Per Capita = Actual dollars.
Canada= Both languages.

a) Market Size

Table A provides a comparison of the dollar value of the TV program market in the four countries. We can see that, by this measurement, Canada is less than 6% of the total market. Australia is nearly 3%. While the

U.K. spends the most per capita, the U.S. is nearly three times larger with 72% of the total.

b) Foreign Program Acquisition

There is another important comparative factor which we can see from Table B. English-Canadian broadcasters spent 32% of their total revenue on foreign programs compared to 9% by commercial broadcasters in Australia, 5% in the U.K., and about 4% in the U.S.

<u>Table B</u>

Foreign Program Expense
As A Percentage Of
Total Revenue
In Canada, Australia, U.K and U.S.
2001

	Foreign Program Expense	Domestic Program Expense
	%	%
Canada	32	28
Australia	9	22
U.K.	5	62
U.S.	4	40

<u>Sources</u>: Calculated from ITC estimates based on Oliver & Ohlbaum; Australian Broadcasting Authority; CRTC
<u>Notes</u>: U.S. = All broadcast networks.
Australia = Commercial broadcasters.
Canada = Commercial English & Ethnic broadcasters.
U.K. = All network broadcasters.

c) Comparative License Fees

With such a large expenditure on foreign programs by Canadian broadcasters, especially private conventional and pay-TV companies (see Table 17), there is less money available for domestic production. With fewer dollars available, there is downward pressure on Canadian license fees. Just how strong that downward pressure is can be seen in Table C.

Table C

Comparison of Average License Fees
As Percentage of Production Budget
In Canada, Australia, U.S. and U.K.
2001 - 2002

	Canada			**Australia**		**U.S.**	**U.K.**
	Non-CTF %	CTF %	Total %	Ind. Drama %	FFC Only %	Total %	Total %
Average	11.3	26.4	18.4	51.0	30-35	81	70-115

Source: See Table 27
Note: Canada = English only.
Ind. Drama= Independent series/serials, mini-series, MOWs, children's drama including FFC-supported projects.

Table C provides a comparison of average broadcast license fees as a percentage of budget that were paid to independent domestic producers by domestic broadcasters in Canada, Australia, the United States, and the United Kingdom. It shows that among these countries, which make up most of the international English-language market, Canada had the lowest average license fees during the reference period.

One can see in Table C that:

* the highest fees were paid by broadcasters in the countries with the largest domestic markets and the largest export revenue- the United States and the United Kingdom; and

* the lowest fees were paid by broadcasters in the countries with the smallest domestic markets, and largest foreign TV imports- Australia and Canada.

2) Australia

Australia is very similar to Canada in size, standard of living, and in the structure of its broadcast system. Like Canada, Australia has public broadcasting, public funding agencies and tax benefits to support domestic production.

However, there are also significant differences. Australia has a single language market versus Canada's two major language markets; higher per capita advertising revenue which may be related to Australia's geographical position; lower expenditure on foreign TV programs; lower total program spending as a percentage of revenue; and an identifiable non-American accent. The Australian accent and distant geography may be factors in the distinctiveness and higher audience ratings for their domestic drama production.

We can also see from Table C that in Australia and Canada:

* publicly-financed independent TV programs had the most similar license fees, about 30-35% for Australia and somewhat lower in English-Canada at 26.4% for CTF programs, yet

* total broadcast license fees are much lower in English-Canada at 18.4% and much higher in Australia at 30-85% and 51% for independent drama.

Given our similarities, especially as net TV importers, why is the average Canadian license fee so much lower than the average Australian license fee?

Table 19 in the Appendix shows that total advertising is the same in both countries on a per capita basis, but that Australians spend a much greater percentage of their total advertising on television (30% in Australia compared to 24% in Canada). Therefore, per capita TV advertising is $103 in Australia and only $82 in Canada- the lowest level of the four countries under review.

This low level is even lower for English-Canada because this amount is further divided into two language markets. Table 18 shows that the revenue of commercial broadcasters in English-Canada is only about 60% of commercial broadcast revenue in Australia.

In 2001, Australian commercial broadcasters spent $566 million on domestic programs and English-Canadian commercial broadcasters spent only $398 million. This is not only a function of the lower TV advertising and commercial TV revenue in Canada. A more important reason for this difference was the lower amount spent on foreign programs by commercial broadcasters in Australia than in Canada.

As we can see in Tables B and D, English-Canadian broadcasters uniquely spent more money on foreign programs than on domestic programs (26% of revenue on Canadian and 29% on foreign). French-Canadian broadcasters spent more on Canadian programs, about 36%, and much less on foreign, about 4%. Australian commercial broadcasters spent only about 9% of revenue on foreign programs leaving 22% for national production. U.S. and U.K. broadcasters spent only about 4-5% on foreign productions.

Table D

Per Capita Comparison
Of Commercial Broadcasting
In Canada and Australia
(C$000's)
2001

	Canada						**Australia**	
	English		French		Total			
	$	%	$	%	$	%	$	%
Total Per Capita Commercial Broadcast Revenue	64	**100**	56	**100**	61	**100**	133	**100**
Total Per Capita Program Expense	39	**60**	28	**50**	36	**58**	42	**31**
National Per Capita Program Expense	17	**26**	20	**36**	17	**28**	29	**22**
Foreign Per Capita Program Expense	19	**29**	2	**4**	19	**25**	12	**9**

Sources: CRTC; ABA

Notes: Canadian Population: 31.1 million; English 24 million; French 6.5 million.
Australian Population: 19.4 million.
See Tables 17, 18 & 19.
National = Eligible Canadian by language.

We compare Canadian to Australian commercial broadcasters on a per capita basis in Table D which shows that Australian broadcast revenue was over twice as high as English-Canadian revenue. As percentage of revenue, Canadian commercial broadcasters spend almost twice as much as Australian broadcasters on programming- namely, 58% in Canada and 31% down under. On a per capita basis, these percentages come out relatively close in terms of actual dollars with Canadians spending $36 per capita on programming and Australians $42 per capita.

Once again, the difference can be seen when foreign programming is compared to domestic programming. English-Canadian broadcasters spent $17 per capita and Australians $29 on domestic programs. On foreign programs, Canadians spent $19 and Australians $12. Clearly, English-Canadian commercial broadcasters are spending less on Canadian programs because they are spending much more on foreign programming.

Table E

Total License Fees
As A Percentage Of Budget
In Australia and Canada
By Genre

	Canada	**Australia**
	2001 - 2002	2000 - 2002
	%	%
Drama		
Mini-Series	26	29
Telemovies/MOW's	17	29
Series/Other Drama	34	85
Documentary		
Cultural	36	35e
International	31	20e

Sources: AFC, FFC; CTF-LFP, CAVCO
Notes: See Tables 11, 16, 20 & 24.
Canada = English only
Cult. Docs. = CTF-LFP (Can.); Accord Docs. (Aust.)
Inter. Docs. = Non-CTF (Can.); Non-Accord (Aust.)
e = Estimate by FFC
* = not eligible for FFC funds

Table E shows the huge difference in license fees paid in Australia between programs funded by the FFC (mini-series, MOW's, children's drama, and documentaries) and adult drama series which are ineligible for FFC funding. FFC dramas have high average budgets, over $1 million per hour (See Table 20 in Appendix), and undoubtedly the quality is similarly high. We can see that most FFC-supported genres have license fees which are about 30-35%, slightly higher than Canadian fees.

On the other hand, the dramatic serials, or soaps, have very low budgets, about $200,000 per hour, and they are supported almost entirely by broadcast license fees of 85%. Why? The broadcasters want them because these programs are popular and, with low production costs, profitable.

In other words, Australians have a genre of high volume, low cost drama that is very similar to Québec télé-romans. The télé-romans exist in a market protected by a language barrier and supported by public funding. The Australian soaps exist in a market protected, we believe, by a distinctive accent which emphasizes local identity, and the Pacific Ocean, which reduces direct competition from American broadcasters.

To sum up, the major reasons the average license fees for domestic programming in English-Canada are so much lower than the average Australian license fees are:

* the lower expenditures on foreign programming in Australia which leaves more money available for domestic programs,

* the greater popularity in Australia of domestic drama, especially inexpensive drama serials, better known as "soaps",

* the exclusion of domestic soaps from Film Finance Corporation funding which forces Australian broadcasters to pay an average 85% of the cost of production for these profitable programs,

* the lower commercial TV revenue in Canada which can be seen in the weaker per capita TV advertising market which, presumably, is caused by spillover advertising across the border,

* the dearth of Canadian programs scheduled in the 8-10pm peak viewing period on commercial networks as a result of simultaneous substitution strategies, and

* the reliance on foreign pre-sales for high-budget English-Canadian TV programs which apparently depresses domestic license fees for these programs.

3) United Kingdom

As we saw in Table A, the U.K. is particularly noteworthy because it has a much wealthier market than justified by population. This is partly caused by the size of the BBC's public funding, the centralization of the broadcast infrastructure with lower distribution costs, the popularity of domestic programming, and a very strong advertising market (See Table 19). The British advertising market may benefit by its distance from direct American broadcast competition, though most American programs are not very popular with British viewers.

Table F

Total License Fees
As A Percentage Of Budget
In The U.K. and Canada
2001

	U.K. %	Canada %
Fully Financed Model	110-125	N/A
License Fee Model	27-96	18.4
Average	70-115	18.4

Sources: CAVCO, Telefilm Canada, CTF-LFP; PACT, CH. 4; BBC
Notes: See Tables 14 and 25.
Canada = English only.

To understand Table F, it is important to remember that most independent production in the U.K. has been produced on a "fully funded model" which means the broadcaster purchases all rights and pays the cost of production plus an additional fee. That explains why the average broadcast fee rises above 100%. However, the balance of the funding system is now changing to a "license fee model" where broadcasters purchase limited rights and pay less than the cost of production.

Nevertheless, the U.K. market is sufficiently wealthy, and domestic programs sufficiently popular with viewers, that average license fees will continue to pay most of the cost of production. Though there is no public TV funder, the BBC remains the best financed public broadcaster in the world. In addition, foreign sales are bringing in an estimated 20% of total British program revenue.

4) United States

The case of the United States is unique. As we saw in Table A, it is estimated that its TV program market represents 72% of the size of these four countries combined.

Table G

Total License Fees
As A Percentage Of Budget
In U.S. and Canada
By Genre
2001 - 2002

	Canada	U.S.
	%	%
Drama	11.4	71
Child.	19.4	64
Doc.	36.4	73
Variety	45.6	N/A
Other/Reality	27.1	103
Average	18.4	81

Sources: CAVCO; CTF-LFP; Kagan World Media; Discovery

Notes: See Table 27.
Canada = English only.

License fee estimates in Table G are based on prime time network programming for the six major networks. The average American license fee is about 81% of the overall cost of production, but tends to be lower for the first year of production and rise with the success and longevity of the program.

Additional revenue is available from a well-developed domestic syndication market and foreign sales. It is estimated by Kagan World Media that the market for U.S. programming consists of:

* 58% original program revenue,

* 16% syndication revenue, and

* 26% foreign revenue.

There is not only a huge gulf between the TV importers (Canada and Australia) and the TV exporters (U.K. and U.S.), but a relative ocean between the U.S. and the rest of the world. It has the largest population among the countries surveyed, the largest per capita advertising market, the wealthiest syndication (or "used program") market, the highest revenue from foreign sales, and the lowest relative expenditure on foreign programming. Combined, these factors provide overwhelming financial strength to increase domestic budgets, and production values.

In toto, U.S conventional networks now pay an average of C$2.8 million per episode for prime-time programs (see Table 21). This excludes the syndication and foreign markets.

B. Audiences

1) Audience/Cost Equation

Along with public subsidies, audiences are a key factor in determining license fees that commercial stations can afford to pay. Naturally, broadcasters do not want to lose money consistently scheduling poorly-rated programs if they can find higher-rated programs. That axiom is especially true as the broadcast environment fragments, and audiences decline across the board.

Furthermore, if public subsidies do not keep pace with increased costs of domestic production, the revenue (measured by audience ratings) divided by cost of production or acquisition (measured by licensing cost) become the determining factors in profitability for the broadcaster. That means the broadcaster has an incentive to pay a higher license fee for a very low cost program with relatively low audiences , even if there is little or no public subsidy, because it brings in a high enough audience to be profitable.

This equation favours higher rated programs in low-cost genres even if they are not eligible for subsidies (such as Australian soaps or Quebec magazine programs), or lower rated programs in low-cost genres which are eligible for subsidies (such as industrial documentaries).

For example, an Alliance Atlantis executive once explained their motivation for producing documentaries with this equation: "Documentaries get half the audience of dramas, with one-third the cost". It is the difference between that half and that third that drives TV documentary over higher rated dramas, particularly on specialty channels.

Another example of this audience/cost equation can be seen in Australian soap operas. These programs are not eligible for direct public subsidies, but they are popular, they help fulfill Australian content quotas and can be produced cheaply- about $200,000 per episode. Therefore, there is a market for these dramas, and, because there is no direct public subsidy, broadcasters are prepared to pay an average license fee of 85% of the cost.

2) International Audience Comparison

English-language television in Canada has fewer domestic television programs among its highest-rated TV shows than any other country surveyed.

Based on information from A.C.Nielsen, ITC, TVBureau, and Kagan World Media, we can summarize this issue with the following numbers:

* 6 of the top 20 network series/specials in 2002-3 were Canadian: 4 NHL games, The Grey Cup, <u>Trudeau</u>;

* 16 of the top 20 programs in Australia in 2000 were Australian: 6 of these were sports, 3 drama, 3 non-fiction, 3 variety/game, 1 news, and the foreign were <u>ER</u> plus 2 U.S. movies and 1 British movie ;

* 95 of the top 100 programs in the U.K. in 2001 were British, and the other 5 were Hollywood films; and

* 100 of the top 100 programs in the U.S. in 2000-1 were American (for prime time schedule of 6 major U.S. networks).

Viewing the world from a Canadian perspective, we were shocked and a little awed reading the following statement about the popularity of domestic TV in Britain from the ITC's UK Programme Supply Review, November, 2002, Appendix 1, p. 35:

> "The low overall spend on acquisitions as a percentage of total programming budgets is consistent with the level of audience demand for these series. Typically, acquisitions are in the comedy, drama and film genres. Despite the critical acclaim for certain US programmes such as West Wing, Friends, and The Sopranos, even the highest-quality acquisitions tend not to attract high ratings in the UK. Only four US productions featured in the UK Top 50 programmes of 2001, with one further title in the lower half of the Top 100. All five of these acquisitions were feature films. Although Channel 4 and Channel 5 spend greater proportions of their budgets on acquisitions than BBC1 or ITV1, none of their programmes made the Top 100."

It would seem that inundation under American television is not inevitable, at least outside North America. We may have forgotten that moment in 1985 when Sullivan Entertainment ran the two part Anne of Green Gables starring a young Megan Followes. It drew about 5 million viewers on each night and ended forever the argument, common among commercial Canadian broadcasters before then, that Canadians would not watch Canadian programs unless a football or a hockey puck was involved. Given the resources to make competitive quality programs, and market them on an "even playing field", Anne proved they will not only come, they will watch.

On this side of the Atlantic, however, the popularity of American entertainment is undeniable. Canadian producers are not able to compete for Canadian viewers because the famous "playing field" is anything but even. Not only are Canadian production and marketing budgets a fraction of those in the U.S., but most Canadian programs are not generally broadcast during the heart of peak viewing hours (8-10) or on the highest rated nights (Sunday to Thursday) on commercial channels.

The primary reason would seem to be the impact of simultaneous substitution rules.

The rationale for simultaneous substitution rules is the protection of Canadian rights in American programs which have been purchased by Canadian broadcasters. To do this, cable companies must carry the Canadian version of the U.S. program with Canadian commercials if it is scheduled at exactly the same time as the American version.
An unintended consequence of the simultaneous substitution rule has been that Canadian programming is pushed to the fringes of the peak viewing times as American programs on Canadian channels duplicate their U.S. peak viewing broadcast times.

No one can deny that most American drama, produced with an average budget that is triple the size of most Canadian drama, will usually draw a bigger audience. However, would the Canadian audience for Canadian programs be bigger if they were also scheduled in peak viewing times? Or, as the broadcasters argue, do Canadian programs benefit by competing with lower-rated U.S. programs in off-peak times?

IV. CANADIAN COMPARISONS

A. License Fees in 2001

1) Overview

Most independent television production in Canada can be divided into three parts by funding: CTF-LFP only, CTF-EIP, and certified Non-CTF.

Total license fees from Canadian broadcasters in 2001 averaged 18.4% for English programs, and 38.8% for French programs. These figures are broken down in Table H. Tables 14 and 15 in the Appendix provide more detail.

Table H

Total Canadian License Fees
As a Percentage of Budget
By Funder and Language
2001 - 2002

	English %	French %
CTF-LFP Only	30.2	50.5
CTF-EIP	24.1	28.9
Non-CTF	11.3	39.5
Average	18.4	38.8

Source: CAVCO, Telefilm, CTF-LFP
Notes: Percentages do not add due to weighting. See Tables 14 and 15.

We can see that:

*French programs have much higher average fees compared to English programs.

* English Non-CTF programs have extremely low license fees

2) Comparisons by Broadcaster and Funder

Total broadcast license fees refer to domestic broadcasters only (except for Table K). Using CAVCO data, we can break down the broadcasters by conventional, specialty, and foreign categories. CTF-LFP data allows for a more detailed domestic breakdown into private conventional, educational, CBC/SRC, and pay-specialty broadcasters.

a) Canadian Television Fund

If we look at CTF-LFP figures (including both LFP only and LFP-EIP), the average license fee for all LFP projects in 2001-2 was 26.4% in English, 36.8% in French, and 29.6% overall. See Tables 2-5 in the Appendix for details of the LFP projects by broadcaster, genre, and language.

Table I

CTF-LFP License Fees
As a Percentage of Budget
By Broadcaster
2001 - 2002
($000's)

Percentage/Budget	English				French			
	Conv. %	**Educ. %**	**CBC %**	**Pay/Sp. %**	**Conv. %**	**Educ. %**	**SRC %**	**Pay/Sp. %**
LFP only	14.0	5.7	14.6	21.5	45.4	29.2	41.0	29.4
LFP-EIP	16.9	3.3	18.5	13.9	25.1	23.6	16.8	11.1
CTF-LFP Total	16.0	4.0	17.6	17.5	36.9	25.0	25.9	18.8
Dollars/Hour	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Average license fee/hr.	63	9	136	72	60	40	67	28
Average budget/hr.	395	216	769	408	163	159	260	150

Source: CTF-LFP
Notes: See Tables 2 and 3.

The license fee as a percentage of the budget tells only part of the story. For CTF-LFP projects:

* CBC pays a license fee that is on average double the dollar value of other broadcasters, often for major drama projects, and

* With the exception of educational broadcasters, the average license fee as a percentage of production budget is surprisingly consistent (17%) between conventional, CBC, and pay/specialty broadcasters.

* The difference between the overall license fee for CTF-LFP projects in English (26.5%) and the average license per broadcast group (17%), are the purchase of second window licenses between broadcast groups .

b) CAVCO Certified Production

If we look at CAVCO data (Tables 10-15 in the Appendix) we can compare the total license fees for Canadian Television Fund programs (CTF) with those that are outside the CTF system, but still qualify for the tax credit (Non-CTF).

Table J

CAVCO License Fees
As a Percentage of Budget
By Broadcaster and Language
2001 - 2002

	English			French		
	Conv. License Fee %	**Sp. License Fee %**	**Total License Fee %**	**Conv. License Fee %**	**Sp. License Fee %**	**Total License Fee %**
CTF	9.3	15.2	24.5	22.6	12.7	35.4
Non-CTF	3.9	7.4	11.3	23.7	15.8	39.5
Ave.	6.3	10.8	17.1	23.1	14.0	37.0

Source: CAVCO (February 2, 2004)
Notes: See Table 10.

CAVCO figures in Table J show that specialty channels provide a much higher average total license fee than conventional channels for both CTF and Non-CTF projects. For French production, it is the reverse.

The English language Non-CTF productions have a much lower license fee (11.3%) than CTF projects (24.5%). Is there an explanation for this lower fee? We looked at the possibility of foreign TV funding.

Table K

Foreign and Canadian License Fees
For CTF and Non-CTF by Language
2001 - 2002
($000's)

	CTF		Non-CTF		Total	
	$	%	$	%	$	%
English						
Budget	511,734	**100**	662,601	**100**	1,174,335	**100**
Foreign License Fees	4,168	**0.8**	81,789	**12.3**	85,957	**7.3**
Canadian License Fees	126,400	**24.7**	75,329	**11.4**	201,729	**17.2**
Total License Fees	130,568	**25.5**	157,118	**23.7**	287,686	**24.5**
French						
Budget	255,281	**100**	168,466	**100**	423,747	**100**
Foreign License Fees	60	**-**	2,423	**1.4**	2,483	**0.6**
Canadian License Fees	90,344	**35.4**	66,589	**39.5**	156,933	**37.0**
Total License Fees	90,404	**35.4**	69,012	**40.9**	159,416	**37.6**

Source: CAVCO (February 2, 2004)
Note: English includes bilingual/other.

Table K shows that foreign television broadcasters actually provide more funding for English Non-CTF programs than do Canadian broadcasters.

Together, the foreign and Canadian fees are 23.7% of the average Non-CTF budget. This is close to the 25.5% paid by foreign and Canadian broadcasters for CTF projects. While Non-CTF English language projects attract a great deal of foreign TV funding, there is practically no such funding for French or CTF English programs. Apparently, these are considered "too visibly Canadian" to attract foreign broadcast funding.

Table L looks specifically at the largest projects with budgets over $10 million. These are all English projects and most are Non-CTF. These big budget Non-CTF projects have only 3.8% Canadian license fees and must attract foreign funding. On the other hand, big budget CTF projects have 23.2% Canadian license fees and almost no foreign broadcast funding.

Although the higher budget might reduce the average license fee percentage, it is difficult to understand why the high budget Non-CTF projects have such low Canadian license fees. According to a CAVCO analyst, one possible explanation is that Canadian broadcasters purchase the rights to these projects from distributors after financing is completed, and these fees are outside the financial structure.

Table L

Total License Fees
For $10 Million Plus Projects
English
2001 - 2002
($000's)

		Total License Fees		**Budget**	
	#	**$**	**%**	**$**	**%**
CTF	6	17,617	23.2	75,938	100
Non-CTF	18	12,535	3.8	328,304	100
Total	24	30,152	7.5*	404,241	100

Source: CAVCO (December. 5, 2003)
Notes: # = Projects *average
There are no French or bilingual/other projects with $10 million plus budgets.

3) Differences Between English and French Production

Tables H, J and K demonstrate several things about French programs.

* They have much higher average license fees as a percentage of budget than English programs.

* They have much lower average budgets than English programs.

* They attract relatively little foreign broadcast funding.

* Unlike English programs, conventional broadcasters provide a higher proportion of the budget for French TV than specialty broadcasters.

On an average dollar per hour basis, French license fees are lower than English fees but, as a percentage of budget, they are much higher because:

* French budgets are much lower than English budgets which causes the percentage of license fee to budget to be much higher than the English percentage. See Tables 2 and 3 in the Appendix.

* the extremely low license fees paid by Canadian broadcasters for international English language projects that attract significant foreign broadcast fees also lower the overall English averages.

* regardless of budget, French projects rarely attract foreign funding, so they have to depend entirely on Canadian broadcast fees.

4) Comparison of Genres

There are other differences between English and French license fees which can be seen by looking at the genres in Table F.

In English and French, the highest license fees (as a percentage of budget) were paid for:

* Non-CTF Magazine shows;

* followed by Variety/Performing Arts (Non-CTF and CTF-LFP only).

In English, high license fees were also paid for:

* Documentary (especially CTF-LFP only).

The other French genres had fees similar to each other at around 30%.

Table M

Average License Fees
As a Percentage of Budget
By Genre and Language
2001 - 2002

Genre	English				French			
	Non-CTF %	CTF-EIP %	CTF-LFP %	Total %	Non-CTF %	CTF-EIP %	CTF-LFP %	Total %
Drama	5.6	23.2	22.3	11.4	7.0	25.7	51.8	30.2
Child	11.4	17.2	25.4	19.4	3.7	40.1	42.4	27.3
Doc.	31.1	35.0	41.7	36.4	29.7	25.5	44.3	30.7
Variety	61.1	24.4	55.7	45.6	62.8	38.6	54.9	57.6
Magazine	53.3	-	-	53.3	60.3	-	-	60.3
Other	13.5	-	-	13.5	-	-	-	-
Total	11.3	24.1	30.2	18.4	39.5	28.9	50.5	38.8

Sources: CAVCO, Telefilm, CTF-LFP
Notes: See Tables 14 and 15.

Table M seems to show that if broadcasters really want a program, meaning the audience/cost equation is favourable, then they are prepared to pay higher license fees to get it. This is clearly the case with low cost Magazine and Variety programs.

It is important to note that CTF does not fund Magazine programs, though such programs qualify for the tax credit and are certified by CAVCO. Without direct public funding, magazine programs in both languages have the highest license fees as a percentage of budget, about 60% in French and 53% in English.

We can also see that certain types of broadcasters are particularly interested in certain genres. Specialty channels provide higher total license fees for children's and documentary programs while conventional channels, especially the CBC/SRC, are important in drama. Radio-Québec is a major player in French documentary and variety while TVO does not play a similar role in English.

B. Historical Comparison: 1984 AND 2001

For various reasons explained in the Methodology, we have picked 1984 and 2001 as our reference years for historical comparison of license fees. We also converted 1984 dollars into 2001 dollars to give us more accurate constant dollar comparisons. See Tables 7-9 in the Appendix for details.

Table N

Historical Comparison
Of Total License Fees
As Percentage of Budget
By Language in Constant Dollars
1984 and 2001
($000's)

	1984				2001				1984-2001	
	Avg. License Fee/Hr.	%	Avg. Budget/Hr.	%	Avg. License Fee/Hr.	%	Avg. Budget/Hr.	%	License Fee	Budget
English	264	27.1	971	100	138	24.1	573	100	-48%	-41%
French	86	26.2	330	100	64	28.9	220	100	-26%	-33%

Source: Telefilm Canada
Notes: See Table 7.

Table N is based on Telefilm data and shows that the average license fee as a percentage of budget has not significantly changed from 1984 to 2001. However, as the average budget has dramatically declined (in constant dollars), the dollar value of the license fee has fallen at roughly the same rate.

From 1984 to 2001 the average license fee as a percentage of budget:

* has declined slightly from 27 to 24% for English production; and

* has risen slightly from 26 to 29% for French production.

In the same period, the dollar value of:

* average license fee dropped by 48% and the average budget fell 41% in English; and

* in French, average license fees fell by 26% and average budgets by 33%.

Although productions in 1984 are not exactly comparable with CTF-EIP productions in 2001, we can see that average budgets and license fees have declined significantly during this period.

Table O

Historical Comparison
Of Broadcast Group License Fees
As Percentage of Total License Fees
By Language and Broadcaster
In Constant Dollars
1984 and 2001
($000's)

	1984						2001					
	CBC/SRC	Sp. TV	Conv.	Educ.	Pay TV	Total	CBC/SRC	Sp. TV	Conv.	Educ.	Pay TV	Total
Percentage	%	%	%	%	%	%	%	%	%	%	%	%
English	23	1	73	2	1	100	28	33	32	2	4	100
French	41	-	29	30	-	100	28	17	20	35	-	100
Dollars	$	$	$	$	$	$	$	$	$	$	$	$
English	9,558	617	30,682	883	495	42,235	20,606	23,817	23,490	1,510	3,016	72,439
French	4,944	-	3,425	3,478	24	11,721	11,121	6,667	8,102	14,247	80	40,217

Source: Telefilm Canada
Notes: See Table 9.

Table O breaks down license fees in constant dollars as a percentage of budget by broadcast group (see Table 9 for more details). We can see a significant evolution of the system as production volume has grown. Alone among broadcast groups, the total value of license fees paid by English conventional broadcasters declined.

In English:

* private conventional broadcasters declined from 73% of total license fees to 32%;

* the real dollar fees paid by conventional broadcasters fell from $30.7 million to $23.5 million, a decline of 24%;

* as expected, specialty channel fees increased greatly from 1% to 33% of the total which represents a real dollar increase from practically nothing to $23.8 million;

* CBC doubled its fees from $9.6 million to $20.6 million which increased its percentage of the total licenses from 23% to 28%; and

* Educational and pay-TV channels also increased the total fees they paid over this period, but they remain relatively small players.

In French, Table O shows a different picture:

* educational broadcaster Radio-Québec greatly increased its payments from $3.5 million to $14.2 million which put it in first place with 35% of total license fees in 2001,

* Specialty TV grew from nothing to $6.7 million or 17% of the total;

* SRC more than doubled its fees, but this still meant a decline in the percentage of total fees from 41% to 28%; and

* private conventional channels more than doubled their fees, but fell from 29% to 20% of the total.

The historical comparison does not show a significant change in license fees as a percentage of budget, but does show a very strong decline in constant dollar budgets for Telefilm funded projects. It also shows that most broadcasters are commissioning more hours of Telefilm-funded programs now, and spending much more on total Telefilm project license fees than they did twenty years ago.

The significant exceptions are private English conventional broadcasters. They are the only broadcast group spending less in 2001 than in 1984 in real dollars.

V. CONCLUSION

Some Facts

Because per capita TV advertising revenue in Canada is the lowest of these countries, private English-Canadian broadcasters must spend a high proportion of their revenue on programming. English-Canadian commercial broadcasters spent 60% on total programming compared to 31% in Australia. However, the percentage of these total program budgets spent on domestic production in English-Canada is the lowest of the four countries.

English-Canadian commercial broadcasters are the only ones surveyed who spent more on foreign acquisitions than domestic production, and only in English-Canada are the majority of top-rated TV programs foreign.

English-Canadian license fees are the lowest among the four countries surveyed in this report. In 2001 they averaged 18.4% of the cost of production (both CTF and non-CTF) compared to 30-85% in Australia (51% average for drama), 81% in the U.S. (network prime-time), and 70-115% in the U.K.

Canadian broadcast license fees have been relatively low over time. In 1984 the licenses, as a percentage of production budget (based on Telefilm projects), were similar to their level in 2001. English fees fell slightly from 27% to 24% and French fees rose from 26% to 29%. However, average budgets fell 41% for English projects and 33% for French during this period.

Two Questions

A) <u>Why are Canadian license fees so low, especially for English-language production?</u>

1) <u>Impact of Expenditure on Foreign Programming</u>

English-Canadian broadcasters spend more of their program budget on foreign programming than broadcasters in any other country surveyed. The <u>total</u> program budget of Canadian commercial broadcasters is relatively high compared to Australian broadcasters, for example, but the Australian broadcasters are able to spend more dollars on their domestic production because fewer TV dollars are spent abroad.

2) Impact of Under-Viewing Canadian Programs

People everywhere want to see themselves on the television screen. That fact helps to build the economic structure required to fund domestic programming in each country surveyed. Even in Australia, most of the top rated programs are Australian. Like the other countries surveyed, local viewing supports local production, especially popular low-cost soaps.

French-speaking Canada has problems with low budgets and low license fees, but it is largely protected by its language barrier from the American television colossus. Like Australia and Britain, and most other societies, it produces its own popular TV entertainment- soaps and variety.

We can see that compared to the other countries surveyed, including Australia, English-Canadian entertainment is not relatively popular. For economic reasons, American programs have traditionally been broadcast in place of Canadian drama. Simply put, the American programs are "dumped" and expensive drama is available here well below cost.

Maybe over the years Canadians have identified with this foreign programming more than Australians or British. This may be facilitated by the fact that unlike Britain or Australia, English-Canada does not have an accent that is noticeably different from American speech.

Another factor in the under-viewing of Canadian programs on Canadian private channels is the fact that relatively few of them can be seen in the heart of the peak viewing period of the day because of the simultaneous substitution strategy described above.

This policy is also of significant benefit to the American program producer who is able to charge a higher license fee in Canada since the domestic audience for his program is enhanced by simultaneous scheduling. However, there is less money for the Canadian producer who has little leverage to demand better access to Canadian viewers, and higher license fees.

3) Impact of the Under-Funded TV Advertising Market

Canadian broadcasters generate the lowest per capita TV advertising revenue among the countries surveyed. This fact adds to the economic problems facing Canadian broadcasters which trickle down to Canadian program producers.

Although total Canadian and Australian per capita ad revenue is the same for all advertising in all media, Australians spend 20% more of their advertising on TV. The difference is even greater if we consider only English-Canadian TV.

We assume that this TV ad differential is caused to some degree by American TV advertising spillover across the world's longest undefended border. We also assume that the geographical distance Australia and Britain enjoy from the United States strengthens their TV ad markets.

4) <u>Impact of Foreign Broadcast Pre-sales on Domestic TV License Fees</u>

We can see a link between high budget programming costing $10 million or more, and low domestic license fees. Since there are no French language productions at this level, this is an English-language issue.

These high-budget projects are usually dramas and they attract higher total foreign pre-sales than domestic license fees. They do not qualify for CTF funding and, obviously, they are "international" in subject or international co-productions. They are certified by CAVCO and, presumably, qualify as Canadian content. All of which points to an irony that the more funding a producer raises in foreign pre-sales, the lower his domestic TV license fee, and the lower his Canadian content.
It isn't surprising that broadcasters adjust their licenses based on external funding factors to minimize their expenditure. Therefore, when programs such as magazine shows make economic sense and are not eligible for public funding, broadcasters will pay over 50% of the budget in the license fee. If a program is outside the CTF system with its minimum license fee requirements, and foreign broadcasters are prepared to pay a significant part of the cost, then the domestic broadcasters lower their fee to less than 10%.

The total dollar value of these big budget projects is quite large and they have a significant statistical impact on the average Canadian license fee. Thus, English CTF-supported projects have an average license fee of 26% and Non-CTF certified projects have an average fee of 11%, bringing the average down to about 18%.

The statistical impact of Non-CTF, foreign-funded projects may explain why English average fees are 18% and not 26%, but they do not explain why even at this higher level, Canadian license fees are the lowest in the English-speaking world.

An easy solution to the problem of low license fees does not present itself. However, like the fish in the water, clearly seeing our environment is the necessary first step.

B) <u>Does it matter if Canadian license fees are so low?</u>

It matters only if we want to see more and better Canadian programs on our television, and that is a matter of public interest.

Canadian television, public and private, is heavily subsidized to achieve public interest objectives. Public television is directly subsidized with tax dollars, and private television is subsidized through access to the public airwaves as well as with tax dollars through the CTF funded programs it broadcasts.

Therefore, all Canadian television has a public purpose, and in the case of the commercial broadcasters it needs to be balanced against the pursuit of private profit. The job of the CRTC is to ensure that this balance, as defined in the Broadcasting Act, is managed in the public interest.

Because cultural and commercial objectives are in conflict in English-Canada, we need to constantly assess how the system is performing in terms of its public mandate.

This conflict between the cultural and commercial objectives of the Broadcasting Act has created a broadcasting system that reminds one more of passing through Lewis Carroll's looking glass than seeing Anne of Green Gables. A careful examination of the experience in the countries surveyed for this report, particularly Australia, provides some hope that achieving a better balance between these conflicting objectives is not an impossible task, no matter how difficult.

APPENDIX

TABLE 1

CTF - LFP
Total License Fee As Percentage Of Budget
By Genre / Language
2001 - 2002
($000's)

Genre	Aboriginal				English				French				Total			
	Hrs.	Total license fee ($)	%	Budget ($)	Hrs.	Total license fee ($)	%	Budget ($)	Hrs.	Total license fee ($)	%	Budget ($)	Hrs.	Total license fee ($)	%	Budget ($)
LFP																
Child	-	-	-	-	229.7	26,259	25.4	103,187	107.4	3,807	42.4	8,987	337.1	30,066	26.8	112,174
Doc.	-	-	-	-	380.5	27,930	41.7	66,908	230.5	7,651	44.3	17,284	611.0	35,581	42.3	84,192
Drama	-	-	-	-	77.6	10,955	22.3	49,223	247.0	27,203	51.8	52,474	324.6	38,158	37.5	101,697
Perf. Arts	-	-	-	-	12.0	932	63.8	1,461	2.0	140	53.0	264	14.0	1,072	62.1	1,725
Variety	-	-	-	-	26.5	1,230	50.8	2,421	267.0	13,669	54.9	24,892	293.5	14,899	54.5	27,313
Total	-	-	-	-	726.3	67,306	30.2	223,201	853.9	52,470	50.5	103,902	1,580.2	119,776	36.6	327,101
LFP-EIP																
Child	20.5	161	12.4	1,298	84.0	9,774	20.3	48,110	219.8	11,237	40.2	27,973	324.3	21,172	27.4	77,381
Doc.	48.0	1,016	20.7	4,918	237.5	18,893	33.9	55,801	152.8	8,692	25.8	33,739	438.3	28,601	30.3	94,458
Drama	-	-	-	-	184.8	39,614	21.3	186,067	140.5	16,425	21.5	76,311	325.3	56,039	21.3	262,378
Perf. Arts	-	-	-	-	6.0	1,459	23.0	6,336	-	-	-	-	6.0	1,459	23.0	6,335
Variety	6.5	78	29.3	266	-	-	-	-	10.0	499	45.6	1,034	16.5	577	42.4	1,360
Total	75.0	1,255	19.7	6,481	512.3	69,740	23.5	296,315	523.0	36,853	26.5	139,118	1,110.4	107,848	24.4	441,913
CTF-LFP																
Child	20.5	161	12.4	1,298	313.7	36,033	23.8	151,297	327.2	15,044	40.7	36,960	661.4	51,342	27.0	189,555
Doc.	48.0	1,016	20.7	4,918	618.0	46,823	38.2	122,709	383.3	16,343	32.0	51,023	1,049.3	64,182	35.9	178,652
Drama	-	-	-	-	262.4	50,569	21.5	235,290	387.5	43,628	33.9	128,785	649.9	94,197	25.9	364,075
Perf. Arts	-	-	-	-	18.0	2,391	30.7	7,797	2.0	140	53.0	264	20.0	2,530	31.4	8,060
Variety	6.5	78	29.3	266	26.5	1,230	50.8	2,421	277.0	14,168	54.5	25,986	310.0	15,477	54.0	28,673
Total	75.0	1,255	19.7	6,481	1,238.6	137,046	26.4	519,516	1,376.9	89,323	36.8	243,020	2,690.6	227,728	29.6	769,016

Source: CTF-LFP Database

Notes: Information is from approved projects only and may reflect changes from previously published amounts.
Projects with more than one broadcast license are counted under each license. Totals for all broadcasters would not reflect actual totals for all projects.

TABLE 2

CTF - LFP
Average License Fee Per Hour
By Genre / Broadcaster
English
2001 - 2002
($000's)

	Conventional				Educational				CBC / SRC				Pay / Specialty			
	Hrs.	Avg. License Fee Per Hr. ($)	%	Avg. Budget Per Hr. ($)	Hrs.	Avg. License Fee Per Hr. ($)	%	Avg. Budget Per Hr. ($)	Hrs.	Avg. License Fee Per Hr. ($)	%	Avg. Budget Per Hr. ($)	Hrs.	Avg. License Fee Per Hr. ($)	%	Avg. Budget Per Hr. ($)
LFP																
Child	16.5	25	17.4	14.3	46.0	14	9.7	140	2.2	53	30.4	175	204.5	114	24.8	460
Doc.	33.5	37	14.3	260	63.5	5	3.2	159	13.0	64	18.0	356	468.5	53	29.1	182
Drama	2.0	25	2.3	1,100	-	-	-	-	19.2	230	13.9	1,659	92.1	70	8.2	859
Perf. Arts	-	-	-	-	-	-	-	-	-	-	-	-	21.5	40	38.1	106
Variety	6.0	33	49.4	68	-	-	-	-	-	-	-	-	22.5	46	48.2	95
Total	58.0	33	14.0	236	109.5	19	5.7	299	34.4	156	14.6	1,072	809.1	70	21.5	325
LFP-EIP																
Child	6.5	32	10.1	316	56.0	8	3.4	232	8.5	39	7.2	536	95.0	103	16.9	610
Doc.	30.0	20	8.7	239	95.5	9	3.2	274	59.0	67	24.1	277	307.0	45	19.6	232
Drama	24.6	161	19.9	983	1.5	37	5.1	716	107.5	175	18.6	940	132.3	120	10.3	1,168
Perf. Arts	-	-	-	-	-	-	-	-	8.5	134	12.9	100	3.0	53	6.6	803
Variety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	61.1	92	16.9	547	153.0	9	3.3	263	183.5	132	18.5	713	537.3	74	13.9	533
CTF-LFP																
Child	23.0	27	14.0	192	102.0	10	5.5	190	10.7	42	9.0	462	299.5	111	21.8	507
Doc.	63.5	29	11.8	250	159.0	7	3.2	228	72.0	66	22.8	292	775.5	50	24.8	202
Drama	26.6	183	18.4	992	1.5	37	5.1	716	126.7	183	17.5	1,049	224.4	100	9.6	1,041
Perf. Arts	-	-	-	-	-	-	-	-	8.5	134	12.9	100	24.5	42	21.9	191
Variety	6.0	33	49.4	68	-	-	-	-	-	-	-	-	22.5	46	48.2	95
Total	119.1	63	16.0	395	762.5	9	4.0	216	271.9	136	17.6	769	1,346.4	72	17.5	408

Source: CTF-LFP Database

Notes: Information is from approved projects only and may reflect changes from previously published amounts.
Projects with more than one broadcast license are counted under each license. Totals for all broadcasters would not reflect actual totals for all projects.
% = Average license fee as percentage of average budget.

TABLE 3

CTF - LFP
Average License Fee Per Hour
By Genre / Broadcaster
French
2001 - 2002
($000's)

	Conventional				Educational				CBC / SRC				Pay / Specialty			
	Hrs.	Avg. License Fee Per Hr. ($)	%	Avg. Budget Per Hr. ($)	Hrs.	Avg. License Fee Per Hr. ($)	%	Avg. Budget Per Hr. ($)	Hrs.	Avg. License Fee Per Hr. ($)	%	Avg. Budget Per Hr. ($)	Hrs.	Avg. License Fee Per Hr. ($)	%	Avg. Budget Per Hr. ($)
LFP																
Child	52.0	7	27.1	27	7.5	31	21.3	143	6.5	26	22.2	116	73.9	41	42.0	98
Doc.	16.0	42	34.9	120	45.0	24	18.9	127	3.0	20	10.3	194	197.0	26	35.7	72
Drama	115.0	112	54.2	206	8.3	3	15.2	550	123.5	97	42.1	230	13.7	27	5.5	495
Perf. Arts	-	-	-	-	-	-	-	-	1.0	105	50.0	210	2.0	18	13.3	132
Variety	103.0	25	34.5	74	24.5	41	51.3	80	58.0	60	40.9	146	66.0	30	27.5	110
Total	386.0	49	45.4	109	135.3	37	29.2	128	192.0	82	41.0	200	352.6	30	29.4	101
LFP-EIP																
Child	-	-	-	-	218.0	31	27.2	115	93.5	42	29.6	142	15.5	30	18.2	166
Doc.	5.0	19	4.9	385	75.8	44	18.2	241	63.5	40	15.2	260	139.8	22	10.8	200
Drama	50.0	148	26.4	560	26.0	116	25.2	459	25.5	159	12.6	1,263	47.0	42	11.1	374
Perf. Arts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Variety	-	-	-	-	10.0	19	17.5	109	20.0	14	12.6	109	10.0	3	3.0	109
Total	55.0	136	25.1	544	329.8	40	23.6	171	202.5	53	16.8	317	212.3	26	11.1	231
CTF-LFP																
Child	52.0	7	27.1	27	225.5	31	26.9	116	100.0	41	29.3	140	89.4	39	35.7	109
Doc.	21.0	36	19.9	183	120.8	36	18.3	199	66.5	39	15.1	257	336.8	24	19.1	125
Drama	165.0	123	39.2	314	34.3	108	22.4	481	149.0	108	26.4	407	60.7	38	9.6	401
Perf. Arts	-	-	-	-	-	-	-	-	1.0	105	50.0	210	2.0	18	13.3	132
Variety	203.0	25	34.5	74	84.5	38	46.0	84	78.0	48	35.1	137	76.0	27	24.3	110
Total	441.0	60	36.9	163	465.1	40	25.0	159	394.5	67	25.9	260	564.9	28	18.8	150

Source: CTF-LFP Database
Notes: Information is from approved projects only and may reflect changes from previously published amounts.
Projects with more than one broadcast license are counted under each license. Totals for all broadcasters would not reflect actual totals for all projects.
% = Average license fee as percentage of average budget.

TABLE 4

CTF - LFP
Total License Fee As Percentage Of Budget
By Genre / Broadcaster
English
2001 - 2002
($000's)

	Conventional				Educational				CBC / SRC				Pay / Specialty			
	Total License Fee ($)	**%**	**Budget ($)**	**Hrs.**	**Total License Fee ($)**	**%**	**Budget ($)**	**Hrs.**	**Total License Fee ($)**	**%**	**Budget ($)**	**Hrs.**	**Total License Fee ($)**	**%**	**Budget ($)**	**Hrs.**
LFP																
Child	411	17.4	2,366	16.5	625	9.7	6,430	46.0	117	30.4	385	2.2	23,348	24.8	93,998	204.5
Doc.	1,248	14.3	8,713	33.5	324	3.2	10,115	63.5	834	18.0	4,628	13.0	24,767	29.1	85,198	468.5
Drama	50	2.3	2,200	2.0	-	-	-	-	4,413	13.9	31,851	19.2	6,493	8.2	79,115	92.1
Perf. Arts	-	-	-	-	-	-	-	-	-	-	-	-	866	38.1	2,271	21.5
Variety	200	49.4	405	6.0	-	-	-	-	-	-	-	-	1,030	48.2	2,134	22.5
Total	1,909	14.0	13,684	58.0	949	5.7	16,545	109.5	5,364	14.6	36,864	34.4	56,504	21.5	262,716	809.1
LFP-EIP																
Child	208	10.1	2,052	6.5	441	3.4	12,978	56.0	328	7.2	4,559	8.5	9,788	16.9	57,992	95.0
Doc.	620	8.7	7,160	30.0	832	3.2	26,122	95.5	3,947	24.1	16,362	59.0	13,962	19.6	71,258	307.0
Drama	4,819	19.9	24,194	24.6	55	5.1	1,074	1.5	18,789	18.6	101,028	107.5	15,871	10.3	154,522	132.3
Perf. Arts	-	-	-	-	-	-	-	-	1,141	12.9	8,851	8.5	158	6.6	2,410	3.0
Variety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	5,647	16.9	33,406	61.1	1,328	3.3	40,174	153	24,205	18.5	130,800	183.5	39,779	13.9	286,182	537.3
CTF-LFP																
Child	619	14.0	4,418	23.0	1,066	5.5	19,408	102.0	445	9.0	4,944	10.7	33,136	21.8	151,990	299.5
Doc.	1,868	11.8	15,873	63.5	1,156	3.2	36,237	159.0	4,781	22.8	20,990	72.0	38,729	24.8	156,456	775.5
Drama	4,869	18.4	26,394	26.6	55	5.1	1,074	1.5	23,202	17.5	132,879	126.7	22,364	9.6	233,637	224.4
Perf. Arts	-	-	-	-	-	-	-	-	1,141	12.9	8,851	8.5	1,024	21.9	4,681	24.5
Variety	200	49.4	405	6.0	-	-	-	-	-	-	-	-	1,030	48.2	2,134	22.5
Total	7,556	16.0	47,090	119.1	2,277	4.0	56,719	262.5	29,569	17.6	167,664	217.9	96,283	17.5	548,898	1,346.4

Source: CTF-LFP Database

Notes: Information is from approved projects only and may reflect changes from previously published amounts.
Projects with more than one broadcast license are counted under each license. Totals for all broadcasters would not reflect actual totals for all projects.

TABLE 5

CTF - LFP
Total License Fee As Percentage Of Budget
By Genre / Broadcaster
French
2001 - 2002
($000's)

	Conventional				Educational				CBC / SRC				Pay / Specialty			
	Total License Fee ($)	%	Budget ($)	Hrs.	Total License Fee ($)	%	Budget ($)	Hrs.	Total License Fee ($)	%	Budget ($)	Hrs.	Total License Fee ($)	%	Budget ($)	Hrs.
LFP																
Child	379	27.1	1,396	52.0	229	21.3	1,075	7.5	169	22.2	757	6.5	3,030	42.0	7,215	73.9
Doc.	670	34.9	1,919	16.0	1,085	18.9	5,734	45.0	60	10.3	581	3.0	5,030	35.7	14,087	197.0
Drama	12,859	54.2	23,735	115.0	693	15.2	4,562	8.3	11,964	42.1	28,412	123.5	371	5.5	6,780	13.7
Perf. Arts	-	-	-	-	-	-	-	-	105	50.0	210	1.0	35	13.3	264	2.0
Variety	5,149	34.5	14,924	203.0	3,061	51.3	5,970	74.5	3,462	40.9	8,458	58.0	1,997	27.5	7,249	66.0
Total	19,057	45.4	41,974	386.0	5,068	29.2	17,341	135.3	15,760	41.0	38,418	192.0	10,463	29.4	35,595	352.6
LFP-EIP																
Child	-	-	-	-	6,829	27.2	25,128	218.0	3,941	29.6	13,289	93.5	467	18.2	2,569	15.5
Doc.	94	4.9	1,925	5.0	3,320	18.2	18,290	75.8	2,511	15.2	16,485	63.5	3,007	10.8	27,924	139.8
Drama	7,403	26.4	28,002	50.0	3,005	25.2	11,928	26.0	4,062	12.6	32,219	25.5	1,955	11.1	17,560	47.0
Perf. Arts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Variety	-	-	-	-	191	17.5	1,094	10.0	275	12.6	2,189	20.0	33	3.0	1,094	10.0
Total	7,497	25.1	29,927	55.0	13,345	23.6	56,440	329.8	10,789	16.8	64,182	202.5	5,462	11.1	49,.147	212.3
CTF-LFP																
Child	379	27.1	1,396	52.0	7,058	26.9	26,203	225.5	4,110	29.3	14,046	100.0	3,497	35.7	9,784	89.4
Doc.	764	19.9	3,844	21.0	4,405	18.3	24,024	120.8	2,571	15.1	17,066	66.5	8,037	19.1	42,011	336.8
Drama	20,262	39.2	51,737	165.0	3,698	22.4	16,490	34.3	16,026	26.4	60,631	149.0	2,326	9.6	24,340	60.7
Perf. Arts	-	-	-	-	-	-	-	-	105	50.0	210	1.0	35	13.3	264	2.0
Variety	5,149	34.5	14,924	203.0	3,252	46.0	7,064	84.5	3,737	35.1	10,647	78.0	2,030	24.3	8,343	76.0
Total	26,554	36.9	71,901	441.0	18,413	25.0	73,781	465.1	26,549	25.9	102,600	394.5	15,925	18.8	84,742	564.9

Source: CTF-LFP Database

Notes: Information is from approved projects only and may reflect changes from previously published amounts.
Projects with more than one broadcast license are counted under each license. Totals for all broadcasters would not reflect actual totals for all projects.

TABLE 6

CTF - EIP
Total License Fee As Percentage Of Budget
By Genre / Language
2001 - 2002
($000's)

Genre	English				French				Aboriginal				Total			
	Hrs.	Total license fee ($)	%	Budget ($)	Hrs.	Total license fee ($)	%	Budget ($)	Hrs.	Total license fee ($)	%	Budget $	Hrs.	Total license fee ($)	%	Budget ($)
EIP Total																
Child	108.0	12,206	17.2	71,139	259.3	11,671	40.1	29,114	14.0	161	18.7	859	381.3	24,038	23.8	101,112
Doc.	240.9	20,228	35.0	57,784	209.0	10,961	25.5	42,906	59.6	1,161	21.8	5,314	509.5	32,350	30.5	106,004
Drama	169.0	38,405	23.2	165,265	136.0	15,966	25.7	62,203	-	-	-	-	305.0	54,371	23.9	227,468
Perf. Arts	3.3	628	22.9	2,740	6.0	150	48.7	308	-	-	-	-	9.3	778	25.5	3,048
Variety	3.5	973	25.5	3,820	20.0	1,649	33.7	4,355	-	-	-	-	23.5	2,622	32.1	8,175
Total	524.7	72,439	24.1	300,749	630.3	40,217	28.9	138,885	73.6	1,322	21.4	6,174	1,228.6	113,978	25.6	445,808

Source: Telefilm Canada

TABLE 7

CTF - EIP
Comparison Of
Total License Fees As Percentage Of Budget
By Genre / Language
1984 and 2001 in Constant Dollars
($000's)

	1984							2001						
	Total					Average		Total					Average	
	Hrs.	Total License Fee ($)	%	Total Budget ($)	%	License Per Hr. ($)	Budget Per Hr. ($)	Hrs.	Total License Fee ($)	%	Total Budget ($)	%	License Per Hr. ($)	Budget Per Hr. ($)
English														
Perf. Arts	-	-	-	-	100	-	-	3.3	628	22.9	2,740	100	190	830
Child	71.0	6,445	27.6	23,303	100	91	328	108.0	12,206	17.2	71,139	100	113	659
Doc.	3.5	-	-	1,617	100	-	462	240.9	20,228	35.0	57,784	100	84	240
Drama	48.9	27,711	24.3	114,258	100	567	2,337	169.0	38,405	23.2	165,265	100	227	978
Variety	36.8	8,080	49.3	16,392	100	220	445	3.5	973	25.5	3,820	100	278	1,091
Total	160.2	42,235	27.1	155,570	100	264	971	524.7	72,439	24.1	300,749	100	138	573
French														
Perf. Arts	-	-	-	-	100	-	-	6.0	150	48.7	308	100	25	51
Child	13.8	1,201	34.6	3,473	100	87	252	259.3	11,671	40.1	29,114	100	45	112
Doc.	13.2	555	11.6	4,795	100	42	363	209.0	10,961	25.5	42,906	100	52	205
Drama	30.6	4,380	16.1	27,283	100	143	892	136.0	15,966	25.7	62,203	100	117	457
Variety	85.0	6,190	54.3	11,406	100	73	134	20.0	1,649	33.7	4,355	100	82	218
Total	142.5	12,326	26.2	46,958	100	86	330	630.3	40,217	28.9	138,885	100	64	220

Source: Telefilm Canada

Notes: Bank of Canada deflator 61.4% (1984 - 2001)
Broadcast Fund and General Production Fund in 1984 and CTF - EIP in 2001.

TABLE 8

CTF - EIP
Comparison Of Total License Fees
As Percentage Of Budget
By Genre / Language
1984 and 2001 in Current Dollars
($000's)

	1984							2001						
	Total					Average		Total					Average	
	Hrs.	Total License Fee ($)	%	Total Budget ($)	%	License Per Hr. ($)	Budget Per Hr. ($)	Hrs.	Total License Fee ($)	%	Total Budget ($)	%	License Per Hr. ($)	Budget Per Hr. ($)
English														
Perf. Arts	-	-	-	-	100	-	-	3.3	628	22.9	2,740	100	190	830
Child	71.0	3,993	27.6	14,438	100	56	203	108.0	12,206	17.2	71,139	100	113	659
Doc.	3.5	-	-	1,002	100	-	286	240.9	20,228	35.0	57,784	100	84	240
Drama	48.9	17,169	24.3	70,792	100	351	1,448	169.0	38,405	23.2	165,265	100	227	978
Variety	36.8	5,006	49.3	10,156	100	136	276	3.5	973	25.5	3,820	100	278	1,091
Total	160.2	26,168	27.4	96,388	100	163	602	524.7	72,439	24.1	300,749	100	138	573
French														
Perf. Arts	-	-	-	-	100	-	-	6.0	150	48.7	308	100	25	51
Child	13.8	744	34.6	2,152	100	54	154	259.3	11,671	40.1	29,114	100	45	112
Doc.	13.2	344	11.6	2,971	100	26	225	209.0	10,961	25.5	42,906	100	52	205
Drama	30.6	2,714	16.1	16,904	100	89	552	136.0	15,966	25.7	62,203	100	117	457
Variety	85.0	3,835	54.3	7,067	100	45	83	20.0	1,649	33.7	4,355	100	82	218
Total	142.5	7,637	26.2	29,054	100	54	204	630.3	40,217	28.9	138,885	100	64	220

Source: Telefilm Canada

Notes: Bank of Canada deflator 61.4% (1984 - 2001)
Broadcast Fund and General Production Fund in 1984 and CTF - EIP in 2001.

TABLE 9

CTF - EIP
Comparison Of Total License Fees
As Percentage Of Budget
By Language / Broadcaster
1984 And 2001 In Current And Constant Dollars
($000's)

	Current Dollars								Constant Dollars							
	Aboriginal	**%**	**English**	**%**	**French**	**%**	**Total**	**%**	**Aboriginal**	**%**	**English**	**%**	**French**	**%**	**Total**	**%**
	1984								**1984**							
CBC / SRC	-	-	5,922	23	3,001	41	8,923	27	-	-	9,558	23	4,844	41	14,402	27
Sp. TV	-	-	382	1	-	-	382	1	-	-	617	1	-	-	617	1
Con. TV	-	-	19,010	73	2,122	29	21,132	63	-	-	30,682	73	3,425	29	34,107	63
Ed. TV	-	-	547	2	2,155	30	2,702	8	-	-	883	2	3,478	30	4,361	8
Pay TV	-	-	307	1	15	-	322	1	-	-	495	1	24	-	520	1
Total	-	-	26,168	100	7,293	100	33,461	100	-	-	42,235	100	11,771	100	54,006	100
	2001								**2001**							
CBC / SRC	-	-	20,606	28	11,121	28	31,727	28	-	-	20,606	28	11,121	28	31,727	28
Sp. TV	63	5	23,817	33	6,667	17	30,547	27	63	5	23,817	33	6,667	17	30,547	27
Con. TV	55	4	23,490	32	8,102	20	31,647	28	55	4	23,490	32	8,102	20	31,647	28
Ed. TV	59	4	1,510	2	14,247	35	15,816	14	59	4	1,510	2	14,247	35	15,816	14
Pay TV	1,145	87	3,016	4	80	-	4,241	4	1,145	87	3,016	4	80	-	4,241	4
Total	1,322	100	72,439	100	40,217	100	113,978	100	1,322	100	72,439	100	40,217	100	113,978	100

Source: Telefilm Canada

Notes: Bank of Canada deflator 61.4% (1984 - 2001)
Broadcast Fund and General Production Fund in 1984 and CTF - EIP in 2001.

TABLE 10

Total CAVCO Certified Production License Fees By CTF And Language 2001 - 2002 ($000's)

	#	Hrs.	Conv. TV License Fee ($)	%	Sp. TV License Fee ($)	%	Total License Fee ($)	%	Budget ($)	%
CTF										
English	272	1,412.0	44,097	9.3	71,931	15.2	116,028	24.5	473,870	100
French	201	3,050.5	57,808	22.6	32,536	12.7	90,344	35.4	255,281	100
Other	21	123.0	5,759	15.2	4,613	12.2	10,372	27.4	37,864	100
Total	494	4,625.5	107,664	14.0	109,080	14.2	216,744	28.3	767,015	100
Non-CTF										
English	225	1,805.0	23,724	3.9	45,128	7.4	68,902	11.3	608,189	100
French	188	4,328.0	40,005	23.7	26,584	15.8	66,589	39.5	168,466	100
Other	27	72.5	2,214	4.1	4,213	7.7	6,427	11.8	54,412	100
Total	440	6,205.5	65,993	7.9	75,925	9.1	141,918	17.1	831,067	100
CAVCO Total										
English	497	3,217.0	67,871	6.3	117,059	10.8	184,930	17.1	1,082,059	100
French	389	7,418.5	97,813	23.1	59,120	14.0	156,933	37.0	423,747	100
Other	48	195.5	7,973	8.6	8,826	9.6	16,799	18.2	92,276	100
Total	934	10,831.0	173,657	10.9	185,005	11.6	358,662	22.4	1,598,082	100

Source: Calculated from CAVCO Data (February 2, 2004)

Notes: # = Projects.
Hours are estimated from episodes.
Other includes bilingual and other language production.
CTF = Canadian Television Fund (LFP and EIP) participation.
Conv. = Conventional Broadcasters.
Sp. = Specialty Broadcasters.

TABLE 11

CAVCO Certified Production
License Fees By CTF And Genre
English
2001 - 2002
($000's)

Genre	CTF										Non-CTF									
	#	Hrs.	Con. TV License Fee ($)	%	Sp. TV License Fee ($)	%	Total License Fee ($)	%	Budget ($)	%	#	Hrs.	Con. TV License Fee ($)	%	Sp. TV License Fee ($)	%	Total License Fee ($)	%	Budget ($)	%
Drama	54	325.5	29,854	12.4	15,712	6.5	45,566	19.0	239,913	100	62	414.5	13,026	3.1	10,517	2.5	23,543	5.6	423,245	100
Child	36	323.5	2,745	2.3	22,542	19.2	25,287	21.5	117,513	100	14	199.5	-	-	6,587	11.4	6,587	11.4	57,836	100
Doc	164	663.5	5,693	5.8	31,057	31.7	36,750	37.5	97,886	100	84	446.0	3,810	7.2	12,661	23.9	16,471	31.1	52,982	100
Variety	15	88.5	5,399	40.2	1,795	13.4	7,194	53.5	13,443	100	11	45.5	3,769	58.0	202	3.1	3,971	61.1	6,502	100
Mag		-	-		-		-		-	-	35	448.0	1,409	6.1	10,913	47.2	12,322	53.3	23,106	100
Other	3	11.0	406	7.9	825	16.1	1,231	24.1	5,115	100	19	251.5	1,760	4.0	4,248	9.5	6,008	13.5	44,518	100
Total	272	1,412.0	44,097	9.3	71,931	15.2	116,028	24.5	473,870	100	225	1,805.0	23,774	3.9	45,128	7.4	68,902	11.3	608,189	100

Source: Calculated from CAVCO Data (February 2, 2004)

Notes: # = Projects.
Hours are estimated from episodes.
Other includes instructional and educational.
CTF = Canadian Television Fund (LFP and EIP) participation.
Conv. = Conventional Broadcasters.
Sp. TV = Speciality Broadcasters.

TABLE 12

CAVCO Certified Production
License Fees By CTF And Genre
French
2001 - 2002
($000's)

	CTF										Non-CTF									
	#	Hrs.	Con. TV License Fee ($)	%	Sp. TV License Fee ($)	%	Total License Fee ($)	%	Budget ($)	%	#	Hrs.	Con. TV License Fee ($)	%	Sp. TV License Fee ($)	%	Total License Fee ($)	%	Budget ($)	%
Drama	43	495.0	36,501	29.2	3,666	2.9	40,167	32.2	124,886	100	28	89.0	1,848	5.0	765	2.0	2,613	7.0	36,956	100
Child	13	469.5	4,877	14.4	8,572	25.4	13,449	39.8	33,761	100	7	105.5	312	1.5	486	2.3	798	3.7	21,410	100
Doc	100	1,605.0	3,355	6.2	13,880	25.6	17,235	31.7	54,315	100	37	227.5	754	6.0	2,992	23.7	3,746	29.7	12,629	100
Variety	42	486.0	10,816	33.5	5,896	18.3	16,712	51.7	32,301	100	33	423.0	17,359	57.8	1,497	5.0	18,856	62.8	30,043	100
Mag	2	27.0	2,259	27.4	45	0.5	2,304	27.9	8,250	100	82	3,450.5	19,732	29.3	20,844	31.0	40,576	60.3	67,331	100
Other	1	8.0	-	-	477	27.0	477	27.0	1,768	100	1	32.5	-	-	-	-	-	-	97	100
Total	201	3,090.5	57,808	22.6	32,536	12.7	90,344	35.4	255,281	100	188	4,328.0	40,005	23.7	26,584	15.8	66,589	39.5	168,466	100

Source: Calculated from CAVCO Data (February 2, 2004)

Notes: # = Projects.
Hours are estimated from episodes.
Other includes instructional and educational.
CTF = Canadian Television Fund (LFP and EIP) participation.
Conv. - Conventional Broadcasters.
Sp. TV - Specialty Broadcasters.

TABLE 13

CAVCO Certified Production
License Fees By CTF And Genre
Bilingual / Other
2001 - 2002
($000's)

Genre	CTF										Non-CTF									
	#	**Hrs.**	**Con. TV License Fee ($)**	**%**	**Sp. TV License Fee ($)**	**%**	**Total License Fee ($)**	**%**	**Budget ($)**	**%**	**#**	**Hrs.**	**Con. TV License Fee ($)**	**%**	**Sp. TV License Fee ($)**	**%**	**Total License Fee ($)**	**%**	**Budget ($)**	**%**
Drama	2	27	3,780	32.1	-	-	3,780	32.1	11,792	100	6	30.5	525	2.3	984	4.3	1,509	6.7	22,624	100
Child	3	24	-	-	2,594	24.8	2,594	24.8	10,456	100	6	18	478	1.9	1,816	7.2	2,294	9.1	25,165	100
Doc	12	66	1,346	10.2	1,905	14.4	3,251	24.6	13,196	100	7	14	143	6.0	400	1.7	543	22.7	2,389	100
Variety	4	6	633	26.2	114	4.7	747	30.9	2,420	100	6	8	1,068	28.5	665	17.7	1,733	46.2	3,751	100
Mag	-	-	-		-		-				1	1.5	-	-	348	74.4	348	74.4	468	100
Other	-	-	-		-		-				1	0.5	-		-		-	-	15	100
Total	21	123	5,759	15.2	4,613	12.2	10,372	27.4	37,864	100	27	72.5	2,214	4.1	4,213	7.7	6,427	11.8	54,412	100

Source: Calculated from CAVCO Data (February 2, 2004)

Notes:
= Projects.
Hours are estimated from episodes.
Other includes instructional and educational.
CTF = Canadian Television Fund (LFP and EIP) participation.
Conv. = Conventional Broadcasters.
Sp. TV = Specialty Broadcasters.

TABLE 14

Total License Fees
As Percentage Of Production Budget
By Genre
English
2001 - 2002
($000's)

Genre	Certified Non-CTF					CTF-EIP & EIP/LFP					CTF-LFP Only					Total				
	Hrs.	Total license fee ($)	%	Budget ($)	%	Hrs.	Total license fee ($)	%	Budget ($)	%	Hrs.	Total license fee ($)	%	Budget ($)	%	Hrs.	Total license fee ($)	%	Budget ($)	%
Drama	414.5	23,543	5.6	423,245	100	169	38,405	23.2	165,265	100	77.6	10,955	22.3	49,223	100	661.1	72,903	11.4	637,733	100
Child	199.5	6,587	11.4	57,836	100	108	12,206	17.2	71,139	100	229.7	26,259	25.4	103,187	100	537.2	45,052	19.4	232,162	100
Doc	446	16,471	31.1	52,982	100	240.9	20,228	35.0	57,784	100	380.5	27,930	41.7	66,908	100	1,067.4	64,629	36.4	177,674	100
Variety	45.5	3,971	61.1	6,502	100	6.8	1,601	24.4	6,560	100	38.5	2,162	55.7	3,882	100	90.8	7,734	45.6	16,944	100
Magazine	448	12,322	53.3	23,106	100	-	-	-	-	100	-	-	-	-	100	448	12,322	53.3	23,106	100
Other	251.5	6,008	13.5	44,518	100	-	-	-	-	100	-	-	-	-	100	251.5	6,008	13.5	44,518	100
Total	1,805	68,902	11.3	608,189	100	524.7	72,439	24.1	300,749	100	726.3	67,306	30.2	223,201	100	3,056	708,648	18.4	1,132,137	100

Source: Calculated from CAVCO, Telefilm Canada and CTF-LFP Data.

Notes: Music and Performing Arts included in "Variety"
Educational and Instructional included in "Other".
Non-CTF hours estimates based on episodes.
Non-CTF certified by CAVCO.

TABLE 15

Total License Fees
As Percentage Of Production Budget
By Genre
French
2001 - 2002
($000's)

Genre	Certified Non-CTF					CTF-EIP & EIP/LFP					CTF-LFP Only					Total				
	Hrs.	Total license fee ($)	%	Budget ($)	%	Hrs.	Total license fee ($)	%	Budget ($)	%	Hrs.	Total license fee ($)	%	Budget ($)	%	Hrs.	Total license fee ($)	%	Budget ($)	%
Drama	89	2,613	7.0	36,956	100	136.0	15,966	25.7	62,203	100	247.0	27,203	51.8	52,474	100	472	45,782	30.2	151,633	100
Child	105.5	798	3.7	21,410	100	259.3	11,671	40.1	29,114	100	107.4	3,807	42.4	8,987	100	472.2	16,276	27.3	59,511	100
Doc	227.5	3,746	29.7	12,629	100	209.0	10,961	25.5	42,906	100	230.5	7,651	44.3	17,284	100	667	22,358	30.7	72,819	100
Variety	423	18,856	62.8	30,043	100	26.0	1,799	38.6	4,663	100	269.0	13,809	54.9	25,156	100	718	34,464	57.6	59,862	100
Magazine	3,450.5	40,576	60.3	67,331	100	-	-	-	-	100		-	-	-	100	3,450.5	40,576	60.3	67,331	100
Other	32.5	-	-	97	100	-	-	-	-	100	-	-	-	-	100	32.5	-	-	97	100
Total	4,328	66,589	39.5	168,466	100	630.3	40,217	28.9	138,885	100	853.9	52,470	50.5	103,902	100	5,812.2	159,456	38.8	411,253	100

Source: Calculated from CAVCO, Telefilm Canada and CTF-LFP Data.

Notes: Music and Performing Arts included in "Variety"
Educational and Instructional included in "Other".
Non-CTF hours estimates based on episodes.
Non-CTF certified by CAVCO.

TABLE 16

CTF - LFP
License Fee Trends
As Percentage Of Budget
By Genre / Language
2000-1 to 2002-3

Genre	English			French		
	2000/01 (%)	2001/02 (%)	2002/03 (%)	2000/01 (%)	2001/02 (%)	2002/03 (%)
DRAMA						
Big budget Drama and Mini-series						
Average total License Fees per project	**26**	**26**	**27**	**24**	**23**	**29**
Lowest total License Fees per project	17	21	17	19	13	23
Highest total License Fees per project	35	36	59	27	28	44
MOW's						
Average total License Fees per project	**16**	**17**	**17**	**29**	**26**	**28**
Lowest total License Fees per project	10	3	12	29	25	27
Highest total License Fees per project	48	28	26	29	27	28
OTHER DRAMA						
Average total License Fees per project	**35**	**34**	**40**	**39**	**42**	**41**
Lowest total License Fees per project	14	15	20	17	15	20
Highest total License Fees per project	67	64	57	60	82	79
DOCUMENTARIES						
Average total License Fees per project	**34**	**36**	**35**	**31**	**31**	**32**
Lowest total License Fees per project	7	13	6	12	13	10
Highest total License Fees per project	67	63	71	59	58	53
CHILDREN'S						
Average total License Fees per project	**29**	**28**	**26**	**35**	**36**	**36**
Lowest total License Fees per project	10	10	15	12	11	17
Highest total License Fees per project	75	77	79	56	50	51
VARIETY						
Average total License Fees per project	**43**	**41**	**42**	**47**	**56**	**49**
Lowest total License Fees per project	16	11	15	23	30	25
Highest total License Fees per project	78	72	68	60	80	55

Source: CTF-LFP
Notes: Cumulative license fees expressed as percentage of budget for successful applications to CTF-LFP (LFP only and LFP-EIP).
"Variety" includes "Performing Arts".

TABLE 17

Canadian Broadcasting System
Total Program Expense
2001
($000's)

	#	Total Revenue ($)	PBIT ($)	PBIT (%)	Total Prog. Expense	Prog. Exp. as % / Rev.	Total Eligible Can. Prog.	Can. Prog. Exp. as % / Rev.	Total Foreign Prog.	For. Prog. Exp. as % / Rev.	English Can. Prog.	%	French Can. Prog.	%
Public TV														
Total	**6**	**1,316,589**	**-**	**-**	**782,668**	**59.4**	**724,975**	**55.0**	**31,288**	**2.4**	528,986	N/A	195,989	N/A
Commercial TV														
English/Ethnic	75	1,537,553	204,472	13.3	925,342	60.2	397,597	25.9	451,878	29.4	397,597	25.9		
French	23	365,947	37,435	10.2	184,718	50.5	130,356	35.6	14,533	4.0			130,356	35.6
Total	**98**	**1,903,500**	**241,907**	**12.7**	**1,110,060**	**58.3**	**527,952**	**27.7**	**466,412**	**24.5**				
Speciality TV														
English	30	939,540	171,311	18.4	477,206	50.8	384,226	40.9	92,980	9.9	384,226	40.9		
French	13	229,322	32,657	14.2	113,521	49.5	95,510	41.6	18,061	7.9			95,510	41.6
Ethnic	5	35,653	4,855	13.6	13,757	38.6	9,052	25.4	4,700	13.2				
Total	**48**	**1,204,515**	**208,823**	**17.3**	**604,535**	**50.2**	**488,789**	**40.6**	**115,746**	**9.6**				
Pay TV														
English	10	243,325	52,421	23.9	122,103	50.2	24,599	10.1	97,504	40.0	24,599	10.1		
French	3	42,669	9,667	22.4	22,063	51.7	6,750	15.8	15,313	35.9			6,750	15.8
Total	**13**	**285,994**	**62,088**	**23.7**	**144,166**	**50.4**	**31,349**	**11.0**	**112,817**	**39.4**				
Distribution														
Cable TV	241	3,577,237	559,028	15.6	74,993		74,993		-					
Funds	147				79,302		79,302		-		60,829	1.7	18,473	0.5
Total Prod.					154,295	4.3	154,295							
MDS/DTH	29	678,326	-310,502	-45.8	634		634		-					
Funds	7				31,690		31,690		-		N/A		N/A	
Total Prod.					32,324	4.8	32,324	4.8						
Total	**435**	**8,966,161**	**761,344**	**8.5**	**2,828,048**	**31.5**	**1,959,684**	**21.9**	**726,263**	**8.1**				

Source: Calculated from CRTC Financial Database System.

Notes:
- PBIT - Profit Before Interest and Taxes.
- Public TV - CBC/SRC and 5 educational broadcasters combined for confidentiality. Public TV revenue is operational expense.
- # - Reporting units.
- MDS/DTH - Multi-point distribution services / direct-to-home satellite services.
- English/Ethnic - 2 ethnic services included in English totals for confidentiality.
- Funds - Contribution to Canadian Television Fund and independent production funds.

TABLE 18

**Comparison Of
Commercial Broadcasting
Program Expense In
Canada And Australia
2001
($000's)**

		Total Revenue	PBIT		Total Program Expense		National Program Expense		Foreign Program Expense	
	#	$	$	%/Rev.	$	%/Rev.	$	%/Rev.	$	%/Rev.
Australia										
Aust. Dollars	48	3,233,100	410,700	12.7	1,007,000	31.1	706,300	21.8	300,700	9.3
Can. Dollars	**48**	**2,589,000**	**328,900**	**12.7**	**806,400**	**31.1**	**565,600**	**21.8**	**240,800**	**9.3**
Canada										
English	75	1,537,553	204,472	13.3	925,342	60.2	397,597	25.9	451,878	29.4
French	23	365,947	37,435	10.2	184,718	50.5	130,356	35.6	14,533	4.0
Canadian Total	**98**	**1,903,500**	**241,907**	**12.7**	**1,110,060**	**58.3**	**527,952**	**27.7**	**466,412**	**24.5**

Source: CRTC; Australia Broadcasting Authority.

Notes: Average Annual 2001 exchange rate: $.8008.
PBIT = Profit before interest and taxes.
# = Reporting Broadcasters.

TABLE 19

**Comparison Of TV Advertising
Markets In
U.S., U.K., Australia And Canada
2001
(C$000,000's)**

Country	Population (000,000's)	Total Advertising ($)	Total Advertising Per Capita ($)	TV Advertising ($)	TV Advert. Per Capita ($)	TV Advertising as % Total Advertising
United States	285.0	326,110	1,144	70,005	246	21.5
United Kingdom	59.7	30,729	515	6,681	112	21.7
Australia	19.4	6,720	347	1,994	103	29.7
Canada	31.1	10,798	347	2,561	82	23.7

Source: Television Bureau of Canada.

Note: Average Annual 2001 exchange rate: U.S. C$1.5484; U.K. C$2.2298; Aust. C$.8008
Per Capita = Actual dollars.

TABLE 20

Comparative Drama License Fee Per Hour
In Canada, Australia, U.K. And U.S.
2001 - 2002
(C$000's)

	Average License Fee Per Hour ($)	Average Budget Per Hour ($)	%
Canada			
CTF-EIP	227	978	23.2
CTF-LFP	141	634	22.3
Non-CTF	57	1,021	5.6
Average	**110**	**965**	**11.4**
Australia			
Mini-Series	370	1,170	29.2
Telemovies	356	1,212	29.4
Series/Serials	175	207	84.6
Child. Drama	115	529	21.7
Average	**172**	**337**	**51.0**
U.K.			
CH-4	500-2,000	N/A	74
ITV-1	925-1,785	N/A	94
BBC-1	1,700	N/A	110-125
BBC-2	1,280	N/A	110-125
Average	**1,400**	**N/A**	**90+**
U.S.			
Sitcom	850-1,400	1,500-2,100	54-90
Action Drama	1,500-2,200	2,500-3,200	63-88
Drama	1,500-2,000	2.300-3,000	63-87
Average	**1,575**	**2,433**	**65**

Sources: Canada: CTF-LFP; Telefilm Canada; CAVCO.
Australia: Aust. Film Commission
U.K.: PACT; ITC; OFT
U.S.: Kagan World Media

Notes: Average 2001 Exchange Rate: U.S. C$1.5484; U.K. C$2.2298; Aust. C$.8008.
Average Year: U.S. 2002; U.K. 2001-2; Canada 2001-2; Australia Average 2000-1 to 2002-3.
Independent productions in prime time (U.K.); based on network First Year network fees only (U.S.); English CTF/Non-CTF (Can.); and averaged over 3 years for both FFC and Non-FFC funded drama (Aust.).

TABLE 21

U.S. Network Prime-Time
Average License Fees Per Episode
By Network And Genre
2001 - 2002
(C$000's)

	#	Game/Reality	#	Reality	#	Public Affairs	#	Sport	#	Sitcom	#	Drama	#	Movies
ABC	3	1,270	-	-	3	1,240	1	40,420	8	2,030	6	3,260	2	4,550
CBS	2	1,585	-	-	3	1,410	-	-	6	1,525	11	1,860	1	5,420
NBC	1	1,300	-	-	3	1,160	-	-	8	3,145	10	3,150	1	5,420
FOX	1	1,240	2	935	-	-	-	-	11	1,210	6	2,415	-	-
UPN	-	-	-	-	-	-	1	1,755	4	830	4	2,105	1	830
WB	3	785	-	-	-	-	-	-	8	850	7	1,710	-	-
High		1,860		1,030		1,780		40,420		8,670		12,695		5,420
Low		620		840		1,120		1,755		730		1,430		830
Average	10	1,190	2	935	9	1,270	2	21,090	45	1,640	44	2,415	5	4,160

Sources:: Calculated from Kagan World Media estimates.

Notes: Average 2001 Annual exchange rate: C$1.5484.
- Number of Titles.
Network averages for all prime time programs ($2,847,000 overall average license fee).

TABLE 22

Average U.K. License Fees
By Broadcaster And Genre
2001-2 and 2004
(C$000's)

Genre	BBC-1		BBC-2		Commercial Broadcasters
	2001 - 2002		2001 - 2002		2004
	Avg. / Hr. ($)	Total ($)	Avg. / Hr. ($)	Total ($)	Avg. / Hr. Tariffs ($)
Entertainment / Arts	361	51,968	441	21,151	225-1,150
Drama	1,708	131,494	1,281	28,187	685-2,050
Soaps*	-	-	-	-	450-690
Documentaries	318	107,545	299	28,999	220-570
Current Affairs	362	15,205	283	4,807	-
Children*	524	37,759	278	6,121	130-570
Sport	278	2,502	273	66,506	-
Other	446	1,338	293	3,514	-
Total	-	347,813	-	159,284	N/A
Average	685	-	462	-	N/A

Sources: Office of Fair Trading, ITV, Channel 4.

Notes: * Soaps & Children's TV are usually ½ hour format, but averages and tariff calculated by the hour.
C$ = 2.2258 (2001) and 2.2820 (2004).
"Other" includes Religion and Education.
Commercial Broadcaster tariffs are estimates of 2004 rates for independent programs commissioned by ITV-1 and Channel 4. BBC tariffs not available.
BBC independent program license fees for 2001-2 estimated by Office of Fair Trading. Over 75% of BBC programs are produced in-house.
Independent production budgets are not available. These numbers are costs to BBC.

TABLE 23

Comparison Of TV Programming Markets
In U.S., U.K., Australia And Canada
2000 - 2002
(C$000,000's)

Country	Australia		Canada		U.K.		U.S.	
Year	2001-2 (C$)	%	2001 (C$)	%	2001 (C$)	%	2000 (C$)	%
Total TV Programming								
Imports	416	30	416	14	2,219	23	6,934	19
Sports Rights	416	30	693	24	1,803	19	6,934	19
In-house	277	20	971	33	3,462	36	12,481	34
Independent	277	20	832	29	2,219	23	10,401	28
Total	1,387	100	2,912	100	9,708	100	36,750	100
Network TV Programming								
Imports	277	20	277	9	832	9	4,438	12
Sports Rights	277	20	416	14	555	6	1,387	4
In-house	277	20	832	29	3,051	31	10,678	29
Independent	277	20	555	19	1,942	20	7,905	22
Total	1,108	80	2,080	71	6,379	66	24,408	66
Per Capita								
Total Programming	71	100	94	100	163	100	129	100
Net Programming	57	80	67	71	107	66	86	67
Domestic Total	50	70	80	85	125	77	105	81
Domestic Net	43	61	58	62	93	57	70	54

Source: Estimates by Oliver & Ohlbaum Associates for ITC Programme Supply Review (U.K., 2002).

Notes: C$ = 2001 average annual exchange rate for Euro (1.3868).
Per Capita = Actual dollars.

TABLE 24

Average Australia License Fees
By Genre And FFC-Funding
2000-1 - 2002-3
(C$000's)

Genre	All Independent Production				FFC-Funded Only			
	Avg. License Fee Per Hr. ($)	%	Avg. Budget Per Hr. ($)	%	Minimum License Fee ($)	%	Minimum Budget ($)	%
Mini-Series	370	29.2	1,170	100	320	30	1,067	100
Tele-Movies	356	29.4	1,212	100	641	35	1,830	100
Series / Serials	175	84.6	207	100	N/A	N/A	N/A	N/A
Child. Drama[1]	115	21.7	529	100	136[1]	25[2]	544	100
Animation	N/A	N/A	N/A	N/A	N/A	30-35	N/A	N/A
Docs - Cultural	N/A	N/A	N/A	N/A	84	35	240	100
Docs - International	N/A	N/A	N/A	N/A	72	20[2]	360	100
Average	172	51.0	337	100	N/A	N/A	N/A	N/A

Sources: Australian Film Commission; Film Finance Corp. of Australia.

Notes: All independent programs averaged over 3 year period; 2000-1 to 2002-3.
[1] Child's format is ½ hours, but figures calculated per hour.
[2] FFC estimates.
C$ = average annual 2001 exchange rate: .8008.

TABLE 25

Average U.K. License Fees
As Percentage Of Budget
By Broadcaster
2001

Broadcaster	Percentage of Independent Production Using Each Funding Model		License Fee As A Percentage of Production Budget		Source
	Fully-Funded	License-Fee	Fully-Funded	License-Fee	
All Broadcasters	76%	24%	110-125%	27-96%	PACT
ITV	21%	79%	110-125%	96.2% 60-90%	PACT CH. 4
Channel 4	96%	4%	108-112%	73.7%	PACT CH. 4
BBC-1 BBC-2 BBC Total	100% 91% N/A	6% 9% N/A	110-125%	27-40% 50-60+%	PACT PACT BBC

Sources: PACT (Producers' Association), Channel 4, and BBC as indicated above.

Notes: License-fee and/or hybrid model provides license fee which is less than the cost of production with limited rights to the broadcaster.

Fully-funded or "cost plus" model provides license fee which is more than the cost of production with all rights to the broadcaster.

NB - Starting in 2004 this system is now being radically changed to reduce the proportion of fully-funded programs at the request of the producers.

TABLE 26

U.S. Network Prime-Time
Average License Fees As
Percentage Of Budget
By Genre
2001 - 2002
(C$000's)

Genre	Hour	License Fee Per Episode (C$)	%	Budget Per Episode (C$)	%
Sitcom					
Low End	½	852-1,287	54-61	1,548-2,121	100
High End	½	1,394-2,106	90-99	1,548-2,121	100
Animation					
Low End	½	852-1,287	50-58	1,703-2,231	100
High End	½	1,161-1,756	68-79	1,703-1,441	100
Action Drama					
Low End	1	1,548-2,439	63-75	2,477-3,245	100
High End	1	2,168-3,413	88-105	2,477-3,245	100
Drama					
Low End	1	1,471-2,316	63-76	2,323-3,043	100
High End	1	2,013-3,170	87-104	2,323-3,043	100
Reality / Game					
Low End	1	929-1,205	75-90	1,239-1,341	100
High End	1	1,394-1,807	113-135	1,239-1,341	100
Documentary					
Low End	1	186-217	67-78	279	100
High End	1	N/A	N/A	N/A	N/A
Average			81		

Sources: Kagan World Media; Discovery Channel producer Interview.

Notes: C$ = average annual 2001 exchange rate: $1.5484.
License fee estimates from year 1 to year 5 for prime-time network series.

TABLE 27

Comparison Of License Fees
As A Percentage Of Production Budget
In Canada, Australia, U.S., And U.K.
By Genre And Public Funder
2001 - 2002

Genre	Canada			Australia		U.S.	U.K.
	Non-CTF (%)	CTF (%)	Total (%)	Total Ind. (%)	FFC Only (%)	Total (%)	Total (%)
Drama	5.6	21.5	11.4	66.5	30-35	71	N/A
Child.	11.4	23.8	19.4	21.7	25	64	N/A
Doc.	31.1	38.2	36.4	N/A	20-35	73	N/A
Variety	61.1	35.4	45.6	N/A	N/A	N/A	N/A
Other	27.1	-	27.1	N/A	N/A	103	N/A
Average	11.3	26.4	18.4	51.0	30-35	81	70-115

Sources: Canada - CAVCO, CTF-LFP.
Australia - Australian Film Commission, Film Finance Corp.
U.S. - Kagan World Media, Discovery.
U.K. - PACT, ITV, CH. 4, BBC, OFT.

Notes: U.S. See Table 26.
Drama includes sitcoms, action, and drama; children's is animation; and other includes reality and game shows for prime-time conventional networks. Documentary is Discovery Channel - low end only.
U.K. See Table 25.
Aust. See Table 24.
Can. CTF is CTF-LFP and Non-CTF is certified by CAVCO, for English only.