

## Appendix 1

### The Value of Canadian Content Exports

Distributors are able to add significant value to Canadian exports. For example, pre-sales are an excellent indicator of revenue that can be derived by the export of Canadian content.

A May 2017 study commissioned by Canadian Media Producers Association (CMPA), with the assistance of its Quebec counterpart AQPM, CMF, and Telefilm Canada that is entitled *Exporting Canadian Television Globally – Trends, Opportunities and Future Directions*<sup>6</sup>, reviewed the key trends and international sales of television programs generally and Canadian television programs specifically. The study identified policies, programs, and initiatives that support foreign sales in other jurisdictions and went on to make recommendations to ensure that Canadian initiatives are competitive.

The CMPA study provides an excellent overview of the domestic and international export landscape for television and digital media products. One of the charts created for the study tracks international pre-sales by genre and by year from 2006 to 2016.

Total Pre-sales, 2006-2007 to 2015-2016<sup>7</sup>

Language	Number of projects	Total international pre-sales
English	298	\$308,789,214
French	33	\$4,743,576
Total	331	\$313,532,790

It is significant to note that pre-sales are a simple indicator that *do not* include data on total sales after the completion of the project, which are much higher than the numbers contained in the chart above. Canadian-based global distribution companies are critical to these pre-sales but play a large role in maximizing the sales that occur after the content has been produced. It is at this latter stage where, when done properly, the greatest opportunity exists to maximize return on investment from exports. Canadian-based global distribution companies achieve this outcome.

The study demonstrates that English-language drama series with budgets greater than \$20 million per season achieved a higher proportion of international pre-sales. This group of programs represented 30% of all pre-sold dramas and attracted 56% of all pre-sales

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<sup>6</sup> Maria De Rosa & Marilyn Burgess, *Exporting Canadian Television Globally – Trends, Opportunities and Future Directions*, for Canadian Media Producers Association, May 2017.

<sup>7</sup> Ibid, page 32

between 2006-2007 to 2015-2016.

In short, CACE-ACEC submits that the better financed the program, the more likely it is to be exportable and when those exports occur, they will garner the highest possible price for Canadian rights holders.

The study also points out that there are greater global opportunities for English-language programs in the marketplace over their French counterparts.

Total international pre-sales of English-language programs amounted to \$308.8M in the period between 2006 and 2017 whereas pre-sales of French-language programs were worth almost \$5M.

Any export strategy – including the CACE-ACEC proposals, will need to be applied in a manner that reflects and works to ameliorate the challenges faced by French-language content distributors.

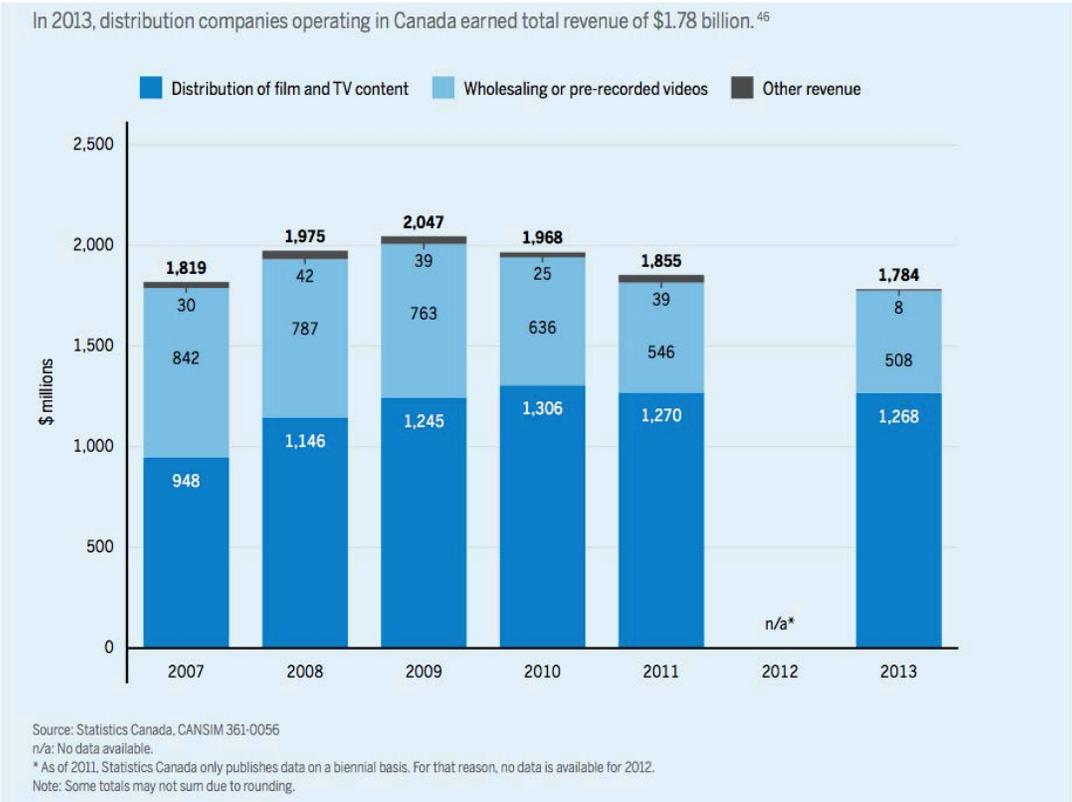
CMPA's publication known as *Profile 2016 – Economic Report on the Screen-Based Media Production Industry in Canada*<sup>8</sup> examined revenue derived from film and television and interactive productions between the years 2007 and 2013, the latest year for which Statistics Canada data is available. In *Profile*, CMPA finds that distribution companies in Canada have experienced a significant decline in revenue from wholesaling of pre-recorded videos, such as DVD's, as consumer demand has fallen and moved to online services. CACE-ACEC notes that much of this revenue ultimately flows back to Canadian producers.

The chart below is extracted from *Profile 2016*:

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<sup>8</sup> Nordicity Group Limited, *Profile 2016 – Economic Report on the Screen-Based Media Production Industry in Canada*, 2017 prepared for CMPA in collaboration with AQPM, Department of Canadian Heritage and Telefilm Canada.

Total Revenue in the Canadian Distribution Sector<sup>9</sup>



In *Profile 2016*, CMPA also noted that distributors, by way of distribution advances paid to Canadian producers as against distribution revenues, contributed \$283M to the financing of Canadian television productions and theatrical films in 2015/2016, 90% of this amount went to *television* production. Over the long-term, Canadian-based global distributors have increased their overall financing of Canadian productions. The *Profile* study confirms that this increased investment correlates directly to Canadian television programming’s increased international appeal.

<sup>9</sup> Ibid, page 100.