

DOCUMENTARY POLICY
ENVIRONMENTAL SCAN

Communications Médias inc.

DOCUMENTARY POLICY ENVIRONMENTAL SCAN

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DOCUMENTARY POLICY ENVIRONMENTAL SCAN

INTRODUCTION

In April 2004, the National Film Board (NFB) and Telefilm Canada organized a Documentary Policy Summit to discuss issues regarding the financing and policy framework for Canadian documentary production and distribution. Volume 2 of a study commissioned for the Documentary Organization of Canada (DOC), entitled *Getting Real* informed the discussion. The Summit concluded that key information about the policy environment was incomplete and that more research was necessary.

In June 2004, the NFB, Telefilm and the Canadian Television Fund (CTF) convened a meeting in Banff, and invited representatives of producer organizations (APFTQ, CFTPA, DOC, Observatoire du documentaire), broadcasters (the CBC and the CAB – represented by Astral), and other organizations involved in documentaries such as the Canada Council for the Arts, Association of Provincial Funders, CRTC, CIFVI, Canadian Heritage and the SODEC to follow up on the Documentary Policy Summit discussion. These organizations make up the Documentary Policy Advisory Group who agreed to fund and oversee most of the research underway.

In April 2005, during the Hot Docs Festival in Toronto, the NFB, Telefilm and the CTF organized a Doc Policy Summit that concluded an Environmental Scan should pull together the research undertaken by the Documentary Policy Advisory Group, and lay the groundwork for a documentary policy action plan.

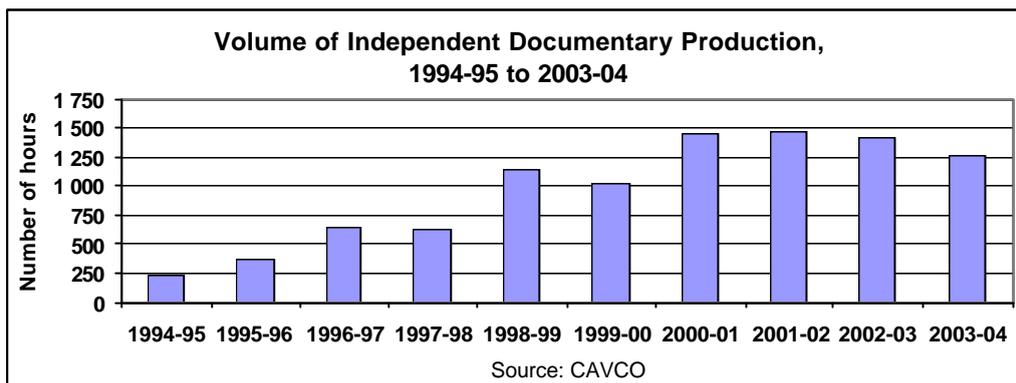
This document constitutes a policy environmental scan that synthesizes the main lines of the research undertaken for the Documentary Policy Advisory Group and identifies the main issues for subsequent policy review. The research is drawn primarily from the following documents:

- Canadian Audio-Visual Certification Office, Summary of documentary financial structures, 1994-95 to 2004-05. March 2005.
- Canadian Television Fund, *The Supply and Financing of Canadian Documentaries, 1999-00 to 2003-03*. April 25, 2005.
- Documentary Organization of Canada, *Getting Real: An Economic Profile of the Canadian Documentary Production Industry*. Volume 2, 2004.
- Erin Research, *Breaking New Ground: A framework for measuring the social impact of Canadian documentaries*. April 25, 2005.
- Mireille Watson, *A Review of Programs and Policies with Respect to Documentary Production in Canada*. April 25, 2005.
- National Film Board, *Breaking New Ground: The social and cultural impact of Canadian Documentaries*. April 25, 2005.
- Telefilm Canada, *An Overview of Audiences for Canadian Documentaries*. April 18, 2005.
- Telefilm Canada, *Canadian Documentaries: Selected Economic Indicators*. April 19, 2005.
- Telefilm Canada, *Spotlight on Canadian Documentaries: Audiences and Economic Indicators*. April 25, 2005.

VOLUME OF DOCUMENTARY PRODUCTION

The total volume of independent documentary production certified by the Canadian Audio-Visual Certification Office (CAVCO) increased dramatically over the last decade but there appears to have been a slowdown in the last few years. See Chart 1.

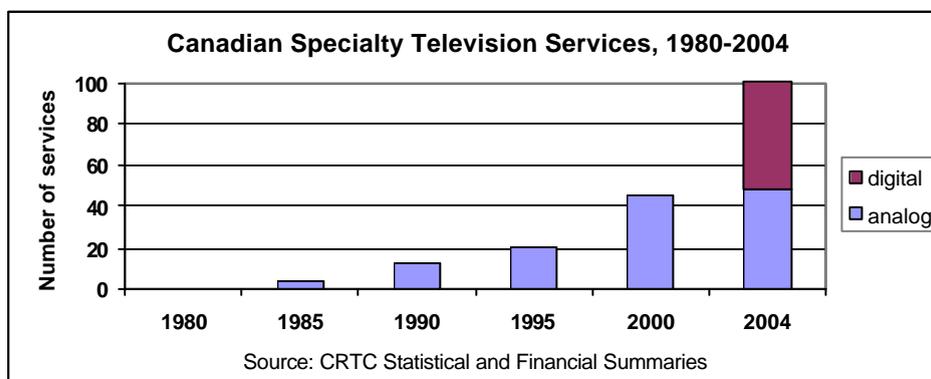
Chart 1



The increase in the total number of hours certified in the television, theatrical feature film and other market categories (such as IMAX, non-theatrical and direct-to-video) was accompanied by comparable increases in the number of projects and the total value of independent documentary production over the ten-year period. All of these indexes of documentary production indicate a slowdown in growth in the last few years, with a decline in 2003-04, but it is not yet clear whether the decline represents the beginning of a long term trend.¹

Much of the long-term increase in independent documentary production is attributable to the demand originating with Canadian specialty services whose total number has increased substantially over the last 25 years. See Chart 2.

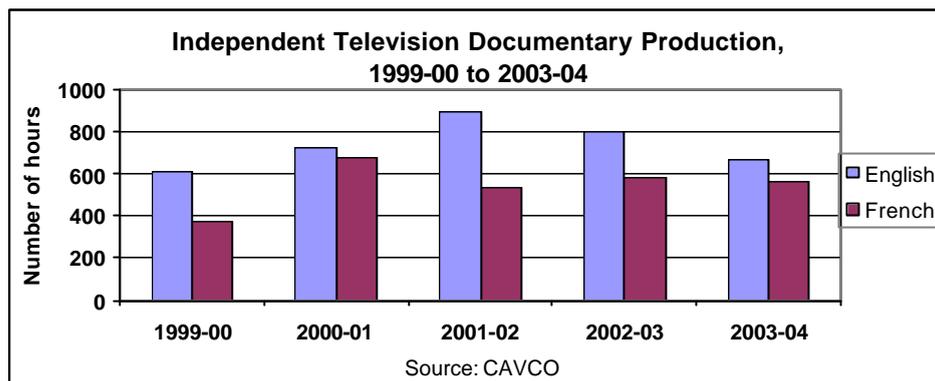
Chart 2



However, digital services, with their intensive use of shelf product do not yet appear to have had a substantial impact on *original* documentary production.

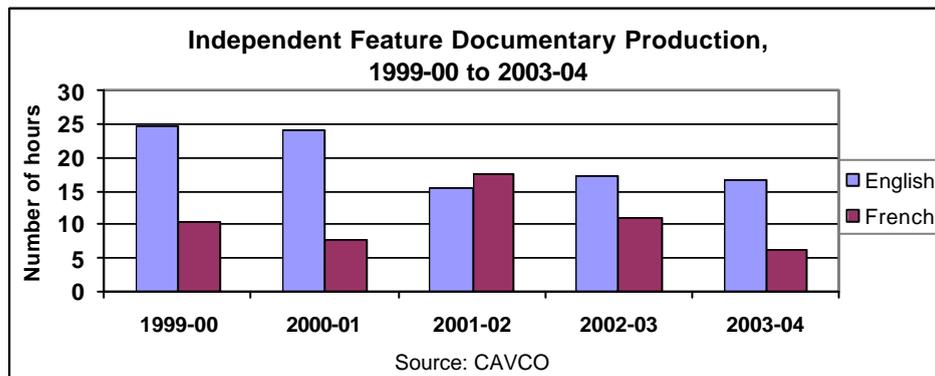
Disaggregating the independent documentary production data over the last five years indicates that the volume of English-language television production has declined since 2001-02 but that the volume of French-language television production has remained more or less stable over the same period. See Chart 3.

Chart 3



For theatrical documentary features, the volume of French-language production has declined since 2001-02 and the volume of English-language production has remained more or less stable during this period – albeit at a significantly lower level than in the previous years, 1999-00 and 2000-01. See Chart 4.

Chart 4

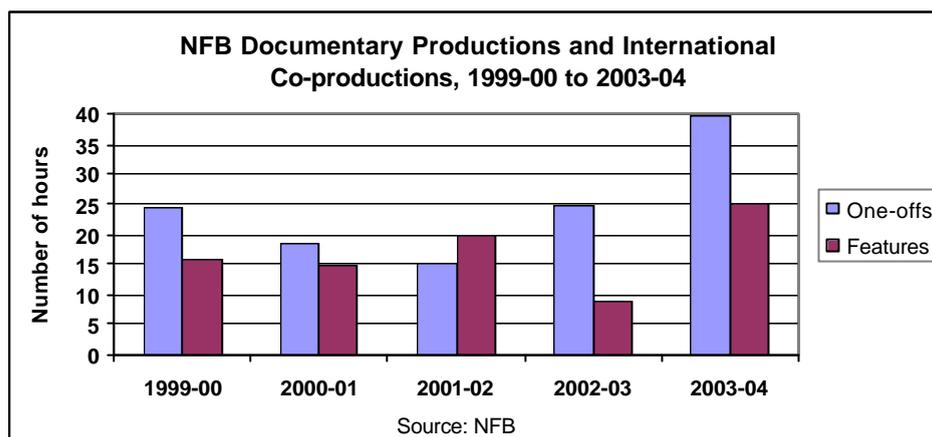


In addition to independent television and theatrical feature film production, IMAX, non-theatrical and direct-to-video production, as well as NFB and Canadian television broadcasters' in-house production contribute to aggregate documentary production.

In 2003-04, the NFB was involved in 72.5 hours of documentary production. Of this total, the NFB collaborated in 23.4 hours of co-productions with the Canadian

independent production sector that were almost invariably certified by CAVCO and included in the production data in Charts 3 and 4. To indicate the incremental contribution of the NFB, Chart 5 presents the number of hours of English- and French-language NFB documentary one-offs and features (80 minutes and over), excluding co-productions with Canadian independent producers, produced over the five years from 1999-00 to 2003-04.

Chart 5



When Chart 5 is compared to Chart 4, the NFB is seen to contribute substantially to the total output of feature-length documentaries.

In 2002-03, the value of conventional and specialty television broadcasters' in-house production amounted to about \$44 million.²

FINANCIAL STRUCTURES

Sources of Financing

Sources of financing differ for English-language and French-language independent documentary production. French-language productions rely heavily on broadcaster, tax credit and CTF funding while English-language productions, particularly series, rely more heavily on broadcaster and foreign financing.

The sources of financing for English-language documentaries (television and features only) also differ according to format. The total value of series production amounted to \$121.4 million in 2003-04 and far outweighed that of features (\$5.2 million) and one-offs (\$44.7 million). See Chart 6.

Chart 6

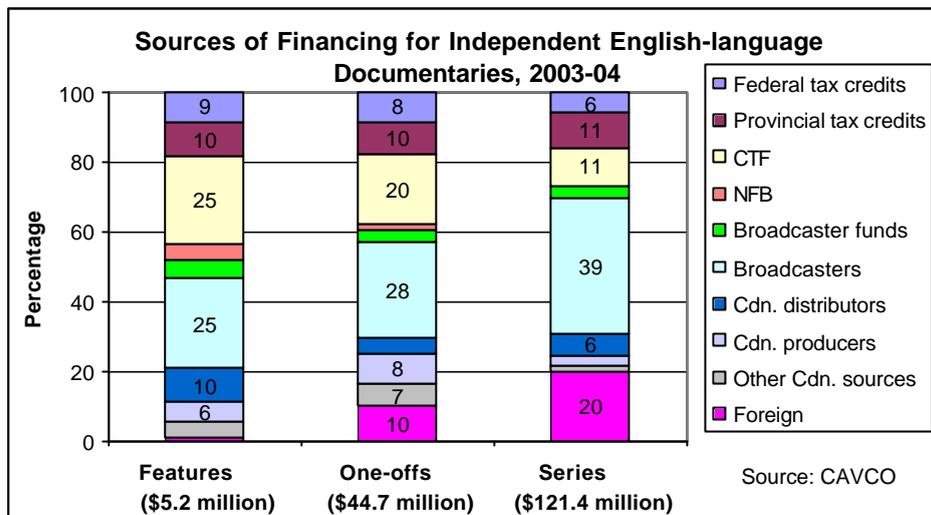


Chart 6 illustrates some of the variations in English-language documentary production funding by format. For example, Canadian theatrical feature documentaries rely on CTF (25%) and broadcaster (25%) funding with no foreign funding whereas documentary television series rely on broadcaster (39%) and foreign (20%) funding. However, features constitute a very small part of total English-language documentary production (when, as is the case here, IMAX productions are excluded).

The sources of financing for French-language production also vary according to format: series (\$46.7 million) were a far more important format than features (\$1.2 million) and one-offs (\$21.7 million) with regard to the value of production in 2003-04. See Chart 7.

Chart 7

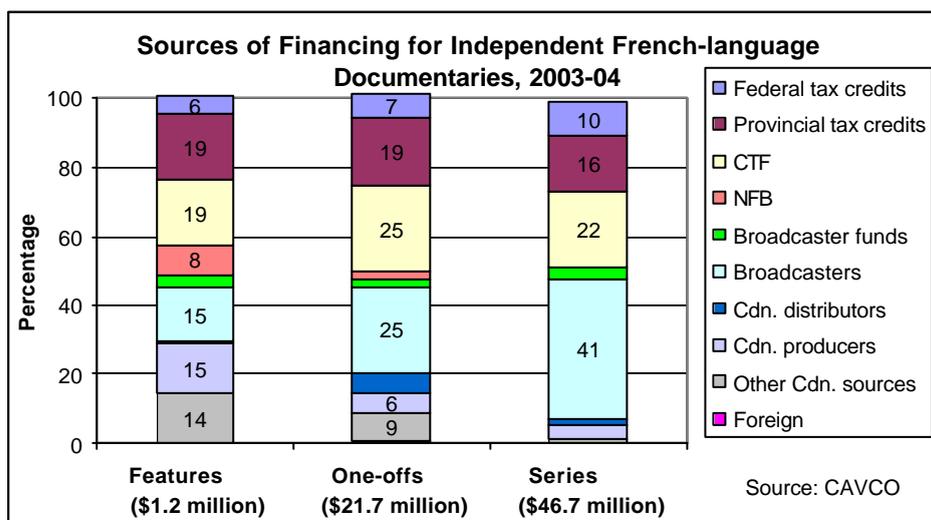
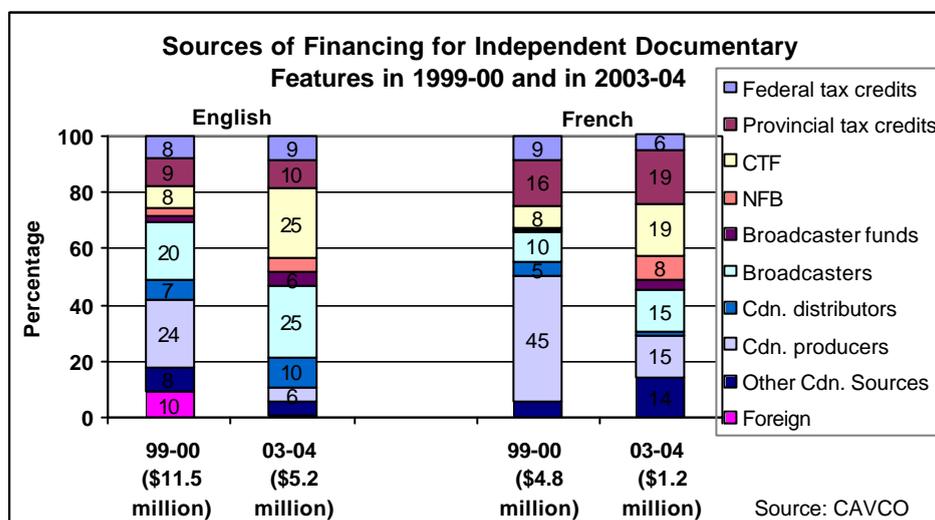


Chart 7 indicates some of the variations in French-language documentary production funding by format. For example, French-language series rely on broadcasters (41%), federal and provincial tax credits (26%) and the CTF (22%) with no foreign financing of any significance.

Trends in both English-language and French-language financing have evolved somewhat over the last five years, with tax credits and broadcasters' licence fees playing a larger role than five years ago. Chart 8 shows the evolution in the sources of financing for documentary features – the total value of which has declined significantly since the year 1999-2000 for both English- and French-language production.

Chart 8



As can be seen in Chart 8, the total value of feature documentaries has declined, Canadian production companies are contributing much less financing, and the CTF is contributing more. Foreign financing has disappeared from the financial structures of English-language feature documentaries.

The value of television documentary one-offs continues to grow and to generate more total production value than theatrical features, but less than series. Chart 9 suggests that foreign financing is a new element in the financial structures of English-language television documentary one-off productions.

CHART 9

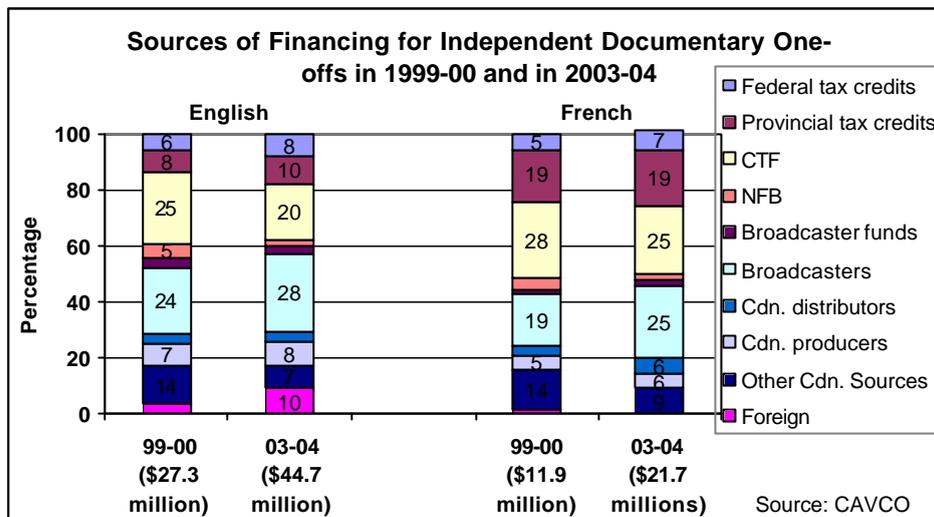
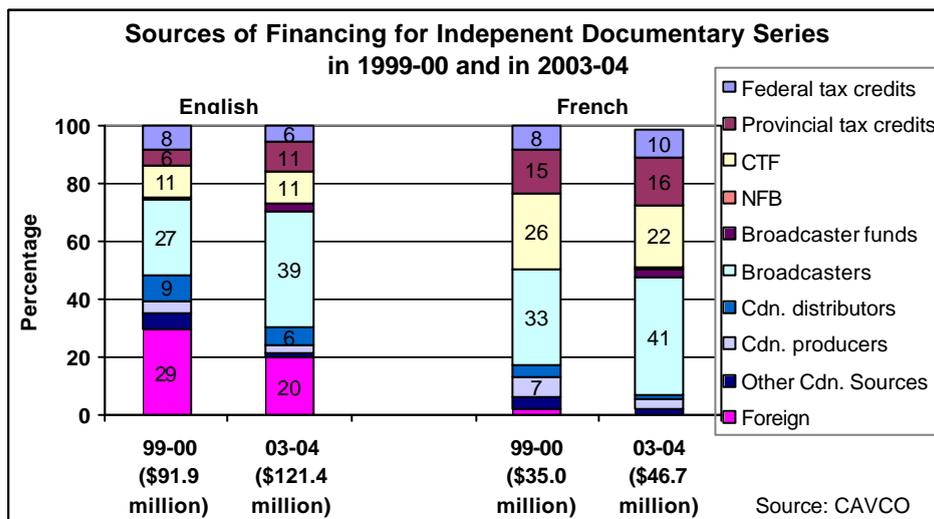


Chart 10 indicates the evolution in the sources of financing for television series.

Chart 10

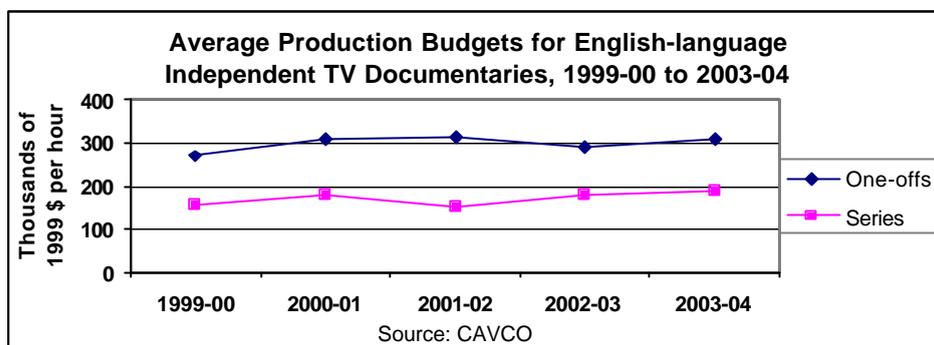


Trends in Average Production Budgets

This section presents recent trends in average documentary production budgets per hour for one-offs and series – the two formats that account for about 97 percent of the value of documentary production analysed here.

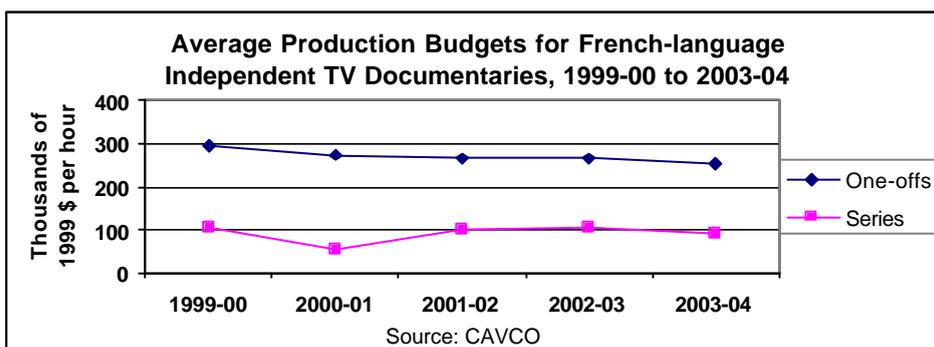
Chart 11 indicates that the average production budget for English-language documentaries, both one-offs and series, increased slightly over the period 1999-00 to 2003-04 even after inflation, measured by the Consumer Price Index, is taken into account (features were not examined in the original research).

Chart 11



Average (inflation-adjusted) production budgets for French-language one-off documentaries declined slightly over the period 1999-00 to 2003-04 while that for series remained constant. See Chart 12.

Chart 12



AUDIENCES

Television

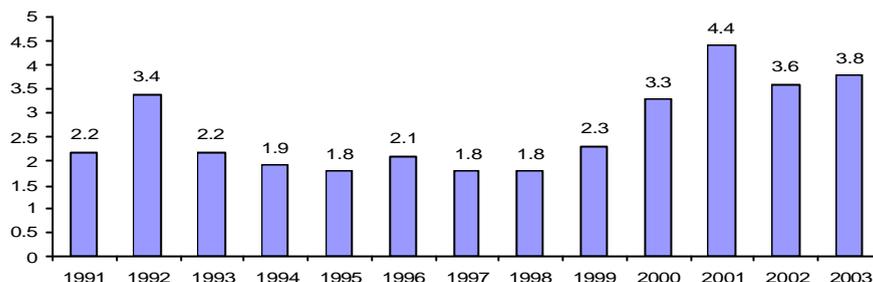
Total audiences for documentaries appear to have increased over the last five years but audience data to support this contention is a little ambiguous. Disaggregating the data suggests that English-language audiences appear to have remained roughly constant while French-language audiences have increased. This may be related to the fact that the French-language analog services Historia, Canal Évasion (tourism, adventure and travel) and Canal Z (science, technology, science fiction, etc.) launched in the year 2000, three years after their English-language equivalents. Once the initial impact of launching these new series subsides, French-language audiences for documentaries may stabilize, as have English-language audiences.

Statistics Canada publishes historical BBM data from *diaries* on viewing to documentaries for four Fall sweep weeks only. Statistics Canada's BBM data,

with English- and French-language data aggregated together, indicates an increase over the five-year period 1999-03 compared to the eight previous years (1991-98) culminating in a 3.8% audience share for documentaries in the Fall of 2003.³ See Chart 13.

Chart 13

Canadian Documentaries' Share of All Canadian Viewing

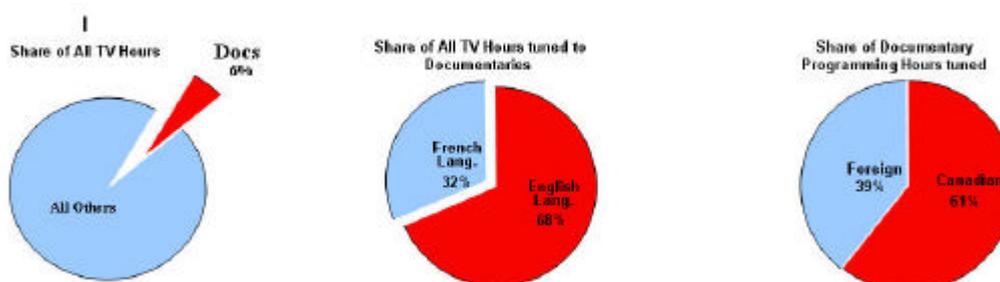


Source: Statistics Canada

The CTF's BBM *metered* data is based on a sample from the first 26 weeks of the 2003-2004 broadcast season (no digital services were included but all conventional networks and analogue services were surveyed representing over 95 percent of all viewing). The CTF's BBM data indicates a 6% share of all television viewing for documentaries in 2003-2004 over this 26 week period. During this time, Canadian documentaries accounted for more than 60% of the viewing to all documentaries on television. See Chart 14.

Chart 14

Performance of Canadian Documentaries in 2003-04



Source: BBM/National Meter, Sept 2003-Feb 2004

CBC's Nielsen data is based on a randomly selected annual eight-week sample from the 1996-97 to 2002-03 broadcast seasons. CBC's Nielsen data indicates a constant 9 hours per week of English-language viewing of documentaries and no

increase over the period – despite the substantial increase (129%) in the volume of documentary aired over this period. CBC's Nielsen data also indicates an increase from 9 hours to 11 hours per week of French-language documentary viewing over the period – along with the substantial (approximately 130%) increase in documentaries broadcast.

With respect to viewing by format, the CTF's BBM data for 2003-2004 indicates that documentary series represent 82% of all viewing for Canadian documentary programming, one-off documentaries account for 14%, and mini-series account for 4 %. This result reflects the preponderance of documentary series in broadcasters' acquisition and scheduling practices.

Cinema

The phenomenal international success of recent feature documentaries presented in movie theatres, such as *Space Station* (2002), *Bowling for Columbine* (2002), *Winged Migration* (2003) and especially *Fahrenheit 9/11* (2004), has led to unprecedented growth in the interest for theatrically released documentaries since 2002.

According to total box office data for theatrically-released documentaries collected by Telefilm Canada, in 2004 the number of releases (more than 60), the shelf life (8 weeks) and box office receipts (\$25 million representing 1.2% of total receipts in Canada) of all documentary features, Canadian and non-Canadian, shown in movie theatres in Canada increased substantially over the two previous years. However, when examining such a short period, it is difficult to know to what extent the growth in 2004 represents the beginning of a long-term trend.

Over the years 2002-2004, the box office receipts for Canadian documentaries increased from \$145,000 in 2002 to well over \$2 million in 2004, in part as a result of the resounding box office success of *The Corporation*. The total receipts for Canadian documentaries represented 5% of the total receipts for Canadian films and 8% of the total receipts for documentaries in Canadian movie theatres in 2004. In fact, in their category, Canadian documentaries performed better than Canadian fiction films. In 2004, Canadian-produced documentaries accounted for seven percent of the total documentary box office whereas Canadian fiction films accounted for about four percent of the overall fiction market.

The report *Getting Real, Volume 2, 2004* noted that the success of theatrically released documentaries in 2003 affected several major international film festivals. In 2004, for the first time in its history, the Sundance Festival opened with the screening of a documentary. This trend is also reflected in Canadian festival audience attendance for documentaries including the Vancouver International Film Festival (VIFF), Toronto's Hot Docs Festival and the Rencontres internationales du documentaire de Montreal (RIDM).

Non-theatrical

Canadian audiences view documentaries, not only on television and in movie theatres, but also via educational institutions, in the workplace and at home on DVD or videotape. The non-theatrical market includes such venues as schools, colleges and universities, libraries, health care institutions, community associations and businesses. According to the Canadian Independent Film and Video Fund, since the early 1990s, some documentaries initially destined for the non-theatrical market have also found interest among educational broadcasters, specialty services and home video.

The NFB tracks annual non-theatrical sector sales, loans and rentals to the institutional market undertaken by NFB or through its network of library partners. NFB film and videocassette sales appear to have declined over the last five years but this is partly attributable to budgetary problems for schools. NFB film and videocassette loans and rentals do not appear to have exhibited any particular trend over the last five years. The NFB organizes a significant number of community outreach screenings each year but there is no historical data available concerning this activity.

REVENUE SOURCES

Recoupment

The analysis of recoupment from Canadian documentaries undertaken for the Documentary Policy Advisory Group was conducted by Telefilm Canada using its own database. Telefilm's analysis concerns only those projects financed by Telefilm and focuses on Telefilm's own recoupment of revenues (after commissions, expenses and fees). Telefilm's database does not encompass the recoupment of revenues by other investors. Furthermore, the results obtained are partly a result of Telefilm's own recoupment policies and practices that evolved over the period.⁴

During the three years 2000-01 to 2003-04, the ensemble of documentaries produced in prior years generated fewer revenues for Telefilm (9.4%) than drama (11.0%), variety and performing arts (11.0%), and children and youth programming (17.6%).

Of the 848 documentaries financed by Telefilm between 1995-1996 and 2001-2002, 372 productions did not return any revenues to Telefilm, 160 returned less than \$1000, and 15 returned \$100,000 or more between 1995-1996 and 2004-05. Less than 2% of all documentary projects (15 projects) account for 45.4% of all the revenues recouped by Telefilm Canada and less than 9% of documentaries account for 80% of all revenues recouped.

The 848 documentaries examined by Telefilm included 615 one-offs, 85 mini-series and 148 series. No theatrical features are included in this comparison because the Telefilm Canada's Feature Film Fund does not finance documentaries. With regard to television, documentary series had a higher recoupment rate for Telefilm than did one-offs or mini-series. See Chart 15.

Chart 15

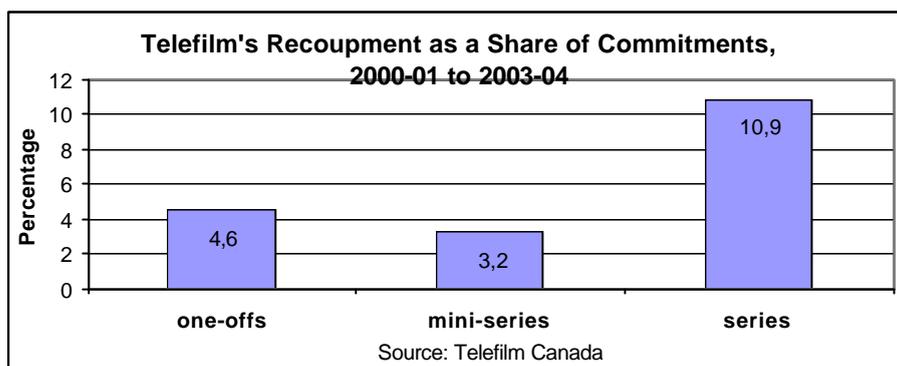


Chart 15 reinforces the impression that documentary series provide greater economic returns than one-off's or mini-series for all parties concerned, including broadcasters, owing to the economies of scale available from series development, production, broadcast and distribution.

Sales

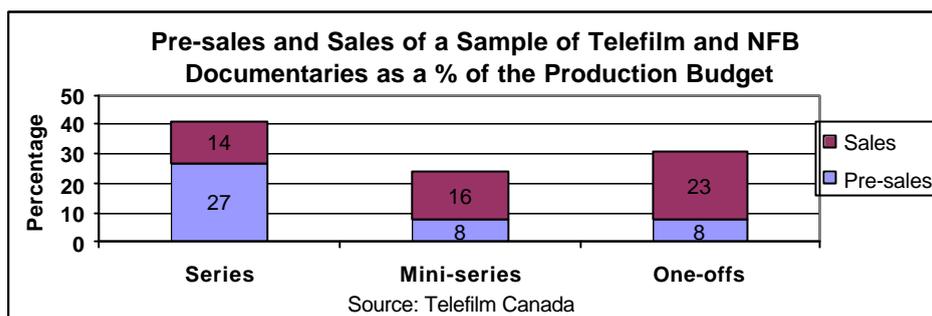
In a separate exercise, Telefilm Canada analysed in detail a limited sample of documentaries financed by Telefilm and the NFB in the year 1998-1999 – which thus allows for a sufficient period of time to examine subsequent library sales. The sample contained the 35 documentary projects that generated the most significant sales after financing (i.e. excluding any pre-sales necessary to complete the financial structure) between 1998-99 and 2004-05. Of these, 23 projects were financed by Telefilm and 12 were financed by the NFB. The 35 projects consisted of 20 one-off documentaries (including 4 feature films), 7 mini-series of two to five episodes, and 8 series of six episodes or more.

According to Telefilm's analysis, sales after financing of the NFB's productions are greater than those for the productions financed by Telefilm both in absolute terms (\$153,000 per NFB project versus \$134,000 per Telefilm project) and as a percentage of the production budget (26% and 15% respectively). The difference reflects the distinct mandates and differing role of production pre-sales undertaken by the two organizations. A television production assisted by Telefilm includes pre-sales in its financial structure as a funding eligibility requirement whereas the NFB is a government agency that produces and distributes documentaries in keeping with its mandate and television pre-sales are relatively rare. Together, Canadian sales and pre-sales to television account for over 88%

of total Canadian sales, which confirms that television constitutes overwhelmingly the primary source of Canadian documentary receipts in the Canadian market.

By format, series is the documentary format for which documentary producers obtain the most significant pre-sales as a percentage of the production budget. As indicated in Chart 16, one-off documentaries in the sample accounted for the most significant sales (after financing) as a percentage of the production budget.

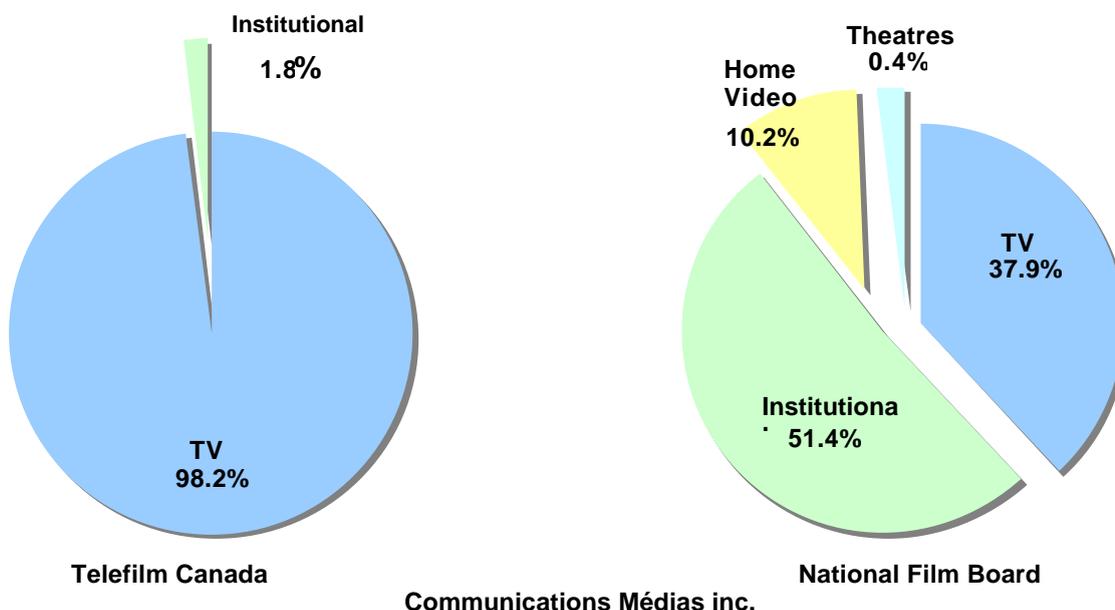
Chart 16



However, the predominance of television series among the productions financed by Telefilm helps to explain the preponderance of pre-sales in the financing of series chosen for the sample presented in Chart 16. Similarly, the predominance of one-offs in the productions financed by the NFB (together with the relative absence of pre-sales in these productions) helps to explain the preponderance of sales in the financing of one-offs. This again reflects the differing mandates of the two organizations. See Chart 17.

Chart 17

**Gross Sales For 35 projects in 1998-99
Canadian Pre-Sales & Sales by Market Segment**



CULTURAL AND SOCIAL INDICATORS

The Documentary Policy Advisory Group commissioned Erin Research Inc. to examine the social and cultural impact of documentaries in Canada. Erin Research examined in detail seven Canadian documentaries released between 1992 and 2003 and conducted a review of relevant literature.⁵ In the third part of the study, Erin Research outlined several key elements of a framework for measuring the social and cultural impact of documentaries involving both quantitative and qualitative elements.

According to Erin, the measurement of social and cultural impact is generally conducted according to one of two approaches: the “case study” method and the “survey” method. Both are useful in the appropriate context but both require data that is difficult to collect and process and are therefore costly to undertake.

To the extent that case studies are carefully selected, they can be very revealing as examples, or representative of, evidence of particular social and cultural behaviour but it is not possible to aggregate their results, establish causality directly, or deduce general principles from such studies. Surveys offer the possibility of generating results for an entire population but they possess the weakness of depending on “samples” of, or opinions about, general behaviour rather than an analysis of the behaviour itself. This said, case studies and surveys can provide vital information about the social and cultural impact of documentaries.

For example, the television broadcast of a documentary can be useful in sensitizing the Canadian public to an issue but there is not necessarily any lasting effect as a result of a broadcast. Documentaries may have their most enduring impact when they are presented through the educational system or when they become part of the media’s general discourse as a result of an integrated marketing, outreach and promotion plan.

POLICY ISSUES

This section provides a brief description of the major policy issues raised to date and places them in the context of the research outlined above.

Definition of a documentary

The apparent concern over the varying “definition” of a documentary reflects differing mandates among the documentary funding agencies and a lack of consensus among the various elements in the financing, production and distribution chain. The concern arises, not so much differences over the basic definition of a documentary, as over differing mandates and perceptions as to what categories of documentary should be receiving institutional financing.

For example, in certifying productions for the Canadian Film or Video Production Tax Credit, CAVCO operates with one of the widest concepts of a “documentary”. A regulation pursuant to the *Income Tax Act* defines certain types of production, such as news, current events or public affairs programming and reality television, as “excluded productions” for tax credit purposes and, subject to these exclusions, CAVCO accepts whatever the producer says constitutes a documentary.⁶ Alternatively, to assist in the allocation of its scarce resources, the CTF has developed a relatively detailed definition of a “documentary”.⁷

These two examples represent a small part of a spectrum of definitions that vary according to the mandate of the funding agency concerned and the particular kind of documentary that the agency wishes to encourage. For their part, some producers seem to want all forms of documentary to be treated indiscriminately while others accept that some formats, such as POV or social impact documentaries, one-hour one-offs, and feature films, deserve special attention. Giving special attention to particular formats requires applying specific, and sometimes detailed, definitions.

Development financing

If a project proceeds from development to production, its development expenses are incorporated into the production budget. However, if the project does not proceed into production, the associated development expenses must be written off or absorbed in some way by the production entity. Development expenses in audiovisual production are not fully refundable in order to prevent excessive development in projects that will never be completed.

Some argue that the development stage for documentaries is unique because it often requires more time than other genres and may involve a series of pre-interviews and the shooting of development footage, as well as in-depth research. Some documentaries require a long lead time because, unlike fiction, they rely on real world events that may not occur in the near term. It may be that the current development environment embodies a bias against long-term projects. By this argument, it has been suggested that development for television documentaries should be made more flexible than that for other genres.

There is never enough financing available for script and concept development just as there is never enough for production financing. There does appear to be a good argument for dedicated script and concept development funds for emerging filmmakers, cultural minorities or those in the regions. Funds of these type are presently operated by some agencies, in addition to the CTF’s regular development financing (Special Initiative Stream) and Telefilm’s Screenwriting Assistance Program. With regard to documentaries requiring a long lead time, it may be that the resources of the NFB are best suited to involvement in this type of project.

Complexity of the financing environment

The number of sources of institutional funding for Canadian documentaries is varied, complex and insufficient to satisfy the desire for financing from all producers. As part of the price of admission for access to their limited funds, the funding agencies impose requirements that are sometimes decried by applicants. Complaints often relate to the sheer volume of paperwork involved in applying to several federal and provincial agencies with differing, and sometimes conflicting, policies, requirements and deadlines. Complaints may also involve specific policies or requirements such as errors and omissions (E&O) insurance, allowances for producer fees and corporate overhead, equipment amortization, or the way in which tax credits are administered.

Part of the responsibility of each financing agency is to separate out special pleading from the core administrative problems of the agency – within the context of its own mandate. Policy development is an iterative process where improvement in the delivery of programs is always possible and feedback from clients is essential to effective program delivery.

One solution that has been raised is the creation of a single administrative agency for all financing institutions. But the real possibility, practicality, and even the desirability of such an undertaking for all federal and provincial agencies is questionable. This said, more policy co-ordination is always desirable and it may be that the Documentary Policy Advisory Group could fulfil this objective on a permanent basis.

Broadcasters' financial participation

Some consider that broadcasters do not contribute sufficiently to the financing of documentary productions by way of licence fees. However, research on the “appropriate” level of licence fees is very difficult to conduct, particularly with regard to conventional broadcasters. In the research undertaken by Debra McLaughlin of Strategic Inc. for Telefilm, of 17 conventional and specialty broadcasters contacted, only the CBC and Télé-Québec identified the documentary format in their pitch for new business. According to this research, documentaries are either not on the schedule or their audiences are not of sufficient interest to buyers to merit special attention. Although documentaries contribute significantly to the revenues of broadcasters, the pricing of documentaries relative to other categories of programming is largely unknown.

Variations in financing by format

Specific limitations on documentary formats by the funding agencies are relatively rare. Apart from the regulation CAVCO applies with regard to “excluded productions” noted above, there are, in principle, relatively few restrictions to

access with regard to format. It is broadcasters who are the driving force behind the documentary revival in the last few years and most of the limitations on formats appear to originate with broadcasters who prefer series to one-offs.

Broadcasters and distributors prefer series to one-offs for the following reasons:

- The cost per hour of licensing a 13-hour series is lower than that of licensing a one-hour special owing to the economies of scale available from the production of a series;
- The internal costs of administering and monitoring the development and production of a 13-hour series and a one-hour special are about the same for the broadcaster;
- In view of the massive programming requirements of a television broadcaster, a series is easier to schedule and promote than a single one-hour program (an anthology can provide an exception to this but even an anthology requires careful selection to ensure some form of harmony among all of its elements); and
- The costs of preparing, packaging and promoting a 13-hour series and a one-hour special are about the same for a distributor but the potential returns are much greater for the series.

With the introduction of CTF's envelope system of financing, some producers felt that broadcasters possess added control in determining the projects that will receive funding. Because broadcasters decide what projects will obtain CTF funding, and because the envelopes reward broadcasters for audience success, such practices have led to an increasing "homogenization" of documentaries.

In view of this, some producers and filmmakers believe that theatrical documentary features and one-offs are under-financed and should receive special consideration from the funding agencies. Some topics are more conducive to a treatment in a shorter format, a shorter format can be produced on a more timely basis, and the shorter formats are sometimes preferred by producers in the regions or as a means of professional development for emerging filmmakers. This has led to the proposal for a separate documentary fund that might or might not require a broadcaster's licence fee as a condition for access.

POV documentaries

POV documentaries are primarily associated with the NFB for whom the majority of documentaries do not involve a pre-sale to a Canadian broadcaster. They are also explicitly defined, for purposes of tracking, by the CTF and by Quebec's Société de développement des entreprises culturelles (SODEC).⁸ Point-of-View (POV) documentaries are, in some ways, a special case of one-offs and features discussed above.

Sunsets on funds mandated by the CRTC

As part of a change of broadcast ownership benefits package or broadcast licence renewal, the CRTC has approved proposals from broadcasters to establish television production and development funds to feed the Canadian programming requirements of its licensees. Some of these are revolving funds established for an indeterminate period but others have been created for a specific period of time. When the latter funds terminate, a part of the available financing for documentaries disappears and this may cause some disruption.

Among the many funds mandated by the CRTC for which documentaries are eligible are Astral Media's Harold Greenberg Fund, the Bell Broadcast and New Media Fund, the Corus Woman's Programming Fund and Telelatino Fund, the Bell Globe Media CTV ownership benefits package, Rogers Cable Network Fund, Documentary Fund and Telefund, and the Shaw Rocket Fund. A small research project would involve reviewing the CRTC licence decisions for all of the federal and provincial funding sources mandated by the CRTC with a view to establishing their terminal date ("sunset"), if any.

Tax credits

There are a variety of federal and provincial tax credits available to film and television documentary producers. One issue with regard to tax credits concerns the obligation to include such credits within the financial structure of a production.

According to CTF policies, federal and provincial tax credits are not required to form part of the financial structure thereby leaving them available for corporate development. However, some broadcasters apparently insist that tax credits be included in the financial structure of a production (to reduce the contributions of the other participants) and some producers argue that CTF policies should explicitly disallow their inclusion. It is not clear to what extent all investment partners would agree to such a restriction – including many producers and filmmakers. In an environment of scarce resources, removing tax credits from the financial structure of all documentary productions could render the financing of some projects difficult or impossible to complete.

International sources of financing

There is a belief among some that international coproductions and sales should play a greater role in the pre-financing of Canadian feature film and television productions. However, to do so would require producers and filmmakers accessing some form of financing to permit them to attend the major film and television markets where the contacts necessary for such financing can be developed.

There is also a belief that, with Canadian Heritage's support, Telefilm Canada and the National Film Board should become more active in European policy discussions that will eventually have repercussions for Canadian creators, producers, broadcasters and distributors.

Non-theatrical markets

There is a life outside of television for many documentaries that includes educational, business and domestic distribution networks. Unfortunately, these markets are poorly documented and information about them is difficult to obtain. The Erin study identified both short term and long-term priorities and strategies to address these concerns.

As a short term priority, the Erin study recommends dialogue and consultation with individuals and groups who utilize documentaries with a view to establishing coherent tracking standards and processes, including the systematic tracking of alternate distribution channels and some tracking and evaluation on a case-by-case basis. This would involve the examination of what to collect? how to collect? and how to evaluate and disseminate the results?

As a long-term strategy, the Erin study recommends coordinating with the academic milieu in developing more complicated tools such as controlled experiments, and with the relevant organisations and agencies in developing more precise social and cultural indicators.

Broadcasting and new media in the future

What is the place of broadcasting alongside other media and what are the implications of digital distribution for documentary production and distribution?

It appears that audiences for analog broadcasting will gradually diminish in favour of audiences for digital broadcasting, true video-on-demand and e-cinema as the digital penetration of all media progresses and the convergence of broadcasting and the Internet continues. It is for this reason that the Documentary Policy Advisory Group may want to incorporate more long-term strategic documentation and planning in its future deliberations.

CONCLUSIONS

The gradual rise in per capita incomes and education levels in countries around the world is creating a demand for more and better quality news and information, including the in-depth information, analysis and points of view provided by documentaries. Over the last ten years, Canadian documentary production has increased dramatically and the driving force behind this growth in Canada appears to have been television. The substantial growth in the number of Canadian specialty television services airing documentaries has led to an

increase in the demand for documentary programs specifically formatted for television. Owing to the economies of scale available from the development, production, broadcast and distribution of television series, series have been favoured by broadcasters and distributors over one-off television programs and feature films.

Now the period of rapid growth in independent television production may be at an end. In the last few years, English-language independent documentary production appears to have declined. French-language independent documentary production has remained more stable but this may change once the effects of the analog specialty services launched in the year 2000 have run their course and the newer, non-traditional distribution channels, such as e-cinema, come to the fore.

In this context, the optimal strategy may involve a greater diversification in the institutional financing of documentary formats and a greater attention to non-traditional markets in Canada and abroad. Specifically, this could involve the development and production financing of one-offs and theatrical feature films through a dedicated documentary fund that provides special attention to POV documentaries. It might also involve greater attention to international co-productions and non-theatrical markets involving, among other initiatives, better data and information related to the performance of documentaries in these venues.

Finally, the Documentary Policy Advisory Group may want to incorporate more long-term strategic documentation and planning in its future deliberations.

Endnotes

¹ Owing to the lag between the preliminary certification of productions (Part A) and their final certification (Part B), CAVCO data is not finalized until at least two years after preliminary certification. However, the CAVCO data for 2003-04, obtained in March 2005, will probably be very close to the final tabulation.

² *Getting Real: An Economic Profile of the Canadian Documentary Production Industry Prepared for the Documentary Organization of Canada*. Volume 2, 2004, p.40.

³ 49 Category 1 and Category 2 digital services launched in 2002 and were presumably captured in the data for Fall 2002 and Fall 2003 but their total audience share must have been very small.

⁴ Telefilm applies differing recoupment policies for the English-language and French-language markets in consideration of the difficulty in selling French-language documentaries in foreign markets. For example, in the absence of a distributor's minimum guarantee, French-language producers are accorded 50% of the first recoupment tier as an incentive to encourage sales and this diminishes the revenues recouped by Telefilm and the other investors. Telefilm share of net revenues from documentaries also depends on the level of the Corporation's financial participation as a percentage of the production budget, which differs from project to project.

⁵ The selected documentaries were *The Corporation*, *Silence of the Strings*, *FIX: Story of an Addicted City*, *Kanehsatake, Squat!*, *L'Erreur boréale* and *Qulliq*.

⁶ An application for the Canadian Film or Video Production Tax Credit requires the applicant to identify the genre of the production using one of nine categories, including the "documentary" category. Thus, in effect, the CAVCO accepts the applicant's definition of what constitutes a "documentary" (as opposed to a "magazine" or an "educational/instructional" production) as long as the production is not an "excluded production".

⁷ A "documentary" or "factual documentary" is defined by the CTF as a non-fiction representation of reality that contains the following elements: informs and engages in critical analysis of a specific topic or point of view; provides an in-depth treatment of the subject; is meditative and reflective; is primarily designed to inform but may also entertain; treats a specific topic over the course of a least 30 minutes (including commercial time); requires substantial time in preparation, production and post-production; has an original narrative and visual construction (which may include scenes of dramatic reenactments); and has enduring appeal and, therefore, a long shelf life.

⁸ For the purposes of tracking the incidence of "auteur point of view/creative documentaries (POV)" among projects financed, the CTF makes a discretionary evaluation of what it considers a POV but, as a starting point, the CTF applies a very narrow and traditional interpretation of the above documentary definition and specifically looks at who the filmmaker (or filmmaker team) is – his/her track record and/or film background, regardless of whether they are an emerging or experienced filmmaker; the intent of the filmmaker in making the film, the research that has gone into the project; the production and post-production crew that is crafting the piece; in the case of arts auteur documentaries, how experimental is the filmmaker's approach; the budgeting and the cost of the production; that it is a single work (or in rare situations – a limited series) and whether the project is licensed to air in a broadcast strand recognized or formatted for POV documentaries.