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# The Business of Culture

## Canada's Cultural Industries Annual Report 2006-07

Department of Canadian Heritage

**Note to reader: This document reflects data from the calendar year 2006 and 2007.**

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**Data Disclaimer:**

**It must be noted that the measurement of the cultural sector is challenging due to the nature of the business. Throughout the report the most recent data sources are used, although in many instances 2006-2007 data was not available. A variety of data sources have been used to produce this report, most of which are not referenced in the document. The full list of references is available upon request.**



## ■ ■ ■ Overview of Canada's Cultural Industries

Canada's culture is as vibrant, diverse and unique as its peoples and geography. We experience this vitality and diversity every day through the books and magazines we read, the movies and television shows we watch, and the music we listen to. In recent years, digital media such as interactive Web sites have added to this rich cultural landscape, providing new ways to both create and share Canadian perspectives on the world in which we live.

Culture not only informs the lives of Canadians from coast to coast; there are thousands of Canadians whose business is culture. These include the writers, musicians, actors and web designers who first create a work, the publishers and producers who bring that work to light, and the distributors and retailers who make sure it reaches an audience. At last count, over three hundred thousand Canadians were part of the book, film and video, music, interactive digital media, and periodical industries.

Given the number of Canadians who earn their living in these industries, it is not surprising that cultural industries drive significant economic activity: they contribute close to \$28 billion to Canada's economy on an annual basis, accounting for 2.5 percent of Canada's gross domestic product. This is the business of culture.



*Three out of the five novels shortlisted for the 2007 edition of the prestigious Scotiabank Giller Prize were published by Canadian-owned firms, including Michael Ondaatje's Divisadero, which as of the writing on this report has been on national bestseller lists for 25 weeks and sold 55,000 copies. This celebrated author has previously won the Giller Prize and was also the first of three Canadian writers to be awarded the internationally renowned Man Booker Prize, the other two being Margaret Atwood and Yann Martel.*

The Department of Canadian Heritage supports the book, music, periodicals, interactive digital media, and film and television production industries through a range of policies and programs. The objective is to encourage the production and promotion of Canadian cultural works, foster a sustainable and competitive marketplace, and help ensure Canadians have access to their own culture. This report provides an overview of these industries, reviews the support offered by the Department and demonstrates the results achieved for Canadians through these activities.



## Cultural Industries

All of the Canadian cultural industries operate in demanding market conditions. The small size of the Canadian marketplace, further subdivided into two language markets, poses a challenge for cultural producers to earn revenues sufficient to offset their costs. Canada is also an open market. There is a strong and well-established presence of foreign products and producers, who often have large marketing budgets and can recoup their investments from a larger marketplace.

Canada's cultural industries employ over 300,000 people and contribute almost \$28 billion per year to the country's economy.

### Books

In the Canadian book industry, authors, publishers, distributors and booksellers all work in concert every day to get thousands of different titles to readers across Canada and around the world. Audiences are eager to embrace these books, with over half of Canadians reading books for pleasure every day or almost every day. This has also resulted in book publishers in Canada now having annual revenues approaching \$2.5 billion dollars.

### Film and Television Production

Film and television productions employ a wide variety of people, including directors, screenwriters, actors, sound technicians and set builders, to name just a few. Once completed, productions are exhibited in cinemas, on DVD, on television or any combination of these options. Given the tremendous demand for television shows and movies in our culture, it is not surprising that television and film production has a substantial economic impact: it contributes almost \$4 billion to the Canadian economy, nearly as much as the combined contribution of books and magazines.



*Les Boys IV, the fourth installment of Quebec's most successful film series, is a comedy about a team of hockey players ("Les Boys") that play in an amateur league. Released in December 2005 it generated over \$4 million at the Quebec box office. The popularity of the series has even led to a spin-off TV series entitled Les Boys: La série, which debuted on October 1, 2007 on Radio Canada. Les Boys IV was the second highest grossing film in 2006 after Bon Cop, Bad Cop.*



## Music

Canadian music embodies the creativity and spirit of Canadians. Canadian music artists are among our best known cultural ambassadors abroad – they showcase our nation’s talent across the globe, topping the charts around the world. The sound recording and music publishing industry, which includes a wide range of creators and entrepreneurs, contributes almost one billion dollars to Canada’s economy every year.

## Interactive Digital Media

Based on cutting-edge digital technologies, interactive digital media is a recent addition to the cultural industries. The industry’s products can be anywhere there is a computer, Internet connection or a mobile device like a cellphone. They include social networking sites, virtual museums and console games. Consumers get to interact with interactive digital media products – the audience does not just read or watch or listen, but can actively relate to the content by changing it, directing it and even creating new content. The industry generated \$5 billion in revenues in 2006 and its scope and economic impact continues to grow at a rapid pace.

## Periodicals

The Canadian periodical industry gives readers the opportunity to discover an extraordinary wealth of topics; anything from adventure kayaking to wine tasting. This diverse offering has helped Canadian periodicals achieve a level of growth comparable to Canadian books – with revenues of over \$1.7 billion in 2005. Canadian newspapers are also a key source of information on national and local events and perspectives. There are 110 daily newspapers publishing in Canada, along with more than a 1,000 community papers



*The New Quarterly is a national literary magazine publishing fiction, poetry, interviews, and writing about writing. The magazine is dedicated to fostering new talent and encouraging public awareness of the literary arts. It has twice won a gold medal for fiction at the National Magazine Awards and regularly publishes Governor General's Literary Award winners and Giller Prize nominees, often before they gain national prominence.*

## Key Trends

Technology is having a profound effect on all cultural industries. For example, illegal downloading is still widespread in the music industry. On the positive side, the Canadian music industry is seizing the opportunities presented by digital technologies, selling almost 15 million digital music tracks in 2006<sup>1</sup>.

By contrast, downloading from the Internet is not yet a major factor in the film and television production industry due to the large size of files and limited bandwidth. It is audio-visual creation and distribution that have been most affected by new technologies to date. More and more audio-visual creators are using digital cameras and digital post-production technologies to create content and the Internet to get their work to an audience, bypassing traditional channels, particularly for small-budget productions.



*La Grande-Messe by Les Cowboys Fringants went double platinum in Canada in 2006, selling over a quarter of a million units. The album picked up the Alternative Album of the Year at the 2005 Gala de l'ADISQ, with its lead single “Les Étoiles filantes” capturing a Felix for Popular Song of the Year. The band played almost 200 concerts in support of the album in Quebec, Atlantic Canada and Europe.*

In the book publishing industry, the sales of e-books have not yet become significant and only represent an estimated one percent of book industry revenues. On the other hand, this industry is taking advantage of the business applications of the digital economy to increase efficiency. E-commerce among publishers, distributors and retailers is growing by leaps and bounds and publishers are making good use of the Internet for marketing and promotion purposes.

Similarly, the periodical industry employs the Internet to market publications, find new readers, increase print subscriptions and generate online ad revenue. Online magazines are also appearing, although reliable statistics on readership are not yet available.

The interactive digital media industry is in constant evolution. Its creation of innovative new products changes the interactive digital media industry itself, but also affects other cultural industries. For example, social networking Web sites are increasing in popularity, creating virtual meeting places for Canadians to discuss, discover, consume and share cultural content.

### **Policies, Programs and Activities**

Canadian Heritage has a comprehensive policy framework to foster the cultural industries at every level – from creators to audience. This includes federal legislation like the *Investment Canada Act* and the *Copyright Act*, funding programs and tax credits. The fundamental objective of the framework is to ensure the creation of a diverse range of Canadian cultural content and that Canadians have access to that content.



*Degrassi the Next Generation follows the lives of a group of high school students. Degrassi focuses on the issues and challenges of real teen life. In 2005-06, Degrassi generated the largest audience of all English Canadian dramas, with an average audience of over 700,000 viewers. The show won 18 awards and 25 nominations, including two Teen Choice Awards. In 2005, the program beat out four American programs at the Television Critics Association Awards for “Outstanding Achievement in Children’s programming”. In addition, it took home the coveted surfboard for its Teen Choice Award win for “Choice Summer Series”.*



## Funding

The total amount of grants and contributions from Canadian Heritage in 2006-07 was \$358.8 million, plus another \$330 million in tax credits.

Industry	Program Component	2006-07 Grants, Contributions and Tax Credits by component (\$ million)	2006-07 Grants, Contributions and Tax Credits TOTAL (\$ million)
Music	Canada Music Fund	25.0	25.0
Book Publishing	Book Publishing Industry Development Program	36.7	36.7
Periodical Publishing	Publications Assistance Program	45.4	61.4
	Canada Magazine Fund	16.0	
Film and Vidéo	Canadian Feature Film Policy	96.0	546.0
	Canadian Television Fund	120.0	
	Film or Video Tax Credits	330.0	
Interactive Digital Media	Canada New Media Fund	14.0	19.7
	New Media Research and Sector Development Funds	5.7	
<b>Total</b>			<b>688.8</b>

The Department cannot achieve its objectives alone. Key partners such as the Canada Council for the Arts, Telefilm Canada and other government agencies are critical to the success of the Canadian cultural industries. Other partners include the Canadian Television Fund (CTF), the CBC/Radio-Canada and the Canadian Radio-television and Telecommunications Commission, which ensures broadcasters air Canadian programs and play Canadian music. Provinces, territories and municipal governments also provide critical financial and policy support.



## Results

### New Voices

The cultural industries excel at finding and nurturing new Canadian talent, such as writers, filmmakers and musicians. For example, the number of Canadian songwriters has increased by 25 percent since the inception of the Department's music funding program in 2001. In 2006-07, almost one thousand titles by first-time authors were published by our book publishing program recipients.

### New Works

Canada's cultural industries have excelled at creating new products. Book publishers supported by the Department have tripled their annual production of new titles since the inception of the book publishing program in 1979. In the last year alone, magazine funding recipients increased their production of editorial content by 13 percent, and 71 new Canadian magazines were launched.

That same year, music program funding helped produce 332 new Canadian albums. In 2005-06, the value of film and television production reached \$4.8 billion, an increase of 5.8 percent from the previous year. Finally, Canadian Heritage's support for interactive digital media not only contributed to 112 content creation projects, but also to the development of new technology, new business models and new markets.



*Adding to its string of awards, regenesistv.com won a 2007 International Emmy for its interactive game based on the Canadian television show ReGenesis. The game reaches out from the fictional world of the series using multiple platforms, such as a Web site, email and video-on-demand, to immerse viewers in the show's stories and ideas.*



## Reaching Canadians and the World

The Department's support framework has helped increase the market share of Canadian content by fostering the growth of competitive domestic cultural industries. For example, books published by Canadian-owned firms now control close to half of the domestic market. Canadian magazines have also had impressive results, increasing their share of the Canadian market from 20 percent to 41 percent over the last three decades.

Canadian television shows are capturing over 40 percent of the audience in the English-language market and 65 percent in the French-language market. French-language feature films garnered 17 percent of the box office in 2006, increasing from 5.8 percent in 2000. In the music industry, the market share of Canadian albums has increased from 16 percent in 2001 to 22.3 percent in 2006.

The cultural industries not only capture a significant share of the domestic market, they also bring Canadian culture to the rest of the world. Canadian musicians have had hits in countries all over the globe; the film and video industry has exports of over \$2.5 billion; and Canadian book publishers receiving support from the Department now sell in over 90 foreign markets.

## Looking Ahead

The Government of Canada remains committed to supporting the business of culture. In addition to being major contributors to Canada's economy, cultural industries create world-class products that help define us as a nation.

For more information on departmental programs, including detailed funding and recipient information, please see: [www.canadianheritage.gc.ca](http://www.canadianheritage.gc.ca)



## Periodicals



Canadians enjoy a vast array of Canadian magazines on subjects from art to the environment. They can enjoy the literary offerings of *The Fiddlehead*, explore wide-ranging general interest subjects in *The Walrus*, indulge in fashion through *Flare*, help their children learn through *ChickaDEE*, go to *L'actualité* and *Maclean's* for news and analysis, explore Canada's awesome geography and wildlife through *Canadian Geographic* and learn about environmentally-conscious building through *La Maison du 21<sup>e</sup> siècle*. There are literally thousand of titles to serve every conceivable reading interest of Canadians. Canadians also have access to a broad range of newspapers, from weekly papers serving small communities, to dailies in major cities. The stories in these periodicals showcase many of Canada's nationally and internationally recognized writers, artists, journalists and photographers.

### Industry Overview

Periodicals are publications that are issued regularly and continuously throughout the year include two distinct groups – magazines and newspapers. The magazine industry includes both business and consumer titles while the newspaper industry can be divided into dailies and non-dailies, with the latter mostly made up of community newspapers. The total annual revenue of the magazine and newspaper industries is \$6.5 billion, and they employ over 47,500 Canadians

The Canadian magazine industry contributed almost \$1.6 billion to Canada's gross domestic product in 2005. Canadian Heritage provides \$61.4 million annually to magazines and community.

### Writers

Canada is a country of talented writers. About 8,000 freelance writers produce most of the articles in Canada's magazines and feature sections of newspapers. Many of Canada's most prominent book authors and journalists have honed their craft working for Canadian periodicals. Nevertheless, most writers must augment their writing income with other work.

### Magazine Publishers

The Canadian magazine industry contributed \$1.59 billion to our country's gross domestic product in 2005. Canada has over 2,300 periodicals, with a circulation of over 750 million copies in total annual circulation. Canadian-owned publishers employ over 6,300 people on a full-time basis, and close to 8,000 part-time, volunteer and unpaid staff.

**Newspaper publishers** put out 110 daily newspapers, over 1,200 community newspapers, and over 200 other, non-daily, newspapers. Approximately 32,500 Canadians are employed in the newspaper industry. Newspapers are published in many languages and are available in virtually every community in Canada.



## **Distributors and retailers**

National and regional chains sell most of Canada's magazines, with supermarkets accounting for one third of these sales. Convenience stores account for another quarter of the sales with traditional newsstands at about five percent. A constant challenge for English-language Canadian magazine publishers is the fact that foreign magazines, largely American, dominate newsstands, taking 80-90 percent of sales. The picture is very different in Quebec, where Canadian magazines account for 70 percent of newsstand sales.

## **Readers**

Canadian magazines make up for their low visibility and sales on the newsstand through subscriptions sent by mail. Most Canadians who read magazines purchase them through subscriptions – up to 88 percent according to a 2006 study. Magazine circulation grew slightly in 2005, while single-copy sales fell by 0.8 percent, continuing a long-term decline. Circulation for paid dailies has been on the decline over the last five years; data limitations prevent us from having a clear picture of readership of non-daily newspapers.

## **Trends**

The Canadian magazine industry continues to experiment with business and content models that will build readership and advertising revenues online. Although the largest Canadian magazine publishers do not yet earn more than 10 percent of advertising revenue from online services, they are investing to increase their online presence in order to keep existing readers, as well as attract new ones. While the business model of periodicals have been relatively stable, increasing distribution costs and the possibility of competition from new media are likely to lead to a greater interest in online models, both for promotional opportunities and as a new venue to distribute content.

## **Policies, Programs and Activities**

The Department of Canadian Heritage supports magazines and non-daily newspapers across the country through legislation and funding.

### **Foreign Publishers Advertising Services Act**

This Act limits foreign magazine publishers' sales of Canadian advertising to 18 percent of their total advertising revenues. The Act's objective is to help Canadian publishers compete with lower-cost foreign companies for ad sales – a key source of revenue for most magazines.

### **Income Tax Act**

Section 19.01 of this Act allows Canadian advertisers to fully deduct magazine advertising costs only if the magazine, whether Canadian or foreign-owned, contains at least 80 percent original editorial content. The objective is to stimulate production of Canadian content by creating incentives for advertisers to do business with magazines with high levels of Canadian content. Section 19 of the Act provides an incentive for Canadian advertisers to advertise in Canadian-owned newspapers by allowing deductions for advertising expenses in newspapers with at least 75 percent Canadian ownership.

## Investment Canada Act

Under the *Investment Canada Act*, the Minister of Canadian Heritage may review significant investments by non-Canadians in the cultural industries, including magazine and newspaper publishing, for net benefit to Canada. Canadian Heritage generally requires non-Canadians establishing magazine businesses in Canada to commit to publishing magazines where original Canadian content is in the majority.

## Publications Assistance Program (PAP)

The PAP's objective is to ensure that Canadians have access to a diverse selection of Canadian magazines and community newspapers with high levels of Canadian content. The program supports Canadian magazines and community newspapers by funding a portion of their mailing costs for delivery in Canada. In 2006-07, the PAP provided Canadian magazines and non-daily newspapers with postal subsidies of approximately \$60 million, including a \$45 million contribution from Canadian Heritage and a \$15 million contribution from Canada Post.

## Canada Magazine Fund (CMF)

The CMF was launched in 2000 to increase Canadian content and strengthen the magazine industry. In 2006-07, the CMF provided \$15.5 million for a range of activities such as incentives to create Canadian editorial content; funding to nurture arts and literary magazines; support to small-and medium-sized circulation titles; and support to industry associations.

## Total Funding by Component 2006-07

	Canada Magazine Fund (CMF)				
Publications Assistance Program	Editorial Content	Arts and Literary Magazines	Small Magazines	Industry de l'industrie	Total
\$45.4 M	\$10 M	\$1 M	\$2.5 M	\$2.5 M	<b>\$61.4 M</b>

Additional information on the periodicals programs is available at:  
[www.canadianheritage.gc.ca/pap](http://www.canadianheritage.gc.ca/pap) and [www.canadianheritage.gc.ca/cmfi](http://www.canadianheritage.gc.ca/cmfi)

## Results

### Strengthening the Industry and Building Capacity

The CMF funded 28 collective projects that dealt with professional development, promotion and marketing, increasing newsstand sales, research, and adapting to digital technologies. Eighteen of the projects had a focus on new technologies. The intended results are to have an industry more adaptable to change, with a strong cadre of professionals able to face an increasingly complex and challenging marketplace.

## SUCCESS STORY

In addition to large-circulation magazines well known to Canadians, the Canada Magazine Fund also helped lesser known magazines such as *Liaison*, an arts and culture magazine initially aimed at the Francophone community in Ontario has expanded to become a voice for the arts throughout French-speaking Canada.

The Nanton News (Alberta) won a Best All-Round Newspaper award for smaller circulation community newspapers at the 2007 Better Newspapers Competition. Support from the Publications Assistance Program helps this award-winning Canadian newspaper deliver local content to the small Alberta community that it serves.



### New Editorial Content

CMF-funded magazines produced over 144,000 pages of Canadian editorial content in 2006-2007, an increase of about 13 percent over the previous year. The CMF helps Canadian magazines create Canadian content as this is the key advantage that distinguishes Canadian magazines from their foreign competitors – content relevant to Canada and Canadians.

### Reaching Canadians

In 2006-07, the PAP supported 1,161 Canadian magazines and community newspapers by funding 55 percent (on average) of their mailing costs for delivery in Canada. This enabled Canadians to subscribe to their favourite titles at a much lower cost, resulting in over 202 million copies of Canadian periodicals reaching Canadian homes through the mail.

### Sales, Revenues and Market Share

Canadian-owned magazines have over 40 percent of the market in Canada – that is, over 40 percent of magazines purchased by Canadians (newsstand and subscriptions combined) are from Canadian-owned magazine publishers. Canadian magazine sales have grown at a faster rate (7 percent) than their foreign counterparts (2.4 percent) between 1999 and 2004 – over two and a half times as fast. In 2004, magazines funded by the CMF reached sales of over \$162 million and total revenues of \$600 million.



## Books



The success of Canadian books, at home and around the world, is the result of the dedication of diverse and gifted writers such as Margaret Atwood, Antonine Maillet, Rohinton Mistry, Jacques Godbout, Wayne Johnston and Robert Munsch, to name just a few. It is the product of the skill and commitment of publishers from coast to coast, firms like Boréal, McClelland & Stewart, House of Anansi, Éditions de la Courte Echelle and Éditions Hurtubise HMH. It is both the cause and effect of having a nation of readers who are passionate about discovering Canadian stories, ideas and values. The growth of Canadian writing and book publishing over the last three decades, aided by strategic and sustained public support, is truly one of Canada's most remarkable cultural success stories.

### Industry Overview

#### Writers

There are over 16,000 full-time writers in Canada, five times as many as there were in the 1970s. Canadian authors have won almost every significant literary award in the world, including the Man Booker Prize, Prix Goncourt, Pulitzer Prize and Prix Femina. They have given us a national literature and international recognition for its excellence

Book publishers in Canada generated revenues of over \$2.4 billion in 2005. Canadian Heritage invests \$37 million each year for the production and promotion of Canadian-authored books.

#### Publishers

Book publishers in Canada generated revenues of over \$2.4 billion in 2005 and employed almost 9,000 people. In 2004, there were over 1,500 publishers based in Canada, although a core group of 330 publishers accounted for 95 percent of industry revenue. Of this group, 311 firms were owned by Canadians.

#### Booksellers


There are an estimated 3,000 bookstores in Canada, including independent booksellers, retail chains, such as Chapters Indigo and Renaud Bray, and used bookstores. In recent years, other retail sources of books have emerged in the Canadian market, such as online retailers and big-box stores.

#### Readers

Reading is a way of life for many Canadians. Almost 90 percent of Canadians read at least one book per year while over half read books for pleasure every day or almost every day. Despite the increasing popularity of the Internet and online entertainment, there has been no decline in Canadian reading rates.

#### Trends

Recent trends in the retail sector are having a major impact on the Canadian book industry. The ways that books reach readers have evolved rapidly in the last decade. Large-format bookstore chains are now major forces in the sector, and non-traditional book retailers such as big-box stores and supermarkets have become a factor in the market. The Internet is proving attractive to book buyers, offering instant access to thousands of titles and delivery right to the door.



Digital technologies are also making an impact. Even though consumers are not rushing to read e-books, e-commerce among publishers, distributors and retailers is growing. Publishers have also migrated to the Internet for marketing and promotion. Many publisher Web sites feature podcasts, blogs, online discussions, book sampling and direct-to-consumer retail.

Digital printing has led to rapid growth of print-on-demand (POD), which allows books to be produced on short notice and in print runs as small as a single copy. It is used now, primarily, by self-publishing services, but expectations are high that professional book publishers will adopt it as the quality and cost improves. POD could give Canadian publishers the capability to maintain smaller inventories, reduce book return rates and keep titles in print longer

## **Policies, Programs and Activities**

The Department supports Canadian books through legislation and funding programs.

### **Investment Canada Act and Foreign Investment Policy**

The *Investment Canada Act* provides for the review of significant investments by non-Canadians to ensure net benefit to Canada. The Foreign Investment Policy in Book Publishing and Distribution, on the one hand, favours Canadian ownership and control of businesses operating in the book sector while, on the other hand, works in tandem with the *Act* to propose conditions for beneficial foreign investment.

### **The Book Importation Regulations of the *Copyright Act***

Canadian publishers and distributors invest time and money to purchase the exclusive right to distribute books in Canada. The Book Importation Regulations protect these distribution agreements by making the purchase of books from foreign sources an infringement of copyright. The overriding purpose of the regulations is to build a stronger domestic industry that is better able to invest in Canadian books.

### **Book Publishing Industry Development Program**

The Book Publishing Industry Development Program (BPIDP) is the federal government's principal funding mechanism in support of Canadian books, providing approximately \$37M in annual funding to the industry. The principal objective of BPIDP is to ensure readers have access to a diverse range of Canadian books at home and abroad. The program aids Canadian-owned publishers in producing and promoting Canadian-authored books; it funds collective projects linked to capacity building, provides funding to strengthen and modernize the supply chain for books in Canada, and supports international marketing efforts to help Canadian-owned publishers increase their export sales.

## Total BPIDP Funding by Component 2006-07

Aid to Publishers	Collective Initiatives	Supply Chain Initiative	International Marketing Assistance	Total
\$26.2 M	\$2.9 M	\$2.8 M	\$4.8 M	<b>\$36.7 M</b>

Additional information on BPIDP is available at [www.canadianheritage.gc.ca/bpidp](http://www.canadianheritage.gc.ca/bpidp)

## Results

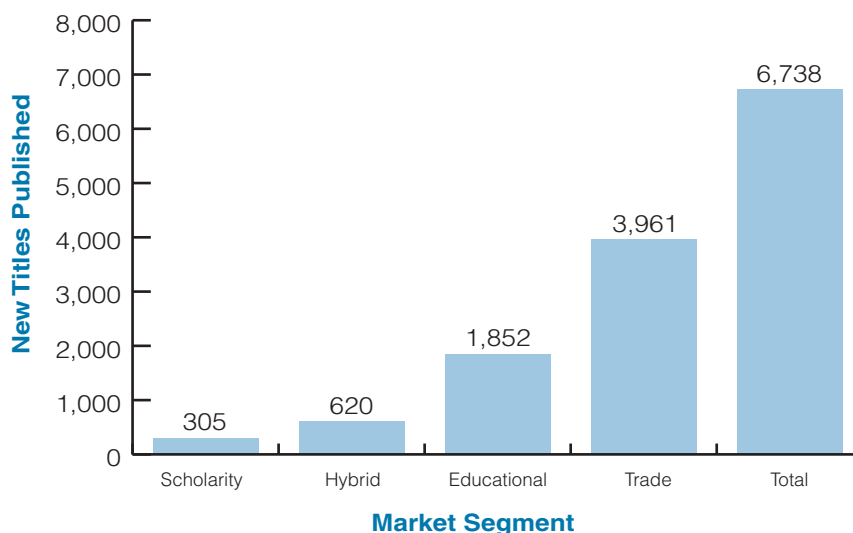
### New Voices

The publishers supported by BPIDP play a critical role in bringing new voices to Canadians. The 226 firms funded by the program in 2006-07 published nearly one thousand titles written by first-time authors.

### New Stories

In BPIDP's first year of operation in 1979, funding recipients published 2,162 new titles. By 2006-2007, this figure had nearly tripled to 6,738 new titles in one year. Trade publishers, which produce books that are intended for the public in general (e.g., literary works, how-to books and dictionaries), accounted for almost 60 percent of the new titles produced in 2006-07. Educational publishers were responsible for approximately one quarter of the new titles. The remaining 925 new books were produced by scholarly publishers and hybrid companies, which publish titles in more than one market segment.

### New Title production By 2006-2007 BPIDP Recipients





## Technology

A priority of BPIDP's Supply Chain Initiative is to support the upgrading of bibliographic data on books for sale in the Canadian market. High-quality bibliographic data is the foundation of an efficient digital-based supply chain, which includes innovations such as online ordering by retailers. To remain eligible for funding provided in 2006-07, publishers had to achieve a set level of data quality by the end of the fiscal year. Many publishers met or exceeded this standard, with 151 publishers certified at or above the required level.

# SUCCESS STORY

## Introduction of Sales Data Analysis

■ ■ ■ BookNet Canada (BNC), a BPIDP funding recipient, is a not-for-profit entity dedicated to technology innovation in the Canadian book industry. In 2006-07, BookNet launched a comprehensive sales data analysis service for the English-language market. BNC SalesData tracks sales from over 650 sources across Canada, from traditional book retail chains and independent booksellers to airport shops, grocery chains and online sources.

BNC SalesData provides meaningful, real-time reports to publishers and retailers on what is selling, helping the industry to optimize print runs, analyze pricing strategies and maximize sales

## Next Generation of Canadian Publishers

The number of publishing internships supported by BPIDP has grown nearly every year since the launch of this support in 2000-01. To date, this initiative has helped 75 publishing firms and industry associations provide internships. For both the interns and their employers, the results of this funding have been extremely positive. Most notable is the fact that approximately 70 percent of interns are offered permanent positions by their hosts.

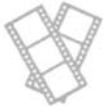
## Reaching Canadians and the World

Although Canadian-owned publishers are generally small to medium-sized, they published 85 percent of new titles and accounted for half of the sales of books published in Canada. BPIDP recipients' sales of Canadian-authored titles reached \$389 million in 2006-07, an increase of 8 percent over the previous year.

Canadian book publishers have increased their exports significantly over the last decade. According to the latest statistics, Canadian-owned publishers generate more than \$287 million yearly in exports and foreign-rights sales. Those receiving BPIDP International Marketing Assistance now sell in over 90 foreign markets, compared to 41 markets in 1993. This includes major markets, such as the U.S., U.K., France and Australia, as well as emerging markets, such as India, China and Eastern Europe.



## Film and Television Production



Canada's film and television production industry focuses a unique lens on both Canada and the world, shaping how we see ourselves and influencing how the world sees our nation. In film, Canada ranks with the world's best, winning awards at the most prestigious film festivals, including Cannes, Berlin, Toronto and Sundance. Canada's filmmakers are renowned for their artistic excellence – one only has to look at Denys Arcand, Atom Egoyan, David Cronenberg, Deepa Mehta, Clement Virgo, and Zacharias Kunuk to see the extraordinary cultural legacy of Canadian filmmakers.

The compelling stories of Canada's creators are also reflected on television, where successful programs such as *Corner Gas*, *This Hour has 22 Minutes*, *DaVinci's Inquest*, *Un homme mort* and *Les Bougon* showcase homegrown writers, directors and actors. Many Canadian television shows are also performing well internationally, winning awards throughout the world, securing distribution deals and selling their concepts in dozens of countries, including south of the border.

### Industry Overview

#### Creators

The credits at the beginning or end of a film or TV show testify to the incredible number and variety of people employed on any one production. They include directors, screenwriters, actors, composers, cinematographers, editors, art directors and many more. There are approximately 2,800 screenwriters, 3,900 directors and 31,300 actors in Canada.

#### Producers

Producers essentially run the productions. They acquire rights, develop projects, hire the creative team, secure financing and arrange for distribution. Canada has over 600 production companies, most of them small-to-medium size.

#### Distributors

Distributors play a crucial role in a production's success. They provide an advance on future revenues, license productions to broadcasters, and promote and market within Canada and abroad. There are 132 distribution companies operating in Canada – 119 Canadian and 13 foreign-owned. Foreign companies capture the bulk of distribution revenue due to their relative size.

The film and television production industry contributes almost \$4 billion to Canada's gross domestic product on an annual basis and employs over 124,000 people. Our programs include tax credits and targeted funding to help sustain a strong domestic industry in Canada.



## Audiences

Film and television productions are brought to audiences at the cinema, on DVD and video (sales and rentals), as well as through broadcasting, pay TV, pay-per-view, and specialty and conventional television. Broadcasters pay a license fee for the right to broadcast a film or television program and often have a voice in its creation. Canadians are avid TV and film fans. In 2005-06, Canadians watched an average of 27.6 hours of television a week, and spent \$831 million at the cinema box office.

## Trends

The majority of Canadians still watch movies in theatres, on DVD or TV. However, early adopters are starting to change their viewing habits. Spending on video-on-demand is increasing, with 20 percent to 31 percent of Canadians indicating that they already use or are likely to use video-on-demand services in the next year. More and more are also using the Internet to rent videos – a recent study estimated that online rental subscriptions will reach sales of \$101 million in 2007 and will grow at a rate of 93 percent over the next four years. Unlike music, downloading from the Internet is not a significant practice yet because video files are very large and bandwidth capacity is limited.

Similarly, the viewing of feature films over handheld mobile devices is subject to fundamental limitations such as very small screen size, bandwidth and quality of service. These limitations are expected to contain the appeal of viewing feature films over mobile devices – at least in the foreseeable future.

On the television side, the industry is in a period of transition. Canadians are embracing technology, and while viewing of traditional television remains strong, it is clear that digital technology is changing the landscape. The availability of the content on multiple platforms and new features, such as high-definition television, personal digital video recorders and interactivity are giving Canadians more dynamic experiences and more control over the content.

Where technology is having the most significant and immediate effect is with a new breed of filmmakers who use digital cameras and digital post-production technologies to create content and then use Internet broadcasting and distribution to disseminate their creations. These changes are affecting all elements of the audio-visual value chain, from creation to viewing of finished products, thus creating new business models.

## Policies, Programs and Activities

Canadian Heritage supports every sub-sector of the film and television production industry with legislation, funding programs and policies that encourage high quality production, distribution and promotion. The Department's partners, including Telefilm Canada, the National Film Board of Canada, the Canadian Television Fund, the Canadian Broadcasting Corporation/Société Radio-Canada and the Canadian Radio-television and Telecommunications Commission (CRTC), contribute to the development and promotion of Canadian content.

A variety of legislation supports the industry, including the *Copyright Act*, international co-production treaties, and the *Income Tax Act*. In addition, the *Broadcasting Act* has Canadian content regulations and the *Investment Canada Act* provides a framework for foreign investments in the cultural industries.



## **From Script to Screen: The Canadian Feature Film Policy**

The Canadian Feature Film Policy (CFFP) helps strengthen the Canadian feature film industry and build audiences. The main element is the Canada Feature Film Fund, a \$96 million fund administered by Telefilm Canada. The fund provides a range of support to the industry for activities from screenwriting and production to marketing.

## **The Canadian Television Fund**

The Canadian Television Fund (CTF) is a public-private partnership between the Government of Canada and the Canadian cable and direct-to-home satellite industries. It funds the production of high-quality, distinctly Canadian television in the genres of children and youth programming, drama, documentary, variety shows and performing arts. The CTF, which invests about \$260 million a year, is administered by Telefilm Canada.

## **Tax Credits**

Two tax credit programs are established under the *Income Tax Act*: the Canadian Film or Video Production Tax Credit (CPTC) and the Film or Video Production Services Tax Credit (PSTC). They are co-administered by the Department of Canadian Heritage's Canadian Audio-Visual Certification Office and the Canada Revenue Agency. The CPTC's objective is to encourage Canadian programming and to develop an active domestic production sector. The PSTC is designed to enhance Canada as a location of choice for Canadian and foreign film and video production. In 2006-07, the CPTC supported projects with tax credits estimated to be worth more than \$195 million, and the PSTC supported projects worth more than \$135 million in tax credits.



## Total Funding and Tax Credits by Component 2006-07

Canadian Feature Film Fund	Canadian Television Fund	Canadian Film or Video Production Tax Credit	Film or Video Production Services Tax Credit	Total
\$96 M	\$120 M	\$195 M	\$135 M	<b>\$546 M</b>

More information on film and television programs is available at:  
[www.pch.gc.ca/linkforguidetofedprogs](http://www.pch.gc.ca/linkforguidetofedprogs)

## Results

### New Feature Films and TV Shows

In 2005-06, the total production value of Canadian feature films produced was \$324 million, with 80 films produced. In the same year, the value of Canadian television production stood at \$1.8 billion, with 7,929 hours of original programming produced.

## SUCCESS STORY

*Little Mosque on the Prairie*, the comedy centered around a Muslim community in Saskatchewan, has been drawing a television audience of 1.2 million viewers in Canada. The show won two awards at the latest edition of the Rome TV Festival and won an Annual Media Award from the U.S.-based Muslim Public Affairs Council. It also won the Canada Award at the 2007 Gemini Awards Gala. In the near future, the show will be aired abroad in places such as France, Switzerland, Israel, the West Bank, Dubai and Finland..

*Bon Cop Bad Cop*, the comedy about a francophone cop and an anglophone cop forced to work together, opened in August 2006, and by December had grossed \$12.3 million. Those box office receipts represented 35 percent of the total box office for Canadian films that year, making *Bon Cop Bad Cop* one of the highest-grossing domestic films of all time.

In 2005-06, the CPTC supported 1052 film and television projects. Many of these projects also benefited from the Canadian Television Fund – 2,275 hours of new Canadian programs were supported by the CTF in 2005-06. CTF-supported productions represented more than 45 percent of the volume of Canadian television production that year. Since its inception in 1996, the Fund has invested more than \$2.3 billion towards the production of 23,141 hours of Canadian television programming. In terms of leverage, for every dollar the CTF invests, \$3.3 is invested by the private sector.



## Reaching Canadian Audiences

In 2006 Canadian films captured 4.1 percent of box office revenues, compared to 89 percent for US-made films, and 6.9 percent for other foreign-made films. However, the French-language and English-language markets differ. In 2006, French-language films earned 17 percent of French-language box office revenues, while English-language films earned 1.8 percent of the market, down from 2005.

In 2006, 62 Canadian films were screened in cinemas in Canada for at least one week. Seven Canadian films earned more than \$1 million in box office revenues, including *Bon Cop Bad Cop*, *Trailer Park Boys*, *Silent Hill*, *Maurice Richard*, *Les boys IV* and *Un dimanche à Kigali*.

In 2005-06, Canadians spent over half of their overall television viewing time watching Canadian television programs. Drama was the most watched genre of programming in Canada, with more than 24 percent of the total drama viewed being Canadian. Through the years, the CTF has financially supported highly acclaimed productions such as *Little Mosque on the Prairie*, *DeGrassi: The Next Generation*, *Ramdam*, and *Annie et ses hommes*.

## Reaching International Audiences

The film and video sub-sector is a major exporter, exporting \$556 million in physical goods in 2006 and \$2 billion in film and video services (including foreign location shooting) in 2004. Many of our films and TV shows have international appeal. For instance, Jean-François Pouliot's *La grande seduction* and Denys Arcand's *Les invasions barbares* received international acclaim. *DeGrassi: The Next Generation* is now aired in over 150 countries around the world, including the U.S., while the concept for the television program *Un gars, une fille* has now been sold in thirty different countries.

## Canada as a Shooting Location

Foreign location shooting helps generate employment of Canadians in film and television production, and attracts foreign investment that builds infrastructure and capacity in the production industry. This type of activity represents a significant portion of film and television production in Canada. In 2005-06, the volume of foreign location production was \$1.7 billion, representing over a third of the total production activity in Canada. Sixty percent of the foreign location production activity was for feature filmmaking in 2005-06. The PSTC supported 200 foreign location shooting projects that year.



## ■ ■ ■ Interactive Digital Media



In recent years, Canadians have become avid fans of new pastimes like console gaming, blogs and social networking on the Internet. These activities are all part of the interactive digital media industry, the newest of the cultural industries. Knowledge-based and blending the disciplines of science and art, it is quickly rising to be one of the largest sub-sectors in culture. Interactivity is at the heart of interactive digital media's appeal, making audiences a part of culture in ways never before possible. Unlike other media consumption, the audience is not just listening and viewing the content, but can also interact, challenge and even change the content.

Interactive digital media has also spawned talented content creators. Canada is home to innovative creators and companies, such as Matthew Hornburg, Jacqueline Jung, MyThum Interactive, Hothead Games and Tribal Nova – names that may not be known to the average Canadian, but that are recognized worldwide as leaders in this exciting field.

### Industry Overview

The interactive digital media industry is difficult to pigeonhole because it is constantly evolving. Like other cultural industries, it employs large numbers of people. In 2005, 3,200 firms employed over 50,000 people and generated \$5 billion in revenues related to cultural and other business sectors (e.g. development of corporate Web sites).

### Creators and Producers

Interactive digital media creators generate the content for interactive applications, such as animation, games, learning tools and kiosks for museums. Producers work for firms like video game developers. The number of video game companies in Canada has tripled from 2005 to 2006, reaching 300. Canada is also home to the two largest game development studios in the world (by revenues and by number of employees) – Electronic Arts and Ubisoft.

### Distribution and Audiences

Interactive digital media is so diverse that there is no set business model for reaching audiences. Some content is bought in stores, some online, and some is free. For instance, e-learning software and video games can be purchased in physical format in a bricks-and-mortar store or online, but a user can also go to a Web site to access the product in digital format. In addition, on the Internet, consumers are often participants in creating the content. It could be as simple as rating a television show, or as sophisticated as participating in building a project online with hundreds of others.

Canadians have eagerly embraced interactive digital media. For example, they spent just under \$1 billion on video games and accessories in 2006, exceeding the \$831 million spent at the box office by moviegoers the same year.

The Canadian interactive digital media industry generated \$5 billion in revenues in 2005. Canadian Heritage invests over \$19 million to foster creation and growth in this cultural industry.



## Trends

The scope, reach and revenues in the interactive digital media industry have grown enormously, and continue to grow. The large innovative talent pool working in interactive digital media has attracted significant foreign investment. Mobile devices now offer better graphics at a lower cost, and increase the demand for interactive content, such as video, music and interactive games, and provide opportunities to increase access to Canadian content.

YouTube, blogs, podcasts, Facebook and Second Life are changing the way people socialize and share their own digital content. Canadians are increasingly using the Internet to access cultural content. Online access to information, entertainment and friends is a social phenomenon offering huge potential to the interactive digital media industry and the other cultural industries.

## Policies, Programs and Activities

The Department works with creators, cultural industries, communities and institutions to produce and distribute digital content that promotes our culture, arts and heritage. In addition to the funding provided through other programs, the Department funds creation and growth in the interactive digital media industry through four key programs. The *Investment Canada Act*, which provides a framework for foreign investments in the cultural industries, is another tool the Department can use to support the Canadian interactive digital media industry.

## Funding

### Canada New Media Fund

This fund is the federal government's primary source of support to the interactive digital media industry. Administered by Telefilm Canada, this \$14 million fund primarily supports the development, production and marketing of new interactive works in both official languages.

### New Media Research Networks Fund

The New Media Research Networks Fund provides \$4.7 million in funding to public- and private-sector partners to develop networks for research and development and information sharing. In the long term, this will lead to more innovation and productivity in the industry, making Canada's interactive digital media industry more competitive internationally.

### New Media R&D Initiative

This fund provides almost \$800,000 to support applied research in technology and culture with an emphasis on strengthening the research and development capacity of small and medium-sized companies.

### New Media Sector Development Fund

The New Media Sector Development Fund provides incentives for projects to strengthen industry growth in Canada and in international markets, with about \$200,000 in funding.



## Total Funding by Component 2006-07

Canada New Media Fund	New Media Research Network Fund	New Media R&D Initiative	New media Sector Development Fund	Total
\$14.0 M	\$4.7 M	\$0.8 M	\$0.2 M	<b>\$19.7 M</b>

More information is available at <http://www.pch.gc.ca/progs/pcce%2Dccop>

## Results

Canadian Heritage’s interactive digital media programs have not only led to new digital content but to the creation of new technology applications, new business models and new markets.

### Creating New Content

The Canada New Media Fund supported 112 content creation projects in 2006-07. Many of the projects were to produce content for the Internet. The more popular sites attract thousands of visitors each month. Projects include *HistoriCanada*, the world’s first video game based on Canadian history, which puts players in control of Canada’s destiny; *Supergroup*, an interactive music game allowing players to create a band or music— then share it online, rate compositions and download ring tones; the cultural tourism Web site *Made in Vancouver*; and the children’s television Web site, *This is Emily Yeung*, which allows parents and kids alike to interact with the content, including purchasing downloadable episodes.

### Developing Technology

In 2006-07, the New Media Research Networks Fund supported six interactive digital media research networks, involving 44 different organizations partnering on leading-edge research. During the first year of operation, the New Media R&D Initiative funded six individual research projects. The investments have led to knowledge advances, attracted highly qualified workers to the field and sponsored seven innovative interactive digital media tools such as the Panoscope 360, created by Luc Courchesne of Montreal’s Society for Arts and Technology. The Panoscope is an immersive media device with significant potential for artistic creations, games, simulations and telepresence applications. For a deeper understanding, explore [http://www.tot.sat.qc.ca/dispositifs\\_panoscoes.html](http://www.tot.sat.qc.ca/dispositifs_panoscoes.html).

### Building and Sharing Knowledge on the Interactive Digital Media Sector

The New Media Sector Development Fund invested in a number of projects to strengthen the interactive digital media industry, including the first major study of the industry. *The Canadian Interactive Industry Profile 2006* provides crucial information on the size and scope of this fast-evolving industry. This study serves as a benchmark to track the evolution of the industry in the years to come. Another key initiative funded was the *Canadian New Media Awards*. In addition to celebrating the best in interactive digital media, the event also increased Canadians’ awareness about the industry, due to extensive media coverage.



The Canada New Media Fund also supported events and initiatives that enabled the industry's top creative minds to share their ideas via networking opportunities. Noteworthy events supported by the fund were the Vancouver International Digital Festival and the Montréal International Game Summit.

## SUCCESS STORY

■ ■ ■ *Bite Buddy* is a mobile application that integrates the interactive content on *bitetv.ca* and BiteTV. It gives viewers a simple, convenient and customized way to interact with the channel's interactive programming through their mobile device by:

- playing home game versions of the shows on their mobile handset;
- sending text and/or images to screen via "short message service" and "multimedia messaging service" for crawl and chat;
- contributing to polls and voting.



*rendezvousvoyageur.ca* offers a new look at a fascinating period in Canadian history—that of the voyageurs who ventured into the Canadian West in the 18th and 19th centuries. The Web site includes numerous interactive activities, a thorough reference tool, information on the TV documentary *Les Voyageurs*, and an exhaustive list of available resources on the subject.



## ■ ■ ■ Music



The world tunes into Canada's music – our musicians have topped the charts on every continent, a tribute to their excellence and diversity. The country is rich with stars such as Sarah McLachlan, Daniel Bélanger, Blue Rodeo, Nicola Ciccone, La Chicane, and Diana Krall. Since the advent of Canadian content regulations in 1971 and with the help of government support programs, our music industry has flourished. Today, even in the face of falling global record sales, Canada is helping new Canadian musicians such as Pierre Lapointe, Feist, Arcade Fire and Dobacaracol to emerge, perfect their craft, and strive to join the list of international music stars who are proudly Canadian.

### Industry Overview

#### Musicians

Canadian musicians released roughly 2,300 new recordings in 2006 – most produced by Canadian-owned and -controlled companies or by independent artists<sup>2</sup>.

#### Recording Companies

About 300 record companies operated in Canada in 2003 – 287 were Canadian-owned- and -controlled, 13 were foreign-controlled. The Canadian-owned and controlled record companies released 89 percent of all albums by Canadian artists.

#### Retailers

Traditional CD retailers still dominate the music market but big-box stores such as Wal-Mart and Future Shop are gaining ground. In 2006, they captured 49 percent of sales in Canada, up 19 percent from the previous year, while 'online stores' such as iTunes, Puretracks and Zik.ca accounted for 6 percent of sales<sup>3</sup>. It is estimated that in 2007, licensed digital music and mobile music sales will account for 23 percent of the market.

#### Listeners

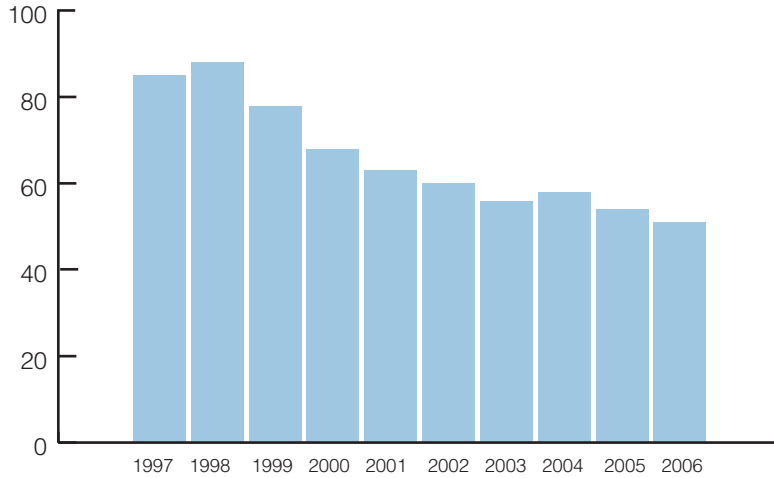
Canadians are buying and listening to homegrown music in large numbers, but not the way they used to. More and more people download music to computers, portable digital music players and cell phones rather than flipping through a store's CD bins. Despite changing habits, roughly 93 percent of Canadians believe that Canadian music is as good as or better than foreign music.

The sound recording and music publishing industry contributes over \$900 million to Canada's GDP on an annual basis. The Canada Music Fund provides \$25 million to increase access to Canadian artists in Canada and around the world.

## Trends

Over the past nine years, sound recording sales in Canada have been dropping – down by 40 percent, from a peak of 89 million units in 1998, to 53 million units in 2006<sup>4</sup>. The trend is the same worldwide. It is due, in large part, to people downloading from the Internet and fewer people replacing vinyl and cassettes with compact discs.

### Sales of recording in Canada ( millions of units) (1997-2006)



On the positive side, the music industry is fuelling the digital economy. It is driving the phenomenal growth in portable digital music players, purchases of broadband subscriptions and mobile data services. Research from mobile operators confirms music is the top entertainment product on mobile phones.

The challenge for the music industry is to develop business models that ensure the industry will continue to thrive and artists will be fairly remunerated for their creations. As the demand for CDs decreases, the digital online stores and subscription services are poised for strong growth. In 2006, nearly 14.9 million single digital music tracks were sold, and ‘album’ downloads surpassed 1 million units<sup>5</sup>. Despite a 300 percent growth in download purchases, music piracy remains a concern – worldwide, 20 billion songs were downloaded illegally in 2004-05<sup>6</sup>.



## **Policies, Programs and Activities**

The Department supports Canadian music through legislation and funding programs.

### **Canadian Content Rules and Radio Regulations**

The primary objective of the Canadian Content Rules and Radio Regulations is to encourage increased exposure of Canadian musicians to Canadian audiences. The Canadian Radio-television and Telecommunications Commission policies and regulations ensure that Canadian works are played on Canadian radio stations by setting out broadcasters' minimum requirements for Canadian and musical content. For example, all radio stations must ensure that 35 percent of their popular musical selections are Canadian.

### **Investment Canada Act**

*The Investment Canada Act* provides for review of significant investments by non-Canadians to ensure net benefit to Canada.

### **Canada Music Fund**

Canadian Heritage provides \$25 million a year to the music industry through the Canada Music Fund (CMF). The CMF is the primary tool to implement the objectives of the Canadian Sound Recording Policy, 'From Creators' to Audience'. It aims to give Canadians a diverse range of Canadian music choices, and to increase opportunities for domestic music artists and entrepreneurs to succeed.

The CMF assists creators in developing their craft and business knowledge and supports the creation, production and distribution of recordings of specialized and popular music. The CMF helps ensure that Canadian music entrepreneurs have the skills and know-how to succeed in a global and digital environment, and provides financial assistance for collective initiatives such as conferences and award shows. It also supports sector associations and assists the preservation and access to Canadian music archives.

The New Musical Works and Collective Initiatives components of the CMF are administered by the Foundation Assisting Canadian Talent on Recordings (FACTOR) for the English-language sector of the music industry, and the Fondation Musicaction (Musicaction) for the French-language sector.



## Total CMF Funding by Component 2006-07

Support for Creators	Support for Creation, Production and Distribution			Industry Support		Music Archives	Total
	Canadian Musical Diversity	New Musical Works	Music Entrepreneur	Collective Initiatives	Support to Sector Associations		
Creators Assistance	Canadian Musical Diversity	New Musical Works	Music Entrepreneur	Collective Initiatives	Support to Sector Associations	Canadian Music Memories	
\$0.9 M	\$1.1 M	\$11.5 M	\$8.3 M	\$2.1 M	\$0.6 M	\$0.5 M	<b>\$25 M\$</b>

More information is available at: <http://www.canadianheritage.gc.ca/cmfmusic>

## Results

### New Voices

The number of Canadian songwriters has increased since the CMF's inception, with 22,093 Canadian songwriters receiving performing rights royalties in 2006, up from 17,645 in 2001 (a 25 percent increase)<sup>7</sup>.

### New Music

In 2006-07, the CMF provided support for the production of 332 new Canadian albums through the New Musical Works and Canadian Musical Diversity components. The 19 sound recording companies that received support through the Music Entrepreneur Component (MEC) in 2006-07 released 137 new albums by Canadian artists.

### Technology

In 2006-07, MEC-supported companies played a leading role in the shift to the digital economy, with almost 6 percent of their total album sales sold as downloads to consumers in Canada and abroad.

## SUCCESS STORY

Patrick Watson broke out to national acclaim this past year upon the release of his second album, *Close to Paradise*. Released by Montreal-based Secret City Records, the album has sold almost 40,000 units in Canada (as of September 16, 2007)<sup>8</sup>. The album also won the prestigious Polaris Music Prize and the Best Indie Pop Album award at the second annual Quebec Independent Music Awards.

The band received over \$15,000 in CMF funding in 2006-07. The funds supported three showcases, including a performance at the 2007 Juno Awards in Saskatoon. It proved to be one of the evening's highlights, and sales of *Close to Paradise* increased by 133 percent the following week<sup>9</sup>.



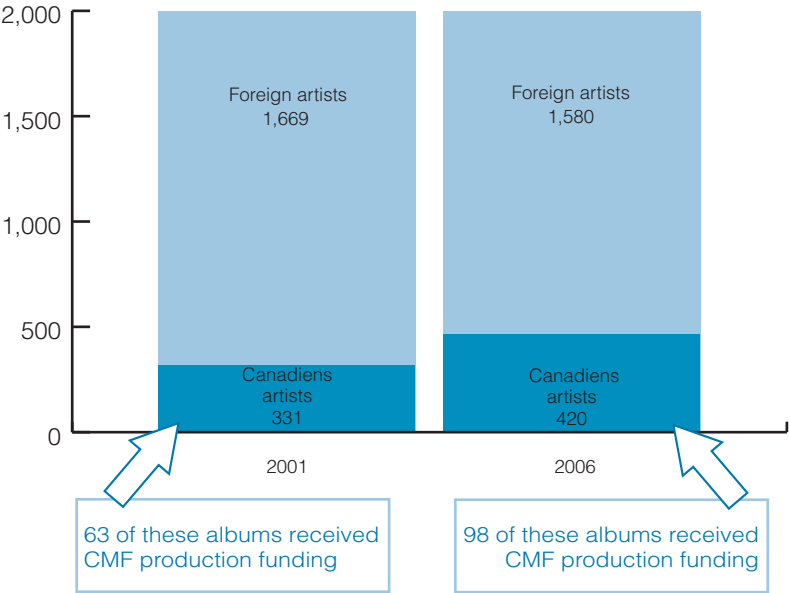


### Reaching Audiences

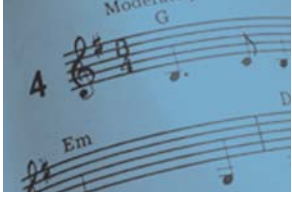
Canadians continue to purchase more Canadian music, despite the overall decline in domestic CD sales. Since the inception of the CMF in 2001, the market share of albums by Canadian artists sold in Canada increased from 16.0 percent to 22.3 percent in 2006<sup>10</sup>.

There was also a significant increase in the number of CMF-supported albums which made their way onto the top 2000 chart. In 2006, 420 albums by Canadian artists reached the top 2000 chart (up from 331 in 2001) – 244 of those albums were by artists who at one point in their career had received support from the CMF (up from 154 in 2001)<sup>11</sup>.

### Top 2000 albums Sold in Canada



Canadian music is also finding new audiences through broadcast and other media. In 2006, SOCAN disbursed performing rights royalties of over \$55 million. Since the inception of the CMF, royalties have grown by 38.4 percent, indicating that Canadian creators and artists have increased their exposure.



## ■ ■ ■ Notes

- 1 Source: Nielsen SoundScan.
- 2 Source: Canadian Music Industry Database (CMID) and Société de gestion collective des droits des producteurs de phonogrammes et de vidéogrammes du Québec (SOPROQ).
- 3 Source: The International Federation of the Phonographic Industry (IFPI).
- 4 Source: IFPI.
- 5 Source: Nielsen SoundScan.
- 6 Source: IFPI.
- 7 Source: The Society of Composers, Authors and Music Publishers of Canada (SOCAN).
- 8 Source: Nielsen SoundScan.
- 9 Source: Nielsen SoundScan.
- 10 Source: Canadian Heritage manipulation of the Nielsen SoundScan top 2000 charts.
- 11 Source: Canadian Heritage manipulation of the Nielsen SoundScan top 2000 charts.

