



**Canadian Media Production Association Presentation to
Standing Committee on Finance**

November 17th, 2014– Please check against delivery

Good afternoon. My name is Michael Hennessy, and I am President and CEO of the Canadian Media Production Association (known as the CMPA).

On behalf of the over 350, primarily English language, independent producers of Canadian film, television and digital media, we appreciate the invitation to contribute to the Committee's important work on implementing certain provisions of the Budget Bill tabled in Parliament earlier this year.

Our sector has become a success story because of an increased focus on audience and export markets and, equally important, due to the support of government over the past 20 years through its tax incentives and regulatory policies.

The success of that investment is measurable. The CMPA works with the Department of Canadian Heritage and the Quebec producer's association, the Association Québécoise de la Production Médiatique, on *Profile*, an annual economic report that tracks the production sector.

According to *Profile*:

- Expenditure on Canadian film and television production in Canada is just under six billion dollars.
- Included in that figure is approximately \$1.5 billion of spending by other countries, particularly Hollywood on U.S. shows like *Suits*, *Covert Affairs*, *Once Upon a Time*, that shoot in Canada because of the attraction of investing here and the quality of our talent and crews. These productions not only attract investment to Canada but help create over 30,000 jobs annually.
- But real success can best be measured by popularity with audience and last year we hit home runs. According to the Canada Media Fund 26 TV shows had audiences of over a million or often more. Original shows like *Saving Hope*, *Orphan Black*, *Rookie Blue* and *Murdoch Mysteries* are just a few examples of that success.

- And Canadian content is no longer just for domestic consumption. CanCon sells overseas. The export value of Canadian-made works is almost 2.5 billion dollars
- And, over 127,000 full time jobs across the country are sustained because of the system our public private partnership has created

As the Committee is certainly aware, the Government's long-standing commitment to a system of tax incentives to encourage Canadian film and television production has played an important role in this success story.

Predictable tax incentives such as the *Canadian Film or Video Production Tax Credit Program* have helped create an industry that has gained international respect. The Program-related amendments in Bill C-43 are important to further improve the efficiency of the current system.

The CMPA fully supports these amendments, which include:

- Instituting a higher ceiling for Program-eligible labour expenditures
- Expanding the pool of eligible labour to include more project development costs

- Removing the general prohibition against investors claiming tax deductions, and replacing it with a specific prohibition against tax shelter investments, and,
- Sharing enough project-related information with the public to ensure transparency in the funding system and improve industry trending analyses

These progressive changes are the fruit of many years of dialogue between the sector and Government. They will provide clarity and guidance to Canadian producers when closing business deals and securing financing.

In parallel, as the industry moves into a more globally competitive and consumer-driven model for broadcasting, anchored by pick-and-pay options and increased competition from the Internet, we will be working closely with the Government on further increasing the efficiency of the Program to maximize its intended return to producers and to the economy.

The support of the Committee in the future would be very valuable as we map out our plans.

For example, we are looking to:

- Resolve certain administrative complexities that delay Program application processing causing greater interim bank financing charges that reduce the Program's tax benefit to the sector.

We are also looking to:

- Reduce some of the grinding effect created by various federal tax measures on the federal tax credit that may inadvertently reduce incentives for increased private investment in the sector.

From a broader perspective we believe growth will come from exports and increased inward investment in the sector.

Accordingly we want to collaborate with government going forward to increase export opportunities and partnership with other countries to better exploit the intellectual property Canadians create.

We believe that in a global information economy, film and TV are not merely cultural products but an economic opportunity to build new and global markets around trade in content.

Just as government support was critical in building a world class domestic system, we believe government, through its trade arm, could help facilitate access to international film, television and digital media markets and related financing opportunities. Through export and other dedicated international programs, Government and its agencies could actively support and promote the efforts of Canadian producers in securing foreign financing and increasing their business potential around the globe.

All this will lead to more jobs in Canada, more business opportunities for Canadian producers, and more business and investment revenues for the Canadian economy.

In closing, I'd like to thank the Committee again for allowing me, on behalf of the CMPA, to appear before you today. But I would be remiss, if I did not end again with thanks to the government and the taxpayers it represents for its faith that the incentives it put in place would deliver returns in terms of popular content, high value jobs and increased inward investment in Canada. A spinoff of this is a reputation that, when it comes to entertainment, Canada is a favoured destination to do business.

I'd be pleased to answer any questions that the Committee may have.