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The global media production sector is undergoing a period of profound technological innovation and digital advancement. In Canada, this shifting environment has called attention to existing policies, programs and regulatory frameworks that have served our production industry well for many years.

Without a proactive evaluation of the impact of this digital shift, Canada’s policy “toolkit” risks becoming disconnected from the digital environment in which consumers often access content today. As a result, frameworks that have been the foundation for our success for many years need to be reviewed and, in some cases, updated to address new and emerging digital realities.

That is why, as independent producers, we have fully embraced Minister Joly’s *Canadian Content in a Digital World* consultation.

Our comprehensive 12-point plan for updating the system is the result of considerable consultation and discussion with our members. We conducted town-hall meetings across Canada, from Vancouver to Halifax, and heard from more than 100 member companies about the practical challenges and opportunities they see in front of them. We debated on conference calls, gathered around boardroom tables and toiled on task force groups – all to develop the best possible set of policy recommendations that will position the sector for success for years to come.
EXECUTIVE SUMMARY

Recommendation 4: Expand the range of triggers for public financing from the Canada Media Fund, Telefilm Canada and the Canadian Film or Video Production Tax Credit (CPTC) to any platform accessible to Canadians. At the same time, ensure that only companies that make a mandated contribution to the creation and presentation of made-in-Canada content are able to access these funds.

Recommendation 5: Relieve the heavy administrative burden on producers by enhancing the overall efficiency and effectiveness of the system, and reducing duplication by the Canadian Audio-Visual Certification Office, Telefilm Canada and the Canada Media Fund.

Active consultation: CMPA staff and members discussed how best to ensure a bright future for Canada’s production sector in a series of cross-country town halls.

Context is extremely important in terms of weighing our recommendations. As a result, we have organized this document very deliberately into two sections.

In Section One, we explain the work we do as Canada’s independent producers, and how policy implications that impact us will cause ripple effects throughout the entire system. This section establishes the rationale for our recommendations.

In Section Two, we describe our recommendations in detail.

These recommendations, briefly summarized here and outlined in detail further below, follow the order in which the challenges were laid out in the Minister’s consultation paper.

At a summary level, our recommendations are as follows:

Recommendation 1: Launch a “Brand Canada” Discoverability Strategy to increase domestic and global awareness of, and demand for, made-in-Canada screen content.

Recommendation 2: Modernize the federal policy framework by requiring contributions from all services and platforms that benefit from being part of the Canadian system, including Over-the-Top (OTT) services and Internet Service Providers (ISPs).

Recommendation 3: Expand the definition of Canadian content to include new Canadian elements, and, at the same time, explore introducing additional financial incentives within the tax-credit system to maximize the use of Canadian creative talent.
Recommendation 6: In strategic partnership with Innovation, Science and Economic Development Canada (ISED), create a Screen Innovation and Entrepreneurship Fund, tailored to the unique needs of Canada's media content entrepreneurs, that provides supports and builds in-house capacity around innovation, prototyping, and technology adoption.

Recommendation 7: Develop strategic partnerships between Heritage and other ministries such as ISED, the Ministry of Small Business and the Ministry of International Trade to further the development of business and innovation in Canada's content sector.

Recommendation 8: Ensure that appropriate safeguards are implemented by all federal organizations to ensure a fair and equitable playing field in Canada in the negotiation of rights to made-in-Canada content.

Recommendation 9: Undertake a distinct and separate review of the Canadian Broadcasting Corporation (CBC) and its founding legislation to position the CBC as a globally respected commissioner of distinctly Canadian, innovative and risk-taking content.

Recommendation 10: Require the CBC to help strengthen the independent production sector in Canada by entering into a Terms of Trade agreement with independent producers.

Recommendation 11: Work in collaboration with industry stakeholders, including other levels of government and provincial agencies, to develop and implement a concerted national export strategy for Canadian screen-based content. The strategy would comprise a range of modernized export programs and services necessary for Canada’s media content industries to be globally competitive.

Recommendation 12: Offer new fiscal incentives to attract third-party private investment and production financing.

Looking ahead, the CMPA would be pleased to spearhead initiatives such as striking working groups with other key stakeholders in our sector to determine the practicalities of moving forward with these recommendations. Producers know how to pull the various players in the film, TV and digital industry together, so to the extent we can lead a next-steps process in cooperation with the Department of Canadian Heritage, we would be happy to do so.

About the CMPA

The Canadian Media Producers Association (CMPA) is the country’s leading member-based advocacy organization for independent producers. We represent hundreds of companies engaged in the development and distribution of English-language content made for television, cinema and digital media channels. The CMPA works to promote the continued success of the Canadian production sector and to ensure a future for the diverse content made by Canadians for both domestic and international audiences. For more information please visit www.cmpa.ca.
CANADA’S INDEPENDENT PRODUCERS
What unites a population of 36 million citizens, spread across 10 million square kilometres? What bonds us with a sense of belonging, a common sentiment about our country and our shared culture? How does the rest of the world discover who we are, what we believe in, and what we stand for as Canadians?

In large part, it is the stories we tell one another. Our ability to share with each other helps us to define our values and promote ourselves to the world. Storytelling advances our culture. It is our culture.

Canada’s independent producers help bring these stories to life through the production of compelling content. Working in film and television, and breaking boundaries across a host of new digital platforms, independent producers – in companies of all shapes and sizes – tell stories that represent all Canadians and reflect the diverse and varied voices that make up this great land.

A look at the numbers (2015)¹
- Canadian TV and film production volume: $7.1 billion
- Canadian TV and film export value: $3.2 billion
- GDP generated: $8.9 billion
- Full-time equivalent jobs created: 150,000

Reflecting Canada’s Incredible Diversity

Canada’s population is made up of people with diverse backgrounds, experiences and histories. And Canada’s independent producers – from large established companies to small start-ups and all those in between – are well positioned to tell the stories that promote the true range of Canadian voices. Simply put: we develop and produce stories that reflect our population and then we take them to market.

Independent producers ensure that made-in-Canada content represents all of our citizens, not just those with the loudest voices or the biggest bank accounts. The stories we produce push us forward as a nation. They ask difficult questions, helping us to confront our past and face the challenges that lie ahead.

That is why independent production companies of all sizes play such a critical role in our sector. But we also recognize that we are a part of a larger ecosystem, and in that ecosystem, everyone has an important role to play. As the orchestra conductors that bring all of the creative and financial elements together to produce great content, independent producers appreciate the valuable contribution that each of these elements make to the wider ecosystem.

That is why none of our recommendations attempt to identify “winners” or “losers,” or to play one group of stakeholders against another. We have built an industry through constant collaboration and adaptation, and believe that little weight should be given to voices that suggest that any part of our ecosystem is expendable.

Certainly, independent producers play a unique role in that ecosystem. We are nimble. We can pivot quickly to embrace new platforms and storytelling media, and find new business models in a rapidly changing environment. We are willing to take risks at the early stages. The truth is that developing an idea into a viable entertainment property is a messy process and the failure rate is high. But we are driven, first and foremost, by an abiding passion for storytelling and a determination to bring those stories to Canada and the world.

Perhaps most importantly, as independent producers we reflect Canada’s diversity – geographically, culturally, and linguistically. We find and share Canada’s most compelling stories from large cities to small communities, and in every corner in between. As creative entrepreneurs, we know our local creative community and the best sources for homegrown stories. Broadcasters and distributors have long counted on us as independent producers to deliver locally specific material that has national and international potential. It’s what we do and we do it well.

Some stories must be told, no matter how painful. Producer Lisa Meeches can vividly recall the release of a global UN study four years ago showing that by the time the majority of indigenous women turn 18, they are likely to have been victims of abuse, or become addicts, or be dead. She was pregnant with her first daughter. “Here I was with this little indigenous girl in my belly. I was afraid,” she said. So an idea took hold. Meeches and her company Eagle Vision produced a new TV series called Taken, which debuted on the Aboriginal Peoples Television Network and CBC in fall of 2016. Each of 13 episodes spends 30 minutes looking at cold-case files of murdered and missing women, hoping to generate tips from the public to solve some of these tragic cases. With the issue of murdered and missing indigenous women taking centre stage as a national issue, many people in indigenous communities were concerned about how Taken would portray them. Producers focused on breaking down the stereotype of missing indigenous girls and women as runaways and drug addicts. “I will say I had never – as an indigenous producer – been faced with the fact that families were so fearful because of how media portrayed their loved ones,” says Meeches. “They were [seen as] not-so good people – addicts, prostitutes, troubled women. But they’re so much more… [in] 70 per cent of our stories, these women come from good, holistic families that were loved and had teachings and culture behind them.” She added: “I have to face my community at the end of the day, so I can’t afford to sensationalize these stories. We have to tell the truth.”

Fostering Talent

Independent producers are the nerve centre of Canada’s creative media industry, and all creative industries are talent-driven.

That’s why the most important job of every independent producer is to identify, nurture and showcase creative talent – and Canadian talent first and foremost. Screenwriters, directors, actors and crew all play a crucially important role in developing world-class content. Independent producers understand that we need to hire and develop Canadian talent, because we know that it’s through the development of talent that great content ultimately gets made.

But just as independent producers need great creative talent, so too do screenwriters, directors and performers need us. If they are the storytellers, we are the storymakers. We translate the words on the page into images on screens of every size and shape.

A Natural Resource

Canada’s media production sector – the stories we tell and the team of the talented individuals who bring them to life on the screen – is a hugely valuable, and renewable, natural resource. The work of Canada’s independent producers not only celebrates our culture and promotes a cohesive national identity, it also provides economic opportunity. And like other natural resources, our media production sector promotes prosperity right across the country.

In 2014/15, for each dollar of public sector funding invested in the media production industry in Canada, there was a resulting $5.92 in total GDP generated from film, TV and digital production activity.

Our sector generates billions in economic activity every year, and it creates good, high-paying jobs. And not just jobs for actors, directors, writers, and editors. It’s also jobs for the carpenters who build sets, the electricians who manage the lighting, and caterers who feed the crew. It’s booked post-production and visual-effects houses, using world-class digital technologies. It’s blocks of reserved hotel rooms and fleets of reserved rental cars. It’s busy taxi drivers and full restaurants. The production sector drives economic growth right across Canada in communities large and small.

Degrassi: Next Class – Epitome Pictures, a division of DHX Media

**ECONOMIC IMPACT OF**

**BORN TO BE BLUE**

*Born to Be Blue* is a film starring Ethan Hawke that reimagines the life of jazz trumpeter Chet Baker in the late 1960s.

The film was produced by New Real Films and was released on March 30, 2016. Filming took place in Sudbury, Ontario, and surrounding communities over a period of 25 days. Pre-production activities took place in both Toronto and Sudbury.

- **$9.5M** TOTAL ECONOMIC OUTPUT
- **101** FULL-TIME JOBS
- **$2.9M** SPENT ON EMPLOYMENT
- **$1.3M** SPENT ON GOODS & SERVICES

**CANADA**

- **CANADIAN FILM & TELEVISION PRODUCTION TAX CREDIT** IMPACT PER DOLLAR:
  - **$44.25** ECONOMIC OUTPUT
  - **$31.37** IN GDP
  - **$4.25** FEDERAL TAX REVENUES

**ONTARIO**

- **NORTHERN ONTARIO HERITAGE FUND** IMPACT PER DOLLAR:
  - **20.1** FULL-TIME JOBS PER $100,000 OF NORTHERN ONTARIO HERITAGE FUND
  - **$1.64** PROVINCIAL & MUNICIPAL TAX REVENUES
  - **$13.49** IN GDP

**$900,000** FEDERAL:

**$700,000** PROVINCIAL

Direct and indirect benefit.
Independent producers contribute to the renewability of our sector by creating a virtuous cycle of creativity and innovation in Canada. The ongoing health and growth of our large and medium-sized production companies help clear a path for the entry into the system of smaller independent start-ups and provide opportunity for them to blossom. This is the benefit of a mature independent production industry in Canada. We must continue to foster this environment that constantly regenerates new independent production companies across the country and, in doing so, helps enshrine the kind of diversity that is central to Canada’s DNA.

Beyond creating jobs and driving economic activity, Canada’s producers deliver memorable Brand Canada images to domestic audiences and to the world: from the vision of Newfoundland and Labrador in The Grand Seduction (Morag Loves Company, Max Films Productions), to life on the Prairies in Corner Gas (Three Thirty-Five Productions, Vérité Films) and Heartland (Seven24 Films, Dynamo Films), to Vancouver-based Motive (Lark Productions, Foundation Features), to the Nunavut setting of Atanarjuat: The Fast Runner (Isuma Igloolik Productions) and the cross-country motorcycle journey captured in One Week (Mulmur Feed Company). It’s something that we take immense pride in as independent producers.

Independent Producers
Make It Happen

So what does an independent producer do? First and foremost, independent producers are cultural entrepreneurs. We are the risk takers who start with a spark – an idea, a concept, or a story – and work with creative talent and our broadcasting and distribution partners to build it into a full-form narrative to be told on screen.

The unique function of independent producers is to find and develop the next great idea – without producers filling that high-risk function, broadcasters would not have material to choose from and the system would stop innovating.

Broadcasters have always been free to develop ideas and produce their own original content, but they have overwhelmingly chosen not to. Why? It’s because this early stage of development carries too high a risk-to-reward ratio. And that’s fine – we are willing to tolerate the high risk and lower margins of early development, because we know that it’s only through investment in our own version of R&D that we will ultimately produce a hit show.

With subscription video-on-demand (SVOD) services like Netflix raising the bar, demanding unique and highly promotable original content; and with broadcasters spending the same amounts or less in development than they have in the past, producers today must invest more heavily in development than ever before.

And every show that makes it from early development into production is an against-all-odds success, since so few are picked-up by a broadcaster for further development, and even fewer make it to a screen. For example, looking at CMF statistics on television projects from 2015, only one-in-four of the projects that were supported for further development actually made it to production.

If Canada is to increase our success reaching Canadian audiences and exporting content to the world, then the development of original material will require more high risk investment at the early stages. To be able to make these investments, producers need to meaningfully retain the rights and revenues to their shows so they can then reinvest in the development of their next slate of projects.

But we do much more than just invest in development. Independent producers pitch shows and line up necessary
financing from multiple broadcasters, distributors and other financiers. We hire writers, directors, cast and crew. We navigate and apply complex labour agreements, search Canada and the world for the best locations, strategize about how to market our content to audiences both at home and abroad, and bring the finished product to those international markets.

Independent producers make magic happen – we make it snow in July and rain in the desert. And throughout it all, we assume ultimate responsibility for the production. After all, it’s up to the independent producer to ensure that the director, writer, cast and crew work harmoniously to create the best possible show – on time and on budget.

Demanding broadcasters? The producer delivers for them. Difficulties on set? The producer smooths them over so that the show can go on.

We’re fixers. We do what needs to be done, so that the director can direct, the actors can perform, and the story can be told – with everyone getting paid along the way.

Even after production has wrapped and the show has been delivered to the broadcaster or distributor, the producer’s work is far from over. The next step is to take the show from Canada to the world. Producers meet with international sales agents, distributors, foreign broadcasters and SVOD platforms at international markets like MIPCOM and the American Film Market to license the show. In fact, this global sales pitch often needs to start even before production begins, in order to raise the necessary financing to produce the show in the first place. For example, looking at CMF-funded programming from 2006 through 2015, international pre-sales of television projects grew from $10.9 million to $47.7 million, illustrating this trend.4

Taken all together, the risks are huge, but Canada’s independent producers willingly accept those risks – which resulted in 700 television projects and 103 theatrical films in Canada in 2015 alone5 – because we believe in the potential of the creative talent we work with and the power of great storytelling.

When 9 Story Media Group recently acquired the award-winning animation studio Brown Bag Films, headquartered in Dublin, Ireland, President and CEO Vince Commissso said it was a natural fit for his company. “We have been terrific world market leaders in the country in the development of the production and distribution of kids’ content. But what you have to do over time is find complimentary factors of production that are in other markets that support what you are doing here. Brown Bag really represented something that we didn’t have. So it just made logical sense,” says Commissso. Similarly, he said it just made sense for the company to pursue its own distribution strategy. “We had been good in Canada for so long at producing kids’ content and turning that over to international companies for distribution, we thought, why not just start our own? We are the closest to the content, so we can be the best advocates of it because we know the blood, sweat and tears that went into making it,” he says. But at the end of the day, it is the policy toolkit – in addition to the blood, sweat and tears – that has made his company’s success possible, Commissso says. “I think in this country, there is a concerted effort that the people who have this ability are supported and have an opportunity to go to the marketplace. And because we are right beside the biggest market in the world, that involves policy. Policy has enabled us to move forward and be who we are.”

4Communications MDR. (Forthcoming, 2017). Exporting Canadian Television Globally: Trends, Opportunities and Future Directions. Report prepared for the CMPA.
RECOMMENDATIONS
RECOMMENDATIONS

Our sector operates under policy, program and regulatory structures that were developed for an old model: a closed system. In this closed system, programs that Canadians watched on TV were accessed through a broadcast channel operating under federal regulations. Government set the rules and controlled the outcomes. And as part of this system, the government wisely determined that, as a condition of their broadcast licence, both broadcasters and distribution undertakings would be required to contribute a portion of revenue to the creation of Canadian programming. This structure ensured the creation of compelling content and allowed Canadians and the world to understand who we are and what we stand for.

Today’s contemporary model is shifting. Consumers increasingly view content from both an open system and the traditional closed system. And it makes little difference to the consumer as to which system they are drawing their content from. Instead, what they care about is that they can access film, TV and digital programming whenever they want, wherever they want, on any platform they choose.

Within this shifting landscape, various OTT services now deliver content to millions of Canadians over the Internet and wireless networks, but they and the newer distribution systems make no mandated contributions to the creation and presentation of Canadian programming. This weakens a fundamental underpinning of our system.

But even in this brave new world, we know that traditional broadcast TV remains the dominant player. It is no exaggeration to say that the death of television has been greatly exaggerated, with average Canadian viewership remaining at a very healthy 27.4 hours per week. How long that will remain the case is up for debate because the digital shift is really an evolution, and not a sudden flip of a switch. Although more and more Canadians are moving to new platforms, the shift is an ongoing process of trial and error. Some new business models will succeed and some will fail. New platforms will emerge and may quickly dominate, even though they are only a tiny speck on the horizon today.

As cultural entrepreneurs, we need policies and programs that allow us to be flexible so we are positioned for success. This is not a “short-term pain for long-term gain” scenario. In fact, new policies cannot disadvantage production companies that have found a way to succeed in the current environment, as this would needlessly put at risk the vibrant industry that we have collectively built over the past 50 years. Retrofitting the federal policy toolkit means retaining pride of place for the so-called traditional platforms, such as television, which continue to overwhelmingly deliver the financing and audiences for professionally produced content. At the same time, we must overcome obstacles to producing content for the new platforms that Canadians are embracing in record numbers.

Orphan Black – Temple Street, a division of Boat Rocker Media

Opportunity

What’s exciting about the digital transition now underway is that, as producers, we have enhanced opportunities to reach new, massive audiences – both here in Canada and around the world.

With the right policies in place, we will be able to reach anyone, anytime, anywhere, with rich stories representing the diversity of Canadian voices—not just new audiences, but significantly larger audiences than ever before.

We know that with the right policies, we can take full advantage of this massive global opportunity. Why? Because Canada’s independent producers have already shown we can succeed on a global stage with global hits like Murdoch Mysteries (Shaftesbury Films), Degrassi (Epitome Pictures, a division of DHX Media) and the Emmy Award–winning Orphan Black (Temple Street, a division of Boat Rocker Media).

It’s clear the world craves made-in-Canada content. YouTube’s content manager in Canada has noted that on a global average, 60 per cent of a YouTube channel’s views come from outside the creator’s home country, but in Canada that number jumps to almost 90 per cent.

The emergence of new platforms has enhanced creative freedom for Canadian creators to innovate with direct-to-audience content. As independent producers, we will have the opportunity to tell stories that may not have aired at all under the old closed model, and tell them to enormous audiences.

While there are indeed examples of Canadian companies succeeding on digital platforms (see following page), so much more could be achieved through a modernized federal policy toolkit.

For example, within our current policy framework it is simply impossible for us to finance higher-budget, professionally produced shows on future anticipated YouTube click rates, because the current financing triggers are almost exclusively tied to CRTC-licensed linear Canadian broadcasters. Most existing funding envelopes can’t be accessed for innovative digital-only projects that will be viewed on channels outside the established, closed-model system. And that means there are likely dozens, or even hundreds, of Letterkennys, Halcys and Carmillas that never had a chance.

Threat

The fundamental risk we face today is that the system that was established to help us grow as creative entrepreneurs, while still robust, has become, in certain ways, a hindrance to our long-term success. We are not competing on a level playing field in what is a ferocious global marketplace. As a result, this crossroads we find ourselves at today will either result in huge opportunities, or threaten our very existence.

MURDOCH MYSTERIES

Murdoch Mysteries has been licensed to broadcasters in 110 countries and territories around the world, including China’s state-owned drama channel CCTV-8, which reaches 200 million homes. Ratings have been stellar in many countries. On Britain’s crime channel Alibi, Murdoch Mysteries ranks as the number one original series. In France it has consistently been one of the country’s top three highest-rated programs, averaging 3.5 million viewers per episode on the network France3. And in 2014 in Finland, it was the highest-rated program in the country — beating out even the international BBC hit Downton Abbey.
We are competing for Canadian viewers with a virtually infinite number of foreign content creators, from global YouTube stars to foreign series. This explosion of content has raised the importance of discoverability. A recent Telefilm report highlighted that English-speaking Canadians have a much more difficult time recognizing and naming Canadian feature films when compared to their French-speaking counterparts. Respondents told Telefilm that current promotion and advertising efforts fall far short of what is needed for promotion and that increased efforts to this end should be made. And a recent white paper from the World Economic Forum titled Digital Transformation of Industries highlights that great content is no longer enough; media enterprises must enhance the consumer experience with customized content, more relevant and personalized recommendations and mobile digital platforms to recreate online those “office water-cooler” conversations about the latest hit.

THREE EXAMPLES OF CANADIAN PRODUCTIONS ON THE LEADING EDGE OF THE DIGITAL SHIFT:

LETTERKENNY, HALCYON AND CARMILLA

The show debuted in 2014 as Letterkenny Problems, a short-format web series on YouTube created by Jared Keeso and Jacob Tierney from New Metric Media. Following its initial online success, it debuted on the Canadian streaming service CraveTV in February 2016 to the largest audience reached by that service. It now also airs on the Comedy Network, which recently ordered a third season of the popular show.

International-award-winning Toronto-based digital studio Secret Location not only develops and produces extensions of film and television projects for digital audiences, they also develop their own content. The recently launched series Halcyon combines a 10-episode digital series with cutting-edge virtual-reality content to allow audiences to be fully immersed and engaged in solving the crime, turning the classic police procedural on its head.

Smokebomb Entertainment’s Carmilla is widely known by its legion of fans as the teen lesbian vampire series sponsored by tampon maker Kotex. It began as a YouTube-based web series that debuted in mid-2014. The first and second seasons featured 36 episodes that ran between three and seven minutes each. The series has gone on to become an award-winning international hit, with more than 50 million views and dedicated fans throughout the world. It has become such a success that there are now plans to make it into a full-length feature film, set to go into production in 2017.

Canada has been at the forefront of advancing interactive digital content to further audience engagement for decades through the support of the Canada Media Fund, the former Canada New Media Fund and independent production funds. This has been pivotal to the continued growth of a digital content industry, and as new platforms emerge and audiences spread, it is important that Canada not lose its place on the world stage.

So the question we need to ask ourselves today is: will the creative content that Canada has funded and fought for live quietly in some corner of the Internet, unseen and unheard? The model emerging from this consultation needs to clear a path toward the development of new skill sets for the next generation of cultural entrepreneurs. It must help producers navigate and dominate the extremely competitive digital marketplace and, by doing so, also help producers successfully monetize their content in such a way that it allows us to invest in developing the next great idea.

The truth is that if we get this wrong – for example, by failing to ensure that independent producers retain the rights and revenues to their content – we will see a contraction within Canada’s production sector. That would result in a significant loss of high-quality jobs in every corner of Canada, reduced volumes of made-in-Canada content produced annually, less diversity in content presented to Canadian viewers, and several steps back for Canada’s brand on the world stage.

We would lose momentum, and potentially much more. Our film, TV and digital sector could weaken and shrink significantly, a tragic outcome that would cause us to lose at least a generation of upcoming Canadian cultural entrepreneurs.

**Vision**

Our vision is that the film, television and digital productions we create here at home will continue to captivate audiences in every province and territory, and around the world, regardless of how audiences access or view them.

We need to cultivate tomorrow’s Canadian talent. We must promote risk-taking that will see Canadians produce among the most thought-provoking, emotive, funny, informative, challenging, educational and purely entertaining content available today.

That is what we wish for as Canada’s independent producers. And we gratefully submit the recommendations below with the hope that we take a significant step forward, together, toward that bold new future.

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**SLUGTERRA**

What started as a small Canadian launch catapulted DHX Studios’ animation series, **Slugterra**, to an international juggernaut. **Slug It Out**, a mobile app based on the story world of the TV show and developed for iOS and Android, first launched in Canada. Producers used what they learned from kids across the country to improve and build on the game. The app was subsequently released internationally, including in South America, where it was ranked as a number one game in nine Latin American countries and saw the accompanying TV series reach the top five shows in countries such as Brazil, Colombia and Argentina. The series went on to air in 170 countries worldwide.10

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10http://playbackonline.ca/2013/09/20/slugterra-finds-momentum-in-latin-america/
SPECIFIC RECOMMENDATIONS

If there was a single underpinning of the CMPA’s recommendations, it would be that Canada’s independent producers are fully invested in the Minister’s consultation objective of achieving “a broad consensus – a social contract – of how we support the creation, discovery and export of Canadian content in the digital world.”

We respectfully submit our recommendations in the form of responses to those specific challenges highlighted in the consultation document, and in the order that the questions were asked. This was the same way we posed these questions at our cross-Canada town-hall meetings.

Our vision for the future of made-in-Canada film, TV and digital production, as outlined in the following recommendations to the Minister, is based on:

- Screen-based content rather than platforms;
- Creativity and risk-taking, instead of constraints;
- Modernization and efficiency, as opposed to complexity; and
- An outward, global focus replacing a more internally focused policy mindset.

Although we have aligned our answers to your specific questions by most direct fit, some recommendations address numerous consultation questions.

RECOMMENDATION 1  Pillar 1.1

You asked: Enabling choice and access to content. How can we reflect the expectations of citizens and enable Canadians to choose the content they want to see, hear and experience?

We answer: Working with the CMPA and other stakeholders, launch a National Discoverability Strategy that will increase the visibility of made-in-Canada screen content for domestic and global audiences.

As a guiding principle, the National Discoverability Strategy should be created in consultation with representatives from a broad cross-section of the media, marketing, data science and technology sectors, and include individuals with experience producing, marketing, distributing and exporting linear and interactive screen content.
Essential elements of the National Discoverability Strategy should include:

- **“Brand Canada” Strategy**: A cohesive and compelling integrated brand strategy that will target domestic and select international audiences, with the ultimate goal of generating strong interest in, and demand for, Canadian linear and interactive screen content.

- **Discoverability Funding**: Dedicated funding to cover the costs of marketing activities for content projects. This should include funding tailored to build audiences of significant size on both traditional and digital platforms.

- **National Skills Development**: The CMPA, in partnership with Employment and Social Development Canada and Telefilm Canada, plays a leading role in skills development through its mentorship programs. We propose to expand these programs, working with Heritage to include practical marketing and data analysis training, as well as mentorship for emerging and established creators of independent screen content.

**Why**: Stronger marketing and data analysis skills will position the production sector for growth while expanding the reach of made-in-Canada content to audiences in domestic and international markets.

Looking outside of Canada, we have seen the UK’s successful brand strategy GREAT Britain, which promotes their production sector in 144 countries and has yielded growth of 58 per cent in brand value.11 This is an effective example of what a comprehensive brand strategy could accomplish for made-in-Canada content.

Future discoverability models also promise to be increasingly complex. By 2020, it’s estimated there will be 13.5 billion Internet-connected devices.12 Canadian creators soon may be producing content for platforms and experiences that have yet to be imagined. Ongoing skills development is therefore essential if Canadian producers are to remain competitive into the future.

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**RECOMMENDATION 2**

**Pillar 1.2**

**You asked**: Supporting our creators. How can we fairly support creators in the creation and production of content that stands out? What partnerships will be needed to achieve this? How can we help creators have successful and viable careers in a digital world?

**We answer**: Modernize the federal policy framework by requiring contributions from all services and platforms that benefit from being part of the Canadian system, including Over-The-Top (OTT) services and Internet Service Providers (ISPs).

**Why**: A guiding principle of Canadian communications policy is that those who benefit from participating in the Canadian system must also contribute to it by supporting the creation and presentation of made-in-Canada content. Canada has successfully adapted this principle in the past to keep up with changes in technology and consumer behaviour, and given the digital shift currently underway, it should be updated again now.

OTT services in Canada and Canadian-based ISPs are now significant players in our broadcasting system. They provide great services and generate substantial revenues from Canadians who are increasingly using – and, in many cases, relying entirely on – those platforms to access the professionally produced audiovisual content they want to watch. A modern, forward-looking regime underpinning the creation and presentation of made-in-Canada content must therefore bring these important players into the contribution fold.

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This can be done in a manner that is fully consistent with other government policy objectives, including the promotion of access to affordable broadband Internet services across the country.

We note that, last spring, the European Commission (EC) announced a proposal to update the European Audiovisual Media Services Directive to require online on-demand platforms to devote at least 20 per cent of their libraries to European content, and to ensure that this is content is given prominence on viewers’ screens. The proposal would also give individual member states the right to require online on-demand services to invest in local productions and/or buy the rights to European-made shows and films. The companies are given the option of either making the investments themselves or paying a levy into a fund. The proposal aims to bolster investment in European film and TV production by bringing streaming services in line with existing regulations on traditional broadcasters. The EC has stated that the new rules would level the playing field and preserve cultural diversity.

We are fully prepared to work with the government and other stakeholders to devise and implement an updated contribution model for made-in-Canada content: one that best serves Canadians by ensuring they continue to benefit from affordable access to high-quality programming choices, from this country and abroad, through platforms available today and those that will emerge in the future.

You asked: Redefine Canadian content for contemporary Canada. With so much online content available today and given Canada’s diverse and multicultural makeup, does the concept of “Canadian content” resonate with you? What does “Canadian” mean to you? Do we need to be more flexible in how we support the production of content by Canadians?

You also asked: Redefine Canadian content for contemporary Canada. With so much online content available today and given Canada’s diverse and multicultural makeup, does the concept of “Canadian content” resonate with you? What does “Canadian” mean to you? Do we need to be more flexible in how we support the production of content by Canadians?

We answer:
Expand the definition of Canadian content to include new Canadian elements, and, at the same time, explore introducing additional financial incentives within the tax-credit system to maximize the use of Canadian creative talent.

Why: Canada’s media production sector has long had a balanced portfolio made up of both domestic and Foreign Location and Service (FLS) productions. This has been essential to its success. FLS productions enhance skills development, infrastructure, and the tools available for Canadian domestic productions, in addition to being an important economic contributor. While the CMPA proposes no changes to the Film or Video Production Services Tax Credit for FLS productions, we are of the view that what qualifies as a “Canadian content” production under the Canadian Film or Video Production Tax Credit (CPTC) needs to be updated to enable the sector to compete more effectively internationally.

First, we propose to expand the definition of Canadian content to include new objective Canadian cultural elements that are not currently accounted for in the determination of what constitutes a “Canadian content” production. This could include, for example, awarding new points to encourage adaptations of bestselling Canadian-authored books and novels, or productions based on recognized Canadian figures or historical events.
In several global markets, cultural tests for content are expanded beyond the nationality of key creative talent. Both France’s Centre national du cinéma et de l’image animée (CNC) and the UK’s British Film Institute (BFI) consider a production’s subject matter, when adapted from an existing cultural work of national origin, as an additional cultural parameter. France, the UK, Germany, Spain and the Netherlands also take into consideration subject matter that reflects social or cultural themes or national historical persons or events pertinent to national heritage within their points systems. Applied to the Canadian system, these elements could encourage greater collaboration across cultural industry sectors and help foster the creation of stories that more fully reflect the broad breadth of Canada’s cultural heritage.

Second, we propose to increase incentives for engaging Canadian creative talent. While the CPTC currently provides an overall incentive to employ Canadians, the applicable tax credit rate is the same for a 6/10 point production as it is for a 10/10 point production. Introducing a scaled tax credit rate – which would continue to be calculated as a percentage of qualified Canadian labour – relative to how many Canadian-content points are achieved, could help to encourage the employment of even more Canadians in key creative roles.

Finally, under the CPTC, the Canadian Audio-Visual Certification Office (CAVCO) currently uses a very narrow set of criteria for determining whether to award a key creative point for the writer position in its 10-point grid. This is a growing issue, particularly for high-end scripted television projects that make use of a showrunner and writing teams. The current rules do not allow for any non-Canadian to be involved in the development or writing process at any stage, even if they are supervised by a Canadian head writer or showrunner. Given the government’s overall goal of capturing a greater share of global markets, the participation of a minority of non-Canadians on a writing team that is supervised by a Canadian lead writer or showrunner should not disqualify a production from earning a point for the writer.

**RECOMMENDATION 4**

You asked: Supporting our creators. How can we fairly support creators in the creation and production of content that stands out? What partnerships will be needed to achieve this? How can we help creators have successful and viable careers in a digital world?

We answer:
Expand the range of triggers for public financing from the Canada Media Fund, Telefilm Canada and the CPTC to any platform accessible to Canadians. At the same time, ensure that only companies that make a mandated contribution to the creation and presentation of made-in-Canada content are able to access these funds.

Why: Consolidation in the media landscape has decreased the number of Canadian broadcasters and distributors available to commission projects, representing for both television and feature film producers a loss of “doors to knock on” when pitching their projects and attempting to secure financing.

At the same time, Canadian audiences are increasingly accessing made-in-Canada content on an expanding range of non-traditional platforms. As the traditional commissioning and financing opportunities shrink dramatically in Canada, the ability of independent producers to find other buyers for – and financiers of – their content is becoming critical, making the existing triggering model for funding eligibility too restrictive.
Expanding the triggers will:

- Give more flexibility to producers to have their projects distributed on the platform of their choice;
- Enable producers to reach more equitable commercial agreements with Canadian broadcasters and distributors who would no longer be the exclusive triggers of public financing;
- Provide producers with more creative control over their projects to create high-quality programming;
- Allow producers to take even greater creative risks, since the projects would not necessarily be adapted for traditional television broadcast or theatrical exhibition;
- Increase the potential visibility and discoverability of productions in global markets on various platforms; and
- Ensure that funding continues to support projects that Canadians can view and watch.

In order for a company to qualify under the expanded eligibility criteria to trigger financing, the company should (a) be mandated, by legislation or regulation, to make a contribution to the creation and presentation of made-in-Canada content, and (b) ensure that the content that is produced by the triggered financing is meaningfully made available to Canadian audiences.

**RECOMMENDATION 5**  
Pillar 3.1

**You asked:** Positioning Canada as a culture and digital content leader — Canadians make great content; how can we build our exceptional cultural industries and support the growth of new creative enterprises as part of Canada’s innovation agenda? What tools do the government and the private sector already have at their disposal? What new tools could we consider?

**We answer:**
Relieve the heavy administrative burden on producers by enhancing the overall efficiency and effectiveness of the system, and reducing duplication by the Canadian Audio-Visual Certification Office, Telefilm Canada and the Canada Media Fund.

**Why:** A key goal for the CMPA is to work with all levels of government to minimize the administrative burden on producers and focus more resources on reaching our mutual goal of producing globally competitive made-in-Canada content.

The current structure of the federal system imposes a considerable administrative burden on both public administrators and producers. Some of this burden relates to inconsistencies in the interpretation of program guidelines within a given organization from project to project, and at other times even across different programs. It also links directly to duplicative administrative processes. These inefficiencies cause delays and unnecessarily increase costs for everyone, including producers and program administrators, and, by extension, Canadian taxpayers.

It also means that the time, resources and focus that producers should be devoting to developing and producing the best possible content and taking it to market is instead spent filling out forms, responding to multiple audits and producing duplicative reports.

A particularly acute problem is the long delay that producers experience when having their applications reviewed and approved by CAVCO under the CPTC. These delays cause considerable uncertainty, and result in increased costs for producers as interest charges related to interim financing continue to accrue throughout the waiting period. The more money that producers spend on interest charges, the less that they can invest in capitalizing their companies and developing new projects. This represents a net loss of scarce financial resources to the system and requires urgent and immediate action.
A long-term solution to achieving greater efficiencies throughout the system could be realized through the amalgamation of some or all federal programs and agencies into a single super agency. This should only be considered, however, if such a super agency is solely focused on screen-based content. Broadening scope to include, for example, book publishers or magazines would vastly increase administrative complexity, and likely result in mediocre client service. Amalgamation should also result in a massive streamlining of reporting requirements by producers, with a seamless transition plan that prevents additional administrative delays, such as delays in processing tax-credit applications.

**RECOMMENDATION 6**  
Pillar 3.1

**You asked:** Positioning Canada as a culture and digital content leader – Canadians make great content; how can we build our exceptional cultural industries and support the growth of new creative enterprises as part of Canada’s innovation agenda? What tools do the government and the private sector already have at their disposal? What new tools could we consider?

**We answer:**
Create a Screen Innovation and Entrepreneurship Fund, in strategic partnership with Innovation, Science and Economic Development Canada (ISED), tailored to the unique needs of Canada’s media content entrepreneurs.

**Why:** For innovation to flourish in the digital and interactive media spheres, we need a support system that goes beyond funding for new products to one that supports innovative companies in the screen sector. This is why a new innovation fund tailored to supporting the needs and activities of cultural entrepreneurs is both needed and timely. Existing supports do not fully encapsulate the nature and range of business innovation activities found in Canada’s screen-based media industries and may fail to recognize that innovation in media content companies involves more than the creative value of our product, and also includes:

- Production and process innovation;
- Business model innovation; and
- New forms and methods of consumption and product delivery.\(^\text{13}\)

Innovation from independent production companies results in new consumer experiences, new methods of communicating, and stylistically enhanced products. This innovation provides greater value to consumers while supporting the growth and sustainability of the content-producing company.

We therefore propose that Canadian Heritage and ISED partner to launch a Screen Innovation and Entrepreneurship Fund that addresses the innovation needs of Canada’s content creators. The new Fund would provide supports and build in-house capacity around process innovation, prototyping and technology adoption in order for content companies to embrace opportunities for digital convergence and interactive content creation – for example, in the virtual- and augmented-reality space.

RECOMMENDATION 7

You asked: Positioning Canada as a culture and digital content leader — Canadians make great content; how can we build our exceptional cultural industries and support the growth of new creative enterprises as part of Canada’s innovation agenda? What tools do the government and the private sector already have at their disposal? What new tools could we consider?

We answer:
Canadian Heritage should lead the development of strategic partnerships between Heritage and other Ministries such as ISED, the Ministry of Small Business and the Ministry of International Trade to further the development of business and innovation in Canada’s content sector. Canadian Heritage should also specifically partner with ISED to ensure greater access to Canada’s business development and innovation development support systems.

Why: Canada’s public business innovation funding programs and incentives are, for the most part, concerned with business development and innovation within technologically intense sectors that fall within the STEM (Science, Technology, Engineering and Mathematics) disciplines. While the majority of existing programs are open to applications from all industries, it can be a challenge for independent producers to qualify for the funding and incentives available through the Business Development Bank of Canada (BDC), Export Development Canada (EDC), FedDev Ontario, the National Research Council of Canada (NRC) and the Scientific Research and Experimental Development (SR&ED) program.

Current public business development programs do not necessarily align with or prioritize the business models and challenges of cultural entrepreneurs. These may, therefore, underestimate the business development, R&D and innovation activities that these companies carry out, and the associated value they contribute to Canada’s innovation system and economy.

We urge Minister Joly to take a leadership role and ensure that independent production companies are treated on equal footing with other businesses so that program eligibility criteria do not create unnecessary bottlenecks for our sector’s next generation of digital media innovators.
enabled producers to retain ownership of crucial intellectual property rights, which they then sell nationally and internationally. The revenues from these sales are then reinvested in the development of new projects and continued growth. This balanced approach to rights ownership has benefited not only independent producers but the entire media sector.

The UK provides a particularly telling example of the many crucial benefits resulting directly from having safeguards in place to balance the producer-broadcaster relationship. The Terms of Trade agreements concluded between the UK producers association (PACT) and the public service broadcasters (the BBC, ITV, Channel 4 and Channel 5) enabled UK producers to retain and exploit the rights to their content. This, in turn, resulted in production companies owning tangible assets, which is a prerequisite to attracting private equity investment and venture capital.

According to PACT, the UK producers association, prior to the implementation of Terms of Trade in 2003, the independent TV production sector was a “cottage industry” and largely unprofitable. After the conclusion of Terms of Trade agreements, the independent production sector revenues grew from £1.3 billion in 2005 to nearly £3.1 billion by 2013. At the same time, a number of independent production companies received external investment. Two of the most notable investments in the UK market include the €3.5 billion purchase of indie content player Endemol, backed by the investment bank Goldman Sachs, and the sale of All3Media to Permira for £320 million. In short, investors stepped up, responding to the enhanced commercial capacity of these companies.

The CMPA has approached the broadcaster signatories to our current Terms of Trade agreement to seek a renewed partnership with them, so as to best position both producers and broadcasters to share in the national and international success of shows that they partner on together. We indicated that concluding a new agreement would send a powerful message that broadcasters and producers have decided to chart their own collective destiny in a manner that strengthens the Canadian broadcasting system and the industry as a whole. To date, our overtures have been met with silence.

**RECOMMENDATION 8**

**Pillar 3.1**

**You asked:** How do we incent more risk-taking from creators and cultural entrepreneurs?

**We answer:**
Ensure that appropriate safeguards are implemented by all federal screen-based cultural agencies to ensure a fair and equitable playing field in Canada in the negotiation of rights to made-in-Canada content.

**Why:** Independent producers are the owners of their shows. And ownership means exploiting the rights and retaining the revenues from a show’s success.

At the same time, virtually every show produced in Canada is the result of a collaborative partnership between the producer and a Canadian broadcaster and/or distributor.

Partnership means equitably sharing in both the risks and rewards of a production. But in recent years, the producer-broadcaster partnership has become decidedly one-sided.

Due to the removal of Terms of Trade as a condition of licence in the Let’s Talk TV decision and the continued consolidation of the broadcast system, the scales in Canada have tipped heavily in favour of Canadian broadcasters. The resulting imbalance has given these broadcasters enormous leverage in negotiations for the rights and revenues to producers’ shows. If this imbalance is not meaningfully addressed, it could effectively convert the independent production community into a fee-for-service sector, where broadcasters reap the rewards while independent producers bear all the risk.

There are numerous examples in the UK, New Zealand and Australia where federal content funds impose safeguards as a condition of funding support. These safeguards have

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15Pact Census Independent Production Sector Financial Census and Survey 2013, by Oliver & Ohlbaum Associates Ltd (July 2014)
As a result, we recommend that Canadian Heritage adopt a new framework of competitive safeguards, to be implemented across its screen-based programs and agencies, that would ensure a balanced partnership with equitable returns for both producers and broadcasters.

Any such framework should completely decouple the licensing of an independently produced show by a broadcaster from who gets to distribute it. This is essential in an era of broadcasters that also have distribution divisions. As owners of their shows, independent producers should have complete freedom to seek the best distribution deal available, whether from a Canadian or foreign distribution company. They should not be pressured to hand over the distribution rights to a show in order to get it greenlit by a broadcaster.

At the same time, we recommend that the current eligibility requirements and limitations that are placed on broadcasters for access to public funding (e.g. tax credits and the CMF) be maintained. For example, the CMF currently limits the amount a broadcaster can spend on in-house and affiliated spending through the performance envelope it is allocated every year. This is necessary to prevent broadcasters appropriating these funds entirely for themselves, and using producers as service contractors to produce their programming.

**RECOMMENDATION 10**

**Pillar 3.2**

**You asked:** Leveraging Canada’s national cultural institutions. How do we ensure that our national cultural institutions, such as the CBC/Radio-Canada and the National Film Board, are a source of creativity and ingenuity for the creative sector more broadly?

**Why:** A separate and distinct review of the CBC is needed in light of the important role it currently plays in the system, and the complex issues surrounding how best to position it going forward to help reflect Canadian identities, promote sound democracy and ensure it is a source of creativity and ingenuity for the creative sector. A fundamental pillar of this review must be that, as our national public broadcaster, the CBC should commission content that speaks directly to – and for certain shows and subject matter, perhaps solely to – Canadian audiences.

**RECOMMENDATION 9**

**Pillar 3.2**

**You asked:** Leveraging Canada’s national cultural institutions. How do we ensure that our national cultural institutions, such as the CBC/Radio-Canada and the National Film Board, are a source of creativity and ingenuity for the creative sector more broadly?

**We answer:**

Undertake a distinct and separate review of the Canadian Broadcasting Corporation (CBC) and its founding legislation to position the CBC as a globally respected commissioner of distinctly Canadian, innovative and risk-taking content.

**Why:** The CBC is a key national cultural institution that receives two-thirds of its budget from Canadian taxpayers. Despite its public nature, it is not currently required to partner with the independent production sector in Canada. And rather than be the broadcasting partner of choice for independent producers, the CBC is instead among the most aggressive of all broadcasters in the negotiation of rights to the programs it commissions from producers. This kind of behaviour towards its producing partners is not commensurate with the status and stature of a national public broadcaster, and needs to be addressed through the negotiation of a Terms of Trade agreement between the CMPA and the CBC.
Why: A strong export strategy, which includes dedicated resources for export readiness, sales support and promotion, would reinforce the stability of the domestic market for independent screen content. This would help our content sectors achieve the scale necessary to attract long-term investment and valuable distribution opportunities.

Further, greater export sales could be achieved. A joint public statement trumpeting that “Canada is open for business” would send a strong message to international markets about our public and private sectors collaborating to take our screen content sector to the next level.

GLOBAL SUCCESSES

Canada can learn a lot from successful programs and initiatives carried out in other jurisdictions. The following examples illustrate some possibilities for consideration:

The UK system offers a compelling model for promoting the export potential of content industries. First, as noted above, it has long had Terms of Trade agreements in place that enable producers to retain the rights and revenues to their content, so that they can take that content to the global market. On export issues, the UK government also takes a global perspective, adopting a multi-ministerial, coordinated approach that builds industry capacity at all stages of production. In addition, the British Film Institute (BFI) and UK Trade and Investment both have extensive structures to encourage the export of British productions while also promoting domestic production and inward investment.

The BFI’s international strategy prioritizes export with the goal of year-on-year increases in export value. It aims to help the Foreign and Commonwealth Office and the Department for Culture, Media and Sport engage more effectively on the world’s stage by leveraging the UK’s cultural value as promoted by domestic films. The BFI also works with the GREAT Britain Campaign, through a public-private partnership model, and has already secured confirmed economic returns of £1.9 billion.
The success of Germany and France in their film and television exports illustrates the value of having a nationally focused approach to promoting and selling our content internationally.

The concerted effort behind German Films, which includes a dozen funding bodies and associations as shareholders and had an annual budget of €4.65 million in 2016, has enabled significant cultural export of Germany’s feature films into some of the world’s key emerging markets. Between 2010 and 2015, export sales to Russia accounted for 12 per cent of Germany’s global box office revenues, China accounted for 10 per cent, Brazil accounted for 5 per cent, and South Korea accounted for 4 per cent.

The export of French feature films has grown to the point where admissions to their theatrical releases are higher outside the country than within it. The strategic initiatives of UniFrance and TV France International (TVFI) have helped French films and TV programs to reach emerging markets, particularly in Asia, and to raise the profile of French-made content in the biggest media consumption markets, including the US.

The CMPA applauds the government’s decision to reinstate and improve upon the Trade Routes and PromArt programs, and encourages continued investment in Showcasing Canada’s Cultural Industries to the World beyond its current funding commitment until 2017-18. Those programs provided a wide range of invaluable support, which remains critical for our industry to be globally competitive.

This said, there are numerous gaps in the current export support system, including export skills development and mentorship services, market intelligence, and global business networks that provide on-the-ground assistance in global territories. When working towards reshaping these export programs, we encourage the government to also target activities.

The Canadian Trade Commissioner Service is an invaluable portal for Canadian companies seeking to enhance their international business activities. The Service can further be strengthened by pairing the expertise and network of contacts cultivated by Canadian trade commissioners and cultural attachés with those of industry to ensure continuous information exchange. Further, Canadian consulates and embassies abroad are well positioned to play an important role in gathering and disseminating strategic market intelligence (including basic tax and regulatory considerations, and an overview of pertinent government programs), facilitating site visits and lending production-related support, such as helping to secure filming permits.

Market readiness training, evaluation services and expert consultation tailored to assessing the global market’s appetite for Canadian creators’ films, television and digital media programs are vital catalysts for successfully transitioning companies from the creation through to the global commercialization of their made-in-Canada content.

**RECOMMENDATION 12**

**You asked:** Promoting Canadian content globally. What is needed to best equip Canadian creators and cultural industries to thrive in a global market and exploit the country’s competitive advantages? In a global market, what conditions need to be in place to encourage foreign investment in Canada’s cultural industries? How can we better brand Canadian content internationally?

**We answer:**

Implement new fiscal incentives to attract third-party private investment and production financing.
**Why:** Through greater capitalization and equity investment, Canada’s media content producers can more actively embrace the opportunities presented within the ultra-competitive, global market. In collaboration with government, the CMPA hopes to examine the adoption of fiscal incentives that are in place in other countries, or are available to other domestic industries, and have fostered conditions that increased investment.

**OPTIONS FOR CONSIDERATION INCLUDE:**

- Advisory services for the development of strategic alliances and partnerships among small and medium enterprise (SME) media content firms.

- Incentives to encourage export sales and the commercial exploitation of intellectual property. This could include a media-focused national “patent box” tax regime to provide a reduced tax rate for business revenue derived from the commercial exploitation of IP or innovations. The patent box concept originated in Europe as an incentive to encourage the commercial exploitation of patentable products. This model has been adopted by the UK, Belgium, France, Hungary, Liechtenstein, Luxembourg, Malta, Netherlands, Spain, Turkey and, closer to home, Quebec.

- A Loan Guarantee Facility to provide creative SMEs access to a portfolio of bank loans specifically tailored to the needs of the cultural and creative sectors. This type of loan guarantee program exists and has been successful as part of Creative Europe – the European Commission’s framework program for support to the culture and audiovisual sectors.

- An Audiovisual Venture Fund seeded with public money, matched and run by a commercial venture capitalist. Such funds successfully helped bolster Ireland’s and Australia’s audiovisual creative economies.

- A National Investment Tax Credit that offers individual investors with taxable income a non-refundable tax credit. The BC New Media Venture Capital Tax Credit, which provides a 30 per cent non-refundable tax credit to venture capital corporations that invest in eligible new-media companies, is an encouraging precedent.¹⁷

- A Co-investment Fund through which government and private investors share the risk and returns of capitalizing content firms on a 50-50 basis. Provincial governments across Canada, as well as governments in many other countries, including France, Belgium, the UK and Australia, use co-investment funds to leverage private capital and fund-management expertise in order to fill financing gaps experienced by certain sectors.¹⁸

- Finally, mandate that a portion of tax-credit amounts be excluded from the financing structure of Canadian content to encourage longer-term corporate development for production companies. This was identified as a core objective when the CPTC was announced in 1995.

¹⁷Nordicity (2012). Fiscal Incentives for Attracting Private Financing to Canadian Film and Television Production, Commissioned by the CMPA

¹⁸Ibid.
FINALLY

We sincerely thank the Minister and her officials for initiating this consultation and we thank, in advance, members of the government team reviewing this submission and others.

We know that we have more work to do together, and many important concepts to discuss, at this digital crossroads we face.

As noted in our Executive Summary, we would be pleased to spearhead initiatives such as striking working groups with other key stakeholders in our sector to determine the practicalities of moving forward with these recommendations. Producers know how to pull the various players in the film, TV and digital industry together, so to the extent we can lead a next-steps process in cooperation with the Department of Canadian Heritage, we would be happy to do so.

The CMPA, on behalf of Canada’s independent media producers, looks forward to working with the Minister, and we stand enthusiastically at the ready for next steps.

Reynolds Mastin,
President and CEO,
CMPA