Seizing Opportunities for Canadian Content in a Digital World

Submission to the House of Commons Standing Committee on Finance Pre-Budget Consultations in Advance of the 2018 Budget

Submitted by:

Canadian Media Producers Association (CMPA)

The Canadian Media Producers Association (CMPA) is Canada's leading trade association for independent producers engaged in the development, production and distribution of English-language television programs, feature films and digital media. The CMPA works on behalf of its 350 members across Canada to promote and stimulate the Canadian independent production industry.

About Independent Producers

Independent producers are risk-taking entrepreneurs who start with a spark – an idea, a concept, or a story – who work with creative talent and broadcasting and distribution partners to build it into a full-form story to be told on the screen. Independent producers tell stories that represent all Canadians and reflect the diverse and varied voices that make up this great country.

There is a strong cultural and economic value to telling these stories. The film and television production industry in Canada sustains 140,600 high-quality, full-time jobs and contributes annually $8.5 billion to national GDP, including $3.3 billion in export value.

However, the sector has the potential to do much more. Cultural industries require a unique set of supports and regulations to succeed. Producing quality television and film content is extremely expensive and risky. New high-quality professional content doesn't get made and seen without adequate financial support, promotion and safeguards that balance bargaining power among all players in the market. If the right set of policy measures is not in place, jobs, talent, revenue and investment leave Canada, most often to the United States.

In this context, the CMPA is pleased to offer the following recommendations to the House of Commons Standing Committee on Finance as part of its 2018 Pre-Budget Consultations.

Supporting Canadian Production during the Digital Shift

The fundamental transformation in the way Canadians view content, where they are migrating from traditional television infrastructure towards Internet and wireless services, is well underway. However, this shift is neither complete nor will it mean the end of traditional TV.

While the shift is happening, the foundations of the existing policy framework that supports the creation of Canadian programming are eroding. For example, the Canada Media Fund's annual budget has decreased in recent years because of reduced contributions from Canadian Broadcasting Distribution Undertakings.

A new, modern policy framework is needed: A framework that recognizes new players like Internet service providers, wireless services and services such as Netflix and Amazon as key elements of the broadcasting system, and ensures they make an appropriate contribution to the creation and presentation of Canadian programming. Until a modern framework is adopted, decreases in financial support for Canadian programming and independent production will continue. These strains must not irreparably harm the broadcasting system while a new policy framework is developed.

Recommendation: Until a new policy framework is put in place, as an interim measure the Department of Canadian Heritage should increase its contribution to the Canada Media Fund to account for the funding declines.

The government's upcoming spectrum auction is one mechanism that could fund an increased contribution to the Canadian Media Fund. It is expected that the auction will sell bandwidth that was previously held for broadcasting purposes to wireless service providers. Repurposing of spectrum proceeds in this way would acknowledge the shift in how content is consumed, avoid new taxes and user fees and leave other government spending plans unaffected.

The Importance of Stable Financial Support

The screen-based production industry is extremely competitive and highly mobile. Investors, and in particular foreign private sector investors, are able to quickly relocate their investments to any jurisdiction in the world that offers a more compelling or stable financial environment.

The main federal programs that support the television and film industry are extremely important to keep productions and their related jobs in Canada. Any suggestion that current programs and tax credits may be reviewed or altered will cause instability and foreign investment to be redirected to other, more stable jurisdictions across the globe.

Recommendation: The federal government should maintain its support of programs such as the Canadian Film or Video Production Tax Credit, the Film or Video Production Services Tax Credit, the Canada Media Fund, and the Canada Feature Film Fund at current levels.

Seizing Opportunities to Export Canadian Culture

Unlike our top global competitors, Canada does not have a central agency responsible for harmonizing government initiatives to support and promote screen-based content in export markets. In a highly competitive global marketplace, Canada's media content sector needs an Export Strategy with a modernized infrastructure and centralized leadership. A centralized national agency would be best positioned to enable stakeholder cooperation and, ultimately, encourage greater coproduction opportunities and attract additional investment.

Recommendation: Create more export opportunities for Canada's domestic screen-based media companies by adopting a comprehensive Export Strategy.

A comprehensive, modernized, centralized Export Strategy would help build sustainable and strong Canadian companies capable of producing, financing and exporting/distributing Canadian-made films, television and digital media works on an internationally competitive scale.

Conclusion

The CMPA and its members are eager to work with the government to develop the policies and programs that will allow the independent production sector to thrive – so we can create good middle-class jobs, promote Canadian culture at home and abroad and produce great content.