



**Written Submission for the Pre-Budget  
Consultations in Advance of the Upcoming  
Federal Budget**

**By: Motion Picture Association-Canada**

- **Recommendation 1:** That the government provide an incentive to global studios to engage Canadian production companies as projects are restarted or commenced. This would provide a boost in immediate economic opportunity for these Canadian companies as well as allow Canadian workers to remain at the leading edge of technology and processes so that Canada's advantages in this sector are locked in for the longer-term. (CANADIAN PRODUCTION JOBS ACCELERATOR)
- **Recommendation 2:** That the government provide a rebate structure on withholding tax on non-resident actors to attract major production projects that meet a minimum Canadian budget of more than \$100M. This incentive will give Canada a better chance to win the global competition for large live action productions that create thousands of direct jobs and tens of millions in spending on local businesses. The cost to government of this adjustment would be more than offset by higher revenues from such projects, including increased opportunities for local workers and purchases from local businesses. (CANADIAN LARGE LIVE ACTION PROJECT ACCELERATOR)
- **Recommendation 3:** That the government provide a rebate structure on withholding tax on non-resident actors to attract major production projects that meet a minimum spend of at least 50% of the total live action budget and at least 25% of the total VFX/ post-production budget in Canada. This will help ensure Canada's strength in creating cutting-edge entertainment at post-production, digital animation, and visual effects houses across the country is taken to the next level, building more innovation and technology into the country's creative sector. (CANADIAN FILM AND TELEVISION TECHNOLOGY ACCELERATOR)
- **Recommendation 4:** That the government expand the existing production services tax credit that applies to spending on local labour to include spending on purchases from Canadian local businesses. This approach has been working in a growing number of jurisdictions around the world and the change would help Canada's incentive structure be more globally competitive – creating more jobs for Canadian workers and more revenues for Canadian businesses. (CANADIAN JOBS AND BUSINESS PURCHASES ACCELERATOR)
- **Recommendation 5:** That the government offer an incentive for investment in the development of cutting edge, technologically advanced production hubs in Canada. This will expand infrastructure and stage capacity, create construction jobs, and help repurpose underused commercial and industrial real estate – including facilities shuttered that will not re-open due to COVID-19 – incorporating high standards of environmental sustainability. Each facility that can accommodate new productions will expand long-term direct investment in the Canadian economy, jobs for Canadian workers, and sales opportunities for Canadian businesses. (CANADIAN FILM AND TELEVISION PRODUCTION INFRASTRUCTURE ACCELERATOR)

# **SUPPORT FOR THE CANADIAN ECONOMY AND CANADIAN WORKERS**

## **BACKGROUND**

The global studios represented by the Motion Picture Association-Canada – including Walt Disney Studios (Disney | ABC Television), Paramount Pictures (CBS Studios | VIACOMCBS), Sony Pictures Entertainment, Netflix Studios, Universal City Studios (NBCUniversal | Universal Cable Productions), and Warner Bros. Entertainment – are major investors in the Canadian economy through the production of long-running television series, feature films, and cutting-edge post-production, visual effects, and digital animation projects.

## **CANADIAN JOBS & CANADIAN LOCAL BUSINESS**

Feature film, television, and streaming productions support the development of local talent and provide good middle-class jobs for Canadians. In 2018-19, foreign producer investments in Canada exceeded \$4.86 billion and accounted for more than half of all production-related jobs (94,400 of more than 180,000 FTEs) across the country. In addition to supporting Canadian creators working in roles from production design to visual effects, from costume to camera, MPA member studios bought more than \$1.74 billion in goods and services from more than 23,114 local businesses in Canada – just in 2019.

## **IMPACT OF COVID-19 ON OUR PROJECTS AND CANADIAN WORKERS**

The COVID-19 pandemic caused a complete shutdown of major film and television productions across Canada, including the loss of work for hundreds of thousands of Canadians. When the pandemic hit, MPA studios had to suspend more than 67 live action productions that totalled almost \$2 billion in economic activity.

## **WHERE TO, FROM HERE?**

We have a handful of breakthrough policy recommendations to help support a safe restart of film and television projects in Canada and rebuild economic opportunities for Canadian creators, workers and businesses.

Our recommendations aim to support the following corresponding objectives:

1. To accelerate the creation of production jobs for Canadians
2. To accelerate investment of large live action projects in Canada
3. To accelerate Canadian film and television technology
4. To accelerate Canadian jobs and business purchases
5. To accelerate film and television production infrastructure in Canada

These recommendations are “shovel-ready” in that they can be started quickly, and have the potential to “build back better” meaning create even greater opportunity in the content production sector than the country had before.

Our recommendations can also be sunsetted after three years, allowing government to see a path to growing revenues based on more people returning to work and more businesses finding their way to profitability.

## **WHAT DO CANADIANS THINK?**

A nationwide poll by ABACUS in summer 2020 revealed that Canadians would like to see Canadian policy adapt to the COVID-19 reality in ways that trigger a faster recovery and a stronger ecosystem for film and television production in Canada in the future. More than 85% supported four tax changes (to be sunsetted after three years):

- A.** For global studios who engage a Canadian production company to collaborate in restarting production work.
- B.** To spur greater spending with local Canadian businesses that support productions in Canada.
- C.** To build sustainably designed, leading edge production infrastructure such as converting unused industrial and commercial space to help attract future productions in Canada.
- D.** To alter tax treatment for large budget live action films so that Canada is competitive with other jurisdictions and helps bring these projects to our country.

The survey probed for concern about the fiscal impacts of these measures and found people were twice as likely to believe that these measures would end up causing a rise in government revenues (49%) as work ramped up in the future, rather than reducing revenues (24%). Results are consistent across party lines and regions.

In short, Canadians sense an economic opportunity for Canada and support policy adjustments that could trigger a faster return to economic health in this sector and an even stronger competitive footing for the future.