



CFTPA
*Representing television, film
and interactive production in Canada*

ACPFT
*Porte-parole de l'industrie de la production
cinématographique, télévisuelle et interactive au Canada*

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Canadian Content Review
c/o Director, Film and Video
Department of Canadian Heritage
15 Eddy Street, 6th Floor
Hull, Quebec
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The Canadian Film and Television Production Association (CFTPA) welcomes the opportunity to continue the dialogue with the Department of Canadian Heritage on Canadian content in the film and television industry. Having participated in the Department's national roundtable discussions on Canadian content and reviewed the first comments of all respondents, we are pleased to offer further observations as a complement to our initial submission. In addition to our observations, we are submitting two supporting documents: a study commissioned from PwC Consulting (PwC) on the economic impact of Canadian film and television production that is certified as Canadian content by the Canadian Audio-Visual Certification Office (CAVCO) or the Canadian Radio-television Telecommunications Commission (CRTC), but made without funding support from the Canadian Television Fund (CTF); and a general summary, prepared by the CFTPA, of the comments provided by all respondents during the initial round of submissions.

The CFTPA understands that the federal government's scope of the Canadian content review, as stated in its discussion paper entitled Canadian Content in the 21st Century: A Discussion Paper about Canadian Content in Film and Television Productions, is "...limited to the definition of Canadian content in the film and television sector." We recognize that the review has provided an opportunity for all interested parties to present their views on a range of issues, not all central to the task at hand. We would urge those considering the review findings not to overstep the bounds of the review and to confine their recommendations to issues central to the CAVCO/CRTC definition of Canadian content. We respectfully submit that the re-evaluation of production funding policies or specific fund eligibility criteria should be the subject of a separate review.

Overview

As evidenced in the majority of the submissions and as we indicated in our first comments, stakeholders generally agree that the current Canadian content system, since its inception almost 30 years ago, has continuously fostered a solid film and television industry in Canada. It has served also as the foundation upon which direct funding initiatives like Telefilm and the CTF have been based, and has proven to be effective in balancing the government's cultural and industrial objectives. The system is not in need of extensive structural modification; however, the administration of the system does warrant improvement and certain aspects of the system are in need of updating.

An analysis of the submissions reveals that the majority of industry respondents do not wish that changes be made to the current CAVCO/CRTC points system, to the Canadian citizenship requirement of key creative personnel or to the requirement that production rights and afferent distribution rights be held by Canadians. The current CAVCO points system is critical to maintaining a solid system infrastructure. Increasing the minimum 6 out of 10 key creative points requirement would reduce the flexibility provided by the current system and the value of foreign pre-sales to the financing of Canadian certified productions. Foreign sales are often linked to the use of non-Canadian talent and help make these productions' commercial success. Increasing the minimum requirements would also challenge Canadian content requirements surrounding broadcast licences. Understandably, some creator guilds recommend an increase in the key creative points requirement. Our view is that the current points system actually works to benefit Canadian actors, writers and directors by encouraging greater activity. Increased key creative requirements would not translate into increased activity for Canadian creators.

Canadian control and ownership of a production strengthens producers' bargaining position on the national and international fronts and builds production libraries. Requiring Canadian residency from key creative personnel in addition to Canadian citizenship would severely restrict the pool of creative talent that producers may access to meet Canadian content requirements and deny individuals' right to establish themselves professionally outside of Canada.

Canadian content definition: the balance with market realities

An examination of the submissions reveals a general agreement of the part of the respondents that a basic definition of Canadian content should be demanding enough to ensure that Canadian creators and producers are supported, yet flexible enough to provide Canadian creators with favourable access to both the domestic and international markets. The CFTPA maintains that the existing definition has proven to be a good one and that its importance is not well understood.

The attached study from PwC, entitled The Economic Impact of Non-CTF Certified Canadian Film and Television Production, underlines the importance to the Canadian content system of projects produced without the support of the Canadian Television Fund. Non-CTF funded certified Canadian productions, including international treaty co-productions, form the economic and cultural foundation of the Canadian production industry, garnering over \$1.6 billion of the \$2.3 billion certified independent production sector during the 2000-2001 fiscal year, and generating approximately 44,000 full-time jobs. Since 1996-1997, film and television production in Canada has increased by an annual average rate of 13%, from \$3 billion to just under \$5 billion in 2000-2001. The study highlights the reality that Canadian producers turn to foreign sources for production financing due to our relatively small domestic market: producers traditionally cannot complete their production financing using exclusively Canadian sources. To access foreign financing, Canadian producers must often commit to using non-Canadian talent such as writers, directors and lead performers, in key creative positions. Using foreign talent and financing in these productions allows producers to broaden their market base and reach international audiences. Some notable non-CTF funded certified Canadian productions currently enjoying international acclaim include *Felicia's Journey*, *Rolie Polie Olie*, *Little Bear* and *F/X: The Series*.

Along with CTF-supported certified Canadian production, service production and broadcaster in-house production, non-CTF certified Canadian production is instrumental to the development of the industry, constituting 86% or \$381 million of the \$442 million in export value of Canadian content production; CTF-supported certified Canadian production accounted for the 14% or \$61 million balance. As indicated in the study, the CAVCO certification system provides an essential minimum standard for Canadian expenditures as well as creative and technical elements, while encouraging Canadian producer ownership and corporate development. Non-CTF certified Canadian production, as defined by the CAVCO certification system, gives Canadian producers the flexibility to finance films and television programs that appeal to audiences both inside and outside Canada. Furthermore, the study reveals that "...non-CTF certified Canadian production also contributes indirectly to the creation of distinctly Canadian production because it provides the economic basis for the development of a production infrastructure (studios, equipment, skilled production personnel) that can be used to produce all types of production in Canada."

Certainly, the CTF has played a critical role in assisting the creation of distinctly Canadian productions for Canadian audiences. This fundamental objective combined with high Canadian content requirements has resulted in relatively fixed levels of production from year to year. The growth in our industry, however, has emerged from the non-CTF sector.

We have noted, too, that the majority of respondents who commented on the CTF’s “visibly Canadian” program requirement would not favour the use of such a requirement as a foundation for any new Canadian content definition developed by the Department. Funding and certification agencies maintaining separate, yet harmonized definitions of Canadian content recognizes the distinct cultural and industrial goals of these agencies while promoting the cultural and economic viability of the industry. Indeed, a new Canadian content definition requiring that all certified productions reflect Canadian themes and subject matter, and be shot and set primarily in Canada, would serve to undercut the development and strength of the Canadian film and television industry. Maintaining different definitions allows for different types of production and financing structures, each proving to be important pillars of the Canadian film and television industry.

Going forward: areas to address

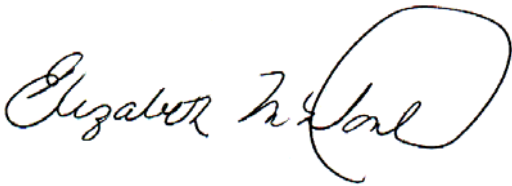
The CFTPA has identified four basic areas of the Canadian content system that need to be addressed: animation, documentary and variety programming, screenwriting and the administration of the system. The CFTPA reiterates that while the minimum points system should not be increased, it is timely to establish a task force to examine the application of the points system to animation productions. As well, certain definitions now used to establish program eligibility, such as those for “documentary” and “variety”, should be reviewed for corresponding relevance to the industry’s technological and cultural evolution. We highly encourage the government’s intentions to conduct specific roundtable discussions on the animation and documentary genres in order to supplement its general Canadian content discussions. In the same vein, expanding the definition of “screenwriter” for the purposes of the points system to accommodate works penned by Canadians from projects, ideas or novels developed by non-Canadians would broaden the artistic base upon which Canadian productions may be created. We believe greater flexibility in this area would result in more opportunities for Canadian writers.

While the submissions indicate divergent opinion about the centralization of Canadian content assessment, there is general consensus for the need to reduce duplication of efforts and standardize applications as much as possible for all direct funding and tax incentive programs. More transparent, simple, objective rules and criteria should promote efficient administration by improving application processing time, and should reduce the occurrence of subjective decision-making and the need for appeals.

Conclusion

We would conclude by reiterating that we confirm our comments and responses from our first round submissions. The CFTPA maintains that while some elements of the Canadian content system may need to be revisited, the essence of the system remains as valid and as relevant as it did three decades ago. A fundamental change to the system would have far reaching implications for producers, distributors and broadcasters alike and would shake the foundation on which the Canadian film and television industry has been built and has thrived.

We would be pleased to be involved in areas that require further attention and look forward to our continued participation in this process.

A handwritten signature in black ink, reading "Elizabeth McDonald". The signature is written in a cursive style with a large, prominent loop at the end of the name.

Elizabeth McDonald
President and CEO