

CMPA-BC Note to BC Liberal Leadership Candidates Re: Creative Entertainment Economy Cluster in BC

ABOUT US

The CMPA is a key stakeholder in the creative economy. We are a trade association representing over 85 member companies across British Columbia engaged in the production and distribution of television programs, feature films, and interactive media content. We are significant employers of BC creative talent and we assume the financial and creative risk of developing our stories and original content for Canadian and international audiences. Our members create content for distribution on multiple platforms: film and television, internet, game consoles and mobile wireless.

BACKGROUND

Over the past 20 years the policies and investments by the provincial government, together with over \$1 billion invested by private industry, have created an established film, television and interactive sector in BC that has had particular success in attracting production from Hollywood studios.

Another important contributor to the creative economy, BC-owned companies develop and produce content that they own and sell internationally, bringing residual and royalty revenue back to BC for reinvestment into the economy. The following are examples of some recent BC successes:

Sanctuary: Now in its 4th Season, this popular sci-fi series started off as a webseries and is now broadcast in US and Canada.

65_Red Roses: An award winning documentary (Hot Docs Festival, Banff TV Festival) that just recently completed a sale to the United States to the Oprah Winfrey Network.

Ice Pilots: Recently greenlit for a 3rd Season, this documentary series garnered the largest audience ever on History Television in Canada.

Cupcake Girls: A lifestyle series about two Vancouver women entrepreneurs – the show has sold to date in over 60 countries around the world!

Hiccups – Brent Butt's comedy series recently wrapped Season Two and is an example of how a television series employs BC creative talent in writing, directing, acting and producing.

Today the service and BC-owned sectors of the province's production industry have become increasingly interdependent. The infrastructure and talent that supports all physical production – from post-production facilities, studios and equipment suppliers to writers, actors and directors – relies on this interdependent relationship.

Below are examples of how provincial funding has helped trigger production and leverage private and public funds into the province.

1. Over a 5 year period, a provincial investment of just over **\$6.0 million** in BC Film's Slate Development Program resulted in **\$259 million** in provincial film and television production, a multiplier of over 4300%.

2. In 2009/10, each dollar provided by BC Film in development funding leveraged \$6.25 in development funding from other, non-provincial private and public funding sources.
3. In 2008/09, the federal government investment in BC film and television production approached \$150 million. This funding is entirely production dependent. If production declines in BC these funds will go to other provinces.

Today Hollywood productions telling Hollywood stories are shooting in BC at near record highs. However, once the location shoot is over, post production, distribution and future revenues from royalties also leave with them back to L.A. Like log harvesting, production services for Hollywood films are only one part of the industry value chain.

OPPORTUNITIES AND CHALLENGES

There is an opportunity to further encourage BC companies to tell our own stories and leverage our success thus far by creating a true **Creative Entertainment Economy Cluster in British Columbia**. This has would provide a significant ongoing economic benefit for British Columbia. BC-owned entertainment content has huge potential to become a key BC export. The most effective way to create jobs and add value while keeping the control and head offices in BC is to invest in BC-owned entertainment production - making us a fully integrated production sector active in all aspects of the value chain.

Years ago **Japan's economy** was based on producing inexpensive products created and owned by others. Japan became a world economic power only when they began using their talent and infrastructure to produce products of their own invention – thus controlling the intellectual property. Japan's innovation and creativity propelled them to global economic leadership.

The Ontario provincial government has recognized this opportunity and developed **Ontario's Creative Cluster framework**. The Ontario Creative Cluster mobilizes the individuals and companies whose primary occupation is the creation, production and monetization of creative products. The Creative Cluster's broadest definition consists of all activities directly involved in the development and production of creative products and services. It also includes the supporting industries which enable the production and distribution of creative content.

British Columbia can follow and build on these examples by ensuring we own the intellectual property and keep content creators and the revenue streams they generate here in BC. We already have the educational facilities, who are turning out world class students, so much of the investment by government is in place. With the right government policy framework and coordination in the shape of the Creative Entertainment Economy Cluster, even small coordinated investments can propel the BC industry up the value chain, allowing it to retain and export more of its intellectual property. This will create a substantially more sustainable BC creative sector, a more profitable industry, more jobs and more government revenues. To be sustainable in the long term and provide job growth, the BC industry must move up the value chain where BC companies participate in all aspects of creative value chain, not

solely production and post production services. The right framework coupled with the right investments will propel BC industry to become a fully integrated **Creative Entertainment Economy Cluster**.

BC Producers as members of the CMPA and MPPIA (Motion Picture Production Industry Association) have worked to assist the government by jointly formulating a solution to propel the BC creative entertainment economy to a new level. Recognizing government’s very tight fiscal situation, we recently presented to the government’s Select Sending Committee on Finance to consider the following request for Budget 2011/12 as a step in a right direction to sustainably entrench the creative entertainment economy in BC and begin the paradigm shift toward building a cluster:

Action	Cost
Restore research and development (R & D) funding to BC Film at \$2M / year over 5 years to preserve more Intellectual Property in BC and work towards a fully integrated production centre.	\$2.0M
Implement small administrative tax credit adjustments to significantly and immediately improve the investment climate for new projects to be developed and produced in British Columbia including: <ul style="list-style-type: none"> • Expand the Digital Animation or Visual Effects credit (“DAVE”) to cover all post production; • Provide a 5% bonus incentive for new TV pilots and series; • Include writer fees as eligible labour expenditures; and • Remove the copyright grind on inter-provincial co-productions. 	\$3.0M
TOTAL	\$5.0M

Action on the above noted recommendation to government would help propel the industry toward further integration and position for successful **clustering** as illustrated in the chart below:

