

**ACTRA Submission to the Standing Committee on Finance**

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## Introduction

The Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) welcomes the opportunity to participate in the pre-budget consultation hearings of the Standing Committee on Finance. ACTRA is a national organization of professional performers working in the English-language recorded media in Canada. ACTRA represents the interests of 21,000 members across Canada, the foundation of Canada's highly acclaimed professional performing community. ACTRA's members include the acting professionals that bring to life the creativity of Canada's writers, directors, and producers. This year, ACTRA celebrates its 60<sup>th</sup> Anniversary.

ACTRA is a vocal advocate for the preservation and strengthening of Canadian culture and creativity. The organization plays a leading role in coalition efforts for the advancement of Canadian cultural programs and in international bodies working for the protection of cultural diversity in a global economy.

This past July, ACTRA wrote to the Standing Committee requesting an opportunity to participate in the pre-hearing process and to comment on two issues:

- proposals for adjustments to the taxation system to reflect the working reality of professional Canadian performing artists; and
- the need for the government to maintain and enhance programs and funding for Canadian film and television production.

In respect to the first issue, ACTRA is a member of the Canadian Conference of the Arts and supports their submission to the Standing Committee concerning the taxation status of self-employed professional artists. It is very difficult to make a living as a professional artist in Canada, due to the vagaries of the industry and the unfair treatment we receive under tax rules. Providing income-back averaging would be a useful step toward correcting an historic imbalance. Providing tax-exempt status for copyright and other artistic income would give substance to the government's support of UNESCO's declaration on the status of the artist. It would ensure that our professions become an attractive career option and as a result, all Canadians would benefit culturally and economically.

This submission will focus on the second issue: the government's investment in television production, and in particular, the government's contribution to the Canadian Television Fund (CTF). It is ACTRA's position that the government must restore its contribution to the CTF to the pre-2003 budget level \$100 million and commit to increasing its ongoing contribution by an additional 20%.

### Canadian Television Fund

The CTF is a public/private partnership with an annual budget of approximately \$250 million supported by Government of Canada, cable companies and direct-to-home satellite service providers. It is an independent, non-profit corporation, governed by a Board of Directors comprised of representatives from the television, cable, production, film and video distribution industries, as well as representatives from the Department of Canadian Heritage and Telefilm Canada.

The CTF is instrumental in the production of high quality, distinctively Canadian programming for television. Since its creation in 1996, the CTF has supported over 2600 projects, producing more than 13,700 hours of new Canadian television programming in the essential categories of drama, variety, children's shows, documentaries, and performing arts in English, French and Aboriginal languages. Hit shows such as *This Hour Has 22 Minutes*, *Cold Squad*, *Trudeau*, *Da Vinci's Inquest*, *Un gars, une fille*, and *Histoires de Filles* would not have been made were it not for the critical investment of the CTF.

On February 18, 2003, the Federal Government reduced its financial commitment to the Fund by \$50 million over two years, exacerbating an already precarious existence for Canadian television drama production and for the Canadian performing artists. To illustrate the "free fall" decline in Canadian television drama production consider the following: in 1999 there were 12 English-language Canadian one-hour dramatic series on our television screen and in 2003 there were only four.

ACTR A appreciates that the annual prebudget consultations are an important vehicle through which Canadians can communicate to the federal government their priorities and values as the next budget is developed. ACTR A's call for stable funding for the CTF touches on the three themes in the Committee's call for comments.

### 1) *Economic growth and job creation*

The nurturing of Canada's cultural industries, for both economic and social reasons, has been a long-standing goal of the federal government. Stable and long-term funding of the CTF must be restored and maintained to ensure economic growth and job creation in the television production sector of the cultural industries. Statistics Canada has reported that, in 1996/97 (the latest year for which data are available), cultural industries represented 3.1% (or \$225 billion) of Canada's GDP. They also accounted for almost 641,000 employees, or 4.8%, of total employment. Federal spending on culture was \$27 billion in 1997/98, almost 8% lower than in 1990/91.

Last year, the Finance Committee reported that according to a study by KPMG, the CTF's \$200 million contribution to the broadcasting and production industry resulted in more than \$600 million in production activity and 16,000 direct and indirect jobs. Moreover, the CTF supports more than 40% of the English and more than 50% of the French-language priority programs that broadcasters are required by the CRTC to make available to Canadian audiences.

### 2) *Investing in, and caring for, all members of Canadian society*

Funding of Canadian television drama production is an investment for all members of Canadian society. After sleeping and working, watching television is the chosen activity of most Canadians and the most popular choice of television programming is drama.

Dramas give Canadians the pleasure to see themselves and their values on television, reinforcing our cultural and national identity. Indeed, they are the principle way that Canadians tell and share their stories with one another, strengthening and enriching the broadcasting system that links Canadians in a common medium. Television drama also allows the creativity of writers and directors

to be brought to life through Canadian performing artists where they can be shared with Canadians across the country.

3) *Ensure that urban, rural and remote communities are desirable places in which to live and work, and maximize their contribution to Canada's prosperity*

Canadian drama is produced on location throughout Canada and contributes significantly to local economies through job creation and spending. CTF-funded programming plays a critical role in initiating production outside of the principal production centres of Toronto, Montreal and Vancouver. For example, in 2010 27% of the CTF's investment was made in Atlantic Canada and 8% in the Prairies (8%).

The major centres for television production continue to be Montreal, Toronto and Vancouver. Stable and long-term funding of television production will help ensure continued investment in the infrastructure of studios and other facilities in these important economic centres. Without a thriving domestic production industry, these centres are particularly vulnerable to other economic and external forces. Toronto is a case in point. According to the Ontario Media Development Corporation (OMDC) over the past decade, the percentage of Canadian to non-Canadian productions in Ontario (Toronto) declined from 80% in 1992 to 40% in 2002 while foreign-service productions increased inversely during the same period (60% foreign / 40% Canadian). This means fewer and less rewarding acting jobs for Canadians as foreign-service productions favour foreign actors for principal roles. This past year, the combination of a higher Canadian dollar and the SARS epidemic has had a devastating effect on the number of foreign productions in Toronto, threatening the futures of numerous production companies and dramatically impacting the incomes of performers and thousands of others that rely on the film and TV industry.

## Support for the CTF

In the September issue of *Canadian Communication Reports* Canadian Radio-Television Telecommunications Commission (CRTC) chair Charles Dalfen ... "notes that Canadian drama

is a priority not just from a national identity perspective but also because it creates an infrastructure in the country for other production. 'In doing drama, all the trades and guilds are engaged – actors, writers, producers and so on. It creates experience and jobs and the ability to have a bit of infrastructure in the country that you can build upon and rely on.'" Dalfen also points out that the CRTC does not control the amount of funding contributed by Heritage Canada.

Without the support of programs such as the CTF, private broadcasters and producers would not have the resources to finance distinctly Canadian productions. A

PriceWaterhouseCoopers report commissioned by the CFTPA entitled *Assessment of the Economic Impact of the Canadian Television Industry* noted that if the CTF were eliminated, broadcasters would not be able to raise their licence fees to compensate for the financing gap created by the lack of CTF funding for distinctly Canadian programming without significant financial consequences. This would also jeopardize the ability of broadcasters to continue to provide uniquely Canadian programming, as producers would be forced to solicit more foreign financing for more export-oriented programming.

The CTF received specific attention in a recent report of the House of Commons Standing Committee on Canadian Heritage entitled *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*. The Heritage Committee noted that the CTF, despite its problems, has become a key element in the financing of many Canadian productions. The Heritage Committee's report noted that Professor Catherine Murray's examination of the Fund that: "Among all financing instruments to promote Canadian production, the CTF is the... most cultural in its objectives."

During the Heritage Committee's hearings witnesses often noted, however, that uncertainty over the government's intentions for the CTF discourages planning and investment. The Heritage Committee heard that Canadian creators are dealing with a funding system akin to a house of cards, where one funding source that has been awarded can be lost if another source is denied. The Committee recommends that the CTF be recognized by the

government as an essential component of the Canadian broadcasting system. This recognition must include increased and stable, long-term funding.

In short, the recommendation of the Heritage Committee was very clear:

**“The Committee condemns the federal government’s decision to reduce its contribution to the Canadian Television Fund and urged the government to reverse this decision.”**

## Summary

ACTRA is seeking a commitment from the government to restore and enhance its contribution to the CTF in the next budget. The CTF is critical if Canadian-produced programming, especially drama production with Canadian performing artists, are to continue to be available to Canadian viewers.

Government assistance of domestic television drama productions is not unique to the Canadian experience. European governments assist domestic television productions through, among other vehicles, direct funding from the tax base. Arguably the United States and India are probably the only countries that do not directly fund domestic television productions because their own domestic and export markets are large enough to sustain new productions without government investment. The fact is that in many European countries where the government provides direct funding for domestic production, notably the United Kingdom, Germany, and France as well as in Australia, the top-10 television drama series were domestically produced. It is alarming to note that in Canada, there was not one English Canadian dramatic series among the top 10 in 2003. Clearly this consequence is not due to a lack of Canadian talent, as evidenced by the number of Canadian actors that have had to leave Canada to find work and have become successful international stars.

ACTRA recognizes that direct funding through the CTF alone will not magically solve the problem of ensuring a steady supply of domestic television drama productions. Fair and

effective content and investment regulation must be imposed by the CRTC in conjunction with stable and sufficient direct government funding of the CTF.

ACTRA is a member of the Canadian Coalition of Audio Visual Unions (CCAUV), which made a series of recommendations in its report *The Crisis in Canadian English Language Drama*, calling for regulatory changes by the CRTC that would assist in restoring production of television drama in Canada. ACTRA is keen to see the CRTC move forward with appropriate regulatory measures to encourage Canadian television drama productions.

### **Recommendation**

ACTRA urges the Finance Committee to recommend that the government provide \$120 million annually to the CTF as a base amount for all future years.

All of which is respectfully submitted.