

Canada's Policy on Audiovisual Treaty Coproduction

POLICY STATEMENT

Canadian producers have been coproducing internationally for more than four decades. For many years, Canada has taken pride in being a world leader in official treaty coproduction.

The international coproduction environment has seen some significant changes in recent years due to technological advances and greater global competition for investment. In light of these changes, the Government of Canada is introducing *Canada's Policy on Audiovisual Treaty Coproduction*. This policy seeks to focus Canada's approach to treaty coproduction and ensure that Canadians and the audiovisual industry achieve maximum benefits from government actions in support of treaty coproduction.

I. Coproductions: Strengthening Canada's audiovisual infrastructure

Treaty coproductions – when two or more production companies based in different countries combine resources to produce an audiovisual project for which they share economic risk, ownership, creative control, and benefits from their respective governments pursuant to the terms of a treaty – are a key component of the Government of Canada's "policy toolkit" for the audiovisual sector, which also includes direct, indirect, and regulatory support for audiovisual production.

A sound infrastructure is a prerequisite to any intervention in support of diverse Canadian content creation and dissemination. The policy toolkit for the audiovisual sector contains a balance of instruments with a cultural focus, and others with a more economic focus. While some instruments are geared toward fostering the creation and dissemination of distinctive Canadian content e.g. the Canadian Feature Film Policy, the Canadian content regulations of the CRTC, the Canadian Film or Video Production Tax Credit, others focus on economic benefits by supporting the sector's production capacity, e.g. Film or Video Production Services Tax Credit, thus generating revenues for Canada and maintaining a worldclass infrastructure.

TREATY COPRODUCTION

Treaty coproduction is located at the intersection of cultural and economic approaches to support the audiovisual sector; while it is primarily an economic instrument to increase the sector's capacity through attracting foreign investment, it ultimately draws upon support for Canadian content programs to leverage this investment, and help to bring both economic and cultural benefits to Canadians.

Treaty coproduction represents significant opportunities for Canada's competitiveness and prosperity. It attracts foreign investment to the sector, augments production budgets, employs Canadians, taps into foreign markets, and helps to realize Canadian productions that would not otherwise be made. In addition to generating economic benefits, treaty coproduction increases the creation of Canadian cultural content, and allows for greater access by domestic and international audiences. It develops Canadian talent, and showcases Canada to the world.

II. Policy objective

In recognition of the important role that treaty coproductions play in leveraging financing from public, private, and foreign sources, the objective of the policy is **to position Canada as an audiovisual coproduction partner of choice.**

Positioning Canada as an audiovisual coproduction partner of choice will attract foreign investment that will help further seize the benefits of coproduction for Canadian industry and audiences. Reaching this objective will guide the Government's approach to all aspects of treaty coproduction – from developing the terms of treaties, selecting potential partner countries to negotiate with, to managing and coordinating coproduction administration in Canada.

III. Guiding principles

The following guiding principles will help achieve the policy's objective:

- Flexibility;
- Openness to renegotiation and negotiation of treaties;
- Alignment of coproduction promotional activities; and
- Simplification of administrative procedures.

a) Flexibility

While the broad parameters and intent of both coproducing countries will be outlined in the treaty itself, details of arrangements related to the contractual relationships between coproducers will no longer be prescribed by Government, thus providing more leeway for arrangements to be negotiated between producers. The approach will also provide opportunities for producers to take advantage of new production and distribution technologies.

In addition, a model treaty¹ has been developed to allow for evolving business practices and changes over time. The annex will be amendable by mutual consent of responsible departments in both countries without having to amend the treaty itself.

b) Openness to renegotiation and negotiation of treaties

To implement the new model, Canada needs to renegotiate existing treaties and negotiate new ones. The changes will increase flexibility, build Canada's competitive position, and respond to a changing international and technological environment.

As negotiation and renegotiation of treaties is a lengthy process that could take some time to complete, typically from 18 months to three years, a negotiation strategy will allow the Government to identify its priorities in terms of potential partners and plan its negotiations accordingly. A negotiation strategy using the model treaty will be developed in consultation with Canada's audiovisual industry.

Although coproduction treaties are also valuable for enhancing diplomatic relations, the primary consideration for developing the model treaty, and the negotiation and renegotiation strategy is the benefits to Canada's audiovisual industry. The initial round of key renegotiations and negotiations will commence following the consultations.

c) Alignment of coproduction promotional activities

Alignment of promotional activities require a coherent and focused approach to improve cooperation between different levels of government, national and provincial agencies, and with the industry to harness resources effectively and streamline processes. Coordinating resources in promoting Canada as a coproduction partner of choice will increase Canada's impact on the international scene.

¹ A model treaty is a draft treaty which is used as the starting point for negotiations with other countries.

d) Simplification of administrative procedures

Within the Canadian context, existing administrative requirements can be rigid. Time-consuming and complex coproduction certification guidelines in Canada are seen as impediments to business. Simplifying processes and delivery mechanisms are key government objectives. Minimizing paperwork for producers, and increasing the efficiency and effectiveness of actions taken by all partners in support of treaty coproduction, are essential to realizing the policy objective.

IV. Policy monitoring

To support the policy, a set of performance measurements will be developed to evaluate its effectiveness in meeting its objective to position Canada as an audiovisual coproduction partner of choice.

Performance indicators will include: the audience reach of coproductions, both in Canada and abroad; the value and number of treaty coproduction projects; the level of foreign investment and the number of coproduction treaties concluded or amended with Canada's new approach; as well as the number of Canadians employed in treaty coproductions.

Progress toward achieving the policy's objective will be monitored through ongoing performance measurement and regular reviews. The approach will be adjusted accordingly. Reviews will take into account progress on the negotiations and performance indicators above.

V. Conclusion

In the face of a changing international audiovisual landscape and declining Canadian competitiveness as a coproduction partner, *Canada's Policy on Audiovisual Treaty Coproduction* offers a more focused and coordinated approach to become an international leader in treaty coproduction. This policy will position Canada as an audiovisual coproduction partner of choice to attract foreign investment that will help develop outstanding infrastructure and talent in Canada's audiovisual industry, enhance its international competitiveness, assist the industry to adapt to a rapidly changing audiovisual environment, and showcase Canadian content and creators to audiences in Canada and abroad.

The Government of Canada encourages a clear vision, specific goals, and actions for achieving change. As such the policy will include the measurement of performance and results against agreed targets. It outlines the Government of Canada's vision to position Canada as a treaty coproduction partner of choice, and signals a commitment to cooperating with stakeholders in moving forward to realize this objective. The policy and its guiding principles of flexibility, openness to negotiation and renegotiation of treaties, and alignment and simplification, will change the way we operate. It will facilitate coproduction opportunities for Canadian producers and creators, and bring the content they develop to our audiences – serving Canadians as citizens, consumers, and creators.