

DOCUMENTARY
ORGANIZATION OF CANADA
DOCUMENTARISTES
DU CANADA

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Director
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Re: DOC & Covid-19 related concerns about CAVCO requirements

Dear Scott,

Thanks very much to you and your team for meeting with us last week to discuss DOC's concerns about how COVID-19 is uniquely impacting the ability of documentary producers to meet CAVCO spend and points eligibility requirements.

As you know, the Documentary Organization of Canada represents the independent documentary filmmaking community across Canada. With approximately 800 members nationally, DOC champions the production and distribution of documentaries across all platforms, advocates on behalf of creators and producers and connects and strengthens the Canadian documentary community.

Context

Data from DOC's 2019 *Getting Real* report shows that in 2016-17, the documentary sector generated 6,000 direct and spin-off jobs across Canada, contributing \$324 million to Gross Domestic Product based on direct spending of \$220M. This activity represented 341 unique projects and 864 hours of content.

At the moment, there are hundreds of contracted documentary productions underway across Canada – over 100 at the CBC alone.

Documentary producers have specific concerns about the challenges they are facing in light of restrictions being imposed due to the Covid-19 pandemic:

1. Producers are concerned they will not qualify for the CPTC because they are offside on the spend requirements as determined by the BOC (Form 6)
2. Producers are concerned they may lose tax credits if they cannot engage as much Canadian labour to complete their productions.

3. Producers are concerned their projects may lose CanCon points for key creative positions that have to be filled by non-Canadians (i.e. DP)

Specific Examples

For projects requiring international travel, both domestic and co-productions, documentary producers are now having to consider options like hiring foreign crews instead of sending Canadian crews on location. This is creating concerns around producers' ability to meet the required 75% minimum spend on Canadian production costs as well as concerns around key creative points in contexts where a non-Canadian DOP needs to be hired.

For example, one of our members is working on a documentary about climate activism for CBC and delivering in October. The film is 75% shot. Over the summer, the production is returning for a final shoot with key subjects in the US. The Canadian DOP won't be able to travel to the US. They will need to hire US shooters (who are often more expensive than their Canadian counterparts) as well as a local production assistant to help with coordination and implementation of on-site safety protocols. The producer is concerned that they will not be able to respect the 75% Canadian spend, that they will lose a point for shooting with a non-Canadian DOP and that the non-Canadian labour costs will be excluded from the calculation for the CPTC which could materially impact the tax credit if it is based on qualifying labour.

Another one of our members is working on a Canada-Australia co-production where all of the shooting will take place outside of the two co-production countries. As mentioned in our meeting, Telefilm Canada has suggested that she hire a Canadian DOP to supervise the shoots while hiring local camera operators, sound technicians and assistants on location. Aside from the increased costs, this Quebec-based producer is concerned that she will be offside with her Canadian spend.

The impact of hiring foreign crews is then further magnified by the unique logic of CAVCO's Form 6 which producers use to calculate Canadian and non-Canadian costs. Creative roles (such as DOP) are not factored in when calculating Canadian costs. But if the production needs to hire a foreign DOP, those costs do get calculated in as part of non-Canadian costs.

Stock Footage

Increased stock footage needs is another challenge for our members. For projects requiring international location footage, some producers will be obliged to cancel location shooting and instead purchase more archival footage than originally planned. Because of consolidation by large players (eg. Getty, Google), it has become increasingly challenging to source footage from Canadian suppliers. The pre-existing problem of Canadian producers having to source stock footage from the US and pay in US dollars has been further exacerbated by COVID-19. This is similarly raising concerns about respecting the current Canadian spend parameters.

Recommended Immediate Steps to Safeguard Qualification of Domestic Productions

On our call, we acknowledged the unique nature of documentary production (both series and one-offs) which often involves out of country shooting, and we discussed some immediate steps that can be taken to safeguard projects:

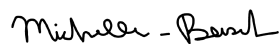
1. Creating a deeming provision – foreign crew could be “deemed” Canadian for work they were hired to perform because the producer was unable to send Canadian crews on location. Similarly, a foreign DOP could be “deemed” Canadian, in a context where the Canadian DOP is not able to travel. This would allow us to retain the CAVCO points and spend that we need. There is a precedent: Manitoba has this provision in their rules for production.
2. Excluding stock footage from the calculation of Canadian and non-Canadian expenditures in order to ease foreign-spend caps. As discussed, we would recommend that this become a permanent measure. The issue has been exacerbated by COVID-19, but it is a chronic obstacle for the documentary sector.

As the provinces and many countries around the world open up for production, our documentary community is quickly gearing up to produce new films which is proving to be difficult in the current context.

DOC Chapters across Canada are raising similar issues with their provincial bodies and DOC is also discussing the issue of CanCon points with broadcasters and CMF/Telefilm.

We look forward to discussing next steps and how we can support you in your conversations with your colleagues at the Ministry of Finance to ensure the swift implementation of these urgent measures.

Best regards,



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CC Ina Fichman, Chair, DOC