



# SUMMARY OF KEY FINDINGS:

# THE BENEFICIAL IMPACT OF GLOBAL STUDIOS AND STREAMERS ON CANADIAN CREATIVES AND CULTURAL ECOSYSTEM

New insights from KPMG provide a comprehensive examination of how global studios and streamers positively impact the Canadian audiovisual industry while providing those who work within it a global platform to showcase their talent.

The report was commissioned by MPA-Canada and prepared by KPMG's Industrial and Commercial Innovation team. You can find the complete report at [mpa-canada.org](https://mpa-canada.org)



# INVESTMENTS OF GLOBAL STUDIOS AND STREAMERS TAKE MANY SHAPES

The public debate on investments in Canada's audiovisual sector is often framed around the distinction between foreign versus domestic production. In reality, investments are much more nuanced, with partnerships between domestic and foreign entities and creatives taking many shapes.

Discover how global studios and streamers in Canada are:

- Driving economic growth and employment
- Strengthening the domestic industry
- Bringing big benefits to the entire audiovisual ecosystem
- Training the next generation of Canadian creative workers

## BUSINESS STRATEGIES PURSUED BY GLOBAL STUDIOS AND STREAMERS BENEFIT CANADIAN CREATORS AND CANADIAN AUDIENCES:

These investments reflect different business strategies pursued by global studios and streamers, including a desire to develop a specifically Canadian offering to build brand identity for the domestic market, and then eventually bring those successful movies and shows to other markets, with the aim of eventually marketing to a global audience. Culturally specific productions often have an unpredictable, but great potential for international popularity.



“Netflix was the first place to realise the meaning in doing local storytelling, and doing it really well, and how that could lead to global hits. [...] When we look at Canada, that's our first intent. To make stories from Canadian creators, by local producers, primarily set in here, leaning into the endless well of Canadian stories for Canadian audiences. We believe that if we do this really well, then these stories have the chance to really explode.

– Tara Woodbury, Netflix, Canada

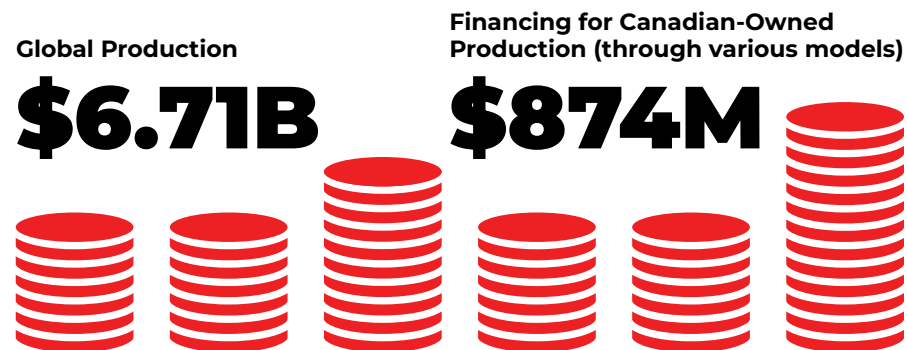
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# GLOBAL STUDIOS AND STREAMERS ARE...

## DRIVING INDUSTRY GROWTH AND EMPLOYMENT OPPORTUNITIES FOR CANADIAN CREATIVE WORKERS

Global studios and streamers have been the driving factor behind the expansion of the entire Canadian audiovisual production sector. In recent years, the emergence of online streaming has fueled significant growth in audiovisual production in Canada, led by increasing investments by global partners. Today, Foreign Investment in Production (FIIP) accounts for \$7.58 billion annually, with the majority spent making world-class productions in Canada, and a significant portion spent financing Canadian-owned projects..<sup>1</sup>

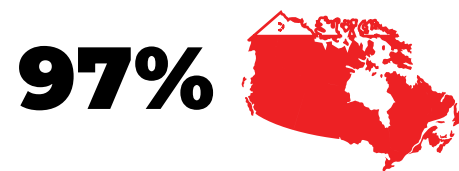
### \$7.58 BILLION IN FOREIGN INVESTMENT IN PRODUCTION IN CANADA INCLUDES:



**Source 1:** Canadian Media Producers Association, "Profile 2022: Economic report on the screen-based media production industry in Canada", May 3 2023. Data compiled and estimated based on data received from CAVCO, the CRTC, CBC/Radio-Canada, and the Association of Provincial Television and Film Agencies. **Source 2:** Canadian residence and local hire spending figures based on an average across a sample of representative series (both higher and lower budget) provided by global studios and streamers represented by the MPA (only) during calendar year 2021-2022.

As production levels from global studios have increased **285% over the last decade**, so too have opportunities for Canadian creative workers. Now, when global partners bring productions to Canada, the vast majority of jobs go to Canadian workers.<sup>2</sup>

Percentage of cast, crew and production personnel working on global productions in Canada



Amount of total labour spent with below-the-line workers



“ With the evolution of television streaming platforms, we have seen a significant increase in the volume of work here over the past decade. This growth is the result of larger projects/budgets, more streaming platforms choosing to produce in Canada, and an expansion in terms of US investment. These factors have contributed to an overall increase in the volume of production.

– John Weber, Take 5 Productions

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### GLOBAL PRODUCTION AND DOMESTIC PRODUCTION

Accounting for **more than half** of total audiovisual production, television and streaming production investment across Canada, global studios and streamers generate almost **60% of total income** paid to Canadian creative workers, with global production fuelling employment at a rate **three times higher** than that of domestic production over the 2012-22 period.<sup>1</sup>



In addition to creating jobs, global producers support a wide range of Canadian businesses from coast to coast to coast, with the MPA Studios alone spending **more than \$4.8 billion** with over **38,965 local businesses** annually.<sup>3</sup>

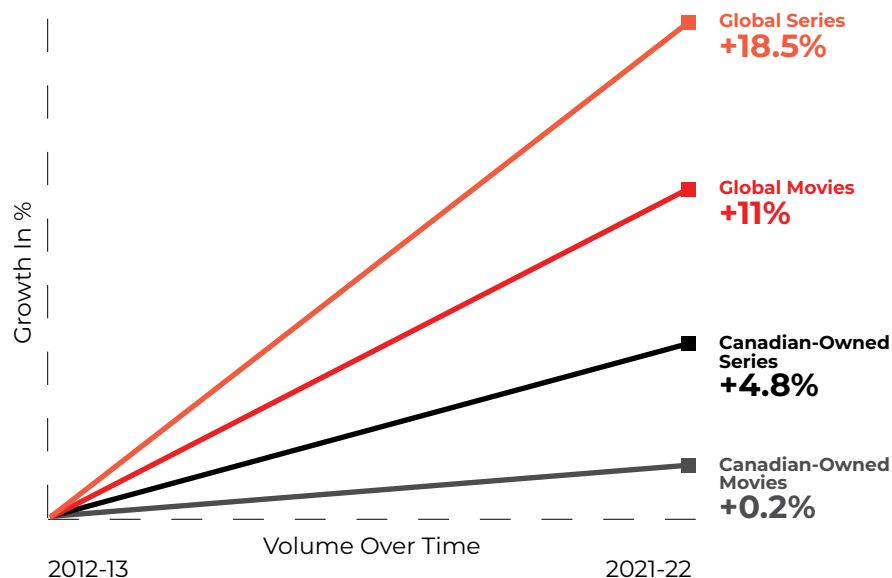
**Source 3:** MPA data calculated based on submissions received from the MPA Studios covering calendar year 2022.z

# DIVERSIFYING THE ECONOMY AND STRENGTHENING CANADA'S AUDIOVISUAL INDUSTRY

Diversification is a key factor in strengthening domestic economies. Investments by global studios and streamers have helped boost the Canadian audiovisual, television and streaming industry, including by driving growth across the *entire* production sector, and by broadening the sources of investment for Canadian producers.

This is evidenced by growth in Canadian-owned production alongside growth in global production, albeit at smaller rates.<sup>1</sup> In other words, the growing presence of foreign production in Canada has not happened at the expense of Canadian-owned production, which has also grown in absolute terms.

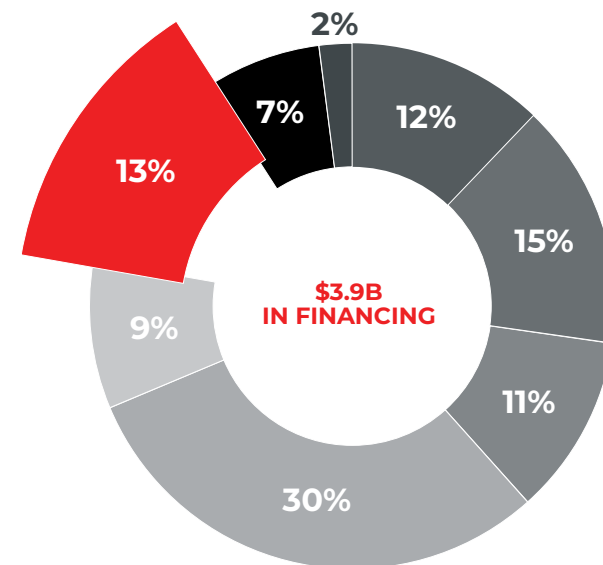
## GROWTH IN PRODUCTION BY TYPE OVER TIME



**Source 4:** Canadian Media Producers Association, "Profile 2022: Economic report on the screen-based media production industry in Canada", May 3 2023. Data compiled and estimated based on data received from CAVCO, the CMF and Telefilm Canada. Total financing of CRTC television productions based on estimates of historical CRTC certification volumes.

Global studios and streamers are **one of the single-largest sources of financing for Canadian-owned productions**, with investments equivalent to traditional broadcasters and more than the CMF and Telefilm combined.<sup>4</sup>

## SOURCES OF FINANCING FOR CANADIAN-OWNED PRODUCTION (2022)



### Sources of Financing

- Foreign Pre-Sales & Advances, Broadcast Fees
- Canada Media Fund (CMF)
- Telefilm Canada
- Other Public & Private
- Private Broadcasters License Fees
- Public Broadcasters License Fees
- Federal & Provincial Tax Credits
- Canadian Distributors

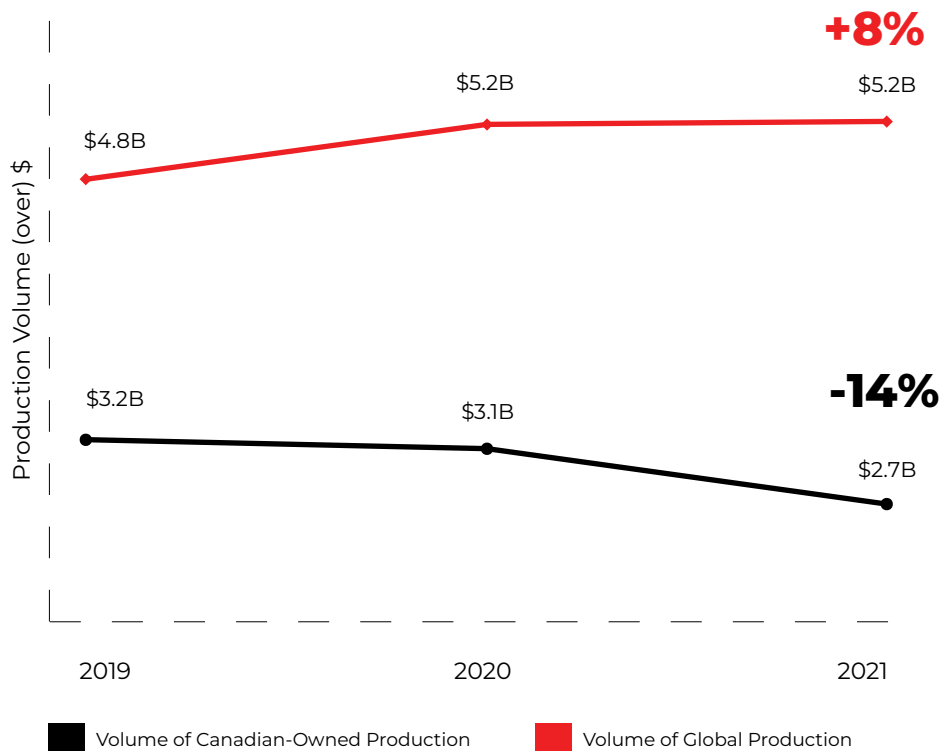
“ There’s this implicit notion that somehow when we have a lot of foreign service work, it is somehow taking away from the domestic industry... Other than tax credits, all the other funding sources don’t apply to foreign service work. There’s just a capacity issue on the domestic side.

– John Lewis, IATSE

Diversification is also a key factor in mitigating risk and ensuring the long-term resilience of the Canadian audiovisual industry. The global nature of production investment means economic turbulence in the domestic or foreign market has less of a disruptive impact on the sector overall.

Take the COVID-19 pandemic for example, whereby global production more than made up for the contraction in Canadian-owned production, providing much-needed employment for Canadian creative workers who experienced extreme job loss.<sup>1</sup>

### CHANGE IN PRODUCTION AT HEIGHT OF COVID-19



The 2023 US labour strikes also provide a counterfactual example of the potential impact of decreased global production, and how the robustness of the Canadian industry is dependent on a combination of both domestic and foreign investments in production.

## BRINGING BIG BENEFITS TO THE ENTIRE CANADIAN AUDIOVISUAL ECOSYSTEM

**Foreign investment in the Canadian audiovisual ecosystem carries benefits similar to those of other types of foreign direct investment.**

The spin-off effects spurred by foreign investment have contributed to the significant evolution in the sophistication of the entire Canadian audiovisual industry and television industry, including the domestic production sector which has benefitted from the knowledge transfer of best practices, technology, and techniques employed on global productions.

### UP-LEVELLING THE LOCAL PRODUCTION ECOSYSTEM:

The entire Canadian audiovisual industry has benefited from increased production from global studios and streamers, leading to the development of a well-rounded Canadian industry with world class crews. Local suppliers used by both foreign and domestic producers are now on par with the highest international standards, with massive production infrastructure investments driven by the rapid increase of streaming productions.



“ In the last 22 years, I would say generally the capacity for production has increased exponentially in Canada; that is a reflection of deeply trained crews in multiple locations. [...] We’ve seen capacity growth, and not just in the crews, but in infrastructure; you see it with sound stages, you see it with equipment rentals, all of the ancillary industries that are necessary to support the industry are there. [...] We see big US shows coming up now, there’s fewer and fewer US crews coming up with them. [...] There isn’t a drop off in terms of capacity, in terms of quality, the effort, and the workers.

– John Lewis, IATSE

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## TRANSFERRING GLOBAL BEST PRACTICES TO CANADIAN PRODUCTIONS:

The domestic production sector has benefited from the knowledge transfer of best practices, technology, and techniques employed on global productions. Canadian talent working on global productions are exposed to world-class experts using advanced techniques and cutting-edge technologies that are later deployed when working on Canadian-owned productions.



## DRIVING TECHNOLOGICAL TRANSFORMATION AND OPPORTUNITIES FOR CANADIAN CREATIVE WORKERS:

Global studios and streamers have also driven technological transformation, including advancements in VFX and virtual production facilities to position Canada for the future of the industry. Having been built to serve global studios and streamers, these state-of-the-art facilities are now also being used by Canadian-owned productions, increasing their quality and sophistication years before the domestic market alone could have justified building that type of technological capacity.



“ Over the past few years, we have worked alongside CBS in securing the funding to invest in the buildout of a 260,000 square foot production studio, alongside a substantial investment in Canada’s largest virtual production wall.

This virtual production technology has been at the forefront of elevating the creative possibilities for the Star Trek franchise. There is no doubt that ongoing investments by foreign studios have contributed to the continued growth of the film and television industry in Canada.

- John Weber, Take 5 Productions.

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## RAISING CANADA'S BRAND WITH GLOBAL AUDIENCES:

Irrespective of where the productions are filmed, whether in Canada or abroad, global studios and streamers promote local talent involved in global productions. For instance, a Canadian creative who directed a major feature film, or acted in a popular television series, may be featured prominently in its promotion. One can think of Denis Villeneuve with *Arrival* and *Dune*, or Maitreyi Ramakrishnan with *Never Have I Ever*. More broadly, such promotional activities help raise Canada's brand around the world while fostering national awareness and pride at home.



*“The opportunity that Canadian writers now have to showcase their content work in Canada but also be attractive to other audiences around the world is extremely exciting.*

*I always use the metaphor when I work with writers and anything I develop, I want that project to sort of kill two birds with one stone. I want it to work here in Canada for Canadians. [...] But I also want it to be of an aesthetic quality and creative ingenuity that it is of interest to others around the world, and that is where you have seen Canadian writers rise to the occasion.*

*– Tom Hastings, Paramount+*



## TRAINING THE NEXT GENERATION OF CANADIAN CREATIVE WORKERS:

Given their size, international reach, and access to a larger pool of capital, global studios and streamers are taking risks on emerging talent, and offering training programs to help Canadian creative workers acquire the skills that will position them for success. Through both production and non-production initiatives, global studios and streamers provide multiple pathways for Canadians to access above-the-line and below-the-line work in the audiovisual, television and streaming industry.



*“You immediately go into a writer's room, and you are now the CEO of your show. But you have been alone in your writing room, you have no managerial skills. Some of our other investments focus on: what are things outside of talent that you need, what are some of those conflict resolution skills. [...] We try to take a look at the full picture of what it means to be a show runner, or to be a department head, and how we can make it so that they are building that skillset in addition to their craft.*

*For example, the Warner Bros. Discovery Writers' Program provides Canadian writers from underrepresented backgrounds with leadership skills training. The same program also supports those who have a desire to write but no experience outside of acting to bridge the gap.*

*– Melanie Nepinak Hadley, Warner Bros. Discovery Access Canada*





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