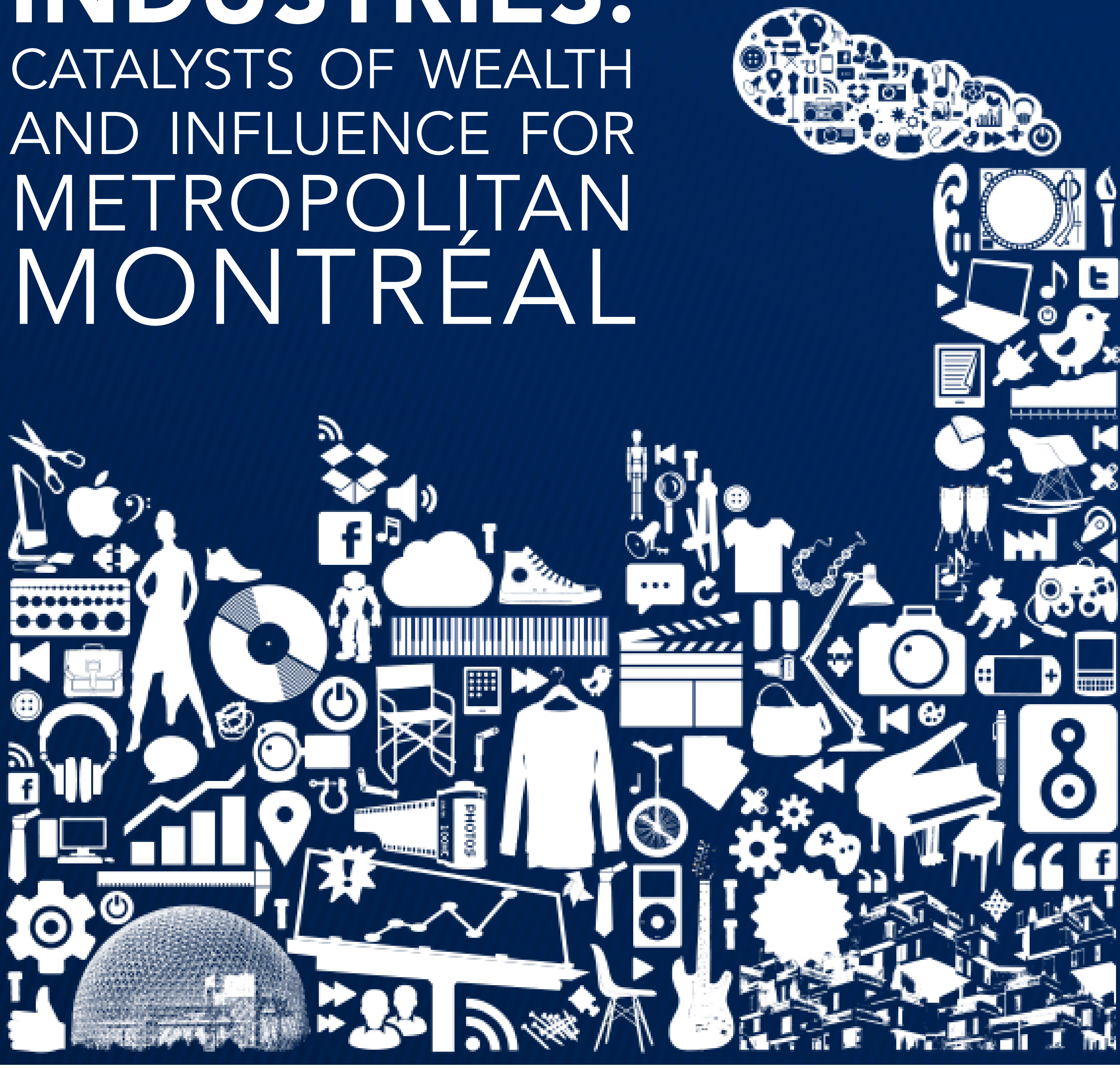
CHAMBRE DE COMMERCE
DU MONTRÉAL MÉTROPOLITAIN
BOARD OF TRADE OF METROPOLITAN MONTREAL

THE CREATIVE INDUSTRIES: CATALYSTS OF WEALTH AND INFLUENCE FOR METROPOLITAN MONTRÉAL



THE ART OF BUSINESS

A study by the Board of Trade of Metropolitan Montreal conducted in partnership with the Communauté métropolitaine de Montréal, the Ministère des Finances et de l'Économie du Québec, the Secrétariat à la région métropolitaine, Ville de Montréal, the Québec Film and Television Council and the Association of Quebec Advertising Agencies, and in collaboration with KPMG-SECOR.

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MESSAGE FROM THE PRESIDENT AND CEO

MICHEL LEBLANC

Our creators are a source of pride for Montréal. We are lucky to rely on excellent ambassadors to extend Metropolitan Montréal's international influence in several fields of activity. For some creative talent recognized worldwide, such as Cirque du Soleil, Moment Factory and Arcade Fire, Metropolitan Montréal serves as a springboard to propel their creations and make them global successes.

Several factors combine to make Montréal a creative metropolis. Its educational institutions represent a nursery, providing the new economy's enterprises with the raw material of their supply chain: creative talent. The creators' daring is rewarded, especially because Montrealers live in a crossroads of diverse cultural influences and feel that here, everything is possible. A true ecosystem of creative industries has formed over the past few decades, bringing together enterprises, performance troupes and independent creators, venues, promoting organizations, events and festivals, as well as supporting government players.

We are frequently witnesses to this creative dynamism. It is deployed in our streets and our performance halls, in our movie theatres, on our television screens or digital tablets, in high-end fashion design or in the curves of buildings and urban furniture. It is self-evident that Montréal is a creative metropolis, but dozens of other cities around the world claim the same title. The Board of Trade has therefore resolved to focus on all sectors constituting the creative industries to measure their importance in Metropolitan Montréal and suggest paths to ensure their development.

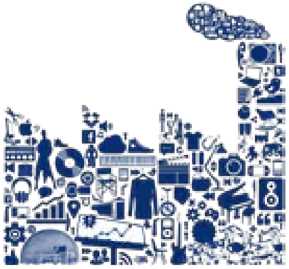
Creativity is a cross-cutting property that can apply to all industries, from agriculture to nanotechnology. Let us affirm from the outset that the creative industries are the most intensive in creative capital, resulting from a strong interaction between the arts and new technologies, and involve the production and valorization of original content. This study provides a precise list of these sectors.

The creative industries form a growing sector, creating wealth and jobs. For the very first time, we are measuring their economic spinoffs for Metropolitan Montréal, both in terms of direct and indirect jobs and in terms of sales. Data collection and analysis then allow us to compare our absolute and relative performance with the leading metropolises of North America and Western Europe, for each sector studied.

The results of this analysis show that Montréal is very favourably ranked among creative metropolises and encourage us to pursue the reflection on the ecosystem of our creative industries. Since they generate major economic spinoffs and Metropolitan Montréal ranks among the world-class hubs in this field, we consider it fully justified to strengthen them. We therefore propose support measures and targeted initiatives to maximize the spinoffs for the enterprises and participants of these industries.

We have achieved solid strategic gains, but it is essential that our creators be able to meet the current challenges so that they continue to contribute sustainably to Metropolitan Montréal's influence. Among these challenges, increased valorization of the products of creativity and better adaptation to international competition will be keys to their success in the years ahead. The city is fertile ground for creative industries and a springboard to the world for many businesses. It is time to take action to strengthen the sector and promote the rise of new ambassadors of our creativity.

SUMMARY



The creative industries are a range of subsectors combining the arts and technology. Several countries, federated states and metropolises around the world have recently embarked on efforts to promote these industries. Their decision-makers rightly detected vast potential for wealth creation and growth.

In Metropolitan Montréal, the creative industries directly employ over 91,000 people, 4.6% of the total jobs of the Census Metropolitan Area (CMA), and generate $8.6 billion in direct and indirect economic spinoffs. The jobs they generate are quality positions, associated with the knowledge economy, and their growth has exceeded the metropolitan average over the past few years. The creative industries create value in other industries, especially through design and advertising. Locally, they play an important role in urban revitalization and social cohesion. Finally, they contribute to Montréal's brand image by the influence of its creators and flagship products around the world.

Montréal's creative industries are positioned advantageously in comparison with North American and European metropolises. However, there is still room for improvement. **The metropolis can further valorize its creative potential so that it rises to the ranks of metropolises with the highest creative intensity.**

This ambition must mobilize all the players in the value chain of the creative industries and all the partners gravitating around these industries, including government and supporting public bodies. **It also involves an evolution of the current ecosystem, in which a multitude of individuals and microenterprises cohabit with a few major multinationals, to an ecosystem characterized by the increased presence of midsized firms, leaders in their creative field with international influence.**

To achieve this goal, certain fields of action are priorities for the development of the creative industries. In particular, Metropolitan Montréal must:

- **Consolidate talent within sustainable creative enterprises.** The Montréal creative industries are very fragmented and characterized by a large proportion of self-employed workers and very small businesses. This lack of consolidation is a threat to the sector's sustainability.
- **Further exploit the intellectual property created.** Montréal creative industries do not valorize their creations enough and have too little presence on foreign markets, at a time when globalization of trade in creative products and services is accelerating. The entrepreneurial culture must be encouraged in our creators and the commercial potential of their creativity must be captured better.
- **Benefit more from new distribution channels.** Enterprises in the creative industries must learn to deal with and benefit from new digital production modes and new distribution platforms to impose their presence more in the local and foreign markets.
- **Improve Montréal's international influence as a creative metropolis.** This positioning is the key to stimulating interest in the content created here and to continuing to attract investments, enterprises and talent to the region.

These actions will enable Montréal to embark on a **wave of valorization** of the potential of its creative industries. It involves a series of support measures to accompany the enterprises and individuals working in the creative industries to the next level, by further valorizing the creative potential of the Montréal region's talent. In fact, this wave is based on solid advantages, acquired in three previous development waves: institutional (starting in 1950-1960, culture-focused and the basis of Montréal creative talent), industrial (starting in 1980-1990, technology-focused and the basis of creative enterprises), and collaborative (starting in 2000-2010, creativity-focused and the basis of new creative platforms).

The proposed change of direction is based on six development axes, each involving key actions. The strategic framework on the next page summarizes all the main points of the proposed approach.

BET ON VALORIZATION OF MONTRÉAL CREATIVITY	AMBITION	WHY?
	Valorize the creative potential of Metropolitan Montréal talent and raise Metropolitan Montréal to the top five regions with the greatest intensity of creative industries	• An existing and recognized strength of the region • Growing worldwide demand • Diverse quality jobs • Positive impacts on other sectors • An urban vitality and quality of life factor • A contribution to the territory's influence and attractiveness

TWO MAJOR FUNDAMENTAL TRENDS

- Digitization and convergence of creative content
- Globalization of trade in creative products/services

MAIN DEVELOPMENT ISSUES OF MONTRÉAL CREATIVE INDUSTRIES

• Capitalize better on diversity and interdisciplinarity	• Develop a greater number creative enterprises with critical mass	• Increase exploitation of the intellectual property created	• Adequately consider the specificities of the creative industries	• Benefit more from the new distribution channels	• Improve international influence

THE FOUR WAVES OF DEVELOPMENT OF CREATIVE INDUSTRIES

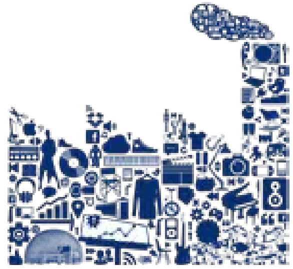
- The **institutional wave**, culture-focused and the basis of Montréal creative talent (starting in 1950-1960)
- The **industrial wave,** technology-focused and the basis of creative enterprises located in the region (starting in 1980-1990)
- The **collaborative wave**, creativity-focused and the basis of new creative platforms (beginning in 2000-2010)
- The **valorization wave**, at the basis of the region's creative potential (to be developed further)

THE OBJECTIVE PURSUED OVER THE FIVE-YEAR HORIZON

Move from an ecosystem in which a multitude of individuals and microenterprises cohabit with a few major multinationals to an ecosystem characterized by the presence of midsized firms, leaders in their creative field and extending their influence internationally.

THE SIX STRATEGIC AXES / KEY ACTIONS

MAINTAIN THE ACCENT ON TALENT	*STIMULATE EXPLORATION*	*FAVOUR CONSOLIDATION*	*VALORIZE INTELLECTUAL PROPERTY*	*SUPPORT COMMERCIALIZATION*	*STRENGTHEN INFLUENCE AND POSITIONING*
KEY ACTIONS					
• Maintain the scope and offering of educational programs • Continue to provide upstream support to creators and artistic organizations • Increase interest in continuing in-house training	• Ensure the presence of spaces for creation and collaboration • Support R&D, experimentation and open innovation • Encourage networking with other disciplines and regions	• Support entrepreneurship and provide creators with better guidance • Favour better access to funding • Support enterprises that have reached a critical mass	• Recognize investments in original content • Adapt public funding to IP valorization • Develop specific expertise in creative IP valorization	• Adapt public funding to new platforms • Provide more support for exports and market development	• Ensure greater involvement of the business community • Develop greater exemplarity • Integrate the international creative networks



INTRODUCTION

What do these achievements and recognitions have in common?

- The greatest number of Las Vegas hit shows in 2013;
- One quarter of the Oscar nominations to Best Foreign Language film over the past 3 years;
- The Grammy for Best Album of the Year in 2011;
- Visual animation of the 2011 Super Bowl halftime show;
- The installation of interactive telescopes in some of the most prestigious skyscrapers in the world, including the Burj Khalifa in Dubai, the Oriental Pearl Tower in Shanghai and the Shard in London;
- Recipient of the 2010 GOOD DESIGN® Award – Environment Category, presented by the Chicago Athenaeum, the oldest award for excellence in design and one of the most recognized in the world;
- Winner of Video Game of the Year in 2009, according to the *New York Times* and *GamePro*;
- First Prize at the Mosaiculture Shanghai International competition in 2006;
- Design of the redevelopment of all Adidas stores worldwide in 2006.

All these achievements and recognitions are concrete expressions of the creative potential of Metropolitan Montréal. Beyond a mere cliché, the creativity of Montréal talent represents a true economic force for the region and for Québec as a whole. While Montréal creative industries are increasingly recognized internationally, it is also clear that our creative potential could be valorized even more.

Why not imagine…?

- The iPad 7 worldwide advertising campaign in 2017 designed and produced by a company from Metropolitan Montréal;
- The top-selling game on mobile in 2015-2016, developed by the Montréal company XYZ;
- The international Pritzker Architecture Prize, awarded in 2018 to the Montréal firm ABC;
- The Montréal company 123 exceeds $100 million in sales, due to its unique and copyright protected holographic animation products;
- Adaptation of a Québec television series for the American HBO network, with production entrusted to the copyright-holding Montréal company;
- The contract for the design of the next generation of Delhi metro cars awarded to a Montréal industrial design firm;
- The 2018 International Award of the Council of Fashion Designers of America goes to a Montréal designer…

Such achievements very certainly would be sources of pride for the Montréal region, but they would also be sources of economic wealth. The creative industries are growing faster than the economy as a whole and represent real business opportunities for Montréal companies in the sector. These industries offer promise in terms of quality jobs, while fostering the personal and collective blooming of creative talent.

Given the growing importance of creativity in the industrial fabric of the advanced economies, the Board of Trade of Metropolitan Montreal (Board of Trade) wanted to increase knowledge of the contribution of the creative industries present in Metropolitan Montréal. While creativity is an integral part of Metropolitan Montréal's economic fabric and this presence is recognized both within and outside the region, the real importance of Montréal creative industries remains little known, and even nebulous. This situation hinders recognition of these industries and, more fundamentally, the support necessary for them to be even more dynamic.

In November 2009, the Board of Trade laid a first milestone by publishing the report "Culture in Montréal: Economic Impacts and Private Funding". Although it deals with cultural industries, in fact, almost all the creative industries were included in the study. It included the film and video, television, radio, publishing, music, design, architecture, advertising, theatre arts and video game industries. Nearly 100,000 direct jobs were inventoried in these industries, with a growing workforce and annual direct spinoffs of nearly $8 billion, 6% of the GDP of Metropolitan Montréal.

This study seeks to continue the work performed in 2009, by focusing on the creative and production activities in these sectors, the most intensive links of the value chain in terms of integration of creative content. Its objectives are to obtain a better knowledge of Metropolitan Montréal's creative industries and their economic reality, and to shed light on the key role they play. It emphasizes the analysis of their challenges and their success factors, in order to propose avenues to strengthen this sector and maximize its economic contribution.

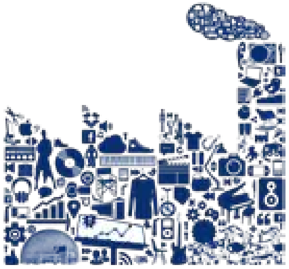
This document is structured around five chapters:

- Chapter 1 introduces the concept of creative industries and the context in which it emerged. A definition of creative industries is proposed.
- Chapter 2 focuses on the importance of the creative industries for the Montréal economy, based on certain major economic indicators, and presents this sector's ecosystem. Montréal's main advantages are also discussed.
- Chapter 3 performs two comparative statistical analyses of the creative industries; the first covers the major Canadian and American regions, and the second positions Metropolitan Montréal in relation to a sample of European metropolises. Analyses by subsector are also performed.
- Chapter 4 presents the issues specific to Montréal creative industries and proposes a review of the types of approaches and the main support measures for creative industries used internationally.
- Chapter 5 proposes a strategic framework for more sustained development of Metropolitan Montréal's creative industries and proposes courses of action.

The geographic region studied is Metropolitan Montréal, also known as the Montréal "Census Metropolitan Area" (CMA). This vast territory is inhabited by 3.6 million people and accounts of half the Québec GDP. It includes the cities of Montréal, Laval and Longueuil and 79 other neighbouring municipalities.

Within the context of the work that led to this document, meetings were held with several participants from the creative industries to fuel the reflection on the strategic development framework (see Appendix, Table 1).

1 CONCEPT AND CONTEXT OF THE CREATIVE INDUSTRIES



The creative industries have developed rapidly over the past two decades. Their evolution has been fuelled by the proliferation of the connections between culture, the economy and technology. On the other hand, modern economic activities integrate a growing number of creative and cultural components. Companies seek to produce goods and services that are not only practical, but have esthetic and cultural value. These properties confer more distinctive value on the commercialized products. Competition based on commercial value (the price) thus becomes a secondary objective. Technology has accelerated this phenomenon, especially since the arrival of digital, which has introduced new production and distribution processes for creative goods, as well as new uses for consumers (such as the second screen).

Thus, it is not surprising to see that several regions around the world are taking an interest in creative industries and attempting to deploy favourable conditions for their development. Many research studies have shown that these industries are composed of innovative enterprises that create economic value and that generate significant tangible and intangible spinoffs for the host regions, apart from the fact that this sector is a considerable source of employment and growing strongly.

Only twenty years ago, the concepts of creative economy and creative industries were still little known. Even today, there is no unanimous definition in every field. This section nonetheless will focus on proposing a definition of creative industries and clearly circumscribing the subsectors that are part of it. This definition is based on a review of the international literature on the subject.

1.1 DEFINITION OF CREATIVE INDUSTRIES

The definition of creative industries we retain in this study is strongly inspired by the one developed by the United Kingdom in 1998. This definition was adopted by several other countries or regions around the world and is tending to emerge as the international standard:

» *Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property (UK Department for Culture, Media & Sport; 1998).*

As we will see, the creative industries are at the basis of a very wide range of goods and services. For example, the subsectors that make up this cluster also have certain common characteristics that are at the core of the chosen definition:

- Each subsector carries on activities where creativity and intellectual property are essential parts of the product or the service;
- There is real potential for commercialization and exploitation of this intellectual property or this creative content.

For an industry to be recognized as creative, it must therefore: i) depend substantially on creative processes and ii) result in economic value. These two dimensions are common to the different frameworks adopted by most of the territories and agencies that have proposed their definition of creative industries (see appendix, Table 2). It should be noted that this concept of creative industries should be distinguished from that of *creative classes, creative economies or creative cities.*

1.1.1 CREATIVE INDUSTRIES AND CREATIVE CLASSES

Among the other concepts that have emerged over the years, we cannot ignore the concept of creative classes,[1] the subgroup of the population working in creative occupations. However, the creative classes are not the subject of this study; we are interested in enterprises that operate in the creative industries rather than in all the individuals whose work or know-how is creative.

This distinction is important in economic terms. For example, the number of jobs in the creative industries is not the same as the number of individuals who have a creative occupation. In the first case, these are all employees (or self-employed workers) who work within an enterprise, the principal activity of which is the production of creative goods or services. These employees may or may not hold creative positions, but their work generates commercialized creative products. In the second case, these are all individuals who have a creative occupation, regardless of the industry that employs them, and thus regardless of whether the product or the service commercialized by this enterprise has high creative content. The finance, high technology, biotechnology and aerospace industries, for example, employ creative workers dedicated to the development of innovations to products or processes, but the purpose of these products is not creative or cultural. The design and manufacturing of metro trains thus is not an activity included in the creative industries. On the other hand, when a manufacturer entrusts the design of the interior layout of the cars and the operator's cab of these metro trains to a specialized industrial design firm, these subcontracting activities are reckoned under creative industries (architecture and design subsector).

The definition of creative industries is based on the production and commercialization of creative products, while the definition of the creative class is based on the profile and competence of individuals. Beyond the repercussions on the measurement of employment, it will be understood that this distinction is important for the analysis of development issues and solutions. Obviously, creative industries cannot develop without a dynamic creative class. However, the presence of a creative class is insufficient to be an engine of economic wealth. It is necessary to catalyze this potential in activities, organizations and enterprises that can valorize creativity, i.e. give it economic value. To develop this value, creativity must be known, nurtured, developed and exploited. This brings it from the creative class to the creative industries.

1.1.2 CREATIVE INDUSTRIES AND CREATIVE ECONOMY

The creative industries have impacts on many spheres of economic and social life and cannot be analyzed in a vacuum:

- They cultivate close ties with other economic sectors, for which they create value, particularly through design and advertising;
- They are a major employer of skilled labour, because they are part of the knowledge economy;
- Locally, they also have an important role to play in urban revitalization and social cohesion;
- On the national level, they contribute to the territory's international image, improving the tourism offering, and are a source of competitiveness.

This broader contribution of creative industries to economic and social life generally refers to the concept of *creative economy*. Later, we will discuss some of the benefits of the creative industries for the creative economy. At this stage, however, it is important to mention that the economic spinoffs of the creative industries may exceed their specific contribution in jobs or commercialized products. Their activities contribute to creating more economic value in other, non-creative industries, while helping to improve the quality of life and the business framework of their host regions.

[1] Concept developed by Richard Florida, *The Rise of the Creative Class. And How It's Transforming Work*, Leisure and Everyday Life, 2002. Basic Books.

1.1.3 CREATIVE INDUSTRIES AND CREATIVE CITIES

The importance attached to creativity and creative activities has even led to the designation of *Creative Cities* by UNESCO and the establishment of a Creative Cities Network. In October 2013, this Network had 38 member cities, including Montréal. However, it is important to mention that this designation recognizes the efforts made by a city in a specific field of creativity. Seven fields of creativity are recognized: literature, film, music, craft & folk art, design, media arts and gastronomy. Montréal was designated as a City of Design. This category includes the most designated cities, with eleven members.

This UNESCO designation is awarded after studying the candidature files submitted by the cities. These candidatures are evaluated according to thirteen criteria, which are related to the importance of the creative base existing in the field of application, as well as the future commitments to this field. UNESCO recognition is certainly an advantage for the cities that receive it, but this does not mean the city is among the most creative in its designated field or that all its creative industries are well developed.

However, it is also evident that some regions stand out for their creative capacity and are true creative regions. Not all regions have this potential, because it is not easy to build the factors and characteristics that fuel creative potential. Later, we will return to these factors and these key characteristics.

Finally, let us mention an even more all-embracing concept, that of *creative society* or *cité créative*, which includes elements such as individual creativity, social and citizen creativity or technological creativity. In this case, all the expressions and manifestations of creativity in a society are involved. This concept integrates the new forms of social organization, as well as the new forms of citizen participation or traditional research and development activities. It includes not only activities with commercially exploited creative potential, but every creative act. This approach goes beyond the concept of creative industries *per se*. However, it is clear that these industries will tend to develop more in environments where the culture of creativity is omnipresent and encouraged.

1.2 SUBSECTORS OF CREATIVE INDUSTRIES

The chosen definition quoted above guides the distinction between creative industries and creative classes. However, to be able to discern and measure the activity of the creative industries, we must go farther. In particular, we must determine the economic subsectors that fit the chosen definition. This is a delicate exercise, due to the inherent limits of official economic statistics and due to the complexity of delimiting the components with high creative intensity. Thus, even though the most common definitions tend to converge on the agencies of various countries that have sought to measure the economic contribution of their creative industries, notable differences may exist from one territory to another regarding what is concretely meant by creative industries (see the appended Table 3 for examples).

Within the context of this study and in accordance with the chosen definition, the one adopted by the UK Department for Culture, Media & Sport, we understand creative industries to include the following six subsectors:

- **Architecture and design**, which includes architects, landscape architects, interior designers, industrial designers and graphic designers;
- **The arts**, including performing arts (dance, theatre, circus, etc.), visual arts (painting, sculpture, drawing, digital art, etc.), digital arts and music;
- **Multimedia**, which particularly includes video games and design of multimedia environments;
- **Media**, which includes audiovisual production (film, television, video) and publishing (books and newspapers);
- **Fashion**, including fashion design and the design of the collections resulting from it;
- **Advertising**.

It is noted immediately that the creative industries encompass the cultural industries, but that they also cast a wider net. We should also mention that this definition of creative industries is "narrower" than the one used in other jurisdictions. For example, the chosen definition is limited to creative and production activities. It excludes:

- Certain manufacturing activities, such as printing, manufacturing and reproduction of magnetic and optical media, garment manufacturing, etc.;
- Distribution, broadcasting and retailing, such as museums, cable operators, Internet distributors, cultural product retailers;
- Support services for creative industries, such as specialized schools, professional and industry associations, professional services, etc.

These links in the value chain, which are excluded from our definition, support the creative industries both upstream and downstream, but are not creative goods or services production activities per se. It can also be argued that the definition of this study's sector is strict because it is limited to the sectors directly related to creative activities. At the same time, it is important to note that it would be methodologically risky to compare this study with other studies also pertaining to the creative industries; each study has its own criteria to define this sector. However, as we will see later, we have compared Metropolitan Montréal from other territories by using comparable limits.

1.3 THE PRINCIPAL CHARACTERISTICS OF CREATIVE INDUSTRIES

The different subsectors composing the creative industries have common characteristics, but differ significantly in their industrial structure, their size and their business model. Let us focus on some characteristics common to the majority of the sectors, whether here or elsewhere. Among them, we find:

- **Very labour-intensive** industries. For the vast majority of creative enterprises, the main budget item is salaries and other compensation (including freelancers and part-time workers). Compensation accounts for approximately 80% of the expenditures of game developers, for example. Salaries generally exceed the average for the labour force, given that most of the positions require skilled workers, trained in fields of knowledge where the workforce is mobile and where competition between enterprises is strong. It must also be recognized that certain subsectors have a high rate of self-employed workers with low compensation.
- Industries with a **high proportion of self-employed workers/freelancers**. This proportion ranges from 20% to 50%, depending on the sector. In the case of artists, authors and performers, this proportion increases to 75%. This characteristic may have some positive effects, including greater flexibility for employers or the possibility for workers to work in various fields and various enterprises. However, it involves many challenges for workers, some of whom have somewhat precarious conditions of employment (this is the case for many artists), and for enterprises that cannot ensure retention of their most skilled employees and therefore hesitate to invest in training. Moreover, several support programs for projects or certain grants offered to self-employed workers (particularly those offered by the Centres locaux de développement), encourage the proliferation of one-person businesses, to the detriment of consolidation of more competitive and sustainable enterprises.
- Industries with very **few tangible assets**. The creative industries are based on very little infrastructure or heavy equipment. They are generally limited to computers, servers and office equipment. The main assets of the enterprises are related to intellectual property (copyrights, trademarks, industrial designs), and the revenues they generate depend on the commercialization strategies developed (licenses, distribution agreements, direct sales negotiated with the client, sale to the highest bidder, joint ventures, etc.). This absence of tangible assets and the complexity of the economic model based on valorization of creative content often

make it complex to access the capital necessary for enterprises, especially those in the startup phase.

- Industries where **SMEs and horizontally and vertically integrated multinationals coexist**. This phenomenon is observed in the majority of the creative regions, particularly in sectors related to media and entertainment. This coexistence is beneficial in several regards: while large corporations facilitate influence and knowledge transfer (this is the case for Cirque du Soleil, in particular), small and medium enterprises play a crucial role in creativity and innovation. These SMEs traditionally are early adopters and contribute significantly to the development of new trends and emerging creative expressions. For this reason, entrepreneurship imperatively must be supported to ensure a constantly innovative and renewed creative offering.
- **High-risk** industries, because the success of creative content is very random and difficult to predict. The analogy is often made between the creative sectors, such as film, video games, music or publishing, etc. and the research and development sector. In this regard, the upstream modes of financing are often poorly adapted, because little funding is available for enterprises in the pre-startup and startup phases. These initial phases in the development of projects and enterprises are nonetheless crucial and must be stimulated if high-potential initiatives are to be identified and encouraged. Many studies confirm that this deficiency, which is not unique to Québec or Montréal, is a real hindrance of creative enterprises.
- Industries with major **influence and positive spillover**. Indeed, contrary to other, more traditional industries, such as natural resources of the manufacturing sectors, the creative industries offer different regions influence extending far beyond the measurable economic spinoffs. As we mentioned previously, this influence translates in various ways to a territory's quality of life and has a positive impact on the region's attraction for workers, tourists, businesses and investors. Moreover, the creative industries often have an impact on neighbourhood revitalization, giving a second life to vacant spaces and creating vitality that, in turn, attracts residents and other economic activities. These effects justify the interventions of various Metropolitan Regions, which choose to invest in artists' studios, affordable premises for young creators, creative business incubators, etc. We should also note that workers in the creative industries generally are also attracted by cultural and creative activities and are their consumers, contributing to fuel these same industries and creating a very promising virtuous circle.

Beyond these concepts and these common characteristics, what about the creative industries of Metropolitan Montréal? The next chapter determines what these industries are and shows their economic importance for the metropolis.

2 LEVERAGE FOR THE ECONOMIC, CULTURAL AND SOCIAL DEVELOPMENT OF METROPOLITAN MONTRÉAL

Montréal creativity is frequently celebrated and continually highlighted due to the influence of its artists and its creative enterprises. Metropolitan Montréal has been advantageously positioned "on the map" for many years, both by its brand image and by its reputation for quality or professionalism. Montréal has benefited from this name recognition and these capabilities to attract partners, investors, talent and events. But what are the size and economic importance of the creative industries? What were the main factors at the source of their development?

Methodological remarks:
The statistical analyses contained in this section are based primarily on the data from the Statistics Canada Labour Force Survey, except for an estimate of the number of jobs in the video game industry, which comes from TechnoCompétences. The subsectors presented are limited by the availability of statistical data: thus, the statistical criteria differ slightly from the definition of creative industries adopted in Chapter 1. In particular:

- Radio and television broadcasting activities are included, even though broadcasting was excluded from the definition of creative industries, because it is impossible, from a statistical point of view, to isolate production of radio and television shows from their broadcasting activities.
- The multimedia sector is limited to software publishing and the video game industry.
- Fashion design cannot be presented in isolation from architecture and design, and excludes a substantial share of clothing creation.

2.1 THE ECONOMIC IMPORTANCE OF CREATIVE INDUSTRIES IN METROPOLITAN MONTRÉAL

AN IMPORTANT HUB OF THE METROPOLITAN ECONOMY

Creative industries occupy a significant place in the Montréal economy. With 91,546 direct jobs in the Montréal CMA in 2012, creative industries represented 4.6% of Metropolitan Montréal's total employment (see Table 1).

Beyond the total number of jobs, Metropolitan Montréal has a highly diversified pool of creative industries. It thus has a substantial employment level in each of the major subsectors[2] of these industries. The media subsector is the biggest, accounting for 28.4% of the jobs of Montréal creative industries. It is followed by the arts (26.7%), architecture and design (19.6%), advertising (13.4%) and multimedia[3] (11.9%)[4].

As already mentioned, the creative industries are characterized by a large proportion of self-employed workers, and those in Metropolitan Montréal are no exception. Thus, Montréal self-employed workers account for more than 25% of the total jobs of these industries, compared to 11% for the metropolitan economy as a whole.

[2] In statistical terms, this subsector is particularly large and encompasses publishing, film, video and radio and television broadcasting.
[3] The multimedia subsector's statistics correspond only to software publishing and the video game subsector.
[4] Table 4 in the appendix provides more details on employment in the creative industries by subsector.

Very small businesses account for a large proportion of creative industries. More than 65% of the enterprises in these industries have fewer than 5 employees, a much greater share than for Montréal industries as a whole. However, at the other end of the spectrum, we find a proportion identical to the Montréal average for enterprises with 50 to 99 employees and a similar proportion for large enterprises of 100 employees and over. Not surprisingly, the arts sector accounts for the largest proportion of very small businesses, followed by architecture and design, and then by advertising and media. The multimedia sector particularly stands out with a very low proportion of very small businesses and a greater proportion of larger enterprises (100 employees and over).

JOBS IN THE CREATIVE INDUSTRIES OF THE MONTRÉAL CMA
(in thousands of jobs and % of self-employed workers; 2012)

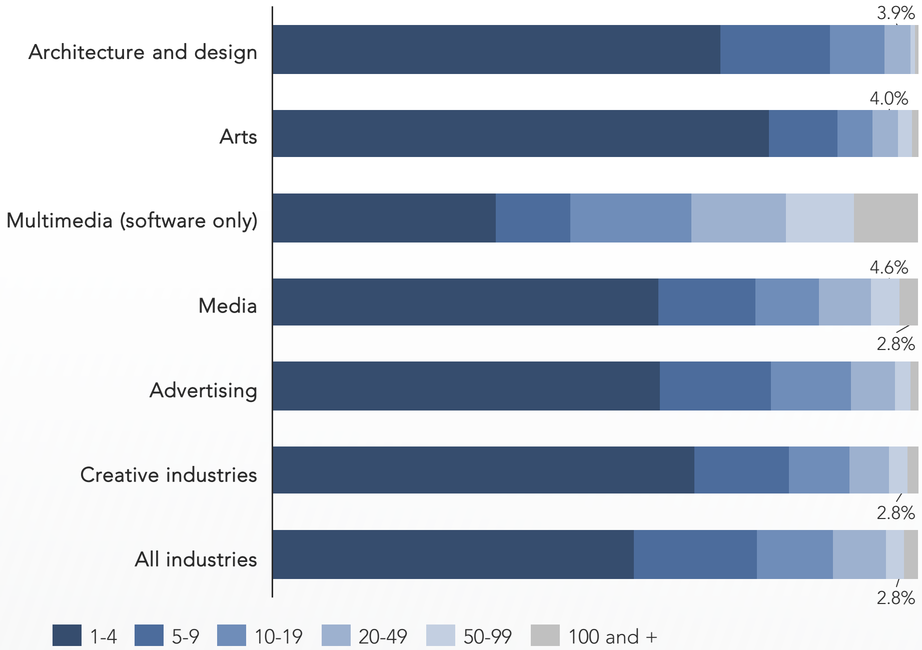
SECTOR	JOBS (IN THOUSANDS)*	% OF CI EMPLOYMENT	PERCENTAGE OF SELF-EMPLOYED WORKERS (%)**
Architecture and design	17.9	19.6%	37.5%
Arts	24.4	26.7%	46.8%
Multimedia (software and video games)	10.9	11.9%	n.a.
Media	26	28.4%	13.4%
Advertising	12.3	13.4%	22.6%
TOTAL, CREATIVE INDUSTRIES	**91.5**	**100%**	**25.4%*** **
TOTAL, ALL INDUSTRIES	**1,978.8**		**10.8%**

Sources: Data: Statistics Canada (2012 Labour Force Survey, 2011 National Household Survey), TechnoCompétences, Analysis: KPMG-SECOR.
Notes: Employment includes full-time and part-time workers, as well as self-employed workers.
* Data from the Labour Force Survey (LFS), 2012, Statistics Canada.
** Data from the National Household Survey (NHS), 2011, Statistics Canada.
*** Estimate based on the TechnoCompétences data

[5] Only includes data for the software publishing subsector.

STRUCTURE OF MONTRÉAL CMA CREATIVE ENTERPRISES BY WORKFORCE SEGMENT

(by number of enterprises and by %; June 2013)



Number of enterprises (total)	% of indeterminate enterprises*
3,313	64.1%
4,470	76.5%
277	38.3%
3,972	67.1%
2,328	62.4%
14,360	68.0%
255,880	57.8%

Sources: Statistics Canada *(special compilation, Business Register), KPMG-SECOR analysis.*

Notes: * Excludes *the "indeterminate" classification. Locations included in the "indeterminate" classification do not maintain a payroll, but they may have contract workers, family members or owners working for them. Since the Business Register does not have this information, these locations are classified as "indeterminate". This classification also includes employer establishments which did not report employees in the past twelve months.*

CREATIVE INDUSTRIES OF METROPOLITAN MONTRÉAL

This sidebar briefly describes the subsectors that make up the city's creative industries. In the appendix, table 7 synthesizes each one's structure, market, business model and challenges.

- **Architecture and design:** These are all enterprises working in the fields of architecture, landscape architecture, interior design, industrial design and graphic design. In Montréal, this sector's evolution is mainly linked to the non-residential local market, particularly the institutional sector. For example, the increasingly important place acquired by the design of urban furniture and temporary urban installations responds to a growing demand for identity and cultural affirmation of Metropolitan Montréal's cities and neighbourhoods. Like several other subsectors of the creative industries, the architecture and design subsector is composed of a few large firms, a myriad of SMEs and a substantial proportion of self-employed workers (nearly 40%). A low export level out of Québec is also observed, although some Montréal firms stand out in this regard (for example, Saucier-Perrotte, Claude Cormier et associés, LEMAY) and have succeeded in establishing an international reputation. In addition, renowned designers, such as Michel Dallaire, who designed the Bixi, are extending Montréal creativity around the world. Another example is Daily tous les jours, which designed the 21 Swings project of the Quartier des spectacles, and which now has offices in several cities, including New York.
- **Artistic disciplines:** This is one of the fields in which Montréal stands out strongly, in view of its population's large proportion of artists. In 2012, the Conseil des arts de Montréal supported more than 400 artistic organizations in a range of disciplines, a number that grew 75% in 10 years. This subsector is characterized by the largest proportion of self-employed workers (47%), given that many of them are independent artists. These are often fields where jobs are more precarious and characterized by lower incomes. These are key sectors for artistic vitality, because they are sources of innovation, experimentation and influence. They account for a large share of "underground" creativity, i.e. creativity developed outside formal organizations and institutions.
    - *The performing arts* (theatre, dance, opera, etc.) derive their income from a combination of public grants and independent revenue (including donations and sponsorships). The creators – artists, theatre and dance companies, etc. – are mostly NPOs that depend on the venues' budgets and programs. Montréal creators in the performing arts are recognized for their daring and inventiveness. Some have international influence (such as Wajdi Mouawad in theatre, François Girard in theatre and opera, Marie Chouinard, La La La Human Steps and David St-Pierre in dance, or Théâtre jeune public, which performs around the world), while the connections developed with other creative sectors, including new media, are increasingly frequent. For example, Victor Pilon and Michel Lemieux of 4d art designed, coproduced and exported a multidisciplinary version of *La Belle et la Bête* (Beauty and the Beast) for theatre. The circus arts are also part of the performing arts. They are one of the spearheads of Montréal creativity, a reputation built over more than 20 years due to the success of Cirque du Soleil and its significant involvement in the Montréal creative milieu. Today, Montréal is recognized as the capital of the circus arts and has a real ecosystem, with its internationally distinguished troupes (Cirque Éloize, Les sept doigts de la main), its circus school, its circus festival, etc.
    - *Music* includes musical creation, sound recording and show production. The great diversity of musical genres — classical, traditional, popular, rock, etc. — makes it difficult to describe the sector and its business models. The market is mainly local, and many authors, performers and musical groups are funded by a combination of grants (particularly from SODEC and MusicAction), tax credits (for sound recording) and independent revenues (royalties and revenues derived from shows). Support for local demand in

music is also significant, with quota policies on radio and public support for venues and festivals. Success abroad is primarily in popular music, rock and alternative, although other genres may also achieve international distinction (baroque music, for example). In classical music, the international reputation of Montréal orchestras and their conductors has soared. Beyond world-famous artists like Céline Dion, there is now talk of the *Montréal sound*, due to the success of groups like Arcade Fire and Patrick Watson, and Metropolitan Montréal's drawing power for young authors and musicians, who settle in trendy neighbourhoods, such as Mile End.

  – *The visual and digital arts* particularly include painting, sculpture, drawing, prints, etc. Artists generally are self-employed workers or develop their creations within very small businesses. Montréal's many art galleries play a major role in the dissemination of the works of visual artists, as well as the artists' studios that serve as places of creation, emulation and dissemination, as well as contributing to the revitalization of old industrial districts. Montréal is recognized for its great painters and sculptors. Some of its contemporary artists today stand out internationally, including the painter Marc Séguin, the street and graffiti artist Roadsworth and the digital artist Axel Morgentaler.

- **Multimedia:** Montréal's strength in the digital field is undeniable. A precursor since the 1980s with its first successes in animation (*Tony de Peltrie*), Metropolitan Montréal has continued to stand out over the years for its creative and technological innovation in new media. In the development of interactive games, in particular, Montréal today is one of the world's leading centres. The size of the talent pool and the quality of its training institutions (particularly Centre NAD), its research organizations (for example, CINQ) and its places of innovation (SAT), make it a multimedia hub. Although the ownership of several game companies is mainly foreign (Ubisoft, Electronic Arts, Warner Brothers), Québec-owned firms, such as Moment Factory, gsmprjct° and Behaviour, have achieved international distinct. This sector benefits from general tax credits, and a substantial share of its revenues comes from service fees. However, certain local enterprises in this subsector hold intellectual property assets, negotiating royalties on their content and technologies, and offer high value creation potential.

- **Media**

  – *Audiovisual* (film, television and video) represents the leading media subsector. It accounts for more than 400 enterprises and 14,500 jobs (full-time equivalent) in Québec, including many actors, technicians and professionals. When support and broadcasting activities are included, the workforce is estimated at 35,000 jobs and over 500 enterprises. This subsector is already constituted in industrial clusters in Montréal (ActionMTL). It is strongly supported by governments through grants (Telefilm Canada, SODEC), public-private funds (Canada Media Fund) and generous tax credits. It is also highly fragmented, because it is composed of many small enterprises with few permanent employees, but which resort to freelancers for production and visual effects. Public support "by project" encourages the proliferation of small firms and offers few incentives for consolidation and growth. Television broadcasting undertakings are a key link in the audiovisual chain. Although broadcasters (conventional and specialty) produce less and less content in-house (except in the case of information and public affairs shows), they are production "triggers", based on the licenses they purchase from independent producers. The broadcasters represent the main television production showcase and are major players in innovation. We can mention the importance of the creation of Tou.tv by Radio-Canada for the development of the Web series production in Montréal. This is a primarily local market, with a tiny portion of the revenues coming from out of province. In rare cases, productions could be solid in several countries uncut and unadapted, such as the famous *Gags* from Juste pour Rire/Just for Laughs and the series *Lol:-)*. Otherwise, a few directors and producers have stood out abroad by selling program "formats" (such as, *Un gars, une fille*) and film adaptation rights (such as *Starbuck*, for which the rights were sold in France to make *Fonzy* and in India for the remake *Vicky Donor*). The many awards won by renowned Montréal filmmakers and directors (Denys Arcand, Denis Villeneuve, Xavier Dolan and Frédéric Back) are recognition contributing to the influence of Québec talent. This fall, four award-winning Montréal filmmakers are filming abroad (Denis Villeneuve, Jean-Marc Vallée, Philippe Falardeau and Kim Nguyen), while Ken Scott is reaping the fruits of the production of the American adaptation of his film *Starbuck*.

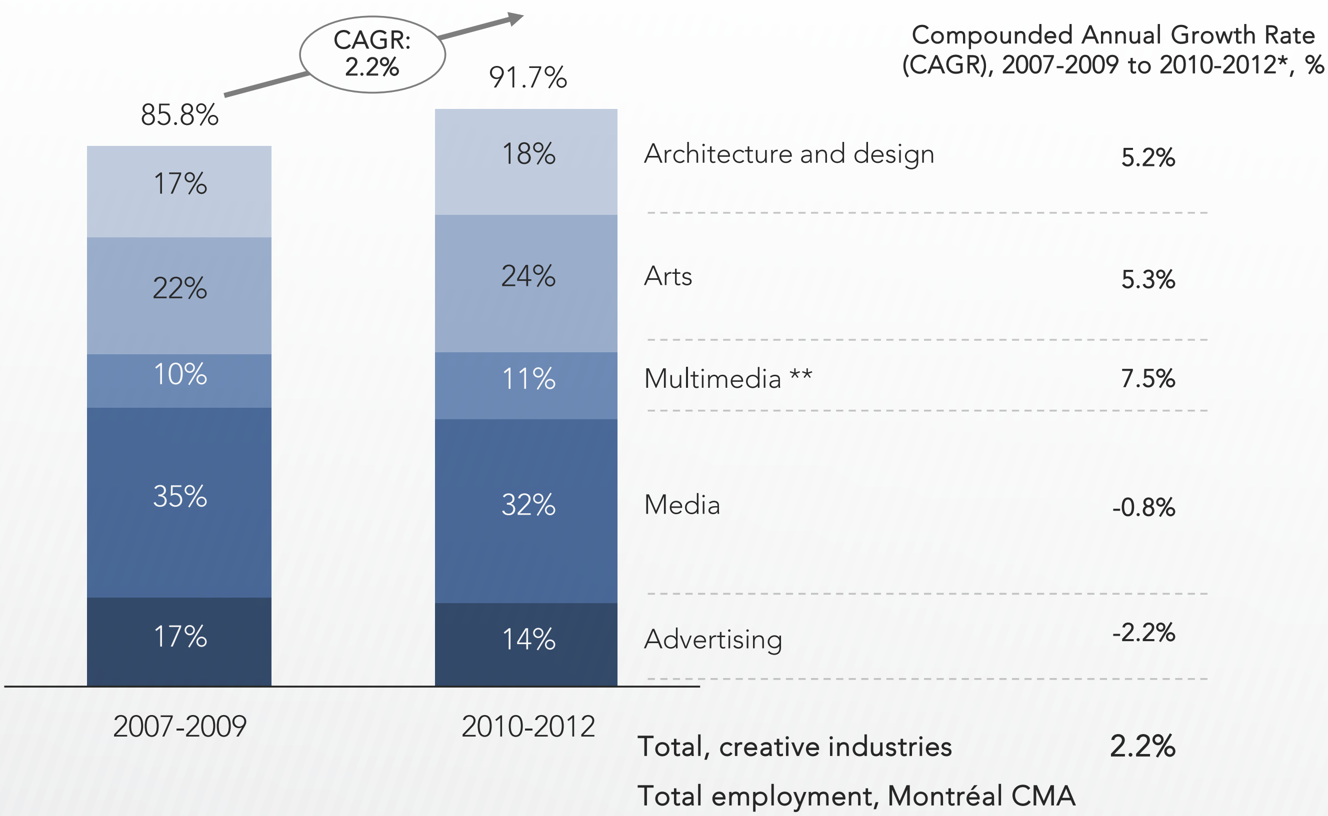
– *Book, magazine, newspaper and website publishing* is a highly disparate sector, because it includes very large national and multinational corporations (Gesca, Quebecor, Transcontinental) headquartered in Montréal and a multitude of small and midsized publishing houses. This is a field in which the business models differ significantly from one enterprise to another. The major media corporations financing themselves through advertising and "circulation" revenues on various platforms: paper, Web, mobile. They employ many content collaborators (employees and freelancers) and participate in innovation through initiatives, such as digital versions of newspapers and magazines for tablets. Gesca is a leader in the field with *La Presse Plus*. Some small newspaper and magazine publishers exist parallel to the major corporations in specialized fields, such as literature, arts and architecture. Some, like Toxa, creator and publisher of *Urbania* magazine, have created real communities that share ideas, pictures and content related to the city and urban planning. Dozens of enterprises are engaged in book publishing (some of them specializing in fields such as youth literature). The rights derived from book publishing represent the principal income of Montréal authors, some of whom have influence far beyond Québec's borders. Several Montréal creators also stand out in genres, such as comics, youth literature and poetry. The publishers also benefit from a book publishing tax credit.

- **Fashion:** The fashion industry in Metropolitan Montréal is geared to small-scale high-end fashion production. The designers are the branding for the entire industry. But the industry is also ALDO shoes or Flip Design school uniforms. The fashion industry has made some breakthroughs in foreign markets, but few designers have asserted their presence there. A few creators are achieving international distinction and contributing to make Montréal a fashion metropolis, including Shan, Marie Saint-Pierre, Mariouche Gagné (Harricana), Denis Gagnon and Rad Hourani. In addition, major corporations, such as Le Château, Groupe Dynamite and Tristan, do their design in Québec, operate boutiques in the province and deploy distribution networks abroad. This is also a relatively small subsector, for which no official statistical data exists, since fashion is not presented statistically in isolation from clothing. However, fashion design is grouped statistically with architecture and design.
- **Advertising:** Advertising is a service industry in which the revenues come almost exclusively from fees, while the intellectual property of the content created is assigned to the clients. The market is essentially local, with 15% of the revenues generated outside Québec (mainly in the rest of Canada). The industry, which has few entry barriers, is very fragmented: over 1,000 firms have less than 5 employees and more than 20% of the workforce is self-employed. A few large agencies are found in Montréal, and a multitude of small firms, often specializing in specific fields, such as the Web, graphic design or branding. Among the largest firms, several are owned, at least in part, by foreign multinationals. Among them are Sid Lee, lg2 and Bleublancrouge. Some firms have succeeded in breaking into markets outside Québec, particularly by opening out-of-province offices (in the case of Cossette, Sid Lee and TAXI, among others). Moreover, Montréal advertising creativity has been recognized abroad by the many awards won at major international festivals, such as Cannes.

2.2 JOB-CREATING INDUSTRIES

The creative industries are a key job creation engine for Metropolitan Montréal. Over the past few years, the average rhythm of job creation for the creative industries has even been more than double that of the Montréal economy as a whole (2.2% annually versus 0.9%). This means this sector's share of the metropolitan job market is growing. This progress has also surpassed most of the key industrial clusters in Montréal. Among subsectors sustaining this growth are multimedia (+ 7.5% annually), architecture and design (+ 5.2%) and the arts (+ 5.3%). However, advertising and publishing have gone through downturns over the same period.

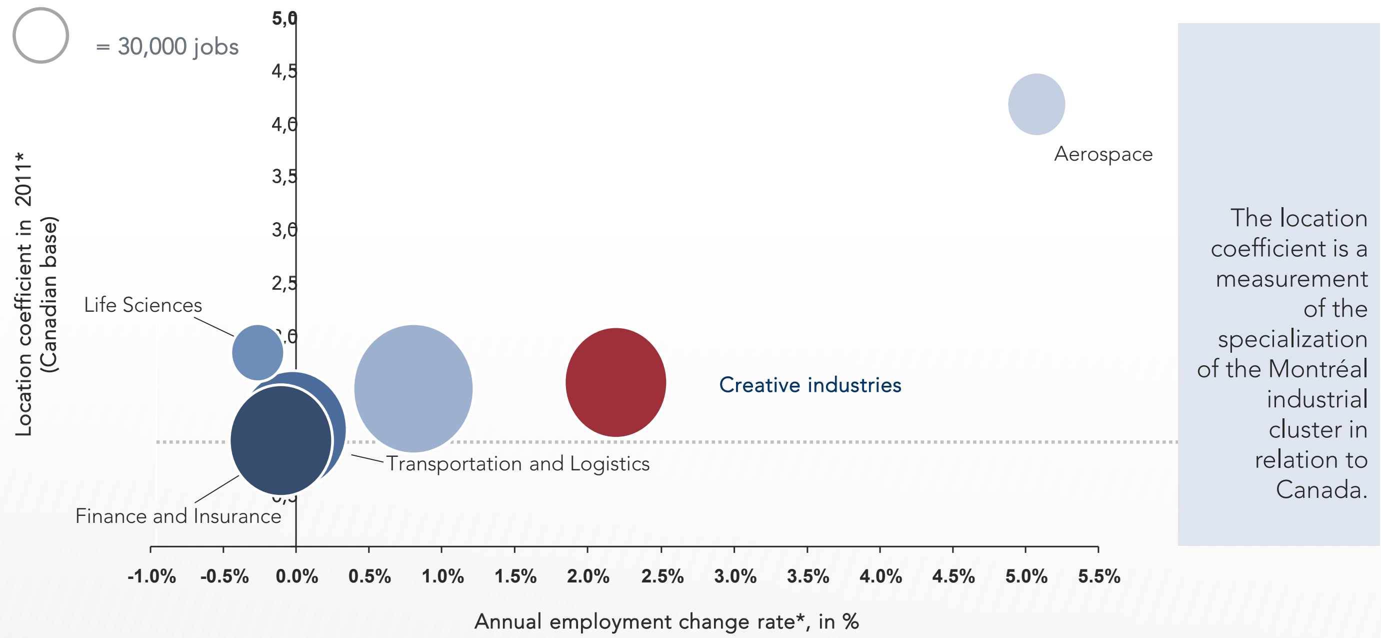
EVOLUTION OF EMPLOYMENT IN THE MONTRÉAL CMA'S CREATIVE INDUSTRIES
(in thousands of jobs; moving average 2007-2012)*



Source: Data: Statistics Canada, TechnoCompétences, Analysis: KPMG-SECOR.
Notes: Employment includes all fulltime and part-time workers, as well as self-employed workers.
* 3-year moving average: 2007-2009 and 2010-2012.
** Software publishing and video games. Employment in the video game sector is an estimate based on the TechnoCompétences data.

POSITIONING OF THE CREATIVE INDUSTRIES AND INDUSTRIAL CLUSTERS OF THE MONTRÉAL CMA

*Based on the number of jobs in Montréal and in Canada; 2008-2011**



Sources: Statistics Canada (Labour Force Survey), KPMG-SECOR analysis

Notes: The definitions of the clusters used are as follows (NAICS codes): ICT: 3333, 334 (excluding 3345), 3359, 4173, 4179, 5112, 517, 518, 5324, 5415, 8112; Aerospace: 3364; Life Sciences: 3254, 3391, 5417, 3345; Finance and Insurance: 522, 523, 524, 526; Transportation and Logistics: 48, 49 (excluding 491). Certain components of the creative industries are found in ICT and vice versa.

*3-year moving average. For 2008: 2007-2009; for 2011: 2010-2012.

Employment in the creative industries is particularly concentrated in Montréal, with 70% of the Québec total. Moreover, Metropolitan Montréal is one of the lungs of Canadian creative industries, with an employment concentration 50% greater than for Canada as a whole.

A MAJOR CONTRIBUTION TO COLLECTIVE WEALTH

In 2012, the creative industries generated $8.6 billion in economic spinoffs for Metropolitan Montréal, including $5.8 billion in direct spinoffs. This value creation represents 4.9% of the CMA's GDP. In addition to the 91,546 direct jobs they generate, the creative industries support more than 36,000 jobs (full-time equivalent) in their supply chain. They contribute more than $782 million in tax revenues (including $489 million to the Québec government and $293 million to the federal government) and $789 million in parafiscal revenues (including $651 million to the Québec government and $138 million to the federal government).[6]

[6] Remember that the definition of creative industries adopted in this study differs from the one chosen in 2009 by the Board of Trade in the report "Culture in Montréal: Economic Impacts and Private Funding". Thus, the economic spinoffs presented in the two studies cannot be compared. In particular, the framework of the 2009 study was broader and included book, periodical and music stores (3,800 jobs), cable television distribution and other activities for distributing television programs (5,600 jobs), other information services (2,400 jobs), and heritage institutions (4,000 jobs).

2.3 MONTRÉAL: FERTILE SOIL FOR THE CREATIVE INDUSTRIES

Montréal has significant advantages in the valorization of its creative industries. Thanks to potential related to the intrinsic characteristics of Metropolitan Montréal and the measures deployed over time, Montréal today stands out on the international creative scene, a reputation that is all the more impressive if we consider Metropolitan Montréal's smaller size when compared to other major American or European agglomerations.

Whether in music, shows, video games, visual effects or advertising, enterprises like Cirque du Soleil, Sid Lee, Moment Factory, Ubisoft Montréal and Hybride are recognized internationally and are active in foreign markets. In addition to these enterprises, artists or artistic organizations make a major contribution to Montréal's influence and act as engines of Montréal creativity. Artists like Denis Villeneuve, Michel Lemieux, Victor Pilon, Dominic Champagne, Arcade Fire and Marie Chouinard, to name only a few, are true ambassadors of Montréal creativity. Their success abroad extends Metropolitan Montréal's influence as a dynamic and trendy destination, fuelling the Montréal "brand". This brand's influence is important, because, in turn, it stimulates investment and tourism, attracts foreign students and foreign talent, etc.

This creative force is explained by a favourable conjunction of various intrinsic and controlled factors, which offer conditions hospitable to the development of talent and creative industries.

2.3.1 MONTRÉAL'S DIVERSITY: SOURCE OF CREATIVE TALENT

Since the creative industries, by definition, are industries based on knowledge and other intangible assets, their wealth essentially comes from individuals who design, direct and produce works or creative content. Today, common to all cities around the world that claim bragging rights as creative cities, is a high concentration of artistic and technological "fauna", often formed by young people from the local population or coming from elsewhere, who have settled in hospitable creative environments. In fact, these pools of talented resources are the real raw material of the creative industries, and their full potential depends on the capacity of the different milieus to foster the emergence of this talent, attract and retain them, and above all, offer them conditions conducive to the fulfillment of their capabilities.

Some emerging artists belong to Montréal's "underground" culture – all the artistic, creative and cultural activities that take place outside organizations or institutions. These individuals are not connected to the commercial or industrial world. "Underground" culture is especially strong and diverse in Montréal and acts as a creative driving force to nurture the more structured organizations and enterprises of the "upperground" (for example, Ubisoft, Sid Lee) and the "middlegound" (SAT, Hexagram).[7]

Montréal creativity also emanates from its history as a city built on the meeting of two strong communities, Francophone and Anglophone, and its status as the biggest French-speaking city in the Americas, whose culture must be preserved. Diversity is expressed in Montréal, not only in terms of ethnic origin and language, but in the strong representation of the LGBT population. The strong student presence contributes to this diversity, rejuvenating the local population and increasing its openness to new creativity

2.3.2 EDUCATIONAL INSTITUTIONS: NURSERIES OF MONTRÉAL CREATIVE TALENT

Montréal has many advantages that make it a favourable place for attraction and retention of creative talent. Its quality of life and affordable cost of living are key dimensions for youth, students and artists. The presence of trendy neighbourhoods like Mile End also contributes to position Montréal as an attractive place for young creators.

[7] The "middleground" corresponds to intermediate mediation, networking and integration spaces, linking the "underground" to the "upperground". Cohendet P. et al (2009), "Villes créatives: Une comparaison Barcelone – Montréal", Management international, Vol. 13, 2009.

But first and foremost, it is the presence of renowned institutions of higher education, particularly the major universities, that constitutes Montréal's great differentiating strength in terms of talent. These institutions not only contribute to training the local population, but to attracting students from the four corners of the world. According to Québec's Ministère de l'Éducation, du Loisir et du Sport, 20,000 university students out of the 170,000 present in Montréal are of foreign origin. The Economist Intelligence Unit and the Bank of Communications recently published the Sea Turtle Index, which compares the attractiveness of 80 key cities for international students enrolled in university undergraduate programs. Greater Montréal ranks first on this list.

In addition to the universities there are the CEGEPs, several of which offer training in the creative industries. Dawson College and Cégep du Vieux-Montréal offer more than 40 programs in the creative industries, while Collège Lionel-Groulx in Ste-Thérèse has a professional theatre school. Other leading art schools and specialized educational institutions are present in Québec in every discipline (theatre, music, dance, fine arts, circus arts, etc.). We should also note that recognized institutions, such as Institut national de l'image et du son (INIS) and École des arts numériques, de l'animation et du design (NAD) play an essential role as gathering places and talent incubators, and constitute a showcase of Québec and Montréal creative knowledge. Most of the talent is trained in Montréal, but it must be mentioned that talented people trained in other regions of Québec and Canada converge on Montréal to pursue a career.

These universities and other educational institutions have a major role to play in the development and influence of the creative industries. They attract talent and make Montréal known abroad by generating a constantly renewed flow of youth from all over the planet (a certain proportion of whom choose to settle here, given the quality of life and the conditions in place for creative activity), who contribute to blooming creativity and the maintenance of Montréal's diversity. The genesis of the group Arcade Fire, whose leading members met at McGill University, is eloquent in this regard.

2.3.3 PUBLIC SUPPORT: A TRIGGER OF MONTRÉAL'S CREATIVE DYNAMISM

Public support for the creative industries is expressed in several ways. It affects the stimulation of local demand (particularly by regulation and quotas or by support for venues and dissemination platforms) and the offering of creative products (particularly by financial support in the form of grants and tax credits).

Quotas and regulation are tools mainly used in television and radio, because broadcasters must comply with licensing conditions (set by the CRTC), which impose minimum programming requirements for Canadian content, certain genres (such as dramas, documentaries) and French in the case of Québec. These regulatory obligations create demand for production of local shows, in the case of television, or for broadcasting of Francophone music, in the case of radio.

Public support for venues, festivals and other dissemination platforms also contributes to create important leverage to stimulate local demand for cultural content and ensure its dissemination. In this regard, Montréal stands out due to the presence of flagship institutions, such as Place des Arts and Tohu, and cultural animation venues, such as Quartier des spectacles. The construction of new venues in the suburbs, such as Salle André-Mathieu in Laval and Étoile du Dix-Trente, has fostered access to cultural events in these urban areas, which are experiencing strong population growth. Many festivals extend Metropolitan Montréal influence in the fields of music, dance, theatre, circus or emerging practices. These venues and events in turn become cultural and economic engines, attracting artists, producers and tourists from elsewhere and contributing to Montréal's international influence.

The role played by Partenariat du Quartier des spectacles (PdQS) as a creative catalyst is eloquent in this regard. For the past few years, the programming and competitions initiated by PdQS for animation of urban public space have stimulated the development of new creations (facilities, environments, urban experiences). These creations lead to unusual and innovative collaborations, combining artists, multimedia producers and architects, as illustrated by projects such as 21 Swings, Sphères polaires, Iceberg and Megaphone (in partnership with the NFB). These creations have aroused the interest of other cities around the world, and some of them have already begun international tours in capitals like Berlin and Brussels.

Financial support for production is widespread in the creative industries. Whether by tax credits or grants, several creative subsectors are supported directly or indirectly by financial and tax incentives. These incentives, particularly the general R&D tax credits offered by the governments of Canada and Québec, make Montréal the metropolis with the lowest tax burden among the world's biggest cities.

- In the early 1990s, various tax credits and support measures for specific creative sectors appeared. The television and film production sector particularly benefits from these measures. Agencies such as Telefilm Canada and SODEC in Québec offer grants to producers. The combination of these contributions and specific audiovisual tax credits offered by different levels of government (including the refundable tax credit for Québec film and television production, which has the goal of supporting the film and television production by Québec enterprises) covers over 60% of total production costs, on the average. This proportion sometimes may reach 90%. Other creative sectors are also stimulated by specific tax credits put in place by the Québec Government in industrial design, film production services, multimedia, sound recording, live performance, production of events or multimedia environments presented outside Québec, and publishing.
- While some of these credits mainly serve to stimulate production of creative content intended for the local market, others have become real engines of job creation by attracting foreign companies. This is the case, in particular, for the refundable tax credit for production of multimedia titles. Montréal's international positioning in this sector is very enviable, due to the number of jobs in game design. However, challenges are posed regarding the control and retention of the intellectual property created here and its valorization, because the biggest video game studios in Montréal are subsidiaries of foreign parent companies.

The purpose of these tax credits and other support measures is to stimulate production and broadcasting, reduce costs, increase competitiveness and create jobs. However, they are generally awarded by project rather than by enterprise, which encourages the proliferation of produce offerings, self-employed workers and small organizations. This approach is not automatically structuring for the industry and does not ensure valorization of the content created.

Support for artists and cultural organizations: The creative heart of the cultural field is supported by programs intended for artists and non-profit cultural organizations. This support essentially comes from grants by arts councils at different levels. The Conseil des arts de Montréal (CAM), the first arts council established in Canada, supports over 400 artistic organizations, including major institutions, such as the Montréal Museum of Fine Arts, the MSO and the Grands Ballets Canadiens. For smaller organizations, this funding is essential. Indeed, depending on the size of the organization and the discipline, public funding represents an average of 40% to 70% of the total operating budget.

However, the significant number of artists in Metropolitan Montréal and the sustained creation of cultural organizations pose a major challenge, because the growth of public funds does not keep pace with the demand. This blooming creativity is promising and synonymous with cultural dynamism for Montréal, but in view of the capping of public funds, increased diversification of funding sources is essential for artistic organizations. The CAM is giving an ever-growing place to initiatives intended to develop a closer relationship between the private sector and the artistic sector, in order to stimulate greater involvement by the business community in Montréal's creative vitality.

2.3.4 FLAGSHIP INSTITUTIONS AND CENTRES OF CREATION AND COLLABORATION

Historically, Montréal has been a pioneer in the creative field, as the anchor of financial institutions that have served as centres of creation and collaboration. These major institutions, whether CBC/Radio-Canada, the NFB or Télé-Québec, have trained many creators, artists, technicians and professionals in the audiovisual field, in addition to contributing to innovation in the sector.

Expertise in animation, internationally recognized since Norman McLaren's first films at the NFB (winner of many international awards), since the early 1950s, also attests to this leadership. Montréal expertise in computer animation has continued to develop, particularly with the production of the animated short *Tony de Peltrie* in the 1980s by a group of young people, a worldwide success that enabled Daniel Langlois to pursue his career in animation at the NFB and then found Softimage (acquired later by Autodesk).

The major institutions in theatre, music and dance have also played similar roles in their respective fields. With the appearance of digital technologies, the centres of creation also play an important role in experimentation, training and dissemination. This is particularly the case at SAT.

» *SAT has become an essential meeting space and a place for all possibilities, where "positive contamination", connecting the artistic, scientific and technological sectors, makes SAT an innovation partner at the crossroads of these three great economic pillars. Both an engine and a showcase of trends in IT applied to the arts and design, SAT is plays a major role in revealing their social and economic scope, bringing together research, training, creation and dissemination under the same roof.*

These flagship institutions have a major role and impact. They serve both as nurseries for new talent, research and experimentation centres, meeting and training places, and major levers to influence creation.

Other "common space" models combining small enterprises from the same sector or real incubators not only offer shared offices and services, but also support and coaching, have developed in Montréal. The creation of Cité du multimédia in 1998 is part of this trend, which now includes organizations such as Notman House, an incubator of young Web and technology enterprises, or Execution Labs, video game incubator and marketing accelerator.

Among the other local initiatives, we should mention the funding granted by Ville de Montréal to cultural markets and showcases (such as M for Montreal), which contribute to the influence of local talent on the international scene, and its annual contribution to Partenariat du Quartier des spectacles. The City's commitment to creativity is also expressed through the different sector offices: the Montréal Film and Television Commission (established in 1979), the Festival and Cultural Event Office (established in 1987), the Bureau du design (opened in 2006, but with origins dating back to 1991 with the creation of the position of Design Commissioner), and the Fashion Bureau (established in 2009). Ville de Montréal also plays a disseminating role through the Accès culture network, which includes the Maisons de la culture, and by funding festivals and major events. It must be mentioned that the other municipalities of Metropolitan Montréal also support cultural institutions and events, such as Laval's Mondial Loto-Québec and the International Percussion Festival of Longueuil.

The Montréal business community also made a firm commitment in the 2000s in favour of the development of culture and Montréal creativity. For example, the Board of Trade of Metropolitan Montreal has supported these sectors and activities for several years. It works closely with various community partners (Culture Montréal, Conseil des arts de Montréal, etc.). It plays a key leadership role in developing a closer relationship between the business community and the cultural milieu through committees, conferences and awards ceremonies, such as the Prix Arts-Affaires. The Board of Trade's recent publications reflect this will to stimulate Montréal's creative sector:

- Making Culture Your Business: Inspirational profiles for inciting people to action (2013);
- The Art of Investing in Culture: A Guide for Businesspeople (2011);
- Culture in Montréal: Economic Impacts and Private Funding (2009);
- Private Funding of Culture (2005).

The following diagram presents an outline of the main support measures deployed over time, measures that have contributed to stimulate the creative industries of Metropolitan Montréal. These measures or initiatives are grouped according to three major waves of support: the institutional wave, the industrial wave and the collaborative wave.

First Wave

- Institutional support
- Talent development
- Culture

- National Film Board of Canada (1954)
- Conseil des arts de Montréal (1956)
- Canada Council for the Arts (1957)
- National Theatre School (1960)
- Conseil provincial des arts (1961)
- Place des Arts (1963)
- Musée d'art contemporain (1964)
- Télé-Québec (1968)
- Téléfilm Canada (1984)*
- Institut québécois du cinéma (1975)
- Montréal Film and Television Commission (1979)
- First Maison de la culture (1981)
- SODEC (1994)**
- Festival and Cultural Event Office (1987)

Third Wave

- Collaborative approach
- Platform development
- Innovation

- SAT (1996)
- Ex-Centris (1999)
- Culture Montréal (2002)
- Partenariat du Quartier des spectacles (2003)
- Montréal - Cultural Metropolis (2007-2017)
- C2MTL (2012)
- Centre Phi (2012)

Second Wave

- Industrial support
- Business development
- Technology

- Tax credit for film and television production (1991)
- Industrial design tax credit (1994)
- Tax credit for production of multimedia titles (1996)
- Computer Animation and Special Effects Tax Credit (1998)
- Tax credit for sound recording production (1999)
- Book publishing tax credit (2000)
- Tax credit for the production of events or multimedia environments staged outside Québec (2012)

* Previously SDICC (1967)
** Previously SOGIC (1988) and SODICC (1982)

2.4 THE CREATIVE INDUSTRIES ECOSYSTEM

The creative industries sector of the Montréal region is characterized by its broad and diverse scope and high intensity in several sectors, which is not always the case in other territories where only a few sectors are preferred. Despite its relatively small population in comparison with other North American and European metropolises, Montréal can claim bragging rights as one of the world's leading regions in the circus, interactive games, visual effects, multimedia environments and related industries, such as support for mega-shows. It also has an enviable reputation in everything related to animation and animation design software, and extends its influence worldwide through successes in music, film, literature, theatre, etc.

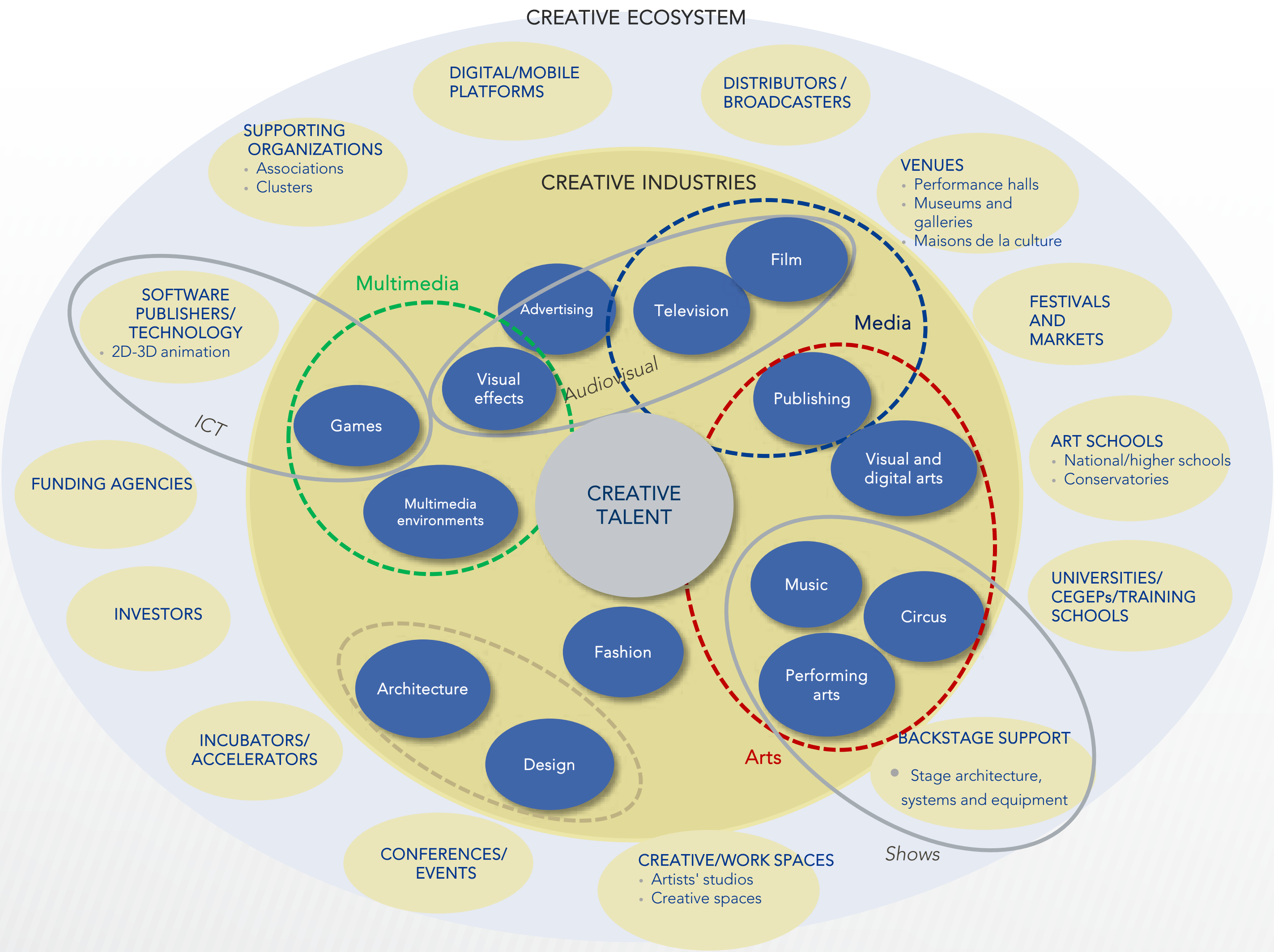
This performance by enterprises and artists in Montréal creative industries cannot be understood independently of their environment, made up of various participants fostering their emergence and development. We thus are talking about a true Montréal ecosystem, whose wealth resides in a constellation of individuals, enterprises, supporting organizations and partners, who nurture each other and contribute to make the Greater Montréal region a unique territory for creative industries to flourish.

At the centre of the ecosystem is talent, the raw material necessary for the conception, production, distribution and dissemination of creative content and products. These are artists, craftspeople and other creators who work in the creative industries, for companies or as self-employed workers.

Around this creative core are the **different creative subsectors**, which all have their own dynamics, although some display similarities and rapprochements. Combinations can be made according to the statistical categories (for employment data purposes, in particular), industrial categories (including those established around clusters) or commercial dynamics (some sectors collaborate for the development of products, markets or customers). Finally, some enterprises cover more than one creative sector. The Sid Lee firm, which is involved in advertising, architecture, design and event management, is one example. Another special feature of the Montréal ecosystem is precisely this networking among creators, enterprises and creative sectors, which is at the basis of several unique innovations in Montréal. The collaboration among the animation, software, visual effects, game and multimedia environment fields, in particular, gives rise to first-rate expertise and a significant critical mass in the digital field. This networking is also expressed in creation, in the form of multidisciplinary works and venues. Moreover, several major organizations, public and private, Québec or foreign owned, act as real locomotives and play a multidimensional role, which includes knowledge transfer (by in-house training of a large number of employees and freelancers and the experience they acquire), innovation, sharing of business opportunities (through projects in partnership or by subcontract), market development, influence, etc. In the creative sectors, many enterprises and institutions have played such a role in Montréal or currently do so. Whether they are major museums, orchestras, dance companies, the NFB, CBC/Radio-Canada or private sector leaders, these organizations have had a major impact on the growth and influence of creators, providers and other partners.

One of the most eloquent examples is certainly Cirque du Soleil, an enterprise that has always supported Québec partners from all creative fields. In addition to its many ramifications in the circus and live performance fields (influence of creators, composers, artists and musicians, incubator for new troupes, École nationale de Cirque, Tohu, etc.), this locomotive's driving force has contributed to the growth and market development of firms such as Sid Lee in advertising and marketing, Moment Factory in multimedia environments, Solotech in show-related equipment, Outbox Technologies in ticketing, Show Canada (of Laval) in stage architecture, Scène Éthique (of Varennes) in stage devices, and many more. Thanks to locomotives like Cirque du Soleil and Céline Dion, the Québec live performance and backstage support industry today is another peripheral hub of the creative industries that are making Montréal world famous. These multiplying and synergic effects are conclusive in the development of the Montréal ecosystem and must be encouraged.

On the periphery of the creative industries, there are **all the sectors and organizations that support** or work complementary to **the creative industries**. Among the leading players are the educational and training schools and institutions, the research centres and programs, the creative and work spaces, the incubators and accelerators, the funding agencies and investors, the associations and other sector organizations, the distributors and broadcasters, and the venues, festivals, conferences and other events.



Beyond this dynamism and this recognition, however, Metropolitan Montréal is not alone on the creativity planet. Many territories have put considerable emphasis on various levers, described above, which foster the development of Montréal creative industries (major institutions, specialized training, financial incentives, places of convergence, etc.). So how can we compare the absolute and relative importance of Metropolitan Montréal's creative industries with those of other metropolises? The next chapter allows us to position all Montréal creative industries and each of the main subsectors studied, on the North American and European scale.

3 MONTRÉAL, ITS PLACE AMONG THE NORTH AMERICAN AND EUROPEAN CREATIVE HUBS

While the creative industries represent a major employment hub of Metropolitan Montréal, is the same true of all the world's great megalopolises? Montréal's boosters like to say that it stands out for its creativity and its creative industries. What is really the case? This section focuses on the absolute and relative importance of Montréal creative industries, in relation to other major regions also known for their creative activities. To make valid comparisons, it was necessary to rely on comparable statistical sources. The definition of creative industries therefore differs slightly from our initial definition. It was also necessary to proceed separately for comparisons on the North American and European scale.

3.1 A NORTH AMERICAN COMPARISON

When accounting for the relative importance of the creative industries in its overall economy, Montréal is among the North American metropolises with the highest intensity in creative jobs. Metropolitan Montréal ranks 7th among the 21 metropolitan regions analyzed (see the following table). Moreover, even though it ranks 13th in terms of total population, it is in 9th place for the absolute size of its creative industry. Metropolitan Montréal thus is positioned among the top 10 North American creative regions, whether in absolute or relative terms.

Despite their importance in the Montréal economy, it is noted that the creative industries are even more important, at least in terms of jobs, in other regions. The positions of Los Angeles, San Francisco and New York ahead of Montréal in the ranking are not necessarily a surprise, given their performance in several of the subsectors of the creative industries and their absolute sizes. Some might be surprised to see Toronto ahead of Montréal, and Vancouver at a similar level, in terms of intensity (percentage of total emloyment). To understand this overall result better, it is useful to look at the subsectors, and thus at the composition of the creative industries in the various regions.

Methodological remarks:
The metropolises selected for North American comparative purposes are the 3 biggest Canadian Census Metropolitan Areas (CMA) and the 21 biggest American Metropolitan Statistical Areas (MSA) (in 2012). Five American MSAs had to be excluded (Baltimore, Detroit, Philadelphia, Phoenix and Tampa), because certain essential statistical data was missing. However, these metropolises are not recognized as creative hubs. Nashville and Portland were added because they are frequently cited as creative metropolises. In the United States, the employment data by industry comes from the Bureau of Labor Statistics and does not include self-employed workers at the MSA level. Thus, the data for the Canadian CMAs selected for North American comparative purposes comes from the National Household Survey (Statistics Canada).

Contrary to the LFS, the NHS allows exclusion of self-employed workers. The total jobs in the Montréal CIs therefore differs from the total presented previously, because it excludes these self-employed workers. Another major different to mention: certain software and new media subsectors are not included in the statistical framework (for example, video games), because these activities cannot be isolated statistically.

INTENSITY OF CREATIVE INDUSTRIES, SELECTION OF MAJOR NORTH AMERICAN METROPOLISES

(number of jobs in the creative industries as % of total employment; 2012 or last available year)

METROPOLISES	JOBS IN CREATIVE INDUSTRIES AS % OF TOTAL EMPLOYMENT
1- Seattle	4.9%
2- Los Angeles	4.9%
3- San Francisco	3.9%
4- New York	3.9%
5- Toronto	3.8%
6- Vancouver	3.5%
7- Montréal	3.5%
8- Boston	2.9%
9- Atlanta	2.6%
10- Nashville	2.6%
11- Minneapolis	2.4%
12- Denver	2.4%
13- Portland	2.3%
14- Washington	2.2%
15- Chicago	2.1%
16- San Diego	2.0%
17- Miami-Fort Lauderdale	2.0%
18- Dallas	1.9%
19- St. Louis	1.6%
20- Houston	1.0%
21- Riverside	0.7%

Source: US Bureau of Labor Statistics (BLS), Statistics Canada.
* Certain subsector data is missing or estimated.

The analysis of the following table and graphs reveals a number of findings regarding the structure of Montréal creative industries:

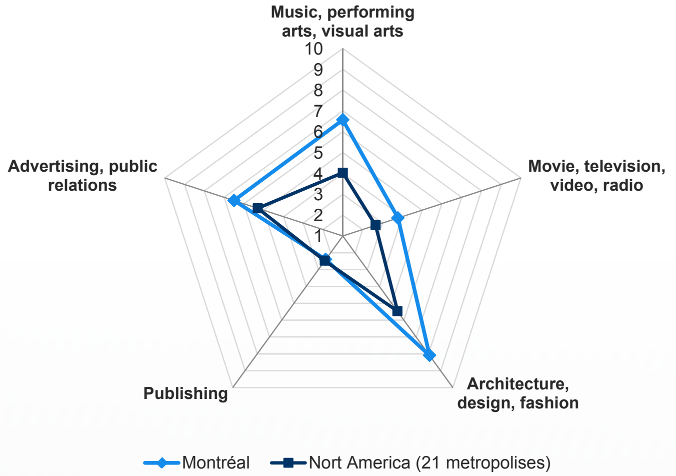
- Metropolitan Montréal particularly stands out for the intensity of employment in the subsectors of the arts (music, performing arts, visual and digital arts), and architecture and design. For these two subsectors, Montréal ranks 4th in employment intensity and accounts for a much higher proportion of jobs per 1,000 positions than the average of the 21 metropolises mentioned.
  - Arts: With 5.2 jobs per 1,000 positions, Montréal ranks 4th in this subsector, just behind New York (5.5) and Los Angeles (5.8). Nashville particularly stands out for this subcategory (8.0), due to the importance of the record industry and country music in that city. Montréal also ranks 4th for absolute total employment in this subsector.
  - Architecture and design: With 5.4 jobs per 1,000 positions, Montréal also ranks 4th in this subsector, behind Vancouver (6.7), Toronto (6.3) and San Francisco (5.6).
- Montréal also stands out in the film, video and radio and television broadcasting subsector with 10.6 jobs per 1,000 positions, or 5th place, and with intensity close to those of Toronto (10.9), San Francisco (11.6) and New York (11.8). For this category, Hollywood's position as the indispensable film industry hub allows Los Angeles to rank first, whether in absolute or relative terms (with 28.1 jobs per 1,000 positions).
- In advertising and public relations, Montréal ranks 7th, placing the region in the top third in relation to the other metropolises.
- In fact, it is only in the publishing subsector (books, newspapers and software) that Montréal comes nose to nose with the North American metropolitan average and does not show employment intensity greater than the average of the major metropolises analyzed.

RANKING OF THE MONTRÉAL CMA COMPARED TO 21 SELECTED METROPOLITAN AREAS

(Intensity of employment in the subsectors of the creative industries)

Music, performing arts and visual arts	4
Architecture, design and fashion design	4
Film, video, radio and television broadcasting	5
Advertising and public relations	7
Publishing	10

COMPARISON OF MONTRÉAL CI WITH THE AVERAGE OF 21 NORTH AMERICAN METROPOLISES



Sources: Statistics Canada, US Bureau of Labor Statistics, KPMG-SECOR analysis.
* Index of 0 to 10 based on the number of jobs in the subsector per total of 1,000 positions in the metropolitan economy.

As mentioned earlier, Metropolitan Montréal has a diversified base of creative industries, with significant presences in all the major subsectors. Montréal, along with Toronto and San Francisco, is also part of a small group of territories where creative activities are balanced among all subsectors, while displaying an intensity equivalent to or greater than the average in these subsectors.

Although their profiles are similar overall, certain differences among these three regions are worth mentioning:

- Montréal has a greater proportion of jobs in the arts subsector than Toronto and San Francisco;
- Toronto particularly stands out for its employment intensity in advertising and, to a lesser degree, in architecture and design;
- San Francisco exceeds the metropolitan average in the publishing subsector, particularly due to the importance of employment in software publishing (while employment intensity in Montréal and Toronto for this subsector is equal to the average of the major metropolises).

Methodological remarks:

Selection of metropolises: 11 European metropolises recognized for their large pool of jobs in the creative industries were selected. The selection criteria for these metropolises depend on the size of the job market of these industries, as surveyed by Europe Innova (2011)*, and the intensity of these same industries within the territory. Although Europe Innova's definition differs from the one adopted under this study, it nonetheless allows identification of the priority regions to consider. We also accounted for metropolises that developed specific public policies in relation to the creative industries, particularly the European collective Creative Metropoles. In addition to these considerations are questions of data availability and reliability.**

Data sources: The European data comes from the European Cluster Observatory***. This database is the most complete source of harmonized European data on the subject. However, the European Cluster Observatory publishes data only at a fairly broad aggregation level, with different criteria from those used previously. We therefore adjusted the statistical framework of creative industries for Montréal, solely for European comparative purposes.

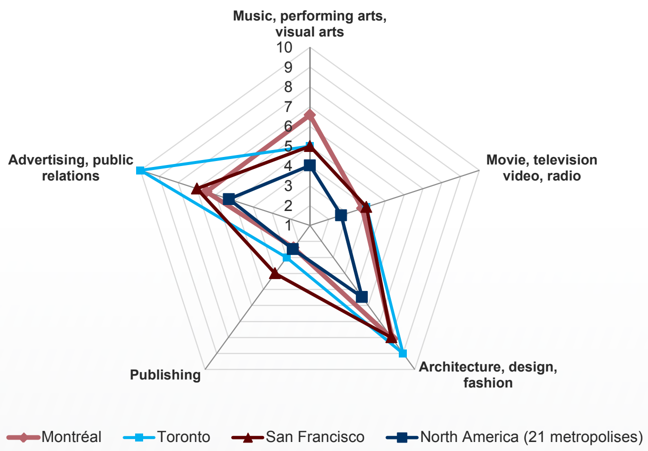
The main differences are illustrated in Table 6 in the Appendix. Despite certain harmonization efforts, differences in the industrial classifications used in Europe and North America remain and do not allow creation of a perfect concordance. The criteria for Montréal thus are not strictly the same as those for the European metropolises. Also note that the reference year of the data varies according to the region (between 2005 and 2011).

Notes:
* Europe Innova, 2011, Priority Sector Report: Creative and Cultural Industries, Europe Innova Paper No 16.

** Made up of 11 metropolises, 7 of which have established policies regarding creative industries: Oslo, Berlin, Stockholm, Amsterdam, Helsinki, Barcelona and Birmingham. All except Birmingham were incorporated into the comparative analysis.

*** Available via the «Cluster Mapping» section of the website www.clusterobservatory.eu.

COMPARISON OF CI IN MONTRÉAL, TORONTO, SAN FRANCISCO AND THE AVERAGE OF 21 NORTH AMERICAN METROPOLISES



Sources: Statistics Canada, US Bureau of Labor Statistics, KPMG-SECOR analysis.
* Index of 0 to 10 based on the number of jobs in the subsector per total of 1,000 positions in the metropolitan economy.

3.2 A EUROPEAN COMPARISON

Montréal is positioned even more favourably in relation to the European regions. Thus, in terms of the intensity of its employment in the creative industries, Metropolitan Montréal ranks the equivalent of 4th out of the 12 regions surveyed (see the next table). London and Helsinki show employment intensity rates much higher than Metropolitan Montréal. However, Metropolitan Montréal is just behind Madrid and ahead of Amsterdam, Oslo, Paris and Stockholm. We should note that the data for Rome, Barcelona and Milan is available only at the regional level (and not at the metropolitan level) and that it is likely that employment intensity in the creative industries of these regions is a little higher than what appears in this table.

As in the North American comparison, it is also interesting to analyze the relative importance of the various subsectors composing European creative industries. Metropolitan Montréal is positioned the most favourably in the artistic and literary creation subsector. Metropolitan Montréal thus ranks 4th, with an intensity of 11.9 jobs per 1,000 positions, behind London (18.1), Amsterdam (12.9) and Helsinki (12.7). Montréal also ranks 5th for the publishing and printing subsectors, and in the film, video and radio and television broadcasting subsector. Finally, Montréal ranks 9th in the advertising subsector, the only one for which Montréal is below the average of the 12 regions of our European sample.

All in all, Montréal has a fairly balanced profile, with employment intensity fairly similar to the average of the 12 European regions for each of the four major subsectors, except for advertising. The metropolis with the most similar profile is Oslo, although its employment intensity is lower in artistic and literary creation. London also displays a similar profile in terms of diversification, but employment intensity is far stronger than in Montréal.

While Metropolitan Montréal is in a good position overall on the North American and European scales in terms of creative industries, it can also be argued that there is room for improvement. Several regions are surveyed where the weight of creative industries is even greater than in Montréal. It is important for our metropolis to capitalize on its advantages, while reducing certain hindrances to growth. The next chapter discusses these questions.

INTENSITY OF CREATIVE INDUSTRIES, SELECTION OF MAJOR EUROPEAN METROPOLISES AND MONTRÉAL
(number of jobs in the creative industries as % of total employment; 2012 or last available year)

METROPOLISES	JOBS IN CREATIVE INDUSTRIES AS % OF TOTAL EMPLOYMENT	RANK
London (Inner & Outer)	6.6%	1
Helsinki	6.4%	2
Madrid	4.5%	3
Montréal (CMA)	4.2%	4
Amsterdam	4.1%	5
Oslo	4.0%	6
Île de France (Paris)	3.8%	7
Stockholm	3.5%	8
Lazio (Rome)	3.2%	9
Catalonia (Barcelona)	2.9%	10
Lombardy (Milan)	2.8%	11
Berlin	2.7%	12

Source: European Cluster Observatory, Statistics Canada.
* Last available year 2011: Montréal and Berlin. 2010: Helsinki, Oslo, Stockholm. 2009: Milan, Rome. 2008: Madrid, Barcelona. 2005: London, Amsterdam.
** For purposes of comparison with European metropolises, self-employed workers are excluded.

RANKING OF THE MONTRÉAL CMA COMPARED TO THE 12 SELECTED EUROPEAN REGIONS
(Intensity of employment in the subsectors of the creative industries)

Artistic and literary creation	4
Film, video, radio and television broadcasting	5
Publishing and printing	5
Advertising	9

COMPARISON OF CI IN MONTRÉAL, LONDON, OSLO AND THE AVERAGE OF 12 EUROPEAN METROPOLISES

Sources: Statistics Canada, European Cluster Observatory, Eurostat, KPMG-SECOR analysis.
* Index of 0 to 10 based on the number of jobs in the subsector per total of 1,000 positions in the metropolitan economy.

4 SECTORAL CHALLENGES, BUT A COMMON HIGH-LEVEL PERSPECTIVE

This section recalls that important differences exist among the sectors composing the creative industries. Notwithstanding these differences, development issues common to the creative industries of Metropolitan Montréal can be identified and are presented here. Do these issues, which may be faced by all cities wishing to develop the sector, require an integrated comprehensive approach for all creative industries, or is it better to address them with sectoral measures? Moreover, is a cluster of creative industries an appropriate vehicle in the Montréal context to foster the development of these industries? To answer all these questions, the following section discusses the sectoral and intersector links that currently exist in Montréal and presents a review of the North American and European experience in the matter. It concludes with examples of typical measures to support the creative industries.

4.1 SECTORAL CHALLENGES

From the outset, it is important to recognize that the subsectors composing the creative industries have their own dynamics and deal with mainly sectoral issues (see Table 7 in the appendix). For example, some of the subsectors target artistic creativity, while for others, creativity has a commercial end; some subsectors are heavily subsidized (particularly the "cultural" sectors), or strongly supported by tax credits (audiovisual, multimedia), while others have access to very little public financial support; some subsectors automatically assign their rights to the creative content developed (service enterprises, such as advertising agencies), while for others, the protection and control of intellectual property are essential to the valorization of their creative content.

The characteristics and the challenges specific to the subsectors also translate into the deployment of sectoral organizations and, in some cases only, industrial clusters (for example, the metropolitan audiovisual cluster, or design and fashion, for which two cluster projects are currently under study). These clusters, once they are structured around an organization responsible for ensuring their development, can implement means of stimulating intersector collaboration in order to work on common issues for the advancement of the sector (for example, initiatives related to training, research or funding).

Despite these major differences among the characteristics, challenges and development axes of each subsector, it is recognized that reports, studies, conferences and other events on the creative industries are constantly proliferating all over the world. The research shows that a real common thread exists among all these sectors and that, beyond the creative raw material (i.e. the talent), the different industries face common challenges. Moreover, the growth and value creation potential of these industries is such that it is important to pay special and comprehensive attention to all their component subsectors.

4.2 COMMON DEVELOPMENT ISSUES

Metropolitan Montréal's creative industries share certain common challenges that translate into key issues for their future growth:

- **Capitalize better on diversity and interdisciplinarity.** Creativity is nurtured by diversity and contact among different milieus and spheres of interest. The clashes of ideas, cultures, skills and fields of interest quite often are the seeds of creation. Even though diversity is one of the main pillars of the Montréal creative industries, it is currently not exploited to its full potential. In fact, several participants interviewed pointed out that the creative industries do not integrate all of Montréal's cultural diversity and that several bridges still have to be built between cultures. The mere cohabitation of several cultural origins and social identities is insufficient. It is their exchanges and interactions that breathe life into creativity. Therefore, measures favouring interdisciplinarity would be desirable.
- **Develop a greater number of creative enterprises with critical mass.** As mentioned above, the creative industries are highly fragmented. They are characterized by a large proportion of very small businesses and very few midsized or large enterprises. They also have a large pool of self-employed workers. This is not only true for the "creative heart" represented by the arts, but is also recognized in all other subsectors. This lack of consolidation and the low proportion of midsized and large enterprises are a threat to the sustainability of creative industries.
- **Increase exploitation of intellectual property.** One of the consensus points among all participants interviewed who work in creative industries is the necessity for further valorization of intellectual property. The reasons vary depending on the sector because, in some cases, IP must be assigned (for example, game developers who work "on order"). In other sectors, particularly the arts or the media, the intellectual property related to a local creation is simply not commercialized outside Québec. This is explained, in particular, by the support measures in certain sectors (music, film, television), which historically have been geared more to content production for local consumption rather than for deployment to other markets. Moreover, in the case of subsidiaries of foreign corporations, it is observed that the original content designed in Montréal generally belongs to the parent company abroad, which commercializes it without the preservation of the added value in Montréal or without valorization to the benefit of the local subsidiary.
- **Adequately consider the specificities of the creative industries.** The creative industries encompass several emerging and perpetually changing fields. Value creation emanates from the combined deployment of technical innovation, artistic creativity and business entrepreneurship. These are enterprises that evolve rapidly and that must adapt continuously to a fluctuating technological and commercial environment. They operate in global market niches, their value often depends on intangible assets and their clientele expects to be continually surprised or recaptured. These characteristics call for support measures that must be flexible and that can evolve with the sector's reality; they also require an excellent understanding of the sector on the part of lenders, funders and supporting agencies. Yet the business reality of the creative industries is often misunderstood by the various economic participants, particularly bankers, investors and governments. Therefore, access to funding is difficult and often poorly adapted.
- **Benefit more from the new distribution channels.** The creative industries are at a conclusive stage in their development, where many paradigms and approaches must be reviewed. New digital production modes and new dissemination platforms have emerged, completely changing the ways cultural content is consumed and thus calling into question the current business model of most of the creative industries. This revolution means that the markets are no longer geographic, but global, cross-cutting and converging by spheres of interest. These new channels accentuate competition on the local market (where historical protective measures are less and less relevant), but represents parallel opportunities for major growth for enterprises that can use these new global platforms to their benefit.

- **Improve international influence.** Montréal creative industries, except for multimedia, are mainly focused on the local markets, for historical, cultural and sector-specific reasons. However, an ever-growing number of creative enterprises, both new and well rooted, are aiming at the North American and overseas markets. While this is especially the case in the multimedia creation sector, this trend is also noticed at various levels in all subsectors. Metropolitan Montréal must be recognized more for its creativity and the vitality of its creative industries. The benefits of this knowledge or this branding are twofold: on the one hand, it facilitates the development of foreign markets for Montréal creative enterprises; on the other hand, it favours attraction of foreign investments, enterprises and talent to the Montréal region. The current influence of certain subsectors is not the result of concerted and structured efforts, but instead emanates from recognition of Montréal creative talent. Metropolitan Montréal would benefit from a more structured approach to its positioning so that it extends its influence even more strongly and thus positions itself as a true and indispensable creative metropolis.

4.3 SECTOR-BASED OR MULTISECTOR SUPPORT?

Can these common issues of the creative industries be addressed more efficiently by a concerted and integrated effort of all the subsectors together? In particular, is the cluster approach an adequate response to the challenges of Montréal creative industries? This is a legitimate question that deserves an answer, because the conjoined efforts of all participants in the same sector may represent effective and powerful development leverage in several industries.

However, the cluster approach is really effective only if it fulfills certain conditions. Among the main conditions are: common key objectives and structuring projects; common interrelations among the participants and real potential for synergy among the various stakeholders; a firm will and a significant commitment of the leading players (particularly CEOs); representation of all the players from the sectors concerned and an affirmed desire to work together; an agreement for private financial participation in the operation of common activities. These conditions may appear demanding, but they are at the basis of the success and sustainability of the clusters' approach. Despite several common characteristics and issues, it must be recognized that the approach of a single cluster common to all the creative industries does not seem to be preferred or desired by almost all the participants in Montréal creative industries, at least for the time being.

There are a few examples of convergence of several subsectors within the same organization (for example, Cirque du Soleil, Sid Lee, C2MTL). However, most enterprises remain relatively specialized in creative fields and only rarely have the occasion to do business with other creative industry subsectors. Among the natural multisector clusters that are tending to form, we note a rapprochement of all the digital industries (games, visual effects, multimedia environments). Indeed, these industries use the same kinds of tools, particularly graphic design software, some of which was designed in Montréal (for example, Softimage, Kaydara, Toon Boom or Discreet), hire the same type of employees (2D-3D animators and programmers) and generally are active in the same type of market, particularly entertainment. The enterprises operating in these sectors thus have common issues that go beyond training and that particularly concern market development, valorization of intellectual property or R&D. For the rest, the multiple initiatives deployed to stimulate the development of the creative industries are mainly sector-based.

It should be noted that this Montréal situation is not fundamentally different from what is observed elsewhere. Indeed, the regions that deploy policies and programs intended for the creative industries generally do so by subsector (for example, everything concerning digital), or else they limit themselves to structural and cross-cutting initiatives. For example, the development strategy of the United Kingdom's creative industries includes measures favouring all creative industries (and thus no subsector in particular), which include children's cultural education, deployment of in-house internship programs, support for collaborative R&D, and extension of international influence. Other regions deploy strategies that seek to stimulate creativity in general within the territory, instead of the development of the "creative" industries. The appended Tables 8 and 9 provide examples of policies and strategies adopted in North America and Europe to support the creative industries, as well as clusters for certain subsectors of the creative industries.

It remains that the benefits of adopting certain multisector (or cross-cutting) strategies are very real. The efforts to encourage experimentation, stimulate diversity and interdisciplinarity, develop talent, recognize the sector's importance or do general promotion of the creative industries are not only useful, but generally desirable.

4.4 A REVIEW OF INTERNATIONAL EXPERIENCE IN SUPPORT MEASURES

Sectoral particularities, both here and elsewhere, do not prevent reflection on global support for the creative industries. Many studies of the measures deployed and identification of best practices confirm the interest of surveying and sharing these experiences, which may apply to other sectors or other regions. They are both relevant and inspiring. Above all, they allow confirmation of the existing of a few major levers that transcend the different industries and regions.

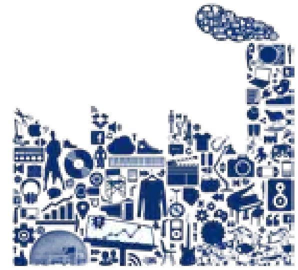
We have identified five major families of support measures for the cultural industries (in the appendix, Table 10 provides examples for each major family):

- **Offer spaces for creation and places for collaboration**, by the development of adapted, affordable work spaces favouring collaboration among creators from different disciplines, an essential factor in innovation and generation of ideas. These places offer at least shared spaces and support services, in order to reduce costs and favour collaboration and interactions (shared work spaces). In some cases, quality infrastructures, such as projection rooms or recording studios, and training for entrepreneurs, are also available (incubators). These spaces are sometimes deployed in partnership with private enterprises, educational institutions and/or economic development agencies. Many examples of such places are found in Amsterdam, Berlin, Stockholm, Barcelona and New York, where the spaces accommodate creative enterprises and artists in a specific field (such as the circus) or based on a multidisciplinary approach, bringing together subsectors (creative and other) for which specific synergies are anticipated (for example, an incubator in Berlin brings together enterprises from the design field with others from the information technology and engineering sectors) or are open to all sectors. Since the "talent" of the creative industries is largely composed of self-employed workers, the interest in such work spaces is growing, especially since they often have a positive impact on the development and revitalization of certain neighbourhoods through the increased presence of artists and the resulting activity.
- **Develop competencies, talent and capacity.** What several support policies have in common is the development of competencies (managerial, technical, etc.), talent development and retention, and increasing the organizational capacity of creative enterprises. Mentoring and coaching initiatives and partnerships with educational institutions are particularly interesting. For example, Barcelona's municipal development agency offers entrepreneurs from the creative industries tools to support their startup (management training, networking, market development support, mentoring programs); Creative Amsterdam, an intergovernmental initiative, has developed a physical and virtual platform to foster collaboration among the private, public and non-profit sectors (mentoring, training, networking, one-stop access); the United Kingdom funds and, through a website, facilitates internship programs in the creative industries.

- **Improve access to financing.** Access to financial resources (startup capital, bank loans, guarantees, etc.) is difficult for small enterprises in all high-risk sectors, especially in the startup phase. This difficulty is accentuated for enterprises in the creative industries that work with intangible assets and ideas, and their development depends on an offering of capital and financing targeted and adapted to the sectors' realities. Some successful approaches allow financial risk sharing; others allow education and sensitization of the private sector to the particularities of the creative industries and their strong growth potential. Among the emerging practices, we should mention crowd funding, dedicated venture capital funds, grants to partnerships realized with enterprises in creative industries, financial guarantees associated with intangible assets, and accelerators.
- **Favour innovation and protection of intellectual property.** Recognizing the crucial importance of intellectual property for the creative industries, many jurisdictions have created support mechanisms to favour the development of intellectual property assets and valorization strategies. These measures take the form of IP development funds, facilitation of technology transfers leading to IP creation, IP protection strategies in a digital context, open innovation laboratories combining various disciplines, joint development initiatives by creative industries and ICT favouring innovation.
- **Increase access to markets, commercialization and innovation.** Supporting access by creative industries to foreign markets is a vector regularly found due to its multiple benefits: exports of creative goods and services not only allow value creation within the territory through direct and indirect jobs supported locally, but also make it possible to improve a territory's "creative" brand image by the influence of its products and services. Several countries have adopted export assistance measures, promotion of creative industries abroad, brand image campaigns (such as Creative London in 2003), joint initiatives between tourism bodies and creative industries (creative tourism), or assistance to mobility of artists and creative workers, particularly for emerging talent (for example, support for participation in festivals, tours, international exhibitions and other events, reduction of administrative barriers (visas), etc.).

With these best practices in mind, what are the solutions that could be envisioned in the Montréal context to support the growth of the creative industries and meet the common challenges they face? The next chapter proposes a strategic framework for the sustained development of Metropolitan Montréal's creative industries.

5 A STRATEGIC FRAMEWORK AND COURSES OF ACTION



Although the common issues facing the creative industries are of several orders, they all have impacts at different levels on the sector's capacity to valorize its creations. In this regard, Metropolitan Montréal's creative industries do not seem to derive full potential from their creations. How can the valorization and growth of the creative industries be favoured? What are the most promising approaches in the Montréal context? This section proposes a strategic development framework for creative industries. Built on four decades of achievements, this framework proposes possible solutions to meet these challenges.

5.1 THE FOURTH WAVE: VALORIZATION

After the institutional, industrial and collaborative waves, Metropolitan Montréal must now move on to the valorization wave, which can take our enterprises in the creative industries to another level. The past few years have been marked by two fundamental dominant trends – digitization and convergence of creative content, and globalization of trade in creative products and services. To grow to an era when markets are more determined by communities of interests than by geography, Montréal creative enterprises must stand out on the international markets. Yet some creative enterprises are still too hesitant about the idea of commercializing their creations beyond Québec's borders or they are poorly equipped to assert themselves on the new distribution platforms.

The proposed change of direction is based on six main pillars and is part of a broader integrative framework. It is motivated by the ambition to valorize the creative potential of local talent even further, with the aim of boosting Metropolitan Montréal into the ranks of the top 5 North American metropolises whose creative industries have the highest intensity.

This ambition must mobilize all the players in the value chain of the creative industries and all the partners gravitating around these industries. It also involves an evolution of the current ecosystem, in which a multitude of individuals and microenterprises cohabit with a few major multinationals, into an ecosystem characterized by the increased presence of midsized firms, leaders in their creative field with international influence.

Several of the key actions detailed in the following pages depend on consolidation or adaptation of existing support measures so that the special features of the creative industries are properly considered.

BET ON VALORIZATION OF MONTRÉAL CREATIVITY

AMBITION	WHY?
Valorize the creative potential of Metropolitan Montréal talent and raise Metropolitan Montréal to the top five regions with the greatest intensity of creative industries	• An existing and recognized strength of the region • Growing worldwide demand • Diverse quality jobs • Positive impacts on other sectors • An urban vitality and quality of life factor • A contribution to the territory's influence and attractiveness

TWO MAJOR FUNDAMENTAL TRENDS

- Digitization and convergence of creative content
- Globalization of trade in creative products/services

MAIN DEVELOPMENT ISSUES OF MONTRÉAL CREATIVE INDUSTRIES

- Capitalize better on diversity and interdisciplinarity
- Develop a greater number creative enterprises with critical mass
- Increase exploitation of the intellectual property created
- Adequately consider the specificities of the creative industries
- Benefit more from the new distribution channels
- Improve international influence

THE FOUR WAVES OF DEVELOPMENT OF CREATIVE INDUSTRIES

- The **institutional wave**, culture-focused and the basis of Montréal creative talent (starting in 1950-1960)
- The **industrial wave,** technology-focused and the basis of creative enterprises located in the region (starting in 1980-1990)
- The **collaborative wave**, creativity-focused and the basis of new creative platforms (beginning in 2000-2010)
- The **valorization wave**, at the basis of the region's creative potential (to be developed further)

THE OBJECTIVE PURSUED OVER THE FIVE-YEAR HORIZON

Move from an ecosystem in which a multitude of individuals and microenterprises cohabit with a few major multinationals to an ecosystem characterized by the presence of midsized firms, leaders in their creative field and extending their influence internationally.

THE SIX STRATEGIC AXES / KEY ACTIONS

MAINTAIN THE ACCENT ON TALENT	*STIMULATE EXPLORATION*	*FAVOUR CONSOLIDATION*	*VALORIZE INTELLECTUAL PROPERTY*	*SUPPORT COMMERCIALIZATION*	*STRENGTHEN INFLUENCE AND POSITIONING*
• Maintain the scope and offering of educational programs • Continue to provide upstream support to creators and artistic organizations • Increase interest in continuing in-house training	• Ensure the presence of spaces for creation and collaboration • Support R&D, experimentation and open innovation • Encourage networking with other disciplines and regions	• Support entrepreneurship and provide creators with better guidance • Favour better access to funding • Support enterprises that have reached a critical mass	• Recognize investments in original content • Adapt public funding to IP valorization • Develop specific expertise in creative IP valorization	• Adapt public funding to new platforms • Provide more support for exports and market development	• Ensure greater involvement of the business community • Develop greater exemplarity • Integrate the international creative networks

5.2 THE SIX MAJOR PILLARS SUPPORTING THE CREATIVE INDUSTRIES

1. Keep the focus on talent, in order to retain a critical mass of creators trained in every sector of the creative industries

Montréal's strength resides, first and foremost, in its talent. Its large number of artists, designers and developers, its many educational institutions and its history of supporting the arts have contributed to make Metropolitan Montréal a hub of creativity. Its "underground", fuelled by the diversity of its population and the presence of critical masses in many creative sectors, also contributes to the emergence of innovative creators and creative content, extending their influence around the world. This talent pool must therefore continue to be supported and strengthened. Not only must Montréal keep the focus on development of new talent, but it must also ensure that it attracts talent from abroad, while keeping talented people in the region, whether they come from foreign countries or emerge locally.

- *Maintain the scope and offering of programs related to the cultural industries*

  The combination of Francophone and Anglophone universities, colleges, higher art schools, specialized institutes (for example, NAD and INIS) contributes to make Metrpolitan Montréal a preferred place for the emergence and attraction of creative talent. The ties between institutions and enterprises nonetheless must be strengthened to ensure a better correspondence between the offering of the universities and schools and the enterprises' actual needs.

- *Continue to provide upstream support to creators and artistic organizations*

  Creators and small artistic organizations benefit from varoius grants. Once they are distributed to all the beneficiaries, the amounts granted are minimal, when considered per unit (per beneficiary). However, they are vitally important, because the emergence of talent cannot be planned and must be favoured by an approach similar to R&D. To support these creators better, other funding sources must be contributed to stimulate the emergence of viable productions, particularly private sector funds (donations, sponsorships and purchases of cultural products, for example). The collaborative initiatives among the Conseil des arts, the Board of Trade of Metropolitan Montreal and the Montréal business community also go in this direction and must be pursued and reinforced.

- *Increase interest in continuing in-house training*

  In fields as rapidly evolving as the creative sectors, it is imperative that enterprises maintain their skills on the cutting edge if they want to assume a leading position in their market. This is true for both research and technology, but especially for the enterprises' principal resource: their employees, whether for their creative or technical talents. It is therefore essential to ensure that the employees of the creative industries can have access to continuing education programs and that enterprises valorize this training.

2. Stimulate exploration to offer talented people hospitable conditions for creation

The representatives of the different cultural industries are unanimous on one aspect: creativity is deployed better in a context of freedom and experimentation. Trying to structure and supervise it too much runs the risk of losing it or preventing its expression. This does not mean that it is harmful to take actions or deploy initiatives to stimulate creativity; however, it must be able to conserve its organic nature. For this reason, the best practices surveyed regarding support include initiatives and programs that create hospitable conditions for the emergence of talent, collaboration among creators and experimentation.

- *Ensure the presence of spaces for creation and collaboration*

  The deployment of spaces for creation and collaboration is recognized as a central factor for creative industries. Whether they are artists' workshops, incubator or coworking spaces, places for creation and support services enable creators and entrepreneurs to develop and have rewarding encounters. Some projects have already proven their value in Montréal; in the most recent example, over 400 artists from the Pied Carré group moved into two gigantic former textile factories in Mile End. Metropolitan Montréal must continue to encourage the development of such spaces if it wants to attract young creators and stimulate the emulation necessary for innovation.

- *Support R&D, experimentation and open innovation*

  The initiatives supporting experimentation and innovative creativity are at the basis of the greatest creative successes. Many research and development support programs exist in Québec. However, they must be adapted better to the realities of the creative industries and valorize the sectoral and multidisciplinary collaborations initiated by the community. University research centres, such as Hexagram-Concordia and Hexagram-UQAM, and the multidisciplinary training and research hub Mosaic (HEC), play key roles in this regard.

- *Encourage networking with other disciplines and regions around the world*

  Networking among creators and creative fields is one of the factors at the heart of innovation processes. The Montréal region already has a lead in this regard, because few regions match its great diversity of creative sectors. Moreover, the culture of collaboration and networking between the public and private sectors, between culture and business, between the arts and technology, emerged a longer time ago in Metropolitan Montréal. This gain must be consolidated by creating opportunities and incentives for multidisciplinary co-creation and collaboration, not only on a Montréal, Québec or Canadian scale, but with foreign partners.

3. Promote consolidation by fostering the transition from creator to entrepreneur and favouring the achievement of critical mass

Québec, compared to several other territories, is characterized by significant public support for production. This major public support is mainly explained by historical and cultural reasons, which have led governments to make societal choices, prioritizing Québec culture and Francophone content. Elsewhere, particularly in the United States, the private sector occupies a much greater place in support for production, through greater risk taking by creators and producers, and through more significant involvement of patrons and investors (angel investors and venture capital). Thus, the valorization of content for commercial purposes is a key motivation from the beginning of the creative process.

One of the main weaknesses encountered in the creative value chain in commercialization, a challenge reflected upstream in an absence of planning of the deployment and distribution of the created content. This phenomenon is attributed, in part, to a corollary effect of the production funding systems, which historically have favoured the proliferation of self-employed workers, microenterprises and projects without any sustainability or search for value creation. For example, support measures in the arts sector are conditional on NPO status; therefore, they do not favour the emergence and growth of enterprises. The spinoffs of this approach have been very positive for the development of talent and the proliferation of Québec cultural content. However, while ensuring the maintenance of sufficient support for creation, this model must be adapted from now on to the current context of globalization, digitization and convergence.

- *Support entrepreneurship and provide creators with better guidance*

  To stimulate the growth of creative enterprises and help them achieve a sufficient critical mass, they must not only be offered financial resources, but also expertise in fields related to management. Incubators (physical or virtual) can play a major role in this regard, by enabling small businesses to have access to specific services often specific to the creative industries (legal support for IP, alternative funding, innovative business partnerships, coaching in new distribution modes, development of external markets, etc.). This support can also take the form of mentoring by experienced managers, who get involved in organizations, incubators or small businesses as board members or in other ways.

Beyond support for entrepreneurship, initiatives or hybrid models favouring contacts between managers and creators would also be desirable. Indeed, some creators do not have and are not interested in having an entrepreneurial attitude. The idea of transitioning from creator to entrepreneur is not necessarily viable or even desirable in some cases. Other business and collaboration models are possible. Partnerships between experienced entrepreneurs and talented creators may lead to the development of promising projects for both parties. This model, which has proven itself in the new technology field, can apply to the creative industries.

- *Favour better access to funding adapted to the different stages of development*

  To ensure the growth of the creative industries, the funding mechanisms must remain flexible and adapted to the sector's realities. Furthermore, they must not hinder real risk taking in projects with a high potential return.

  It is also important to make adapted funds available to creators and entrepreneurs in the creative industries from the pre-startup phase, including access to crowdfunding. At the stage when creators are not yet organized in a business, funding of creation often depends on a combination of small amounts coming from personal funds, friends, grants and fellowships, etc. This unstructured approach is characteristic of projects at a very embryonic stage. However, the difficulty and complexity of realizing these financial setups may be a major hindrance to exploration and innovation.

  During subsequent development phases, the existing support mechanisms should be adapted to encourage risk taking and capitalization. For this purpose, lenders and fund managers must be sensitized to – and even trained in – the realities of the creative industries and have the tools and the leeway necessary to intervene adequately. The examples of incubators adapted to the specific needs of certain creative sectors (such as Execution Labs in the game industry, supported by BDC) are eloquent in this regard.

- *Support enterprises that have reached a critical mass (gazelles)*

  The Québec government has deployed measures to favour the emergence of a critical mass of midsized enterprises by coaching and development of the most promising SMEs, which will become tomorrow's flagship enterprises – the "gazelles". Consistent with this economic policy, the programs supporting the creative industries should also encourage the development of such midsized firms, leaders in their field. This approach should be a priority for the creative sectors characterized by high fragmentation.

4. Valorize intellectual property to generate more wealth

Among the consensus points in all creative industries, we find the necessity to valorize the content created here and control the intellectual property aspects. In many sectors, Montréal talent is used to produce content distributed by foreign companies, without preserving the real value of the assets in the territory. A change of direction is imperative in this regard to ensure further development of content with real commercializable value and to be able to capture a substantial share of the value thus created.

- *Give more recognition to investments in original content and adapt public funding to favour IP valorization*

  While support measures are increasingly aggressive in several regions of North America, in Europe and in Asia, support for content production is an essential condition to maintain the competitiveness of Québec and the Montréal region. The structure of the Québec incentives, such as the tax credits for visual effects and for foreign producers that choose Québec as a filming location, must remain competitive to support the activities of service businesses in these fields. It would therefore be important to consider improving the conditions of awarding different support programs, in order to encourage more protected creative content. Such an approach would favour the development of original content and retention of intellectual property in Metropolitan Montréal. This improvement would be justified by the fact that the benefits and economic advantages will also be greater.

To ensure the creation of more original content, the retention of more rights to the developed content and the capacity to generate greater spinoffs from this content in the Greater Montréal region, it would also be important to provide for financing mechanisms that allow enterprises to assume a greater share of the development costs. This would make them less dependent on customers or production and distribution partners (publishers, distributors). For example, it is possible to consider the creation of an intellectual property development fund modelled on the Ontario Intellectual Property Development Fund ($10 million), which seeks to stimulate production of commercially viable projects, while retaining a greater share of the intellectual property rights (see Table 10 in the appendix, example related to point 4). Such initiatives also exist for the European Community, the United Kingdom and Australia. The European experience has demonstrated that these amounts also serve as leverage to obtain access to other private and public funding sources.

By developing more original content and adopting a better strategy for valorization of this content, creative enterprises can retain more rights to the developed properties or improve the royalties to which they are entitled, and thus capture a greater share of the economic spinoffs related to content developed here.

Concerning foreign-owned enterprises, an in-depth valuation of the share of the intellectual property developed here should be conducted to determine whether mechanisms for redistribution of the dividends from exploitation of this property could be put in place. Thus, some subsidiaries could be encouraged to pay royalties or reinvest more locally, thus recognizing the benefits generated by intellectual property developed in Québec. Some of them, like Ubisoft, already do this, and their example ought to be praised.

Up to now, the main spinoffs for foreign intellectual property developed here have been the jobs created and maintained. To move up to a higher level (valorization wave), it would also be necessary for the Montréal expertise acquired due to content creation in these subsidiaries to be deployed in local enterprises that control the development and valorization of their intellectual property.

- *Develop expertise specific to valorization of creative intellectual property (legal and accounting aspects, support for negotiation, etc.)*

  While it is necessary upstream to ensure the development of protected original content and instill a reflex for valorization of this intellectual property, our entrepreneurs in the creative industries must be equipped to implement such an approach. This involves support for creators and enterprises in every aspect of intellectual property management, including its protection and negotiation with business partners. It is therefore important to develop specialized expertise in the creative industries and make this expertise easily accessible to creators. Québec's recent financial support program for patenting (First Patent) could be extended to types of intellectual property that cannot be patented (copyrights, industrial designs, trademarks).

5. Support commercialization for further valorization of local creation

The combined effect of market globalization, the impact of digital technology, and convergence means that creative industries, in Montréal and elsewhere, must not only take an interest in the global market, but that they no longer have any choice. The impact of digital technology is being felt in every field, in the production, dissemination and consumption of creative content. The new platforms also play a major role in distribution and promotion, in view of the impacts of social networks and their viral effect on the visibility and name recognition of creations.

- *Adapt public funding to favour commercialization, particularly on the new digital platforms*

  Although the main support funds are gradually adapting their programs and criteria to the new realities of the digital universe (Canada Media Fund, Musicaction Foundation, SODEC, etc.), the amounts available are limited and the measures are not totally aligned with the real needs of creative enterprises. The film, television, video, music and publishing sectors are particularly affected by digital distribution on new platforms and are experiencing major issues related to marketing strategies, content monetization, negotiation of royalties, and piracy. More adapted and better structured support, combining funding and advice, should be deployed by the paragovernmental agencies at the different levels in a coherent vision of industrial and economic development of creative industries.

- *Provide more support for exports and market development*

  Montréal creative industries have the twofold advantage of being able to position themselves to break into the Francophone global market and the international market. The Francophone world is experiencing high population growth, and its enrichment will increase with the economic takeoff of several Francophone emerging countries. Moreover, recent experience has shown that Québec enterprises should not have complexes in their conquest of the American, European or Asian markets. However, representation in foreign markets involves a presence in international networks, major conferences and congresses, trade shows and fairs, and festivals abroad. Market development also involves bringing international conferences and influential potential partners and investors to Montréal. The existing measures favouring exports (for example, the EDC guarantees) could be adapted better to the needs of creative industries, thus having a ripple effect on the capacity to finance risky but promising projects on foreign markets.

6. Strengthen Montréal's influence and positioning as a hub of creative industries

Support for the creative industries also depends on Montréal's positioning as a creative metropolis. Metropolitan Montréal's brand image is the sum of a number of factors on which industry, governments and economic development agencies can act. The brand image is reflected through the international influence of our flagships, the creative aspect of Metropolitan Montréal's architecture and design, the region's promotion strategies, and integration into the global creative networks.

- *Ensure greater involvement of the business community*

  Creative enterprises can serve as showcases of Metropolitan Montréal's vitality. In this regard, the representatives of the creative industries interviewed for this study emphasized the lack of ties with the business community. Measures can be deployed to encourage collaboration, such as tax or monetary incentives for companies so that they create partnerships with the creative industries (modelled on the Creative Credits in the United Kingdom). This approach is especially appropriate for the "commercial" creative sectors, i.e. advertising/marketing, design and architectural enterprises.

- *Greater exemplarity of governments and private enterprise*

  Transforming Montréal into a creative metropolis is inseparable from the will of governments and private enterprise to invest in design and architecture. As mentioned in this chapter, Montréal has been listed as a UNESCO Creative City of Design, recognizing both the importance of its creative base and its future development potential. Although the past few years have been marked by the development of major projects, which have transformed certain sectors of the metropolis and set examples for urban and architectural planning (for example, the Quartier international and the Quartier des spectacles), it must be recognized that Montréal cannot compare with other model metropolises of design and architecture, such as Barcelona or Chicago. Thus, to achieve Montréal's full potential as a metropolis of creativity, it is important to integrate more design and architectural elements into public works, instead of selecting them only on the basis of costs. This is not only an issue of influence and brand image, but a showcase of the know-how of Québec architects and designers.

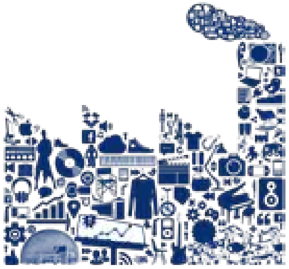
- *Integrate into the international creative networks*

  Enterprises, artistic and cultural institutions, groups and associations, schools, public agencies and other ecosystem stakeholders all have a role to play in promoting and extending the influence of Montréal creativity and the creative enterprises of the Montréal region. The success of international events, such as C2MTL, confirms the promising effect on Montréal's brand image of collaboration among various players on the Montréal creative scene to extend the influence of Metropolitan Montréal and attract world-famous creators and major investors.

Ville de Montréal (film, festivals and events), Partenariat du Quartier des spectacles, the Bureau du design, Tourisme Montréal and others also contribute to this influence through their activities and the support they grant to creative events and projects. The presence of Montréal or Montréal organizations in networks, such as UNESCO Creative Cities, Connecting Cities and World Cities Culture Report, and in international organizations like MUTEK, are successes illustrating the support that can be provided by the public authorities (municipal and region) in Montréal's influence on the global creative scene. Finally, the opportunities must be multiplied to offer Montréal creators a showcase in foreign markets, following the example of Ville de Montréal, which offered the City of Barcelona an architectural projection on the facade of Sagrada Familia for the 2012 La Mercè Festival.

The implementation of these strategic axes, while betting on the advantages and strengths of Metropolitan Montréal, should guarantee growth and value creation for the creative industries and for the Montréal economy as a whole. However, this implementation will require the participation of many ecosystem players and coordination of efforts, because it challenges creators, enterprises, associations, institutions and different levels of government.

CONCLUSION



The Board of Trade of Metropolitan Montreal has made it its mission to be the voice of the business community and the community at large in matters of economic growth and success, and to act as a unifier and catalyst of the active forces of the metropolitan economy. It is committed to support key economic development sectors by boosting them and maximizing their spinoffs. With this study, on the strength of our experience in the field of culture, an essential segment of Montréal's economy and identity, we are marking the first milestone of an approach geared to valorization of the creative industries.

The Board of Trade will see to the mobilization of all the public and business community players concerned to maintain dynamism and interactions within the metropolitan ecosystem of creative industries. Several have contributed to the production of this study, and we wish to thank them.

We have demonstrated that this sector has strategic importance to Metropolitan Montréal, both by its economic weight and the effect of the influence it procures. We have pointed out the extent to which Montréal ranks favourably in terms of the sector's concentration (absolute and relative) among the leading creative industry hubs in North America and Europe. Mobilization of the creative community is therefore fully justified to strengthen this strategic advantage.

The study identifies several fields of action to meet the sector's challenges and take our talent and our enterprises in the creative industries to a level that will allow them to compete better with international competition and on the international scene. The proposed framework establishes a real track record. A wide range of stakeholders will find solutions to take part in building a creative scene that is competitive and ever more fit to valorize its talents.

The next milestones, marked by the Board and other stakeholders, will be part of what we have called the fourth wave of support to the creative industries, the valorization wave. It is appropriate to explore new avenues to pursue the reflection in support of the development of these industries. For example, we have discussed the necessity of increasing the international presence of our creators. To achieve this, we insist on improving the competitiveness of our enterprises, but partnerships with foreign corporations are another way to conquer external markets. The past and present experiences of many Québec creators make it possible to identify best practices and propose new courses of action oriented to the conquest of new markets.

We have also noted that, at least for the time being, the creative industries do not combine hospitable conditions for the creation of a metropolitan industrial cluster combining all their subsectors. However, other cross-cutting strategies could prove very relevant, such as awarding special status to creativity. Reflecting the status granted to innovation by the Communauté métropolitaine de Montréal, projects based on exploitation of Metropolitan Montréal's creative talent could benefit from special funding.

Therefore, there is no lack of ideas. We have the advantage of being able to act on the foundations of an emerging sector. The feeling that everything is possible, which is central to the creative spirit of Montrealers, is very applicable to the endeavour that awaits us.

APPENDICES

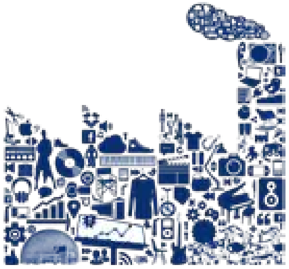


TABLE 1
LIST OF PERSONS CONSULTED – AGENCIES, ENTERPRISES, CREATORS

CONTACT	TITLE	ORGANIZATION
Yves Beauchamp	Director General	Développement site Outremont, Université de Montréal
Benoît Berthiaume	Director General	C2MTL
Daniel Bissonnette	Associated Director / Cinema-Festivals-Events	Ville de Montréal
Michel Bissonnette	President, Executive Producer	Zone 3
Yves Bourguignon	Strategic Advisor, Development	La main créative
Ann Bouthillier	President and Chief Executive Officer Chair of the Board	PALM+HAVAS Association des agences de publicité du Québec (AAPQ)
Béatrice Carabin	Design Commissioner	Bureau du design, Ville de Montréal
Claude Cormier	Partner	Claude Cormier & associés
Solange Drouin	Vice-President, Public Affairs and General Manager	ADISQ
Marie-Claire Dumas	Director General	Conférence des élus de Montréal
Alain Dufour	Deputy Director General	Mission design
Catherine Émond	Director General	AAPPQ
Hans Fraikin	National Commissioner, Director General	ActionMTL (BCTQ)
Sébastien Fauré	Chief Executive Officer	*Bleublancrouge*
François Forget	Vice-President, Strategy	Sid Lee
Éric Fournier	Partner	Moment Factory
Suzanne Guévremont	Director General Member of the Board Member of the Board	Centre NAD Alliance Numérique, SODEC CINQ, consortium en innovation numérique du Québec
Anne-Marie Jean	Director General	Culture Montréal
Marie-Josée Lacroix	Director	Bureau du design, Ville de Montréal
Sylvain Lafrance	Chairman of the Board Professor	BCTQ Mosaic – HEC
Daniel Lamarre	President and Chief Executive Officer	Cirque du Soleil
Philippe Lamarre	Owner, Producer and Creative Director	Toxa and Urbania
Nathalie Maillé	Director General	Conseil des arts de Montréal
Frédéric Metz	Associate Professor	École de design de l'UQAM
André Provencher	Vice-President, International Development, QMI Content	QMI
Rémi Racine	President Chairman of the Board	Behaviour Radio-Canada
Alexandre Taillefer	Partner Chair of the Board	XPND Capital Musée d'art contemporain de Montréal
Philippe Telio	Founder	Montreal International Startup Festival
Dominique Villeneuve	Director General	Association des agences de publicité du Québec (AAPQ)

TABLE 2
EXAMPLES OF COUNTRIES, REGIONS OR ORGANIZATIONS THAT HAVE ADOPTED A DEFINITION OF CREATIVE INDUSTRIES

COUNTRY/ REGION/ ORGANIZATION	DEFINITION ADOPTED
United Kingdom	Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property (Department for Culture, Media and Sport; 1998).
Australia	The term 'creative industries' describes the generation of creative intellectual property with potential to be commercialized (Australia Cultural Ministers Council, 2008).
Northern Ireland	Uses the same definition as the United Kingdom (Northern Ireland Assembly).
Portland (USA)	After adopting a specific definition, uses the same definition as the United Kingdom.
Ontario	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 (Ontario's Entertainment and Creative Cluster, 2010).
UNESCO	The creative industries are those in which the product or service contains a substantial element of artistic or creative endeavour and include activities such as architecture and advertising.
UNCTAD	The cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs. They comprise a set of knowledge-based activities that produce tangible goods and intangible intellectual or artistic services with creative content, economic value and market objectives.

TABLE 3
EXAMPLES OF SUBSECTORS INCLUDED IN THE DEFINITION OF CREATIVE INDUSTRIES

	INTERNATIONAL ORGANIZATIONS	COUNTRIES						REGIONS	
	UNCTAD	UNITED KINGDOM	GERMANY	SPAIN	FRANCE	AUSTRALIA	NORTHERN IRELAND	ONTARIO	OREGON
SUBSECTORS	CREATIVE INDUSTRIES	CREATIVE INDUSTRIES	CREATIVE AND CULTURAL INDUSTRIES	CULTURAL INDUSTRIES	CULTURAL SECTOR	CREATIVE INDUSTRIES	CREATIVE INDUSTRIES	CREATIVE INDUSTRIES	CREATIVE INDUSTRIES
Architecture	X	X	X		X	X	X		X
Audiovisual	X	X	X	X	X	X	X	X	X
Performing arts	X	X	X	X	X	X	X	X	X
Libraries	X			X	X				
Design	X	X	X			X	X	X	X
Visual arts	X	X	X	X	X	X	X	X	X
Publishing	X	X	X	X	X	X	X	X	X
Fashion	X	X					X	X	X
Software/ multimedia	X	X	X			X	X	X	X
Museums/ cultural heritage	X			X	X			X	
Music	X	X	X	X	X	X	X	X	X
Crafts	X	X					X		X
Advertising	X	X	X			X	X	X	X

Methodological limits: The subsectors are defined differently from one region to another. For example, in the United Kingdom, 'Arts and Antiquities' is a subsector; we have classified it under 'Visual arts' in the table. UNCTAD includes toy design, jewellery design and haute couture in its 'Design' category; these subcategories are absent in other jurisdictions.

TABLE 4

JOBS IN THE CREATIVE INDUSTRIES OF THE MONTRÉAL CENSUS METROPOLITAN AREA (CMA)

In thousands of jobs and % of self-employed workers; 2012

SECTOR	NUMBER OF JOBS (IN THOUSANDS)*	SHARE OF SELF-EMPLOYED WORKERS (%)**
1. Architecture and design	**17.9**	**37.5%**
Architecture and landscape architecture services	5.6	12.6%
Specialized design services	12.3	53.5%
2. Arts (music, performing arts and visual arts)	**24.4**	**46.8%**
Sound recording industries	1.3	48.4%
Arts and performing arts companies	7.4	32.8%
Promoters (distributors) of arts and sports events and similar events	2.4	19.1%
Agents and representatives of artists, athletes and other public personalities	2.2	35.5%
Artists, authors and independent performers	11.1	78.2%
3. Multimedia (software and new media)	**10.9**	**n.d.**
Software publishers	3.5	2.5%
Video games***	7.4	n.d.
4. Media (book and newspaper publishing, film, video, radio and television broadcasting)	**26**	**13.4%**
Newspaper, periodical, book and directory publishers	6.5	11.0%
Film and video industries	9.9	24.3%
Radio broadcasting and television broadcasting	7.4	3.9%
Pay and specialized television	0.1	6.8%
Publishing, radio broadcasting and television broadcasting via Internet search portal sites	2.2	6.6%
5. Advertising	**12.3**	**22.6%**
Advertising, public relations and related services	12.3	22.6%
Total, creative industries	**91.5**	**25.4%*** **
Total, all industries	**1,978.8**	**10.8%**

Sources: Data: Statistics Canada, TechnoCompétences, Analysis: KPMG-SECOR.

Notes: Jobs include all full-time and part-time workers, as well as self-employed workers.
* Date from the Labour Force Survey (LFS), 2012, Statistics Canada.
** Data from the National Household Survey (NHS), 2011, Statistics Canada.
*** Estimate based on TechnoCompétences data.

TABLE 5
SUBSECTORS INCLUDED IN THE DEFINITION OF CREATIVE ENTERPRISES FOR STATISTICAL PURPOSES, COMPARISONS WITH THE FRAMEWORK IN THE UNITED KINGDOM AND THE 2009 BOARD OF TRADE STUDY

CATEGORY	U.K. SUBSECTORS	2009 SUBSECTORS	CHOICE	COMMENTS
Advertising and public relations	• Advertising • Public relations	• Advertising and related services (5418); the Public Relations component had been excluded because its ties with culture were more distant (proportion based on the 2008 SECOR study).	Definition adopted identical to the U.K. definition: • Advertising and related services (5418)	Contrary to 2009 and for comparative purposes, we do not believe it is relevant to exclude the public relations subsector. Moreover, it is not possible to exclude public relations from the Canadian data at the CMA level.
Architecture, design and fashion design	• Architecture • Specialized design services	• Architects (approximation by employment) • Specialized design services (5414)	Definition adopted identical to the U.K. definition: • Architecture, engineering and related services (5413), isolating the architecture component from engineering by job • Specialized design services (5414)	Since it is not possible to isolate architecture jobs at the CMA level, the first group will have to be estimated.
Film, television, video, radio and photography	• Film, video and television programs • Programming and broadcasting activities (television and radio) • Photographic activities	• Film and video industries (5121) • Radio broadcasting and television broadcasting (5151) • Pay and specialized television (5152) • Publishing, radio broadcasting and television broadcasting over the Internet (5161) • Cable television and other activities for distributing television programs (5175)	Definition adopted slightly different from the U.K. definition and 2009: • Film and video industries (5121) • Radio broadcasting and television broadcasting (5151) • Pay and specialized television (5152) • Publishing, radio broadcasting and television broadcasting over the Internet (5161)	It is not possible in Canada to isolate photographic services, which are included in other professional, scientific and technical services. Code 5161 is found in the U.K. under publishing and under programming and broadcasting activities. We believe this code belongs more in the film, television, video and radio subsector. This choice has no impact on the total number of jobs in the creative industries, only on the subsectors.
Publishing	• Publishing activities (books, directories, newspapers, magazines, other publishing activities) • Software publishing (computer games and other software publishing) • Translation and interpretation services	• Newspaper, periodical, book and directory publishers (5111) • Interactive games (according to a SECOR estimate)	Definition adopted identical to the U.K. definition, but slightly different from the 2009 definition: • Newspaper, periodical, book and directory publishers (5111) • Software publishing (5112)	Contrary to 2009 and for comparative purposes, we have chosen the entire software sector (rather than interactive games only). Also, it is not possible to isolate employment in interactive games in the official statistics.
Music, performing arts and visual arts	• Sound recording and music publishing activities • Cultural education • Performing arts • Support activities for the performing arts • Artistic creation • Operation of artistic venues	• Sound recording industries (5122) • Performing arts companies (7111) • Artists, authors and independent performers (7115) • Promoters (distributors) of arts and sports events and similar events (7113) • Agents and representatives of artists, athletes and other public personalities (7114)	Definition adopted identical to the 2009 definition, but slightly different from the U.K. definition: • Sound recording industries (5122) • Performing arts companies (7111) • Artists, authors and independent performers (7115) • Promoters (distributors) of arts and sports events and similar events (7113) • Agents and representatives of artists, athletes and other public personalities (7114)	Cultural education is not part of the cultural industries framework adopted.
IT, software and computer services	• Computer programming activities • Computer consulting activities	• No subsector	Definition adopted identical to the 2009 definition, but different from the U.K. definition.	Corresponds in Canada to Code 5415 "Computer Systems Design and Related Services". To be excluded, because it is too broad (includes all computer service firms) and involves too small a proportion of creative activities.

TABLE 6
DEFINITION OF CREATIVE INDUSTRIES USED FOR THE EUROPEAN COMPARISON

Context: The European data comes from the European Cluster Observatory*, the most complete source of harmonized European data on the subject. However, the European Cluster Observatory only publishes data at a fairly broad aggregation level, with a different framework from the one used in this study. We have therefore adjusted the statistical contour of the creative industries for Montréal, only for the purposes of European comparisons. Despite certain harmonization efforts, industrial classification differences used between Europe and North America remain and do not allow creation of a perfect match.

CATEGORIES OF THE EUROPEAN CLUSTER OBSERVATORY	CORRESPONDING NAICS CODE	DIFFERENCES FROM THE DEFINITION ADOPTED UNDER THIS STUDY	CHOICE FOR THE EUROPEAN COMPARISON (*+ INDICATES AN ADDITION, – AN EXCLUSION IN RELATION TO THE DEFINITION ADOPTED FOR THIS STUDY)*
Advertising	5418, but excluding public relations (54182)	Excludes public relations (54182)	– Estimate excluding public relations (54182)
Artistic and literary creation	Architecture (54131, 54132)	Identical to Board of Trade	
	Specialized design services (5414)	Identical to Board of Trade	
	Photography (54192, 81292)	Includes photographic services (54192, 81292)	+ Estimate including photographic services (54192, 81292)
	Performing arts, support activities for the performing arts, artistic creation, operation of artistic venues (7111, 7113, 7114, 7115)	Identical to Board of Trade	
	Musical instrument manufacturing (part of 33999)	Includes musical instrument manufacturing (part of 33999)	Excluding musical instrument manufacturing — *impossible to include this category*
Publishing and printing	Newspaper printing, other types of printing and related activities (3231)	Includes printing and related activities (3231)	+ Including printing and related activities (3231)
	Book, newspaper, director, magazine and other publishing activities (5111)	Excludes software publishing (5112)	– Excluding software publishing (5112)
	Publishing over the Internet (part of Code 51913 – excluding Web portals)	Excludes Web search portals (part of 51913)	+ Including the entire Internet publishing sector (51913) – impossible to exclude the part of 51913 pertaining to Web search portals
	Translation and interpretation services(54193)	Includes translation and interpretation services (54193)	Estimate including translation and interpretation services (54193)
	Video tape and disc rental (53223)	Includes video tape and disc rental (53223)	+ Estimate including video tape and disc rental (53223)
Film, video, radio broadcasting and television broadcasting	Film, video and television programming (production, post-production, distribution, broadcasting, programming), radio broadcasting (5121, 5151, 5152)	Excludes sound recording industries(5122)	– Excluding sound recording industries (5122)
	Press agencies (51911)	Includes press agencies (51911)	+ Estimate including press agencies (51911)

* The European Cluster Observatory defines the creative and cultural industries in 8 major categories. Some have been excluded to reconcile with the Board of Trade definition, or for reasons of incompatibility with the North American codes. Here is the list: Museums and preservation of historical sites and buildings (excluded from the Board of Trade definition), Other (composed of cultural education, excluded from the Board of Trade definition), Retail and distribution (largely excluded from the Board of Trade definition), Software. It should be noted that the European Cluster Observatory data does not allow isolation of jobs in the video game sector or self-employed workers (who are excluded from the European Cluster Observatory employment data).

TABLE 7
STRUCTURE, MARKET, BUSINESS MODEL AND SECTORAL CHALLENGES

SECTOR	STRUCTURE	MARKET	BUSINESS MODEL	CHALLENGES
Architecture and design	• Highly fragmented industry • Many self-employed workers • Very small businesses, as well as a few major players • Few entry barriers in design • Design cluster project in progress	• Primarily local market (Québec) • A few architects present in the rest of Canada and abroad • 80% of the market is non-residential (institutional, commercial, industrial)	• Creation "to order" • Service fees • Very little or no intellectual property • Recognition by awards (e.g. Grands prix du design, Prix de l'Ordre des architectes, GRAFIKA Awards…)	• Acquisition of entrepreneurship by small business / growth issue • Public contract award process / evolution of standards • Access to public contracting, particularly for the succession • Development of markets outside Québec • International consolidation • International competitions • Professional accreditation for designers • Raising public awareness of design and architecture
Arts	• Very large number of self-employed workers • Proliferation of artistic organizations • Presence of major Canadian art schools	• Essentially local market • A few major international successes (circus, song…) • A few niche markets (tourism in visual arts, electronic music…) • Talent recognized abroad in artistic disciplines (dance, classical music, Theater for young audiences, visual arts…)	• An industry supported in part by local funds • Apart from a few major successes in song, circus and shows, very little valorization of intellectual property • Importance of venues and festivals • A business model that is going through profound upheavals; royalties for artists (music)	• Public funding limited for the arts, depending on growth of demand • Necessity to diversity funding of artistic organizations, particularly donations, sponsorships and independent revenue • Closer relationship with the business community / large corporations • Consolidation • Saturation of certain markets • Distribution and valorization on new digital platforms • Integration of cultural diversity • Mentoring for small organizations • Preservation of access to affordable rental premises for artists

Media (television and film production)	• Highly fragmented production industry
	• Very high proportion of freelancers
	• Audiovisual cluster: ActionMTL
		• Essentially a local market (Québec)
		• Industry strongly supported by public funding and policies
		  – Grants
		  – Tax credits
		  – Regulation (broadcasters)
		• Very little revenue outside Québec
		• Limited external markets in French
		• A few successes abroad (film, sale of TV formats)
			• Project-based funding
			• Fee revenue (producer's share)
			• Very little commercial risk taking
			• Television export potential related to coproduction, formats or production in English
			• A few successes abroad in film
			• Very little R&D
				• No growth of the local market
				• Few incentives for commercialization and export
				• Large number of producers in relation to the market
				• Valorization of intellectual property
				• Training in high-tech sectors (e.g. visual effects)
				• Distribution and valorization on new digital platforms
				• Integration of cultural communities

Media (Publishing)	• Book publishing industry fragmented into very small businesses • A few large specialized publishers • Newspaper and magazine publishing dominated by a few big media groups • Many freelancers and self-employed workers	• Primarily local market • Export potential in French and in English	• Royalties for authors • Book publishing tax credits • SODEC programs • Newspaper and magazine revenue from advertising and sales (newsstands and subscriptions) • Impact of digital technology: major upheaval of business models	• Valorization of content on new digital platforms • Access to foreign markets (book publishing)

TABLE 7
STRUCTURE, MARKET, BUSINESS MODEL AND SECTORAL CHALLENGES (CONT.)

SECTOR	STRUCTURE	MARKET	BUSINESS MODEL	CHALLENGES
Multimedia	• Industry fragmented into small businesses • A few very large foreign-owned corporations (particularly in games and visual effects)	• International market • Non-Québec revenue level very high • Significant development potential for foreign markets • Recognized expertise in 2D-3D animation	• A large part of the industry depends on service • For local enterprises with IP: high royalty potential • General tax credits stimulating employment • Support for R&D • Links with software (e.g. Autodesk) • Importance of training organizations (e.g. Centre NAD) and research centres (e.g. CINQ)	• Development and valorization of intellectual property • Market development • Financing of major projects
Fashion	• Industry fragmented into small businesses • Reflection on constituting a fashion cluster	• Local market, with few creators and brands that stand out internationally	• High-end small-scale production geared to innovation • Midrange presence • Industry concentrated on higher value-added functions, including product creation and development • Partial or total delocalization of production activities • A few partnerships between designers and retailers (capsule collections)	• Networking between creators and the different links in the value chain, with other creative sectors • Updating of the brand image • Skills upgrade and alignment with the industry's needs • Strengthening of the capacity to adapt to new trends • Improvement of the capacity to deal with local and international competition[1]
Advertising	• Québec industry heavily concentrated in Montréal • Highly fragmented industry, few entry barriers • Over 1000 enterprises with fewer than 5 employees • Fewer than 20 enterprises with more than 50 employees • High proportion of freelancers	• Essentially local industry (Québec) • 15% of revenue from outside Québec (rest of Canada) • Very little revenue from outside Canada (often related to the presence of offices outside Québec)	• Commercial creativity • Service industry • Revenue essentially in the form of fees • Very little or no intellectual property (assignment of rights to the clients) • Low profit margin • No public support in the form of grants or tax credits (except R&D, which is negligible)	• Contract award process/sensitization to industry standards • Professional recognition • Talent retention • Large number of players in relation to the market • Influence of Montréal creativity in Québec and outside Québec • Conquest of foreign markets • Restrictions related to the Status of the Artist Act

[1] Rapport du Groupe de travail Mode et Vêtement, April 2013, submitted to the government of Québec.

TABLE 8

EXAMPLES OF TERRITORIES WITH CREATIVE INDUSTRIES DEVELOPMENT STRATEGIES AND POLICIES (NORTH AMERICA AND EUROPE)

REGION	YEAR	CHARACTERISTICS
Ontario	2010	Creative industries development strategy (*Ontario's Entertainment & Creative Cluster: A Framework for Growth*): This document suggests 6 pillars to foster the sector's growth: 1) Develop private investment and financing; 2) Develop a global presence and market expansion; 3) Foster innovation and digital transition; 4) Develop a strong ecosystem; 5) Develop skills and leadership infrastructure; 6) Foster industry-government collaboration. In addition, the OMDC (Ontario Media Development Corporation), an agency of the Ontario Ministry of Tourism, Culture and Sport, administers several support measures for the cultural sector (production of films, television shows, music, books, magazines and digital interactive multimedia products).
British Columbia	2013	The BC Ministry of Community, Sport and Cultural Development launched BC Creative Futures, a strategy to stimulate the future growth of the creative sector. The strategy, which is closely linked to the BC Jobs Plan and the Skills and Training Plan, seeks improvement of creative training, particularly for youth, engagement of youth in the arts, and work-study programs in these sectors (scholarships, coop programs coop).
Saskatchewan	To come	The Government of Saskatchewan launched consultations in 2012 with a view to initiating a support strategy for the creative industries. This strategy is still in development.
Colorado	2010	In 2010, Colorado adopted a 4-year strategic plan for its creative industries. Among the objectives: Increase access to direct financial support for creatives; Create and expand professional development and networking opportunities for creatives; Promote Colorado as a premier creative hub; Increase access to arts and creativity skills in preschool through college education and workforce development; Stimulate increased support for creatives by local governments and coalitions.
United Kingdom	2008	In addition to being the first region to offer a clear definition of creative industries in order to measure the economic impact since 1998, the United Kingdom published a development strategy for its creative industries in 2008, Creative Britain. Since then, the British Government has continued to be very active in the development of support policies for the creative industries. For example, the Creative Industries Council, established in 2011, is an umbrella organization that plays an advisory role, in addition to being a discussion forum between the Government and the creative industries. The Council meets twice a year and has a direct impact on the government policies adopted in relation to the creative industries. The Council has launched working groups to take action in fields where there are barriers to the sectors growth. Among the points studied are: 1) access to finance, 2) skills, 3) export markets, 4) regulation, 5) intellectual property, and 6) infrastructure. The Council members are representatives of the Government and the paragovernmental sector, as well as executives of creative enterprises.
Scotland	2011	Scotland established a creative industries strategy in 2011.
Wales	2004 2010	Wales launched its own creative industries strategy in 2004. This strategy was updated in 2010.
Northern Ireland	2008	Launched in 2008, the strategy provides for initiatives aimed at greater collaboration among businesses, educational institutions and the public sector, as well as the establishment of a Creative Industries Innovation Fund.
London	2003	The London Development Agency established Creative London in 2003. Although this subsector of the Agency no longer exists, Creative London played a major role from 2003 to 2006 in the promotion and visibility of creative industries in London.

TABLE 9
EXAMPLES OF SECTORAL CLUSTERS OF THE CREATIVE INDUSTRIES

Few territories have established a governance structure similar to the Québec clusters and dedicated to the creative industries. Although several regions and their government authorities use the word *cluster* to highlight the economic potential of their creative industries and promote them, very few have an umbrella organization with the mission to manage and plan the cluster's structuring initiatives.

The European Creative Industries Alliance (2013) analyzed 7 European countries (Germany, Denmark, Iceland, Finland, Norway, Sweden and Poland) and surveyed 16 cluster management organizations (see the following table). Added to these entities are 2 clusters (also called competitiveness clusters) from the Rhône-Alpes region. However, these clusters are mainly umbrella groups for one part of the creative industries (for example, film and video games) and do not bring together all the creative industries within the usual meaning of the term.

CLUSTER NAME	COUNTRY	NUMBER OF MEMBERS	INDUSTRIES
Cluster Druck und Printmedien	Germany	92	Publishing (books and newspapers) and printing
Cluster audiovisuelle Medien	Germany	293	Film, radio broadcasting, television broadcasting
Baden-Württemberg Connected e.V.	Germany	461	Film, radio broadcasting, television broadcasting; game software, new media
Virtual Dimension Center Fellbach	Germany	60	Design (fashion, graphic design, interior design, product design); game software, new media
The Packaging Arena	Sweden	60	Design (fashion, graphic design, interior design, product design); advertising
NCE Tourism Fjord Norway	Norway	98	Advertising; game software, new media
Innovative Experiences	Norway	36	Film; advertising; game software, new media
DIGIBUSINESS Finland	Finland	2893	Film; game software, new media
Tourism and Experience Management	Finland	418	Advertising; game software, new media
InViO – Innovation network for knowledge-based experience economy	Denmark	206	Design (fashion, graphic design, interior design, product design); advertising; game software, new media
Animation Hub	Denmark	50	Film; game software, new media
Danish Sound Technology Network	Denmark	201	Music; film; advertising
Innovation Network for Lifestyle, Home and Clothing	Denmark	453	Art objects (glass, ceramics, crafts, jewellery); design (fashion, graphic design, interior design, product design)
Printing and Advertising Cluster in Leszno	Poland	29	Publishing (books and newspapers); advertising
Mazovian Printing and Advertising Cluster - COLOURFUL VALLEY	Poland	14	Publishing (books and newspapers); advertising
MultiCluster - Cluster of Multimedia and Information Systems Association	Poland	71	Film; game software, new media
Imaginove	France	100 +	Digital content (video games, film, audiovisual, animation and multimedia)
ClusterEdit	France	300 +	Software publishing

Sources: http://www.berlin.de/projektzukunft/fileadmin/user_upload/pdf/studien/Report_Impact_Assessment_2013-web.pdf and http://www.rhonealpes.fr/407-clusters-et-poles-de-competitivite-developpement-en-reseau.htm

TABLE 10
SUPPORT MEASURES FOR THE CREATIVE INDUSTRIES AND EXAMPLES OF BEST PRACTICES

SUPPORT MEASURES FOR THE CREATIVE INDUSTRIES	EXAMPLES OF BEST PRACTICES
1. Offer spaces for creation and places for collaboration The development of adapted, affordable work spaces, fostering collaboration among creators from different creative disciplines, is one of the levers used to foster the rise of the creative industries. These places offer at least shared spaces and support services, in order to reduce costs and encourage collaboration and interaction. In some cases, quality infrastructures (for example, projection room, recording studio) and training for entrepreneurs are also available (incubators). These spaces sometimes emerge through a partnership with private enterprises, educational institutions and/or economic development agencies. Since talent in the creative industries is largely composed of self-employed workers, the interest in such spaces is growing. Among the models observed are: • Creation of shared work spaces; • Creative incubators; • Networking places; • Strengthening of existing facilities and infrastructure (studios, projection rooms, etc.). The creation of work spaces has a positive impact on the development and revitalization of certain neighbourhoods through the artists' presence it favours and the resulting activity.	• **Creation of shared work spaces.** In the United States, particularly in New York, the phenomenon of shared work spaces (coworking) is gaining popularity. At the present time, there are nearly 800 shared work spaces in the United States, compared to 300 two years ago and 40 in 2008. These spaces for work and collaboration can take several forms. Some cast a very wide net, bringing together workers from varied fields, such as publishing, art, ICT or other sectors that do not belong to the creative industries. Others more specifically address a creative subgroup, such as writers or visual artists. Some are very inclusive and offer premises at low prices, while others are more selective, seeking instead a more affluent class of creators, ready to pay the price for a luxurious environment and access to privileged contacts. Here are a few examples: – NeueHouse in New York has a selective formula: the location resembles a private club and the membership costs range between $600 and $4,000 per month. – Brooklyn Writers Spaces in New York is a space reserved for writers. – Studiomates in New York brings together design workers and bloggers. – In Philadelphia, the Indy Hall shared work space is inspired more by communitarianism and organizes evening events, such as jam sessions, shows and exhibitions. Gathered at the same location are designers, developers, writers, artists, entrepreneurs, scientists, educators, small business owners, telecommuters, marketing professionals, videasts, game developers, etc. The cost for an assigned office and a schedule of 5 days/week is $300 per month. – Station C in Mile End is a Montréal example of shared work space. It includes more than 25 professionals with different horizons, not strictly limited to the creative industries: IT developers, independent journalists, computer graphics designers, photographers, interface ergonomics and mobile application design experts, bloggers, revisers and translators, public relations and corporate communications experts, etc. – Pied Carré is another Montréal example. The non-profit organization is an artists' workshop located in the Mile End neighbourhood of the Plateau Mont-Royal borough. It includes artists, musicians, designers, craftspeople or representatives of collective workshops, small businesses and creative sector organizations. The organization also has the mission to negotiate with real estate entrepreneurs and Ville de Montréal to preserve low-rent premises for its artists. All these shared workplaces have one point in common: they create a space to facilitate contacts and interaction among creative entrepreneurs. • **Creative incubators: Exchange, learning and service spaces for startups.** While shared work spaces offer workplaces and foster collaboration, incubators go further. In addition to offering a space for creators in residence, incubators provide training and specialized consulting services to help entrepreneurs commercialize their ideas. The incubator model thereby overlaps two types of support measures for creative industries (offer of spaces for creation and collaboration and development of skills and talent). The incubator model has existed for a long time in North America, particularly in the technology sectors. In new markets seeking to develop their creative industries, this model is used successfully. Here are some examples: – In Tallinn, Estonia, the city established a creative incubator, a place where entrepreneurs in the creative industries can gather, cooperate and benefit from offices at reasonable prices and training and workshops to start their business. Most of the members are very small businesses and work in varied sectors, such as animation, software development and jewellery manufacturing. Among the success factors, we should mention the low office rents, the location (other enterprises nearby facilitate contacts), the quality of the services offered and the intensity of interactions between entrepreneurs. – In Berlin, the NAVI BC Centre is advantageously located near the campus of the University of the Arts (UdK) and the Berlin Institute of Technology (TU). The Centre is a place for cooperation and incubation for startups and spinoffs in the ICT, engineering and design sectors. It provides affordable and flexible spaces to foster multidisciplinary cooperation and innovation. This is an example of a policy favouring collaboration between the creative industries and ICT. – Based in St. Catharines, Ontario, nGen is an incubator for the new media industry. This is a partnership between a major video game company (Silicon Knights), a university and a local college, and regional and municipal development agencies. The purpose of the project is to stimulate the interactive media industry, retain talent and create and exploit intellectual property. The incubator makes a studio on the technological cutting edge available to businesses for digital media and interactive arts. It also offers consulting services for commercialization, as well as training. – In Montréal, the incubator model is reserved especially for the technological and scientific fields, as in the case of Notman House (technology and the Web), CEIM (information technology, multimedia, industrial technologies and life sciences), CQIB (biotechnology) and Inno-Centre (ICT, aerospace, agri-food, green energy).

TABLE 10
SUPPORT MEASURES FOR THE CREATIVE INDUSTRIES AND EXAMPLES OF BEST PRACTICES (CONT.)

SUPPORT MEASURES FOR THE CREATIVE INDUSTRIES	EXAMPLES OF BEST PRACTICES
1. Offer spaces for creation and places for collaboration (cont.)	• **Networking sites.** In a business networking perspective, the annual forum, From Page to Screen, in Ontario, brings together book publishing enterprises and film producers in the same location, to encourage projects for screen adaptation of works by Ontario writers. • **Revitalization of urban neighbourhoods.** This type of initiative is often characterized by revitalization of former industrial districts: – Shoreditch, a London manufacturing district in decline, has been transformed by the creative industries over the past 15 years. The presence of affordable spaces (former warehouses) attracted artists, leading to the creation of art galleries, and helped transform the district's image. Once it became fashionable, the district attracted other creative enterprises, particularly from the design sector. Businesses, bars and restaurants followed. All in all, the development of the Shoreditch cluster was not planned, but once it was noticed by the city authorities, several policies were established to support the growth of the creative industries in this district. – The Pearl District of Portland, Oregon, formerly an industrial district in decline and now a chic urban neighbourhood, recognized for its art galleries and boutiques, is another example of public initiatives encouraging the revitalization of urban spaces. Previously occupied by former industrial spaces, warehouses and marshalling yards, the district was transformed, beginning in the mid-1980s, with the arrival of artists. This trend accelerated at the turn of the millennium, particularly with the construction of the tramway and the conversion of warehouses and a former brewery into condos and lofts. Among the success factors of this revitalization, we note a clear vision and a strategic plan adopted unanimously by the Portland City Council in 2001 (political leadership), the artists' contribution to the protection and valorization of sites reflecting the district's history (for example, a former water tower transformed into a work of art), coordination with the city's sustainable development initiatives (public transit), the cooperation of different community leaders (elected representatives, community workers, architects, engineers, etc.).

TABLE 10
SUPPORT MEASURES FOR THE CREATIVE INDUSTRIES AND EXAMPLES OF BEST PRACTICES (CONT.)

SUPPORT MEASURES FOR THE CREATIVE INDUSTRIES	EXAMPLES OF BEST PRACTICES

2. Develop skills and talent
 	
Several variants of these policies exist, but what they have in common is skills development (managerial, digital, etc.), talent development and retention, and the increased organizational capacity of creative enterprises. Mentoring and coaching initiatives and partnerships with educational institutions are especially promising.
 	
Initiatives:
• Training and workshops for creative entrepreneurs, particularly self-employed workers and small businesses
  – Entrepreneurship, managerial skills, etc.
  – Development of digital capabilities
• Continuing education
• Apprenticeship and internship programs
• Career guidance and professional development services for youth
• Support for talent development
• Peer mentoring and coaching
• Quality cultural and artistic education
 	
Partnerships and collaboration:
• Public-private partnerships
• Collaborative initiatives among the arts, the academic community and scientific institutions
• Partnerships between schools (art, design) and enterprises to ensure a good fit between supply and demand for skills
	• ***Incubators (see previous section)***
	• **Training and workshops for creative entrepreneurs:**
	  – Creamedia, Barcelona. Creamedia is a program offered by the development agency of the City of Barcelona (Barcelona Activa). It offers participating entrepreneurs a multitude of tools to support startups: targeted training for development of managerial skills (for example, how to set up a business plan), extending their contact network, access to financing and global markets, mentoring.
	  – Creative Amsterdam. A physical and virtual platform (open source formula), Creative Amsterdam is a place for cooperation among the public and private sectors and non-profit organizations. The purpose of this intergovernmental initiative is to bring together, in the same place, access to all services to creative enterprises, develop missing services and offer networking, coaching and training (on intellectual property, international marketing, management, etc.).
	• **Continuing education.** In the United Kingdom, Creative Skillset is responsible for administering the Skills Investment Fund for creative industries in the film, television, animation and game fields. The organization is the result of a partnership between employers and unions and benefits from public funding. Through this fund, the Government undertakes to pay a sum equal to the investments of the industry's employers, up to a limit of 16 million pounds sterling over two years, starting in 2013.
	• **Apprenticeship and internship programs.** Under its Creative Britain strategy launched in 2008, the British Government undertook to create apprenticeship and internship programs for youth wishing to work in the creative industries. Through Creative Skillset and the government website Creative Employment, creative enterprises now have access to a service to find interns in the creative sectors.
	• **Career guidance and professional development services for youth.** Under its Creative Britain strategy, the British Government has initiated a series of programs to encourage youth to move toward careers in the creative industries. The strategy also seeks to inform youth better about the type of skills sought by the creative industries, which are not limited to artistic skills, but which also include elements of IT, mathematics and engineering, especially with the digital revolution. Directly in line with these objectives, Creative Skillset offers career counseling and an online directory of the different courses available in the UK in creative fields.

TABLE 10
SUPPORT MEASURES FOR THE CREATIVE INDUSTRIES AND EXAMPLES OF BEST PRACTICES (CONT.)

SUPPORT MEASURES FOR THE CREATIVE INDUSTRIES	EXAMPLES OF BEST PRACTICES
3. Improve access to funding Access to financial resources (bank loans, etc.) is difficult for small businesses and high-risk projects, especially in the startup phase. Initiatives ensuring targeted financing adapted to the creative industries are achieving success. Some formulas allow financial risk sharing; others educate and sensitize the private sector to the special conditions of the creative industries and their high growth potential. • Crowdfunding • Venture capital • Sensitization of enterprises to the benefits of the creative industries (for example, by financing partnership projects) • Financial guarantees • Tax credits • Sensitization of financial institutions to the potential and economic value of creative industries • Accelerators (for example, networking between creative enterprises and investors, "speed-dating" formula)	• **Crowdfunding.** Defined as a funding technique, mainly for startups soliciting thousands of people over the Internet so that they provide equity necessary to kickstart their project, crowdfunding has developed rapidly in creative circles. This new financial instrument offers several advantages: – It reduces the promotion costs (the investors are often ambassadors who propagate their interests through social networks, ensuring high visibility); – It validates a concept (possibility of responding rapidly to criticism); – It allows creators to remain independent (decision-making power over creative content, for example, for a film). • In 2012, about 450 crowdfunding platforms were in service worldwide, including 191 in the United States, 44 in the United Kingdom and 17 in Canada. For example: – Indiegogo is an international crowdfunding website, particularly active in financing of independent films; – The Kickstarter crowdfunding platform, which defines itself as "the world's largest funding platform for creative projects", is another interesting example, In particular, it allows independent video game developers to finance their projects (Double Fine recently raised US$3.3 million for the development of a game, when the initial objective was $400,000). • **Venture capital.** Birmingham and Berlin both have established venture capital funds for their creative industries. These funds are financed by the public sector, but administered by the private sector. VC Fonds Kreativwirtschaft Berlin is an initiative of the Berlin Senate Department for Economic Technology and Women's Issues, which approached an active private partner on the venture capital market, IBB, which is responsible for management of the fund. The venture capital fund of 30 million euros was launched in 2008 and exclusively targets the creative industries. The results indicate major benefits for creative startups, which receive financing, support and advice from IBB. However, the fund seems to favour certain sectors more compatible with venture capital financing (multimedia, video games, software, music, television), while arts and culture enterprises seem to be less compatible. • **Sensitization of companies to benefit creative industries by financing partnership projects.** The United Kingdom has established the Creative Credits program. This is a voucher system, which helps businesses develop their ideas by partnering with creative industries. The idea is to offer a credit voucher (in the form of a grant valued at up to 4,000 pounds sterling) to businesses that want to create a partnership with a creative enterprise. The objective is to foster positive ripple effects from the cultural and creative industries for other industries and society in general. The businesses that receive a grant undertake to offer 1,000 pounds sterling to the creative project and use the allocated funds for services offered by creative enterprises in their region. The pilot project was in Manchester, but has been extended to the rest of the United Kingdom. • **Financial guarantees** – The European Commission established the MEDIA Production Guarantee Fund, a 4-year program (2010-2013) with a budget of 8 million euros. The program seeks to facilitate access to private sources of financing for independent audiovisual producers, by guaranteeing a portion of the loans granted by the financial institutions. The guarantees are available for a maximum of 55% of the amount of the loans granted by the European lending institutions to independent cinema or television production companies, with a view to improving their cash flow during the production phase. – In France, the Government established the Institut pour le financement du cinéma et des industries culturelles (IFCIC) in 1983. The IFCIC offers financial guarantees to banks accepting to finance cultural industry projects, particularly film projects. The IFCIC offers double the financial guarantee in case of default by the company, and expertise in the risk specific to cultural enterprises. The IFCIC is a neutral and independent entity, held 49% by the French Government and Le Groupe Bpifrance and 51% by private shareholding, involving almost all the French banks. • **Tax credits.** In Ontario, the OMDC (Ontario Media Development Corporation) offers 6 different refundable tax credits for the creative industries, including: – A 30% tax credit on expenses related to publishing and marketing of books by Canadian authors; – A 35% tax credit on expenses related to film and television production by Ontario companies; – A 20% tax credit on expenses related to digital animation and special effects created for Ontario television and film producers; – A 20% tax credit on production and marketing expenses related to sound recording, for Ontario artists.

TABLE 10
SUPPORT MEASURES FOR THE CREATIVE INDUSTRIES AND EXAMPLES OF BEST PRACTICES (CONT.)

SUPPORT MEASURES FOR THE CREATIVE INDUSTRIES	EXAMPLES OF BEST PRACTICES
4. Foster innovation and protection of intellectual property (IP) • IP development fund • Creation of synergies to foster innovation • Technology transfers • IP production strategies in the digital age • Open innovation laboratories, bringing together various disciplines • Integration of digital technologies with creative industries to foster innovation • Joint development of CI and ICT, fostering innovation in the digital age	• **IP development fund (screen content).** Ontario established the IP Development Fund. Announced in 2009 as a pilot project, the $10 million fund is considered a success by the OMDC. For each dollar received from the IP Development Fund, the participants obtained an average of $4.98 from other partners through leverage. The Fund provides capital to entrepreneurs in the initial phases of development of their screen content production projects (film, television, video games, Web/Internet), since these phases are typically underfunded. This allows enterprises to obtain reimbursement of expenses associated with the development of their intellectual property, allowing them to devote more time and money to the initial phases. The Fund fosters the emergence of innovative projects and the retention of a greater share of IP. • **Creation of synergies to foster innovation.** Ontario has launched several initiatives fostering synergies among the creative sectors. For example, TIFF Nexus organizes conferences and "creative jams" in Toronto, bringing together people from the film and interactive game industries, to strengthen the ties between these complementary industries and encourage innovation. • **Technology transfers.** One example of partnership between the private sector and the academic community is CREAENT (Creative Entrepreneurship Training Network), which fosters knowledge transfers between universities and creative entrepreneurs in the Baltic and Nordic countries.
5. Increase access to markets, commercialization and internationalization • "Creative" brand image • Export assistance • Promotion of creative industries abroad • Facilitation of cultural exchanges with other countries • Joint initiatives between CI and tourism • Assistance to mobility of artists and creative workers, particularly for emerging talent (for example, facilitate their participation in festivals, tours, international exhibitions and literary events, reduce administrative barriers (visa), etc.)	• **"Creative" brand image.** The London Development Agency established Creative London in 2003. Although this subsector of the Agency no longer exists, Creative London played a major role from 2003 to 2006 in the promotion and visibility of creative industries in London and the adoption of the *Creative London* brand image. • **Export assistance.** In Ontario, the OMDC offers targeted funding to the creative industries for the development of international business opportunities: business travel, participation in an international event (for example, Cannes Festival, Games Developers Conference), trade missions, and the presence of the OMDC's permanent office in Los Angeles to maintain close ties with the Hollywood film industry. The office offers assistance on the ground to American film and television productions for access to Ontario services. • **Promotion of creative industries abroad.** The "Helsinki à Paris" event was held in April 2008 in the heart of Paris and lasted 11 days. This initiative by the City of Helsinki, which cost 325,000 euros, provided a showcase for Finnish design, gastronomy, arts, literature and theatre. Musical and theatrical shows were presented, and films were screened showcasing the city and its cultural life. The objective of presenting a positive and innovative vision of Helsinki in France and stimulating interest in the Finnish capital was achieved, according to the organizers. The City of Paris subsequently held a similar event in Helsinki in 2010.

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