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—
Chair

Ms. Marlene Catterall

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• (0910)

[English]

The Chair (Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)): Without a gavel, I am nonetheless calling this meeting of the Standing Committee on Canadian Heritage to order.

Mr. Shellenberger, I don't have my gavel with me this morning so you'll have to listen.

We're going to keep our witnesses waiting a few minutes while we deal with a couple of motions that are outstanding from previous meetings.

We'll begin with Mr. Angus's motion.

Mr. Angus, do you wish to begin by introducing your motion and speaking to it?

Charlie, are you ready to present your motion?

Mr. Charlie Angus (Timmins—James Bay, NDP): Sorry, I was so lost in thought, Madam Chair.

Yes, I'm more than ready to present my motion.

Basically, it's a motion that has gone through a number of committees: agriculture, citizenship...about six or seven committees. I think it's in keeping with the idea that any motions that come forward, any appointments that come forward, are coming through to the committees representing the best of what we have. So I put it to the group, I think the issue of making sure that all our appointments are patronage-free is something that is a principle we should all be standing on.

The Chair: Thank you, Mr. Angus.

Madam Bulte.

Hon. Sarmite Bulte (Parkdale—High Park, Lib.): I'd like to speak to the motion itself, Madam Chair.

The work of committees is to review the appointments that are designed for parliamentary review, specifically pre-appointment, and to satisfy their members that the government has followed a competency-based process that is both transparent and also fair. Indeed, committees can hold appointing ministers responsible for the quality of his or her candidate and certainly can hold the appointing minister to account. That is their proper role.

Having said that, the process of pre-appointment review is not designed to trump the work of the executive in selecting and forwarding candidates they have nominated. In this instance then, the suggestion that the committee would review and approve

selection criteria for all government appointments does not fall within the parameters of the committee's work on pre-appointment review.

When candidates come before committee, departments should provide appropriate material for the committee members as background, and that does include the selection criteria, information on the process, etc. The material must be defended and justified by the minister. It may be that the minister will hear useful suggestions from committee members, but the process by which these criteria are determined is the work of the minister and his or her department in concert with the PCO and the PMO.

The Government of Canada also recently announced a new merit-based appointment process for chief executive officers, directors, and chairs of crown corporations that includes a parliamentary review. The board of directors of crown corporations will henceforth establish the following new appointment process. A permanent nominating committee of the board will be struck by the board of each corporation. If the board so chooses, the committee may include outside eminent persons to support the work of that board. Among other things, the nominating committee will establish appropriate criteria for candidate selection. In addition, a professional recruitment firm will be engaged to assist these nominating committees in the search for meritorious candidates. In addition, public advertisements will be posted in newspapers and in the *Canada Gazette* for all openings for the positions of chief executive officer and chair of the corporation. The nominating committee will make a recommendation to the board of directors and the board will provide a short list of candidates to the minister responsible for the corporation.

Based on this list, the minister will make a recommendation for appointment. The appropriate parliamentary committee will then review the candidate recommended by the minister, which we indeed have done on two occasions. The final decision on appointment will remain with the cabinet.

Finally, Madam Chair, I'd like to point out that the requirement for a unanimous decision not to proceed is tantamount to negative billing, undemocratic, contrary to consensus building, and contrary to the spirit of cooperation that this committee is traditionally known for.

In November, a letter was sent to chairs from Minister Valeri indicating that the procedure committee will study the issue of an appointment. Don Boudria also sent a letter to all committees seeking MPs' views on this process. Therefore, I would respectfully submit, Madam Chair, in light of the above, that there is no need to adopt this motion. It is indeed redundant.

The Chair: Thank you, Ms. Bulte.

Any other comments?

Monsieur Lemay.

[*Translation*]

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): We agree with the motion introduced by Mr. Angus. I listened attentively to what Ms. Bulte just said. Here, in this committee, with regard to appointments in Canadian Heritage matters, we especially want to be not only consulted, but also informed of the criteria developed for appointing individuals. We have an example of that today. I'd have a lot of trouble supporting an appointee to the board of directors of Telefilm Canada who comes from the sports community. That kind of thing has already occurred, not at Telefilm Canada, of course, but in other Canadian Heritage areas, and I could cite a few examples. Although it's possible to discuss and argue about criteria, the essence of the motion is that we at least know those criteria so that we can know the government's basis for submitting the names of nominees it wants to appoint. That's what we want to know.

Thank you, Madam Chair.

• (0915)

[*English*]

The Chair: Madam Oda.

Ms. Bev Oda (Durham, CPC): Thank you, Madam Chair.

I can understand and certainly agree that criteria as to the ability of a person or persons to fulfill a job are very important for particular appointments. However, I'm wondering if, and I certainly believe, there is a responsibility and an onus to be put at another level first—at the government level. I think it's incumbent...certainly the Conservative Party believes criteria and a clear and open process of appointments are important and critical to ensure that we have responsible functions and responsibilities undertaken.

However, at this particular level, the committee level, the responsibility comes to the committee to understand fully the organization to which this person is being appointed, the role the person has to undertake. Consequently, I believe we have to ensure that we have full knowledge of the organizations and the responsibilities that we as a committee want the organization to fulfill on behalf of culture and the arts in Canada.

Consequently, I would be reluctant to support the motion as it sits, because it is at another level. I would suggest that we at this committee continue to work on a consensus basis in such a way that we can, if necessary, have a discussion about the organization, the responsibilities of the organization, and the criteria that we believe apply to a person appointed to head up or to be part of a board of an organization, and then as a committee meet with the suggested appointee.

I think to be effective at the committee is to make sure we are honing our responsibility, our discussions and debates, to be relevant to the organizations or crown corporations we have the responsibility of reviewing.

Thank you.

The Chair: Thank you, Madam Oda.

Mr. Angus, would you finish the debate?

Mr. Charlie Angus: Thank you, Madam Chair.

The Chair: Oh, I think Mr. Kotto wanted to have a word as well.

[*Translation*]

Mr. Maka Kotto (Saint-Lambert, BQ): Thank you, Madam Chair.

I simply want to add to what my two colleagues have just said. I perfectly understand Ms. Bulte's reservations, but it shouldn't be forgotten either that we're here to make a connection between the government and the public we are supposed to serve. It's important to emphasize that there's a notion of perception that should be put forward. The more we give off signs of artistic vagueness, the more we give citizens a sense that nepotism is involved in appointments. We're familiar with all the negative publicity there's been in the past over these matters, and we know that citizens have taken some distance from politicians. Everything that can bring about transparency is welcome in our view. The government obviously has a responsibility, which should be based on the notion of trust, but that trust is crumbling and melting away. In the circumstances, I believe this kind of motion, from the moment it is approved by us, could only have a positive impact on the collective unconscious. That's what I wanted to say.

[*English*]

The Chair: We'll go to Mr. Angus to wrap up the debate.

May I just comment, though, that it seems clear that there is no consensus on this motion. If you wish to proceed with it, it may leave me no choice but to call a vote on it.

• (0920)

Mr. Charlie Angus: I have absolutely no problem with a vote. We haven't worked on consensus on a number of issues, so that doesn't hurt my feelings.

I think the fundamental principle of this motion is in the line that the standing committee has a reviewing responsibility for these appointments. This is our work in Parliament. We specifically speak to the need to ensure that we have a non-partisan nature in appointments. I hear what my colleague is offering us, but in the end it seems to me that the fundamental power that we're speaking of is the power of the executive and the power of the PMO to make these decisions.

It goes back to who you know in the PMO. I have serious concerns about how appointments have gone in the past. If you look at the partisan record of Heritage appointments over the last sixty years, you'll find that they're overwhelmingly tied to the governing party. They always have been, and we do not have the power at this committee to even speak to that. In fact, we just had an appointment recently and we were told it wasn't in our purview to support or to deny it; we were just here to review.

To continue rubber-stamping appointments in something as important as Heritage isn't good enough. That's why I think we really do need to strengthen our mandate here.

The Chair: Thank you, Mr. Angus.

Ms. Oda, you can make one last quick comment. I'm conscious that we're keeping our witnesses waiting.

Ms. Bev Oda: I am too, Madam Chair. However, I must put on the record, certainly on behalf of my party, the opposition, that we totally agree that there is a responsibility and incumbency.... It's something we have spoken to in the House of Commons, and as I said earlier, I believe this is a discussion that should be held at that level. We then have to ensure as a committee that we hone in on those responsibilities given to this standing committee.

I would suggest that by differentiating between where the greater responsibility lies, I will participate strenuously and vigorously in the House to ensure what the intent of Mr. Angus's motion reflects. However, I believe that as far as our committee is concerned, we should focus on the responsibilities of the committee particularly. It gives us the opportunity, at this level, to even more carefully analyze the appropriateness of the appointments to the particular organizations we're dealing with.

The Chair: Thank you, Ms. Oda.

On the question then, all in favour of the motion?

(Motion negatived)

The Chair: I would like to move on and deal with the issue the Auditor General has raised with us. I'm in the committee's hands as to whether you want to do that now. Do we need a lengthy discussion, or will we do it after we've completed with our witnesses?

Hon. Sarmite Bulte: We should proceed with the witnesses at this stage.

The Chair: Thank you very much.

I think it would be worth taking a few minutes for Mr. Black to go over the list of questions the committee received as an outline for our study and the questions that are particularly relevant to our witnesses today. I'm going to give Mr. Black about two minutes to do that.

Mr. David Black (Committee Researcher): Thank you.

Members received a list of questions before; we've used them with other witnesses. I'd just like to highlight that there are a number of questions on the list that members may wish to think of as particularly appropriate for Telefilm.

These could include the first question, about federal support programs; the second one, about agencies; the fourth one, about the importance of the front end of phases in filmmaking, including script

development; in particular question 12, for example, about marketing; question 14, on the differences between the English language and the francophone *marché*; question 17, whether new and different financial instruments are required; and perhaps question 21, about what needs to be done to sustain the success in the francophone market; then perhaps questions 24, 25, and 26, which are policy questions: what's worked in the past five years, what hasn't worked, and what the main challenges are preventing success. Then I don't know, but members might want to ask about question 32, which is I think a slight variation on something Ms. Oda asked the other day about thinking through the fundamentals of what we're trying to do.

I think I'm under two minutes.

● (0925)

The Chair: Are there any comments or questions?

Let's proceed with our witnesses. Mr. Clarkson, welcome to you and your colleagues. We're looking forward to a very full morning. Thank you.

Mr. S. Wayne Clarkson (Executive Director, Telefilm Canada): Thank you.

Madam Chair, members of the standing committee, ladies and gentlemen, thank you for the opportunity to appear before you today.

[*Translation*]

With me I have the Chair of Telefilm Canada, Charles Bélanger, who will be more than happy later to answer your questions regarding the Montreal Film Festival; as well as Karen Franklin, our Director of English Operations; Michel Pradier, Director of French Operations and the Quebec office; and Ralph Holt, National Feature Film Sector Head.

[*English*]

They will be joining me to explain in depth how Telefilm is working to ensure that Canada's filmmaking community can get on with their job of informing, enlightening, and entertaining moviegoers across the country and around the world.

Since my previous appearance before you a brief two months ago, I've been touring the country and meeting with associations, unions, guilds, and individual leaders of our film, television, and new media industries. I've learned a great deal in a very short period of time about the breadth and depth of Canada's film industry, an industry that is no longer confined merely to Montreal and Toronto, but rather is strong, vibrant, and growing in every region in this country. The creative individuals I met in each of the centres I visited were inspiring in their innovation, their self-confidence, and their originality. Combined with the physical infrastructure, the trained crews, and the knowledgeable producers, Canada's film industry is poised for new growth and expansion.

In Halifax I visited Telefilm's regional office and participated in a Directors Guild of Canada panel discussion with broadcasters, filmmakers, and steering committee member Bev Oda, and I toured the set of *The Conclave*, a German-Canada co-production set in the Middle Ages, with giant medieval sets and shot in an old hydro plant on the waters of Halifax.

[Translation]

In Montreal, I attended the Jutra Awards with Minister Liza Frulla, as well as the opening of the Rendez-vous du cinéma québécois and Hommage to Gilles Carle, hosted by Daniel Langlois and Pierre-Karl Péladeau. I also attended the premier of John Lécuyer's *Le goût des jeunes filles*, starring standing committee member Maka Kotto.

[English]

In Toronto, I met with the board of directors of the Canadian Film and Television Production Association and went to a gala fundraiser for the Canadian Film Centre, which was also attended by the Hon. Sam Bulte of this committee.

Industry round tables and workshops were organized in Winnipeg and Regina, where I toured the set of the Tommy Douglas miniseries, which is being shot in a new, multi-million-dollar production studio, which used to be a teacher's college. In Calgary and Edmonton, I had the opportunity to meet with the minister of economic development responsible for film, Gary Mar, and went on to meetings in Telefilm's regional office in Vancouver.

I've been in approximately 24 hotel rooms over the past 42 nights. You'd think I was running for political office.

Some hon. members: Oh, oh!

Mr. S. Wayne Clarkson: It may be helpful to remind ourselves how young this country's film industry is. And I mean no disrespect to the pioneers, the early producers and directors, whose work has sadly been lost or is unavailable for public screening—although the Audio-Visual Preservation Trust is doing a wonderful job of conserving and releasing early titles, such as *Bush Pilot*, made in 1946.

● (0930)

[Translation]

For example, in 1984, the Toronto Film Festival canvassed film critics, teachers and filmmakers, from across Canada and around the world, to pick their 10 best Canadian features.

The final list was fascinating. The number one film was Claude Jutra's masterpiece *Mon oncle Antoine*. Others included *La vraie nature de Bernadette*, *The Apprenticeship of Duddy Kravitz* and *The Grey Fox*, to name a few.

Oddly, the oldest film was *Nobody Waved Goodbye*, made in 1964. How is it that some of this country's most acclaimed films came in the brief 20-year period between 1964 and 1984? That's a very interesting phenomenon for us.

[English]

Ten years later, in 1994, the festival updated the list and the films got even younger. *Mon Oncle Antoine* remained the top choice, but the list also included for the first time *I've Heard the Mermaids Singing*, made in 1987, and *Le Déclin de l'empire américain*, made in 1986.

Based on these two lists—and a third was undertaken in 2004 with the same youthful results—one could rightly conclude that Canada's dramatic feature film industry began with the creation of the Canadian Film Development Corporation, what is now Telefilm

Canada. One could also conclude that the leadership of the federal government and its crown corporation fostered the establishment of comparable provincial agencies; the creation of co-production agreements, which today exceed 55; the growth of industry representation at international events around the world; the proliferation of film festivals in major centres across this country; not to mention the role Telefilm plays in developing and providing financial support to training programs, including principal training schools in Montreal, Toronto, and Winnipeg.

[Translation]

Who would have imagined that an initial parliamentary allocation of \$10 million to support the Canadian film industry would have spawned an industry that today is worth over \$3 billion a year, and that boasts such acclaimed talent as Atom Egoyan, Denys Arcand, Zacharias Kunuk, Paul Gross, Deepa Mehta, Sturla Gunnarsson, Léa Pool and François Girard?

[English]

To illustrate this point, what I'd like to do now is turn your attention to a brief presentation we've prepared that spotlights some of the recent compelling stories and striking images that have touched Canadians and international audiences.

● (0935)

[Video Presentation]

● (0940)

Thank you very much for your attention.

I think it's an impressive cross-section of films, and we'll talk more about it later.

I had the pleasure the other day of meeting with Denise Robert, who is of course the producer of the Academy Award and César-winning film *Les invasions barbares*, and she asked that I present the Academy Award and the César. She certainly has respect for Telefilm Canada and expresses her appreciation to this committee for their ongoing support.

As renowned Canadian director Norman Jewison wrote, "Making a film is like going to war. It requires courage, confidence, dedication, and sacrifice."

● (0945)

[Translation]

As one of the few cultural investors involved in all key areas of the creation and delivery of feature films—from development, production, and marketing and distribution—we've made it possible for thousands of Canadian screenwriters, directors, producers, distributors, technicians and actors to pursue careers at home and to work in their local region and mother tongue, including French-language productions from outside Quebec.

[English]

I believe David Cronenberg said it best: "Telefilm's involvement in my filmmaking really kept me in Canada.... I was on the verge of moving to Los Angeles."

Now if I may, I'd like to turn over the proceedings to my colleagues, who will explain in more detail how Telefilm is a vital partner to the industry, expand on some of the key issues we've raised in our submission to you, and address the need for an enhanced role in support of Canadian cinema.

Ms. Karen Franklin (Director, English Operations, Telefilm Canada): Good morning.

I'm Karen Franklin, director of English operations, and I'm happy to be here with you today.

The production of the kinds of films you just saw is only one component of the Canadian feature film landscape. Foreign location shooting, or service production, forms the bulk of production work in Canada. These productions provide a vital source of employment for Canadians, and they are intended for international audiences. Canadian-content productions not only employ Canadians but are initiated and creatively controlled by Canadian producers and involve Canadian writers, directors, and performers.

Telefilm-funded films are not just creatively driven by Canadians; they are especially focused on attracting Canadian audiences through story, character, and settings and through distribution and marketing. Telefilm Canada supports the activities of the independent production community. Telefilm's financial contributions enable Canadian producers to leverage three to four times as much additional financing. This allows for a range of Canadian films to be made and contributes to developing Canadian talent and keeping these talented Canadians from leaving, so they can tell their stories to Canadians and the world.

Michel.

[Translation]

Mr. Michel Pradier (Director, French Operations, Telefilm Canada): Good morning. My name is Michel Pradier, and I am the Director of French Operations at Telefilm Canada.

For a feature film to reach its audience, it must successfully go through a process consisting of four closely interrelated activities: development and writing, financing and production, marketing and distribution, and, lastly, exhibition. Success at each of these stages depends on a skilled and specialized labour force with, among other things, sound training. The quality of the output of each activity has a direct impact on the film's audience appeal. Telefilm Canada is involved in each of these stages. That's very important.

In the next slides, you'll see a bit of the impact of the processes through which Telefilm Canada supports films at each of these stages.

Let's take the example of *The Fast Runner (Atanarjuat)*. Without Telefilm Canada's assistance, from development to marketing, the most popular Aboriginal masterpiece in Canada, and without a doubt on the planet, would not have been made. It had box office revenues of \$1 million in France, for example. This was an opportunity for Aboriginal and regional voices to reach a Canadian public. The film also won a number of awards internationally and in Canada.

Similarly, the *Barbarian Invasions* could not have been made without the assistance of Telefilm Canada, from development to marketing. This film is important because it proves to the public that

a personal film can have enormous commercial success not only in Canada, but internationally as well. In Canada alone, it generated \$7.4 million in box office revenues, including \$1 million in English. So it reached both language markets. Internationally, it earned \$35 million, not to mention major awards in various markets, in Cannes, Canada and elsewhere. This is a striking example of the success of this program.

• (0950)

[English]

Mr. Ralph Holt (Sector Head, Feature Film, Telefilm Canada): Good morning.

My name is Ralph Holt. I'm the sector head for English language feature films.

Men with Brooms, I think, is another example of a film that had the support of Telefilm through each of the critical stages of the value chain, through development, financing and production, and marketing and development. This was an extremely popular film across Canada, and I think it's also a very good example of the tie-in with broadcasters. In this case there was a very innovative tie-in with television heads for the movie during the gold medal round of the Olympic curling match. Yes, that's the one.

Spider is an interesting example, again, as Wayne said, of where we've been able to retain a Canadian filmmaker in Canada. Telefilm's \$1.5 million investment allowed leverage for a total budget of \$21 million on this film. Telefilm support continued through the financing, marketing, and distribution within Canada.

Mambo Italiano, I think, is another excellent example of Telefilm support through the value chain, from the scriptwriting, the adaptation of a very popular Quebec stage play into a feature script, the financing, and the production through to marketing and development. As you can see, it garnered a box office of \$5.1 million, and I think it was able to take advantage of a star system in Canada, with Mary Walsh from English Canada, Ginette Reno, and Sophie Lorain.

FUBAR is a low-budget film. It's an illustration of Telefilm Canada's support for emerging low-budget filmmakers, where directors own and control the copyright of their films. I think we are all very impressed with the commitment and dedication of these young filmmakers as they emerge into the professional world.

[Translation]

Mr. Michel Pradier: In the case of *Le bonheur, c'est une chanson triste*, that was also the result of what's called the Low Budget Independent Feature Film Assistance Program, which is aimed at directors. With a modest \$400,000 budget, that film nevertheless generated sizable revenues. It was recognized at a number of international festivals and won the support of a national French Canadian distributor and two Canadian television licences. We assisted in its financing, production and marketing.

Similarly, *La grande séduction* was what could be called a total box office success: \$8.9 billion in revenues in Canada, including \$800,000 for the English version, *Seducing Doctor Lewis*. The film undeniably reached the public through an original theme that opened the door to national and international concerns. The film was recognized at the Sundance Film Festival and the Atlantic Film Festival.

Let's take the example of *La grande séduction* to explain a bit about the many lives of a feature film. In addition to the large amount of work required in its making, writing and production, it's then marketed. Marketing begins with a premiere or recognition at a film festival. That's the birth of the film. It then gets onto screens. *La grande séduction* was shown on 79 screens, in English and in French.

Once its on-screen commercial life declines, another market opens up, the videocassette and DVD market. In this case, Alliance Atlantis Home Video released the film in 2004. When that life began to decline as well, pay TV took over, including Super Écran and First Choice, and it gave the film another life. Then comes conventional TV, in this case private or public broadcaster. In the case of this film, it was Radio-Canada. The film may subsequently even be carried on specialty TV.

It's important to understand that the cultural and economic life of a film may extend over at least two years and generate not only economic impact, but also enhance visibility for Canadians.

[English]

Ms. Karen Franklin: On getting a good box office, as you've seen in the trailers, Telefilm has provided critical financing to support a diverse portfolio of films. As in the mining industry, the film industry is high risk and high reward. The more diversified a portfolio, the higher the likelihood of hits.

We look at diversity from a number of perspectives. Stories and producers emanate from all regions of our country. More financial resources have allowed for a better balance for the size of production budgets. With a higher proportion of bigger budget films, ours are better able to compete for audiences with the best independently produced films from around the world. It provides incentives for talented Canadians to make Canadian films and for independent production companies to grow.

Marketing budgets have also increased, reflecting more marketable films with better chances of reaching audiences. Smaller marketing budgets are often appropriate for smaller, more specialized films that are often successful through original, grassroots, targeted, and, ultimately, less expensive campaigns.

Our portfolio of films also represents a diversity of genre, style, and language. The English and French markets are very different from one another in many respects. The growth of our box office market share since the inception of the Canada feature film fund across both markets is clear. The 4.5% reached last year is made up of 21.2% in the French market and 1.6% in the English market, which represents a 530% improvement over three years.

● (0955)

[Translation]

Mr. Michel Pradier: As you are no doubt aware, the market share of French-Canadian films is undergoing constant and spectacular growth. A number of factors are essential for maintaining this kind of success.

The recipe for this kind of success can be explained as follows. It takes a critical mass of diversified films, a portfolio. It's important that there are a lot of films on the screen for people to go and see. We can never over-emphasize the fact that these are high-quality scripts, supported by an assistance program that we manage. There is also a commitment from distributors. They play an essential role. If they believe in the film, they'll transmit their belief to theatre operators. There's also significant support from broadcasters, who handle promotion, talk-shows, etc., targeted, intelligent marketing, a mature production industry that makes good movies, talented technical and creative teams, a star system and enthusiastic operators.

I'd like to emphasize that the star system depends on the convergence of a number of factors: television, talk-shows, tabloids, print media and the radio. This is what enables Canadians to see Canadians on screen and what makes them interested.

And we can see the results. Quite modestly, we're talking about revenues that have increased from \$12 million in 2001 to \$29 million in 2004 or from 9.6% to 21.2%, which is fantastic.

However, we can't rest on our laurels. The challenge is to maintain this stable growth. The industry has to continue producing a significant volume of high-quality films. This is what gets Canadian movie-goers interested in seeing Canadian movies. This isn't merely a single genre; it concerns a variety of genres, a variety of voices, a variety of regions. We need increased national resources in order to continue working in this direction. We need better access to foreign financing.

Earlier we noted the international recognition for *Les Invasions barbares* and *La grande séduction*, which appeared on 175 screens in France. That's international box office. So we have to help this industry get foreign financing in order to contribute to its financing in Canada and to strengthen its potential so that it can develop new projects and grow.

[English]

Mr. Ralph Holt: With regard to the English market, there is a market for English Canadian films. Since 2001, when it represented only 0.3% of the box office, we've seen growth to 1.6%. In dollar terms, this has been a sixfold increase, from \$2 million of box office to \$12 million of box office in the same time period. But clearly, much more must be done to emulate this experience in the French market.

We have a list of the things we are doing and want to do. Telefilm has made a significantly greater contribution to development overall as a budget line within our overall budget, and on a per-project basis we have increased the resources to individual projects to ensure that producers have the resources to develop projects properly, and also the time to develop those projects.

With regard to marketing, we have pledged and are continuing to ensure that Telefilm's marketing resources are available to each film as it enters the theatrical marketplace. For the past three years Telefilm has been working with the Motion Picture Theatre Associations of Canada through their annual convention, which is predominantly for American releases, to develop greater access for Canadian films with the Canadian exhibitors.

But there are still many challenges that remain. For sure we have to sort out a significant role for broadcasters to assist in not just the financing but also the exposure and marketing of Canadian feature films. We must all, throughout the entire industry, continue to work on the development of a star system so that the audience can recognize the faces on the screen. And I think we should continue our work with the Motion Picture Theatre Associations to build this access for Canadian films to Canadian screens.

• (1000)

Mr. S. Wayne Clarkson: I'll comment briefly, if I may, and look a bit into the future.

It's interesting when we look at where comparable countries to Canada are in terms of their successes in their own countries with their own audiences: Germany at 24%, Italy at 20%, Spain at 13%, United Kingdom at 17%, and Sweden, with a population of less than 10 million, achieving a 22% penetration in its audiences, in its population.

Then we look to the future and where we were before the Canadian Feature Film Fund was established: a modest 1.7%. Four years later, we've almost tripled that to 4.5%, with a year to go before the completion of the fund and confident we can achieve the 5%.

But what challenge are we prepared to set for ourselves in the future? I think a goal of 10% is not exceedingly bold. It's something we can achieve. It's something we have to set the will to achieve. As we compare that 10% with the previous slide of comparable countries, surely we can accomplish that challenge.

There are new opportunities. There are new resources needed, obviously, to achieve those opportunities. First and foremost, I think we have to continue to support Canadian talent, and I think we have to continue growing audiences in this country, as that 10% represents.

We have to look beyond theatrical release. We're all familiar with the success of the DVD market. We're aware of video on demand, the digital channels that are multiplying, and the magnificent LCD flat screen TVs that are soon going to be in every home, and of course the Internet and the ability to download, as we can today, music. It will only be a short while before we can download films. What opportunities does that create for Canadian talent, for Canadian productions?

And digital cinemas. It's radically going to change the programming of those cinemas. You'll be able to sit in Toronto, or possibly Los Angeles and New York, and push buttons to determine what film will go where. We could use that to our advantage in the sense that it's not a question merely of how many theatres in Canada your film is running in; the more particular question is, what theatres are you running in? Some of them serve Canadian audiences very well; others, not so well.

Certainly in Toronto there is an example. The Varsity Cinema is where Canadian films are best served.

As for the regional film circuit, those circuits exist in Quebec and in Ontario and other provinces. What they've proven is that in the rural communities that by and large only have one or two cinemas, most of which are committed entirely to Hollywood blockbusters, there is an interest, curiosity, and thirst not only for alternative films, independent films, and foreign language films, but very much Canadian films. I think we have to take advantage of that opportunity. Regional film circuits supported by Telefilm Canada are something we can do cost effectively.

I think there are changes going on in the exhibition business. As many of you may know, Famous Players is on the market to be sold.

We've been to the theatre. We see lots of ads on the screen. We see a lot of promotion for American films soon to be opening. Think of it as a TV screen. Why can't we, in the negotiations with Famous Players, request or require that they provide promotional time on their screens for Canadian films? Why can't they provide promotional space in their theatres for Canadian films?

I'm not suggesting, in any way, shape, or form, quotas—please don't misunderstand me—but I think there are modest actions that can be done that would make a significant impact in the promotion and the screening of Canadian films.

And, of course, there's cultural diversity and the new audiences that are emerging. With the tape we ran with *Mambo Italiano*, we think of films like *My Big Fat Greek Wedding*, and of course, we ran clips from *Bollywood/Hollywood*, and so on. There is a fascination and interest in those new communities in this country to see films such as those.

Then what of the emerging formats? One in particular we're familiar with is the feature-length documentary. In a country that has such a rich tradition in documentary filmmaking, it is most regrettable that there is not a fund, that there are not new resources being made available for feature-length documentary filmmakers.

• (1005)

When I went across the country, every community I approached encouraged the creation in Telefilm of a feature-length documentary fund to support independent filmmakers. On large format, IMAX, 3-D—what I call event cinema—if we are going to leave the comfort of our homes, it's this kind of event cinema for the family that is very attractive. Is there a role for Telefilm and the public sector to play here? Yes, I believe so.

On the Internet and interactive feature films, soon you'll be able to sit at home and, with your converter, interact with the feature film and construct your own narratives. We're all familiar with kids who will watch the same film 20 times. They'll be able to watch it, play with it, and construct their own narratives. So there are wonderful opportunities here in which Telefilm and the public sector have an important role to play.

I'll end my comments with a recent article I read in the *The New York Times*. It argues that film schools are the new MBA. The number of applicants have grown dramatically over the years in the United States, although the employment opportunities in Hollywood haven't grown significantly. Young people are choosing to study film and filmmaking because:

People endowed with social power and prestige are able to use film and media images to reinforce their power—we need to look to film to grant power to those who are marginalized or currently not represented.

It goes on to say:

The greatest digital divide is between those who can read and write with media, and those who can't.

Thank you for your time. We welcome your questions.

The Chair: Thank you very much, Mr. Clarkson.

Mr. Schellenberger will begin the grilling.

Mr. Gary Schellenberger (Perth—Wellington, CPC): I'm grilling.

Thank you very much for the great presentation this morning. I found it very informative.

I must congratulate you on setting your goals. You've probably taken away some of the questions I may have had, but a goal extending to 10% is very ambitious, and I applaud you on being ambitious. If we set it at 9% we might come to 8%, but if you set it at 10% you might come to 10%. I appreciate that.

One thing you mentioned in your remarks was having significant broadcaster support, whether it's in movie theatres or some other way. If the people don't realize that these Canadian films are there because they don't have the publicity, they won't be watched. As politicians we know how much good media means to our success, so it must mean the same thing for film.

There are numerous federal and provincial support programs. Subsidies and tax incentives are offered to help develop and retrain Canadian creators like screenwriters, filmmakers, stars, casts, and production staff. How effective are these measures, and are all of these support measures required? If yes, what improvements could be made? If no, what alternatives are required? I know that's one of the questions we'll probably ask as we go across the country in our deliberations. If you could, I would like a response to those, please.

•(1010)

Mr. S. Wayne Clarkson: I'll begin, but I ask my colleagues to join in.

As we represented in our presentation, I hope the resources Telefilm Canada has are contributed very specifically to each stage of a project. We are all aware of how important script development is, so that is a priority for the funds we have. There are provincial agencies that also direct their resources toward that.

One of the comments my colleague, Ralph Holt, made was that we have an independent, low-budget program that is intended to encourage young filmmakers coming into the system. The funds are provided to the filmmakers, and it's for the next generation—the next Denys Arcand, David Cronenberg, and Atom Egoyan of the new generation. Then it goes on in production, again focusing our money in particular areas. Ralph mentioned the modest dollars that were put

into David Cronenberg's *Spider* that leveraged \$21 million in investment from around the world. Using co-productions is a particular area.

We're focusing more and more on marketing. My experience in observing over the last four years and in learning what I have in my short time at Telefilm is that this is a key shift and one that was long overdue. We've been committing marketing dollars in support of Canadian films to attract more Canadians, and the growth, approaching 5%, is evidence of that focused manner.

Then we touched briefly on international sales, international markets, international festivals. There is certainly coordination between provincial agencies and Telefilm Canada, very much so in Quebec with SODEC, increasingly so in Manitoba, and certainly in the Maritimes.

I think it's a case of focusing and coordinating so there isn't a duplication of resources. We have been very successful in doing that.

Please, if there's....

Mr. Ralph Holt: If I could just add to that, on page 2 of our presentation there is a very good graphic representation. These support systems have become very complementary. As far as non-Canadian service production is concerned, there is a production service tax credit that a producer can take advantage of in terms of locating productions and having them shot in Canada where the labour benefits and the service benefits are felt in our economy. There is a domestic tax credit that production companies can take advantage of in building their production financing.

The kind of financing that Telefilm provides is for those most difficult to finance projects that are high in Canadian content and that the market would not normally or naturally go to. It allows very much the opportunity for Canadian voices to be heard from coast to coast in many different, diverse voices.

There is also a great complementarity between the federal support structures and the provincial support structures in that each province can support its regional filmmakers to develop and build their productions in their own communities and reflect their voices very authentically.

[*Translation*]

Mr. Michel Pradier: The situation for French-language films is somewhat similar to what Ralph just described for English-language films, but it's still a bit harder to make international sales in order to supplement financing for a French-language film. Coordination with an agency like SODEC, in Quebec, is essential in financing a film.

Telefilm Canada is also introducing other initiatives, like trying to match up producers in order to initiate more co-productions. We're trying to form international partnerships to correct this lack of financing. These are extremely important initiatives, and prolific ones as well.

[English]

Mr. Charles Belanger (Chair of the Board of Directors, Telefilm Canada): May I add a little something, Mr. Schellenberger?

This is a pet reflection of mine that I'd like to convey to this committee. You could be very useful in recommending to the minister and to other federal agencies that the Canadian broadcasting system support much more our indigenous Canadian production, whether it's film or television. We are privileged enough in this country to have a handful of powerhouses that own almost every component of the star system. It's there, and we haven't done too much to encourage the owners of those huge conglomerates to put a lot of energy behind it. I'm not criticizing. I do recognize that some manage to do a great job, but I think a little bit more could be done to support, sustain, and let Canadians know that we have Canadian talent, talented crews, and productions that are worth going to see and worth investing in for the second time. They did it through their taxes and they do it by buying tickets.

Thank you.

• (1015)

Mr. Gary Schellenberger: I have one thing that I quickly want to say. I have the Stratford Festival Theatre in my riding. There are a lot of new writers, new actors, and new producers coming out of some of the programs there. I'm very cognizant of what you say. We have to make sure that we promote our people.

Thank you.

The Chair: Thank you very much, Mr. Schellenberger.

Mr. Kotto.

[Translation]

Mr. Maka Kotto: Thank you, Madam Chair.

Good morning, and thank you for coming. I'm briefly going to ask you a series of questions, and I'll allow you the time to answer them. I have two or three major questions.

In one of the paragraphs concerning Canada, you refer to support for festivals to provide exposure for Canadian films. I feel that festivals are a major promotional medium, particularly for a weak film industry, compared to the massive Hollywood industry.

That leads me to talk about what's going on in Montreal with regard to the call to tender issued jointly with SODEC for a new film festival. First, did Telefilm Canada have a mandate to issue that kind of call to tender? If it didn't, did that set a precedent?

Second, an article published in the March 6 edition of *Le Devoir* refers to a failed marriage between the Regroupement Spectra and the Festival du nouveau cinéma. The Spectra team and the Festival du nouveau cinéma were the ones who started up the project that was picked up by Telefilm Canada and SODEC. In view of this schism, can we consider the call to tender null and void?

We also read that Telefilm Canada and SODEC are now offering their support for both Montreal festivals. How do you explain that?

My other question concerns your 10% objective. Cuts have been made to Telefilm Canada's budget. Perhaps you don't have the

information on that subject yet. Telefilm Canada had a budget of \$129,674,000 for 2004-2005, and that fell to \$123,874,000 for 2005-2006. So that results in a gap of \$5,800,000, which may be considered a cut. The figure remains to be confirmed. What do you think about the cut in the amounts allocated to Telefilm Canada in a globalization context, in which it's important to stand out culturally as a sovereign country? Isn't that a handicap with regard to that 10% objective projected for the future?

I'd like to ask a supplementary question. In France, for example, they have had to establish a cultural policy under which the showing of Hollywood films is taxed, thus making it possible to finance French entertainment and personal films and also to assist filmmaking in a French-speaking world because there's a concern to protect cultural diversity. What is Telefilm Canada considering doing in an attempt to increase market share in Canada and Quebec, perhaps through more coercive policies?

Those are all my questions. Thank you.

• (1020)

Mr. Charles Belanger: Mr. Kotto, I'd like to answer the first three questions you asked.

You asked whether Telefilm Canada was entitled to issue the call to tender and whether it was complying with its mandate in doing so. The answer, we think, is yes. We did exactly what Telefilm Canada should do under its present act, that is to say advocate support for the filmmaking industry. As we said, we support the industry from the start, from script to screen, including all the promotional instruments that assist in making our films known, such as international festivals, for example. As for the legal aspect, upon consulting our own legal department, that of the federal Department of Justice and outside experts, we were and still are confident that we were on the right track in issuing that call to tender. That answers the first question.

As to the article in *Le Devoir* and the schism you referred to, the question is whether that schism would make the call to tender null and void. The answer is obviously no. First, when the decision was rendered in December, we were looking at 2005 as a transition year. The partnership that was announced at the time would have made it possible to use October and the Festival du nouveau cinéma as a springboard to develop and launch the new, refreshed, unifying and festive version of the new festival we had chosen to encourage. We can't do anything about the fact that partnership didn't work as we had hoped. It wasn't the Festival du nouveau cinéma that Telefilm Canada and SODEC chose, but the Regroupement Spectra, which is responsible for relaunching, reorganizing and putting in place an international event, which will entertain Montrealers and Quebecers and put us back on the international map as a major film centre. That said, last week, we assured the new President of the Festival du nouveau cinéma that we would comply with the December agreement and would therefore contribute to financing for the Festival du nouveau cinéma this October. Those are the facts.

As for the third point you raised, the two Montreal festivals are two completely different festivals. As you know very well, Telefilm Canada didn't start supporting the Festival du nouveau cinéma yesterday. It's a specialized niche that focuses on new talent and slightly bolder films. Its positioning has nothing to do with that of an international event comparable to the Cannes, Berlin, Toronto and other major film festivals. Moreover, it's perhaps for that reason that the schism occurred. In that sense, there's no particular problem since we're not necessarily talking about the same two things.

• (1025)

[English]

Ms. Karen Franklin: The cuts that have been sustained by the Canada Feature Film Fund and Telefilm have been \$2 million per year for the past two years, going into another \$2 million for the next fiscal year. We've been able to maintain our level of support to the industry despite these cuts because of the revenues we've received through the investments we've made. So there's been no reduction in our support for the industry as a result of the cuts.

This is an indication of how critical it is that we continue to maintain—

[Translation]

Mr. Maka Kotto: Excuse me, but there's something I don't understand. There's been a cut, but that doesn't change your support for the industry?

In the presentation they made here yesterday, representatives from the CRTC said they would support the broadcast of one out of every 10 French-language films through the networks, whereas I believe they support one out of every 20 on the English side. I can't remember the ratio on the English side. They said that ratio has to be increased. However, to do that, support has to be provided for other projects because many are shelved and aren't broadcast for lack of financial support.

Your reasoning leads me to believe that you can cut all you want and that you're ready to offer support, but within the limits of the funds you have. Is that what you mean?

Mr. Michel Pradier: I believe I understand your question. We offer our support with the money we have. In the past two years, we've undergone recurring cuts in the order of \$2 million. That definitely forces us to be creative, to consider co-production projects and to help our producers carry them out. However, we're not making a virtue of necessity. We'd be happier if we had more money.

As regards the ticketing system in France, I believe it wouldn't be possible to set it up in Canada since we're talking here about a specially assigned tax.

Mr. Charles Belanger: Mr. Kotto, if I might add something, I'd say that, in the present circumstances, governments require optimum performance from their agencies, departments and other entities. Like everyone, we're required to review our working methods and to remit a certain amount of money to the Consolidated Revenue Fund. Telefilm Canada, whose third corporate objective is to be a cultural super-administrator, has reviewed its procedures, has—and this is unfortunate—managed to cut its staff and has indeed continued to provide the same services.

The third point, which is important, was previously addressed by Ms. Franklin. It boils down to the fact that Canadian production brings in money. We generate independent revenue every year. That revenue goes into Telefilm's funds, precisely so that we can continue supporting as many projects as possible. Unfortunately, we're unable to do much more for the moment, hence our plea to you. If we have to increase the percentage to 10%, let's be honest and admit that additional efforts will then have to be made, and not just by governments.

Earlier we were talking about the support given to the star system by broadcasters as a whole. This could have an extremely positive effect. We could take the time to review our policies on co-production treaties, most of which now date back some 15 years. The world has changed since then. Europe is not what it was. The United States is something else. The developing countries and Eastern Europe offer markets. So we haven't followed the trend and we're now lagging somewhat behind.

I think a combination of instruments and concerted good will would enable us to reach the 10% stage and, who knows, perhaps even 12%.

• (1030)

The Chair: Your questions and the answers to them have taken more than 10 minutes. So I think we have to move on to Mr. Angus.

Mr. Marc Lemay: I'd like to raise a point of order, Madam Chair.

I have no objection to giving up my turn. However, since Telefilm Canada is an essential player, I would ask that it appear before this committee again as soon as possible, even if it means continuing next week, before going on tour. What's being said today is really very important.

The Chair: Mr. Lemay, I believe you know we are going to continue until noon. At the end of our meeting, the committee can decide what it wants to decide.

Mr. Angus.

[English]

Mr. Charlie Angus: Thank you.

I concur with my colleague here. I will not be able to stay until noon, as I'm putting out fires on thirty fronts this morning.

I wanted to say at the beginning that I thought this was a fantastic presentation. Secondly, my body language is going to show lots of frustration and impatience with your answers. It's not that I don't want to hear the answers; it's that I have 5 minutes and I really want to talk for 25 minutes on this issue, because there are so many issues I would like to explore.

I'm going to move quickly through a number of these issues. One, just as a personal aside, is this closed-captioned?

Mr. S. Wayne Clarkson: I don't know.

Mr. Charlie Angus: I ask that because my oldest daughter loves film and she's deaf. We have a policy in our house that we never show anything that's not closed-captioned. That's why we watch Hollywood blockbusters, because Hollywood blockbusters are closed-captioned.

It's very frustrating for people who are deaf. They can't go to movies. My daughter never goes to see a movie anywhere. There's one movie theatre in Toronto, and if it's a crappy Hollywood film then the whole family goes because it's the only place. But for any films that are shown, it's very important to have closed-captioning, so I just want that out there.

Secondly, on your suggestion about this Famous Players advertising space, the lightning bolt has hit me. We've been sitting here and we've been wondering about what to do about the film industry. We talk about having our voices heard, yet we have our hands completely tied behind our backs.

I think of the music industry in the days when *Shakin' All Over* was the first Canadian hit to make it on radio because programmers didn't think it was from Canada. The Guess Who had to make up a name in order to get attention. That was the kind of programming we had, and that's the kind of programming we would still have in Canada if we did not mandate a percentage of space for Canadian artists. So I think of the phenomenal success that we've had in music, yet we're expecting you to go with your hands completely tied behind your back. How are you ever going to get into the market? It's impossible.

I would like to explore this idea, particularly with the opportunity of the long back end we have from DVD sales now. We do not actually need to even get the film into the movie theatres in order to be able to sell it if we have the advertising space. Is there a way we could push recommendations for government to ensure that 5% or 10% of advertising in all these theatres is dedicated to Canadian films?

Mr. S. Wayne Clarkson: Again, I want to say that I'm not advocating for quotas in the theatres—that is to say, that a percentage of screen time be committed to Canadian feature films. I say that because it won't work. There are too many alternatives for people today. If they don't want to see a film, they're not going to go see it even if you require that two screens out of a ten-screen complex are committed to Canadian.

When the Canadian content rulings came in for music, etc., that was many years ago. I think it would be nearly impossible to bring in a policy like that for music today, given the access to downloading everything for free from the Internet.

Having said that, what I did reference—and I'm pleased that you've supported it—is that the promotion of Canadian films is really the key. With the potential sale of Famous Players, I think there is an opportunity for this government to effect promotional support in those theatres. I say this after having worked with Famous Players and Cineplex Odeon for years. They sat on the board of the Canadian Film Centre, and I worked with them when I was at the Toronto International Film Festival. They're quite open to these things, they really are. I think they need a little nudging and a little encouraging, but they're open for conversation.

And I agree with you that we have to look more to promoting in the ancillary markets: the DVDs, on television, digital channels. It's much cheaper to advertise on the digital channels and the specialty channels. Having said that, the theatrical release of films is a loss leader.

• (1035)

[Translation]

For example, *Men With Brooms* generated more than \$4 million in revenues. After that, there was the Movie Channel, then DVDs.

[English]

and over-the-air broadcasts with CBC, it has had 1.3 million viewers. So the accumulated impact of that film on Canadian audiences is significant.

You're absolutely right, and as member Maka Kotto has raised, we have to see more promotion on television. There's no question about that. And as Ralph said, Alliance Atlantis, which released *Men With Brooms*, in working with the CBC, as an example, bought advertising time during the gold medal hockey championship between the Americans and the Canadians—opportunities galore—and it impacted on the success of the film in theatres.

Mr. Ralph Holt: I would still like to underscore the work that has been done. For the past three years we've been working with the motion picture theatre owners of Canada, putting together a major Canada day in their annual convention, which, as I said, is principally organized for showing the new Hollywood releases to all the theatre owners. I'd say MPTAC has very enthusiastically embraced this idea of a Canada day to introduce Canadian films to theatre owners so they can feel more enthusiastic.

In November we made a presentation to the board of directors; we had to introduce some of these ideas of trailer space, of poster space within the theatres. I think they're looking for practical ways of doing it, but I don't think there's any question of their enthusiasm for it. I think what Wayne mentioned in relation to Famous Players now represents a real opportunity to galvanize all that.

Mr. Charlie Angus: I want to hammer the nail shut. To be as clear as possible, to go back to the issue of quotas, I'm definitely not suggesting in any way quotas for films. I think it would fail. I think there could be even a deliberate attempt to make it fail and ensure it would fail. They'd say it doesn't work.

It's because of the DVD market. I can get almost every single film you showed in my small-town—population 3,000—northern Ontario video store. That's a huge change. That's a huge opportunity.

We're talking about tax credits. In every province in the country we're trying to find everything we can to stimulate, yet the most obvious tool we have is just an advertisement in a movie theatre. I've been trying to find the film about the duck in Newfoundland on video because I saw it in a movie theatre in Toronto, the advertisement, and ever since then I've wanted to see that movie. When it comes to DVD, I'm going to find that movie—because of the advertisement. How can we ensure...?

You mentioned CBC advertising. We fund CBC in major ways. Just the advertising of these movies allows us the opportunity to have huge back-end sales that we're not getting, and we're never going to get to 10% without that. So can we legislate a way to say to Famous Players that we want a certain percentage of the trailer market? That's all we're asking.

Mr. S. Wayne Clarkson: I don't pretend to be a lawyer in these things, but I believe exhibition is a provincial responsibility. I don't believe it's a federal legislative responsibility. I could be corrected, but I think they're licensed by the provinces.

Famous Players has theatres across the country. My experience, again, in dealing with...when Viacom Canada purchased Paramount, which owned Famous Players—and that was about seven years ago—they went through, I believe, Investment Canada. They committed significant dollars in support of the industry—not exhibition. At the time, perhaps we were remiss in that opportunity, but it's come to us again, so....

•(1040)

Mr. Charlie Angus: I know my time will be running out.

The Chair: Your time ran out three and a half minutes ago.

Mr. Charlie Angus: You're not going to give me one more?

The Chair: I will give you one more, Mr. Angus, because I realize it's hard, in this situation, to have to cut off quickly.

Mr. Charlie Angus: I guess the issue here is also that we continually talk about English cinema in Canada as the poor sister—you know, the poor orphan who lives beside the big United States, the big bad U.S.—and I'm thinking we're overlooking the best potential in the world. We import our music into the U.S. in phenomenal amounts, and we have a massive star system, because we have English-speaking music going to the biggest English-speaking market. How do we move our product? Instead of just talking about how we tell our own story, how do we sell our story into the United States? There is a real interest in regional and unique diverse voices in the U.S. It's not just a homogeneity. How do we start to target that U.S. market?

Mr. S. Wayne Clarkson: There are a couple of things. I was reading some statistics indicating that the number of non-American films being released in the United States is increasing significantly. I think this is encouraging. The American public is now a little more interested in the rest of the world and what they're producing. Interestingly, the country having the most success in the American market is France, French films.

I think we have an advantage that we're not exploiting, obviously certainly that of the English language. In terms of our relationships with the smaller, independent companies in the United States—Searchlight, Sony Pictures Classics—they all have these modest classics divisions that are looking for independent, original, different, but commercially viable films. I agree, we have to be more aggressive in doing that. I don't think it's a question of signing agreements with CAA. I think it's a question of meeting with the independent distributors, not the Hollywood majors. We know the business they're in and it's not our business. They're looking for good films that they can make money on, and we make good films, as evidenced by this.

I'd like to say something in response to your question. Yes, the English language market continues to struggle. I think the advance that has been made from half a percentage point to, at this point, 2% is significant, given the odds that we're historically familiar with.

I was reminded the other day that in Quebec, 10 or 12 years ago, penetration in Quebec of French language Quebec films was less

than 5%. Today it's over 20%. They had the advantage of their unique language and culture 10 to 12 years ago, so what have they done in that 10- or 12-year period? What can we learn from it? I think it's their very methodical, sustained support at every stage along the food chain, including distribution and exhibition. I think it's not something that is going to be resolved overnight in English Canada. It's going to take us, as we've accomplished in the last four or five years, another four or five years. I think that goal of 10% is challenging, but we have the momentum.

It's not a question, if I may, of doubling the money and saying, "We gave you \$100 million and you got 5%; it's going to cost us another \$100 million..." I don't believe so. I think there's a cost effectiveness that's been built in there. Obviously, new funds are going to be required. I mentioned the long-form independent documentary fund. We can't take money from the resources we have on drama to support documentaries. We need new money for that. Large format, IMAX, 3-D, yes, that needs new resources. Again, looking to Quebec and the success they've had in the last 10 or 12 years, it's a model, and a practical one.

•(1045)

The Chair: Thank you.

Mr. Smith, it's your turn, finally.

[*Translation*]

Mr. David Smith (Pontiac, Lib.): Thank you, Madam Chair.

Ladies and gentlemen, thank you very much for being here this morning. Thank you as well for your great presentation. I simply can't get over the film industry, but I feel great pride when I see your great products. My wife and I, as parents of two teenagers, tend to make an effort to see Quebec films, because we're Quebecers. I can tell you that we now go out of interest because they're good. As time goes on, the more there are and the more interesting they are.

Earlier you referred to the Internet and all these media for communicating with the entire world. You referred to marketing, sales and promotional tools. The market is enormous. You are experts, you're in the industry and you know it well. I'd like you to give the committee some suggestions and proposals. Earlier Mr. Bélanger mentioned things that could be done and that might not require investments, but rather agreements. As experts on content, perhaps you could provide us with some suggestions that might improve the fate of the industry and the entire chain. We have to promote our product. I'm convinced there are enormously successful films on shelves in certain places, but the problem may be that people don't know it.

Mr. Michel Pradier: I entirely agree with you. We're going to rush our proposals to you, particularly since we're talking about subjects which we're already considering, to the extent we have to look to the future. As Mr. Clarkson said, new technologies will give us further opportunity to act on the life cycle of the feature films we finance.

We finance content and promotion, among other things, but technological progress creates additional markets. We have to take advantage of that, for sure. Those markets will involve both the cultural and economic distribution of our products. That will benefit Canadian production companies and help Telefilm reinvest in the industry.

[English]

The Chair: Mario.

Mr. Mario Silva (Davenport, Lib.): First, I want to say how proud I am of Telefilm and the incredible work it does. It's certainly a great Canadian institution.

On the issue that we've been spending a lot of time on, in the area of distribution, promotion, and the partnerships that need to be done, I realize there are some limitations as to how we get the space to promote Canadian films in those theatres. But I wonder, without putting quotas into play, without forcing these particular exhibitors, whether there is a possibility of us dealing with our counterparts in the provinces and dealing with the whole issue of rating, because they have a huge problem with rating. If we could somehow resolve that issue for them, I wonder whether they would give us some space to promote Canadian productions and films. Would there be a possibility of us looking at that?

In other words, what I'm saying is let's work as a partner with all the players at the provincial level—the Motion Picture Theatre Association of Canada—and resolve their issues. They have a huge concern over ratings, for example, and they lose a lot of money over that. Several million, in fact, are lost, depending on the rating given, and it's all provincially regulated and everything else. Let's see if there is a way we can do a quid pro quo on that front. I just wanted to get your opinion on that.

Mr. S. Wayne Clarkson: I have some experience with the rating issue, and it's a very difficult one, especially when one has to deal province by province. As I said, Famous Players is a national organization and they face this issue in every province. And it's one that I think, if we indicated a willingness to work with them in resolving this in each province, in return, as you've suggested, they would make certain commitments. I think that's eminently possible.

It's a long haul, I have to say, when you get into the tastes and values in each province across this country. What plays well in downtown Toronto and has a certain rating as compared to Charlottetown in Prince Edward Island or Medicine Hat.... They're very sensitive to their provincial obligations in terms of ratings, but certainly it's something we could chat with them about.

• (1050)

Mr. Mario Silva: If we can't do all the provinces, what about at least the major provinces it would be financially viable for?

Mr. S. Wayne Clarkson: To change the ratings?

Mr. Mario Silva: Yes.

Mr. S. Wayne Clarkson: Yes. I've seen the miracle in Ontario that in my time went from a very rigid, strict, autocratic censorship system to one that is now, by and large, an open market. And you can see good films and make the decision as an adult whether you want to see them or not. I've marvelled at what adjustments have gone on in Ontario. So I'm optimistic about any changes like that in

light of what's been accomplished with censorship. I think it's eminently possible.

The Chair: Are you finished, Mr. Silva?

Mr. Mario Silva: Yes, I am.

The Chair: Ms. Oda.

Ms. Bev Oda: Thank you, Madam Chair.

Thank you for being with us this morning.

I need a clarification, Mr. Clarkson. I don't know whether I was one of the last autocratic film reviewers or part of the new era of the Ontario Film Review Board, but I must say that one thing I was proud of was to provide more warnings and more information to families and to moviegoers.

There are a number of areas, as you can assume, where I want to say that I certainly think Telefilm has played a significant role and will play a significant role going forward into the future. I was interested, Mr. Clarkson, in some of the ideas you came up with at the end of your presentation on what the changes might be or how the focus might change. I know you shared information or some ideas that were suggested to you. I was fortunate to be copied in a letter from a young filmmaker in Nova Scotia, and some of the ideas are interesting.

I guess what I'm trying to get to here is this. You've been on the job for two months. I'm excited that you're looking at new ideas, etc. However, I'm wondering where you are and what your plans are in your review. I know you're very informed. Your background is there. At this point, are you comfortable in that you have the time to work with your board on a long-range program for Telefilm, etc.?

I don't really want to get down to the workings of Telefilm. We are doing a review of the film industry, not little mechanics. We're looking at a review of the film policy for this country. I want to make sure that we spend our time talking about the role of Telefilm. Can you tell me what opportunities you've had when meeting with your board in the past two months and what those discussions have led to?

Mr. S. Wayne Clarkson: Yes, there are a number of things.

As I mentioned, I've travelled across the country and I've been asked that question. That is to say, on a Saturday morning in Regina, a beautiful spring morning in Regina, there were something like 55 producers, writers, and directors at a brunch we hosted. They'd driven in from Saskatoon. They asked exactly those questions. What's your agenda? What are your priorities? What are the policies that are going to drive your decisions?

Those are good questions. I answered, as I will repeat myself today, that I've spent the last six weeks learning. I have a lot of experience, but I have been consulting with all the regions and the producers. I've learned about some wonderful things that I was not aware of.

For example, I've learned about the value of the regional offices Telefilm has. To the degree to which that informs policy, I am the wiser in contributing to the design of that policy because I'd heard of them and I knew that they were valuable. When you have filmmakers in the west and in the east saying they can't function without them and they need them, I think it is something that will dictate future policy.

Have I met with the board? Yes. As I think I touched on in my address, when I was at the CFTPA conference in Ottawa in early January, I attended my first board meeting. Shortly thereafter, I attended my first CTF board meeting. I've met with individual board members. Fil Fraser from Alberta was a wonderful host while I was in Alberta. Trina McQueen, whom you know, is one of the most knowledgeable people in the broadcast industry.

Have I had discussions? Yes.

Am I in a position here today, Bev, to articulate either a policy or a priority? No. I think it would be presumptuous of me to do so in such a short period of time.

•(1055)

Ms. Bev Oda: That's what I want to understand. When you speak of these ideas, am I correct to say that these are not endorsed by your board as Telefilm's proposals to this committee to go forward? Mr. Clarkson, you have a role to play at Telefilm, but your board also has a role to play. The board is the public overseer of the total operations of Telefilm. I want to make sure, because we do have you at a unique time in your role at Telefilm, that we are clear about what you're saying today represents. We know this appearance here is rushing it. But at the end of our review process, you may be able to come back with some proposals you've worked out with your board as Telefilm's proposals to this committee. Do I understand that correctly?

Mr. S. Wayne Clarkson: I think that states it clearly.

A number of these issues are discussed informally at the board. Certainly, Charles and I have had discussions. I will say that the 10% is something we've recently talked about internally. It's as much there to make a case symbolically for what's ahead of us. Most of what I've said are questions. But certainly, Bev, the issue of long-form documentaries, large formats, is on a number of public records.

Ms. Bev Oda: If we were to adopt a policy within our review that the objective of our film policy should be 10%, because you've advised us you can do it, I would want to be clear that your board would endorse that. At the end of the day, we will have succeeded or failed, and we're going to be depending a lot on your scrutiny of how you achieve 10% as a realistic objective. That's why I'm asking that question.

You've told us about your visits across the country, etc. What conversations and meetings have you had with the minister and her staff?

Mr. S. Wayne Clarkson: I had an opportunity at the end of January when I was at the CFTPA conference to meet with the deputy minister and the assistant deputy minister, whom I had not had an opportunity to meet prior to that, and then we collectively met with the minister and had discussions about some of her concerns and considerations outside of film, not merely the film priorities.

Other than that, I've had the pleasure of attending *Les Jutras* with her and sitting at her table just the other night for the Women in Communications awards. Since then, we've been exchanging letters.

Ms. Bev Oda: I don't know whether you've been asked to provide input into their review, because they are also undertaking a review of film.

Mr. S. Wayne Clarkson: No. I've had informal conversations with the department.

One of the most valuable things I did in my travels was spend two days at school here in Ottawa to teach me the relationship between arm's-length agencies and the role of an executive director vis-à-vis the board, the minister, and the department. It was the most valuable day and a half. I learned an inordinate amount. I wish that had been required before I got the job. Then I might not have made the number of mistakes I did in crossing the line.

•(1100)

Ms. Bev Oda: I recall our conversation the last time.

The Chair: Ms. Oda, you're at eight minutes. I've been fairly generous with people.

Ms. Bev Oda: This will be my last question.

The Chair: Okay.

Ms. Bev Oda: I really would be interested in your return visit to the committee.

There's one thing I'd like you to think about. We did have the CRTC before us, and we asked them what they thought was the most effective way they could support Canadian film. The number one thing they came out with was shelf space, opportunities for access, more than dollars.

When we talked to CAVCO, we looked at in what objective way they determined what was Canadian and what was not. We pointed out that their point system was based not on content, not on subject matter, not on visuals, but purely on citizenship. Consequently, was the determination that citizenship alone made the outcome, the product, or the creation Canadian? Can I have your response on that? That's what I personally would like to pursue in our review.

Mr. S. Wayne Clarkson: I'll speak briefly to the first point you mentioned, about the CRTC. Then I'll ask Karen and others to comment.

I think content, absolutely, shelf space, time on the air...I would add to that advertising time, if there were a way to make it advantageous or cost-effective for Canadian distributors and producers to promote Canadian films. It's very expensive, by and large, unless you're—

Ms. Bev Oda: But I understand the CRTC rules allow for the promotion of Canadian film on Canadian broadcasting outlets not to be counted as advertising. In fact they have the same status as a public service announcement, and they are not counted in the.... They can be run by the broadcaster.

Mr. S. Wayne Clarkson: I think anything that can increase the air time to promote Canadian films is a good thing.

Ms. Karen Franklin: On the CAVCO matter, yes, they do count citizenship and they have the point system. In the presentation, we were talking about the foreign service production being level 1 of what goes on here, and then the Canadian content production being level 2; that's the CAVCO production. When something has at least six points out of ten on the CAVCO scale, it's considered Canadian production. What we're doing is raising the bar even higher in terms of the Canadian content, because we look at story, character, and setting, above and beyond the CAVCO system.

Ms. Bev Oda: I'm wondering what the rationale is behind that, when for the purpose of tax credits citizenship is enough. For the purpose of investment or support from Telefilm, there are other criteria. Is it because the demand exceeds the availability and therefore you're caused to put another criterion on your decision-making? Do we have a clear understanding of why it's the particular criterion you've chosen and that it can be effectively and openly applied so that everybody understands what the criterion is—the second level of criteria Telefilm has now applied—and is it achieving what we want to achieve at the end of the day?

I want to try to understand: is it the finite amount of money that's causing you to put in another layer of criteria, and is this the most appropriate criterion to put in place?

As you know, there is much confusion that sometimes creates controversy about the application of the criteria; it's more subjective than objective, which I think the industry is struggling with. This review gives us an opportunity to look at that and to say it can be improved, it can be changed, or whatever.

● (1105)

Mr. S. Wayne Clarkson: I do not believe Telefilm's raising the bar, as it has done for decades, is motivated by lack of funds or increasing demands on funds. It's motivated by public policy, by cultural imperatives.

Anyone who gets a minimum CAVCO certification can access tax credits. They may not be able to access Telefilm, because we have certain cultural imperatives, policies that drive us. Whatever film they want to make accessing tax credits and co-productions, they're able to do so, and I think from an industrial point of view that's fine. With cultural priorities, we raise the bar and we demand more than merely residency or citizenship.

The Chair: Thank you very much, Ms. Oda.

Monsieur Lemay.

[Translation]

Mr. Marc Lemay: I was rereading the notes I took during your visit two months ago, Mr. Clarkson. I see you've done a lot of things in two months, but I especially sense that you're comfortable in the saddle, to use a cycling expression I know well.

I'd also like to tell you that the way you were viewed by certain humorists at the Jutra Awards isn't shared by all those who work in the film industry in Quebec. I wanted that to be clear. Some made jokes in bad taste, which are not shared by others, particularly those who are here before you today.

Having said that, I'm concerned about the film festivals. There's a small festival in the region where I'm from, Abitibi-Témiscamingue. I was the head of it for many years. I can't compare it to the Toronto, Montreal or Cannes festivals, of course. However, I'm concerned about that little regional festival, in view of the arrival of a new player, the Montreal International Film Festival, which we're told is in transition in 2005. In Quebec, it's called the FIF; it almost makes you want to laugh. However, it's there, right now. It seems it will be in transition. Now you have guiding principles for 2002-2003 that still apply today and that state that an eligible applicant must "show that its festival does not overlap and is not similar to any other festival presented in the region"—we agree that the region is Quebec for Telefilm Canada and the federal government—"unless it has been approved as a regional festival derived from a major event". That's what I'd like to hear someone from Telefilm Canada talk about.

We're extremely concerned. Of course, we understand everything behind the call to tender. The heads of the Montreal International Film Festival understand that, but they're concerned, and you can understand them. The transition concerns them. How long can it take? Will it only take a year? Can it be postponed, in view of the fact that it short-circuits the first-run films that some festivals might consider presenting, including the Abitibi-Témiscamingue International Film Festival? *Mémoires affectives* was screened there, and it subsequently had the reception it had and won the Jutra for best film. That's my first question.

Here's my second and final question. If you look at *Mambo Italiano* in French, English or even Italian, you won't see any difference. However, I don't know where you get your interpreters for the French versions of English Canadian films, but the indifference is incredible. I see you're shaking your head, but you no doubt agree with me. People have no interest in seeing a poorly translated film that's shown in theatres in Quebec. It's almost ridiculous. I don't want to say anything bad about the authors, so I won't name any films. *Spider* is an exception, of course. I wanted to draw your attention to this point. It's very important that you look into it if you want the Quebec market to develop. *La grande séduction* translated into English is magnificent. *Mambo Italiano* and *Manners of Dying* are perfect. Isn't there some way of insisting that films be made simultaneously in English and French?

● (1110)

Mr. Michel Pradier: In response to your second question, I'd say that some titles could be improved as regards the quality of the translation; we agree on that. However, extraordinary production costs would be involved in making a film in English- and French-language versions. That's very expensive. I think there might be a way of considering the question of the French version of certain English films. You're right on that point.

Mr. Marc Lemay: Can you answer the first question?

Mr. Michel Pradier: The Abitibi-Témiscamingue International Film Festival in Rouyn-Noranda was in existence before the events that took place this year. It's a very much appreciated and highly prolific festival. I don't see how the new Montreal festival could harm that festival, which, in any case, did well during the reign of the previous festival.

Mr. Marc Lemay: The problem is just that there's a risk it could short-circuit first-run films. The Rouyn-Noranda festival was held and is still held at the end of October. So these are films that will come out the following spring. That's its niche. You can't compare. This is the first time it's seen this film festival enter its field of vision. I know this major festival is in transition.

Mr. Charles Belanger: The only commitment we have from the group that is supposed to relaunch an international event in Montreal is that the transition will only take place in 2005, on the scheduled dates in October. That's a commitment. I can't tell you that it won't last.

Since commitments of that size have been made and this involves businesses of this size, with responsible people heading them, I feel entirely comfortable in telling you, without giving you any absolute assurance, that this hiatus will be limited to 2005. We're going to make every effort for the Abitibi-Témiscamingue International Film Festival to retain all its own flavour and all its ability to show first-run films in the years to come.

For the current year, however, there's a special problem and we're aware of it. We're going to make every effort to ensure that confrontations are kept to a strict minimum. That's what we can commit to.

Mr. S. Wayne Clarkson: Thank you for your good words.

[English]

I had a wonderful time at the Jutras.

[Translation]

It was an incredible evening. Director Michel Brault passed just in front of me. It was an extraordinary moment.

In Ontario, there's the Toronto International Film Festival. It's a major festival. There's also a fantastic festival in Sudbury. There are no problems in the relationship between the organizers of the two festivals. I'm sure—or at least I hope so—that it'll be the same between the organizers of the Abitibi-Témiscamingue International Film Festival and the new Montreal festival.

•(1115)

[English]

The Chair: Thank you.

Ms. Bulte.

Hon. Sarmite Bulte: Thank you very much.

Thank you very much for coming. I also have a few questions.

Mr. Clarkson, you spoke about Viacom. I believe the federal government does have a role in approving purchase of our cultural institutions by non-Canadian corporations, and I believe at that time Viacom, as a U.S. corporation, had certain conditions put on it.

Unfortunately, those conditions were only for a specified time. When they expired, that was the end of them.

So while it's a good thing for a little while, they seem to not continue those obligations. Once the conditions are no longer obligations, they seem to disappear. That's a concern. Maybe in a takeover again, if Famous Players is bought by someone non-Canadian, there then is a role for the federal government. I believe it's the heritage department that has the approval for cultural institutions.

What I wanted to speak to you about...and a lot of the presentations dealt with the Canada Feature Film Fund. There's a review being done on that as well, I know. What else is there? What else does Telefilm need, aside from that particular fund, to be able to carry out its mandate?

I also want to talk to you about the tax credits and the situation of Telefilm and tax credits, and how you tend to claw back the tax credits of the provinces. Why do you feel that's necessary to do? Is that something Telefilm has established? Is it something the department has established? Is it not time for that policy to be reviewed, especially since we've seen the reluctance of provinces to increase their tax credits and essentially allow Telefilm to claw them back?

Mr. S. Wayne Clarkson: I'll ask Karen or Ralph to speak to the detail, but in my travel across the country, recoupment was one of the common concerns—and the grind that results in Telefilm's equity investment vis-à-vis tax credits and the like. And it's a question of recoupment as a priority or providing dollars that flow more directly to the producers to strengthen the production companies.

As Bev mentioned earlier, I think this is one of those policy issues that must be discussed internally and at the Board of Directors, but it is very much a policy priority.

Karen, do you want to talk about the grind and explain it for us, please?

Ms. Karen Franklin: Sure. Telefilm's financing, no matter what form it's provided in, equity investment or any other type of contribution—although most of our contributions are in the form of equity investment. We use the term “grind”. They grind down the base upon which the tax credit percentage can be based. This is not our policy. This is government policy, the tax credit, the tax department. It's their policy that the federal funding provided through the crown agency reduces the amount tax credit that's available.

Hon. Sarmite Bulte: Is that a policy from the finance department then?

Ms. Karen Franklin: I'm not sure where it's from, Treasury Board or the finance department.

We would love this to be different. It means that our money—for example, in the television fund—that we put in as equity investment into television productions is worth less. Every dollar we put in is worth less than every dollar the Canadian Television Fund puts in because it's not considered to be federal government money.

Hon. Sarmite Bulte: It's interesting that you mentioned the Canadian Television Fund because certainly there's some question as to whether Telefilm should continue to administer the Canadian Television Fund. I know you currently administer the equity side of it.

So you're saying that if it was moved, if that equity portion was taken out of Telefilm, you wouldn't be subject to the same rules then. Is that correct?

Ms. Karen Franklin: That's correct.

Hon. Sarmite Bulte: That's interesting.

Also, Mr. Clarkson, you talked about how it's unfortunate that we don't have long feature documentaries; you don't have the moneys for that. That was certainly something I heard loud and clear during the election, the need for Telefilm to find an envelope for those documentaries.

What if anything is being done to change your policies to find those moneys for those documentaries?

• (1120)

Mr. S. Wayne Clarkson: Well, I can tell you that we're not looking internally to make cuts. I think it would be unfair to parcel off moneys from the fiction, from the drama fund to finance a new initiative. This would be penalizing a fund where there's already far greater demand than there are resources. It would be penalizing those filmmakers.

It's a priority for us, a priority at the board. We've raised it with the department. Given the support the industry has for this, which I'm sure you'll hear as you continue these dialogues across the country, I'm optimistic for that fund.

I'd like to go back, if I may. I don't want to spend a lot of time on the CTF and television because it would take up another three hours easily. Merely to move the equity into the CTF is too simple an answer. With all due respect, I think there are cultural priorities that matter significantly. TV drama, for example, is a huge challenge in English Canada and to a lesser degree in Quebec.

English drama matters. There's a subjective process that should go on there. That equity should be subject to that process. It's not merely an industrial commitment. We have cultural policies and cultural priorities that come to bear.

However, if somebody could change the conditions under which we operate and remove that grind, we'd be thrilled. But I'm not at all convinced that putting it all in the CTF is the answer. I think that creates its own considerable problems.

The Chair: Go ahead, Ms. Bulte.

Hon. Sarmite Bulte: To my original question, what else does Telefilm Canada need? Aside from the Canada Feature Film Fund, you're saying now that you need moneys that are specifically targeted to documentaries. But what other tools do you need to effectively carry out your mandate?

Certainly one of the things the government committed to during the election was to review the mandate of Telefilm Canada, and while there has been a minor amendment to the Telefilm Canada Act to ensure that you're in the audiovisual industry—and it was a

technical amendment more than anything else—are you about to review your mandate internally? Is there any desire to do so?

Mr. S. Wayne Clarkson: Certainly the board will have a great deal to say about reviewing our mandate in the conversation we're having within management. Are there new things? I referenced the goal and I posed it as a challenge, as a question. I don't pretend at this point in time, as Bev quite rightly pointed out, that there are clear criteria for achieving that, a dollar figure put on it. It's obviously going to cost more money to do that. I don't want to say, as I stated earlier, that it's double the money. I think there is a cost effectiveness.

As to actions in terms of the marketing and promotion, what interests me is this opportunity with digital cinema and with the regional exhibition programs. They need not be expensive—certainly not the regional ones. There are independent, private sector, not-for-profit organizations in Quebec, Ontario, and other provinces that are doing that. To my mind, it's the kind of support that doesn't take a lot of dollars but would accomplish an inordinate amount in taking Canadian films into communities to audiences that want to see them. Anything that can be accomplished vis-à-vis the broadcaster, as we touched on earlier, that affords more promotional time and that ensures more Canadian films through the broadcast system is certainly a priority for us.

Then there are technical things that we have. I'm not sure if we want to get into this detail, but we have to spend all our money by March 31. We can't roll it over into the next year. That is a constant irritant to the industry. The money has to be cashflowed out by March 31, so there is this frantic restructuring. I'm beginning to experience how difficult it is internally.

That would be wonderful. That has been tabled any number of times by the industry to the feature film advisory committee that I sat on. So if we're looking to eliminate the grind, which would be wonderful, enable Telefilm to roll over dollars that are not fully committed one year into the next, or that they don't have to be flowed this year and can be flowed to the next. If a film starts shooting in February, it might shoot through until May, and so on.

Those are two rather technical challenges that we could look to.

• (1125)

The Chair: Thank you.

I'd like to make a comment and I have a question.

I share some of the frustration. I feel that we're just barely touching the surface here. I feel that I need to know more about the relationship between the many different organizations that provide funding, that make a film actually happen, and where the strains in the relationships are, if they are there, and what can be done to fix that.

It has been a great revelation to me to find out how insignificant the box office is, quite frankly—but maybe it's not. Maybe it's an essential part of the marketing of a film. But obviously it's important to look at what we can do to beef up that other layer, which is the way in which most Canadians now see Canadian films.

I'd like to explore how you see Telefilm's approach—because marketing is one of the things you look at—changing to address that reality. What should our policy be? As I've said, almost but not entirely facetiously, do we need Canadian content rules on Blockbuster shelves? I just feel a real sense of frustration around this whole thing, and the fact that we're just beginning and we haven't even heard from producers, writers, and performers about their frustrations. So I'm sure we'll be back to you.

Generally, I would like to ask you to think forward—and maybe it's a little too soon to ask you that particularly, Wayne—to what are the challenges here. Where do we need to be five years and ten years from now, and how do we get there? Is a 10% increase in box office even an important target, or an increase up to 10%? Does it matter any more?

Mr. S. Wayne Clarkson: Excellent point. I like goals, measurable goals. I think they're important. They inspire. They motivate. They challenge.

The Chair: The question was, is that the relevant goal these days?

Mr. S. Wayne Clarkson: As I commented, sometimes theatrical release is really a loss leader, and probably Hollywood knows that better than we do. For example, the promotion that *Men With Brooms* had on television before it even opened significantly enhanced its commercial theatrical release. That significantly enhanced its DVD sales and rentals, and surprisingly, that didn't undercut its release on conventional television through the CBC. The food chain, for lack of a better term, is more often than not led by theatrical release.

But I agree with you. Although the 10% is a goal—something we should keep our eye on—it is not the only means by which I think we should measure success. What are we accomplishing internationally? As was raised earlier, are we making international sales, not merely to the United States but to the rest of the world? I think issues like that need to be monitored as well.

Can we better promote the DVDs? Is there an opportunity to create a program for young filmmakers that says, you're not going to go theatrical, you're going to be premiered on TMN, or the Movie Channel, Super Écran, and you're going to go to DVD? There are all kinds of models that absolutely need looking at.

The Chair: My only other question for now, and you anticipated it to some extent, is I was interested to see how important the international market can be for some productions. One of the witnesses I hope we'll have before us in fact is International Trade. Are we doing enough through our embassies abroad, through our trade commissioners, to promote Canadian feature films, cultural products generally but specifically feature films? We have very active trade commissioners. I'm not sure this is a priority for them.

• (1130)

[Translation]

Mr. Michel Pradier: As you pointed out, the international market is one promise for the future among many others, but that promise is very important for our culture and deserves to be sustained and supported. It represents the future in a way. Consider the example of Quebec, where French-language production has already taken over its national market. It's fragile, but it's already happened. It has 21%, which is comparable to Sweden or other countries mentioned a

moment ago on the screen. For culture and businesses to be viable, we have to develop other markets in our territory—Mr. Clarkson referred to DVDs, pay television and other complementary programs—in order to bring on additional resources and to invest more. I think it's fundamentally important to go after international resources.

[English]

The Chair: Thank you very much.

Mr. Schellenberger.

Mr. Gary Schellenberger: I have one statement. I was very interested when I heard you say that you have to run out of money by the end of the year. We hear this all the time, about long-term sustainable funding. I agree wholeheartedly. This year there may be a big demand, and you may run out even a month beforehand. The next year, if things haven't been pushed hard, you might have an extra bit that you could carry over to the next year, and so forth. I think it's imperative that the government realizes that they mandate to various government agencies that they have to spend their money in one year, yet when the government talks budgets any more, they're projecting for five years and ten years down the road. It's very, very difficult.

I sat on the fisheries and oceans committee a year ago, and the coast guard was caught in that same situation. There would be capital funding for the coast guard. If they decided they were going to replace an ice breaker in April or May, they'd put in the order, but they couldn't get the ship. They couldn't build an ice breaker that quickly. So they weren't using all that funding. There'd be \$35 million or something that would go back, and it would just go into the general coffers and be reintroduced again the next year. Meanwhile, as things go on, capital funding or capital projects go down. It's very interesting your bringing that up.

I did sit on a municipal council at one time. I was on the fire area board. On one evening only the secretary and I were there. The other people who were to set up the budget for the next year weren't there. What I did was I gave the fire chief \$10,000 a year to spend on incidentals, and if he didn't spend it—it wasn't there to all be spent—if he only spent \$1,000, he could carry the \$9,000 over into the next year just in case there were bigger things to be done. Because I was the only member there, it went through. When it came to the board, the clerk or the treasurer said, we can't do that. I asked why. He said, it's never been done that way before. I said, that's what it is, and you figure out how you're going to make it work. And it worked. It carried on and it still carries on today.

So I commend you. You are under a little bit of a strain.

I can remember doing a job at a hospital quite a number of years ago. They had to redecorate the whole inside of the nurses' residence in the last month so that they weren't cut back the next year. Lo and behold, we painted the whole inside of that building and two years later it was torn down.

I appreciate that you don't want to waste the money.

Mr. S. Wayne Clarkson: Thank you.

If I may, I want to clarify something. It's not that we spend money to clear off before year-end for fear somebody is going to take it away from us next year. What we're talking about is the evolution of a film that may be in pre-production in January or February and starts production on April 1 or mid-March. How we allocate the money for the year is we imagine the number of productions we're going to do and we try to plan that out. It's shifting sands. When we can see that films that were going to start shooting in February were moved into next year, we go, oh my God, what do we do? But there are films that we passed over. It's not a question of, let's spend the money leftover and paint the building so that we don't have to give it.... Not at all. It's literally a question of cash flowing, not of losing the money.

• (1135)

Mr. Gary Schellenberger: Thank you.

The Chair: Ms. Oda.

Ms. Bev Oda: Thank you, Madam Chair.

I don't really have a question, but I just have to say again, to reiterate—I really want the message to get out there—that to be effective on some of the ideas, we really need some information. We need key proposals.

Take the idea about the regional film circuit, your travel program. I mean, really, how many Canadians would that reach? If we're going to use government money to support a program, where are these theatres? How many people would it reach, etc.?

The other thing I would really like to sort of push it a little bit more on is to be a little braver, to say...and this is following the chair's comment that we've been fighting for box office in this country in the English language market. We keep referring to the elephant. We keep referring to the giant entertainment monster that we're competing against. We're trying to get our light out there. But because of the new technologies, is it not in our interest to slowly move off that model, not to tenaciously hang onto it, but to say that in the future Canadians are going to be accessing their films, their videos, in another way? In order to be there in this new world, if we start shifting the focus a little bit we'll have our piece of the pie. If we wait until that happens and then we say, "Guess what, it's not in the theatres with the popcorn, it's now happening on the little hand-held things at home", we won't have our share. When we try to fight for our share in that world, it's going to be even harder. So I just want to urge you to be a little...and to tell us how you predict....

You know, in broadcasting and telecommunications we're hearing about all these new devices. We're hearing about how people are changing how they're accessing. That's not to say the theatre is going to go away, but maybe the volume of accessing will change.

I really urge you to be forward-thinking. This is a long process. This is not going to happen overnight. The only way we can say....

Let's make sure we have our part of our market. Let's make sure we have enough offerings out there that will attract people. Let's make sure we have enough talent and the skills we need in the future.

Some of those people with skills, as you know, Mr. Clarkson, are coming out of computer background educations—not film school, not the film institute—and they're succeeding. It's almost as if some of them, excitingly, are not looking to Canadian programs, Canadian support, etc. They're out there and they're making a mark internationally. I think sometimes we have to take on that kind of energy, that kind of enthusiasm for the new world.

So I would really urge you to be daring in your thinking.

Mr. S. Wayne Clarkson: Thank you. I appreciate that.

I should mention what I'm very pleased about. I'm particularly pleased that when I spoke in Ottawa I was able to announce that the minister had committed an additional \$4 million or \$5 million to the new media fund. I have a particular interest in new media, and I think it speaks directly to what you have suggested. What is the future of home entertainment? What is the role of film in its new format over the phone or instantaneously on your computer while you're flying on a plane somewhere? The world is going to change. Interactive feature filmmaking is going to be a joy to behold, and for a younger generation—certainly much younger than I—it will be natural to them.

That being said, the film business has come under attack by new technology over 100 years. First of all, the advent of television was to have been the demise of feature films. Then it was the advent of the Internet, etc. It has survived through every technological change, and it will because it is a wonderful art form.

If I understand you correctly, you're right, the regional community-based programs and screenings would be modest. I'm completely convinced. In my discussions across the country, I will not even allow the term "Hollywood" to be referenced. Hollywood movies are a non sequitur, not because I don't love them, but how can we have a conversation about a movie that costs \$100 million to make, has a \$100 million marketing budget, and is released right now in over 8,000 screens around the world? The complete budget of Telefilm Canada for the year for all of its programs, French, English, and new media, is the budget of one Hollywood movie.

Let's move away from that and ask what we can relate to. That's why I find the 10% or 22% such a desirable goal. I think it is comparing the independent filmmaking in Canada with its comparable filmmaking in the United States.

Please, Madam Chair, cut me off because I tend to wax poetic on these things when I get going, but if I may, I have one final thing.

The Sundance Film Festival, which I admire immensely, is very successful. I was talking to the director once. I asked him how many American independent films he screened in a year. He said it was about 700. I told him that he invites 100 to the festival and 50 of them get picked up for distribution. Of those 50, maybe 20 or 25 get released in Canada, and I'm lucky if I see 5 or 6 of them. Every year I marvel at the ingenuity and regeneration of independent American cinema. Then when I finished speaking to him, I asked if anybody sees the other 650 films. We don't.

As we commented in our presentation, it is also a question of numbers to a certain degree. Develop more, produce more, and every little incremental bit to screen them is good for the filmmaker.

• (1140)

Ms. Bev Oda: Mr. Clarkson, I only want you to understand—

The Chair: , Ms. Oda, this is your last one. Mr. Kotto would like one more chance, and I'd like to give our witnesses a chance to wrap it up, if they would like.

Ms. Bev Oda: Sure. I only want to point out or make you understand that when I hear the statement I just heard, again, I ask this. Is this Telefilm?

For what we adopt as public policy and as a film policy, we have to make sure it's going to be okay with Canadians that we are now going to target the smaller independents for Canada's film policy. We have to get the message out there to all Canadians that now their tax dollars shouldn't be compared, that there should be no expectation to be there with the big Hollywood blockbusters, and that one of the Canadian government's major film agencies is now going to target smaller, medium-sized independents. If that's the policy and we make decisions on whether it's the government policy, then the message has to go out there so that the expectation of all Canadians is for their taxpayer dollars to be used in a certain way.

Again, I don't want a response right now. I only want to make sure that when you come forward with your proposals, saying this is what Telefilm would like to see as a film policy and this is the role that we think Telefilm should play within that film policy on a going-forward basis, that those things are also considered.

I am very concerned about the chair's concern for the time, so I don't really want a response today. I only ask you to consider that.

Thank you.

• (1145)

The Chair: Monsieur Kotto, I'll give you about five minutes, and then I'll give our witnesses a few minutes to wrap up and round out things if they like.

[*Translation*]

Mr. Maka Kotto: Thank you, Madam Chair.

I would have liked to stay longer, but with circumstances being what they are, we're going to cut things short. So I'm going to make a list of my four questions. I'll be brief.

According to a recent joint study by SARTEC and the UDA, of the \$1.4 billion allocated to animation alone, 10.9% was invested in French-language series. That study is entitled "Young Francophone Public Dispossessed of Its Culture and Deprived of its Artists". Most

Canadian English-language programs are dubbed in French outside Canada, despite co-production agreements.

Why has Telefilm Canada invested in co-productions involving foreign dubbing? Nearly nine out of 10 series are written outside Canada or in English, and more than 68% of them don't even involve Francophones from here. I'd like to have your comments on the subject.

Here's my other question. With the arrival of digital—Mr. Clarkson got ahead of me on this point in one of his earlier statements—does Telefilm Canada plan on setting aside a reserve of money for IMAX technology, which, it should be kept in mind, was developed in Quebec? The question that arises from that is this: since IMAX is part of the documentary portfolio, do you anticipate competition with the NFB over financing for the feature documentary?

My second last question concerns the harmonization of film subsidies by Telefilm Canada and SODEC. Sometimes when a producer files an application with Telefilm Canada, it's yes on one side and no on the other. It's no at SODEC, or the reverse. Are there any agreements? Are there any chances of harmonizing financial support?

I'd also like to know, briefly, your vision of cultural policy on Canadian film in a globalization context. I mean cultural policy, not economic policy.

Thank you very much.

Mr. Michel Pradier: As regards the SARTEC-UDA report, we're aware of the question. I think you have to look at certain things in context, particularly animation production, which is done in a co-production context. Financial production imperatives are often set by English-language operators because these productions are extremely costly. To come up with enough financing, advances are often made on significant purchases or by financial partners, who are significant as well, who dictate their conditions on production language.

As for foreign dubbing, some treaties or agreements between countries require that dubbing be done in those countries. To balance financing on both sides, whether it's Canada or the partner country, cost sharing is often determined by the imperatives of the policies of each of the countries, having regard to the treaties binding on them. This is a question we're examining, but in the context of the programs we manage. We can't address all the questions related to this issue, which is a broad one.

I'll leave it to others to address certain questions. I'll answer your fourth question on the harmonization of decisions by SODEC and Telefilm Canada. I will tell you that there is no established mechanism, because SODEC has its business plan and agenda, while we have our own. However, no horse has ever stood on one foot. Ultimately, at the end of the fiscal year, each institution has financed the same films. This can be explained in a fairly simple and logical way. If it's a good, well-written and well-directed film, with substantiated production treatments that explain what the product is, and there's also adequate marketing, there's a good decision to be made, by both Telefilm Canada and SODEC. That's why, to date, we haven't seen any orphans; by that, I mean films that haven't received funding from both parties.

That doesn't mean we shouldn't be vigilant. If SODEC has to make a decision at the end of its fiscal year and we're partners in a film, I imagine that will weigh in the balance of how it thinks about financing that film. The Francophone sector isn't a big one, and we have to show some common sense when we finance films.

I'll leave the other questions to my colleagues.

• (1150)

Mr. S. Wayne Clarkson: I'd like to address the question of competition with the National Film Board of Canada regarding digital films and short films, with your permission. At the Jutra Awards, there were five nominations for short animated films.

[English]

All five were produced by the National Film Board. Is there no independent animation community in Quebec, in Montreal? With the \$60 million or \$70 million the Film Board has, are they cutting out the independent private sector producers of short dramatic films?

I say this with all respect, because I know the history of the Film Board. I admire the Academy Award they won for *Ryan*, which was also done in partnership with Seneca College. I admire the nomination they received for *Hardwood*, a wonderful documentary that I think they screened for the committee. It was financed by the Ontario Media Development Corporation. So what I compliment the Film Board on is their partnerships.

I think competition is a good thing, and the Film Board can compete with anybody, but my concern is—again the example I experienced at the Jutra Awards—I'm not sure it's a level playing field. In my cross-Canada tour, I met with independent filmmakers from every province, and they look to Telefilm as the lead agency in long-form documentaries. We would, of course, coordinate our activities with the National Film Board, but they look to Telefilm as the primary supporter of independent filmmaking.

The Chair: Thank you.

[Translation]

Mr. Maka Kotto: There was the cultural policy vision question.

Mr. Charles Belanger: As we said a little earlier, Mr. Kotto, that's a question that requires more thinking. When we appear before the committee again, we'll be in a better position to tell you about that vision, as you request.

The Chair: I hope we'll at least have another meeting with today's witnesses.

[English]

You can take a couple of minutes, if there's anything you want to wrap up or round out. Otherwise I invite you to communicate with the committee if you have some follow-up. I would particularly say that I know our researchers and analysts will want to follow up with you as well, to sort of flesh out some areas where we did some questioning that wasn't perhaps as in-depth as we might have liked.

Do you have any final comments, Mr. Clarkson?

[Translation]

Mr. S. Wayne Clarkson: Thank you very much.

• (1155)

[English]

We look forward to returning. I think you are going to have a whole series of new questions for us once you've had the opportunity to meet with the associations, the unions, the *syndicats*, the filmmakers, the *réalisateurs*, etc. We welcome that dialogue.

Thank you.

The Chair: Thank you very much.

[Translation]

Mr. Charles Belanger: Thank you for asking fundamental questions, which require us to think more. But I especially want us to be able to propose, to you and to the government, a kind of thinking through action.

[English]

It's an action plan that we're committed to develop. We'll be more than pleased to come back to tell you more about how we see things unfolding from here.

So thank you very much. We really appreciate your time as well.

The Chair: Thank you very much.

There was one more issue we were going to try to deal with, but I think it's been a long morning for everybody. We'll simply put it off. Thank you very much.

If there's no other business, I will bang the gavel and adjourn this meeting of the heritage committee.

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