



House of Commons  
CANADA

## Standing Committee on Canadian Heritage

---

CHPC • NUMBER 042 • 1st SESSION • 38th PARLIAMENT

---

EVIDENCE

**Monday, June 6, 2005**

—  
**Chair**

**Ms. Marlene Catterall**

All parliamentary publications are available on the  
"Parliamentary Internet Parlementaire" at the following address:

**<http://www.parl.gc.ca>**

## Standing Committee on Canadian Heritage

Monday, June 6, 2005

• (0910)

[English]

**The Chair (Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)):** I call to order this meeting of the Standing Committee on Canadian Heritage, and our study is on the feature film industry in Canada.

Our first witness today is the Canadian Film and Television Production Association, more specifically Mary Sexton, from Rink Rat Productions Inc., and Paul Pope, from Pope Productions Inc.

No? He's not here.

From the Nova Scotia College of Art and Design, fine and media arts, we have Bruce Barber, professor, and Deborah Carver, executive director of development and special projects.

I think we will begin with Mary Sexton.

**Ms. Mary Sexton (Rink Rat Productions Inc., Canadian Film and Television Production Association):** I apologize for my colleague Paul Pope not being able to attend. Fortunately for him, he's actually going to camera in one week on a four-hour historical drama, a first miniseries for CBC.

I'd like to take the opportunity to thank the committee for coming out to the east and for your initiative to study the Canadian film and feature film industry. You've heard from my colleagues from all other parts of Canada.

Without producers, feature films would not get made in Canada. We take a project from its inception. The project is normally a story or a seed of an idea. We take it to fruition. We find the creative team, we finance the film, we make the film, and then we take the film to market. Sometimes it gets on the theatrical screens, sometimes it doesn't. We stay with the film until the very bitter end, meaning without producers there is no film.

Nobody really makes any money off a feature film in Canada. Our counterparts in French Canada, luckily and fortunately for them, have an indigenous industry. They've worked diligently to create a market. We are up against Hollywood blockbusters. How are we to compete in a market when we are making films at \$8 million and they're making films at \$80 million? The amount we spend to make our feature films is what they spend to market their films.

You know, English Canada gets two-thirds of the funding and French Canada gets one-third. It's not a fair marketplace at all. In Canada we do not have in all provinces the amount of money French Canada gets to put into their feature films...so that comes in for about a 25% equity share in the production.

In Newfoundland, for us to make a feature film is a miracle, and to get it on a screen in Canada is even more of a miracle. In Newfoundland we get 20% equity on our tax credits, but what ends up happening is most times you start with the idea and you work it through and five years later, when you finally get the film finished and get the financing paid back, there's little or nothing left for the producer. The producer is the one who is left, yet they're the stakeholder and they're financially responsible.

I myself created a feature film with Rosemary House. We basically put up our houses to finance this feature film, we believed it in so much. We wanted this film to come to the screen.

I consider "distribution in Canada" an oxymoron. I don't think there is distribution in English Canada for feature films.

I have to subsidize my feature filmmaking with television. I produce *Canadian Idol*, and the reason I produce *Canadian Idol* is so I can actually make money so my company can stay alive so I can work on the projects that are near and dear to my heart. I've been working on a feature film about the *Ocean Ranger* for eight years now. I started on this project and I will see this project to the end, but it's because of my other work that I can continue to do that. I don't have the infrastructure in my company to be able to sustain projects and work on them back to back.

What I recommend to the committee is to really take a good look at English Canada feature films. Make a minimum commitment of five years to the fund so we can actually sustain English Canada feature films, and increase the funding so we can actually have at least a fair share when making a feature and it will get to the market and be able to be profitable.

As well, I think it's very important that the public and private sector components work together in harmony. When we go, there are two different envelopes.

I myself didn't have success with my feature film, but I did finish it and I did bring it to the theatres. It was not meant to go to the theatres. They said no, it wasn't going to go to the theatres, but part of my contractual obligation to movie television was that it had to be at movie theatres. So we brought it to the theatres, and that was something we worked diligently and very hard to push, push, push.

We showed it in Newfoundland, and it was extended by a week; we showed it in Toronto, and it was extended by a week. I think if it had had marketing money behind it—it starred Mary Walsh, as well as a couple of local actors—if it had been given any kind of support financially in the marketing, it would have actually had success.

You really need to look at how we can work together to create feature films that will actually be able to make money. Going up against Hollywood blockbusters is a very difficult task. Four to five times more films go into English Canada than into Quebec, so it's very difficult to compare English feature films to French feature films.

I listened to Denise Robert. I am working on a feature film with her right now. They talked about how they worked the indigenous market, how ten years ago they started going out to every little small place across Quebec to build the markets. How can I, in Newfoundland, take on this whole country to take my film to each little part? First of all, I don't have the time—that would take another year of my life—and second, I don't have the resources to do it.

I think we really need to work together to put the finances in the right places and set up the committees to be able to work together to show Canadians their heritage on the screen and show Canadians our stories. We don't need to always be seeing American films. We need to see our own indigenous films get the success they deserve.

As a last point, I am disappointed with the Minister of Heritage shutting down the committee on feature films. Yes, this committee needed a little restructuring, but I don't think abolishing the committee really was the right thing to do. We worked together with this advisory council, and it was very important that we work hand in hand. Unfortunately, I think saying it's been shut down is sending the wrong message to the industry.

Telefilm is only 30% of the financing on a feature, so it's very unfortunate at this time that she shut down this committee. I think it's important that we work together to put together another committee that will advise government on feature films. As well, Telefilm is only one piece of the puzzle; they're basically 30% equity on a feature film, and they do not support all feature films across the country. We also need to look at Canada Council, Telefilm.... All of these parties play an extreme role in bringing feature films to the theatres.

I think that's it for now.

● (0915)

**The Chair:** Thank you very much.

Next are Bruce Barber and Ms. Deborah Carver.

**Professor Bruce Barber (Media Arts Department, Nova Scotia College of Arts and Design Fine & Media Arts):** Good morning, Madam Chair.

Thank you for this opportunity to present our brief to the committee on Canadian heritage. Welcome to Halifax. We have managed to turn some good weather on for you, and I hope that you enjoy your stay in our region, short though it may be.

My colleague and I have sent you briefs representing the Nova Scotia College of Art and Design's interest in the promotion of the feature film industry in Canada. In our briefs, we have suggested that one of the cornerstones of the production of feature films is education. It will come as no surprise to you that Canada has had a tortured history in the production of feature films. I'll quote you from one essay from the *Oxford History of World Cinema* by Jill McGreal,

who cites the waxing and waning of the feature film industry in Canada.

Some of this will be familiar to you. My students find it revelatory history. For example, Trenton, Nova Scotia, was the site of one of the most successful early film production studios. In the 1920s, Shipman was making silent films. However, his star players gradually began to leave for Hollywood—Mary Pickford, Fay Wray, Walter Pidgeon, Norma Shearer. They set the pattern of southward migration for the future, which is still going on.

If you were watching television last night, you might have seen two major Canadian productions: *Going Down the Road*, which is very much about migration, and a wonderful production about the Halifax explosion on CBC. These two Canadian productions reinforce the understanding that some of what is happening in Canada is very good.

But waxing and waning.... One of the consistent problems in Canada has been the lack of education in the film industry. NSCAD has been offering instruction on film and video since the late 1960s. In 1968 we instituted the first video production course in any art college in Canada. During the past three decades, we've been host to visits by dozens of film-makers and teachers, including some of the most distinguished directors and artists of the day.

I might mention many names of important young film directors, like Tom Fitzgerald, Andrea Dorfman, and Steven Reynolds. NSCAD University alumni have established film training or production organizations or have worked at AFSCOOP, the Atlantic Filmmakers Cooperative, the Centre for Outtakes, the Atlantic Film Festival, CBC, and various film and video companies throughout the region. Scores of NSCAD University alumni work within other sectors of the industry, often as unionized members of local and international feature film crews, functioning as cinematographers, sound engineers, technicians, set designers, builders, scene painters, or model builders.

For almost three decades, NSCAD University accomplished this without a film school or a graduate or undergraduate program in film. The same is true of the local music industry, but that's another story. For some years, it's been obvious to me and my colleagues that if a film and video industry, or, as I prefer to call it, a film culture, in the Atlantic region was to prosper and grow, as it did in the 1920s, more opportunities to train people needed to be developed within the tertiary-level institutions in Halifax, Nova Scotia, and the maritime region as a whole.

With the encouragement of people like Ann MacKenzie of the Nova Scotia Film Development Corporation, members of the commercial film industry in Nova Scotia, and the independent film community, which I stress is a very strong community, in 2004 we finally instituted our undergraduate major program in film—20 years after many of us thought it should have been instituted. This was in fact nearly a decade after several reports and surveys indicated that we should have more comprehensive film and video training facilities in Nova Scotia.

We were exporting talent, and we weren't building infrastructure. That's the important message I want to send to you to remind you of the importance of infrastructure and education.

We have had a lot of benefactors in the last few years. We were fortunate indeed to receive the support of Alliance Atlantis Communications Inc., one of Canada's major—some would say the major—film and television distributors, which donated a historic building below the Halifax Citadel. You can't see it from here, but the Alliance Atlantis Academy building occupies 25,000 square feet, with a 3,000-square-foot sound stage equipped with acoustic baffling, 16-millimetre film equipment, high-end digital cameras, some digital and analog edit suites, professional lighting, and grip equipment.

We have now graduated two classes of students majoring in film. This is a major success, I believe. The last semester-end screening listed 31 films produced at all levels in the program, some of which have subsequently been booked for exhibition at film festivals throughout the country. This year we accepted our first graduate student in film, who is presently making films and teaching film animation in the Yukon. We also have another two graduate students, one arriving from India and one from Belfast in Northern Ireland, two time-based video and film production people.

This is a success story, I believe. A second success is provided by the inter-university film studies program for the study of history, theory, and criticism of film. In 1997 NSCAD University participated in the institution of the inter-university film studies minor degree program, which graduated its first student in 2001. We have since graduated many students from that program, some of whom have gone on to graduate work in film studies or are actually filmmaking or writing criticism of film and television.

The film studies program presently offers over 20 courses at all levels, from introductory to advanced, taught by 17 faculty members from four universities. Encouraged by the success of this program, in 2004 NSCAD submitted an application to the Canada research chairs program for a Canada research chair in contemporary film and media studies to be located here. Our application was successful, and we look forward to the arrival of Dr. Darrell Varga, formerly of Brock University, who will assume the position at NSCAD University. He will also become the chair of the inter-university film studies committee. This committee rotates between the four participating institutions. Within a few years, I anticipate that we'll have a graduate program in film studies to match the master's degree in film production that is presently being developed.

Both the film production and academic programs have been operating for a relatively short period. Although we've been successful in implementing them with limited resources, both have been seriously underfunded and remain vulnerable to the vagaries of institutional funding.

It's often been acknowledged that feature film production, exhibition, and distribution is a multidisciplinary process that is capital intensive and marked by an extreme division of labour. Feature filmmaking has an enormous appetite for talented professionals and artisans spanning an expansive territory from acting to zookeeping. There are at present 44 schools in Canada that offer programs in film and video studies, nine of which are in the Maritimes. I would stress that these programs are all vulnerable due to lack of funding. Many of them exist in name, but there might be only two or three classes that are operating, and others are more developed. Certainly NSCAD is one of the central places, with its

undergraduate and graduate degrees, for producing more talented individuals who can enter the feature film, independent, and experimental film industries, such as they are.

• (0925)

These 44 schools typically provide training above or below the line—and you've probably heard from many of your other witnesses what this distinction represents. Above the line is direction, production, screenwriting, cinematography, and editing, and below the line is electrical cinematography, sound editing, set design, lighting, scenography, carpentry, makeup, hairdressing, etc. Few schools integrate acting for film and television into their programs or provide specialized training in digital animation, makeup effects and prosthesis, large-scale sculpture, production of armour, weapons, miniatures, prop building, display work, or any forms of costuming. Most of these programs do not undertake any of this form of teaching or training. Some do, but to a very limited extent.

Large art schools such as NSCAD University, with well-developed fine and media arts, crafts, and design programs, typically enable students to obtain these skills, but specialized training for individual film projects is often undertaken within the industry itself. We recognize that a vital film culture within any community can become the laboratory for niche skills such as these to be learned and subsequently developed into integral components of the industry, which may then be, in their turn, adopted by institutes of education.

Before I hand over to my colleague Deborah, some time ago, before I submitted my brief to the committee, I did a search on the Internet Movie Database, IMDb, which didn't give me cause for complacency with regard to the number of hits we get for Canadian film. For example, when you compare New Zealand, which is my country of birth, with Canada, you will find that a search on "New Zealand" has 855 matching titles; substitute "Canada" or "Canadian" for "New Zealand"—I didn't check on "Quebec" as a substitute—and you will find 19 or 20 matching titles, oddly enough.

At another site, filmmaking.net, New Zealand has 18 film and media schools listed, and Canada has 42, though it's actually 44. But with New Zealand being a tenth of the population of Canada, notwithstanding a few million sheep, you can see that the optic is not necessarily worthy of complacency and perhaps should even be a reason for alarm.

Optimists and pessimists will argue that we don't appear in large numbers because we're absorbed into the U.S. infrastructure. We're a branch plant for the U.S., essentially, for the Hollywood film industry. Others will say, but isn't Hollywood run by expatriate Canadians? I'm not so sure about that.

I'll now turn over, before I make some specific recommendations, to my colleague Deborah, who will carry on from my discussion.

• (0930)

**Ms. Deborah Carver (Executive Director, Development and Special projects, Nova Scotia College of Arts and Design Fine & Media Arts):** Thank you, Bruce.

First of all, as Professor Barber mentioned, NSCAD is initiating a new graduate program in film for which we expect to have a full class intake in September 2006. One of the unusual things about this program, we think, even within the Canadian scene, is its focus on commercial production; that is, the students, after a two-year period, will come out of the program skilled in producing commercially viable films. As Bruce mentioned, the program has already been supported by Alliance Atlantis Communications in donating a building to us and in lending their name to the graduate program.

We would like to commend the Canadian feature film policy that is now in place for addressing the needs of the feature film industry through investment in development and in production and marketing. I take in Mary's heartfelt comments about the degree to which the policy could be improved in many areas. The feature film policy as it now stands also addresses professional development. As a result of all these efforts, Canadian films are reaching larger audiences.

However, from our point of view as an educational institution, most of the intervention through the feature film policy as it now stands has been on a per-film basis. It has naturally been project driven, and it has, in its limited way, tried to address the issues Mary has raised next to me. As such, it attempts to complement feature-film funding available through private funders, broadcasters, and distributors. It's our view that greater depth can be added to the training component of the policy, and that there's a continual need to feed the industry with talented young professionals in all roles, in order to build the long-term capacity of the industry in Canada. This is a role only government can take. Other funders in the marketplace—distributors, broadcasters, investors—naturally are focused on opportunistic rather than systemic investment. It is only at a government level that we can take a long-term view. Hence, we encourage this committee to look at what is required in the basic educational training infrastructure of the industry.

We support the national training program in the film and video sector as it has developed so far. It's been focused, as you know, on a number of national training schools and, to a limited extent, on support for training offered through various cooperatives in the regions. However, the current support could be much enhanced, particularly with recognition that universities can very appropriately offer formal professional training as a basis for later professional development. Universities, of course, are institutions that have longevity. They're very accessible. They're relatively inexpensive, and they focus on interdisciplinarity. Universities are heavily engaged in research and innovation, and understand the links between innovation and economic development.

Universities are also focused generally on protecting the intellectual property rights of the creator. In the film business, an important aspect of training in film is that the creator of the work have his or her intellectual property protected.

Universities have been recently recognized, especially in this region, as engines for immigration. We need to be focused not only on developing the talent that lies here, but also on attracting new talent into Canada to stay here. Universities are very good at this. By supporting only the four identified national training schools and the media cooperatives through the program that now exists, Canada is in danger of undereducating its filmmakers.

Film education at the university level ensures attention to the art, as well as to the craft and the business, of filmmaking. We propose that a truly comprehensive national film policy broaden that national training program as it now stands to include post-secondary institutions, in particular by providing support directly to students through graduate-level scholarships, bursaries, and internships. This is entirely appropriate at the federal level, without trampling on any concerns to do with provincial jurisdiction over education. There's also an opportunity to support the infrastructure for university centres of excellence that are focused on film.

● (0935)

We also think there's an opportunity for the Department of Canadian Heritage to engage with Canada's innovation strategy and support the development of the film sector as a key place where Canada's innovation strategy could be enhanced. In fact, the Department of Canadian Heritage should work to place film and the entire cultural agenda squarely as a component of the delivery of the innovation strategy through the Canada research chairs program and the Canada Foundation for Innovation, where the cultural industries are hugely under-represented. This deeper systemic support will help develop a new cadre of talented and well-equipped young filmmakers in Canada.

**Prof. Bruce Barber:** Thank you, Deborah.

I would just like to reinforce with a series of five recommendations that we would ask the committee to reflect upon, to reinforce the last three recommendations that Deborah made.

The first is to increase support of existing educational programs in film—including film studies—and media arts, not necessarily to produce more film schools or programs but to provide sustained funding, both federally and provincially, to ensure that these degree and certificate programs prosper and grow. Many filmmakers don't come from approved film schools. You just have to look at the history of film, at someone like Peter Greenaway, David Lynch, or Jane Campion, even Alfred Hitchcock, or Fritz Lang, all with fine arts backgrounds, fine arts training. Many of them began as painters. I could name a hundred such individuals who became successful major internationally recognized feature film directors, and many of them didn't go through legitimate training programs.

However, that's not to suggest that we should necessarily forget that training is a powerful engine for production. Because film is such a multidisciplinary activity with a certain division of labour operating within it, and feature film particularly generates the opportunity for hundreds of different skill sets and talents to be exploited, many of these programs can provide some but not all of the skill sets.

We would suggest that funding programs to sustain them is the most important activity that a government, whether provincially, locally, or federally, can do. They can do this in several ways—as Deborah suggested, by targeting funding for media and film industry education within centres of proven excellence. At present, most of that funding seems to go to Upper Canadian institutions that will remain unmentioned.

We recommend increased funding for film-related apprenticeship programs in tertiary-level institutions and community colleges throughout the region. It's unfortunate that our community college colleagues aren't here today. In fact, there should be at least another 30 or 40 people in the room. I'm not sure why that didn't take place. But be that as it may, I've attended similar briefing sessions for the Canada Council and SSHRC over the years, and there have usually been 50 or 60 people in the room, here in Halifax. I can't understand why that is not the case today.

The third recommendation is to provide—and of course, government is only one player in this—increased opportunities for targeted post-graduate education and mid-career professional upgrading through opportunity investment. The government can be a player in this, but also the private sector and institutional investments can participate.

The fourth recommendation is to develop a more focused fiscal response to applications to federal programs through endorsing the work of successful programs and centres of excellence.

And last but not least is to examine of the immigration point system—and I know this is both federal and provincial jurisdiction—with a view to amend policy to make Canada a more attractive destination to international film and television professionals and artisans, and to recognize our expatriates as gold-collar workers, as they do in Australia and New Zealand, to recognize that they just don't leave the country, that they also come back.

● (0940)

Norman Jewison is a perfect example of a gold-collar worker, an expatriate who gives back to this country, in large measures, the successes that he's undertaken outside the borders of Canada. Other countries do this; they attract and they target certain key individuals through their immigration policies.

When I look at the point system for our immigration system, I don't see film writ large, and I don't see technical expertise writ large; I see capital writ large and family writ large. That's good. That's as it should be, perhaps. But we should also think of targeting and making Canada more attractive as a destination for talented multinational people, who typically move all around the world.

Notwithstanding that we now have a problem with our security perimeters, etc., and this is a discussion we can get into at great length here, I'm sure that you've certainly been aware of some of the concerns we have about opening immigration to any and everybody. However, other countries do it. In Australia and New Zealand it's been a prime builder of their film industry.

I will stop there and thank you for the attention and time you've given to NSCAD.

Thank you.

**The Chair:** Thank you very much to both of you.

We'll now hear from the Nova Scotia Film Development Corporation, Ann MacKenzie.

**Ms. Ann MacKenzie (Chief Executive Officer, Nova Scotia Film Development Corporation):** Thank you very much.

I'm speaking today not only as the CEO of Nova Scotia Film Development Corporation but also as the chair of Atlantic Canada Film Partners, which represents the other three film and television funding agencies in Atlantic Canada, in Newfoundland and Labrador, New Brunswick, and Prince Edward Island. In the appendix of the brief that I submitted, you'll see support letters from each of these agencies.

The brief comes at this from both the feature film side and the television side because, as Mary mentioned earlier, most of the filmmakers right across Canada work in both fields, and they do that out of necessity.

In our brief we had four major recommendations that we thought had to be addressed. I'll just go over them or I'll mention them without going into too much detail now, and then I'd like to go through the highlights of the brief just very quickly.

There are four key areas that we feel must be addressed. First, there must be a comprehensive and integrated film policy to guide the cultural, industrial, and economic growth and development of the industry. There is such a policy for a lot of other industries in Canada, but not for film and television. There are a lot of programs out there. There's a lot of legislation out there. There are a lot of agencies out there, but they're not always complementary to each other. They're not always going in the same direction, and at times they're duplicating each other, and it's very inefficient.

Probably our major and most important recommendation—and it's something that you'll hear coming out of Atlantic Canada and the western provinces all the time—is that in any federal program there has to be mandatory equitable access to funding and programs for all regions of Canada. In a lot of cases right now that's not the case. It's not happening.

The distribution, marketing, and promotion of feature films is abysmal. That has to be reviewed and corrected if ever we want to improve our feature film industry.

We believe that there must be more flexibility or creative flexibility allowed in a lot of the federal programs if we're ever going to create internationally marketable films.

I'd like to tell you a little bit about Nova Scotia Film Development Corporation and Nova Scotia's filmmakers, just to put things in perspective. Nova Scotia Film Development Corporation is a provincial crown corporation. We have various programs to help grow the film and television industry. Each year we contribute directly, between direct assistance and tax credits, \$15 million to \$20 million to Nova Scotia's film industry. Nova Scotia is the fourth-largest production centre in the country, and it has been for seven years. The brief says it's six years, but it's actually seven years. We just finished our March 31, 2004, statistics, and we're well over \$100 million again. But an interesting characteristic about Nova Scotia's film industry is that when it comes to what percentage of total film production is actually created by local filmmakers, Nova Scotia has the highest percentage in the country. This is very important, because that's what tells your own stories, and that's the intellectual property that makes sure that any revenue flowing from these properties stays in your province and gets reinvested. We consistently have between 55% and 65% of our total production owned and created by Nova Scotia filmmakers.

I want to actually read directly from my submission to give you just a sample of the work that's done in Nova Scotia, to put it into perspective and to show you the talent that's in Nova Scotia. And Nova Scotia is only one part of Atlantic Canada. There are filmmakers in Newfoundland and the other Atlantic provinces who are just as well recognized and accomplished.

I'm sure everybody has heard of the cult series *Trailer Park Boys*, which won the Gemini for the best comedy program series in 2004. The creators are currently in pre-production with well-known director Ivan Reitman on a feature film that's going to start shooting June 27.

The popular stop motion animated series *Poko* was recently rated the most popular children's show on all networks in Canada, including the U.S. ones. The producer of this show, Michael Donovan, was also successful at the 2004 Gemini awards, receiving the best pre-school program for the series award for *Poko* and six awards for *Shattered City: The Halifax Explosion*. Michael also won an Oscar in 2002 as the producer of Michael Moore's *Bowling for Columbine*. These add to the list of Gemini awards that he's won for popular shows such as *Codeco*, *This Hour Has 22 Minutes*, *Made in Canada*, and many others.

Producers Wayne Grigsby and David MacLeod, of Big Motion Pictures, Chester-based, continually create award-winning high-value dramatic programming that includes *Blessed Stranger: After Flight 111*, *Trudeau*, *Sleep Murder*, *Sex Traffic*, and *Trudeau: The Early Years*. Wayne was recognized for his body of work with the prestigious Margaret Collier Award at the 2004 Geminis.

• (0945)

Collideascope Digital Productions is a highly recognized producer of animation and interactive products. Their original series *Olliver's Adventures* won for best animated program or series in Gemini in 2000. In February 2005 the co-founders of the company, Steven Comeau and Michael-Andreas Kuttner, received the CFTTA's entrepreneur of the year award for their accomplishments and innovative business models.

Feature film producer Christopher Zimmer of imX Communications has created many acclaimed feature films, such as *Margaret's Museum*, *Love and Death on Long Island*, *New Waterford Girl*, and the recent Edward Burns film entitled *The River King*, which will probably start the festival circuit in September 2005. Local producer-director Paul Donovan created the science fiction cult classic series *Lexx*. He has recently shot a dramatic movie on Rodrigo Borgia entitled *The Conclave*, shot in high definition, that is intended for theatrical release.

Lesley Ann Patten of Ziji Film and Television Production consistently creates compelling documentaries that garner international interest and has won many awards, including for *Words of My Perfect Teacher* and *Loyalties*. Local filmmaker Tom Fitzgerald has experienced both box-office and festival success for his body of work, including *The Hanging Garden*, *The Event*, *Wild Dogs*, and his current production *3 Needles*, which is scheduled for release in September 2005 and is a spectacular film; I've already seen a rush on it. It has well-known actors Lucy Lu, Sandra Oh, Olympia Dukakis. Tom is just a filmmaking genius.

Producer Camelia Frieberg and director Daniel MacIvor have collaborated on several successful films, including *Wilby Wonderful*, which screened at several festivals and received awards around the world, and *Whole New Thing*, their most recent feature film, which was pre-selected for the 2005 Cannes film festival.

Nova Scotia producers have been successful in capturing niche markets. Arcadia Entertainment and Eco-Nova have excelled in television series with underwater themes. Arcadia's *Marine Machines* premiered in January 2005 on The History Channel with ratings that doubled the network's average viewership, including the viewership for their U.S. shows, and was the highest-rated show on National Geographic Channels International when it premiered in February.

Eco-Nova's documentary series *Sea Hunters* and *Oceans of Mystery* both continue to air on televisions and in museums in over 150 countries. Ocean Entertainment's food theme series shows, such as *Chef at Home*, *Chef at Large*, *The Food Hunter*, and *The Inn Chef*, consistently draw audiences on food networks both in the United States and Canada and on the Life Network. Then we have companies like Red Star Films and Road House Films that are well known for their UFO documentaries.

These achievements are just a small sample of the work Nova Scotia filmmakers are doing. In 2004 alone, Nova Scotia filmmakers were nominated for a total of 40 Gemini awards and took home 18.

The rest of the world has to see these works, because they speak to who Nova Scotians are. Our filmmakers represent voices and viewpoints that have to be heard not because we come from a region, but because we have something of value to say, and other Canadians will recognize it, appreciate it, and be able to relate to it. Our stories are contributing to the cultural fabric of this country, and the world is truly a better place for having heard them.



The significant accomplishments of Nova Scotia filmmakers is definitely a result of their talent, but it's no coincidence that the provincial government is very supportive, and there has always been a permanent regional office for Telefilm, the National Film Board, and the CBC. Any review of the existing feature film policy and the structure and effectiveness of existing direct and indirect support mechanisms must recognize and value the importance of these institutions in regions such as Nova Scotia and the Atlantic provinces.

I'll just briefly touch on the themes related to the feature film policy and the goals of it. I'll start out by saying we believe the feature film fund is very important. It has contributed a lot to the industry and has a lot of room for improvement and future implementations to contribute even more. In developing and retaining talented creators, nurturing talent has to be looked at and development has to be looked at. The program has to be opened up and made more accessible for young, emerging filmmakers. It has to be more transparent. It has to be less complex, less bureaucratic.

Far too much of Canadian resources is contributed to a small, select group of well-known Canadian directors. It's time to let the new generation access these funds. If you want really good feature films, you have to start with the idea and the story. Scriptwriters and directors really have to be able to access funds—and new ones. We also think there has to be an outreach, and there should be a system set up for feature-length documentaries, and a fund set up to encourage digital filmmaking.

● (0950)

In the outreach areas, there are large French-speaking communities outside of Quebec. Nova Scotia has one. It's the same for aboriginal communities if they do not have a track record of being able to access federal funds. Some type of awareness and outreach has to be done so that all regions of the country can access these funds.

With the recent change in the audience's appetite for feature-length documentaries on the big screen with the success of *Bowling for Columbine*, *Fahrenheit 9/11*, *The Corporation*, and *Spellbound*, we think there should be a fund set up to support feature-length documentaries. With this audience shift and Canada's history of creating compelling and award-winning documentaries, there's a key opportunity where we can take advantage and really shine.

Fostering quality and diversity of Canadian films is the area where a lot of work can be done, in our belief. Increased production budgets and financing has to happen. There are limited funds available in Canada now and there's a large demand on those limited funds. A lot of the time, producers have to go outside to raise the financing. They have to co-produce. With the existing systems in place, or the complexity of the co-production administration in place now, what ends up happening is that a lot of the funds they raise through co-production go toward legal and business costs instead of towards actual production values, which is what you wanted in the first place. So the complexity of the co-production administration, both in terms of the tax credit and the direct assistance, must be simplified.

Again, we think you must guarantee and protect regional access. Regions like Atlantic Canada and the western provinces must

receive equitable access to federal funds. In addition, federally funded agencies must have an obligation to support these regions and the obligation must be enforced. Far too often, decisions are made at federally funded organizations, like Telefilm Canada, like the Canadian Television Fund, that cause hardship to regions. In fact, a recent decision was made by Telefilm Canada that will cause significant hardship to the Atlantic Film Festival, which is celebrating its 50th anniversary this year... Oh, I'm sorry, its 25th anniversary. I'm being very optimistic.

The 25 year anniversary is a big milestone for the Atlantic Film Festival. Telefilm Canada allowed, or actually suggested, that the new Montreal film festival, *Le Festival International de films de Montréal*, change the original dates that it set, and Telefilm requested they change those dates because it conflicted with the *Festival du Nouveau Cinéma* in Montreal. The new dates that film festival suggested conflict with the Atlantic Film Festival, and Telefilm accepted these dates. That's just an example of what I'm trying to say. It was not okay for the new festival to conflict with yet another Montreal-based film festival, but it was okay for it to conflict with the Atlantic Film Festival. There's something wrong with that type of logic. People can only attend one festival. What that means is that this year, on its 25th anniversary, the Atlantic Film Festival will face competition from another festival, which it has not in the past.

The selective component of the feature film fund is necessary for smaller producers and regional producers to be able to access funds. We recommend increasing and maintaining adequate levels of funding for the selective component. Any efforts to quickly increase the allocations to the performance component from its current level of 24% to Telefilm's stated objective of 75% would have a detrimental effect on regional producers. Again, we suggest that recruitment centres for producers somehow be revisited in these programs.

In building larger audiences at home and abroad, we concur with pretty much everybody else that distribution, marketing, and promotion expertise are seriously lacking in Canada. It should be the highest priority for Canada's feature film industry. The lack of qualified distributors with adequate resources to support Canadian films remains a constant source of frustration for producers. We recommend that a thorough review of Canada's distributors and their performance be undertaken.

In addition, we recommend that non-Canadian distributors, in an effort to address some of the challenges faced by the local industry in Canada, be allowed to distribute Canadian films. Distribution is a competitive industry and if an American or an international distributor is willing to commit resources to market a Canadian film, this should be permitted.

● (0955)

Canadian broadcasters have a privileged position in the industry, and they should have to give back in a more substantive way to the industry than they currently do in the areas of marketing and promotion. We recommend the establishment of a fund to help producers get to markets, to establish relationships with broadcasters and distributors, and to just get the necessary industrial intelligence that you garner at these markets.

One area that's always overlooked but plays a key role in the feature film industry is exhibition. Currently there's no incentive for exhibitors to show Canadian films, and much of the time they face intense intimidation from the U.S. majors to place U.S. films in theatres as opposed to Canadian films. Since the exhibitors are private companies and they get larger audiences for American films, there's little incentive for them to screen Canadian films.

New ways of encouraging exhibitors must be investigated, and while quotas are controversial solutions, perhaps a levy that could go back to the development and marketing of Canadian films would work.

We have a whole section on preserving and disseminating our collection of Canadian films, and I won't go into that in detail.

And then we have some comments on the direct and indirect support mechanisms with Telefilm. First of all, the Canadian Feature Film Fund program is critical to the success of the industry and necessary to leverage private and provincial dollars. We express strong support for the continued existence of the Canada Feature Film Fund at its current funding level or higher. What we would suggest, though, is that Telefilm become less involved in the creative elements of these films and particularly in the development area. Less interference in the development and creative aspects of a film will create more market-driven and possibly commercially successful films. A Canadian writer can tell a Canadian story, and will imprint his or her unique Canadian perspective on whatever story they're telling.

We can't place enough emphasis on the importance of Atlantic Canada's regional Telefilm office to the continued success of the local industry, and in fact we would encourage more autonomous decision-making in the regional office.

We also recommend that Telefilm become more involved in the marketing and distribution of films, and that they be more aggressive in holding distributors accountable for the marketing plans and theatrical release commitments.

And we'd like to express our support for Telefilm's recent collective efforts in the international markets, working with the other provincial funding agencies and other federal departments on the Canadian pavilions.

On the Canadian Television Fund front, we recognize that the Canadian Television Fund is an essential component of the Canadian broadcasting system and must receive stable and long-term funding. However, it must guarantee fair and equitable access to these funds by producers from all regions of the country, and this is not happening.

In the last three years, since the elimination of regional bonuses and establishing broadcaster envelopes in CTF, Nova Scotia's access to these funds has significantly declined, despite the tremendous track record that I just gave you a hint of earlier on. Nova Scotia's access to the CTF declined over that period from 8.7% to 5.6%, declined from \$5.8 million to \$3.8 million, and declined from 16 projects to 11 projects.

As the numbers clearly demonstrate, Nova Scotia's access to the fund is declining while over the same period Ontario's Toronto area

access increased from 39.7% to 47.8%, and Quebec's Montreal area increased from 12.6% to 17.2%. It is our opinion that equitable access to the Canadian Television Fund by all regions of the country is not occurring. The results are not acceptable, and we recommend immediate steps be taken to address this.

We have several suggested solutions, and there are possibly others out there. First, on the weighting criteria, currently only 10% is allocated to regional production, and we recommend bumping that up to 25%. Also, in the English-language drama stream, we recommend that regional production access 50% of these reserves, and we also recommend the reintroduction of a 5% regional bonus under both the broadcaster performance envelope stream and the English-language drama stream to supplement licensee top-ups for regional productions.

It's our opinion that an overall target for division of funds at the Canadian Television Fund between regions, and Ontario and Quebec, should target 50% to Ontario and Quebec together, and the other 50% for all other regions of the country.

We recommend that the standing committee investigate ways to create greater efficiencies in the administration of Telefilm and the Canadian Television Fund, and that any duplication of administration be eliminated.

• (1000)

It's our belief that the \$7.5 million of feature film funds, currently administered by the Canadian Television Fund through its licensing top-up program, should be administered by Telefilm to streamline the process and reduce red tape, confusion, and duplication.

For the National Film Board, we recommend that more collaboration occur between the National Film Board and other funding agencies and independent producers. With the current state of distribution in Canada, we feel that the NFB, with its distribution arm, has an ideal opportunity to help Canadian feature films by working closely with independent producers. We feel that the National Film Board should be mandated to work with Canadian filmmakers and to offer them fair and equitable terms.

For tax credits and certification of Canadian content, we strongly support both the Canadian content tax credit and the production services tax credit. We do, however, recommend more creative flexibility in the Canadian content tax credit. The current division of responsibilities for the Canadian content tax credit between Telefilm, CAVCO, and the CRA is onerous and confusing. We would suggest that this process be streamlined and made more transparent. We also recommend more flexibility in the key creative elements, to enable producers to utilize the best creative combination to make their films attractive to global markets.

We recommend that one single organization assess and certify Canadian content for all the programs. It's our belief that a more flexible Canadian content system should take into account the increasing role of the international marketplace, the challenge of financing, and the changing and diverse nature of Canada. It should be flexible and recognize that Canadians themselves will define what is Canadian. The current Canadian content system should remove subjective decision-making about the definition of "Canadian" and "distinctively Canadian". Value is inherent rather than achieved by applying a set of distinctive or visible elements to a script or story to qualify it as Canadian.

Regarding the regulatory environment for the CRTC, it's our opinion that the CRTC should more effectively police and enforce the conditions of licences to broadcasters. We also recommend that it reverse its 1999 television policy on priority programming, which is a large contributor to the current demise of Canada's dramatic industry.

For the CBC, we recommend stable, multi-year funding. As our public broadcaster, we feel that the CBC should support more Canadian drama and play a more active role in the marketing and promotion of Canadian drama and feature film.

On the private broadcasters side, we think that broadcasters hold a privileged position in Canada, and they should be more accountable for this position. They should be mandated to commission more Canadian works and to assist in the promotion of both television and feature film projects. Recently, some of our clients have communicated that they've been pressured by broadcasters to allow broadcasters to participate in profits at the back end of their projects. This should not be permitted. Aggressive steps should be taken to protect producer interests by prohibiting broadcasters from exploiting producer positions. Canadian broadcasters should not be considered prescribed entities for tax credit purposes, because it's challenging enough to determine the fair market value of a licence. At times, broadcasters have been demanding equity positions as a bonus for giving a licence to a producer. We think all of these areas should be addressed.

In conclusion, we strongly recommend that the Standing Committee on Canadian Heritage develop a comprehensive national film, television, and new media policy to guide the cultural, industrial, and economic growth and development of the industry. The federal policy, in its current state, is a patchwork of policy and guidelines, which has been introduced in an ad hoc manner, reacting to changes in the industry. Rather than being coordinated, the legislation, programs, agencies, and regulatory bodies are inefficient and complex. A global policy for the industry would ensure that all parts of the value chain are moving in the same direction and complementing each other. Such a policy would also reduce bureaucratic barriers and duplication of effort, while at the same time increasing and strengthening accountability.

We also recommend that regional interests should be protected in all federally funded programs, and that incentives should be put in place to attract private investment, encourage risk-taking, and nurture talent and passion.

Distribution must be addressed if we're ever to attain any major box office success for our feature films. All programs should allow for the flexibility required to create internationally appealing films.

I would like to thank you very much for this opportunity to share our perspective.

We appreciate any consideration or thoughts that you give to this, and even more, any actions that happen as a result of it.

Thank you.

• (1005)

**The Chair:** If I may just comment, I note there are letters, largely of support, from other film development corporations in Atlantic Canada. Are there any substantive differences of opinion?

**Ms. Ann MacKenzie:** No, there are not. That's why although I prepared this document for Nova Scotia Film Development Corporation, all of the other funding agencies supported it, because all of these issues are the same for filmmakers in all of the Atlantic provinces.

**The Chair:** Thank you very much.

Mr. Casey, you're first.

**Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC):** Thank you very much.

Thank you for the very comprehensive reports that you submitted. I really appreciate them, but they raise so many questions, you don't know where to start.

I noticed in Ms. MacKenzie's report on how films get made in Canada, on page 24 it says that a Canadian producer typically finances a film with money from the Harold Greenberg Fund and the Canada Council, plus an equity investment from Telefilm, plus a grant from the Canadian Television Fund, plus an equity investment from a provincial government agency, plus a pre-sale from a Canadian distributor—Telefilm money by another route—plus a pre-sale to Pay Television, which buys Canadian films on condition of licence, plus federal and provincial tax credits.

It sounds like a poor system. What are the alternatives to this? How can we create the investment in Canada without going through that? That must be a nightmare.

• (1010)

**Ms. Ann MacKenzie:** It is a nightmare, and I think the creation of an overall policy for the industry—like one vision, one policy, all programs going in the same direction—would go a long way in addressing that challenge.

**Mr. Bill Casey:** If there's just one entity to replace all this combination, if possible, is that what you mean?

**Ms. Ann MacKenzie:** Well, federally there certainly could be. One simple step would be the one certification office, or the one certification entity for Canadian content films, because right now a producer who is doing a project has to deal with Telefilm, CAVCO, the CRA.

**Mr. Bill Casey:** I can't imagine dealing with all those government agencies.

**Ms. Mary Sexton:** But they do. It takes about five years to develop some of them.

**Mr. Bill Casey:** One government agency is bad enough.

Another thing you mentioned, and I tried to write it down, is that the mandatory equity is accessible unequally across Canada. Then you went on to say that there's a small select group that usually gets the funding within those regions. So really the funding goes to experienced or perhaps better-known participants in a smaller geographical region as well. It's very focused.

**Ms. Ann MacKenzie:** I was referring more to a small select group of directors in Ontario and Quebec, actually, not in the rest of Canada.

**Mr. Bill Casey:** I just did a little thing on museum funding through the same department. One province, Quebec, gets 37% of all museum funding—or it did last year—and Nova Scotia gets 3%. It was explained that Quebec has more national history than the rest of us, which I disagree with.

I just want to go to Ms. Sexton for a second. I'm curious about where the Rink Rat Productions name came from. How many employees do you have?

**Ms. Mary Sexton:** I did a limited series with CBC called *Dooley Gardens*, which starred Mary Walsh. I was an undercover hockey mom at the rink with my son. I realized that I started to become more of a rink rat than I wanted to be. So then I named my company once I got the *Dooley Garden* series, and I called it Rink Rat Productions.

Right now Rink Rat has four employees, basically because I co-produce *Canadian Idol*. So I get to work on *Canadian Idol*. I go across the country. I basically cast for the show. I find the locations. I hire the crew and I find the talent that will end up being on the television show. So that subsidizes me to be able to work on the projects that I like to work on. I'm doing a series right now with Mary Walsh called *Hatching, Matching and Dispatching*. So I have a new company and it's called 2M Innovative, which is Mary Walsh and Mary Sexton.

So that's where Rink Rat came from.

**Mr. Bill Casey:** There are a lot of stories there.

For your last feature film, could you just give us a thumbnail sketch of how much it cost to produce and how much revenue it has generated? And where did the financing for the film come from?

**Ms. Mary Sexton:** The last feature film I produced was in 1998 and 1999, and it was called *Violet*. It was \$1.6 million, and then we raised another \$100,000 for marketing, through Telefilm. So it was about \$1.7 million when all was said and done. It was distributed by Alliance Atlantis. It hasn't grossed any money. It comes out neutral each time when we get our reports.

I produced that film for nothing, literally nothing. I put up my house to be able to put the financing through. It was at a time in Newfoundland when there wasn't a lot of production happening. We felt it was better just to do the production and hope to make something from it. Unfortunately, we didn't make a cent. Most of the money went to the banks, the lawyers, and the accountants.

But it gave us a will to realize that we really wanted to work on features. I think it's a miracle when a feature film actually hits the theatrical screens. We learned a lot from that experience. We also learned that distribution in Canada is an oxymoron. We put this film out with Alliance Atlantis, and when Alliance Atlantis brought it to video, they left the names of the producer, the writer, and the director off the video jacket.

I found this out when I went to my local video store. The gentleman there asked if I worked on *Violet*. I said, "Yes, I was the PA". He said, "Oh, that's why your name is not on the cover". Well, I lost my mind that weekend, and I phoned Alliance and really went to town on them. They said that they would reprint the cover and we would get our names put on. I think they sent me out the one and only one they actually put our names on. It has never been changed.

• (1015)

**Mr. Bill Casey:** So you raised \$1.6 million, other than the marketing. Where did the \$1.6 million come from?

**Ms. Mary Sexton:** The \$1.6 million came from Telefilm Canada, the Newfoundland and Labrador Film Development Corporation, The Newfoundland and Labrador Film Tax Credit, and the Canadian Television Fund.

**Mr. Bill Casey:** How long did it take to put that together?

**Ms. Mary Sexton:** It took about four years to put all the financing in place. As I said, we went forward with this production. We ended up signing the deal with the devil, with Alliance Atlantis, because we wanted to see production happen, and the Newfoundland government really wanted to see it. We hadn't had any film projects in over a year that were indigenous, and we wanted to push to get the crew working. There was a lot of pressure on us to go to camera, so we went to camera.

In hindsight, we probably shouldn't have. We should have waited and worked the script and our marketing plan a little more. We probably would have got a little more air time. Alliance Atlantis said no, it wouldn't bring it to screen. It was part of our commitment to bring it to screen. So we did a screening in St. John's, and it was held over. We put it in Carlton Cinemas under our own money for a week, and it was held over there a week.

**Mr. Bill Casey:** Are those the only two times it has been screened?

**Ms. Mary Sexton:** I think it was also screened over in England. When the Privy Council was over there, they showed it, but that was it, the only screening.

Every time we asked Alliance, "What's going on with the film, have you sold it to anyone", it was like, "No, it's basically sitting on a shelf to rot". So I think that when distributors get it for 20 years, if they are not showing any effort to market the film, they should give it back to the filmmakers so they can try to do their own marketing.

**Mr. Bill Casey:** Who owns Alliance Atlantis?

**Ms. Ann MacKenzie:** It's publicly traded.

**Ms. Mary Sexton:** Yes. It's Michael....

**Ms. Ann MacKenzie:** It's publicly traded.

**Ms. Mary Sexton:** Yes. Mongrel, Alliance Atlantis, Lions Gate, and Seville—there are only four small companies. Alliance Atlantis is the biggest. I think we actually subsidize American distribution here in Canada.

**Mr. Bill Casey:** What did they get out of this? Why did they take this on?

**Ms. Mary Sexton:** They got access to the marketing money. When they get access to the Telefilm marketing money, we subsidize the other American films that they're distributing as well.

**Mr. Bill Casey:** So they got the money, and they didn't market your film?

**Ms. Mary Sexton:** Didn't do a thing.

**Mr. Bill Casey:** Amazing.

**Ms. Mary Sexton:** And unaccountable.

**Mr. Bill Casey:** Unaccountable.

**Prof. Bruce Barber:** I would just make a point here with respect to this recent commentator who suggested that the overall film distribution landscape in Canada has been shrinking progressively as Alliance Atlantis has grown. This is the nature of the beast. But with the demise and absorption of competitors Northstar and Cineplex into Alliance Atlantis in the last two years, and the demise of Behaviour Distribution, the number of Canadian film distribution companies possessing sufficient resources to be considered viable has been reduced essentially to one.

As a result, the isomorphism between Alliance Atlantis—and they're one of our benefactors and I don't want to be too harsh on them—and the state regulatory framework is edging toward a dangerous degree of completeness that threatens to convert Alliance into a state-sponsored, private sector monopoly. This has profound implications for film production, in that Telefilm Canada and many provincial film-funding agencies demand a copyright purchase by a Canadian distributor in order for a producer to access production funds.

Woody Allen just wanted his producers to provide him with a brown paper bag full of money. You know, you have to be elevated to a certain level of respect within the industry before you can make comments like that. Canada has perhaps some history in that area, but I won't go into that.

Thom Fitzgerald, when he produced his first feature-length film, did it with one funding source—his mother's Visa card. She was living in the States and she allowed him to overdraw on that card. He produced that in his final year at NSCAD. That's the kind of seed funding you can provide and you don't have to go through.... Most of our former students will tell you that the rigmarole they have to go through to achieve even the minimum amount of funding—and I have been a member for many years....

One of the private funding agencies—the Linda Joy Media Arts Society—provides some seed money for the first production that former students may engage in after they graduate from NSCAD, and these students will tell you it's a minefield. And as the learned member of the committee, Mr. Casey, suggested, this is one of the principal problems of Canadian funding, whether it be at the entry level, the mid-level, or the advanced level of feature-film production.

Someone has to start somewhere, but they shouldn't have to go through a minefield of different funding agencies, at the local, provincial, and federal levels, to acquire the minimum funding it takes to produce a feature-length film.

Typically, historically, in countries that have had very powerful film industries at different periods in the post-war period, like Germany, Australia, and New Zealand, the government has never said “hands off”. It's always been there partnering with the production companies and the distribution companies, but not in the sense that they would do it in a way that would compromise the tax base from which they draw their funds. There have to be a number of ways for government to engage with production, distribution, and exhibition through their agencies, and it's important that the government is actually thinking about this, albeit under the umbrella of Heritage Canada.

• (1020)

If anyone is interested in reading this comparison between the Mexican and Canadian film industries, it's available in the *Canadian Journal of Film Studies*, volume 10, number 2. There is also a wonderful essay by Brenda Longfellow, from York University, with the title *The Red Violin, Commodity Fetishism, and Globalization*. *The Red Violin*, as you know, is one of our most successful productions and received eight of ten Genie nominations, including best picture, best director, best screenplay, and best cinematography. It was produced—

**The Chair:** Mr. Barber, we have limited time, so if you don't mind.... Mr. Casey is long over his time. I've been indulgent because this is his home territory, but I really have to pass on to Mr. Lemay.

**Prof. Bruce Barber:** Thank you, Madam Chair.

I just wanted to mention that 75% of the *The Red Violin* funding of \$15.4 million came from abroad.

Thank you.

[Translation]

**Mr. Marc Lemay (Abitibi—Témiscamingue, BQ):** Good morning. I would suggest that you put on your earpiece, because I will be speaking French. I come from Quebec.

I have several questions.

I read your briefs with great interest as the Atlantic region is somewhat similar to the Quebec region, but on a different scale. Yet, in Quebec, we have developed a cinematography industry. The first thing that I would say to you is that it is not by reducing or readjusting your budgets that you will increase the number of films or producers coming out of the Atlantic region. I think that you ought to increase the budgets. You have to demand that the federal government in Ottawa pay a little more attention to what you have to say; you have to shout louder.

To my mind, your region produces some outstanding cinema. If you do not mind, I am going to speak of the Atlantic region as a whole, as I really do not wish to focus on one province at the expense of the others. The Atlantic region is producing some remarkable cinema, hugely accomplished cinema, but films which are not finding their audience. Now that I have got that out of the way, we can get down to my real questions.

I am going to ask you a series of questions, and I would ask that your answers be brief. I would like to have had a lot more time for discussion; it was assumed that everybody would have read your briefs and would have questions prepared.

How should we go about developing a Canadian cinema industry? We already have a burgeoning Quebec cinema industry, an industry which is on the rise. We have producers; Ms. Denise Robert and several others are on the right track. What needs to be done to develop a truly Canadian cinema industry? My questions are open to all four witnesses.

I think that you are facing a brain drain. I agree with you when you say that you are providing more training, that you have 44 schools, etc., but you are not reaping the benefits, the talent is leaving the region. I have met lighting technicians and stage technicians who come from your region, but who are now working in Toronto, Vancouver or even Montreal. You provide excellent training, and therefore have to accept that the talent which you produce will seek opportunities outside the region. The question is how to entice them back. That is the first thing.

My advice to Ms. MacKenzie is to be bold, and to rest assured that competition to the World Film Festival certainly did cause us problems. It created quite a commotion. Make sure that the minister hears you loud and clear, because it is unacceptable that the Atlantic Film Festival be overlooked. It is simply not acceptable. The Atlantic Film Festival is an amazing festival that has its role to play, and I think that you should be far more vociferous in denouncing such an attitude. It often happens that decisions made by the centralized power have a domino effect, knocking down everything in their path.

I have one last question. You spoke about the immigration points system, and I would like you to elaborate on this so that I can better understand it. Mr. Barber spoke of examining “the immigration point system [...] with a view to amend policy to make Canada a more attractive destination”.

• (1025)

I have not seen any information as to how the system works, how it could work, and above all, how it could not have a negative impact on the Canadians and Quebecers whom we train in our colleges and universities. I am not entirely convinced by this.

If I am allowed, I will ask some further questions afterwards, but these are the ones that I have for the moment.

[English]

**Ms. Ann MacKenzie:** I could probably start just briefly by answering the ones I feel I can respond to.

How are we going to grow this film industry outside of Quebec, the Canadian industry? I think there are a lot of things that have to happen there, and everybody has touched on them.

I think you're exactly correct. You can't just realign budget items. Budgets have to go up, but the new money that's coming in to increase the budgets has to actually go into production values and not be siphoned off into these legal business affairs and all the other ways that eat up the additional funds. It has to go into production values.

We have to start with the idea. More money and more programs have to be geared toward the stories, developing the stories and developing the writers and the directors, because that's what comes first. Yes, producers have to get those ideas and make them happen, but if you don't have the ideas.... If you have a bad idea, you're going to have a bad film. So I think more time has to be focused on the development stage, as opposed to rushing into production when you're not ready to go.

I think maybe more money should go into a smaller number of projects so that we can actually develop them better and so that the projects that actually go forward have been worked over and worked over and script-edited and actors have worked with it, so that the ones that do go forward are actually at a better place to go forward.

We have to address the distribution system. Again, we could be making the most fantastic films in the world—we're not there yet, but maybe we could get there—but if the distribution system is not in place, nobody is going to see them.

We have to somehow incent the exhibitors, who for the most part are private. They need some type of an incentive to want to show these Canadian films.

I suppose if we raised the bar on the Canadian films, if they were better films and it could be guaranteed that their audiences would come, that might help, but they still get a lot of pressure from the U. S. majors. So that's a reality we have to look at.

I can't speak to the point system. Bruce, I'll let you do that.

You're exactly correct. With the film festival, we have done that. We went all the way up to the minister, we went to federal MPs, and we had our very own premier of the province do the same thing.

**A voice:** [Inaudible—Editor].

**Ms. Ann MacKenzie:** Yes, and all the other provinces.

Nothing has happened yet, but even if it brings it out there and puts an awareness there that you can't treat people this way or you can't treat communities this way....

• (1030)

**The Chair:** I really do have to be fair to the committee members. Monsieur Lemay has had more than his usual time. Our next witnesses are here and due.

Mr. Angus and Mr. Silva, I'm going to allow you both five minutes.

**Ms. Mary Sexton:** Can I just say one thing, though, as well?

When you ask us about the English versus the French, you should also realize that provincially we've raised our tax credit dollars, and now Telefilm keeps lowering their money, their equity position in our projects. So that's not helping producers in any way, shape, or form. The money is not being put on the screen; it's basically kept to keep lawyers, accountants, and interim financing in place.

**Ms. Ann MacKenzie:** May I add one point to that?

Along that vein, the federal tax credit, the way it's structured, grinds down the amount of federal tax credit for the provincial tax credits. We raise our tax credits so that we can increase the production values of films, and then the federal tax credit grinds down. So in a way, the provincial tax credits are subsidizing the federal tax credit, which is totally not the way it should be.

**Ms. Mary Sexton:** The tax credit was set up to actually be there for the producer to build infrastructure. Now it's part of the financial structure of a project. You cannot go in with a project now. The tax credits have to be at their maximum within the project. So you're losing out the second time as well.

**The Chair:** Mr. Angus.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Thank you, Madam Chair.

It's a fascinating discussion this morning but very frustrating, because there's so much being brought forward that we really need to spend hours on each of the points. I'm going to have to do a very quick run-through.

I think your recommendation about the failure of our system, in that it's focused on project-driven as opposed to systemic development, is at the heart of what we're dealing with. I don't have the time allotted to me to follow up on the issue of university and the larger picture of coming up with an innovation strategy. What it suggests to me is we're talking about something beyond just Canadian Heritage; we're looking at other ministries. Right now we've been focused on a small piece of a pie and how we carve it up, and it's not going to work. Perhaps there could be some follow-up discussion, because it's not something we've heard before. It is touching on an element we easily could have overlooked in our study, and I'd like to mention that.

Secondly, Ms. MacKenzie, I'd like to ask you about the role of television, which is again, I think, project-driven as opposed to systemic. It seems to me television has dropped the ball. We had a presentation from Radio-Canada last week, and I was shocked about the role Radio-Canada plays in bringing an idea forward, developing the idea, putting the trailers on television, and having a strategy in place so as one film is peaking, the next one is being planned.

I had to ask—and of course they were not going to tell me because they were focusing on their area—is the failure of the English CBC in the funding or is it in the culture? Either way, that has to be addressed, because anything we talk about, from television premiers to creating a star system, isn't going to happen with CBC dropping the ball there. I'd like some comment on that.

Secondly, since 1999 the private broadcasters have clearly not just dropped the ball, they've thrown the ball away, and I think that's something we could at least address at the federal level. So after their having completely walked away on Canadian development since 1999, there's this statement made about private broadcasters wanting to share in the back-end profits. I'd like something more on that so we can address that, because I find that quite surprising.

The other issue is, did I hear you right, saying Alliance Atlantis has 20-year distribution control? The other issue that has come up is the failure of the distribution system in Canada. I find it shocking

that a project can sit with a 20-year life. I would say two to five years max if they're not doing it.

Those are my comments, and I look forward to hearing a response.

• (1035)

**Ms. Ann MacKenzie:** With respect to the CBC, for marketing and promoting feature films and sometimes even dramatic television shows, definitely they have dropped the ball. They have no interest in doing that because there's no motivation for them. They could sell advertising for that time if it was advertising around whatever show happened to be playing at the time, but there's absolutely no financial incentive for them to promote an upcoming feature film, so they do not do it.

You will find, now, some of the other broadcasters may cross-promote certain things if one of their sister channels is actually showing it, and I've started to see that. But for the most part it's paid advertising they would like to fit in those spaces. There's no interest anywhere, really, in promoting Canadian feature films, which I think is terrible because it's a very visual medium and it's a great opportunity to do it.

As for broadcasters requesting profit participation on the other end of shows, it's absolutely been happening. It's probably happened or was attempted in four or five shows we invested in last year. Since we put in significant money through both equity investment and tax credit, we can actually come down heavy on the broadcaster and say no, if you do that, we're not in. The producers can't do that. They're in the position that if they do that, the broadcaster may not commission anything from them in the future. It's a real abuse of position and power, and we're seeing it in a few broadcasters over and over and over again.

It was an issue in the U.K. Just recently they actually legislated that it could not happen; they had a whole restructuring over there a couple of years ago. It was an excellent thing to do, and I think it's something we should look at.

**The Chair:** Mr. Angus, I will give you time in the next round.

Mr. Silva.

**Mr. Mario Silva (Davenport, Lib.):** Thank you, Madam Chair.

Please correct me if I've missed anything, but some of the arguments we've heard here today are similar to the ones we've heard throughout different parts of the country. The issues are mainly around marketing and access to distribution, the tax system, the bureaucracy and the different levels of red tape that it takes to get a film to go through. Those have been somewhat similar themes that we've heard over and over in trying to get a comprehensive, overall film policy.

There were some new things I heard here today, and I just wanted to see if there's anything else I missed. The decision to dissolve the Feature Film Advisory Group was new to me. The issue on immigration, I thought that was a very good point. I must congratulate you on that, because it's something that we sometimes do miss in the whole equation. I'm very pleased to see what Nova Scotia is doing with the universities and the links it has with the private sector and the public sector. I think that's excellent. Then there's the whole issue of the tax credit and how complicated that can be too.

So those are issues that I've heard over and over again. The issue of regional voice is one that I accept, but I also have difficulties with it at times. I do understand where people are coming from, their need and passion for a regional voice, and I quite support that and the access to funding and everything else. But when we heard Professor Barber talk about New Zealand, here we hear too much about needing a voice for the north, a voice for the south, a voice for the east, a voice for the west, a voice for Newfoundland, a voice for Nova Scotia—I so seldom hear anything about a voice for Canada.

I wonder whether we're cheating ourselves by breaking that pie into so many small pieces that we'll never have any place of national excellence. I'm not saying that I necessarily agree with this, but it's something I wrestle with every day on this committee, and I was hoping you may be able to enlighten me or tell me that I'm totally wrong. I'm willing to accept that.

It's still an issue I go back and forth on. Is it best to just give funding to all the different parts on an equal basis, or do we in fact have to, as a national institution and a national government, look at putting funds in more concrete places so that we can really establish this industry with a foothold in the world?

Maybe Professor Barber or Ann could make a comment on this.

• (1040)

**Ms. Ann MacKenzie:** I could just quickly add one comment to that.

The beauty of Canada, the way I see it, is that we do have such a diverse cultural base. We are such a cultural mosaic, as opposed to the United States, the melting pot. When you move to the United States, you're an American, and that's what you are; you all become one. But here in Canada, we celebrate the differences in the various cultures, and each—

**Mr. Mario Silva:** I don't disagree with you, but I'm talking about the funding. If you look at the U.S., for example, they have New York and L.A., and that's about it.

**Ms. Ann MacKenzie:** But if you don't make sure that the funding is equitably spread out among the various diverse voices, you're only going to hear one. And that's not how Canada is, and that's not how Canadians are.

**Prof. Bruce Barber:** To add to what my wonderful colleague here has been saying, I think we should pluralize this—not “centre” of excellence, but “centres” of excellence. For example, there are at least four or five places across Canada—and I've lived in three cities and I know these places—that have established themselves as important institutes of education. If we build on the premise the National Film Board established so long ago, that you have a very

strong institution registered in various parts of the land and that production can happen in any one of these nodal points, if there is major production happening there, it should be supported and funded.

The whole national and international question is, of course, one that engages the problem of globalization. I won't get into that, because it's a huge set of issues that would take probably more time than we have to discuss it.

Immigration? Thank you, Monsieur Lemay, for bringing it up. Canada, as you know, was built by immigrants. Some of those immigrants came with special skills; some of them didn't come with any skills. Countries that have recognized how powerful immigration can be as an engine of social and cultural life in a country of Canada's population and size recognize that they have to both protect, but also provide opportunities for, those inside and those outside. Canada, I believe, has a wonderful history of recognizing problems of out-migration, particularly from the underdeveloped, if you will—I use that term advisedly—regions of the country to more developed regions of the country.

Should we, because Alberta has a good provincial tax base, provide a space there for a centre of excellence? Well, they already have one in the centre for arts at Banff, which has been doing some extraordinary work over the last few years. I've taught there. I know it has also struggled with funding, both federal and provincial funding.

The immigration situation at the moment I think privileges only those people who are members of a family and people who are wealthy. Typically in the points system, way down on the register are those people with the specific skills we need to build the infrastructure for specific industries in Canada. I don't believe we can still accomplish that, even with the large number of training centres we have, in the time we need to do it. The countries that have been successful in doing it—our other Commonwealth partners, for example—have in fact changed their immigration policy to increase their opportunities in the global market.

• (1045)

**The Chair:** Thank you, Mr. Silva.

I'm going to put two questions. I think, Ms. Sexton, you can answer with a yes or no. I wanted to be absolutely sure I understood.

Alliance Atlantic got money to promote your film and then didn't spend it on promoting your film and was not held accountable for that?

**Ms. Mary Sexton:** It was not held accountable, no.

**The Chair:** And it did not have to return that money?

**Ms. Mary Sexton:** No, they didn't.

**The Chair:** Thank you.



Mr. Barber, I'm going to ask you to do a bit more research on the immigration system, because we do have three categories of immigration, but the largest single pot is immigrants who come here based on their skills. Rather than dumping on family class and capital investment—I have some problems with that, as well—it would be more helpful if you would look for us at the points system for those who are evaluated on the skills they bring to Canada and see whether those skills adequately reflect the ability to contribute to Canadian culture, films being one of those.

I would appreciate it if you could get back to the committee on that, simply because we're already 15 minutes overtime.

**Prof. Bruce Barber:** I will be happy to do that. I'll send an e-mail in the next two days.

**The Chair:** Thank you very much.

**Prof. Bruce Barber:** Thank you very much.

**The Chair:** We again apologize for having had to cancel your appearance some time ago. I'm glad we were able to have the opportunity to get back here.

**Prof. Bruce Barber:** We understood the reason for that. We want to thank you for your attention to the....

**Ms. Mary Sexton:** I'm looking for crew, so I might get some placements from NSCAD now, so I'm very happy.

**The Chair:** For committee members, I'm going to declare about a ten-minute break. My apologies to our upcoming witnesses.

• (1047) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1103)

**The Chair:** Welcome, everybody. We're reconvening the hearings of the Standing Committee on Canadian Heritage on feature film production in Canada.

Thank you to our witnesses. Let me start by apologizing for the cancellation we had to impose on you some weeks ago. We thank you very much for your patience and for being here with us today. I know we're happy that we were able to reschedule these hearings.

We find the most productive part of our meeting is the discussion, so I'm going to ask you to keep your presentations as brief as possible and focus on what you recommend to the committee. We thank you for your briefs. They have been read carefully and will be part of our report. But we'd really like to spend as much time as we can in a discussion with you.

We will start with Nigel Bennett, the president of ACTRA.

Sorry, I don't know who the person with you is.

• (1105)

**Mr. Nigel Bennett (President, ACTRA- Maritimes, Alliance of Canadian Cinema, Television and Radio Artists):** It's Jeremy Akerman.

**The Chair:** Thank you.

We have heard from ACTRA a couple of times, and would like you to focus on issues of specific concern to the Atlantic region, or build on what we have heard before.

Thank you very much.

**Mr. Nigel Bennett:** First of all, I'd like to thank you for putting my name on the back of this, just in case I forgot who I was.

I'd like to touch on a couple of points that were raised at the end of the discussion with the last witnesses. Mr. Angus asked about television companies' commitment to Canadian film. I think the CBC's level of commitment is clearly shown by the number of Canadian films they showed to replace *Hockey Night in Canada* during the recent lockout. I think the number of Canadian films they showed was absolutely zero.

Second, for Mr. Silva, there are now 40 states in the U.S. that provide tax incentives for film production in their areas. I think the trend is not toward a centralization of the film industry at all, but toward a widening and a globalization of the film industry.

I'd like to thank the committee, on behalf of my membership of over 500 members here in the Maritimes, and the over 2,000 people who earn a living from the film industry in the Maritimes, for agreeing to hear our submission today.

Let me give you an overview of the situation here in the Maritimes. Over the past ten years our film industry has grown, thanks to the federal government's incentives and the very generous provincial feature-film tax credit. What used to be a relatively small industry has blossomed to be a generator of about \$100 million a year, and a provider of employment for about 2,000 people a year. We have a skilled and experienced workforce, an excellent and growing talent pool, and a growing group of enthusiastic and able local filmmakers. We're also highly regarded as a place for filmmakers from the rest of Canada to come to make their films.

But everything's not rosy in the garden. I think along with the rest of the country there are three main areas of concern. First is the problem of adequate, stable, and sustainable funding for the film industry. Second is the process filmmakers have to go through to get this funding. Third is the lack of distribution and screening opportunities for Canadian films. I'll just touch on each of these items in turn.

Funding is important. It's all-important if we want to encourage and grow an effective feature film industry in Canada. You can't make a movie without money. Although the government helps already, it's simply not enough. What we need is effective, stable, and sustainable funding. We need a commitment from the government to maintain a proper level of funding, not just for today but for the foreseeable future. Film is expensive, and the average budget for a Canadian feature film is about \$7 million. It seems to be a lot, but when you compare that to the average budget for an American feature film, which is about \$60 million, you start to see the problem. It's little wonder that our films have a hard time competing.

My mom used to say, “You can't make a silk purse out of a sow's ear.” What we have here is a very generous sow's ear, and some would argue it's the only sow's ear we can afford. But compared to our main competitor in the film industry, a sow's ear is what it is. If we want our stories to be told properly, if we want a culture enriched by a vibrant and effective film industry, we need to find some silk.

The process for the filmmakers to access these sources of funding has to be simplified. The present procedure for making application to Telefilm for funding is too long and complex. More dangerously, it often puts Telefilm in a position where it fulfills the role of censor. It approves the applications it deems sufficiently Canadian—not simply in terms of the people who are making them or where they're being made, but also in terms of their content—and refuses the applications it deems are not.

Part of the reason for these refusals is often to do with language or plot. It's unnervingly similar to the Lord Chamberlain's Office of the 1960s in Britain, where playwrights and filmmakers had to clean up their stories to fit some unwritten moral code in order to get their work performed. The concept of arm's-length funding is clearly an attempt to avoid just that. Work should be improved for funding on its merit alone, and not on its language or the number of times we see an obvious reference to Canada. Thank goodness no one tried to make *Lord of the Rings* here; it wouldn't have qualified for funding.

Telefilm is no longer simply a funding body. It has become a judge of what is culturally acceptable, which is something that was surely never meant to be its function, and it's a trend we need to reverse.

Maybe we should also be looking at the concept of Canadian content and applying it to not only filmmakers, but also to film distributors and movie-house owners themselves. But I'll return to that point in a moment.

Our main problem is that almost nobody sees our films. We make them, we tell our stories, but for many reasons the public doesn't see them on the screen.

• (1110)

Let's do a little impromptu market research. How many of this committee have seen *New Waterford Girl*, *Marion Bridge*, *The Hanging Garden*, or *The Event*? They were all fine feature films made here in the Maritimes. How about *Exotica*, *The Sweet Hereafter*, *Margaret's Museum*, *Ararat*? If you haven't, don't worry. It's not your fault. Neither have most people in Canada.

**The Chair:** I must say that very few of us have a lot of time to go to any films.

**Mr. Nigel Bennett:** There's a problem we face, and I'm sure you've heard this before in previous meetings across the country. It's not that we can't make our feature films. It's that we can't get them on our own screens. The average American film has a marketing budget of about \$40 million. The average Canadian feature film has a marketing budget of about \$400,000. In a business place that's solely driven by market forces, how on earth are we supposed to get our films on the screens?

Add to this the petty blackmail carried on by American distributors, where they tell a movie-house owner that if he dedicates

one screen to Canadian films he will have a hard time getting the next blockbuster on one of his other screens.

The fact that our films get to screens at all is little short of a miracle. Why are we surprised that 99.9% of films in our movie houses are not Canadian? English language films account for a mere 1.6% of Canadian box office revenue. A Canadian film, *Seven Times Lucky*, opened on March 25 on three screens across the whole country. The same weekend, that wonderful American classic film *Guess Who?*, starring Ashton Kutcher—yes, I am being sarcastic—opened on 229 screens. It's an intolerable situation. If we're truly committed to a healthy Canadian film industry, it's a situation that cannot be allowed to continue.

What can we do about it? We could introduce the concept of Canadian content to movie-house owners and movie distributors. We could opt for a system of quotas in our movie houses, where at least one screen must show a Canadian film every week, or where there must be a certain number of hours of Canadian films shown every week. It's a system of quotas that's worked well around the world. Korea is a fine example.

We could add a 50¢ surcharge to every movie ticket sold, and this would raise approximately \$70 million. We could use these funds to start a feature film marketing fund, quite separate from any other film funding, to which filmmakers could apply to help market their product. We could introduce a 5% tax levy on the gross receipts of distributors of non-Canadian films. Such a tax would raise approximately \$100 million per year, to be used to grow our industry.

Whatever we do, the one thing we cannot do is nothing. Our film industry is under pressure in an ever more aggressive world market. The decision is simple. Do we want a successful Canadian film industry or not? Do we want a rich and vibrant culture or not? Do we want to be able to see films that are a mirror of ourselves, our hopes, our fears, our joys, and our aspirations? If the answer to any of these questions is yes, we must take steps now.

Thank you.

**The Chair:** Mr. Baboushkin or Mr. Houston? Who is going first?

**Mr. Jarrod Baboushkin (Business Agent, Atlantic Regional Council, Directors Guild of Canada):** I'd like to start by saying good morning and thank you very much for rescheduling these meetings, which we greatly appreciate.

I'm a business agent for the Directors Guild of Canada, Atlantic Regional Council, and I'm joined today by John Houston, a director, filmmaker, and long-time member of the guild.

A detailed submission and presentation regarding the Canadian feature film industry has already been made to the committee on behalf of our national body. Therefore, apart from some short introductory remarks, we'll attempt to keep this presentation fairly short and focus on answering any questions you may have from an Atlantic perspective.

The DGC believes that continued and increased government support for feature films is essential. Such support is an excellent use of public resources, because it achieves multiple economic and cultural policy goals, including cultural sovereignty; nation-building through the creation of a shared cultural mythology; and the creation of thousands of environmentally safe, well-paid jobs, to name a few. The basic aims of the feature film policy—developing and retaining talented creators, fostering the quality and diversity of Canadian feature films, building larger audiences for them at home and abroad, and preserving our cinematic heritage—remain important objectives.

Feature films are the most costly audio-visual works to produce. Due to the economics of production, most countries that wish to maintain a viable national film and television industry must provide ongoing support in the form of policy and funding mechanisms. In Canada, this has meant enacting a variety of interdependent programs and public policies. It's important to stress that these are valuable and worth while; film is one of the most powerful and influential means of communication of our time. Supporting a strong and vibrant film and television production sector is the only way to ensure Canadian creators' ability to share their artistic vision with audiences within Canada and around the world.

As stated in the submission of our national body on February 8, 2005, the key programs and institutions supporting Canadian film and television need increased and stable, long-term funding. These include Telefilm Canada and the Feature Film Fund, the Canadian Television Fund, the National Film Board, and the CBC. Likewise, the film production tax credits make a valuable and necessary contribution to the sustainability of the industry. Without such ongoing public support, Canadian cinematic expression would disappear from the world's movie and television screens, and that would be a great loss.

On this note, I would like to introduce you to John Houston, who also has some brief comments on the issues at hand.

● (1115)

**Mr. John Houston (Actor, As an Individual):** Thank you, Jarrod.

Thank you all for having us here.

When you mentioned, Ms. Catterall, the apology for the delay, and so on, we're all very well aware in our industry of delays, and shifts of schedule and so on, one of the big ones being as producers when we hold our breath waiting for Telefilm and the other regulatory agencies.

In this case, it was a two-and-a-half-month wait for us, but last Wednesday we got fully approved, and so on. So then there begins the big hurry-up, where you go from a state of suspended animation to suddenly having to try to prep your whole film, do three months worth of work in one, and so on.

I think the safest thing to do for all Canadians would be to schedule a feature film for November, because it just takes so long to get everything through the process to be funded that anything earlier than that is going to be a mad scramble. And it's maybe the reason why, if you look at a lot of Canadian films, you will see in fact that the leaves have just gone off the trees. I think the plan in the script is often for a springtime film, but oops, they didn't quite make that, and so forth.

Anyway, I mention this to say that one of the big things is it's very good that we were invited to come and be able to present with you here. Consultation is so very important, and regional consultation is essential. In this country, if we do not have that, then we are going to end up, if we try to centralize, losing a lot of the riches of what is Canada. So we are very pleased to be included in your consultations.

That brings me to one of our key recommendations. There was an advisory board established by the feature film policy, but there is a governance issue there, which is that this board does not include representatives of the creative community as full and active participants. We don't understand how that can really work well. It seems like, then, we will lurch along in one direction and hit a brick wall, and then we will stop and have an ad hoc consultation on what we're doing wrong, and then we'll lurch along again. It seems that if we're going to try to go hand in hand, the people who know the industry best can help to advise at all points.

Another key thing we want to stress is, in the words of our colleague, Nigel Bennett, the stable, long-term increased funding to key cultural institutions. Without this stable funding, and not just on a kind of a one-year cycle, or even a four-year cycle, but so that people can acquire confidence over time.... People are writing, developing projects, which may not mature for six years; they're twelve years sometimes in development, and more. So to have some sense of the landscape we're working in, that it is really supportive....

Here's another key issue. We talk about distribution and screening, but what's the point, in a way, of creating a work of art if nobody is really going to be watching it? It is the most frustrating thing for a Canadian filmmaker to essentially not have Canadian screens. We might as well be honest about it when we see English Canada fighting to get 5% of our product on Canadian movie screens. We're failing at that, and we only appear to come close by bolstering the figures through adding French-Canadian production in, and then we start to look as if we're making out. So we think it's high time for a radical paradigm shift, a shift of perspectives.

The movie screens across our country, let's just face it, are not Canadian screens; they're American screens. We should just accept that and take a look at them in this way, because they are controlled by Americans. They're controlled by American studios, by American distributors, and by the hirelings and associates of those groups.

So 5% does represent a step up, and we're not speaking against that. Any step in the right direction is a good step, but is 5% a good goal? It seems insane if you're a Canadian, and if you're looking at it and you're saying our goal is to be able to see ourselves reflected to ourselves 5% of the time. Think about that—5%. It's an okay stepping stone, but let's set our sights far higher than that. And if we do set our sights far higher than that, it does something very interesting: it starts to unite.

• (1120)

When we're looking at this industry, we see all these little fiefdoms, these little groups of people who all seem to be looking after their own. I heard talk earlier about the broadcasters now trying to get a profit participation, and all this sort of thing. You have each little group of people looking out for their own.

What we're missing, in a sense, is a rallying cry. And that is a national rallying cry; that's not a regional rallying cry. If you want the regions to buy in, you'd better include the regions. The regions had better feel themselves included in that. If there was a national rallying cry, to have us say let's make Canada more Canadian in terms of film and television.... And film and television are the most effective tools in the world for shaping the opinion of who we are and for speaking to the hearts and minds of Canadians. So if we can do that, that's going to change some things.

When we look at the CBC, which is so busy showcasing features from America and overseas, we are missing the most prime opportunities to build—or should I say rebuild—Canadian audiences for Canadian expression. And here's the CRTC, with such a towering pile of evidence, on every hand, of the desolation in Canadian TV drama that is the aftermath of the unfortunate 1999 broadcast policy. If not immediately reversed, this policy will come to be known as the death-blow to building Canadian expression, delivered and perpetuated by our own government.

Then there's a comment about the regions. It's not a very good idea, again, to address Mr. Silva's comment of the American example, to peg ourselves on the American example, at least when you speak of independent production. Every independent American filmmaker wishes they were Canadian. It's just very difficult to get independent pictures off the ground. Unless you get blessed by a studio deal, unless one of the majors picks you up, you're nowhere in the States. Our system is maybe not great, but it is better than what they have there.

We consider in Canada that you would have to look to the regions. We often have to look outside of Toronto and outside of Ontario, not exclusively, to see some of the breakaway hits. Of course, Quebec has been proving that for many years. And then outside of Quebec, if you look at something like *Atanarjuat*, *The Fast Runner*, that was, again, a breakaway. If we use our standard thinking, if we were to say let's just have some people in a bunker in let's say Toronto, and they are going to be the arbiters of what will and won't work from Canadian programming, we're making a very serious mistake.

I'm from the Arctic, although I live here, but I'm very familiar with the people who made *Atanarjuat*—six years of effort to try to get that film blessed. The predominant theory in Canada was who is going to want to sit down and spend three hours watching a subtitled film in some aboriginal language, Inuktitut, as it turns out? No one's going to go for it; no one's going to watch it. Well, it's very fortunate that the regions had a chance to be able to assert themselves and to put it out there to the world. *Atanarjuat* is now showing in 20 countries. *Atanarjuat* won two awards at the Cannes Film Festival.

So perhaps there is no bunker. I don't think there should be any one high inquisition panel that is going to be arbiter of what will and won't work in Canada. We don't know what is going to be a box office hit, fundamentally. I don't think anyone knows. In the States they make so many failures for every box office hit, and we just don't get to hear about them. The studios bury them. They're unborn so quickly. They just trash them. Sometimes they're out there in front of the public for a short time and they bury them and they put a huge amount of money into something else. We don't have the money to play that game. If we can maintain the strength of the regions, if we can maintain, as my colleague Nigel Bennett just said, the idea of funding all this various creativity and see what happens, see what sticks with the world.... We don't have a formula to say what's going to be a great success, but perhaps we can foster that and make it that kind of creative playground.

•(1125)

Now, we don't have that creative playground any more—this will be my final point before, hopefully, taking comments and questions—as a direct result of that 1999 CRTC decision, because what is the playground for feature film? It's television production. You look at the directors and you look at the producers. We're all happy to see Paul Haggis getting an Oscar for the co-writing of *Million Dollar Baby* and that sort of thing, but where did Paul Haggis earn his stripes, get his chops together? It was on *Due South* and some of those. It was on Canadian television series, dramatic series. Cut the Canadian dramatic television series and where are these people going to come from, the people who are going to be the great contenders, to make these wonderful features?

I think the ramifications of that 1999 decision have been vast, and they affect the regions more in a sense. You have asked for a regional perspective. Without giving you a specifically Atlantic regional perspective, I could represent a general regional perspective by asking, as soon as things get shrunk, what happens to the regions? It's like what's been happening globally in terms of corporate culture, where as soon as the dollars shrink, you all of a sudden see the regional offices being closed. VisionTV used to have a local representative, and I could mention many other broadcasters as well. As soon as the dollars shrank, they said okay, we'll do everything out of Toronto now. They dried that up, and that's what happens.

As far as the series go as well, let's face it, you're not going to end up in a world where there are a tiny number of Canadian series and none of them are being produced in Toronto. What happens is you get a shrinking in the regions, and we are seeing that shrinkage right now.

We would love to partner if we could end up being represented along with ACTRA and the other professional groups. This is our living; we depend on this. We live and breathe it every day, and the heads of our organizations ought to be sitting on this advisory group. I'm not speaking in any way against this consultation; I welcome it and I'm very pleased it's happening. But it should be a day-by-day, week-by-week, month-by-month process with hand-in-hand partnering to make Canadian film and television Canadian.

Thank you very much.

**The Chair:** Thank you very much.

I'm going to provide preference to the local guy and let Mr. Casey start again.

**Mr. Bill Casey:** Do we have an hour and a half?

•(1130)

**The Chair:** No, we don't.

**Mr. Charlie Angus:** Keep him to five minutes.

**The Chair:** And following Mr. Casey, I'm then going to go to Mr. Angus and Mr. Silva, who were cut short last time, and then go back to you, Mr. Lemay.

**Mr. Bill Casey:** Thank you.

I appreciate the chair's generosity, and I appreciate the presentations.

I was sitting here listening to this and I heard about a number of problems. One is, as everybody says, that we need more stable, long-term funding, but if only 5% of the production ever gets seen by people, it means 95% doesn't. That is an incredible statistic.

I just wondered if there is an option so people can see these films. Like Mr. Houston says, it must be really frustrating. It must be really frustrating for artists and producers to go through this and then have nobody ever see it. Mary Sexton, who was here a minute ago, spent almost \$2 million on a film, and it's only ever been shown two weeks, once in St. John's and once in Toronto.

Is there a business model or a business proposal that could be viable so someone could show these films? Is there a way to get these on screens and then, if we get that up to maybe 10%, go for more money?

**Mr. Nigel Bennett:** I think I mentioned the idea of quotas in movie houses, and if we look around the world, we see France provides approximately 490 million euros annually for film production. It's one of the heaviest subsidies that is given anywhere in the world. In Australia, Australian movies represent 9% of the movies shown on their screens.

Remember, the figure is not actually 5% at the moment. That is the aim point for Telefilm Canada; that's their stated goal. At the moment it's 3.7%, which includes French-Canadian films, and we all know there's far more interest and there's far more audience in Quebec for French-language films than for English-language Canadian films in any other part of the country. The actual percentage of box office that's derived from made-in-Canada English-language films in Canada is 1.6%, so we have a long way to go before we get up to even the 5% Telefilm has stated is its objective.

Korea has a quota system. Each theatre has to run Korean films for 40% of the year. It was implemented a decade ago, and the number of days when Korean movies are screened has increased from 107 in 1993 to 147 a decade later, and the market share has risen from 15.9% in 1993 to 45.2% in 2003.

So a quota system does work.

**Mr. Bill Casey:** What other countries have quota systems?

**Mr. Nigel Bennett:** Aha, a good question. Those are the only ones I'm aware of at the moment.

**Mr. Bill Casey:** Does France have one?

**Mr. Nigel Bennett:** France has a huge subsidy system.

**Mr. Bill Casey:** But it doesn't have a—

**Mr. Nigel Bennett:** It doesn't have a quota.

**The Chair:** I think Mr. Houston has something he wants to add.

**Mr. John Houston:** Yes, just on the tail of that, let's keep the conversation broad, in the sense that when we say they're being seen.... We take your point absolutely in terms of the movie screens, but I think it's one conversation. We're talking about movie screens and the little TV screen as well, because that is an absolutely prime venue, and more and more as time goes by an absolutely prime venue for Canadian work to be seen.

This is about the earlier conversations about the CBC basically having thrown away that opportunity. It's really a question of regulation. What happened was, there was conversation earlier, before we came up, faulting Canadian broadcasters for having dropped or thrown away the ball, or whatever. You could also fault the Canadian government and CRTC for having dropped and thrown away the regulation.

Basically, each of these groups is responsible to their shareholders, and they also are looking for what the level playing field is. They're going to do whatever is allowed to try to succeed as a group. If they see that what's allowed is to do whatever the heck they want, then that's what we've unfortunately defaulted to. So if we want to see Canadian drama on Canadian screens and want to build a star system—that's one of the things we've talked about, building Canadian stars—where's it going to happen? It's going to happen in TV as well as in the cinematic release.

**Mr. Nigel Bennett:** Let me point out as well, there's a supreme irony in the situation in this country in that the largest distributor of American films in Canada is a Canadian company. It's Alliance Atlantis. If you watch at the start of 90% of the films in the movie houses, Alliance Atlantis comes up; it's an Alliance Atlantis distribution. This is a company that started off as two separate companies, both of which were involved in production, and has now withdrawn itself from production because it's not financially viable, it claims. It makes significant amounts of money every year from distributing foreign films, which is where the idea of a tax levy on the distribution of foreign films might well be a good idea—a good way of raising finances to encourage production of our own indigenous product.

**Mr. Bill Casey:** Mary Sexton said Alliance Atlantis, if I understood her presentation right, got \$100,000 of Telefilm Canada money to distribute the film but did not distribute it. That was an amazing statistic.

Have your organizations gone to CBC and CTV and made presentations to them—you must have—to question them about why they can't put more Canadian material on without a quota, without a law? What do they say?

• (1135)

**Mr. John Houston:** Basically, from the Directors Guild point of view, and Nigel could speak for ACTRA, we intervene when it is time for the renewal of their licences. When they come up before the CRTC, we are given time to do that. That is the point of greatest

influence, we find, that they have to justify what they're doing in order to get a licence renewal.

**Mr. Nigel Bennett:** I'm at the moment involved in negotiations with the CBC on behalf of ACTRA. We're renegotiating the contract between ACTRA and the CBC. This is one of our main bones of contention with them at the moment, that there is a dearth of Canadian drama.

The CBC simply says it can't afford to; it is trying its best to increase. It released a press release a couple of days ago where it said that in the next three years they're going to increase the number of hours of Canadian drama on television by 50%. Now, the number of hours on Canadian drama on the CBC per year at the moment is 100, so in three years they're going to increase that by another 50 hours. That's one hour a week. They see that as a very positive step in the right direction. Well, it's a step, but I'm not sure how positive it is.

If we look at the other broadcasters, Global Television at the moment dedicates 1% of its programming to Canadian content. CTV dedicates about 7% at the moment. The official aiming point is 10%, so no one is coming anywhere near that at the moment, neither public nor private broadcasters.

**Mr. Bill Casey:** What is CBC's percentage right now?

**Mr. Nigel Bennett:** Oh, God.... The CBC's percentage is about 6% at the moment.

**The Chair:** Thank you.

Mr. Angus, go ahead, please.

**Mr. Charlie Angus:** Thank you.

Throughout these hearings we've been really looking at a role the federal government could play in terms of taking a more systemic approach to distribution, partnership with television, tax credits, regional voices, and stable funding. But I'd like to raise with you two—because I think both of your groups can give me an expert opinion on this—something that was raised in the previous presentation that we didn't get a chance to talk about, and that's the elephant that's been sitting in the room throughout these hearings, which nobody's asked about. I'm going to ask about it because it's written here, and I won't get in trouble. The question from producers in this brief from Ann MacKenzie's group is why Canada has yet to produce a *The Crying Game*, *Four Weddings and a Funeral*, or *Trainspotting*. And why do we really not have anything that we can show as a success?

I will quote from producer 5, unnamed. I wish he were named. He gives two examples. One was Brad Peyton. He made a film that was very good but he had to keep reapplying for credits and in front of juries in Canada, so he said forget it. He went down to Hollywood. He's got a three-picture deal with Tom Hanks and Universal Pictures.

The second is Michael Dowse, who made *Fubar*, which has been completely ignored in Canada. L.A. fell in love with it. Sundance fell in love with it. He came back to the Toronto Film Festival and they didn't even give him a gala. His conclusion was that "Canada is a silly struggle of applications and juries".

So this producer states:

We really don't make good films. And we're not getting any better. Let's rid ourselves once and for all of any other illusion and instead try and figure out how to change this terrible fact.

We make poor films in my humble opinion because of three reasons....

1) We don't develop.... We seem to think as an industry that we're getting better at developing because we're allowing for more time to write scripts.... But a piece of crap can be developed for 2 years and still be a piece of crap.

2) As an industry we seem to put all our energy into the wrong things....

As a filmmaker, instead of developing or making films all I ever do with my time and energy is apply. I'm forever applying for grants, development money, equity financing, and on and on and on....

3) We have a very low bar for quality.

How many times have I heard 'it's pretty good... for a Canadian film'? How can we say that? Why is this bar so low? How can we stand it that Australia with 2/3 of our population makes 10 times better films than we do? Can we not raise that bar and compete with the world's best? What's wrong with us? What about the Latin American explosion: *Y Tu Mama, City of God, Amores Perros, Central Station*—all 4 of those films are 10 times better than anything we've ever done in this country. And they don't have Telefilm or an NSFDC or anything like that. These are dirt poor countries like Brazil and Mexico pulling off these works of art. Why can't we raise our own bar to make films like these?

That was submitted in the last presentation by one of our Canadian producers going unnamed. I would like to open it to you because I think we have to address whether this is a valid assessment of Canadian film.

• (1140)

**Mr. Nigel Bennett:** I think it certainly is. I think there are many reasons for it. One of the main reasons is who we live next door to. We live next door to the greatest producer of films in the world—in terms of size, not necessarily in terms of quality. But every time a writer shows any sign of talent, he is snapped up by an American studio or an American producer. There are many examples of fine Canadian writers who've had one success here on a series, and as soon as their talent and their ability and their potential have been seen they've been snapped up by people south of the border.

We keep on losing the cream of the crop. There's a brain drain in terms of production. One of the reasons for this is that there is not enough money put into pre-production. If I might just quote some figures here, the Telefilm screenwriting assistance program gives a maximum amount of \$150,000 per project, which includes script-writing, related expenses, including rights options and acquisition, a story editor, research fees, budget preparation, market analysis, and producers' fees.

The Writers Guild of Canada collective agreement guarantees the minimum script fee for a feature film is \$47,286. The average length of time to write and develop a feature film script is three years. That's \$15,762 per year. This means it's less than the \$19,656 minimum wage based on an hourly rate of \$7.45. If we're only willing to pay our script writers \$7.45 an hour, is it any wonder that they go and look for work elsewhere?

There's also a culture almost of defeat among our producers. Ivan Reitman says, "The Canadian Producer has been trained and encouraged to focus on qualifying for a range of content, rules and points set by an ever changing platoon of politicians and bureaucrats.... The audience is forgotten."

So what we've done with our system is to develop a few producers who are very good at writing applications and not much good at

anything else. That is the fruit of the seeds we've sown in the past with our policies. It's something that has to be changed. You're absolutely right.

**Mr. Charlie Angus:** Thank you.

**Mr. John Houston:** The only problem I have is when they mention the Latin American explosion and refer to four films as being ten times better than anything created in Canada. We all know that's not true. Exceptional films have been created in Canada. Some beautiful things have come out of Quebec that can stand against any film made anywhere. But rather than ignore that kind of sweeping comment, it's important to listen to it and to learn from it. As to this thing of "we don't develop", we've sat here for the first half of the year trying to get approval from Telefilm Canada and a host of other agencies. All of a sudden, when we'd pretty much given up hope, we suddenly get our funding. Now we have to cram three months' worth of preparation into one. Or else we have to change our schedule. That doesn't make for the proper development of a film.

Also, it's not coordinated. There are certain ways to help develop a film. There's the National Screen Institute. It seems helpful, but it hasn't been put together into a system in which the longer-term development of artistic projects could be fostered, funded, and insisted on.

Second, there's this thing about putting all of our energy into funding and applications. Absolutely true. There's got to be a way to bring down this bureaucratic and paper-pushing nightmare. I'm a writer, director, and producer. I fight each day to get some minutes of time when I've got the energy and brain cells to do something creative. That is the struggle of my life—to find some creative moments. They don't come from being on the phone wheedling, begging, cajoling, whatever it is we have to do to get our funding complete.

Third, there's the question of the low bar for quality. It would be interesting to examine the American system. The American studios say they have a ratio of 1,700 to one. Those are probably old figures; I read it three or four years ago. They said that of all the scripts submitted to Paramount, MGM, or what have you, they go through 1,700 for every one they produce. We don't have anything like those kinds of numbers. So when you're taking about a low bar for quality, the question is, how many scripts are being written? You can't just go out and say, "Here we go, we're going to write one great big winner". You've got to build toward it. The American system seems to be working well for America. What if it takes 1,700 scripts to be written for one of them to really go huge? Let's think about that. We're not doing anything remotely like that.

These things get forged through interaction with audiences. They're being made in anticipation of a given audience. You see with an audience whether they hit or miss. There are test screenings. In the States, there's a rigorous process that goes on to try to craft a hit. In Canada, you could ask the question, what audience? This is part and parcel of the same conversation. If only 5% of these things are ever going to be seen, and if they're absent from television, how do you hone these things in anticipation of an audience, when you don't really have an audience?

So those are the points.

I wanted to pick up on something Nigel said about the amount of Canadian drama on Canadian television. This is a separate point. But we must remember not to fall for measuring this simply in terms of running time or length. A producer might say a certain percentage of their programming is dramatic programming, but the whole system got gutted in 1999 by that unfortunate CRTC decision. For that kind of regulation to have teeth, it has to involve budget, a percentage of your budget.

•(1145)

If you don't put in a budget, but just put in how many hours or half hours there are, then we've got this thing, reality programming. So you can say, well, we've got this little dramatic hour, which costs us 10¢ an episode to make, and we're just going to use it as our drama—but that's not really going to build anything either.

So, please, if we are going to try to reinstate...if we're going try to reverse the CRTC decision of 1999, let's make sure that it has some teeth. This means the broadcaster is not just going to be able to say we're doing  $x$  hours of this or that, but it's going to be  $x\%$  of our operating revenues.

Thank you.

**Mr. Nigel Bennett:** Can I just say as well that this is a function of the numbers here. Not every Mexican, Australian, Polish, or Lithuanian film is wonderful; there are stinkers from those countries as well. We only see the good ones.

There were 44 English-language Canadian movies made last year, according to Telefilm's own figures. The major U.S. studios released 473 movies to the theatres, and 150 more were made but not issued. So we're talking about over 600 movies, as opposed to 44. It's the same problem.

On a separate point, in terms of the CBC, I can tell you that the amount of their entire budget that they spend on ACTRA members' salaries is 0.1359%.

**The Chair:** Mr. Silva.

**Mr. Mario Silva:** We've spent quite a bit of time trying to compare ourselves with other countries, which is not always a case of comparing apples with apples; some countries don't have the challenges we do, even on the distribution end, because it is provincially mandated here. So we have a different scenario here from what other countries have. But I realize there is an issue that's been raised several times, that of distribution and marketing and the lack of funds that go into marketing. Without question, bringing a movie to the screen is vital if you are to get the audience to see it, but you can't get the audience to go to see it unless you also spend huge sums of moneys in marketing, or else they won't know it's there. These are the challenges, I realize, that face the industry.

We had talked about—and I want to get an understanding from this particular perspective—the regulatory nature of the film industry in Canada, whether the policies and the system we have in place, everything from our tax system to the different funding bodies.... It seems that we've heard there's an issue here that concerns people.

How would you rectify that? Would it be to put it in one central agency? Would you put regional offices into that? I'm trying to figure out what the solution would be, so that you wouldn't be

spending all of the time just applying for grants. I know the complaints are there, but the solution is what I'm trying to get at.

•(1150)

**Mr. Nigel Bennett:** At my council, we talked about regionalization of funding perhaps being a way forward. Instead of Telefilm having a single budget that it gives out willy-nilly across the country—which means, by necessity, that the major centres of production are favoured at the expense of others, in terms simply of the number of filmmakers—maybe we should be looking at a regionalization of the funding, that a certain percentage of the funding of Telefilm should be allocated to each region. So the Maritimes would have a certain guaranteed percentage, which filmmakers knew they could apply for and weren't competing for with larger producers in other areas of the country. This is one possible situation.

I think the process needs to be simplified. I understand the concept of accountability, as this is public money, these are our tax dollars that we're spending here, and there's a responsibility to foster these tax dollars and to be good guardians of the public finances. But my personal feeling is that Telefilm has stepped beyond this in its zeal to protect the public and to make sure the money is spent properly. It's stepped beyond that and become a censor or an arbiter of taste and a judge of what should and should not be seen. For me, that is certainly not what it's supposed to be. I think a script should stand and fall on its own merit, not whether it uses swear words every two pages, or doesn't have a Canadian flag in every scene. Our stories are our stories; we don't need to stand up and say I'm Canadian because I wear a patch on my shoulder, but I'm Canadian because I'm Canadian, and that should be enough.

**Mr. John Houston:** We must fully agree with that. It is one of the key recommendations as well from the national presentation of the Directors Guild of Canada, that when we talk about the Canadian content.... That's one of the areas of the old prejudice, when people think of the Canadian movie, that it's "pretty good under the circumstances", and that sort of thing.

It's part and parcel of what has tarnished the image of the Canadian film that it can often be quite self-consciously Canadian. In a sense, a Canadian film is under pressure to be self-consciously Canadian by these regulations. It's intellectual property we're really talking about. Essentially, if a film is thought up by a Canadian and produced by a Canadian and has Canadians acting in it, then it is a Canadian film.

We're talking about relevance, and the question of whether Canadian films are relevant to Canadians. I'm sure each one of you will agree from your own lives that Canadians think about a lot more outside the boundaries of Canada. We don't all just sit here and think only about what's happening inside Canada. If Canadian filmmakers are tied, so that we cannot look outside of Canada or think of things outside of Canada, and there's going to be a kind of Inquisition panel that will say "that's rejected; that's not Canadian", then this makes us less and less relevant to other Canadians.

That's one point. I have a couple of other points on that.



Telefilm Canada and the performance envelope is one area of the regulations we think could be modified. It's a good idea to be going with people who have proven some success, but when we say "people", what does people mean? What we're doing so far is going with the producer. Basically, if you have a hit, what Telefilm Canada is doing is going back to the producer who has produced the hit, handing them essentially some money and saying, "Here, do it again."

It is not only the producer who creates the hit. We are talking about a combination. It's a little triad, if you like: there is a writer; there is a director; and there is a producer. Between them, somehow or other, they have produced this hit. What we would like to see would be a performance envelope that would recognize those elements.

What we've really done is go for a very American system. It is really the American system in which the producer... What you find routinely is all the creative people have to sign away all their rights to the producer. They have to waive any of what they call *droits d'auteur* or moral rights in the production.

I'm in a very weird position as a writer, director, and producer. Now I'm signing contracts where as a writer I sign away all my rights, and as a director I sign away all my rights, and then as the producer I accept them back again. It's a very strange situation. But most artists are not so fortunate as to also be producing. They're signing away everything, and if we study it, that is probably part of the secret.

If we want to really vitalize film in Canada, it's an artistic exercise, so let's empower the artists and not only the producers. A producer may be looking at a financial model, and there's nothing wrong with a financial model, but if we broaden it, we will get more of the passion going into it.

There are many precedents for this, which lie in Europe. Canada has an interesting position; it lies, in some ways, between America and Europe. In Europe a lot of procedure has been done to be able to allow for some of the rights of authorship and so on to continue to be vested in writers and directors.

As for how it could affect Telefilm's plan, there is a mechanism—it sounds ungainly, it sounds as though it would be more bureaucracy, but there is a way—whereby it could really work. For example, if there's an A list, every time you have a hit you could say there's a producer who, we'll say, is an A-list producer. There is a writer; let's put that writer's name on the A list. There is a director; let's put that director's name on the A list. So there they all are.

• (1155)

Now when you're giving out a performance envelope, you don't have to have the same team—that would be unnecessarily restrictive—but you say to every producer who is going to want to present under this performance envelope, just bring us A's: all you have to do as a producer is find an A-list writer and an A-list director, whoever they might be, from Canada. Put together your A-team, and we'll give you the performance envelope. That would be recognizing creative talent and passion and would revitalize this industry.

**Mr. Nigel Bennett:** Let me add a couple of other points. The problem with a performance envelope is that it encourages sameness.

It's like eating steak and chips and finding it really good, and then only ever eating steak and chips, because it's really good. You never find the new thing; you never find the new combination.

**The Chair:** Personally, I say no, it's not quite like that, because I can eat steak a lot more and still eat other things.

**Mr. Nigel Bennett:** Yes.

If we talk about Telefilm, as well we have to talk about Canadian content and what rules are there with regard to CanCon. I think a simplification of these rules would certainly help. If we look at the music industry, where the rules for Canadian content are much simpler, having an artificial demand has been proven to work. When we put requirements on radio stations to play a certain amount of Canadian content in every hour of their operation, it worked; it grew a Canadian music industry. It grew people like Celine Dion and Anne Murray and Shania Twain, who are now international stars. One doesn't find them singing about the Canadian flag or beavers or whatever in every song they ever sing.

• (1200)

**The Chair:** I'll give you some time, Mr. Houston, then I really have to give some time to Mr. Lemay.

**Mr. John Houston:** It's a very little comment this time. I just have to disagree, for the first time, with my honourable colleague here about the steak kind of reference. I think part of the solution is not to leave the performance envelope with the producer. As soon as you are sharing it with artists, as soon as you are empowering a writer, and as soon as you are empowering a director... Look at their careers. Look at the career of any writer or any director. There's a variety; they're thinking they're not going to write the same film twenty times in a row, and so forth, whereas with a producer there is a lot of market pressure. You're trying to make something that's going to make back its money; you could try to make the same picture. With anything that worked, you might want to reproduce that success ten times in a row. Get the artists involved.

Thank you.

**The Chair:** I don't just want the steak; I want the mushrooms prepared just the way they should be, and the right sauce. Okay. I've got it.

Mr. Lemay.

[Translation]

**Mr. Marc Lemay:** Being the good lawyer that I am, I never ask a question without knowing the answer. I am therefore going to ask you a question to which I already know the answer.

The country which ranks second after the United States for film production is India. Yet, unless I am very much mistaken, it has been a long time since there has been an Indian film shown in our cinemas. India imposes a quota system, as does Korea. It would seem, therefore, that the solution does not lie in a quota system, an assertion which I can assure you is borne out by the evidence. France, Italy and Germany do not impose quotas. It is the merit and appeal of the film itself that gets the viewing public buying tickets. That leads me to the issue of the star system.

Let us take the example of Quebec, my home province. There is a buzz around the Quebec cinema industry; unlike the rest of Canada, we have a star system. My only question is this: how could we go about developing a star system for Canada? I know Mr. Nigel Bennett. I do not often watch English-language television, but I did yesterday evening. I felt that there was no difference between ABC, NBC, CTV, Global and the other channels. Do you think that it would be possible to create a star system on the English-language side? We are here visiting the Atlantic provinces, and I would like to hear your ideas on this subject.

[English]

**Mr. Nigel Bennett:** You're absolutely correct; Quebec does have a star system. I worked with one of your stars, Roy Dupuis, who recently won a Genie. If one looks at the Genie awards, which are given for film excellence in Canada, we see a huge domination by Quebec films. Quebec films wipe us out who are in English Canadian films. All the awards are won by French-Canadian actors, French-Canadian producers, and French-Canadian actresses. The star system does not exist here.

One of the differences between Quebec and the rest of Canada is that Quebec values its artists. I think Quebec has a real sense of the value of the artist, and the status of the artist within society, which I don't think English Canada has. I think English Canada still regards actors as rogues and vagabonds to a great extent, people who are not to be trusted, not to be given credit cards, not to be allowed to buy houses.

This has to change. If we want a star system, we must make the actor, the performer, the centre of the piece. This is a problem, I think, for most producers in English Canada. If you make the actor the centre of the piece, it gives the actor power. I think English-language producers in Canada are afraid of that power. They want to have the power to be able to tell the actor what to do; they don't want an actor telling them what to do.

That's what happens when you have stars. All you have to do is look at American series—*Cheers*, for example. When the star of *Cheers* turned around and asked for millions of dollars per episode, he got it, simply because they needed to have him in the series. I think producers are afraid of giving actors that sort of power, because producers like to reduce risk; it's one of their main functions. That's why they cast actors to do the same sort of thing all the time. That's why they use people over again, because it reduces risk. If you have a performer who has that sort of status, that sort of star power, it is an element of risk that producers are not interested in having.

So certainly it is a problem that there is no star system in English Canada; would that there were.

• (1205)

[Translation]

**The Chair:** Do you have another question, Mr. Lemay?

**Mr. Marc Lemay:** No, I would like to hear what Mr. Houston has to say.

**Mr. John Houston:** There is little to no drama programming on Canadian television; it is impossible to create a star system without having the means to do so.

**Mr. Marc Lemay:** There is no drama programming because of CRTC guidelines and the infamous 1999 decision which makes your life a misery. That is the reason, and the decision therefore has to be amended.

Were we to recommend that it be amended, what would happen next? Are you ready to start drama production? Do you already have scripts? I just want to know whether you would be ready were this decision revised.

[English]

**Mr. Nigel Bennett:** I think we certainly are. We were ready before and we're ready now. Writers and producers have been languishing in the wilderness in the last six years since the 1999 CRTC decision—which did create a star system. Unfortunately, the stars are Peter Mansbridge, Ron MacLean, and Don Cherry, because it insisted on having sports and news and current events programs as part of Canadian content, so drama was pushed out.

**The Chair:** This will be the last question.

I'd like to come back to something Mr. Houston raised, about the importance of having everybody involved in the industry working together. First of all, according to the list I've just seen of who was on the advisory council, we've got three directors, two actors or actresses, and three writers. That's certainly creative representation, which I've heard there's none of. This is what I've been told in other hearings. There are four producers, some of whom I think are probably creative people, and then in addition there are exhibitors, broadcasters, and distributors. This seems to me to be reasonable representation of those involved in the industry. I would like some comments on why there are complaints about having no creative presence on boards and bodies that make decisions about film.

But the most important point I wanted to come back to was one raised by Radio-Canada on why French film creation and viewing has been so successful. It has to do, in Radio-Canada's view, with an initiative they took some years ago to bring all elements of the industry together to set up a substantial fund for drama production. It wasn't quite clear to me whether they made feature film only or drama generally, but they bring all elements of the industry together to make that happen.

Mr. Houston, in your opening comment you referred to the importance of doing that. How do we do it? I don't know if you're aware of what Radio-Canada has done. One of my challenges to them was whether they were including the creation of French film by French artists from outside Quebec, because that's a very important element to me.

Is there a model there that can be applied to create some of that success for English films?

• (1210)

**Mr. John Houston:** It would seem to me, yes, or maybe we should just say yes and no, because I think yes in the sense that we could study the Quebec model. I'm not as aware as I'd like to be of all the specifics, but through the Directors Guild we can take a very close look at that, and I'll pass the recommendation back up the pipe, that we definitely do that.

But there is the other aspect, which is that in a sense Quebec has an advantage. It has the language advantage, in that there is a built-in group of people who would like to see something in French. That is wonderful. But also within Canada, since you have a built-in audience that wants to see something primarily in English, we're at the mercy of our neighbours to the south of us who are creating a huge amount of product with gigantic budgets and so forth. You may be aware that in America, when they count what they call their domestic box office receipts—what they receive the first weekend, the first day, and so forth—they include those from Canada. Somehow Canada is part of U.S. domestic receipts. That gives you an idea of what a stranglehold they have. That is a problem that we have to face in English Canada, but certainly we can learn from French Canada.

**Mr. Nigel Bennett:** If I may say so, Quebec has always been ahead of the game in terms of trying to protect its own screens, for its own work. In 1984 Quebec introduced strong measures to try to protect its screens. These went forward but due to pressure from President Reagan on our Prime Minister Brian Mulroney, the country backed down. Brian Mulroney backed down and allowed that to go.

But Quebec certainly has always seen the value of its film industry and tried to protect it, which we don't do.

**The Chair:** This is the second issue that has been raised with us a couple of times. We don't have a lot of time now, so if you want to get back to us further on this I would appreciate it.

There was a substantial effort to take films to smaller communities in Quebec, and that's on the verge of expanding with iCinema projection capacities in smaller communities around the province. I don't know if either organization has had a look at the impressive potential of relatively low-cost digital projection to get Canadian films into smaller communities. If you've had a look or have any thoughts on that, I think that might be helpful to the committee as well.

**Mr. Nigel Bennett:** You should know that the future is about to change; the way we make and show films, both on the large screen and small, is in the process of change now, in ways that we won't recognize in twenty years' time.

**The Chair:** Mr. Houston.

**Mr. John Houston:** I didn't mean to sidestep your first question about the advisory board. One of the recommendations of the Directors Guild was to see that the appointments to the board were made in a more open, timely, and transparent manner. But once again, what I'd like to do is to pass that back up the pipe to the national body and to ask them to make a more specific study and more specific recommendations.

**The Chair:** That would be helpful. Thank you very, very much.

Thank you, all of you, for spending this time with us, for the efforts you put into your briefs and your thoughts on the subject.

**Mr. John Houston:** Thank you very much.

**The Chair:** We will now adjourn.

---





**Published under the authority of the Speaker of the House of Commons**

**Publié en conformité de l'autorité du Président de la Chambre des communes**

**Also available on the Parliamentary Internet Parlementaire at the following address:  
Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :  
<http://www.parl.gc.ca>**

---

**The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.**

**Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.**