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—
Chair

Ms. Marlene Catterall

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•(0915)

[English]

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

We welcome again Telefilm Canada. We have many more questions for them, I think, than we did a couple of months ago. I hope Mr. Clarkson has a few more answers than he did a few months ago. Thank you very much for being with us again.

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

The Chair: I think you have a presentation you wish to make.

Mr. M. S. Wayne Clarkson: Yes.

[Translation]

Madam Chair, members of the standing committee, ladies and gentlemen, thank you for welcoming us back. Today, I have with me some familiar faces from our last visit: Charles Bélanger, Chair, Telefilm Board; as well as Elizabeth Friesen, our Director of Policy, Planning and Research; Michel Pradier, Director of French Operations in the Quebec Office; and Ralph Holt, National Feature Film Sector Head.

[English]

I will keep my remarks as brief as possible. As you stated, Madam Chair, you have many questions to ask of us, I'm sure.

We're delighted to be here so soon after the Cannes Film Festival, where both David Cronenberg and Atom Egoyan had feature films in official competition. As they are two of this country's most prolific filmmakers, it's a source of great pride to see them celebrated at one of the world's great film events.

Interestingly enough, the last time two Canadian directors were up for the same award in Cannes was 1977, almost 30 years ago, and that was Jean Beaudin's *J.A. Martin photographe*, and Jean-Pierre Lefebvre's *Le vieux pays où Rimbaud est mort*.

When the *New York Times* asked David Cronenberg about running against his colleague Atom Egoyan, he replied as only a true Canadian would, "We're comrades in arms, rather than competitors." And David's graciousness did not end there. He was recently quoted that he would not be where he is in his career today were it not for Telefilm Canada's support.

We all know that feature films can be expensive to make. More importantly, they are also engrossing and often transforming expressions of our society, our culture, and our times. Simply put, people love the movies. And Canadians want a national cinema, a cinema that tells emotionally engaging stories about the country we live in, that reflects our realities, and that they can have access to in a theatre, or on a DVD in the comfort of their own homes, or on an airplane, or on a computer screen.

On this note, we are here before you again to present to the members of the standing committee a clear picture of Telefilm's role as the key administrator of the Canada Feature Film Fund.

Let me begin by restating Telefilm's objectives. In three broad strokes, they are to build audiences at home and abroad by supporting Canadian talent in a varied portfolio of films, genres and budgets, from the commercial to the auteur; to build the capacity of the audiovisual industry for future success; and, finally, to provide effective and transparent administration of public resources and client-oriented services.

[Translation]

These goals remain valid. And we continue the process of consulting with the industry on new initiatives to best achieve our objectives.

Let me be candid: Telefilm Canada alone does not have all the answers. This is why continuous—informal or formal—consultation and communication with the industry are essential to the success of this system.

[English]

This puts Telefilm in an informed position to effectively administer its programs and guidelines in the best interests of all stakeholders—writers, directors, distributors, educators, broadcasters, and producers—who are committed to Canada's feature film industry. The goal of the Canada Feature Film Fund is to help Canadian filmmakers gain a modest 5% domestic market share by 2006. In 2004, 16 Canadian titles, 12 French and 4 English, broke the \$1 million mark at the box office. That's up from six films the previous year. Canadian films overall generated over \$41 million in box office receipts, to attain a national market share of 4.5%.

I believe it's important to set goals as a way to mobilize the industry and to mobilize Telefilm. Telefilm Canada and the industry should set a new goal of 10%. Similarly sized countries are achieving good box office results: Germany at approximately 24%, Italy at 20%, Spain at 13%, the U.K. at 17%, and Sweden at 22%. Looking to the future, why can't the Canadian industry achieve comparable results?

The idea is to build on the momentum we already have. Let's turn to Quebec for just a moment.

• (0920)

[*Translation*]

French-language films enjoy an impressive percentage of the market share. Their box office has more than doubled since 2001 from \$12 million to \$29 million. That represents 21.2 percent of the total market share. Today's momentum in the French market is due in part to a remarkable slate of productions initiated two years ago, when Telefilm supported a total of 18 films.

[*English*]

This kind of success is achieved through quality scripts, committed and dedicated exhibitors and distributors, broadcaster support, creative marketing, a seasoned production industry, experienced crews, and an established star system. In English Canada, the box office has grown from \$2 million in 2001 to \$12 million in 2004. This represents an astonishing sixfold increase. Further, over the life of the Canada Feature Film Fund, we have averaged close to 26 English-language films per year. We simply cannot lose ground now. We need to sustain the system already in place with more projects and resources. If we do, I'm confident of the results. We will continue to build audiences while refining the corporate and creative infrastructure and increasing productivity and cost-effectiveness. Telefilm Canada's opinion is that the pursuit of culturally relevant filmmaking does not mean the exclusion of audience success.

[*Translation*]

The first step is creating a critical volume of scripts with more money at the front end of filmmaking—at the script development stage. This is crucial in achieving a critical mass of promising, viable projects.

[*English*]

In the battle to develop films that attract the attention of Canadian movie-goers, Canada develops only four productions for every one produced. This is compared to a ratio of eight to one in Europe and, of course, nine to one in Hollywood. With a pool of promising scripts, we believe we can have a healthy and solid foundation for success. That leads naturally, as is so often the case, to funding.

Let me make it clear. To sustain and exceed the 5% market share, more resources will be needed. Specifically, new funding is needed for different activities in each language market.

In French, we need to maintain a critical mass of quality productions in an environment of increasing production values and budgets, whereas on the English side, we need additional dollars to increase the marketing and promotion of the films. It should be noted

that the Canadian feature film funding did not include an increase in marketing dollars.

Furthermore, in order to ensure the long-term success of the industry, we need to continue to help build its capacity. It is the independent production and distribution companies that produce and distribute Canadian feature films. Their long-term viability is essential to long-term success.

The current feature film fund does not provide for multi-year planning due to financial constraints. Gap financing for international sales or interim financing tools such as that are not available to the cultural industries to the same degree as they are available to other industries. We need to use established business tools to leverage additional resources from the private sector to provide successful film industry.

[*Translation*]

We need to invest more in young people, emerging talent and in particular our national training schools; they are falling behind their international competition. Greater opportunities to create lower budget production are key to replenishing our talent pool.

[*English*]

We stand behind the principle of rewarding producers whose films have proven successful at the Canadian box office.

When it comes to the Canada Feature Film Fund, as I said before, we have a built-in momentum. In 2001 the government doubled its resources for Canadian cinema, and the result is that the industry has since tripled its box office.

The industry's success to date has been made with modest funds, especially in comparison to Hollywood productions. Each year Telefilm has a total of approximately \$66 million to invest in production, development, and distribution for projects in both official languages. This figure of \$66 million would not even cover the marketing campaign of a typical Hollywood blockbuster.

Last, what we have learned from our success is that to achieve it takes patience, persistence, and continuity. Although the French-language market has achieved a record-breaking milestone, it has taken almost 10 years to do so. And in the English market, its success is clearly taking shape.

Thank you very much. I look forward to your questions.

• (0925)

The Chair: Mr. Schellenberger or Ms. Oda.

Mr. Gary Schellenberger (Perth—Wellington, CPC): I'll go first, thanks.

Thank you very much for the presentation here this morning and for making yourself available for us.

From some of the correspondence and some of the other things I've been reading, am I correct to say that about 60% of the funding for a lot of our Canadian films comes from Telefilm and from tax credits, whether it be federal and provincial? Am I correct in that assumption?

Mr. Ralph Holt (Sector Head, Feature Film, Telefilm Canada): I would say that potentially that's available. I think the combination of our direct investment and tax credits probably don't go beyond 30% at this point, on average.

Mr. Gary Schellenberger: Are there clawbacks in your funding if there are other particular moneys received, say, from the province or from other tax credits?

Mr. Ralph Holt: Yes. Within the tax credit scheme, when other federal government resources are made available it does what we call grind down the tax credit calculation. There is an offset that reduces the total amount, yes.

Mr. Gary Schellenberger: In the consultations we've had as we've gone around the country—I can't remember where it was—a person told me about a young director who had received some funding for his first film. There seems to be an incentive for that. Are the criteria for first film funding different from those for second? He did have success, but he seems to have gone to the bottom of the list for his second film.

Mr. M. S. Wayne Clarkson: Michel and Ralph can speak more specifically, but I think the intent in the low-budget program is to be as flexible as possible and to give as much independence to the filmmaker as possible. The maximum funding we give for low budget is, I think, \$250,000, and the budget for the film has to be well under \$1 million. It is the most flexible.

Regrettably, it's also the program with probably the least amount of funding. I think we have for all of Canada \$1.9 million, and that's divided up between English and French production. With the modest dollars, in any given year we can support four or five, maybe six films maximum.

Mr. Michel Pradier (Director, French Operations and Quebec Office, Telefilm Canada): For French films it's about \$600,000, so with the \$200,000 average investment per project there's a maximum of three to four projects, depending on the year.

[Translation]

That's unfortunate because there's a lot of talent in this pool of new directors and producers.

Mr. M. S. Wayne Clarkson: Yes, really.

[English]

Mr. Ralph Holt: If I could, I'll just pick up on the point about the second film. For sure, given the resources, the funnel narrows very sharply. There are limited resources to get that first film made, but we've also set aside allocations within the Canada Feature Film Fund for regional productions. Each of our regional offices has a limited amount of money to do productions with investments of under \$1 million, and most of the time that's where we see the second and third films being captured, but it's very competitive.

Mr. Gary Schellenberger: Another question that has come up at various times is this. Again, if you've been successful and you're a successful producer, those funds are automatic on your next film, whereas some people have to fight like nobody's business to get in there. The quality of the film doesn't necessarily mean success in receiving funding. Am I correct when I say that?

I know it's nice to have a good working relationship. I know I always had some good clients I worked with continually; we got to

know each other really well and everything went bang, bang, bang, but for someone to get into that....

● (0930)

Mr. M. S. Wayne Clarkson: I think you're referring to two programs. One is the envelope system, and yes, if the film is successful at the box office and grosses in excess of \$1 million, then an amount of money is set up in an envelope for the producer, the production company that had the success. The principle is to reward success, and if they have the talent and the expertise and the knowledge to achieve it once, we anticipate that corporately and talent-wise they can do it again.

Then there's the selective fund, in which young talented filmmakers, producers, come in and succeed the first time or second time in getting funding, but that doesn't necessarily guarantee them anything for the second, third, or fourth time they come in. This speaks very specifically to the ratio of applications to dollars. I think right now in the national deliberation, as an example, we have asks totalling in excess of \$90 million.

Correct me if I'm wrong.

Mr. Ralph Holt: They're in excess of \$95 million.

Mr. M. S. Wayne Clarkson: And we have how much to give out?

Mr. Ralph Holt: We have \$13 million for the balance.

Mr. M. S. Wayne Clarkson: So it's about a six-to-one or seven-to-one ratio.

Sadly, it's the nature of the business. Eight projects come in of different merit and value, and evaluating to the best of our ability what the producers say, what the distributors say, and what kind of financing they've been able to garner to give confidence, we then make a decision. There's never a guarantee.

Mr. Gary Schellenberger: Thank you.

The Chair: Thank you.

Monsieur Kotto.

[Translation]

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

Thanks again for coming back to enlighten us, perhaps to inspire us. First, I'll ask a series of three questions all together. I'll also have a separate fourth question.

First, I'd like to know whether you believe there is a Quebec film industry. If so, does Telefilm Canada recognize it?

Second, excluding Quebec film, do you think the Canada Feature Film Fund is a success?

Third, excluding Francophone film, do you think the Canadian film industry is a model for success?

Fourth, while box office is huge in Quebec and quite mediocre in the rest of Canada for the national film industry, wouldn't it be appropriate, in view of these two different situations, to develop two separate film policies?

Those are my questions regarding the regulation of the Quebec versus the Canadian film industry.

The other question concerns documentaries. Since feature length documentaries are increasingly successful, is Telefilm Canada considering a feature length documentary fund development project, or does it have one on its shelves?

Mr. M. S. Wayne Clarkson: Those are good questions. First, is there a Quebec film industry? Frankly, I don't really understand the question. Of course there is one.

• (0935)

[English]

It's rich in its history and successful in its art and in its commercial box office.

Michel can speak to the other issue.

[Translation]

Mr. Michel Pradier: The word that best sums up all your questions, apart from the documentary one, is the word "asymmetry". For the past year and a half, we've taken an asymmetrical approach to the language markets because, as you said, they're so different in the success they've achieved and in their problems as well.

Is there a Quebec French-language film industry? Clearly, yes. And the approach is different because the market responds in a different way. Perhaps the industry's been working longer in that direction; it has more of a history.

Is the Canadian Feature Film Fund a success, if you exclude the French-language film industry? Time is an important factor. As we said, it took more than 10 years to establish momentum in French, to create the habit and to make audiences want to see a national product, and it's working well. In English, of course, the competition is ferocious. We have a neighbour that's really quite omnipresent. In spite of everything, with what little resources we have, we've increased from a box office of \$2 million to a box office of \$12 million. That's a modest improvement relative to revenue as a whole, but it's increasing exponentially. If we continue and manage to establish momentum, I think it will progress further. As is being done in Quebec, the idea is to get the public, theatre operators and film distributors interested in films from here. This is a business that may be viable for a theatre owner. This desire is being established in English Canada; we have to give ourselves the time to achieve the objectives we want to set.

In another question, you asked whether this is a model for success. I think so, but we do have to give it time to succeed. When you look at the newspapers in Quebec, they only talk about Quebec films. This is something that's being established among the public and that gives them a desire to see themselves depicted on the screen, to hear stories told by people from here for people from here.

Mr. Maka Kotto: I'd point out that the model for success I was referring to excluded the Quebec film industry. Setting it aside, is the Canadian film industry a model for success? That was the point of my question.

Mr. Charles Bélanger (Chair, Board of Directors, Telefilm Canada): It's a model that's in the process of succeeding. That's

what we want to get across when we say it took about 10 years for the Quebec French-language film industry to get where it is today.

In the past two or three years, we've seen that, by being persistent, constant and determined, by conducting extensive consultations and getting people committed to thinking and working in that direction, people are beginning to sense a buzz that we hope will enable us, in the next four or five years, to gauge the extent of English Canadians' interest in English Canadian films.

However, there's no guarantee of success. Moreover, five or six years ago, we couldn't have said that Quebec's effort and the interest it's created would take on such proportions. We understand the importance of investing our energy in the right places, and that's why we said in our presentation that this starts with the development of young talent and continues on with script development. It's better to polish them when the story is good than to produce something that's half-baked; that obviously gives us a better chance.

That's why we've come to the conclusion that we have to make additional efforts in each of the areas and get a better grasp on assembling all the parts with a view to the final result.

As Michel Pradier said, at Telefilm Canada—at least since I've been Chair of the Board—we're applying an asymmetrical policy. That's part of the approach, precisely out of respect for what the markets are, and we observed that a slightly bigger effort had to be made on the Anglophone side.

Is the Canadian model a model for success? Allow me to draw an analogy with regard to symmetry. I'm a former broadcaster, and the brief time I spent at the CRTC led me to adopt the Canadian broadcasting model: we have a single system that acknowledges the specific characteristics of both markets. That produced really interesting results in broadcasting, and I don't see why, all other things being equal, the same approach wouldn't be successful in the film industry.

• (0940)

Mr. Maka Kotto: The last question concerned a potential feature length documentary fund.

Mr. Charles Bélanger: Yes.

Mr. Michel Pradier: Mr. Clarkson announced a pilot program at the APFTQ conference. Telefilm Canada's main clients are in independent production, and we're attentive to that industry, which demands things from us and makes arguments. It was because we recognize the potential of feature length documentaries that we established a pilot program this year to meet its needs.

Mr. Maka Kotto: Thank you.

[English]

The Chair: Mr. Silva.

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

No one can question the important role Telefilm plays in this country. The industry particularly has come forward and said very clearly that Telefilm is quite vital for the film industry in this country, and we congratulate you for your efforts.

Certain themes have become clear as we've gone across the country. One has been the issue of marketing and the need to put more money into marketing. Another theme that comes through is the issue of financial resources to get the production going through, and also the distribution—how difficult it is to get the movies out into the movie theatres, once they've been produced.

Even though most of the depositions have been quite favourable to Telefilm, there are some issues of concern I need to raise with you and ask for your clarification.

One of them is the issue that they find themselves spending most of their time writing proposals, and it takes a lot of time from the creative nature of actually producing the movies and films. They find it a little too bureaucratic, and there's too much red tape involved in this process.

I'm hoping maybe you can clarify for us how you can streamline this, so people aren't spending all their time just writing proposals, as opposed to trying to get their films produced and out into the theatres.

Mr. M. S. Wayne Clarkson: I have to admit it's a difficult balance. On the one hand, it's public money that we're dispensing. We're accountable and responsible for it, so we have to be more rigorous than perhaps a comparable private sector organization. We have to be more accountable.

At the same time, it's an industry that moves quickly, I agree. Part of setting up the envelopes was to address those corporations and successful individuals who merit the confidence and trust because they have been successful. They have access, in some cases, to an envelope of up to \$3.5 million.

On the terms under which they access that, the project has to meet the Canadian content requirements we set. They sit down and discuss with us their intent on the project. But it's much more flexible than when companies come in on a project-by-project basis. The distributors are able to access up to 75% of their marketing costs, not to exceed about \$750,000. It's an inordinate amount of money that they're able to access.

As a public agency, to ask that they present responsible and measurable business plans that can be monitored is not unreasonable. I happened to be at Cannes and met with our counterparts from the film fund in Great Britain, the Film Council. They're much more rigorous than we are. I was listening to them and said, my God, we're being too flexible. I think finding a balance is what we struggle toward.

• (0945)

The Chair: Thank you.

Ms. Oda.

Ms. Bev Oda (Durham, CPC): Thanks very much.

Thank you for being here again this morning. Typically I have more questions than my time allows, but I will persist here.

I'd like to go back to your presentation and get further into some of the points brought up in your previous appearance here.

Just to follow up on Mr. Silva's question, what would Telefilm need to pursue the follow-up needed on the distribution plans? Plans

are fine, but it seems to me we now need the monitoring and accountability.

Mr. M. S. Wayne Clarkson: As we suggested in our opening comments, it speaks to the question asked earlier

[*Translation*]

on the difference between Quebec and English Canada,

[*English*]

about two different policies. In English Canada the priority is marketing and promotion, working with the distributors.

[*Translation*]

It's not the same thing. The problem is different in Quebec.

[*English*]

It's a problem of production financing. We're proposing that with additional dollars for English Canada in marketing and promotion, we can exceed our 5% and grow with the momentum we've got. How much money is that...?

Ms. Bev Oda: I think you misunderstood my question. It wasn't about more money for marketing. What would you require as an agency to undertake the responsibility for follow-up and monitoring these plans—making sure the plans are fulfilled?

Mr. M. S. Wayne Clarkson: If I understand the question correctly, I think we have the resources....

Ralph.

Mr. Ralph Holt: I'm just sitting here listening. It seems to me that over the past five years we've been putting in place the various blocks to deal with the value chain—programs for development, production, distribution—and building relationships with exhibitors. With any industry, it's not just the block; it's the linkages between the blocks that are really critical.

If there's going to be any focus over the next five years, it'll be to work on the linkages—how much monitoring we do, how much direct hands-on there is. Again, it will be a delicate balance of not over-monitoring, but looking at those linkages between the value chain blocks.

Ms. Bev Oda: I think I got my answer.

And you indicated, Mr. Clarkson, that you have the resources to undertake that.

Mr. M. S. Wayne Clarkson: As long as I understood your question correctly.

Ms. Bev Oda: That was my question.

Mr. M. S. Wayne Clarkson: They present a marketing plan, we monitor and evaluate it, and we're able to do that with what we presently have.

Ms. Elizabeth Friesen (Director, Policy, Planning and Research, Telefilm Canada): I would add the comment that when it comes to audience research, the degree to which we've been able to access better data on box office information has greatly improved.

Ms. Bev Oda: My question was with regard to the follow-up on the plans the distributors submit.

Ms. Elizabeth Friesen: Oh yes, for sure.

Ms. Bev Oda: Thank you.

There's another thing I wanted to follow up on, and again, it's being more specific. The last time you were with us, you indicated that you were going to be undertaking a major review of the methodology you use. You indicate here that there is a requirement for review, and a review must also be accompanied by a realignment of the corporation's fiscal spending requirements.

Can you give us any indication of a timetable, and the scope of that review?

Mr. M. S. Wayne Clarkson: I'm sorry, I don't understand the question. There's some information missing there.

Ms. Elizabeth Friesen: Is it possible that there was a reference to the review of the Canada Feature Film Fund, leading up to the five-year period, which is being undertaken by the Department of Canadian Heritage?

Ms. Bev Oda: Exactly. It says:

...CFFF production resources allocated to the performance component must be reviewed to ensure a sufficient level of support for the continued development of the Canadian industry....

You go on to say:

A review of the methodology must also be accompanied by a realignment of the Corporation's fiscal spending requirements....

● (0950)

Mr. M. S. Wayne Clarkson: Yes, that's right.

Ms. Bev Oda: Can you give us any details on the timetable planned for this review, and the scope? Is this an internal review, or are you referring to the department's review?

Ms. Elizabeth Friesen: We're referring to the department's review of the Canada Feature Film Fund, and in particular, for the performance envelopes, a review of the fiscal constraints they find themselves in with regard to not being able to carry cash over the fiscal years for planning purposes.

Ms. Bev Oda: This was not an independent review that you were doing internally.

Ms. Elizabeth Friesen: No.

Ms. Bev Oda: Okay.

My next question is regarding the capitalization of companies. You've indicated in your presentation that we seem to have a challenge; most of our programs focus project by project rather than investing in companies—other than the performance envelopes, which have some recognition of companies.

Do you have any specific recommendations in which we may look at increasing the support for capitalization of production companies?

Ms. Elizabeth Friesen: We have three recommendations specifically. The first recommendation is that we have to more clearly understand the health of production companies and distribution companies. One of the ways in which we feel that needs to happen is through the development of standard financial statements in this industry, such that we can establish benchmarks and targets to evaluate future tools and programs for their support.

Additionally, what's become clear to us is that the volume of production is very important to the overall health of the individual

production companies, how much volume they can have as an individual production company. Given the kind of funding Telefilm has, they cannot depend on access to Telefilm for their ongoing health as a production company. What they need to have is a diverse portfolio of films, including some for Telefilm, but there aren't the financial tools available that help them to do that. So we're recommending that we look at ways of developing greater access to interim financing funds, gaps financing programs, that would allow them to finance their programs in more commercial ways without having to get access to equity investment from Telefilm.

Ms. Bev Oda: But that still could be seen as a project-by-project approach versus a corporate capitalization as a company. I understand the challenge, and I understand this would be outside your mandate, but do you have any specific recommendations to overall government as to how this support could be given?

Ms. Elizabeth Friesen: Actually, the interim financing and gaps funds that we see internationally have often been package arrangements, wherein companies come with a portfolio of two, three, four films and leverage the potential revenues and financing across a portfolio of films as opposed to an individual film. This is captured in the kind of program that we're recommending would be considered for these companies.

Ms. Bev Oda: That's an interesting approach.

Mr. M. S. Wayne Clarkson: In one of the experiences I had when I was the head of the Ontario film agency, the Ontario Film Development Corporation, we set up a capital fund for emerging companies and met with the banks to lever that money. It was not successful. The number of companies that met the criteria were so few and far between that it really didn't have a critical mass of value. But that was ten years ago; whether it's the case today, I don't know.

Mr. Ralph Holt: I guess the only other comment is that to capitalize they have to be capitalized against assets, and production is really the only way to create those assets. I think what Elizabeth was saying about enlarging the asset base is the way to go.

Ms. Bev Oda: My final question would be another comment that... I don't know which way to go.

Because film also relates to television and is part of the chain of presenting to us, could you update us on the structure or the relationship or the review of the Canadian Television Fund? I know there were discussions going on. Could you update the committee on those?

● (0955)

Mr. M. S. Wayne Clarkson: Yes. Those discussions have been going on for quite some time. Monsieur Bélanger could report going back a lengthy time. I've spent a considerable amount of my time in the last four months at Telefilm concerned and dealing with the CTF and its relationship to Telefilm. We presented options, as have other interested parties in the industry. The department has gone off on a process of consultation to evaluate each one of those various options—strengths and weaknesses. The one we proposed was one board, one administration. Telefilm would be the administrator; the board would be the CTF, with representation, obviously, from DCH appointments. The value of Telefilm and its offices coast to coast would, I think, serve the client base better, and we estimate there would be cost savings of as much as \$5 million.

So we've put forward our proposal, the consultation process has gone on, and we await decision from the minister and the department—hopefully at Banff.

Ms. Bev Oda: Thank you.

The Chair: Thank you, Ms. Oda.

Monsieur Lemay.

[*Translation*]

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Good morning. No, I won't ask you whether you're coming to Abitibi.

First, I'd like to thank you for being with us once again, Mr. Clarkson, together with your team. It seems to me—and this is my first impression—that you're firmly in the saddle. I listened to the questions you were asked. And I believe our recommendation to the minister was relevant. In addition, you seem to me to be prepared to take on this task, which is enormous. You have to admit that from the outset.

I read the documents and I have a number of questions to ask. Consequently, somewhat as my colleague Maka did, I'm going to ask you them all at once. We're conducting a cross-Canada tour concerning the film industry, and I would point out to you, as if you didn't know it already, that we have two distinct societies. I believe that Quebec is distinctly different from the rest of Canada with regard to film production.

In that connection, you state the following:

This kind of success is achieved through quality scripts, committed and dedicated exhibitors and distributors, broadcaster support, creative marketing, a seasoned production industry, experienced crews and an established star system.

Allow me to add that there are an increasing number of film festivals these days. I thought I should pass on my little message, or else someone would have commented on this subject at one point or another. It seems to me that, in that sentence, you've summarized the entire problem that we've observed during our tour.

Now I come to my questions.

English Canada, Great Britain and the United States have a language in common: English. Great Britain has taken some serious measures. Among other things, it's decided to open 200 digital movie theatres to compete with the American film industry. To start with, I'd like to know whether you've studied this phenomenon and whether something comparable exists in Canada.

I reserved my second question until your appearance. So here it is. Did you know that most of the English Canadian productions you finance rarely have any trailers? Yesterday in Toronto, I was absolutely stunned when we were told on this subject that there was no more money. It's very different in Quebec. Consider, for example, *Le Survenant*, *Séraphin, un homme et son péché* or *Idole instantanée*, which will be coming out on July 2, but for which you can already see the trailers. I believe they call them trailers in English.

Wouldn't it be a good idea at least to strongly suggest to the people concerned that they consider this matter? This is an essential factor in marketing, but no one seems to understand it. I'm telling you the way I see it.

● (1000)

Lastly, how are you going to go about creating a critical volume of scripts? From the outset, more money should be allocated for script development. We know that's where the real problem lies. We were told that once again yesterday. We met Mr. McKenna. We were also told that in Toronto. The situation is different in Montreal since some measures have been taken in this regard in Quebec. However, I get the impression we're going to hear about this matter in Vancouver over the next three days.

It isn't enough to invest money; you also have to control quality. Are you going to partner with other organizations? I'm thinking of Radio-Canada, among others. Wait a bit until we've heard from the CBC people; we're reserving a few questions for them. They invest in the script at the outset and support it right up to the production stage.

So those are my three questions. I don't want to take any more time. Thank you.

Mr. M. S. Wayne Clarkson: Thank you.

[*English*]

I believe in film festivals.

[*Translation*]

I believe that film festivals, whether they're in Toronto, Vancouver, Halifax or Montreal, are very important for the Canadian film industry.

[*English*]

I went to the opening of *C.R.A.Z.Y.* and *Idole Instantanée*.

What is brilliant in Quebec is the working relationship between the exhibitor, the distributor, the producer, and the investors. It is working extremely well. In English Canada, that is not the case, as we've talked about in regard to distributors. In English Canada, an effort is needed to increase promotion. In Quebec, the pressure is more dollars for production, because the private sector industry, the exhibitors and the distributors, is working extremely well.

You also briefly mentioned digital cinema. When I was in Cannes I met with the British, the Australians, and the Germans, and they're all bringing in a program of support to digitize cinemas. In doing so, part of the condition of that financial support to digitize the cinemas is a requirement that they commit some of their time, or screening hours, to domestic films—in our case, Canadian films. I think that's a good principle, especially in the smaller communities that aren't well served now; there may be one multiplex running nothing but American blockbusters. So I think we can play a part with the smaller community cinemas.

Michel can speak in more detail than I can on scripts, and I don't want to sound crass, but I think you have to develop a hundred, or define ten, to make one. It's a game of numbers—obviously creatively, absolutely. To increase those numbers is money. We moved by 50%, increasing development from \$2 million to \$3 million, precisely to try to increase that demand. If we had additional dollars, we would increase it even further.

Michel.

•(1005)

[*Translation*]

Mr. Michel Pradier: We have a whole range of activities on the French side. Among other things, there's the Screenwriting Assistance Program, which has produced a new generation of screenwriters. Through special initiatives, in English and in French, we're involved in matchmaking, which enables screenwriters who've taken the program to meet a producer in order eventually to get in on regular production programs. This is working very well. However, it should be pointed out that volume is an important factor.

I don't believe the interventionist approach is really a good idea for a Crown corporation. It's preferable to give creators the freedom they need in order to create. In the regular development programs on the French side, we receive between 125 and 150 requests every year regarding screenwriting. We finance approximately 50 percent of that number. On the production side, we finance 10 or 15 of the 60 to 70 projects, depending on the year.

Mr. Marc Lemay: Pardon me, Madam Chair.

Here I'm talking about the Anglophone side, since things are going quite well in Quebec. I don't want you to intervene, but these people need assistance and they're showing it.

Mr. Michel Pradier: I believe volume is important: a certain number of people have to write. You can't just invent talent. It's there, and you have to support it financially.

I'm going to ask Ralph to take over.

[*English*]

Mr. Ralph Holt: I think what we've also done is try to funnel projects, to be as open to as many broad ideas at initial development places, and when we see projects coming back for the second and third drafts, to encourage the scriptwriter to be in combination with a director, with the marketplace through distributors, to try to identify those projects that have the greatest potential to succeed in the marketplace. It's not random.

[*Translation*]

Mr. Marc Lemay: What about trailers?

[*English*]

Mr. Ralph Holt: Trailers?

[*Translation*]

Mr. Marc Lemay: Yes.

[*English*]

Mr. Ralph Holt: Yes, I think we identified that quite some time ago. They are allowable expenses within marketing. We've allowed distributors to go wherever they can to get the best trailers that can be cut.

As I mentioned earlier, I think the linkages in the industry are something we're working on, and it's a point of attention just to be able to replicate the success in Quebec.

Ms. Elizabeth Friesen: But the challenge we have is that we can't require exhibitors to put the trailers on the screen. We can't require the exhibitors to put the posters in as prominent a place as others. So one of the issues regarding digitization is, how do we encourage exhibitors to do that sort of activity with us?

[*Translation*]

Mr. Marc Lemay: I'll come back to that.

[*English*]

The Chair: I'm going to allow Mr. Lemay to challenge that, simply because I see he's anxious to and it's an issue that has come up before the committee a number of times. So if you want to follow up on that question....

Okay, Mr. Smith.

[*Translation*]

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

Ladies and gentlemen, I apologize for being late.

In your brief, you say we need to invest more in young people, emerging talent and training. I'm going to continue along the same lines as my colleague Mr. Lemay and along the same lines as the remarks made by the various people who have testified. I don't like comparisons, but when things are going badly, you have to compare.

Let's consider the situation of the film industry in Quebec. I'm not an expert, but it seems to me it's doing well. Perhaps you can't talk about excellence—I'm not talking about content—as regards objectives, but things seem to be going well. A number of people have given us their opinions. There appears to be excellent cooperation between the various players, the various partners. For the moment, that doesn't seem to be the case on the Anglophone side. I'm looking at things from the outside. The Anglophone market is much bigger. People often say it's different because, in Quebec, there's a single niche; the Francophones perhaps don't have a choice; they have to watch Quebec films. Those comments make me laugh. My name is Smith and I'm the member for the riding of Pontiac. I can't wait for Quebec films to come out because they've made me want to see them. When I go to the movies, there are 16 theatres. So I can guarantee you that I'm going to see French-language films out of interest, not obligation. I go with my teenage children, who are 15 and 16, and they go out of interest too. Why? Because the film has been sold to them. They've made them want to go and see the film. It costs \$40, and four of us go see the movie out of interest. We can't wait to go. That's a good example.

The Radio-Canada people were here last week. They told us that, when they promote a film, first they take part in discussions and exchanges with the various partners and associates. Is there a way of stimulating the interest of certain partners, including you perhaps? Can other partners be interested, Crown corporations or government organizations, without closing the door to others who might be interested in joining the industry with time? Is there an issue table that could help kindle the same kind of interest on the Anglophone side? We're doing good business on the Francophone side right now. It's the interest in continuing to do good business that encourages them to continue that way. Is there a way of stimulating that kind of interest on the Anglophone side?

•(1010)

Mr. M. S. Wayne Clarkson: That's a very complex question requiring a very complex answer. I was the Director of the Canadian Film Centre in Toronto for 10 years, starting in 1990, I believe.

[English]

And it was a meeting place for

[Translation]

producers, directors, screenwriters and so on.

[English]

But the market is so fragmented that finding that niche for English Canadian films and promoting it is the biggest challenge. In a market in which there are 20 or 30 films released every month in English Canada, how do you find a niche for a Canadian film with a modest budget, with average market costs, that can't compete with the bigger-budget Hollywood blockbusters?

Where we in English Canada have not been successful is in using television as a tool to market English Canadian films. That's the means by which most people get their information. It's very expensive, however.

Mr. David Smith: Radio-Canada French has a process. I'm not sure they're always paid at the beginning, but they have a deal that once the film or DVD is off the shelf, after so many months and when the peak rental is going down, they pick up the film. They told us last week, for example, that for *Les Boys*, I, II, and III, I and III had 1.8 people watching it on TV. So there was a demand. Some people probably saw the film two or three times. They're watching the same film on Radio-Canada TV.

When I look at the Canadian market, I see that the majority of the people live in the Windsor-Quebec corridor. I'm not saying we should not work with the rest of them, but if we try pilot projects in niche areas, then it bubbles over.

You can't go for all the markets. You can't. You say there are 20 films a month that come out. That's 240 films a year. You know what I mean? You can't do it for everybody.

Are there products that interest the general public?

[Translation]

Mr. Michel Pradier: You have to learn from both markets.

•(1015)

Mr. David Smith: Yes.

Mr. Michel Pradier: It has to be said that Quebec is a niche because there are French Canadian films, of course, but *The Lord of the Rings* is screened in Montreal in French as well.

Mr. David Smith: Yes.

Mr. Michel Pradier: So the competition is there. However, it's taken time. It takes time to get established in an area and for people to like what's offered to them. There are things that have been in French and that are being done and that we support in English as well.

In fact, there is an activity called Travelling Laurentides, which enables distributors to meet theatre operators and to talk about everyday problems such as posters that are too big to be put in window displays and to advertise a film properly. I believe that one of Telefilm's roles is to establish this communication between the theatre owners and distributors. In fact, it took a certain time in Quebec for theatre operators to realize that a national film venture

could be a profitable venture. They could make as much money screening *Séraphin, un homme et son péché* as by showing *Titanic*, if not more so, as soon as it came out in the theatres; the two films were being shown side by side.

We have little pilot projects. For example, in Sudbury, near your riding, *Le Survenant* was released as part of a French pilot project, and the theatre owner made as much money at the box office as he had with *House of Wax*, which is an American blockbuster. However, you have to have this contact, and it's our role to ensure stakeholders are there so they can develop their own ability to reach the public.

[English]

Mr. Charles Bélanger: Go ahead.

Ms. Elizabeth Friesen: We have identified better access to promotion time on broadcast to be something that would be extremely helpful for the promotion of English-language films. Right now, advertising time with English-language broadcasters is extremely rare and very expensive. Gaining better access to that promotion time would be helpful for us. It would help a lot to look at the tools and incentives that could be created to get English-language films better access to promotion time in prime time.

The Chair: Thank you, Mr. Smith.

We'll go back to Mr. Schellenberger for a shorter round.

Mr. Gary Schellenberger: You said: "Sixteen Canadian titles—12 French and four English—broke the \$1-million mark, up from six the year before". When you come to the percentages, you again said: "As well, Canadian films overall generated over \$41 million in box-office receipts".

One thing that we always hear about is bums on seats. Was the \$1 million made through bums on seats or an increase in ticket prices? Is there a way that this is regulated?

If it's only an increase in ticket prices, we're not then generating the audience that's required. The best film not seen can be the best film in the archives someplace, but no one ever sees it and no one knows that it's the best.

I'd say that it is great to set goals. Hopefully, that 5% can be reached. If 10% or 20% could be reached, it would be great. Again, it's to get the audience.

Those are my questions, please.

Ms. Elizabeth Friesen: This speaks to the question of our capacity to do audience measurement.

In the Quebec marketplace, the audience measurement is much more sophisticated than outside Quebec. We're able to look at the number of bums on the seats and how much those bums paid to be on those seats. In the English market, at this time, we can only look at the total dollars for the box office. We don't have access to the number of people who are going to the theatres.

This is something that would be very helpful for us. We need better access to audience research on the number of people who are going to theatres and more detail at the theatre level, so that we could do more trend analysis on audiences to see what their habits are. The level of sophistication for audience measurement in English Canada is not on par with what we see in the United States or Quebec.

Mr. M. S. Wayne Clarkson: But I think it's important to get on record that the sixfold increase of \$2 million to \$12 million in English Canada is not the product of ticket prices. I think that the increase in ticket prices has been very modest because it's such a competitive market. Maybe it's a fivefold increase as opposed to a sixfold increase.

By and large, to quote Elizabeth, it is bums on seats.

• (1020)

Mr. Gary Schellenberger: Thanks.

The Chair: Thank you.

Ms. Bulte.

Hon. Sarmite Bulte (Parkdale—High Park, Lib.): Thank you very much for appearing before us again.

Thank you very much for your submission, where you've gone through and actually highlighted the comments and the concerns that were raised at the standing committee. I think it will be very helpful.

I'm going to go back to Telefilm's objectives, the very first one on building audiences and the different genres. When you appeared the first time, you said that with the envelopes there are right now, there isn't enough money for documentaries.

With all due respect, I don't think that's good enough. I see that we have documentaries and feature film documentaries. It is really about what defines us. It is really about building audiences through our schools, making sure they are available, so we can hear about our heroes and role models.

What is being done right now? I would ask if you could address this within the current fiscal framework, whether or not you get more money. What can we do to harness and strengthen that particular area within Telefilm? As you know, producers have been asking for a little bit of the money to do that.

That's question number one.

The second question is in respect to audiences. One of the things we heard in the city of Toronto is the project that's going to be done through the city council board to work with schools to try to raise audience awareness. One of the things that still strike me is that when I asked a group of students at Humber side about the last film they saw, they asked what a Canadian film was and where you could see it.

Is there a role for Telefilm to work with the cities, as major partners, to build those audiences at an early level, make our stars, and let the kids know who the stars are?

The third question I want to ask you is on the new film, the first film, the one that Mr. Schellenberger raised. You said that there's a pocket set aside of \$1.9 million. Is that correct?

Mr. M. S. Wayne Clarkson: Yes.

Hon. Sarmite Bulte: How is that money apportioned within your whole budget? Is it something you in conjunction with your board do, Mr. Clarkson; is that how it works? Again, bearing in mind that the Canada Council also has that program, I'd like your opinion. Do you feel the Canada Council should continue to do this, or should it again be something that is brought within the auspices of Telefilm? There seem to be so many pockets, but to make it more effective, more transparent, and a better administration of public funds, should it remain there or should it be part of your operation?

I know that's a lot of questions, but I'm picking up on your objectives.

Mr. M. S. Wayne Clarkson: They're good ones.

I learned from my experience travelling across the country—you're right—when I first appeared before this committee. The need and desire for a long-form documentary fund was something I wasn't fully appreciative of. After speaking at the FTQ Congress and the CFTPA and meeting with the various associations, I think there's no question of the desperate need and desire for one. The problem was to avoid taking money from the Canada Feature Film Fund and allocating it to documentaries. That seemed to be taking from Peter to pay Paul, and the industry fought vigorously that we not do that.

What I felt was important and what we discussed as a team inside is that we wanted to launch a pilot project. What is the demand? What is the nature of that demand? Is it for completion money? Is it for development money? Is it for production dollars only? Is there a role for the theatrical distributor? Is it principally driven by television?

What we were able to do was to find modest dollars within the organization, with one-time-only funds. We want to establish a pilot project for this year to try to address as many of those issues as possible. It's our intention, if we can finalize some of the details, that at Banff we'll make a formal announcement of this project, working with other partners, both private sector and public sector. We've had excellent conversation with the CBC; we've met with the distributors' association and with the documentary association to try to find out the issues we can monitor.

I'm pleased to be able to sit here and say we've listened, the dialogue has gone on, and we're proposing a pilot project to speak to it.

As for the developing audiences in schools, I'm glad you raised it. We had a proposal submitted to us not that long ago from a filmmaking association in Toronto precisely to take Canadian films into the high schools, into the classrooms. As you know, I think, the Toronto International Film Festival group does it through their Sprockets children's program. That's something I think we should do. Also, the film festival group has the touring circuit, which goes into smaller communities.

As Michel said, it's not going to happen overnight. In Quebec it took ten years, and it was methodical and step by step, to build from less than 7%. With the advantages of this wonderful culture and this wonderful language, they had less than 7%. Ten years later they're at better than 20%. They speak the same language today as they spoke ten years ago. What happened? I think it was a methodical, step-by-step approach, and I think what you're suggesting in the schools, in the smaller communities, is appropriate.

Concerning the first film, I'm not sure exactly how the \$1.9 million got allocated. I think Elizabeth and others can speak to how that was allocated before I arrived.

As for overlap with the Canada Council, as I'm sure you know, the Canada Council has a fundamentally different policy about filmmaking; that is, they are artist-driven, not producer-driven. In fact, they will not give money to a producer. You can go in as a filmmaker who owns the rights to that work of art, and the Canada Council will support you. At Telefilm we have more an industrial—I use the term loosely—principle of building producers, writers, directors. We bring a little more business consideration to it.

Is it overlapping? Yes, but I don't think it's bad in this instance. I think low-budget dollars are hard to find. If somebody as a talented filmmaker can get... I think in one case Atom Egoyan made his film out of the Canada Council and the Ontario Arts Council. That's not a bad thing. We're talking about such modest dollars.

•(1025)

Ms. Elizabeth Friesen: On the question of the budget allocation, there is an initial recommendation of a program budget allocation within the memorandum of understanding from the Department of Canadian Heritage. Roughly \$63 million is the recommendation for overall development, production, and marketing dollars. This fiscal year, the allocation, development, and production amount is about \$53 million. Of that, \$10 million is set aside for lower-budget programming. Specifically, the low-budget program is \$2 million, but there are also decentralized resources to each of the regional offices, totalling about \$8 million between English and French. The allocation within the overall...is a recommendation that is made to Telefilm's board of directors, where it's approved and then rolled out through that fiscal year. So that is the process.

Hon. Sarmite Bulte: I understand there's a memorandum of agreement signed with the department for a certain amount of money. The allocation is not determined by the department, it's determined by your board. Is that correct?

Ms. Elizabeth Friesen: We have a recommendation within the MOU for the overall amount that should go towards development, production, and marketing.

Hon. Sarmite Bulte: [*Inaudible*]

Ms. Elizabeth Friesen: That's from the Department of Canadian Heritage. Within that total amount, there's an allocation made to the different components. It's that subset of recommendation that then gets presented to Telefilm's board for approval.

Hon. Sarmite Bulte: Thank you.

Mr. M. S. Wayne Clarkson: Perhaps I may add this for clarification. If you're talking about low budget, there's the under \$250,000 independent fund, and then there's also, as I think you

were referencing, the under \$1 million fund, the regional fund. So it depends on how you want to define low budget.

•(1030)

The Chair: Monsieur Lemay.

[*Translation*]

Mr. Marc Lemay: Let's go back briefly to our trailer.

I'm so convinced this is part of marketing that I think you should intervene. I don't know how; I leave that up to you. A little earlier, one of you said that the producers are ready—we saw that yesterday in talking about Empire and Famous Players. When they receive a request to screen a film at a particular location, they ask whether there's a trailer. A trailer? They're told there's no trailer. This is really a special case. Someone was talking about posters that are too big; we don't have any more of those in Quebec. Pardon me for speaking this way, but we've gone way beyond that.

That leads me to make two comments and then ask a question. First, I believe that, until we have simultaneous translation of all films, in English and in French—and I'm aware that's expensive—you'll have trouble selling films in English in Quebec and vice versa. That's my opinion, but it's clear. We saw *The Red Violin*, *Le Violon rouge*, *Seducing Dr. Lewis*, *La grande séduction* because they were made in both languages at the same time. I could name others, including *Mambo Italiano* and so on.

I absolutely want to go back to documentaries. Astral Media has a channel called Canal D. Release documentaries, and they're going to... There are specialty channels. I know, I work in the sports field, and Outdoor Life Network asks us to provide it with any kind of mountain biking competition taking place anywhere so it can broadcast it. So there are channels specializing in documentaries. It's an incredible market these days.

I want you to tell me a bit more about your documentary pilot project. Is it a little \$2 million pilot project that will be over next year, or are you talking about something over three years with a specific objective?

Mr. M. S. Wayne Clarkson: With Astral Media's Canal D or the Documentary Channel in English Canada, we're talking about half-hour, one-hour television programs.

[*English*]

The long-form documentary is for the theatres, a theatrical long form.

[*Translation*]

That's the big difference.

[English]

You're right. Canal D, Astral, the Documentary Channel, History Television, etc.—just volumes. The CTF, Fonds canadien de télévision, provides a very large amount of money to support documentaries for television.

Where there has been no support for many years is theatrical long form. So what we're proposing is a pilot project for this year. No?

[Translation]

Mr. Marc Lemay: Pardon me for interrupting, but I want to get a clear understanding of what you're saying. When you say feature films, do you mean, for example, *La Marche de l'empereur*, the bird migration film we saw on Radio-Canada Television?

Mr. M. S. Wayne Clarkson: Yes.

Mr. Marc Lemay: So these are documentaries over 100 minutes long. Now I understand you. Pardon me for interrupting.

[English]

Mr. M. S. Wayne Clarkson: No, no, no. *Pas du tout*. Go ahead.
[Translation]

Mr. Michel Pradier: As Mr. Clarkson said, the requests from the documentary filmmakers community, such as the Observatoire du documentaire, le Doc and others, concern documentaries for theatres. They've requested the freedom to release films first in the movie theatre market. Then, if it does well in the theatres, there's nothing preventing it from providing value-added for television.

Mr. Marc Lemay: Where does the pilot project stand? How much money has been allocated to it?

Mr. Michel Pradier: We're trying to arrive at a figure internally. As Mr. Clarkson said, we don't want to cut into the Canada Feature Film Fund. We have to draw on the revenue generated by our investment projects in order to support the pilot project.

Mr. Marc Lemay: Is it a one-year, six-month or three-year pilot project?

Mr. Michel Pradier: It's a one-year pilot project. We hope the Department of Canadian Heritage will see the value it adds to the industry and that it will invest funds.

Mr. Marc Lemay: Thank you.

[English]

The Chair: With the committee's permission, I'd like to take a couple of minutes to follow up on two things we heard in Halifax yesterday at our hearings. One was that in fact, for one particular film, Telefilm had given a distributor a certain amount of money to market and distribute the film, which was not spent on marketing the film. There appears to have been no accountability for that, no recoupment of money that wasn't spent as it was intended to be spent.

You may or may not be able to respond to that right now, but I think the committee would certainly like you to review that testimony and give us a response on it.

•(1035)

Mr. M. S. Wayne Clarkson: Yes, the challenge is that the producer and the distribution company come in with optimism and confidence in the film and present a marketing plan that is based on

the dollars they estimate are needed to promote that film, based, to some degree, on how successful they believe that film will be at the box office. I think it's fair to say that most representation is optimistic, which is to be expected.

Then the film is completed. This presentation is done before the film is actually shot. When it is completed, it's tested. The marketing can then be fine-tuned. The film opens and the results are not, in the first week or 10 days, what all of us—Telefilm, the distributor, the producer—had wished for, anticipated, budgeted for. So it's fine-tuned.

The Chair: I think the members would like you to review the testimony and respond on this particular case, because Ms. Friesen said that there was no full accountability review. In this case, the film never opened. God only knows if it was tested. Has the money been dispensed? If not, how do we hold people accountable?

A second question that came up—which I'm sure Ms. Bulte is aware of, but I think the committee members who were there were not—concerns the Atlantic Film Festival's 25th anniversary. At the direction, I understand, of Telefilm, one of the Montreal festivals was moved to exactly the same time. Do you have any explanation for that, and is that still changeable? It seems to me to be not very wise if we want to encourage the presence of film in the regions of this country.

Mr. M. S. Wayne Clarkson: I would just say categorically that it was not done at the direction of Telefilm Canada. It was a most regrettable decision that the organizers of the festival took on that issue.

The Chair: Then perhaps you might want to review that testimony as well.

Mr. M. S. Wayne Clarkson: Certainly.

Mr. Charles Bélanger: We will.

The Chair: Third, I wasn't sure what appendix 3 in this document is. It's a listing of about 140 films, including the total budget from Telefilm Canada and gross box office. There's little indication of what the different categories of films are. Is this a listing of every film that Telefilm Canada has ever helped fund, or what is it?

I'm asking because the box office revenues very seldom, at least according to this listing, match the investment in the film or the cost of producing the film. Secondly, there are numbers where N/A is indicated. Does that mean they've never been shown in a theatre?

The brief this morning mentioned the need to look at doing things differently in marketing and distribution. I'd like to know how many English-language films in the pipeline now will be ready for screening a year from now, six months, two years from now, and what are we doing now to make sure they have the greatest possible chance of box office success?

Mr. Ralph Holt: As I read that chart, there are a couple of things. It is a compilation of the feature films that have been financed under the CFFF. There are 69 films that have not yet been released. Typically, we are talking about a three-year process from inception to hitting the screens. Some of those will probably not be released. If the films were not as accomplished as everyone had hoped at the outset, they will probably go straight to video. But the vast majority will go into theatrical release. For many of the distribution companies, it is a matter of schedule. It's a competition for screens.

With regard to box office versus level of investment, it's fundamentally understood that Canadian films will not recover their investment within the Canadian market. We look to international sales for the largest portion of recoupment. It's just a gauge of the scale of films we're investing in and the relative box office. Some have done well, others not so well. In some cases, it is a result of the film itself. In other cases, it is a situation of trying to find the space in the marketplace and to compete on a weekly basis. It's been unpredictable and difficult for all concerned, particularly the distributors.

•(1040)

The Chair: And the last question, what are we doing to maximize the success of films now in the pipeline?

Mr. Ralph Holt: We have been concentrating on the blocks within the value chain. What's now important is to look at the linkages between them. I think the linkage between the producer and the distributor is something that's of growing importance. The linkage between the distributor and the exhibitor is something we have also been working on. We've been establishing communications and an ongoing relationship with the exhibitors association, working on them to champion the cause of Canadian films in Canada.

The Chair: That was pretty vague.

I have one final question. We've held hearings in different parts of the country, and it seems to me that we are reinforcing two solitudes and ignoring our official language minorities when it comes to expression in film. My friend here talked about two distinct societies. I see two societies that are negatives of one another.

We have a large French-speaking minority outside Quebec. We have a large English-speaking minority in Quebec. I see Telefilm as the core of what gets funded and therefore made in this country. I see little evidence that those two elements of this country are finding any expression in our films. The French film is not just Quebec film, and yet that's the way it seems to be. English film is not just outside-Quebec film, and yet that's the way it seems to be.

Mr. Michel Pradier: I can tell you that for the French outside of Quebec I know that it's all in terms of getting into the mainstream, and we did the same thing in TV with the help of the PICLO program.

[Translation]

Under IPOLC, the Interdepartmental Partnership with Official Language Communities, money is granted so that training can be provided. The idea is to get people to come up with scripts that are more competitive in a financing context. We're going to proceed the same way for feature films. We've already started discussions with

the New Brunswick Film people. There have even been representations in Manitoba.

Now there's a solid association of Francophone producers outside Quebec. Training is important in that case. It's also a matter of time and learning. The idea is to get training, take the free writing program, work on small budget films, then get into feature films.

For Anglophones in Quebec, I know there is an association called the Quebec Arts Summit. I had an opportunity to attend that event. In any case, when you look at the figures, you realize that the big commercial successes on the English Canadian side have come out of Quebec. However, there are still things to do regarding training in Quebec. People have to be brought up to a certain level of competitiveness, and that's normal.

•(1045)

[English]

The Chair: Thanks very much.

Are there any other points, issues?

Mario.

Mr. Mario Silva: I'd like to get further clarification on the points we were trying to make, Madam Chair.

In the analysis report that you bring forward, there are five English-language films with box office receipts of more than \$1 million. In the French language, there are about 19. That means there are about 5 in 47 that met the target in the English-language films, and 19 in the 45. So there's a way better success rate in the French.

I'm hoping that with the film policy review we're doing at the moment, and we need your assistance in that... How do we make sure this is turned around within five years, and what guarantees are you willing to provide to this committee that this will be done in five years?

Mr. M. S. Wayne Clarkson: As we stated in our opening comment, it is startling how successful it's been in English Canada in the four years so far, where we have grown from \$2 million to \$12 million, or in a percentage, we've grown from under 1% to almost 2% of the market share. That's considerable success.

If I may, there's been a lot of talk about—and my concern is the tone here—how desperate it is in English Canada and about this wonderful success and model they have in Quebec.

I'd like to use an example, if I may, of the *Trailer Park Boys*. Here is a wonderfully successful television series with a huge cult following in English Canada. It's from the Maritimes. It came in some months ago requesting production financing from Telefilm. It's a first film. It was backed up with an wonderful, excellent marketing and promotion campaign from the distributor. We all have every confidence that this film will be a considerable success with the English-Canadian box office. It's presently in the pipeline. To my mind, it's a model. There's a very creative director, and the *Trailer Park Boys* as performers are stars in English Canada, relatively speaking.

Here's an example where the industry is beginning to turn around, where the crossover between television and film, which has been so successful in Quebec, where the star system emerged in television and has now crossed over into film.... We're beginning to see that in English Canada, Paul Gross being another example, and so many others.

So I'm extremely optimistic. I'm confident we will meet the 5%. To sustain that or increase it, to continue that momentum we talked about, there's no question we need more work, smarter use of money, additional financial tools to do it with, and additional resources in the area of production dollars in Quebec, script development dollars always, and promotion and marketing in English Canada. But it is getting better.

Mr. Mario Silva: For clarification, I want to ask about numbers on the budget. Telefilm's overall budget, is it \$40 million?

Mr. M. S. Wayne Clarkson: I think for feature films, for production, development, and distribution and marketing, it's \$66 million, French and English.

Mr. Mario Silva: That's the overall budget?

Mr. M. S. Wayne Clarkson: Yes, and it would be broken down into one-third, two-thirds.

The Chair: Perhaps, Mr. Silva, in the interests of all members of the committee, if we don't have it already, could we get an outline of everything Telefilm spends, how it's spent in the areas we're interested in, and how much is spent on, say, funding of production marketing, scriptwriting, and so on, and new films, whatever? And, interestingly, where did you find the money for a documentary? What did it come from?

Mr. Ralph Holt: Madam Chairman, I just want a clarification. As much as we may want to see more English-language production emanating from Quebec, I would still want to say that I think the films that have come out of Quebec have been quite significant and fairly numerous. They may not be in the numbers that we're seeing in other parts of the country, but I would still say there's a significant representation of Montreal-produced English-language films.

•(1050)

The Chair: Okay. That would be helpful.

On behalf of the committee, I thank the witnesses. I know our researchers are anxious to have a quick discussion of this, and if we're interested in adopting an interim report, we have to do that before we lose the quorum.

So thank you very much. We look forward to some of the follow-up on the questions that were asked here this morning, and I appreciate your coming back in front of us. It may not be the last time.

Mr. M. S. Wayne Clarkson: We look forward to that.

Thank you.

The Chair: Thank you.

Don't go away. Can I just ask the committee if we feel we need to go in camera to discuss this report?

An hon. member: I have no problem with it.

The Chair: Okay, we're not going in camera then. I'll just recess the meeting for a couple of minutes.

So we can have an informal discussion, perhaps. As you know, a couple of versions of this report have been distributed.

Mr. Gary Schellenberger: May I bring forward this notice of motion?

The Chair: What is the notice of motion?

Mr. Gary Schellenberger: It's that Bills C-331 and C-333 be brought before the heritage committee for review and report to the House before summer recess.

The Chair: You may.

Let me hear it again.

Mr. Gary Schellenberger: Okay, that Bill C-331 and Bill C-333 be brought before the heritage committee for review and report to the House before summer recess.

The Chair: You can put it as a notice of motion. The practicality of actually doing that, I think, depends on how long we sit. That sort of assumes the committee will take only one meeting on it.

Mr. Gary Schellenberger: Both these bills have been brought up here for what seems like an eternity, and they've been bounced around and bounced around. I am going to bring that notice of motion, so it will have to be translated and—

The Chair: That's fine. The motion is tabled.

Oui, monsieur Smith.

[Translation]

Mr. David Smith: We don't have a quorum.

[English]

The Chair: No, but I don't think we need a quorum just to table a motion.

Can I just ask your opinion on this report? Ms. Bulte, as you know, has had some significant problems in the last couple of weeks with a huge fire at her home, so she hasn't had any chance to look at this report. I know we had hoped we might adopt it today; we now do not have a quorum to actually adopt this report. We can try to set aside time in Vancouver at the beginning of one of our meetings, or we can wait until next week, when we're back in Ottawa, whichever you prefer.

•(1055)

[Translation]

Mr. Marc Lemay: Personally, I'd prefer that we wait until we come back. We'll have a meeting next week. In any case, the House isn't ready to adjourn. We still have one or two weeks to discuss Mr. Schellenberger's motion. I think we should wait until next week so we have the time to read it. I only got this version last night, when I arrived from Halifax. So I'm going to take it to Vancouver to read it, but we should at least wait until next week.

The Chair: All right. We could do it next week, at our June 14 meeting. Is that all right?

Mr. Marc Lemay: Yes.

The Chair: Thank you.

The meeting is adjourned.

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