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## Standing Committee on Canadian Heritage

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**Tuesday, May 1, 2007**

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**Chair**

Mr. Gary Schellenberger

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Tuesday, May 1, 2007

• (0905)

[English]

**The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)):** Good morning, everyone. Welcome this morning to the 55th meeting of the Standing Committee on Canadian Heritage.

Pursuant to Standing Order 108(2), we are doing a full investigation of the role of a public broadcaster in the 21st century.

Our first witnesses this morning are from the National Film Board of Canada: Claude Joli-Coeur and Deborah Drisdell. Would you make your presentation, please?

[Translation]

**Mr. Claude Joli-Coeur (Acting Government Film Commissioner and President of the National Film Board of Canada, National Film Board of Canada):** Good day, Mr. Chairman and members of the committee. My name is Claude Joli-Coeur and I am Acting Government Film Commissioner and Chairman of the National Film Board of Canada. Today I am accompanied by Deborah Drisdell, Director of Strategic Planning and Government Relations at the Film Board.

[English]

We are pleased to be here today to discuss the important role of the CBC in the Canadian cultural landscape and its important contribution to the overall public policy objectives of the Canadian government.

The audio-visual environment is rapidly changing. The transformation from analog to digital formats is a basic technological change that is transforming the audio-visual sector. This transformation is affecting the creation, development, production, distribution, exhibition, and the nature of social engagement across all audio-visual media, including broadcasting.

The new digital technologies allow consumers to generate and exchange audio-visual material with peers through interactive distribution channels that do not occupy scarce broadcasting frequencies. As a result, the transition to digital formats is creating new exhibition platforms that are continually reshaping the traditional audio-visual environment and fragmenting audiences. It is also increasing the mobility of audio-visual content, so that Canadians can access this content anywhere, any time.

The digital revolution, including the rise of the Internet, has permitted the decentralization of production and distribution, so that “hits” and less successful entertainment products and services can exist side by side. Indeed, a flourishing retail business has arisen that

focuses exclusively or predominantly on the long tail of specialized or niche product offerings. The National Film Board of Canada and other niche suppliers are now offering a spectrum of audio-visual products and services destined for a multitude of mobile devices, such as iPods and video cellular telephones, as well as other new digital platforms.

The universality of media activity has been accompanied by the entry of large corporations, such as Bell Canada, Telus, Rogers, and Quebecor into new and traditional media, opening the door to innovative forms of partnership with non-traditional partners, including the NFB. At the same time, the universal nature of digital media is inducing changes in industrial organizations by encouraging horizontal integration, vertical integration, and cross-media ownership, designed to capture economies of scale and of scope.

This raises several public policy issues. We are involved in a digital world where the buzz is all about social networking and online video. The large media sites revolve around social networking and video presentations. Globally, 100 million consumers are watching videos online every day. What they are watching is significantly American—though we talk of a borderless universe. And, of course, commercial interests are quickly figuring out ways to appropriate these sites.

This is not to deny the importance and vitality of these efforts, but to say that they cannot do what the public space can and must do; we have a duty to Canadians to provide a space for public discourse, for social networking based on public values. We need to do it in ways that leverage the particular expertise of our various public sector institutions, such as the CBC and the NFB. The private sector cannot, and will not, take on this role.

We need public policy interventions. These changes lead to increased pressure on traditional broadcast undertakings to adapt their businesses and be more aggressive in reaching and retaining audiences. To some extent, these transformations have also given rise to questions about the role of the government in our industry, such as the mandate of our regulatory body, the CRTC, and of contribution programs, such as the CTF, the Canadian Television Fund, to name a few. For this reason, we believe that any review of the agencies and crown corporations active in the audio-visual sector must be undertaken within a larger view of the overall public policy interventions of the government in the audio-visual sector.

At the NFB we are preoccupied by this changing environment, which offers numerous opportunities, but also some risk.

● (0910)

We strongly believe that the presence of Canadian voices, including public service oriented voices in both the new and traditional media, is central to maintaining Canadian diversity, individuality, and identity. For this reason, the safeguard, enrichment, and strengthening of national public institutions such as the NFB and our national public broadcaster, the CBC, which supply, distribute, and broadcast high-quality information and entertainment, is essential for Canada.

With respect to the mandate of the CBC, the expression “public broadcasting” covers a wide variety of activities undertaken by a range of different types of organizations. Whereas private sector broadcasting is solely concerned with delivering audiences to commercial advertisers, public sector broadcasting is characterized by a degree of distinctiveness and a notion of broadcasting as public service.

As the members of the heritage committee are aware, the main elements of the CBC's mandate are found in two subsections of section 3 of the Broadcasting Act. The overall mandate of the corporation provided in this act remains very general in nature. As mentioned earlier, current changes in the marketplace lead to increased pressure on traditional broadcast undertakings to adapt their business and be more aggressive in reaching and retaining audiences. This in turn creates additional tension between CBC's public broadcaster objectives and its need to remain competitive in an increasingly fragmented commercial industry.

We believe that the CBC mandate should focus on its public broadcaster objectives and ensure that its programming is distinctively Canadian and representative of Canadian cultural and regional diversity.

[Translation]

The NFB would certainly like to see more Canadian documentaries and animated films on Radio-Canada's channels. But this is more a question of interpreting the current mandate than redefining it.

I would like to say a few words about the National Film Board.

[English]

Whereas the CBC is essentially a broadcaster, the National Film Board has a different mandate, which is unique in Canada and within the world. According to section 9 of the National Film Act, “The Board is established to initiate and promote the production and distribution of films in the national interest...”. Our primary mandate is production: “to produce and distribute and to promote the production and distribution of films designed to interpret Canada to Canadians and to other nations”, by giving authentic Canadian expression to Canadian values and perspectives.

We encourage creation within underserved communities, giving voices to those who are often silenced. We ensure that Canadians have access to our films through active distribution in all media: theatrical, non-theatrical, the educational sector, consumer retail, and within the broadcast system.

There is no specific reference to broadcasting in the National Film Act. The National Film Act does say that one of the purposes of the NFB is “to engage in research in film activity and to make available the results thereof to persons engaged in the production of films”. To this end, the NFB seeks to encourage innovation and experimentation in broadcast media, new media, alternative fiction, and animation.

[Translation]

The NFB is a public institution that produces and distributes films of national interest. These works are high-quality, distinctive and diverse. They present an authentically Canadian point of view both to this country and to the world.

During the 2006-07 fiscal year, the NFB completed 108 original films, of which 60 were productions and 48 co-productions. The vast majority of these were documentaries or animations.

From the start, the NFB has distinguished itself by its commitment to excellence and innovation. Its strength is its ability to marry technical innovation and artistic creativity. The NFB is a living, interactive laboratory uniting creators and Canadian and international partners to find new ways of reaching out to Canadians. New technologies will allow us to reach our audience directly and ensure that NFB programming is available to all Canadians.

● (0915)

[English]

The NFB enjoys strategic partnerships with a number of broadcasters, both at home and abroad. Our collaborations with the NHK in Japan, France Télévision, ARTE in Europe, and the BBC have resulted in the production of many prestigious projects. In Canada, numerous NFB productions and co-productions have been produced with the collaboration of Canadian private and public broadcasters: CTV, Global, TV Ontario, Télé-Québec, and Discovery Channel, to name a few.

Although Parliament has given very different mandates to the NFB and to the CBC, the two agencies share certain structural characteristics. Both the NFB and the CBC are the creation of distinct acts of legislation, the National Film Act for the NFB, the Broadcasting Act for the CBC, which set out their mandate, mode of governance, and the framework of rules to govern their activities. Both institutions operate at arm's length from government and report to the Minister of Canadian Heritage. Both receive parliamentary appropriations from the Government of Canada on an annual basis to fulfil their respective mandates.

The interface between the CBC and the NFB... In light of their differing but complementary mandates, the NFB as producer and the CBC as broadcaster have undertaken a number of projects and activities together. These include pre-sales and sales to the CBC of NFB productions and co-productions with independent producers for broadcast on one of the corporation's conventional networks or on one of its specialty services, such as Newsworld or RDU; common ownership by the NFB and the CBC of the Canadian Documentary Channel; NFB programs for minority groups that give rise to a CBC broadcast; competitions conducted jointly by the NFB and the CBC for young filmmakers or francophones living outside Quebec; and participation in the second year of a pilot project for feature-length documentary films, with the CBC, Telefilm Canada, and Rogers.

The NFB is a leader in the development of training and mentorship programs. For example, Reel Diversity is a national competition for emerging filmmakers of colour, and Doc Shop and Momentum are documentary training programs that target emerging filmmakers in communications and film studies at Quebec and Ontario colleges and universities. These projects benefit from a broadcast collaboration on CBC and CBC Newsworld.

[*Translation*]

The NFB, Radio-Canada and Telefilm Canada have also created a competition as part of the interdepartmental partnership with the official languages communities (IPLC) of Canadian Heritage.

The aim of this is to offer filmmakers, directors and producers working in French outside Quebec the chance to develop their filmmaking skills. The aim is also to expand the pool of French-speaking professionals and artists outside Quebec.

These examples prove the extent and diversity of collaboration between the NFB and Radio-Canada as given in their respective public mandates. They detail the nature of the collaboration between the NFB and Radio-Canada in view of your current objective, which is to examine the role of a public broadcaster in the 21<sup>st</sup> century.

Let us now discuss the importance of ensuring appropriate financing for Radio-Canada.

It is sometimes said that Radio-Canada's radio service fulfills the role of public broadcaster more closely than does its television service, especially in English. If this is so, it's because the radio isn't influenced by advertising sales as TV can be. It's not true, however, of Radio-Canada's television service, which has to sell advertising to make up the shortfall in public financing. According to a recent study prepared for Radio-Canada and handed to the Standing Committee on Canadian Heritage by the Corporation, between 1996 and 2004 government funding for culture, other than that awarded to broadcasters, increased by 39% while direct and indirect support for Radio-Canada decreased by 9%.

We understand their situation. From 1994-95 to 2006-07, the NFB saw a 40.7% drop in the amount of parliamentary allowances.

In order to emphasize public service, there is no doubt that Radio-Canada must obtain adequate and stable public financing over several years. This would allow it to reduce or eliminate its dependence on advertising revenues. In an uncertain world of staggering technological evolution, multi-year financing would

allow it to keep its programming closer to its mandate as public broadcaster.

In conclusion, I would say that the universal nature of digital media favours the globalization of film production and distribution, and makes films more accessible to Canadians. Since there's no overall national strategy, Canada risks being outstripped by other countries, especially the United States and Great Britain, in the race to establish a national presence in the new audiovisual environment.

In this context it is important for all the portfolio's public institutions to work together to ensure that Canadians have a say in present and future media. Canadians must have access to high-quality productions that reflect their concerns, wherever they like and on the medium of their choice.

The presence of Canadian voices, including those in public service, is essential to maintain Canadian individuality and identity in this new context.

We believe that Radio-Canada's mandate should concentrate more on public broadcasting. However, we share their view that Radio-Canada's financing is inadequate to meet the challenges of national and regional expression during the transition to digital, digitization of archives, and conversion to high-definition production. Radio-Canada might benefit from greater clarity in the definition of its mandate, notably in section 3 of the Broadcasting Act. This could stress more the non-commercial public service aspects of the mandate. But this sort of revision would require Radio-Canada to reduce its dependence on commercial finance sources.

We thank you for your invitation and we will be pleased to answer your questions.

● (0920)

[*English*]

**The Chair:** Thank you for that.

Ms. Keeper gets the first questions. We'll try to keep our questions and answers to five minutes, please.

**Ms. Tina Keeper (Churchill, Lib.):** All right. Thank you, Mr. Chair.

Thank you very much for your presentation. It was an excellent presentation. You raised many points that throughout this process I have found represent concerns that not only many stakeholders have, but also that we as Canadians should have.

I'm just going to ask you to give a bit more information on some of the points you raised. I'll try to be quick.

On page 3, you said that “transformations have also, to some extent, given rise to questions about the role of the government in our industry”, such as the mandate of CRTC and the CTF. Can you just expand on that a little bit, about that point?

**Mr. Claude Joli-Coeur:** Absolutely.

We have had the chance in Canada to live in our regulated environment, which has allowed us to create a strong cultural industry, especially in the broadcast media. With what's happening with the Internet, soon those barriers will not be there to give us the place that Canadians have had to be able to get access to our Canadian programming. All of that we feel can be in jeopardy if we cannot foresee how we will produce Canadian programming in that new environment.

Our system is based on Canadian content requirements for broadcasters, special fundings. All that is a real micro-climate that works very well within boundaries. Now, with this digital revolution, with all those sites where you can see millions of videos, if there is not a public space for Canadians to produce programs that will be aimed at those spaces, we'll just be flooded with mostly American culture.

• (0925)

**Ms. Tina Keeper:** So without protecting the space more, protecting as in the need for that—

**Mr. Claude Joli-Coeur:** I'm not sure that—

**Ms. Tina Keeper:** I'm sorry to interrupt you, but I only have a couple minutes.

I also want to ask, in your presentation you speak to the declining commitment within the protected space over the last ten years. That's one of my concerns, that we've seen a decline in the commitment to Canadian content and the support of the National Film Board, support of television production, all of that as it is. So we're already on a slippery slope and now we're at even greater risk.

**Mr. Claude Joli-Coeur:** I think what we have seen over the last years.... We need to remember that when I was a kid I mostly watched the French service of Radio-Canada, but it was full of American programming. We can say that we now have less American programming on our public broadcaster.

On the other hand, the kind of programming that is being produced is getting closer and closer to what the private sector is producing. The reason they are doing that is just to get those commercial dollars they can get through advertising to keep a certain level of production.

The lack of funding, the decrease in funding for the television service, has mainly created that race. To a certain extent, that has also been unfair competition to the private broadcasters. When the public broadcaster is overbidding for certain rights, it's not right. But they have to do it to get audiences, to get advertising. It's a circular problem that I think will just increase, given the fragmentation of audiences.

To come back to the production of specific Canadian programming for non-traditional media, at the NFB we have been operating for years on a very tiny budget. Our annual budget is \$70 million. Compared to the \$1 billion of the CBC, it's quite tiny. But we do

niche productions. With the documentaries and animation films we do, we're able to reach the audience because we can focus closely on our target audience. Most of our revenues are not from broadcasting; they are from theatrical, institutional distribution, and DVDs. It shows there is a market, a smaller market, but for Canadian programming that is not the wide broadcast media that we know. If we can find a way to create those public spaces in the new digital world, that's the only way we'll be able to survive.

I have to tell you I'm scared when I get back home and I see my kids. I have four kids, 10, 13, 15, and 19 years old. They don't watch our public television. They've been raised in an environment where my family has been in the public sector and they're watching American shows on the Internet. Last week when I came back, my daughter was watching an American show subtitled in Chinese that she got on the Internet. It's scary. If they don't have those platforms, they will find programming that is close to what we are.

**The Chair:** You've gone over time.

Mr. Kotto, thank you very much for filling in for me. I heard you did a fine job last week.

[*Translation*]

**Mr. Maka Kotto (Saint-Lambert, BQ):** It was a great pleasure and honour for me to sit in for you, Mr. Chairman.

• (0930)

[*English*]

**The Chair:** I have competition.

[*Translation*]

**Mr. Maka Kotto:** Thank you, Mr. Chairman.

Mr. Joli-Coeur and Ms. Drisdell, thank you for being here and thank you for your presentation.

First of all, I can state that the NFB is a public producer and that the SRC is a public broadcaster. If memory serves me well, it has not always been smooth sailing between the NFB and the SRC, but if recent reports are to be believed, the situation has changed. Can you tell us more about that?

**Mr. Claude Joli-Coeur:** Yes, absolutely. The competition between the NFB and the CBC goes back to the birth of CBC television. From the outset, it was almost a family relationship: sometimes tense and sometimes very good. It is cyclical. It is true that over the last few years, thanks to the efforts of our outgoing Commissioner, Mr. Bensimon, to re-establish a good working environment, we have been able to sign agreements with Radio-Canada, particularly as far as the Documentary Channel is concerned.

Last week, we announced our participation in the Canadian Feature Film Fund with Telefilm and the CBC, which would not have been possible two years ago. Management of both agencies are showing a genuine will to work together, while each respects the framework of their mandate. However, it is inevitable, given the underfunding of institutions and the wish to fulfil our mandates pursuant to our statutory obligations, that we do encroach on another agency's territory. This can cause some friction. I can tell you that for the moment, relations are good.

**Mr. Maka Kotto:** Are you able to tell me today what is standing in the way of a perfect relationship?

**Mr. Claude Joli-Coeur:** As I mentioned during my presentation, NFB productions are also in high demand by the other Canadian broadcasters. We are working on prestigious productions with CTV and Global. For example, last week, a very highly regarded film, *Faith Without Fear*, was broadcast on Global.

We are not trying to have a relationship with the CBC that would be complementary to our own mandate at any cost. Rather, we are looking for a niche, and to see how broadcasting our films both on Radio-Canada or on the CBC could be as advantageous for them as it would be for us. Obviously, we would like documentaries to have a higher profile. If the CRTC approves the Documentary Channel deal, we hope that the management at the CBC will give more air time to NFB productions. Some of our productions are purchased by Radio-Canada on occasion, but they are broadcast without much promotion. More effort could perhaps be put into promoting our programs.

In any case, we are a very small player among Radio-Canada's suppliers. We do not have a critical mass. We could not ask for a daily slot on the English network because we do not have enough productions. The NFB catalogue consists of more than 13,000 films. We could therefore have a weekly NFB slot on the Documentary Channel. We are currently discussing that option with them. Management is showing an interest in doing that kind of thing. However, that willingness should not be simply something expressed by senior management as they succeed each other. The relationship between the two agencies would need to be more organic in nature.

**Mr. Maka Kotto:** I would like to move on to the governance component. We saw the perverse effects of this apparent competition with the private sector. For a public broadcaster, it is paradoxical. However, over the last few years, the Corporation's management has not publicly decried the underfunding to such a degree that it could have anticipated the study we have now undertaken, a study that should result in the CBC getting appropriate funding so that it can fulfil its mandate.

As the head of the NFB, can you tell us how it is possible that CBC management has remained silent about a situation that it should really be condemning?

• (0935)

**Mr. Claude Joli-Coeur:** I am having trouble commenting on that because I personally have not followed the recent events that you describe. However, having followed the CBC's situation very closely over the last 25 years, it seems to me that this is a recurring problem: the Corporation has always been short of funding, particularly stable funding.

Three weeks ago, I participated in the Mid-TV Festival in Cannes. We daydream when we see the means that public television has in Europe, whether it is ZDF, the BBC or France Télévisions, as well as the new technologies they are using. They also manage to reach out to their audience, both mass and niche. What's more, they do not have to deal with the threat of American culture, as is the case in Canada.

Because of its distinctive language, Quebec is lucky not to be threatened by American culture in the same way as anglophones in the rest of Canada. The resources that public television has in Europe, and even in Japan—I talked with representatives of the NHK—shows the importance that these governments assign to this cultural medium. I think it should inspire us in several ways.

[English]

**The Chair:** Thank you.

Mr. Angus.

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

That was an excellent presentation this morning. I want it on the record that I'm a big fan of the work of the National Film Board. My daughters are vociferous critics of things they don't think are worth watching, and in the last few months we have watched two National Film Board documentaries, *The Last Round: Chuvavo vs. Ali*, and *Harvest Queens*, which was made in my riding. Both films got the thumbs up from the teenage section, so I think that's a definite sign of relevance.

To follow up on the issue of relevance, I think your conclusion goes to the heart of one of the key issues in this study. We're doing one of the latest in probably a long line of studies of the CBC, and every study comes up with the same issues, like the need for money, and how to compete against the Americans.

But what's starting to emerge in this study that is perhaps different from in the past is the fact—as you point out—that the universal nature of digital media favours the globalization of film production and distribution. Without a national strategy, Canada risks being outstripped by other countries in the race to establish a national presence in the new audiovisual environment.

The question we've heard a number of times is how do we move toward productions that include a long-tail plan for broadcast in new media platforms? The National Film Board has been out in front on this, so how do you monetize the National Film Board productions that are online right now, and how effective has it been?

**Mr. Claude Joli-Coeur:** We've been working for the last few years on trying to establish the right model for this vision and these exhibitions. Unfortunately, at this stage there is no real commercial model for those digital exportations. Broadcasters and ourselves are just trying to find the right angle, and at this stage all our digital exportations are free.

Our main focus is on how Canadians can access our programs. Thanks to the help of the memory fund, over the last couple of years we've been able to digitize a number of our productions and give Canadians access online to those productions.

We have filed a start-up digital strategy with our board of directors. Over the next year we will reshape our website to give more direct access to our films online and through various other modes such as e-cinema. People will be able to download our films and buy them.

We have already started to deliver some of our programming to universities and colleges through our online distribution mode. So at this stage our main focus is our mandate to give access. I think the monetizing will come in the coming years when some economic models will appear.

Specialized documentary websites currently exist where you can take out a subscription. There is advertising, and producers and distributors have access to a share of those revenues. But it's emerging now.

● (0940)

**Ms. Deborah Drisdell (Director, Strategic Planning and Government Relations, National Film Board of Canada):** I want to add one thing. Our sense is that if we put a lot of our programming online, we would provide links to our I-stores and DVD copies for value-added. A lot of our DVDs often have either educational resources for the teachers or other issues. So we feel that if we can give Canadians the access to see it, hopefully they will enjoy it, and then we would give them options to either download it for payment or get added-value products by going through the I-store for DVDs also.

**Mr. Charlie Angus:** One of the issues that has emerged over the last ten years is the decision for television to go from basically in-house to independent production. That has perhaps created a lot of opportunity, but now as we move to digital and online there's the issue of rights and whether or not an independent production can be held by one player, one broadcaster, for any length of time. There are a lot of questions on that, especially since we're still looking at an environment where we haven't figured out the monetizing.

I'd like to ask you a few questions. Have you been able to put it online because basically you maintain the copyright for NFB films? If that's the case, what about co-productions, say, with Global or CTV?

You're suggesting that you're using your online shorts as kind of a loss leader to sell product, which I think is a perfectly legitimate issue, but have you looked at monetizing through advertising or other ways as well of getting added value to the digital online collection?

**Mr. Claude Joli-Coeur:** First of all, given our legal status, we cannot sell advertising. We are not a crown corporation; we're not allowed to do that. But we can partner with private corporations and we are currently discussing some deals where we could share revenues.

At this stage I would say the biggest problem this industry is facing, whether it's the private producers or the co-producer with whom we are working, is really the funding of programming,

because currently the model is based on broadcasting. The broadcasters are now asking for online rights for the term of their period, but those lines are kind of a second window for their main broadcast or they are a teaser for their broadcast. Everything is still linked to the main economic model of broadcasting.

What we'll be facing shortly is, if their revenues are decreasing because some advertising money is going to other kinds of productions on the net, how will we be able to maintain a level of production in Canada that will fulfill the needs of those broadcasters and also the tastes of Canadians? If the money is just falling down, with all the outlets that we have now, at the end of the day, with the Canadian content requirements, there can only be a reduction in quality of programming if there is less money to produce. So we need to find a model where we will be able to produce that new form of digital production.

To come back to your last question on the rights, the NFB owns the copyright of its entire library and we share some distribution rights. For that, which I think is the case also for the private producers, I don't see that there are any constraints legally for those exhibitions, especially recently on the English side with the agreements that were made with the guilds. It's still a problem in Quebec, but now at least on the English side the guilds issue is behind us. So there are no obstacles to that distribution, but we don't have a place where Canadians can just go and watch Canadian programs online. It's all over the place and it's for a limited period of time. We don't have those hubs.

● (0945)

**The Chair:** Thank you for that. We went a little over time on that one.

After Mr. Warkentin, we'll have time for a couple more small questions.

Mr. Warkentin.

**Mr. Chris Warkentin (Peace River, CPC):** Thank you very much, Mr. Chair.

Thank you very much for coming in this morning. We appreciate your testimony to our committee.

There are a couple of things I want to talk about. Mr. Angus actually broached some of the issues we have both been talking about since the beginning of the study, and one of those, of course, is moving into this increasingly new technological age as far as broadcasting is concerned.



One thing I want to go back to before we get into that is the fragmentation of the audience, and specifically the younger audience. Right now, we are looking at the mandate of the CBC. My concern—and I think generally the concern around the table—is that we ensure that this mandate we give to the CBC, under which it operates, is going to be relevant for the generations to come.

I think your testimony with regard to your own children is something of significance. I think your experience is something that is shared certainly by many others around the table, but specifically I hear from younger people that the CBC isn't necessarily where they're at. It's not necessarily relevant to who they are, so they're not turning to the CBC.

I'm wondering if there's anything we could do, through the mandate, in terms of addressing certain aspects of the mandate to ensure that CBC moves towards that relevance for younger people. I'm looking for your opinion in that respect. Obviously you have children, people who are in this demographic. Could you give us your thoughts on that matter?

**Mr. Claude Joli-Coeur:** Yes. Of course, this is such a complex question. I think one of the ways to achieve that goal of getting back the Canadian audience, and the younger audience, is to enhance all the sectors of production: kids production, youth production, production aimed at those audiences. I think because of a lack of funding, the CBC has been just getting out of some genres, and one step after the other, the erosion is happening. Also, there are all the large offerings of other specialized networks that are targeting those audiences with very specialized programming.

**Mr. Chris Warkentin:** You have experience in your own organization as well. At some point, especially with Canadians now having access to pretty much anything they want to watch or listen to, we have to be the best, and we have to provide a product that is second to none in all of the world, essentially. So I'm wondering how you as an organization survive in that type of environment—obviously you're doing many things to ensure that you do survive—and how we may be able to use that experience to include in this mandate review.

**Mr. Claude Joli-Coeur:** We are a very special organization, being a public producer and distributor. In this world we're almost unique. There is an equivalent of the NFB in Australia, but our role and target every day is to do things that the private sector cannot do. We need to produce programming for underserved communities. We need to do programming that the private sector will not be able to produce and fund.

So maybe there could be some kind of parallel with the CBC for its mandate, but we focus on regional production. We focus on emerging filmmakers. We focus on—

• (0950)

**Mr. Chris Warkentin:** And I did hear that in your testimony. I guess what I'm looking for is that specific key to ensure that we produce things that are relevant to the broad.... You're talking about specific groups, niche groups, and I think there's obviously an important role that you're playing in that respect, but I'm wondering how we bring the broader population to the CBC, because at the end of the day, Canadians all pay for the CBC. And if they're paying for it, Canadians are expecting something from it. I'm not sure what it is.

I don't claim to be an expert on this issue, but I think there's an expectation that there be some provision of something that has broad appeal and that will bring to the CBC maybe not all Canadians all the time, but all Canadians at some point, I think.

**Mr. Claude Joli-Coeur:** I just want to give you a parallel with the documentary world, which we know very well.

Canadian documentary production is very strong and recognized around the world. Why is that? Well, there is a tradition in Canada, of course. But there is also real funding for production in this system. Of course, all the producers will say they don't have enough money, but there is still a substantial amount of money—and we've produced a lot. Since we produce a lot, the offer is there and it's getting to the audiences, and it's being acclaimed. There is what we call in French *une habitude d'écoute*: if you stop being exposed to something, you will lack interest in that production. So I think there is a parallel here. There is a major shift to be made by public television in Canada, because it's been lacking the means to do what it used to do as a reference.

Just to give you a small parallel, in Quebec at some point we had a very strong presence of the French theatre or French films in our marketplace. In the 1980s the distributors stopped importing them and screening them and suddenly what happened was that American films took their marketplace and Quebec films took their marketplace, to the point that by the end of the 1980s there were no French films on the screens in Quebec. Now they've come back because some distributors have invested in them.

I think there is *une habitude* for the viewers: if you don't give them the product, they won't want to look at it.

**Mr. Chris Warkentin:** Thank you.

I think my time is finished.

**The Chair:** Thank you.

Mr. Scarpaleggia.

[Translation]

**M. Francis Scarpaleggia (Lac-Saint-Louis, Lib.):** Thank you, Mr. Chairman.

Welcome. I agree that your presentation was outstanding. I know the NFB, not because I walked by your building on the boulevard Métropolitain in Montreal, rather, because when I went to see an American feature film in the theatre, an NFB short was always shown before the main film. We left the theatre impressed and proud to be Canadian. We are perhaps of the same generation.

Furthermore, I have noticed that on one of the channels we get on cable, MoviePix, we are starting to see Norman McLaren shorts that are 40 years old. These productions are very impressive. This seems to be a new initiative and I congratulate you for it. However, I must admit that I no longer seem to see these shorts appear on Radio-Canada. Are you satisfied with your relationship with the Corporation? Could we encourage it to broadcast more films?

My second question is related to my first comment. Do you intend to work more closely with feature film distributors in Canadian theatres in order to reposition these NFB shorts, before American feature films, etc.?

•(0955)

**Mr. Claude Joli-Coeur:** I would like to come back to the issue of marketing our films to Radio-Canada. Without a doubt, Radio-Canada and the CBC could buy more of our films. They only account for 14% of our television sales in Canada. That means that 86% of our sales are made to other broadcasters. The fact remains that the CBC's mandate is mainstream and more time slots could be set aside for documentaries. We would like to see that happen. However, we are aware of the operational environment of the Corporation.

We have often argued this case with CBC management. If there was a weekly show for feature documentaries, not necessarily NFB films, but something similar to what French and British public television broadcasts, a viewing habit would be created and people would want to see more. It would create a model. We need to work on making this happen.

As far as showing our movies in theatres goes, we have the example of the *Danish Poet*, which won an Oscar. We were almost able to show it at one of your meetings, but it did not work out because of something urgent that cropped up on your schedule. This film is shown before feature films. We have managed to show our shorts before feature films with two Canadian distributors. We are working a great deal on that.

We are also working on broadcasting a range of our productions in non-commercial theatres in the regions and in theatres specializing in NFB films in Montreal and in Toronto. In Montreal, the Ex-Centris features many of our films.

[English]

**The Chair:** We have to move on.

Ms. Bourgeois.

[Translation]

**Ms. Diane Bourgeois (Terrebonne—Blainville, BQ):** Thank you, Mr. Chairman.

Good morning Mr. Joli-Coeur and Ms. Drisdell.

You say that the NFB has forged strategic partnerships. You cooperate with several corporations of similar ilk in different countries. In your opinion, what is the average amount that the other countries invest in their programming, their broadcasting or their national broadcaster in proportion to their population?

**Mr. Claude Joli-Coeur:** I am sorry, I do not have that information. On the other hand, I've heard that the amount the BBC spends on new digital operations is equal to the CBC's entire television budget. That's just to give you an example. As for new media, the BBC will allocate an amount equivalent to —

**Ms. Diane Bourgeois:** —equivalent to the funding given to —

**Mr. Claude Joli-Coeur:** —the entire amount that the CBC receives for its mainstream network.

**Ms. Diane Bourgeois:** Thank you.

One of your goals is to expand the pool of francophone artists and professionals outside Quebec. Are there in fact francophone artists outside Quebec?

**Mr. Claude Joli-Coeur:** There are indeed many. We're talking about communities that don't get much coverage. They are production centres throughout Canada, in the Maritimes, in Ontario, that broadcast programming to francophone communities. You'll find these communities in every province. We're trying to make sure they fall within our net. That's one of our priorities.

[English]

**The Chair:** Mr. Abbott, one very short question, please.

**Mr. Jim Abbott (Kootenay—Columbia, CPC):** I would like to go back briefly to your description of your family, because I think it's particularly indicative of the demographic my friend was trying to get at. They are making choices. So I wonder if the example you used, which was terrific—very graphic, and very, very descriptive—shows that, in your mind, the idea of regulating might really be passé. We're at a point now where your kids are watching these things on the Internet, which is fundamentally unregulatable, by definition. Therefore, is it not then a matter of the quality of the programming and the choices that the viewers end up making, viewers who are virtually completely in charge, as opposed to the government saying this is what's going to happen?

I wonder if you would agree with that point.

•(1000)

**Mr. Claude Joli-Coeur:** I think that regulation will have to be seen another way. We will need strong funding for programming that our economic system in Canada can support.

If there are no Canadian programs on the Internet that our kids want to watch, they will shift to non-Canadian and other cultures. We've seen a very good example in Quebec recently—I don't know if you have heard about it—*Têtes à claque*. These are small animated shows—funny shows—on the Internet. They got funding from Bell. They were able to make that specific programming available and to market it. Marketing will be key.

So if it's not the regulation as we know it now, I would say it will be linked more to funding of specific programming.

**Mr. Jim Abbott:** Thank you.

**The Chair:** Just before we conclude, I have one question. It doesn't have to be answered today; you could get back to our committee.

Should the CBC be something for everyone in Canada, or should it start to target certain segments with high-quality programming?

Thank you.

**Mr. Claude Joli-Coeur:** We'll get back to you.

Thank you very much.

**The Chair:** Okay.

I'd like to recess now for a few minutes.

•(1000)

(Pause)

•(1005)

**The Chair:** Welcome back. We'll go on to the second half of our meeting here this morning.

From the Canadian Association of Film Distributors & Exporters, we have Mr. Ted East.

Welcome, sir. You may go forward. I understand that you do not have a brief here in script this morning, but you might be able to send us something after, if you wish to.

**Mr. Ted East (President, Canadian Association of Film Distributors & Exporters):** Yes. I should say that we only became aware of this in the last couple of weeks, so we didn't submit a written submission before this.

**The Chair:** Thank you.

Go ahead, sir.

**Mr. Ted East:** Thank you for the opportunity to appear here.

My name is Ted East. I am president of the Canadian Association of Film Distributors & Exporters, or CAFDE, as we are known. CAFDE is a non-profit trade association that represents the interests of Canadian-owned and -controlled feature film distributors and exporters. Members include Alliance Atlantis Distribution, Christal Films, Equinox Films, Maple Pictures, Mongrel Media, Séville Pictures, and TVA Films.

CAFDE members distribute over 90% of the non-studio and Canadian films released theatrically in Canada each year. CAFDE members distribute films in Canada from all over the world, in the widest range of genre and budgets. While this committee's work here is involved in looking at the role of the public broadcaster in a wide range of activities, I'm going to restrict my comments to what CAFDE feels is the need and the role of the public broadcaster in the area of feature films.

Although CAFDE members distribute a wide variety of programming and all media, feature films are their main business focus and the foundation upon which their companies are built.

• (1010)

Theatrical films follow a consistent value chain or a series of windows. For a typical film, the sequence is theatrical, home video and DVD, pay-per-view, pay television, network television, and then cable television. Although most of the media focus and government expectation are on the theatrical release, most of the audience and revenue come from the post-theatrical or ancillary markets.

In the 1930s, the average Canadian would go to the cinema between 40 and 50 times a year. Today that figure is four to five times a year. However, we have not lost our appetite for feature films, and it's as strong as ever. But we are watching them at home far more than we watch them in the cinema. I believe, as do most of my members, this number is going to grow as the presentation at home becomes better than it is today.

The cost of marketing a film theatrically has grown considerably in the past ten years. It is very rare that a film will recoup its theatrical release costs from theatrical revenues alone. As such, the strength of the ancillary markets is critical in determining not only what films a distributor will buy, but how much will be offered for the rights and how much will be spent on marketing.

As a consequence, strong programming support for feature films in the broadcast sector transcends simple economics on individual

titles. It is critical in building a wider appreciation of cinema and a greater awareness of actors and directors.

Despite the growth of the subscriber base of the pay-TV services over the past five years and the licensing of a number digital channels with high levels of feature film programming, a traditional over-the-air, OTA, broadcast remains the most lucrative television window for feature films, both in terms of revenue and audience.

Support for feature films by over-the-air broadcasters in English-speaking Canada has generally been weak and inconsistent. This has no doubt played a role in the failure of English-speaking Canadian films to reach a wider audience. Of the major over-the-air broadcasters, only CHUMCity has made a consistent and significant commitment to broadcasting Canadian films. Neither CTV nor Global have made commitments to feature films, and they do not have the conditions for program licensing requirements.

Support for feature films from over-the-air broadcasters in French-speaking Canada has been much stronger, particularly from Radio-Canada. This support has been an important cornerstone in the extraordinary success of French-language Canadian films over the past five years. For the success to continue, it is critical that the over-the-air broadcasters in French Canada continue their support, particularly Radio-Canada.

It is interesting to note that in the United Kingdom, where the indigenous film industry is much more successful than in English-speaking Canada, there is strong support for feature films from all five over-the-air broadcasters.

In data supplied by the U.K. Film Council, we discovered that in the years 2002, 2003, and 2004, over 2000 films per year were broadcast by the five over-the-air broadcasters. On average, each year over 475 were indigenous productions. The support for feature films was fairly evenly divided among the five broadcasters: BBC One, BBC Two, ITV1, Channel 4, and Channel 5. This suggests a healthy competition that could only benefit distributors and producers.

We believe it is critical for the public broadcaster to play an important role in the development, promotion, and broadcast of feature films. This will be necessary if we are to build on the success we have had with French-language Canadian films and achieve the success in English Canada that we have long sought and deserved.

In its 2000 licence renewal, the CBC committed to invest \$30 million over five years in the production, acquisition, and promotion of Canadian feature films. However, this was not a condition of licence. While we could not find exact figures, it is clear that the CBC's investment fell considerably short of that mark.

• (1015)

So I am here today to strongly recommend that support for feature film be mandated as a condition of licence going forward for both the CBC and Radio-Canada.

Thank you.

**The Chair:** Thank you.

Ms. Keeper.

**Ms. Tina Keeper:** Thank you.

Thank you very much for your presentation, Mr. East.

I would like to ask you about the relationship between Radio-Canada and French-language films. How is it that it is working so well? What is the difference between that relationship and English films and the CBC? What is the difference in terms of the French and the English sides of the CBC, and the filmmakers?

**Mr. Ted East:** There are a number of differences. First of all, the volume of films that they get involved with is considerably higher.

**Ms. Tina Keeper:** For clarity, is this from an initial financial commitment?

**Mr. Ted East:** Yes, a lot of it is an initial financial commitment. A lot of it goes into the actual financial structure of the film. When a broadcaster, particularly one like Radio-Canada, gets involved, they're involved in the development of the film quite often, and they're involved in the financing of the film, so they're very much part of the family, as it were. They're very invested in how it does theatrically, and they're there to promote it at the theatrical side, and then when they broadcast it, they do a lot of on-air promotion as well.

I would have to say that they understand the theatrical business. They understand and respect the windows, which I have to say is not always the case with the CBC.

**Ms. Tina Keeper:** I was just going to ask you that question, because there are the windows that you talk about. So when you're talking about a theatrical release, would that be the initial window?

**Mr. Ted East:** Yes, the theatrical release is the initial window.

**Ms. Tina Keeper:** Then Radio-Canada broadcasting of it would be a second or third window?

**Mr. Ted East:** It's a third window. It would certainly be after DVD, home video.

**Ms. Tina Keeper:** Oh, it would be after DVD.

**Mr. Ted East:** It's mostly after pay-television as well, unless they have pre-empted it by a condition of their licence by putting up more money.

**Ms. Tina Keeper:** Then on the flip side, if we look at English filmmaking in Canada, typically, I understood that a broadcaster would not get involved, would not be so invested, if they wouldn't have that first window.

**Mr. Ted East:** That has been the CBC's position a number of times—certainly, most recently, dealing with them in the documentary project that Telefilm and the CBC put together to do theatrical documentaries. The CBC was initially insisting on a first television window coming on the heels of the theatrical release, which really, in some cases, would have pre-empted the exploitation in the home video market, though I understand that as this project has been renewed the CBC has understood that an orderly window is necessary for it to be considered a theatrical film and to maximize the revenues.

**Ms. Tina Keeper:** Does that maximize the revenues, then? If you're going to invest in feature film, for Canadian filmmakers, the optimum is then looking at theatrical release—I'm just talking about

the optimum here—and then DVD and pay-per-view, and the broadcaster window would come later.

I don't know this process in terms of production, but I think it's really important information for us, because one of the things I'm really concerned about is the declining commitment we have to Canadian filmmakers and Canadian content makers. I think we're in a bit of a crisis as a country, and this type of information is really important for us to understand at this committee table.

Then, for filmmakers, this would be one of the real challenges, or almost an obstacle. Is that correct?

• (1020)

**Mr. Ted East:** Having a national broadcast?

**Ms. Tina Keeper:** Yes, for broadcasters to insist on a first window. Or are there different types of films we could be investing in that the broadcaster could have first window on?

**Mr. Ted East:** I don't want to overstate that. I don't think it's a serious problem. I think it has been a problem in the past.

I know about ten years ago when I was working for Alliance Atlantis I was working with the CBC on a number of feature films, and I would say I was a little bit frustrated with their view. They were seeing it as really a movie of the week for their purposes and not fully appreciating that it was a feature film for world exploitation. Their window was limited to their broadcast, and they really needed to appreciate that it was going to go out theatrically, not just in Canada, but hopefully around the world as well, and that certain aspects of that in terms of the script and the casting needed to be different, perhaps, from what they might have wanted if they had been positioning it as a movie of the week. But again, that's ten years ago.

What we would like to see is for the CBC to become a real partner with the independent producers and the distributors in pre-licensing feature films, helping to develop them, and gaining a sort of keen appreciation of what distinguishes a feature film from a television movie.

**Ms. Tina Keeper:** Thank you.

**The Chair:** Mr. Kotto.

[Translation]

**Mr. Maka Kotto:** Thank you, Mr. Chairman.

Good day, Mr. East.

The culture of partnership at French-language Radio-Canada is such that the company gets involved at an early stage in feature film productions, and we are talking about feature films here. And this works because alongside this culture there is a star system which really serves the actors, producers, and screenwriters involved in these projects well. These people are generally held in high regard by the public, and the Quebec public is faithful to all these groups of people.

Does an equivalent model exist at the English-language CBC?

[English]

**Mr. Ted East:** I think there could be. I don't think we will ever, in English-speaking Canada, achieve the star system that we have now in Quebec, for lots of reasons.

To get back to what Tina Keeper was saying earlier, the optimum sequence for a film is to have a national broadcast, which it doesn't always have. Because that is the largest audience you're possibly going to get for your films, sometimes exceeding the theatrical release. The larger your audience, the more the public becomes interested in and aware of the actors.

We have a film opening this Friday called *Away From Her*, Sarah Polley's first film, which has Julie Christie, who's a well-known British actor, and Gordon Pinsent, who's a national treasure and a fairly well-known actor in English Canada. I think the theatrical release is going to make people aware of him again. But having a national broadcast of this film—and they may have one, I'm not aware that it does or doesn't—will add to the star value of Mr. Pinsent the next time he's in a movie. It will make it easier to market the film, particularly if the film is a success, which I believe it will be.

But the star system in English is a difficult nut to crack because the most famous English Canadian actors are working in Hollywood. Sometimes they come back here, but mostly they don't.

•(1025)

[Translation]

**Mr. Maka Kotto:** I see. I was getting to that.

I'm not really familiar with the particular phenomenon you're describing, but isn't this one of the things preventing CBC from modeling itself on the SRC when it comes to partnerships or "co-productions"?

[English]

**Mr. Ted East:** I don't think it prevents them from doing it. I think it's perhaps a handy excuse to not do it, particularly when they're mandating themselves to have a particular audience. They could say, well, a feature film starring these people isn't going to reach an audience. But I think they have a role in developing the industry, in building a star system, in building audiences for Canadian drama and for Canadian feature films. You can't get there any other way. You have to have a commitment.

[Translation]

**Mr. Maka Kotto:** Have you made representations to this effect to the powers-that-be at CBC?

[English]

**Mr. Ted East:** We have. Our individual members plead it all the time.

[Translation]

**Mr. Maka Kotto:** And how they do respond?

[English]

**Mr. Ted East:** What are we told? You'd have to speak to the individual members.

We have been frustrated by their lack of consistent commitment to feature films, I will say that. It is quite clear they are not living up to their promise of 2000, which is why we would like to see it as a condition of licence when the renewal comes.

[Translation]

**Mr. Maka Kotto:** Thank you.

[English]

**The Chair:** Mr. Fast.

**Mr. Ed Fast (Abbotsford, CPC):** Thank you, Mr. Chair.

And thank you, Mr. East, for attending today.

I had a chance to review a brief that was submitted by your organization to Canadian Heritage some five years ago, in 2002. Are you familiar with that brief, which addressed Canadian content requirements for the feature film industry?

**Mr. Ted East:** That was before I was running CAFDE. I may have read it.

**Mr. Ed Fast:** Let me refresh your memory. The report focused very much on the Canadian content requirements for feature films to get funding from some of our government sources. However, at that point you focused very much on the essential role of the feature film industry, which is the primary market, theatrical releases.

Your submission today is much broader. In those intervening five years we've had a dramatic escalation in the number of new media platforms that are available. More and more people are watching movies at home—videos, DVDs, etc. And there are additional platforms—the Internet, pay-per-view.

Back then the brief referred to the fact that of films watched in Canada, only 0.2% were Canadian—that's in the theatres. Is that still the case?

**Mr. Ted East:** No.

**Mr. Ed Fast:** What is that percentage today?

**Mr. Ted East:** It's over 5% across the board. I think it was 16% or 17% in French-speaking Canada, and over 2% in English-speaking Canada.

**Mr. Ed Fast:** All right. And I think they were referring to English Canada at the time, but even then, that's quite a significant increase from 0.2% to 2%, at the time.

In total, of all the platforms on which your movies are released, what percentage of films watched would be Canadian? Is it the 5% you've just referred to?

**Mr. Ted East:** At least, yes.

**Mr. Ed Fast:** At least 5%.

**Mr. Ted East:** Yes, it would be higher. The statistics aren't available, and we've certainly lobbied Heritage Canada as a regular thing to research Canadian viewing habits for Canadian films and films generally, because we believe huge changes are in store for us. And regardless of whether the box office goes up or down for Canadian films, we think Canadians seeing Canadian films is really what matters most.

**Mr. Ed Fast:** Right.

Now, there has been a suggestion from other witnesses before this committee that perhaps the private broadcasters should not receive any government funding and that funding should be refocused on improving the robustness of CBC. In other words, you take the money from the private broadcasters and make sure CBC, which is the public broadcaster, can do its job well. Your comments?

• (1030)

**Mr. Ted East:** When you say “public funding”, would you mean the Canadian Television Fund?

**Mr. Ed Fast:** Yes, the CTF, for example.

**Mr. Ted East:** Private broadcasters don't receive any public funding. Private broadcasters contract with independent producers.

**Mr. Ed Fast:** That's correct. Indirectly, private broadcasters do benefit because it's the independent production industry that gets to access the Canadian Television Fund.

The submission from a number of witnesses was that we should remove any subsidies that would directly or indirectly go to private broadcasters and focus those moneys on strengthening the CBC. Your comments? I know it's a tough question. It's controversial.

**Mr. Ted East:** It's a political hot potato. When you say “public funding”, are these people referring to the money that Heritage Canada contributes to the CTF exclusively, or what the BDUs contribute? Because there is a sense in some quarters that the money the BDUs contribute is public money, whereas the BDUs would think otherwise.

**Mr. Ed Fast:** I think the BDUs would not consider the money they contribute to be public money. No, I'm referring to the money the Government of Canada actually puts into the independent production industry.

**Mr. Ted East:** Well, strangely—I don't have the exact statistics in front of me—I think we're pretty much there, anyway. I think the amount Heritage Canada contributes to the CTF is roughly the amount that CBC gets from the CTF. I believe that's the case.

**Mr. Ed Fast:** Well, that's not quite the case.

**Mr. Ted East:** Is it not?

**Mr. Ed Fast:** No. The submission that came from a former president of the CBC said that the private broadcasters should do what they do best, which is to be broadcasters that compete with their American cousins to the south. CBC should be the focus of virtually all the government funding that's available to ensure that there is a robust public broadcaster.

Of course it also made the suggestion that CBC get out of the whole issue of broadcasting hockey through *Hockey Night in Canada*. I'd be interested to hear your comments on that. That's also controversial.

**Mr. Ted East:** It is controversial. If they replaced *Hockey Night in Canada* with *Movie Night in Canada*, I think we'd be very pleased.

**Mr. Ed Fast:** Let's talk about advertising.

CBC relies more and more on commercial advertising revenues for its survival. There have been two divergent views at this table from the witnesses we've heard. Some have suggested that CBC get out of the advertising business altogether and become more like its radio branch—that is, with very little, if any, advertising. There are those who suggest that commercial advertising revenues are essential for CBC to survive and that in fact if there is more government funding made available it should top up the advertising revenues, not replace the advertising revenues.

Do you have any comments?

**Mr. Ted East:** I haven't considered this very much. My instinct is that you want to tread very carefully in this area. The CBC would appear to be very cash-strapped most of the time. If you were to eliminate a significant source of revenue, without having a serious plan to replace it and a serious plan to mandate them to do a certain kind of programming...

I understand the argument. I understand why the private broadcasters might feel that way. We're agnostic on this issue. It's not an issue for CAFDE members.

I think you don't want to weaken the public broadcasters. You want to certainly renew their mandate going forward, and we believe that part of that should be for feature film and part of that should be a strong commitment to drama. Both of those things are very expensive. So if the government is going to open the purse strings to make up the difference, I'm not sure it would make that much difference to the film distributors or the film industry, generally.

What would worry me is that the net result would be less money for the CBC to spend and therefore less commitment to drama and less commitment to feature film.

**Mr. Ed Fast:** Thank you.

**The Chair:** Go ahead, Ms. Keeper.

• (1035)

**Ms. Tina Keeper:** Thank you.

I'd like to ask you about the impact. We've heard a lot from presenters about the statistics from this study by the Nordicity Group and the declining financial commitment in Canada to the development of Canadian content, and in particular, drama.

Can you talk about what the landscape has been like in the last ten years? You'd mentioned 2000. Are there particular markers that had a significant negative impact on the development of drama in Canada?

**Mr. Ted East:** We're not at the front lines of that issue. I would say, generally, that it concerns us, because television drama is very clearly linked to feature film. There's a commonality of talent. A lot of producers who work in television drama work or have ambitions in feature film. It's the same with actors and writers. So any decrease in drama is going to have a negative impact on feature films. You're going to have writers of some experience who abandon Canada to move to the States. You will have up-and-coming writers who determine that it's too difficult to make a living here, and they will go to Los Angeles from the get-go. And that's very much of concern to us.

One thing we've made clear in our presentations here on the feature film review is that we think development of feature films, an investment in writing, a wider variety of genres, and a wider variety of voices are necessary, and any erosion of that on the television side is going to hurt the feature film industry.

**Ms. Tina Keeper:** I'm going to go back to my initial question, because I guess I don't understand what it is.... You talked about the CBC in the past typically wanting first window broadcast, and more in the sense of an MOW, in terms of production for—

**Mr. Ted East:** Well, those are two different issues. The MOW issue is ten years old. I don't think it exists.

**Ms. Tina Keeper:** That's ten years old. It doesn't exist any more?

**Mr. Ted East:** No.

**Ms. Tina Keeper:** So in terms of the CBC currently and its relationship with filmmakers, do you see an understanding right now that the relationship works and is beneficial for independent filmmakers?

**Mr. Ted East:** Well, currently, the CBC doesn't have a strong or consistent approach to feature film that we've seen.

**Ms. Tina Keeper:** Okay, so there was a problem, and now there's no strong and consistent approach, typically?

**Mr. Ted East:** Yes.

**Ms. Tina Keeper:** If you could improve on that, could I ask you for a recommendation?

**Mr. Ted East:** Well, we think that \$30 million over five years—which is what they promised in 2000—is a nice starting point. I think a dedicated slot for a feature film would be useful.

**Ms. Tina Keeper:** Right.

**Mr. Ted East:** And the promotion of films they're not necessarily broadcasting would be helpful as well.

**Ms. Tina Keeper:** Promotion of films they're not necessarily broadcasting?

**Mr. Ted East:** Promotion during the theatrical release. They're promoting films that are having a theatrical release; for example, *Away from Her* was being promoted on the CBC this week in aid of its theatrical release. That would be very useful.

**Ms. Tina Keeper:** Right.

Thank you.

**The Chair:** Thank you.

Madame Bourgeois.

[Translation]

**Ms. Diane Bourgeois:** Good day, Mr. Chairman, Mr. East.

We visited Vancouver last March and met with Mr. Carl Bessai from the Citizen's Coalition for the Protection of Canadian Films. Do you know him?

[English]

**Mr. Ted East:** Yes, I do.

[Translation]

**Ms. Diane Bourgeois:** He more or less says the same things you do. He was furious when he met with us. He was flabbergasted CBC wasn't a key driver in promoting Canadian film.

Do you deal in any way with this citizen's coalition?

[English]

**Mr. Ted East:** No, we don't. We are aware of them and we're certainly aware of some of the positions they've taken and some of the statements they've made. I think on this point we would be in agreement, and on other issues we're not in agreement.

• (1040)

[Translation]

**Ms. Diane Bourgeois:** I was wondering if someone from your organization or from the coalition had perhaps thought of creating an alliance in order to give you a stronger voice. Have you ever discussed developing an alliance in order to get more recognition and support for Canadian productions?

[English]

**Mr. Ted East:** No. In order to create an alliance, I believe you'd have to have a commonality of views and interests. I believe one of the things they've proposed is screen quotas, to ensure that Canadian films are on screens, which is not something we advocate at all, as we don't think it would work. What's happened in Quebec has indicated that when you make films people actually want to see, you don't need screen quotas to get access to screen. So there are a number of issues where we're not in agreement.

But in terms of working with them and lobbying when the time comes for the CBC's CRTC review, we would certainly... We work with the CFTPA all the time to create common ground on certain issues, and it would certainly be welcome if they shared the same views as us on this issue.

[Translation]

**Ms. Diane Bourgeois:** And yet, both of your organizations advocate on behalf of the Canadian film industry. Both of your organizations want to see more opportunities and want Canadian productions to be front and centre. Mr. Bessai told us that the citizen's coalition had decided to take on the cable companies and their unwavering focus on American productions.

Despite the differences you point out, the fact remains that promoting Canadian culture is something you have in common.

[English]

**Mr. Ted East:** Yes, definitely, the promotion of Canadian culture and a commitment to feature films in the public broadcasting system would be a common point. But in terms of creating a formal ongoing alliance, if that's what you're suggesting, I think there are too many diverging views for that to happen.

[Translation]

**Ms. Diane Bourgeois:** Thank you very much.

Thank you, Mr. Chairman.

[English]

**The Chair:** I'll move to Mr. Abbott now.

**Mr. Jim Abbott:** Thank you, Mr. Chair.

You said—I hope I wrote this down correctly—that when you make films you actually want to see, there's no need for screen quotas. I think you said something along that line.

I'd like to go back to a question I had asked the previous witness with respect to regulation. I realize that you're here in your capacity as president of the Canadian Association of Film Distributors and Exporters, and I do want to get into content in just half a second, but I wonder if you would like to make a comment about the issue of regulation.

In the minds of some people presenting to our committee here, there's still the idea that if only we could regulate, we would get more people watching CBC, or in fact that the regulation of CBC with respect to Canadian content, with respect to all of the issues surrounding the CRTC and those regulations, would make a difference.

If we take your comment, about making films you actually want to see, and the testimony by the previous witness, about his family of four teenagers making choices, I would suggest that when people make choices, they will make those choices whether there are regulations in place or not. And with the Internet, there is serious question as to whether regulation is in fact even possible now.

So in this dialogue we're having with respect to CBC, I wonder if you would like to comment on my comments about the place for regulation.

**Mr. Ted East:** First of all, I'd like to say that in the theatrical world, the cinemas and distributors, it is unregulated. You do not need a licence from the CRTC to be a film distributor. You do not need a licence from them to open up a cinema or a chain of cinemas. As long as you're a Canadian-owned and -controlled company, I don't believe the Department of Canadian Heritage is going to have very much to say. They're not going to require you to distribute any percentage of Canadian films or to exhibit any percentage of Canadian films.

Very little subsidy, if any, is available to exhibitors. Very little, truthfully, is available to Canadian distributors. You're in a free market world. But once you get onto the public airwaves, it's a different game. Different things apply. Looking at the CBC and at what their role should be, with the government money they're given and the mandate they're given, it's completely different from the expectation you might have for a cinema chain or a group of film distributors.

As for the Internet, it causes us great concern. We see a potential scenario where, in the future, the Canadian market will be eroded into a global market, which will negatively affect the pseudo-ecosystem that exists now. Canadian content gets produced by producers working with the marketplace. Subsidies are a critical part of that. But if Canadian territory is being eroded by the Internet—for instance, if foreign suppliers who supply Canadian distributors now don't need to because they can reach Canadian audiences over the Internet—then that will weaken the Canadian distribution sector. As a consequence, that will weaken the Canadian production sector. They won't have that partner to work with and to get those films into the marketplace.

• (1045)

**Mr. Jim Abbott:** On the revenue side there's the issue of simultaneous substitution. That already is being eroded just by time-shifting because of satellite.

**Mr. Ted East:** Right.

**Mr. Jim Abbott:** Do you have any comment on that?

I guess we're looking for any suggestions you may have. Trying to think outside the box is sometimes a little difficult.

**Mr. Ted East:** We have not discussed that issue. I wouldn't want to speak on it without consulting my members.

**Mr. Jim Abbott:** Finally, relating to the issue of Canadian content, people who are critical of that as a concept often talk about how many wheat fields and how many buckets of maple syrup you can have in a picture, in terms of whether it's Canadian enough.

I would ask for your comments here. How in your judgment do we best determine Canadian content? Is it actually a judgment call that we can make on something that is clearly subjective? Can we make an objective judgment, in your opinion? Can we set up regulations? Can we set up a regulatory authority that would actually give us the ability to stipulate Canadian content?

Again, let's relate that to the watchability, or the desirability of watching, on the part of potential audiences.

**Mr. Ted East:** I think there are two issues here. One is the objective regulations themselves. In my opinion, and in the opinion of my members, the regulations that exist now are long overdue for an overhaul. In a more subjective area as far as what constitutes Canadian content, I think we need to be a lot more open and inclusive about that.

I think one of the frustrations in English Canada is that there has been a tendency, particularly with government money when you're getting investments from Telefilm Canada, to make very serious movies about very depressing subjects.

I did an analysis of the development of feature films and discovered that an extraordinary percentage of government money at the development level was being put into the least attractive genre for audiences, which is the psychological or the bleak drama. I mean, audiences typically don't like to go to those, even if there are big movie stars in them. What they like to see are comedies, romance, action adventure. There's no reason we can't make those kinds of movies here.

If you look at the success of movies in French-speaking Canada, a lot of it is due to the entertainment value. There are a lot of comedies. There were two English successes last year, *Bon Cop, Bad Cop*, which was widely entertaining, and the *Trailer Park Boys* movie. People went to see them.

I think that when we're dealing with Canadian content we want to instruct the people who invest government money to be much wider in their appreciation and encouragement of those genres. I can say that in working with Telefilm and the new working group over the last year and a half we've made great strides there. I think the message needs to get out that it's okay to laugh; it's okay to make a coming-of-age comedy about growing up in Red Deer. There's nothing wrong with it. You don't have to make a serious drama about your mother dying slowly of Alzheimer's and the family coming over Easter weekend to visit her. Canadians aren't necessarily going to be attracted to that if they think it's going to be depressing.

• (1050)

**Mr. Jim Abbott:** There's another issue, which is Canada's changing demographic.

**Mr. Ted East:** Absolutely.



**Mr. Jim Abbott:** I was told yesterday that by 2010 or 2012—I can't recall the year—50% of the population's ancestry in greater Vancouver will have come from outside of Canada. That's 50% within the next five to seven years. I don't think we see the reflection of that demographic to the extent that perhaps we should.

**Mr. Ted East:** No. And I think there are probably a lot of very good stories there. Some of them are dramatic, but there are probably a lot of great comedies. I think that's something we want to encourage.

**Mr. Jim Abbott:** Thank you.

**The Chair:** Thank you for that.

I'd like to add that I like funny stuff myself. I think we need more of that in our feature films as we go forward. We need to see more of that on television. In fact it goes back to one of my yearbooks in high school. At that particular time I was told I was the Red Skelton of tomorrow. That tells you how old I am.

I have the same question I asked the last presenters. Should the CBC be something for everyone in Canada, or should it start to target certain segments with high-quality programs?

**Mr. Ted East:** I think it should be both—I mean, as much as it can be. Now, when you say “high-quality programs”, alarm bells go off and I think of elite dramas that very few people will see. It's not that you don't want to make serious award-winning drama, but you also need to do things that are adventurous and entertaining. An example is *Trailer Park Boys*, which is made by Showcase. It has a significant audience. It's not what you would call high culture, but it represents a certain kind of Canadian experience that is just as valid as going to Upper Canada College.

**The Chair:** Thank you for that.

I don't think there are any more questions.

The meeting is adjourned.

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