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• (0925)

[English]

The Chair (Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)): I'd like to call to order this meeting of the Standing Committee on Canadian Heritage and welcome our first witnesses this morning.

From now until 11 o'clock we have the Manitoba Motion Picture Industry Association, Manitoba Film & Sound, and the Winnipeg Film Group. We're busy and I know it will be a very informative session. Welcome to all of you. Thank you very much for joining us this morning.

The floor is yours.

Ms. C.V. Caryl Brandt (Executive Director, Manitoba Motion Picture Industry Association): Good morning, honourable committee members. Thank you for adding a prairie venue to your hearings, though Carole and I were wondering if perhaps, as it's the day after the Junos, it's punishment for asking you to come here.

My name is Caryl Brandt. I am the executive director of the Manitoba Motion Picture Industry Association, which we call MMPIA. MMPIA is a non-profit, membership-driven, board-governed association that represents the interests of Manitoba's motion industry. Our membership of 350 production and service companies, labour groups, industries, organizations, and individuals totals about 1,400 people from every aspect of the Manitoba production community.

I'm here with my colleague, Carole Vivier, film commissioner and CEO of the Manitoba Film & Sound Recording Development Corporation, sometimes called MFS.

Ms. Carole Vivier (Chief Executive Officer, Manitoba Film & Sound): Good morning, everybody.

Manitoba Film & Sound is a statutory corporation of the provincial Government of Manitoba. We participate in the development of Manitoba's motion picture industry by way of equity investments, loans, recoupable advances, and financial contributions in the areas of development, production, and marketing, as well as the administration of the provincial tax credit.

In addition to film—we put the film part in this morning—we also invest in and develop the Manitoba audio recording industry as well. Whoever was at the Junos last night and saw that last medley on stage, the Wailin' Jennys, Nathan, Waking Eyes, Fresh I.E.—these are all Manitoba artists whose music we have invested in developing. That's just a little add-on there.

Together our two organizations, Manitoba Film and Sound and MMPIA, represent the provincial government and the private industry support provided to the feature film and television industries here in Manitoba. We're here today because we are passionate supporters of the feature film industry in Manitoba, and we recognize the importance of a federal policy and the corresponding financial and administrative resources provided.

We're encouraged that the Canadian government has taken the time and attention to specifically address this important cultural industry and welcome the opportunity to provide you with our comments.

• (0930)

Ms. C.V. Caryl Brandt: Before we start to address our written submission, we would like to give you a sense of the size and scope of our industry by showing you a short highlight video of film and television projects that have been produced in Manitoba. Then we'll tell you about a few of our economic highlights before moving into our policy analysis. Remember to watch the credits.

[Video Presentation]

Ms. Carole Vivier: As you can see, the Manitoba industry has developed its capability to service Hollywood A-list productions as well as maintaining a positive and supportive environment for indigenous productions here in Manitoba.

Shifting to the financial side of things, it's important to note that the Manitoba production community is growing. While the level of production, both nationally and in other provinces, has declined or stabilized, production volume in Manitoba during the last five years has increased by more than 50%, to total over \$107 million at March 31, 2004. Employment has increased by more than 65% to a minimum of 500 full-time equivalent positions as at March 31, 2003. Indigenous production has averaged \$30 million per year over the last four years. This indigenous production is the foundation of our industry and the focus of our presentation today.

• (0935)

Ms. C.V. Caryl Brandt: Our original submitted written brief and today's presentation aim to make three points clear to the committee. First, a national feature film policy, along with support mechanisms, is necessary and critical to overall industry success. Second, equitable access to funding and programs to all regions of Canada is essential for national industry growth. Third, marketing, promotion, and distribution must be the greatest priorities for the next stage of feature film policy implementation.

In responding to the terms of reference provided to the committee's policy review, Manitoba Film & Sound and MMPIA examined the four current feature film policy objectives, as well as select support mechanisms, especially Telefilm, the Canadian Television Fund, and tax credits. Based on our review, we believe the four stated objectives of the policy are still relevant today, and they provide a useful framework for further improvements and implementation, which we have detailed in our submission. Today we will focus only on our three key points, and we encourage you to read the submission for our specific recommendations.

Ms. Carole Vivier: Our first key point is that the Canada Feature Film Fund dollars are critical to the success of the industry and are necessary to leverage private and provincial dollars. For most producers, a feature film is not viable without an initial investment from Telefilm Canada. For English language feature films in the last fiscal year, Telefilm contributed roughly 20% of the total financing. With average production budgets of \$6.9 million, this means that \$5.5 million per project was raised from other sources as a result of Telefilm's participation. With 22 English language projects recorded, this leads to \$121 million levered through the Canada Feature Film Fund.

Telefilm's investment is valuable, and the Canada Feature Film Fund must be renewed. Ideally the fund should be increased in order to support at least the following three new initiatives or enhancements: one, increase development funds to support a larger volume of talent development; two, create programs to support talent by aboriginals and francophones outside of Quebec; and three, create a fund to support feature-length documentaries.

Regarding the support mechanisms, we appreciate the existence of Telefilm Canada and note that it is an integral component of the industry's infrastructure. Speaking as Manitobans, we especially underline the need to maintain the regional offices. In our case, the western office provides our clients with accessibility to programs and staff, as well as advocacy on their behalf. Both roles are especially relevant in an industry based on relationships. As such, outreach remains a priority for us, and we would like to see continued and increased efforts in this regard.

Briefly looking at the Canadian Television Fund, we suggest that the portion of the Canada Feature Film Fund administered by the CTF be centralized within Telefilm for ease of understanding and administration on behalf of applicants. We also voice our support for the continued existence of the much needed production tax credit programs, and we suggest looking at enhancements, such as an increased rate or a bonus for feature films, as a possible source of additional funds for this industry.

Ms. C.V. Caryl Brandt: Our second point here is that equitable access to funding and programs for all regions of Canada is an essential requirement for national industry growth. As demonstrated in the video, Manitoba has an active and growing industry, albeit on a smaller scale than in the established major urban centres of Toronto, Montreal, and Vancouver.

In an environment of limited financial resources and trustworthy personal relationships, it's easy for distributors and funders to remain within their comfort zone and stop looking for projects beyond their immediate doorstep. Our insistence on equitable access is rooted in

the idea that talent exists nation wide and that opportunities to recognize and support the diversity of talent must be in sight.

In Manitoba over the last 15 years we have typically produced one or two features annually that received Telefilm funding. On average, the Canada Feature Film Fund's participation is 43% of our production budget, more than the 20% national average. This is an indicator of the difficulty regional producers have in securing outside financing, where budgets are typically lower. Telefilm's participation consequently makes up a higher percentage, so it's likely contributing fewer actual dollars than in central Canada.

In considering equitable access, it is important to note the relationship between increased production budgets and the challenges for regional producers to close their financing. We agree that increased production budgets are necessary to increase the production value of Canadian films, but the resulting financing structures have become more complex and potentially volatile. The impact as seen through the figures reported by John Dippong, director of feature film programs in Telefilm's western office, during a presentation in Winnipeg earlier this year is that in the current 2004-05 fiscal year, \$7 million in Telefilm feature film production commitments in the western region were reallocated outside of the west because the projects, although strong creatively and viable for production, were unable to close their financing in time.

Although we can't supply specific solutions to this issue, our organizations wish to highlight the impact on the western region of increased production budgets on the time needed to close the project's finance. Additionally, the financing issue highlights the important role the federal funds have to play in building capacity here in Manitoba.

On the positive side, the 42% Telefilm contribution in turn levers almost 15% from our supportive provincial government as well as 42% from other sources.

With specific reference to the current feature film policy, we support the creation and existence of both the performance component and the selective component. The performance component is valuable in providing established companies with the flexibility to pursue projects they support without third-party involvement. Most significantly for Manitoba, the selective component is necessary to provide Manitoba films with access to federal funds. As the Manitoba industry is still emerging relative to that of Ontario and Quebec, no companies in this province currently qualify for the performance bonus. As a result, without the selective component, Manitoba films could not receive any federal support and Canadian audiences would not be exposed to stories told by our filmmakers.

MMPIA and Manitoba Film & Sound would like to highlight to the committee that Telefilm's stated target is to reserve 75% of the funds for the performance component. But for 2003-04, Telefilm actually reported 24% of English language funds went to the performance component. MFS and MMPIA strongly recommend that the division of English language production funds remain stable so as to support the selective component as the existing actual proportion of roughly 75%. Any effort to quickly increase the allocation to the production component would likely restrict Manitoba producers from accessing federal feature film funds before they've had the time needed to develop the box office track record required for the performance funds.

● (0940)

Ms. Carole Vivier: Our third and final point, and the one we would like to particularly emphasize, is that marketing, promotion, and distribution must be the greatest priorities for the next stage of feature film policy implementation. While the 2000 feature film policy has seen some improvements in script development in film production, distribution is a critical element that remains inadequate, raising the most frustrations among filmmakers and, I would say, equity investors. We have numerous examples of feature films in Manitoba that have struggled and/or failed due to inadequate marketing, promotion, and distribution support.

We have five recommendations to address the distribution challenges we see. One, so we can begin to address the gap, we recommend a thorough review and analysis of the distribution and exhibition industry be undertaken in an effort to complement the existing feature film policy. In distribution alone we have identified the following four challenges: the lack of capable Canadian distributors, the lack of funding capacity on the part of distributors, the lack of creative and financial involvement of distributors during development, and the inhibition of financial risk-taking due to the current system. Exhibition is a key element, one that has just recently been drawing attention from the production financing side of the industry, and it requires more understanding.

As well, we would like to encourage the committee to initiate an exploration of options to improve access by Canadian films to Canadian screens. Realizing some suggestions appear to be non-starters—theatrical quotas, for example—Manitoba would like a national discussion to stimulate fresh thinking around ideas that could be implemented.

Secondly, we feel Telefilm, as the federal agency for film, needs to be able to hold distributors accountable for developing legitimate

and viable marketing and promotion plans. As a financial investor, Manitoba Film & Sound has seen that marketing and promotion plans for feature films are rarely prepared in advance, and if they are, they are rarely prepared in great detail or with specific reference to the individual film. We have heard of one producer who had to hire an outside consultant to prepare the marketing plan as the distributor had not created one. This is an unacceptable practice in an industry devoted to selling and promoting films, especially when federal subsidies are provided. Positive change is desperately needed.

Thirdly, federal policy should allow non-Canadian distributors of Canadian films to expand the market capacity. In light of the limited number of distributors in Canada and their limited funds, we strongly urge the committee to examine different scenarios that could expand the Canadian market to include non-Canadian distributors. Distribution is competitive worldwide. If a British, French, or American distributor is interested in supporting a Canadian project and has the resources to do so, we feel strongly that this is of benefit to the Canadian industry.

● (0945)

Ms. C.V. Caryl Brandt: Fourthly, we believe there is a role for Canadian broadcasters in the feature film industry, a point that was identified and highlighted in the 1998 federal review of feature film policy. We suggest doing further exploration into developing contribution opportunities for broadcasters. We are intrigued by Wayne Clarkson's idea of premiering feature films on television and then releasing them on DVD, and we fully support any innovative thinking that can bring Manitoba features to an audience.

Fifthly, we strongly recommend that a producers' marketing promotion fund be introduced to assist them in attending festivals, participating in the marketing and promotion of their films, and/or hiring a producer's representative or sales agent to help. A majority of Canadian producers are small companies with limited human and financial resources. They often lack the time, money, or expertise needed to follow a project through the distribution cycle but rather must shift their energies to the next production. Particularly for emerging producers, the honour of being accepted into an internationally recognized festival is overshadowed by the logistical and financial requirements to bring the film there. Given the current challenges with accessing distributors and the quality of service provided by those distributors, support to allow producers to participate in marketing promotion would be timely and valuable.

Ms. Carole Vivier: To conclude, I can say Manitoba Film & Sound and MMPIA are ardent supporters of a growing and viable industry here in Manitoba.

On behalf of the industry association and its provincial development corporation, we ask you to remember and consider the following three key points as you review the federal feature film policy. One, a national feature film policy along with support mechanisms is necessary and critical to success. Two, equitable access to funding and programs in all regions of Canada is essential. Three, marketing promotion and distribution must be the greatest priorities for the next stage of feature film policy implementation.

Thank you very much.

The Chair: Thank you very much.

Who is next? We want to hear all the presenters first, and then we'll have questions.

Mr. Enns.

Mr. Victor Enns (Executive Director, Winnipeg Film Group): Good morning.

My name is Victor Enns. I'm the executive director of the Winnipeg Film Group. I have with me today Carole O'Brien and Kevin Nikkel, who are filmmakers and board members of the Winnipeg Film Group.

The Winnipeg Film Group has about 350 members, about 100 actively involved in making films. Most of them will be in the early to middle stages of their careers, although increasingly, with the reducing costs of making features through digital means, there's another whole stream of what's happening with filmmaking, with digital technology bringing prices down. There are members in the organization who are making low-budget features; that's actually on the increase among our membership.

This is not necessarily following the industrial model you've been listening to, but I'll be presenting the highlights from the brief that has been prepared, based on the different departments in the Winnipeg Film Group that follow along the model of film production and distribution.

First of all, I'd like to express thanks to the minister, who was here yesterday and spoke regarding support for the renewal of Tomorrow Starts Today. That's really important in the cultural sector generally.

We were heartened to hear the next initiative of the minister in developing support for the Canada Council. Locally, there's been success in increasing support to the arts and culture through initiatives that have increased funding through the Winnipeg Arts Council and the Manitoba Arts Council, both important funders at the level of producing art in the province. What hasn't happened yet is a similar kind of initiative on the federal level. Some of the information you'll be hearing from us is in fact a call for increased spending, particularly with respect to the kind of support for our members we're looking to the Canada Council for.

There's a question that comes up, and that essentially has to do with the mandate of Telefilm. Telefilm has been reasonably good to Manitoba. I've talked to the filmmakers who are members of the Winnipeg Film Group and who have had Telefilm support, and they couldn't have done it without them. So first of all, there is a lot of support for Telefilm in the province, and also for the initiative of actually having a feature film policy. These are good things. We're pleased this has happened and that the hearings are taking place and

that there is such an interest in developing this area, because there are still things that need to be done.

The first element of getting things together for a film has to do with development. Here our specific recommendation has to do with the importance of the low-budget feature policy and, as is mentioned here, also the location of a regional office in Vancouver for accessibility by the people here in making contacts. Our members travel to Vancouver and back to meet with Telefilm people, and some of the Telefilm people also come here, which is a good thing for filmmakers here in Manitoba.

The low-budget independent feature film program, though, places a limit on what is a low-budget film. This is always increasing, and we want to make the recommendation that this amount needs to go over a million dollars. We're fairly conservative, in fact, in suggesting that the fund go from \$750,000 to a \$1 million. It could easily be more than that and still be a low-budget film, but looking at the context of Manitoba, that would be an important step forward.

One of the interesting things for our members is the involvement of the Canada Council in their filmmaking. A lot of our filmmakers will be starting out making short films. The primary objective of members of the Winnipeg Film Group, rather than looking at industrial or commercial products, will be the creation of art. In Canada, the agency with responsibility for the creation of art is the Canada Council.

The problem here is Telefilm has so much more money than the Canada Council in support of film. That's not necessarily a bad thing, particularly if Telefilm follows through with what it has on its web page and at the beginning of its creation, where Telefilm is calling itself "a cultural agency". In fact, we very much support Telefilm as a cultural agency and see that it has a cultural role in supporting Canadian culture.

● (0950)

There have been movements in the last little while putting the box office ahead of the artistic merit perhaps of a particular project. That's what we would interpret from the policy and what's in writing. I checked this out and went a little deeper than just accepting what I saw out there as true; in fact, I checked the support that Canada Council was giving to projects in Manitoba and the support that Telefilm was giving to see whether there was a huge difference between what was seen as a commercial venture based on the box office versus what in fact was an artistic project. As it turns out, a lot of the projects in Manitoba that Telefilm supported had also been supported in the development phase by the Canada Council. I think this is actually a good sign and shows that Telefilm, in practice, is perhaps interpreting its mandate more broadly than what it does in some of the printed materials or than what are stated as goals on their website. This, again, is a good thing.

In the process, we are also looking at the impact of support for screen writing and script writing. One of the really important aspects of creating a film is getting the idea into a format in which the film can be put into production. At this early stage also, where consideration needs to be given to marketing, distribution, and promotion of work, there's an idea or two that will come from that.

Looking at the production aspect, once we've supported the development and the low-budget independent feature film program, there is a need to support the creative quality and diversity of film types and the development of our cultural identity through the making of cultural films in Canada. Another comment that was reassuring to hear the minister speak on yesterday was the importance of cultural diversity in a global context, meaning that Canadian culture was one of many diverse cultures around the globe, and that we needed to support our cultural identity through our cultural products or the kind of art and cultural work that we create, including film.

There was a concern, as I mentioned earlier, about the perceived shift towards commercial film to the exclusion of cultural film, but I've already addressed a good deal of that in my earlier comments. I also pointed out in the brief some examples of how these things have been handled in other countries. In the United Kingdom, for example, where that kind of orientation was taken, there's a concern expressed by Derek Malcolm that trying to make films that attract large audiences is about as dangerous and often as frustrating as attempting to make movies that critics and art house audiences will admire. As both financier and producer, you simply have to identify talent and back it. Of course, talent is an elusive thing, and that's why it's a risky business as well. It needs to be recognized that in pursuing this area, not every project is going to be a successful project; there has to be room for the occasional film to drop off the face of the earth.

The general problem, though, comes later in the distribution aspect of the cycle. Telefilm's three strategic directions for 2003 were listed as building audiences, building a strong industry, and revitalizing Telefilm itself. Culture wasn't mentioned, and this is a concern. I generally think that because of the size of the budgets available at Telefilm compared with what's available at the Canada Council, the cultural mandate needs to be supported through Telefilm, as well as through whatever Canada Council can do, unless there's a significant shift in funding that would move a lot of money over to the Canada Council for film. But I think the way things are being handled now, and considering the support that Telefilm has in the community here and in the provinces, Telefilm is probably still the best and most advantageous way to go.

• (0955)

I think, though, in the ecology of how the film community developed and the importance of producing cultural film, there is a role for media arts centres. And here I'm putting in a plug for organizations like the Winnipeg Film Group, so this is a little commercial for how organizations like the Winnipeg Film Group fit into the ecology of the sector.

I'm a representative on the Independent Media Arts Alliance board, which represents 80 independent media arts organizations across Canada and has a really large membership. In this group there

is strong representation from video arts centres that are not interested in feature film distribution per se and that have a different orientation completely, as well as over a dozen film organizations that have interests in feature film, organized feature film policy, and the making of feature films as well. So it covers both kinds of things. The media arts centres are also funded by the Canada Council.

Now a lot of people who are involved, particularly in the Manitoba industry, got their start in the Winnipeg Film Group. There weren't, in the last 20 years—until just recently, in fact—any programs at any universities anywhere near Winnipeg for the development of anyone working in film in the province. So a lot of people came to the Winnipeg Film Group, took our basic filmmaking course, worked on each other's productions, learned by doing, and gained experience in the industry. A lot of the people who are working in the industry today have come through a learning experience that has involved the Winnipeg Film Group. This is common in many other organizations, particularly in the regions. It is important to remember that in the development of the industry in the regions, there may be different ways that things have come together.

We're as concerned about marketing, distribution, and exhibition as anyone, actually, and there was a debate on quotas. I did a little bit of research into quotas and realized in fact, as far as I could tell, there was no English-speaking country that was using a quota system right now to protect the cultural identity of their country in the marketplace. I found this a little disappointing, actually. I was hoping there might be a country or two that would be providing support in that way. The Americans have been very successful in lobbying all organizations. I think Britain was one of the first ones, during Margaret Thatcher's time, to eliminate the kind of support that in fact many countries had in place after 1949. After the Second World War, a lot of countries introduced a quota system, and eventually during the periods of deregulation in the 1980s, that sort of fell away.

There's an interesting story of what happened in Canada during that time, actually, in the development of our industry. There was talk of doing the very same thing in Canada in 1949. Lobbyists from Hollywood came up and made a deal with Canada that instead of us having a quota system, they would mention Canada in American films, and use location shots, and thereby promote Canadian tourism in American Hollywood films, and they said that doing so would be of greater benefit than developing a Canadian industry could possibly be.

I think that was a really unfortunate decision, and it means—there's a CBC documentary that I found that was dealing with this—that there are some interesting references to Canada in American films that were made during the 1950s. In fact, there was a Canadian film commissioner in Hollywood who went around from studio to studio and from film to film encouraging them to use Canadian locations, even just to use Canadian references in their films. I think in fact it would have been much more advantageous if other decisions had been made, and I think it is important for us to realize that we do have to maintain our cultural identity in the cultural work we do, and for us to look at the potential of something like quotas.

I think France has probably been the most successful to date in maintaining a system of cultural integrity in the kind of art and even commercial films that are coming out of the country. The Americans are also working very hard at changing that. It's one of the countries where they have not been successful in having the quotas dropped. There's a very strong lobby in fact for that to happen, and it is being eroded because of the trade initiatives.

• (1000)

In this area the discussions of free trade, and so on, are sort of touchy—as to how culture can be excluded from these kinds of discussions, and how it needs to be protected in terms of maintaining the identity of the country.

All this speaks to the potential of increasing the access Canadians have to Canadian films. It isn't enough to have a quota and to have more work on screen; this is where the idea of promoting, distribution, and marketing plans right at the beginning of projects is really important, because not only do you want the films put on screen, you want people to see them. And we don't want to exclude audiences from seeing work that is artistically interesting or relevant in the development of our cultural identity either.

Some things could perhaps be done to create initiatives to improve the distribution through the distributors who are working in the country, and in terms of exhibition, in providing support for increasing exhibitions. I don't think it would be unrealistic to advocate a certain percentage of screen time be given to Canadian feature film, and that it be advocated by government as well as by people in the industry itself. I don't think having a goal is a bad idea. It would give us something to shoot for.

Back in the eighties, I think a Canadian study recommended that even 7.7% would be a good target; 7.7% was chosen essentially because it comes down to a week a year. So in terms of screen time in chains to present Canadian film, the chains would be encouraged to show at least a week of Canadian film a year. That hardly seems a lot.

An interesting idea that may be naive and out of left field is we've had so much success with the tax credit system, working on the production end of things; it's been really important, both federally and provincially, and has stimulated a lot of production. There could be a way to create a similar incentive, on whatever basis, to encourage distribution and exhibition, not based just on the number of days the screens are being used, but also—and this is where it could be interesting—to work on audiences, and look at rewarding distribution and exhibition in terms of the audiences they get out—to actually stimulate the promotion of work, getting people to come to see it, as well as just to put it on screen.

I'll do a little digression here to talk about the role media arts centres play in the distribution of work. This is—in one case—another sad story, actually. Approximately 10 organizations supported by the Canada Council distribute films—mostly short films or specialty films—with their own niche markets in Canada. One of the largest of these moved into feature film distribution in a large way and went broke this year—Cinéma libre in Montreal, actually.

One of the sad things about it is they had a significant collection of films they're still trying to keep together, but when an organization like that goes broke, the filmmakers have the right to ask for their films back. Now there is this huge collection of Canadian films out of Quebec, but the filmmakers are starting to ask for their films back, and this collection is being dispersed back to the filmmakers. I think Caryl in fact has a couple of films with them.

With the failure of that distributor...here I was going to be making a case for how, in fact, smaller organizations could be promoting smaller films and distribution, and the only example I have is of a distributor like that, that went big, that in fact did try to get heavily into feature film promotion, and went broke doing it. So obviously there are difficulties in coming at things from the smaller end or the smaller scale of things with the smaller distributors working in a non-commercial situation. In fact, all these distributors would be working in a non-profit context, rather than in a for-profit context.

But there may be a role—and it shouldn't be dismissed—for these smaller distributors to play in distributing a certain kind of film, whether it's a low-budget feature film.... This is one of the things happening, just as a natural outgrowth, through the development in the Winnipeg Film Group itself.

• (1005)

We have some filmmakers who are making films like *The Saddest Music in the World*. I think Guy Maddin is our most recognizable successful director who has maintained his links with the Winnipeg Film Group, for which we are grateful. He, for example, has given us his *Cowards Bend the Knee*, which is a 60-minute very personal film, which was initially designed to be presented as an installation at The Power Plant, which he put together as an hour-long film.

It is something that we are distributing, and one of the things we do very well is distribute films to film festivals—which is getting an audience, certainly, but does not pay and does not bring box office revenue. So it gets the audience, but it doesn't get the revenue, and that's often the kind of operation that smaller distributors like the Winnipeg Film Group are involved in and the kind of work we do in promoting artistic and cultural film in Canada.

Overall, though, we want to say thank you to the Government of Canada for the support there has been for feature film, both in terms of the creation of the policy and in the support of Telefilm and in the support of the media arts section of the Canada Council.

One of the things we haven't spoken about so much is the National Film Board, and in some ways, that's kind of a sad thing. Now it's seen, by our membership anyway, pretty much as a documentary organization with a specialty also in animation. It doesn't currently see a large role for the film board in dramatic production, although there may be an interest in that and there may be some things that could happen with the National Film Board if we were looking in that direction. But because of how much damage has been done to the organization since the 1980s, it doesn't seem possible for a revitalization to come back to the point where it would be playing the kind of role it used to, for example, in dramatic production. I think the shift has been made pretty strongly for the support of independent production, which can be and is not necessarily a bad thing, and that Telefilm has the role in supporting that kind of work. I did want to mention it, though, and that it is important to the documentary filmmakers among our membership that this kind of support still continue to go to the National Film Board.

Thank you very much. We're open for questions.

• (1010)

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

Is anybody else presenting? Then I will turn it over to the committee for discussion.

Mr. Schellenberger.

Mr. Gary Schellenberger (Perth—Wellington, CPC): Thank you. I appreciate the opportunity to be briefed this morning on the film industry, and I'm pleased to be here in Winnipeg.

I have only two quick things. The main issue that I hear—surprisingly enough, even when I was waiting at the airport yesterday to come to Winnipeg, when I was talking to one of my constituents, or former constituents, and lo and behold, if her daughter isn't a producer and working out of Vancouver—and you mentioned it and it keeps coming back, is distribution, distributors. This was one thing she said—and her daughter is a private producer. There are restrictions on foreign distribution.

By trying to protect our distributors, are we hurting the film industry in not allowing competition or some of the foreign distributors to come in, that might be able to go out and grasp a bigger market? That's one of my questions.

Ms. Carole Vivier: We've had a system....

This isn't to beat up on Canadian distributors. It's a small country. With a lot of these companies...there are some very good distributors in Canada, but there are a few of them. If we're trying to increase Canadian box office, which means volume of relevant Canadian films that audiences want to see, we do not have enough distributors in Canada with the capability of the financial resources, the marketing expertise, and the creative expertise to reach that volume. We've seen that over this period of time.

This policy of Canadian distributors being what I call the gatekeepers of Canadian film in Canada has now been in place for 20 years. We're having the same conversation that I had 10 years ago.

Recently at the CFPTA, I just said, "You know what, I don't want to come back and have this conversation again." We cannot continue

doing what we're doing. It is not working. I think it's a real disservice to the Canadian filmmakers.

We've had many examples of films. We have one right now, of a Canadian film that was at Sundance; it got great *Variety* reviews and *LA Times* reviews, and it has won awards. It went into the theatres, and there was no promotion marketing plan out there. We're not competing in that market like we have to.

What I would say is that manufacturing is not talking to retail. I think that's exactly what the issue is here, and we have to fix it. I'm not saying there's one little thing that will fix it, but if we don't try something different, we might as well just give up on Canadian English language feature film—and I am not prepared to do that, because I know there's brilliant talent out there. The audiences are not getting to it.

Ms. C.V. Caryl Brandt: I would like to reinforce that. Not only does the industry association totally agree with what Carole has just said, but we think exactly what you've said may have been the root of the problem. We thought we were helping our industry by protecting its few Canadian distributors. In fact, we've limited it in a very inconsistent way.

We like co-productions when it comes to the production side. We want to go to the best partnerships and the best fields so we can come up with the best creative groups. But when it comes to the critical key distribution side, we're saying no, only work with a really small pool. It doesn't make sense. We want our programs to be seen around the world, to be marketed in a way that makes people want to see them and know that they're there. Distribution shouldn't be limited to Canadian distributors.

Mr. Gary Schellenberger: I hope what we can do is develop policy. Every place we go, it seems we need more money. We have to expand, we have to move the parameters because prices are going up, things are getting more expensive.

I'm thinking about something that was said about that group that tried to go big in Montreal and now they've gone bankrupt. I always remember something my father told me. One day we had done a rather big job and we made good money on it and my dad told me to never forget the small people. They put the shirt on your back and food on the table. When you bid jobs.... When you're doing small jobs and you lose, you lose small; when you're doing big jobs and you lose, you go broke.

I think there is a place for small distributors to take that niche and work very well within that niche. My hope is that we can develop policy, but not so that more public money goes out there. If we can leverage more private money through good policy, I would hope that's what we would do. I think I've heard that before from people.

So we have to develop policy, and that's what I've heard from everyone here this morning. That's creative. I think we have to think a little outside the box and not be too protective, but level the playing field and hope we can get bigger.

•(1015)

The Chair: Thank you very much, Gary.

Mr. Kotto.

[Translation]

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

Good morning. I'll ask you two simple questions. Defining or redefining a policy always requires a vision. I'm going to play the devil's advocate. Can you define for us the role of the film industry in particular, and of culture in general, in the community? Is it a necessity or a waste of money? Does that have a sense, a meaning? That's my first question.

Second, I'm going to ask you to put your answer in the Canadian context, then in the global context, where neo-liberal globalization tends to commercialize culture. What reservations do you have about that trend?

Lastly, I'd like you to tell us about the essential instruments for more effectively supporting that vision, if there is one.

[English]

Ms. Carole Vivier: First of all, I think it's very important to continue to support the feature film industry in Canada. The filmmakers' stories are important enough to be told, wherever they come from in Canada.

It's interesting. What do you define as culture? There has always been this notion that culture and success at the box office maybe don't go together. I would argue that's not in fact true. You only have to look around the world to see successful films that have come from other countries, like *Whale Rider*, or *My Left Foot*. Those are films that are very reflective of the cultures of those peoples.

Canadian filmmakers who write and direct films, with all the elements that come together in those projects, are reflecting who they are as Canadians, wherever they may be coming from. To me, that is what culture is. It's the culture of Canada, and it will be different across the country and it will be different within each place within the country. That's what I think is unique about it.

My vision is that people in Canada—to start with—when they hear a Canadian film is being released, see that English language Canadian film as something they want to go to the theatre to see. In the French language, they have reached success for sure, so I'm really just speaking about English language feature films now. In addition to that, my vision is that those films have been so well developed, promoted, and marketed that people are going out in droves to see those films and to support those filmmakers, and that they feel it's an important piece of their environment and culture to watch these films.

I don't know if I'm answering your question specifically, or if I've helped.

•(1020)

[Translation]

Mr. Maka Kotto: That's a partial answer. I mainly want to understand whether we can live without culture, without that

reflection that filmmakers and creators hold up to their countrymen or fellow citizens.

[English]

Ms. Carole Vivier: I would say no. As we saw last night at the Junos, I don't think we can live without music and Canadian music. I guess my vision is that we celebrate Canadian film the same as we celebrated Canadian music last night. So I would say I don't think we can live without that, because it's a medium that travels the world and reflects who we are. If we are not contributing to that environment and that market in both the Canadian and international markets, all we will see is American reflection and the reflection of other international countries that support their cinema. If we don't contribute to that, our voices, our stories, our filmmakers will not be there to show the rest of the world who we are as Canadians and how we reflect ourselves to other Canadians in Canada.

Ms. C.V. Caryl Brandt: If I can just add to that, so much of what we do in industry association at the regional level is based on the premise that Canada is a mosaic. It's one of the things that makes us different from America. We don't want a melting pot. We don't want a sludge of identities. We're rich in our diversity, we like to celebrate it, and we want to make sure our people can see ourselves on air and hear ourselves in music. That takes access to the screen, access to the airwaves. Some of the things—and this has been said before—that have been done for the music industry to make sure that the access was happening have paid off. We don't have that on the feature film side. We have a little bit of it on the TV side.

Is it critical to Canada's identity? Absolutely. If we're going to be well-rounded Canadians, that's part of who we are. Our culture is key to who we are.

Are there more efficient tools? No one knows what they can turn out to be, but clearly we have to rethink how we're getting access. It's a big issue that we are not visible on our screens. In places like Quebec, where they've managed to reach the people, the people love to see it. If they don't know it exists, they don't see it. If it's only there for one weekend, they don't see it. We have to find ways for people to be able to see what we're producing and continue to produce.

The Chair: I'll come back to you on a second round perhaps, Mr. Angus.

Sorry, did you want to respond on that as well? Go ahead.

Mr. Victor Enns: I want to come at this question from two directions. One is the importance for Canadian work to have an international audience, and then I want to speak about recognizing local voices and a diversity of voices in making stories and presenting them to not just Canadian but also international audiences.

Our most recent success.... There's been a good connection between Winnipeg and Rotterdam in the artistic community. I'm not sure for what particular reason it's Rotterdam as opposed to other places in Europe, but visual artists have been travelling back and forth to Rotterdam, with Agnetha Dyck, Wanda Koop, and people like that involved there for quite some time. More recently there was a retrospective of Winnipeg Guy Maddin's work presented there.

There was a big success this year of a film that came through the Winnipeg Film Group and also Video Pool, which is a parallel organization to ours in Winnipeg, in the same building, actually. It's called *Trains of Winnipeg* and it's by Clive Holden. It's 14 pieces put together into a feature-length film, an extraordinary piece of work incorporating everything from eight-millimetre film to the most recent digital methods of capturing images and to working with special effects to present a work of art. It was sold out for three of the four performances it had in Rotterdam.

It takes the culture of the country and puts it into an international context. One of the things that makes it interesting is the fact that it is different from a Hollywood product. It has a voice unique to the place it comes from, to the point it is actually called *Trains of Winnipeg*. This film has travelled internationally, in the United States.... Again, it's not going to be drawing the kind of box office revenues we're talking about, but it is important to the knowledge people have of Canada in a larger context. It's quite a critical success.

Work like that can come on almost any scale, including the short films that travel regularly, that have been to Cannes or.... Last year we had a first short film done through an experimental hand process that is actually a very old process. It was shown in the Venice Biennale. We've had a couple of films there, in the film festival in Venice, but this again was an example of a small work, and it preceded another work by Guy Maddin that was also featured at that particular festival. It is important to get stories from here for us to present Canadian culture in an international context.

One of the other things that's been happening at the National Film Board and Manitoba Film and Sound, something I'd like to compliment them on, is a project called First Stories, where they're getting aboriginal stories and presenting aboriginal work. This is an initiative we support; it's also part of what's happening at the Winnipeg Film Group. Here the National Film Board has played a role by supporting memberships and workshop fees for aboriginal filmmakers so people of aboriginal ancestry can, for example, come to the Winnipeg Film Group, not have any barriers to taking the basic training course and the workshops, and begin to make films to present diverse points of view that have been neglected too long in this country.

In some cases they're starting from the beginning, and they're starting in a good place here in Winnipeg, where we also have the Aboriginal Peoples Television Network. In this case the Film Board and Film and Sound in particular have been involved.

One of the supports we get from Manitoba Film and Sound—they're one of our funders.... We provide some production funding for a program called the First Film Fund, and three of the last four recipients were from an aboriginal background. As they come into the organization and as the membership diversifies and so on.... It is coming into the stream of things and is another important support that is needed to bring that voice to the Canadian public and then also to an international public.

Thank you.

•(1025)

The Chair: Thank you very much.

Mr. Angus.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you very much. [*Inaudible—Editor*]...and I'm probably going to end up sounding vaguely incoherent.

I was very well behaved last night, no; my mind is racing so much with the issues here that I'm going to trip out about five questions, all muddled up together. You'll probably be very confused.

My background is music—having been at the Junos, I can see the success there—and I can't help but compare music with film in Canada. I see recommendations, obviously, on the issue of quotas, or more funding, but I'm wondering if in some ways there are fundamental structural problems within the film industry that we have to address before we can talk about that.

For example, in film there still is in Canada this dichotomy between cultural artistic and commercial success. It used to exist very much in music when we were having difficulty getting international success. That line has disappeared in music. Billy Talent can sell a million units or be a very successful club band, and either way it doesn't seem to be an issue. If Billy Talent sells a million units, then it helps the record companies field new artists.

My focus is going to be on the commercial, because I feel that until we get there, everything else is.... We can put out a phenomenal product, but why is it that we're not a commercial success?

I'll throw out one thing that was said to me and to some members of our committee: we don't yet have an audience in Canada for big film because we haven't built a star system yet. We don't have a nurture system coming out of television so that Canadians know who it is they're going to see. For any American film, you know who it is you're going to see. That's why you go and see them. We don't have a strong feeder system within television—half-hour, comedy, drama, whatever—so we haven't built up an awareness that would make an audience naturally go to a Canadian theatre to see a Canadian film.

I don't know if you would see that as an issue, the lack of a star system or a feeder system out of television.

•(1030)

Ms. Carole Vivier: First of all, to go back to one of your first comments, that there are fundamental issues within the infrastructure itself, I would agree 100%. There's no little one-tweak fix here. I think there's a fundamental flaw in the system.

One of the places to start is at development. We have to put way more energy and way more resources into development. Putting more money in the system without making fundamental, deep changes is not going to change a thing.

I want to restate that we're not just asking for more money; I would not support that without fundamental change within the system. The first place to start is in the development of scripts. This is a commercial industry, and Manitoba Film & Sound is an equity investor. This is a business, and it's in the business of entertainment. I think there are lots of pieces and lots of places for lots of films, but fundamentally, where I'm coming from is that we're investing in films because we want them to be successful at the box office.

Ultimately, they're not all going to be a success at the box office. You have to develop a lot of filmmakers. It's by doing your craft over and over again that you get better. That's also something that we're not seeing. We're not seeing the directors getting the opportunity to make film after film so that they can get better.

The casting is a piece of it. I think just having a star system.... In Hollywood, that doesn't even work for them. They have films that the biggest box office stars are in and they're bombs. It goes back to the story. It's all about the creative material. Look at *Risky Business*, just to use that as an example. For Tom Cruise, that was his breakout film. Nobody knew who Tom Cruise was.

I think film can develop the stars, but it's got to come from a great story, and then the great story gets made with all the material they need to make that film. That's resources, making sure they're not compromised in their budget so that they have enough shooting days and enough prep times. These are all components of it. At the end of the day, you can have this brilliant film that sucks in its marketing and promotion. To me, that's the frustration.

Seven Times Lucky is a film written, directed, and produced in Manitoba. It's a really great film. It definitely has commercial potential. You know what? Its marketing campaign was pathetic. That was from the distributor. I'm not happy about that, as an investor, and it's a disservice to the filmmaker and the producers—they put their hearts and souls into developing that project, for three years, rewriting and rewriting the script—to have that happen to them in the end.

I think we have way more clout in Canada to make distributors be accountable; we're just not using it. At the end of the day, it's about accountability. The buck has to stop somewhere. Somebody has to be accountable in the system for decisions. I think it happens in music, it happens in TV with the broadcasters—it's about their advertisers—but we're not seeing it in feature film.

Ms. C.V. Caryl Brandt: Could I add something to that? There are two things I'd like to say.

For people who don't know much about the film business and often say nobody is watching Canadian films, I like to draw the parallel of a Safeway store. If the Canadian films are in a Safeway store, they're given a quarter of the bottom shelf of the back row, and if the public happens to notice them and try them, they have maybe a week to get them. We have such bad access. It doesn't matter if it's the best product in the world; if nobody can hear about it and nobody can get at it, they're not going to watch it. There is a structural problem.

I also suggest that yes, the star system is part of the solution; I agree with Carole. It has so much more to do with the story and all the other elements. It's really interesting to me that Bravo! and Star!

—that group of stations—have started doing the red carpet thing in Canada. I can't believe what a difference that is making in the short time they've been doing it; that we're suddenly seeing the people who make films in Canada, and know what they look like, and hear what they have to say. As simple a matter as that is making a difference.

There are structural needs; I agree. It's not just dollars; it's not just quotas. What we are talking about as part of the solution is how, when we make the stories, we make sure they reach the public.

Mr. Charlie Angus: I really appreciate the frankness about the distribution. I find it shocking again in music that in Canada it would just.... Why make the product if you're not going to get it to the audience? There's no plan for marketing. My God, what's going on here? I'd like to get a bit on that as well.

I'd like to throw something else out that's come up—

•(1035)

The Chair: Mr. Angus, I'm sorry. I've let you go well over your time, and it's Mr. Silva's turn.

Mr. Mario Silva (Davenport, Lib.): I'm sorry, Charlie. It wasn't my fault.

It's always a difficulty trying to figure out what the right solution is to all this. A lot of it is experimental.

We talked about stars. Canada has amazing stars and amazing directors, but they're all in the U.S. The U.S. is always going to be a challenge and an opportunity at the same time. It is an opportunity because we get a lot of productions here in Canada from major motion pictures from the U.S. It is a huge market. But anybody who starts in Canada and wants to be known internationally is going to move to the U.S. It's as simple as that. They're not going to stay as an actor in Canada and think they are going to be big internationally without wanting to try the U.S. market. The same thing goes for directors, and many of our fine scriptwriters as well go to the U.S. The Americans can offer more money; they have more population; they have a larger market; they have a larger distribution network. We are just not going to compete with that market. We'll never compete with that market. It's not even realistic to think we will.

What we have to figure out is what we're good at and how to improve what we're good at. We've been good at quite a few things, whether that has been in documentary, in story-telling.... To figure out how to develop that Canadian niche market and how to export it internationally is a challenge.

I've seen some of the recommendations that were put forward. They're probably going to be the same as those from every other place we're going to across the country, but when we talk about what some of the fundamental changes are, I want us also to be realistic about what it is we want to do as a Canadian film industry, and I think that hasn't come out yet from the people I've been listening to.

I want to get your views on whether I'm totally off on this. I think this is always going to be our challenge. The Quebec market has done well. Why? I don't think a French Canadian actor thinks he or she has to be big in the U.S. to be big internationally, but many of our non-francophones feel, judging from the people I know, that if you want to be big, to be a good scriptwriter, if you want to be recognized internationally as a director or an actor, the U.S. is your market. It's not Canada.

Ms. C.V. Caryl Brandt: Though it's true that they're always going to be bigger and it's going to be one of the places where you get your prominence, I think people like Cronenberg and Norman Jewison have proven that it doesn't mean you stay away from Canada and that you don't still do Canadian products.

The other issue we have to keep remembering is that there's a critical mass issue. Every time I hear someone complain about a bad Canadian film, I'm always tempted to say, "Do you say because you've read one bad book that books in Canada are bad?" If you have enough volume, and 10% are good and they get prominence, that's all you're going to need. I'm using an arbitrary percentage, but we produce so few and get so little access that we can't get those prominent ones up to a number of levels to show that we have that visibility. If success, acclaim, or whatever has something to do with that profile at the international level, part of the key to me is getting that critical mass.

Mr. Mario Silva: I guess I was trying to get at the point that I don't necessarily share the view that in order to be good you have to be better and bigger than the U.S. That's something I've heard so many times from people in the industry, and it's a challenge. I think it goes not just for our film industry, but also for our sports and other talented people we have in Canada. Many of our MBA graduates tend to go off to the U.S. as well because they want to be in that market.

I think it was Carole who mentioned that equitable access to funding and programming for all regions of Canada was essential. I just want to get some clarification on that, because I think certain centres of excellence need to be established. Are we going to basically divide the fund and say that every town across Canada that wants to have a film policy is going to get a share of that pie, or are we going to say that some major centres in Canada will focus on that, and not go into every type of production and film one could think of?

• (1040)

Ms. Carole Vivier: I'll answer that. I don't think you just find talent in a big city. Talent is unique. I'm not saying that we in Manitoba deserve a percentage of the money because we happen to have that percentage of the population. That's not where I'm coming from. If you don't go out actively looking for the best stories, you're not going to find them. So equitable access is about talent. The program should work for all Canadians across the country. You shouldn't get the money just because you live somewhere, but

because you have a brilliant idea and you're a committed, passionate filmmaker. Your work is as valid as that of somebody in Toronto, Montreal, Halifax, Regina, or Saskatoon. I don't care where you live. This is about Canadian storytelling. It's Canadian funding, and it's about making sure we're reaching the talent in this country, allowing them to live their lives as creators and have opportunities to do that.

On centres of excellence, Winnipeg is a centre of excellence as well, so we have a disproportionate number of filmmakers here. One of our films was one of only two films invited to the Venice Film Festival this year. Last year at Sundance we were invited to screen two feature films. For a city of this size, that is a phenomenal thing to be able to say. We had Guy Maddin's film *The Saddest Music in the World*, starring Isabella Rossellini, and we had Gary Yates' film *Seven Times Lucky*, with Kevin Pollack, which also had a lot of wonderful Manitoba actors in it. So to me it's about the talent, not about the geography or the location. It's to support talent in this country.

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

Ms. Oda.

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

Thank you very much for being here today.

I just want to commend you on the presentations you've made, because you've come with some very concrete ideas for us to explore. You've recognized that there are some new ideas that have to be explored, and it may be more than just more and more money.

One of the ideas I had put on the table a week ago or so was the accessibility of foreign distributors. I know you will be talking to your community's groups across the country, so rather than case that idea right now—I know you'll be having conversations—we can just evolve that idea as we go across the country.

The other thing is the foreign distributors. I noted again, like my associates...being immersed in a music weekend here, we see Canadian artists who are signed by foreign record labels. It doesn't seem that they're limited or excluded, etc., because they have a foreign record label, which brings the marketing and promotional dollars to the table for them. That to me may be part of the success of Canadian music that we've seen in the system over the years, and the challenge now is more for feature films.

That's one idea.

One idea I wanted to talk to you about, and hopefully it will put a seed here for the idea to evolve as we cross the country, is the challenge of interim financing. You've pointed out that your access to financing has limited and actually reallocated elsewhere moneys that were earmarked for Manitoba. Interim financing, I know, is a challenge. There is very little ability to find interim financing, and that is the trigger that decides whether a project is to be made or not.

I don't want to negate the cultural aspect of filmmaking. I will put one question that you can think about.

What would be the criteria used to define a cultural...? You've put in your oral presentation here something about eligibility for being a cultural product, but what would be the actual measurable criteria, without somebody somewhere making an arbitrary, subjective decision?

Before I do that one, I'll just do interim financing, if you have any suggestions as to what we might consider in that area.

• (1045)

Ms. Carole Vivier: Interim financing is an interesting challenge. Before the tax credits came into place, it was the investment fund. People were getting rich off that. Then the tax credit came in, and now all we see is that the banks are getting rich, because of the interim financing. It's the period of time for payout that is the challenge. Producers are putting up their fees, their overhead, to cover the gap of interim financing. If they go overtime in their production, the reserve they might have put aside for the interest on that interim financing gets eaten up very quickly, and then they're into their own fees. So there we have this challenge of trying to help capitalize these smaller companies.

I don't know if this is possible, but you could put criteria in place... if we could advance, let's say, 75% of the tax credit on part A at the beginning of principal photography, at the beginning of prep—that's where they need the money and that's where the cashflow is necessary—that would enormously help filmmakers. There are a lot of safety checks you can put in place to ensure that nobody gets the money and goes off on a world trip or something.

I think that would be a real advantage to helping filmmakers. If we could advance the money off the part A out front for them, they wouldn't have to go to the banks for interim finance. It's not just the interest charges; the set-up charges to do it are phenomenal. So when you have a filmmaker going for interim financing—I don't know if people are aware of this—the bank uses a lawyer. The filmmaker has to also pay a lawyer. The filmmaker is paying the bank's lawyer and their own lawyer to look at these agreements. The costs are through the roof.

We've actually been looking at that here. Is there a way that we can advance on our part A...and at 75%—because we've done a historical look at what tax credit payouts have been from their projection to the actual—you're in a very safe range. It would make a huge difference to the filmmaker. I think pragmatically that's one of the ways you could help out.

Ms. Bev Oda: Thank you.

Mr. Victor Enns: This is an interesting opportunity. I'm actually excited by your question because it allows me to talk, however briefly, about the importance of art, which is very near and dear to my heart. In effect, it's looking at the different jobs of popular culture and art. Art can be enlightening and entertaining. There's nothing wrong with entertaining art; it can very much be so. If a film makes \$100 million at a box office, it doesn't make it an artistic piece of work; it means that \$100 million has been earned from that particular project.

Yes, there are two different ways to come at this. I think that at the Telefilm end of things, at the development end, as Caryl was talking about initially, someone is going to have to make a judgment on the story. In just looking at it as a commercial product, even in that system there has to be some way of choosing one story over another story, and that's going to be arbitrary and subjective in some ways.

Ms. Bev Oda: Yes, Mr. Enns, I understand the process.

I'm wondering if you can propose specific criteria that we might suggest. This is a non-commercial and more culturally focused project, which could then be supported in maybe a different way with different thrusts than a commercial project. We don't want to abandon the cultural or the artistic projects in lieu of being totally on the commercial side, but I think we have to ensure that there are some clearly understood criteria that the government bureaucracy, Telefilm, or whoever is going to fund it, see as the criteria to be used.

If you don't have any answers to that right now, maybe you could provide them in writing after some discussion.

Madam Chair, I know that my colleague, Mr. Brown, would like to ask one short question, if he could.

• (1050)

The Chair: I'm sorry, Ms. Oda, but you are over your three minutes of time, so I have to pass on to Mr. Kotto and then to Ms. Bulte.

I'm going to cut you short a bit, Mr. Kotto, just out of fairness, because you two will probably be our last questioners.

[*Translation*]

Mr. Maka Kotto: Thank you, Madam Chair.

I'm going to go back to a brief comment that was made on the star system. Ms. Vivier, you said a moment ago that that was no longer a guarantee of a film's success, even in the United States. It's true that the market is saturated in that regard, and that might be an explanation. There's a bottleneck these days, as a result of which moviegoers have too much choice and don't really know where to turn. In Quebec, however, it's a system that works through the print media and television and radio programs. There's very well established promotional support. The same is true in France.

Mr. Enns mentioned that there's a box office policy in France that has been working for years now. American feature films are "taxed", which enables France to finance its own film industry. An attempt was made to do the same thing in Quebec and Canada, but it didn't work.

Coming back to the essential points, I see there is a problem with regard to financing production and distribution, which limits accessibility within the system. What do you think about the idea of a digital distribution system, which would be less costly to operate and would restore a kind of national sovereignty to countries that can't afford to compete with Hollywood? Upstream, as well, you have to look at the impact that this kind of system could have on production. It costs much less to direct, shoot and produce digitally than to do it through film. I'd like to hear your comments on the subject.

Now let's talk about the accessibility of the Canadian and Quebec markets for foreign distributors and corporations. Multinationals are behind this, and their essential objective is profits, profits, profits. Wouldn't there be a risk at that point of undermining the Canadian identity in view of the fact that these people would be inclined, on the one hand, to rely on the means that would be put at their disposal by the Canadian government and, on the other hand, to tend toward what's easiest to sell, and thus to lower the level of everything that pertains to substance, of what might project a sense of belonging to Canada or to Quebec in the collective unconscious?

[English]

Mr. Victor Enns: I'll talk briefly about the last question that was raised and perhaps draw an analogy to book publishing. In fact, this also goes to the issue of the star system that was talked about earlier. Margaret Atwood and Alice Munro still live in Canada. They're able to do that, in large part, because of how the Canadian publishing industry has been supported but also now because they're being distributed by a foreign-held company. There is a connection there. There is still the integrity of the identity of the producer of the artwork, like a Margaret Atwood or an Alice Munro, but they're also being distributed by foreign distributors as well as Canadian distributors in getting their work out.

I'm trying to make the argument, on one hand, that it's possible for an artist to live anywhere in Canada where there is means of production, wherever those can be held, and to make good artwork that can be exportable anywhere to Canadian audiences or to foreign audiences, but that it may be necessary to expand the distribution beyond what's available within our own systems within Canada. That, in large part, has to do with the substantial difference in population between how many people there are in Canada and how many people there are in other countries who, for example, in book publishing, read English.

If you want to reach that market, you're going to have to find a means of getting that work out. Publishing seems to have found a way to do that. I'm uncomfortable with that, actually, but it seems to work and it seems to be necessary. In other words, my preference—I'm very much a strong Canadian nationalist, and that's my background—would in fact be for Canadian distribution to improve and for Canadian distributors to handle international markets successfully. That would be my first preference.

When I look at what's happening in other industries and how distribution is handled, even in music, for example, foreign distribution—foreign marketing and promotion—are necessary to build a wider audience and create greater access to the product.

That's how I would look at it. I'm kind of sad about it, I guess, but I can't see a better suggestion or alternative to it.

• (1055)

The Chair: I'm going to have to cut you off there. We have only a couple of minutes, and I know Ms. Bulte has been waiting anxiously to be part of the discussions.

Hon. Sarmite Bulte (Parkdale—High Park, Lib.): Thank you for coming before the committee today.

I'm like Mr. Angus, in that there are so many questions and so many things you've touched upon that we always seem to run out of time, so let me very quickly.... Maybe if you can't answer now, you could follow up with a written answer.

Could you elaborate on the difference between the production component versus the performance component. I didn't quite understand that. I understand your numbers, but what is the difference? I don't understand the two concepts, so could you clarify those, as there are neophytes in this area?

With respect to involvement of the Canada Council, I'm very interested to hear you say that, because there will be those people who will say that the Canada Council shouldn't be part of it. I'm very glad you've...because I've heard there is just a little bit of money there for the Canada Council and they're not seeing it. Why are they involved at all? The Canada Council does great stuff. Maybe that shouldn't be part of their mandate. Now, this comes under a whole other discussion, whether it should be involved.

Also, what I actually wrote down when you were speaking was, why weren't you saying anything about the National Film Board? Again, I guess there are those people who would say it should be Telefilm or that we should have one agency and there should be a more coordinated approach that works on this. Maybe it's not Telefilm, but some other organization. Maybe it's going back to the role of the NFB originally again. So I'm interested in following up a little bit more on these debates on whether the Canada Council should be part of it or not.

Again, on the marketing, I have to tell you that in my role as a parliamentarian last week, I spoke to a group of teenagers in a high school, and I was talking about coming to Winnipeg to talk about the films. These grade 11 girls said to me, "Canadian films, where do we see them? Where does one see a Canadian film?" I said to them, "Name me a Canadian film". Actually, it was interesting that the only film they did name was *La grande séduction*. I was really, really.... I was coming to the Junos, so I asked them to name a Canadian artist, but that was not a problem; they could rhyme them off.

So again, please help us with how we can do that marketing.

Ms. Vivier, you said we need to review this, as it's been 10 years. The feature film policy was put in place less than five years ago; I don't even believe it was 10 years ago. What happened? Why wasn't it addressed then? I mean, did it fall through the cracks there? It wasn't 10 years ago but five years ago that we put into place this Canada Feature Film Fund. So what went wrong there, and what did we miss there that it's still so broken, and why didn't we pick it up five years ago?

As for the advance you talk of in part A, I know people who think it's great when they talk about the federal cheques; great, God love you, you're advancing money, or your producers get there. But I've heard from people in Ontario who are waiting, and waiting, and waiting, and waiting for their tax credits while they're personally financing these films they're making. And then I get people like Veronica Tennant, who I met with recently.... The wait involved in this is.... You might have these things on paper, so how do we make them efficient?

One last thing. We spoke in 2003 about Telefilm not having any cultural component, so I've picked up on that, but we have a new executive director now. I think there is a significant change, so I don't think we can be held to that 2003 statement. I was delighted to hear that Mr. Clarkson, who I'm a huge fan of, talked about how airing films on TV.... DVD goes back into the star system we talked about.

• (1100)

Mr. Victor Enns: Yes, we're quite excited with the appointment of Wayne Clarkson as head of the agency, which we definitely see as a positive move for the kinds of things we're interested in at the Winnipeg Film Group.

I'll speak very briefly about the Canada Council before turning things over to the folks at the other end of the table—and, in some ways, this addresses the question as to criteria.

William Gass, the philosopher from St. Louis—an American actually—made an interesting distinction when he said that popular culture is quite often created as an anesthetic for the public, whereas the job of art is to make us conscious and awake to the world around us. I think that's a critical distinction. Besides the Canada Council, I don't see any other agency that can support that kind of initiative, because in being conscious and awake and supporting truth and these kinds of large ideas, these have to be arbitrary decisions. They're usually made by a panel; this is usually a good thing, and it's really the only way to do it. But this is why it's so important that the Canada Council has some money, more than it has now, actually, to support the creation of work that is designed to do that very important job in society.

Hon. Sarmite Bulte: I'm a huge supporter of the Canada Council...*[Inaudible—Editor]*.

Ms. C.V. Caryl Brandt: Just as a really brief remark, because we started late and knew that time was an issue, you'll know from the copy of the oral presentation that we actually did some of the points without giving the details. In them, for example, you'll see reference to the need for support for feature-length documentaries—which could easily be the purview of NFB—and the support for the development specifically of aboriginal and francophone talent outside of Quebec. Some of the questions you've raised are covered

in the two pages we didn't read. They're also in the original submissions.

Ms. Carole Vivier: Also on the Canada Council, look at Guy Maddin, for instance. A lot of Guy's earlier films were supported through the Canada Council, so I think it's also a great place for artists to start. As they move up in their careers, they can then go to other mechanisms for financing. But the Canada Council has certainly been an important piece for filmmakers like Guy to access funding, so I think it should continue as well.

Hon. Sarmite Bulte: One of the things we've also heard from the witnesses who've come before us is that, yes, the Canada Council is there for upcoming new artists, even though you need to have a little bit of a track record before you get money from them. And then there are the feature films that are in between. How do you go from that first film...? Where is that when it comes to the feature film? There's a huge leap between the first few films and a feature film, and that seems to be missing. There doesn't seem to be any agency that seems to be dealing with that.

Ms. Carole Vivier: In between, I think there are places for people to go, like the National Screen Institute, for instance, the national training body. You can think of it as virtual training. They are based here in Winnipeg, but they train filmmakers right across the country. They have a drama prize, which is to do your first short film, and then there's a feature film project, going on to your feature. There's television in between, and then feature film.

It is a challenge of the continuum for making your first film in terms of how you continue to go up. Within Telefilm, there are the low-budget feature film guidelines, and they are actually to address those emerging filmmakers who have made a couple of shorts and now are going to make their first film. So there's a myriad of programs across the country to do that.

Can things be better coordinated? Absolutely. I think more funding actually needs to go in that end, because that's where you want people to take risks and that's where the talent will start to show up. Instead of having it on a \$50 million budget, you could do it on a much lower budget, and it gives filmmakers an opportunity to make more films in that area across the country. So I think the low-budget funding helps to address a piece of that as well.

The Chair: Thank you very much.

I wish we had a lot longer. As you review what's happened in the last hour and a half, I'm sure you may want to add something. Please feel free to communicate with the committee.

I know I personally would like some more thoughts from you on one thing in particular. Most of the focus has been on screen time—base time, if you want—but what we've learned is that it accounts for barely 10% of the revenues from Canadians seeing films and, one can assume, for only 10% of the viewers of Canadian films. So I really would appreciate some thoughts on how we increase Canadian viewing through DVD purchases and sales for at-home viewing.

I must say that while I was sitting at the Junos last night, I was thinking I was a fool. When Canadian content regulations first came in, I thought they were a little bit condescending toward our Canadian artists, but it only took a couple of years to realize that they were the best thing that happened. And as I saw those names scrolling last night, I just thought I learned a lesson there. Any further thoughts on that would be helpful.

• (1105)

Ms. Carole Vivier: I totally support alternative methods of distribution, like DVDs, etc., but I have to again emphasize that those will only be successful if we promote and market them and if we also are creating brilliant stories. It goes back to the scripts.

The Chair: Thank you very much.

By the way, could I ask those of you who are just here observing if you would mind signing in? I think it would be interesting to all of us to know who's taking an interest in the work of the committee on this subject.

While we change witnesses, I'm going to call a five-minute break.

• (1106)

_____ (Pause) _____

• (1120)

The Chair: Thank you very much for being with us and for your patience with us. I know we're looking forward to hearing what you have to say on behalf of the Saskatchewan Film and Video Development Corporation and the Saskatchewan Motion Picture Association.

Ms. Valerie Creighton (Chief Executive Officer, Saskatchewan Film & Video Development Corporation): Thank you, committee members and Madam Chair, for the opportunity to speak to you. I want to say, on behalf of the prairies, we are extremely appreciative you were able to actually have a hearing for the prairie provinces. That really helps us out in terms of travel and time.

Before I begin the formal remarks I'd like to acknowledge, on behalf of Saskatchewan, the significant investment of the federal Government of Canada in the film and television industry in this country over the last 30 years. We have certainly appreciated it; it's helped develop not just the industry across Canada but certainly the Saskatchewan production community as well. We'd just like to acknowledge our appreciation for that. We're happy, after 30 years and a number of wonderful institutions and mechanisms, that we have support and that this kind of review and analysis is taking place.

To talk a little about Saskatchewan, the feature film industry in Saskatchewan is a relatively young industry when you compare it to the rest of the country. The province's industry was developed primarily as a result of the establishment of SaskFilm in 1989 and SCN, the Saskatchewan Communications Network, in 1991.

SaskFilm was established at a critical time, immediately following the closure of the Saskatchewan office of the National Film Board. Support from the Saskatchewan government provided through SaskFilm has been a critical component in the growth of the provincial film and television industry.

Production volumes in Saskatchewan have grown from five million in 1990 to approximately 65 million in 2004. This is a 1,300% increase in 14 years. Last year alone, production volume increased 56% at a time when many centres in the country were faced with significant decline in production volume. Our production in Saskatchewan has been primarily in documentaries, television series, movies of the week, and miniseries.

Feature film production is certainly at a developmental stage. Four features have been produced in the province since 2001. One is a co-production between Ontario and Saskatchewan; one is a co-venture service production; and two are low-budget features produced through the programs of SaskFilm.

It is interesting to note that since 2001, producers from Saskatchewan have received from 0.5% to 2% from the Canada Feature Film Fund. Also, from 2001 to 2004 we received 1.4% per fiscal year from the LFP and EIP programs from Telefilm Canada, less than 1% per year from Telefilm's other programs, an average of 0.3% from the National Film Board, and 2.7% from the Canada Council for the Arts. The national statistics from the Department of Canadian Heritage reveal that, on average, 86% of the federal funding from Telefilm Canada, the Canadian Television Fund, and the National Film Board is provided to Ontario, Quebec, and British Columbia, leaving 14% for the remaining seven provinces and three territories. This, of course, is a difficult dilemma.

In the early days, the reason often cited for lack of federal participation in Saskatchewan was the evaluation of creative material. However, this is certainly no longer the case. The province currently delivers to Canadian audiences the nation's number one television hit series, *Corner Gas*. We've been chosen as the location of production for high-calibre feature films, such as Terry Gilliam's *Tideland* recently last year. Our documentary community continues to garner international accolades for their work, including an international Emmy for the one-hour documentary *Thirteen Seconds: The Kent State Shootings*.

Despite the evidence the production community is capable of producing marketable audience-attracting productions, the feature film producers in Saskatchewan have been unsuccessful at leveraging meaningful financing from federal sources. Productions submitted by Saskatchewan producers since the implementation of the feature film policy consistently provided market support and met all of the criteria established under the published guidelines. Producers have reported a lack of transparency in the evaluation process. Denial in all cases was the subjective review of the creative materials, and despite significant market interest, not a single feature film project that Telefilm put into development in Saskatchewan has moved forward to production. Without this support it's virtually impossible to develop even an emerging industry.

While production volumes in the province have steadily increased since 2000, and the calibre of productions continues to improve, of interest is the fact that most of these productions undertaken by Saskatchewan companies are realized without participation of Telefilm and the CTF. This has triggered the need for us to look at alternative sources of financing. Production has primarily been undertaken on non-Canadian-content projects and relationships established with U.S. sources of financing. While this activity does provide economic return to the province, it does not foster a diversity of Canadian films, nor does it build a larger audience of our own stories.

● (1125)

It's our understanding that unfortunately this may continue to be the case, and it is likely that only two features from western Canada will be supported this year due to lack of resources.

Frustration continues to be faced by Saskatchewan producers in their search for distribution relationships. It's not uncommon in the country. With most Canadian distributors located in central Canada and most federal financing provided to productions in central Canada, there exist no incentives for Canadian feature film distributors to move outside the borders of Ontario and Quebec for acquisition of Canadian products.

Federal marketing assistance for the Feature Film Fund is provided almost exclusively to companies in Ontario and Quebec. Emphasis on marketing is placed on products produced and screened in those provinces. And despite the policies to build larger audiences at home for Canadian productions and ensure that Canadian films reach Canadians across the country, Canadian feature films are rarely being seen on screens in Saskatchewan.

In financing highly marketable productions, producers continue to face obstacles due to restrictions implemented through the Canadian content system. Of particular note is the need to rely on the Canadian star system that doesn't exist. A redesign of the Canadian content regulations that would allow producers to seek out highly marketable stars, regardless of citizenship, would assist them in closing their financing on productions with box office draw.

The province of Saskatchewan is served, to a large degree, by the western Canadian Telefilm office situated in Vancouver, B.C. While this resource is extremely valued by the producers in our province, its effectiveness continues to be questioned, primarily due to the impression that this office is not in a position to act with any degree of decision-making power. The B.C. office attempts to serve the four provinces of B.C., Alberta, Saskatchewan, and Manitoba without the human or financial resources it requires. Nor is a mandate apparent that ensures it will equitably serve all four provinces.

The undeniable success of feature films from Quebec, and to a lesser extent Ontario, cannot be argued. There's obviously a strong correlation between the resources provided to these provinces and the outcomes.

Of note is the fact that not one production company in the three prairie provinces is eligible for a performance envelope. Without the proper resources and mandate, western alienation will continue to grow, especially in the prairie provinces.

Since 2000, SaskFilm has partnered with Telefilm Canada, Canadian Heritage, the Department of Foreign Affairs, and all of our other provincial counterparts on the various festivals and markets throughout North America and Europe. This partnership has proven to be of great value to producers in Saskatchewan by increasing co-production opportunities, assisting them to export their products, and increasing their visibility in the international marketplace. We believe that's part of the reason that our production volumes have risen so dramatically in the last few years.

Some of the recommendations we've talked about in Saskatchewan for the committee's consideration are as follows.

We recommend that adequate resources be allocated for the development and production of feature film in all regions of the country. This will allow stories to be supported from across Canada. After all, it does come back to the script, and, as we all know—and *Corner Gas* is a primary example—nobody has the monopoly on a good creative idea.

We recommend that a redistribution of the performance envelopes be undertaken to allow for increased financial resources in the subjective category. This will allow more resources for projects from emerging and developing talent and for increased flexibility in the system.

We recommend that the Canadian content regulations be amended to allow for increased flexibility and talent regardless of one's citizenship. This will allow for increased financing potential and box office draw for Canadian projects.

We recommend that increased flexibility be considered for non-Canadian distributors to undertake the marketing and sale of Canadian products without penalty. This will allow for Canadian films to reach wider audiences and gain critical and box office success.

We recommend that the federal tax credit be enhanced to include a percentage bonus of feature film production. This will encourage production and open additional financing opportunities.

We recommend that projects with market interest paths in the way of distribution guarantees or advances would have increased weight in the evaluation criteria. This will assist in ensuring that projects that are financed are projects with strong market appeal.

We recommend that the subjective nature of the creative evaluation of applications be amended to ensure transparency in the decision-making process.

We recommend that the power and control of the decision-making process be decentralized, and that in particular the federal office serving western Canadian producers have the mandate of equality and access.

We recommend that marketing resources be allocated for production companies to engage the services of distribution companies. It is our view that this would strengthen the relationship between the production company and the distribution company and assist to ensure the successful marketing of the film.

• (1130)

That last recommendation is not in the formal brief. It's an idea that's just being discussed among our producers in Saskatchewan and some others in western Canada.

That's the conclusion of our formal remarks, which are an excerpt from the brief that we've submitted to you.

I just want to add a personal observation. I came into Winnipeg late last night and watched the Junos on TV. It was absolutely refreshing and exhilarating to see those awards and to see so many terrific musicians acknowledged from across the country. I couldn't help, unfortunately, but compare that to our recent Genie Awards, which were dominated, of course, by the Quebec industry, with the tremendous success they've had in feature film. But it saddened me on a personal note to think, what is it that's going on here? What is it that Quebec is doing that's so right, or what is it that we aren't doing in the rest of the country? Could we look potentially at other programs, other sectors, to amend those to ensure that the stories we have, the ideas that are out there creatively, do have equal access to the federal system?

If we look at other countries, small countries like Canada—such as New Zealand, Ireland even—and look at the tremendous success of their feature films, in spite of the fact that they too are located beside some powerhouses, what is it that they're doing right that we might look to?

Thank you very much for your time, and, again, thank you particularly for coming to the prairies to have a visit with us. David may have some things he wants to add, or Cynthia.

Mr. David Hayter (Chief Executive Officer, Saskatchewan Motion Picture Association): Thanks again to you all for letting us come today. Very briefly, Valerie with SaskFilm and Cynthia work very closely together, so pretty much everything she said today is a voice.... Certainly, the prairies, and especially Saskatchewan, are a growing film entity. Cynthia does a training program that more people have gone through now than they have in a long time. Unfortunately, what's lacking is funding. So we have an opportunity to work in the next few months to try to solve that problem.

Again, thank you very much.

The Chair: Thank you.

I want to thank you and a number of other voices from the prairies that were so persuasive in convincing us that we simply had to schedule another day.

Ms. Valerie Creighton: We didn't want to rant too much, but we're glad you came.

The Chair: I wouldn't say you ranted, but you were very, very convincing. Thank you.

I have Mr. Brown on my list.

Mr. Gord Brown (Leeds—Grenville, CPC): Thank you, Madam Chair.

It's great to be out here in Winnipeg and also to hear from the folks from Saskatchewan. I think for me this has been a really eye-opening trip, seeing firsthand the impact on the music industry with the Junos and the star system that's been created there.

I look at a lot of things that are happening, and some of it seems to be through government policy decisions, like Canadian content, but much of what's been growing in the last few years has been coming out of one of the networks with shows like *Canadian Idol*, and of course *eTalk*, which are contributing to the music industry. I don't see that sort of thing in the feature film industry, though. Obviously, there's a large number of people who take a real interest in it, but the Canadian public in general don't.

My first question is this, and I've asked a lot of witnesses in the past about distribution and marketing. Are there any policy decisions that you think we could make or recommend in our report that would help, specifically in Saskatchewan?

• (1135)

Ms. Valerie Creighton: I don't know about it helping specifically in Saskatchewan. Distribution in Canada is probably the largest issue that our production community is facing, and it's tough. If you talk to the distributors, of course, they're facing the competition—the expenses and the costs in that business—in a world market. So it's an extremely complex and difficult arena to wade into, for which I believe there are no simple fixes.

I can only give you my observations, Mr. Brown. My experience is in working closely with the production—the production companies themselves. We don't work as closely with the distribution communities—well, there aren't any in Saskatchewan, and when we do engage with them it's on a specific project-by-project basis. But what I've observed in terms of the production companies' approach is that when they take a project, it can be anywhere from a two- to five- to seven-year period during which they're actually involved in the writing, development, financing, and production of this creature, which is then produced. And then too often what happens is that it tends to fall into that black void—and what happens next?

It seems to me there is a disconnect somehow in the system and a very unhealthy relationship in many cases—evidenced by the producers I've talked to—between the production company and the distribution company. I don't know why that is. You'll get a myriad of opinions on why that might be, but it seems the ownership and the passion to take this Canadian product that is evidenced by the production company doesn't always exist in the distribution company once it picks it up. Is that because of the financing that's so readily available, or not? Who knows the answer to that specific question.

But I believe, after observing this now for about seven years, that if there were a healthy relationship between the two, and somehow the passion of that production company, which has given birth to this creative entity...and they could access resources to purchase the services of the distribution company in a better or a more connected way, it may help to steamroll the marketing of that product.

I'll use an example out of Saskatchewan. We shot a film there three years ago now, I guess, called *Falling Angels*, which was a co-production between Ontario and Saskatchewan, an absolutely superb story based on a Barbara Gowdy novel. It was the talk of the festival circuit, certainly in Toronto, and it won awards all over the country. It was the view of the producers and those of us involved at a very grassroots level that this was a project that should open in the small centres of Canada, places like Hamilton, Moose Jaw, perhaps—the smaller cities—do a very small release, build the momentum and the word on the street about this, and then release it to the major cities. Because that's where the heart of the project actually was. It was our belief that if that strategy had been undertaken it would have had a very large success at the box office as well as with critics.

Unfortunately, the decision was made—and I don't know the reasons why—to open in Toronto and I believe Vancouver. It lasted a week, tops, and fell away from the Canadian consciousness. And this is extremely unfortunate. To any Canadian citizen who has seen this film—and if you haven't, I encourage you to do so—it's a universal story. It happened to be shot in Saskatchewan, but it speaks to all of us as Canadians and it certainly has a universal theme behind it.

So is there anything specific that can be done?

I'm not the expert on distribution, but it certainly seems to be the number one problem we have in the country. The federal issues around that perhaps have to do with whether our distributors succeed in the international marketplace. Are we too small as a country? What other relationships and liaisons might be developed?

But I don't have a specific answer to your question, other than those thoughts.

Mr. Gord Brown: Okay.

Our witnesses from Manitoba mentioned, and I didn't get a chance to ask them questions on this, that we need more accountable marketing. Can you comment on how that may come about?

Ms. Valerie Creighton: I think *Falling Angels* is a prime example of that. Who makes the decisions to open the film where? What's the strategy behind it? That has to do with marketing. How many screens? Where's the wide public release? What's the follow-up? When is the DVD released? What's the marketing behind all of that? Most of those decisions lie with the distributor. I'm not saying they don't do a good job. Many of them do an absolutely superb job, given the resources they have and their ability to work within the international system.

All I can tell you is my observation is that with the passion that comes from the filmmaker and the production company, there seems to be a disconnect when we hit the marketing and distribution of that project somehow. So if there could be a stronger relationship built between those two entities it might help with that. It might help with the accountability, but also with the focus on the marketing and the

belief of the people who are closest to the project as to where it might be released and gain a stronger audience.

•(1140)

Mr. Gord Brown: Thank you.

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

Back to Mr. Silva.

Mr. Mario Silva: I think we've heard the message over and over again. It's distribution, distribution, distribution, and of course marketing. I was just wondering if I have the percentage correct. When I think of all the moneys the government spends, only about 2% goes into distribution, which is relatively small compared to what the American counterparts spend on distribution.

But putting distribution aside, which I realize is an important goal and is certainly something that has to be looked at, I want to get into your brief discussion about the performance envelope and what you actually mean by that, and what needs to be improved...[*Inaudible—Editor*]

Ms. Valerie Creighton: The performance envelope is a component of funding through Telefilm that is based on the box office success of previous projects that production companies have undertaken. And I think it's a very strong indicator. Obviously, if a production company can make a film and market it well and it does well at the box office, it deserves to be rewarded for that. So I wouldn't want my remarks to be taken in any context to mean that we are opposed to performance envelopes. I think they are one important tool. They're a mechanism that rewards success.

The problem in the prairies, again, is that when the balance of funding has been allocated outside of the prairie provinces, it's very difficult to even find a way to begin to grow an emerging industry, and our industry in Saskatchewan is emerging. We don't make any claims to the kinds of success stories that have happened in central Canada. Nonetheless, as a province... Victor Jerrett Enns, who was here with the Manitoba contingent, and I worked in Saskatchewan for many years together. I ran the Saskatchewan Arts Board, the counterpart of the Canada Council, for 15 years, and in Saskatchewan we had the highest per capita percentage of Governor General's award winners in literature, for example. So it's not that the ideas and the stories and the creativity aren't there.

The ability to take that and translate it into film and to have enough resources to do that... It's very difficult to find private resources to begin the process of development and creation. So to allow the system federally more flexibility, our question is, can the performance envelopes and the bulk of moneys that go to those be re-examined so that truly those companies that have strong box office success are rewarded, but there is more flexibility in what is called at Telefilm the "subjective category", which is the other half—all those companies in the country that haven't achieved the level of what's determined a box office success but are still producing.

The problem is that when you tie up so many of the resources in the large companies and the successful ones, it leaves very limited resources for the emerging and developing production companies and ideas.

So to try to answer your question, it's looking at the performance versus subjective system within Telefilm and seeing how it works and what's been successful about it, trying to keep the good, but again increasing the flexibility.

Mr. Mario Silva: Do you have the number of companies we're talking about?

Ms. Valerie Creighton: In the country? On the performance envelope side? I'm sorry, I don't know off the top of my head. Telefilm would certainly be able to answer that for you, but I don't know that offhand.

I know that in the prairie provinces there isn't a single company that has a performance envelope. I believe there was one company in B.C., but I can't speak on behalf of British Columbia. In western Canada there are very few companies. There were certainly fewer than three that were successful on the performance envelope the last time we looked at the policy document with Telefilm. That was a few years ago.

Mr. Mario Silva: Thank you.

The Chair: Thank you, Mr. Silva.

Mr. Schellenberger.

Mr. Gary Schellenberger: I would like to go back to what you were saying about the performance envelope. Is the criteria set too high, and could that be the reason why there might only be three companies that...[*Inaudible—Editor*] Could you explain for me what the performance envelope means?

• (1145)

Ms. Valerie Creighton: My understanding of the performance envelope—and please, I'm not from Telefilm—is that it's based on the box office. So when you're looking at developing an emerging industry, I think Telefilm has tried very hard, in terms of their low-budget feature program, to find mechanisms for those producers, production companies, and filmmakers that can't reach the threshold for the performance envelope. Is it set too high? Probably not, if we want to achieve strong box office success in Canada. There are companies that are doing it. That's a very good mechanism to look at.

The dilemma is that if they're reaching it at that level, what do you do with the rest? The problem in the low-budget feature film program I observed when the Manitoba witnesses were speaking was where is that continuum? So there's not enough money in the system at large to support a very strong scriptwriting and development process to get some of these new stories and ideas into the public consciousness.

Without the Canada Council, where would the Guy Maddin of the world have got their start? It's a very integrated system in many ways, and I think we've had some tremendous success in our federal institutions, between the council, the NFB, and Telefilm, but there is a disconnect between many of them. We see that most aggressively even between the Canadian Television Fund and Telefilm and the two programs that are administered jointly between the two. It's now

been corrected, but there were many years when a production company would get a yes from the LFP and a no from the EIP on the same project.

The two agencies have worked hard to address those inconsistencies, but I think performance envelopes are a good idea. We all want better box office success for our projects. The dilemma is that when you're starting to develop an industry, you need to have some resources to allow the creator to make that expression. Where does that come from? I believe it's likely the case—and I'm sure you're sick of hearing this—that there just aren't enough resources on that end of the system.

Mr. Gary Schellenberger: One thing that I know we've dealt with in committee before a bit is the WIPO treaty. Would the ratification of the WIPO treaty help our industry at all? Would it give us some guidelines? Is the WIPO treaty a problem, or could it be an answer for our feature film industry? I think it was signed in 1996, and here we are, still beating it around almost ten years later.

Ms. Valerie Creighton: I'm not familiar enough with the treaty to answer that question with any intelligence for you. I think any mechanisms that can be looked at that will adjust the system we have.... We can be quite radical in the west, as I'm sure you've heard, especially in Alberta, although those guys come in next, so I'm sure they'll put that on the table for you.

There was one point when we looked at what was happening in western Canada versus the rest of the country. I just ran through the numbers again yesterday. When 86% of the federal resources from our three major institutions are going to Quebec and Ontario—of that, about 9% is B.C. and the rest is Quebec and Ontario—it's really tough. What do you do with those other seven provinces and three territories in terms of developing those stories, and how can we find mechanisms that are better?

We decided at one point in the west that we should just throw it all out. I think the federal government has put a significant amount of resources into this industry in the last 30 years. It's not the fact that the money isn't there, but possibly how that money is distributed, allocated, where the emphasis is, and where the priorities are. We've had some great success stories in Canada.

I'm going to use *Corner Gas* just for a moment, although it's not feature film, it's on the television side. This might interest you because here's a project that has two million viewers per week in the country of Canada. This is unheard of in the Canadian broadcast system. When this project first hit the screen, it had no EIP or LFP money in it. It was solely financed by the broadcaster and through the federal money that the broadcaster gets in her envelope. Mr. Stursberg announced that year—spoke before all of us agencies—that we have to do something about the television audience in Canada. We've hit 5% on the feature film side. Now we have to do something about television audiences. We have to get better audiences for Canadian dramas and comedies and so on.

I spoke about *Corner Gas* as an example. Here you have a little project that came out of nowhere with no federal money in it, that's taken the country by storm. I mean, there are 14-year-old kids on buses in Ontario who talk about *Corner Gas*. I come from a rural community. I farm as well as do this job, and in the Stoughton Co-op a friend of mine had a *Corner Gas* hat on and every farmer in the place attacked him for this hat. This is like a cult phenomenon. But the fact of the matter is it's a model. It goes back to the fact that nobody has the monopoly on a good idea. You can pour all the money in the world you want into a system, but if the good stories aren't there, the audience isn't going to see it. Audiences are very sophisticated in this day and age, especially when we compete with a country like America.

At the end of the day, my belief is we have to find a way in this country to put more money into true script development that hasn't had a number of barriers put around it by decision-makers inside the federal institutions. That may sound like a criticism but it's really not. It's the creators I think who need a freer form of access somehow and in some way. And Brent Butt would be the first to tell you that the creative freedom they had in the writing and story department on *Corner Gas*, without a lot of intervention from the broadcaster, was what they believe brought its success. So if we can look at that as a model and find more ways of allowing that creativity to flow... We've spent a lot of time in this country blocking.

I was involved with a feature film production about ten years ago, and we heard from script analysis out of the western offices and Telefilm that the spine of the story didn't have enough spikes on it. Now what does that mean to you? I sure don't know what it means to me. It's like you have somebody in an office—and I'm a bureaucrat, I sit in an office too, and we have a development program and we face this all the time. But how do you find a way to make sure that if there is money available at the federal or provincial level, forces can be combined to really put it behind the creator and the story maker? At the end of the day, if that's wrong, it doesn't matter about infrastructure or tax credits or everything else.

• (1150)

The Chair: Thank you very much.

My apologies to Mr. Angus. I skipped him in our last round of questioning.

Mr. Charlie Angus: Thank you, Madam Chair.

The Chair: It wasn't intentional.

Mr. Charlie Angus: I'll start again on my music analogy because it's my background. Before Sloan came along and put Halifax on the map, there were two bands in the world. There were Toronto bands and Vancouver bands, and being a Toronto band we were always better than Vancouver bands. We wanted to go to Vancouver to show we were better than Vancouver bands. Vancouver bands wanted to come to Toronto to be in our face, and the prairies was where, we thought, you filled up with gas on the way.

Something funny happens to bands as they tour Canada. They discover the prairies and they realize the distinct voice niche to the community. I'm very particularly partial to Saskatchewan because of my experience playing and the distinctiveness of the voice. With that being said, we're talking about a problem in the film industry and it's a mantra around our table. We talk about hearing our voices and we

support Canadian voices. This is the mantra of what we hear in government.

I'm looking at zero dollars for marketing in Saskatchewan according to your—I mean what are we even—

Ms. Valerie Creighton: And for production.

Mr. Charlie Angus: Yes, I'm going to get to production. Zero dollars for production, zero dollars for marketing, zero dollars for acquisitions, and \$14,998 for development. I don't even see that there's much point in carrying on. I mean, if this is our attitude toward film in this country....

I guess I'm flabbergasted when I see these numbers. We talk about the immense success of Quebec, where it's \$8 million set aside for marketing and zero in Saskatchewan. How can this voice be heard? How would you suggest we create a voice to be heard when you put zero dollars into marketing?

Ms. Valerie Creighton: It's tough. If I were a producer in Quebec—let's take Denise Robert with the tremendous, wonderful world of success she's had—I'd want all the money too. We have no dispute with that.

Again the dilemma is, how do we fix this? Our frustration in Saskatchewan is.... We believe in the past four years—and I will say it again, we are an emerging industry when it comes to feature films, but I will relate it back to our statistics nationally with our writers and our creators. How do we make that link? And believe me, nobody is more frustrated about this topic than we are at the provincial funding level.

We've tried various mechanisms. Our producers report to me that when they've gone before the federal agencies, sometimes there is interest. As you can see from the charts, development money was put into this project. But we were told once—and this is anecdotal—Saskatchewan is just too easy to say no to because we're way too polite.

Unfortunately, after this number of years of rejection, because not one of those projects, which we believe were projects that on the feature film side would have had some potential to have a voice or to speak with a voice.... They involved Saskatchewan writers and Saskatchewan directors. We believe that after a number of years of being polite we might get a little more cranky and more visible. But at the end of the day the system is the system.

In talking with my counterparts across the west... We have a very strong coalition between Manitoba, Saskatchewan, Alberta, and British Columbia, between the four funding agencies, called CanadaWest. We are just completing a study that we undertook with Western Diversification about the health of the western Canadian film and television industry, its market export potential, where we've been, where we need to go, and what we need to do to correct it.

I'm hopeful that this study will give us more concrete answers to the kinds of questions you're raising. We're pretty frustrated. There's no question about that. Again, we believe that the money that is there in the west... We're not saying we have to have it all. We're not even saying we have to have...10% would be great. But at the end of the day, if we get nothing out of the system in terms of production, we simply don't have a way to move that forward.

So if the system can be looked at and more money can be found... because it's very difficult when you're in a position that I'm in. You don't want to see money taken away from strong projects that come out of French Canada. It's fantastic that those projects represent us in the world. But again, when you look at the correlation of resources that have gone to those production companies, they should be making their mark by now because they've had significant support for a number of years.

When and how do the rest of us get that opportunity to engage? Again, it's our belief that the money has to be put on the creative development side, in terms of script writing, in terms of true development...but then, as our producers have said, they've met the criteria. In fact every one of those projects had more than one distribution or broadcast involvement when they went before Telefilm for production finance, but they were still rejected. So it's a bit of a mystery to us as to why. If the market interest is expressed, then surely the funding agency should support that.

That's why one of our recommendations is to put extra weight on projects that have strong market interests attached, because at least if you have a distributor or a broadcaster in with you, you have a better chance of getting it to an audience.

• (1155)

Mr. Charlie Angus: I guess one of my other concerns that's coming up in these hearings that I find extremely disturbing is the disconnect between the production companies and...[*Inaudible—Editor*]

Going to music, a small independent band will be signed to an independent label and will then be marketed by Sony or Warner. There might even be a very small budget for marketing, but the marketing will ensure that our song is picked up by college radio and that we're setting up interviews, that we're pushing Ben Mulroney, we're pushing Sheilagh Rogers, we're pushing whoever we can so we can start the buzz. I'm hearing we don't do that with our films.

Again, why bother making a film when there's no plan for getting distribution and marketing? I'm speechless when I hear this. How can we even stay in business if this is the model that you guys have to use?

Ms. Valerie Creighton: I think it's true. We really do need to think creatively of some new models.

We have this giant to the south of us that has controlled our screens in terms of feature films since the 1920s, or whenever it was that feature films were first being exhibited in Canada. It's a very difficult issue when you look at bilateral trade and all the complexities around that, but it's not working the way it is—period, end of discussion. So what do we have to do to fix that, and what are the new mechanisms?

Again, there's this talk of an increase to the direct-to-home video and the DVD market. That's great, but at the end of the day, if we don't find a way to market that properly, people aren't going to be able to access it. There's nothing wrong with that, but if we can't get our own stories on our own screens in Canada at least increased to 5%, or 6%, or 10%, in English Canada in particular—Quebec is a very different model, as we know—then, really, what is the point of making feature films? We might as well stop encouraging people to write feature films. Get them to keep doing movies of the week; get them to keep finding their financing outside of the country, because that's the only way certainly our producers in Saskatchewan have been able to get these made.

The Chair: Thank you, Mr. Angus.

Ms. Bulte.

Hon. Sarmite Bulte: As Mr. Angus said, going back to this chart that you've prepared, where is the amount that's allocated for the performance envelope?

• (1200)

Ms. Valerie Creighton: Let me have a look at it.

Hon. Sarmite Bulte: I see production, but where's the—

Ms. Valerie Creighton: I believe it would be contained within production. If you look at—

Hon. Sarmite Bulte: But it hasn't been broken down into what is for performance or for production.

Ms. Valerie Creighton: No, those things are not. They vary from year to year.

Hon. Sarmite Bulte: Is Saskatchewan showing all these zeros because of, again, the Canada Feature Film Fund policies that were put in place, the whole of that?

Ms. Valerie Creighton: In part, I suppose. I can't give you the precise reason. These are the results.

Our producers report to us. It is their belief that they have met the published criteria in applying for the funds, but they have market interest attached to their projects. Most of the decisions that came back were based on a subjective view of the creative materials, in spite of the market interest. That's all I can tell you.

Hon. Sarmite Bulte: Okay, but specifically, again, on the performance side...

Ms. Valerie Creighton: But we don't have a performance envelope, so—

Hon. Sarmite Bulte: But, again, you don't get it because of the guidelines. I guess that's what I'm saying. So the guidelines do have an impact—

Ms. Valerie Creighton: Oh, absolutely, yes.

Hon. Sarmite Bulte: I'm trying to narrow in where the amendments to the policy need to be made here.

Ms. Valerie Creighton: We think there needs to be more money into the subjective side of the fund at large.

Hon. Sarmite Bulte: Okay. I have a whole bunch of questions.

One of the things you also noted was on changing the guidelines with respect to the non-citizenship of an actor. Again, when we're making public policy, one of the things we need to make sure of is that people like ACTRA and the Canadian Actors' Equity Association are on side here; otherwise we hear from them to say this is taking away Canadian jobs.

Come to us with one voice, because there's nothing more damaging to changing something than if you don't come with one voice.

Ms. Valerie Creighton: My understanding is that, through the CFTPA, there is a new model being proposed at the federal level in terms of the Canadian content regulations, which, rather than approaching it so strictly by points, looks more at quadrants of activity. So you have the creative side, the above-the-line, the crew positions...and there's a different mix and blend. It looks to be a very interesting and curious approach to this dilemma.

So we're not saying at all that Canadian feature films should be filled with American stars. That would be completely detrimental to developing our own creators when it comes to writers and performers, and even directors. What we are saying is that in the feature film business, you're talking about box office draw, you're talking about a star system, and you're talking about Hollywood. There's no way to avoid that discussion. So is there a way in our system to make it more flexible so that an American star could be included, even if it's in a secondary role, along with the Canadian acting mix, and allow some flexibility for the production company? Otherwise, they simply can't get the film financed.

Hon. Sarmite Bulte: I have a couple of other quick questions on things you've touched upon. I don't know if you can give us the—

The Chair: You still have time.

Hon. Sarmite Bulte: Okay. I was just starting to panic because I was thinking, wait, I have so much more.

One of the concepts I wrote down that you were talking about is this whole idea of opening in smaller centres—and my theatre background comes back to me. Right away, it's kind of analogous to doing something off-Broadway, except the difference is that you sort of make it tighter to actually get it...

How would that work? That's one thing.

Then, with respect to the distribution companies, I've been meaning to ask this. We're not familiar with your business. Can you give us the names of a few of these so-called distribution companies?

Another thing is that when Doug Frith and Susan Peacock came to us from the Canadian Motion Picture Distributors Association, they were saying, because of the Telefilm rules, the clients they represent are precluded from distributing in Canada. Yet someone came up to me and said they in fact have contracts. These so-called distributors have contracts with the CMPDA, and then somehow they're grandfathered in. I don't know if you can help address that as well.

What was my last thing?

Ms. Valerie Creighton: I have to write your comments down, because I'm losing track.

Smaller centres, was it?

Hon. Sarmite Bulte: The smaller centres, the distribution companies. As we saw in Ms. Oda's question, you had the foreign-owned guys in here distributing, but you may not already have deals with the current distributors. If we did use them before, how would they make them accountable?

One last thing. We've been talking a lot about the music industry, the Junos and how great it was. One thing that was very important in that envelope of success was the fact that the CRTC mandates the broadcaster. They make sure the music is played during prime time. I know they fought tooth and nail against it. They didn't want it to happen. As much as we talk about marketing and distribution, I think there are a number of tools. How do you mandate the broadcasters to do what Wayne Clarkson said about previewing films on television? Again, I know broadcasters play an important role and we need them as our partners.

● (1205)

Ms. Valerie Creighton: On the smaller centre issue, I don't know exactly how that would work. That wouldn't work for every film either. It comes back to a strategy and a relationship between a production company and a distribution company. This might help identify where the best success of the films would be.

I'll tell you just another interesting anecdote. I had a discussion with Denise Robert about a year ago. She was talking about how in her early days, when her company made a film, they actually took it to the smaller cities throughout Quebec and they screened the film in those small communities. They had food and a big public event. Lots of people came, the word of mouth spread throughout the province, and all of a sudden, bingo, you have high public interest in a project. So it seems to me the idea of getting the feature film into smaller centres has some merit.

We had a feature film with Andy Garcia and Drew Barrymore shot in Saskatchewan a few years ago. People in Moose Jaw, Prince Albert, and La Ronge ask me all the time when they will be able to see this film, but they never get to see it on the screen. Eventually it comes out in DVD or video release and they'll rent it. But I think the concept of smaller centres needs to be looked at in the overall distribution of each project. It may not work for every project. In some feature films, it will help. In some, it doesn't make sense. This is my view about the relationship between the production company and the distributor.

On distribution companies in Canada, good grief, I was wracking my brain when you asked me that question...[*Inaudible—Editor*]

The Chair: You're not speaking toward the microphone. The translators can't hear.

Ms. Valerie Creighton: So distribution companies—Alliance Atlantis, Mongrel Media, Christal, Seville, Lions Gate, Odeon, TVA, THINKFilm.

On your question about the relationship between the exhibit...I can't answer that. I don't know what secret pacts there are, and it depends who you talk to. But we know there is an issue. We've become more involved as provincial agencies in the exhibition side. We're starting to attend the annual events of the exhibitors. We're trying to make some inroads there. But again, it's a pretty interesting system.

The Chair: Thank you.

Ms. Oda, you're next, then Mr. Kotto, and Mr. Silva.

Ms. Bev Oda: Thank you very much.

When I look at the chart and the figures, I too would be concerned with all the zeroes there. I would like to go into that a little bit more. In all of these categories, the lines are public funds being allocated. Is that correct?

Ms. Valerie Creighton: That's correct.

Ms. Bev Oda: And each of these are part of a federal program?

Ms. Valerie Creighton: Yes, that's correct. This is out of the Canada Feature Film Fund. These are the allocations to the province.

Ms. Bev Oda: Would it be fair to say that in some of these line items, the criteria used...? When I see a lot of zeros, I think if they are public funds, there has to be some system of criteria to decide how the dollars are being allocated. If they are the same criteria nationally, and yet we still see a consistent number of zeros, I'm wondering if you believe there are certain categories where the criteria worked against you disproportionately than other criteria. I guess what I'm trying to say is, number one, are there criteria there that aren't necessary for making decisions on where public funds go? The second part of my question is, are there certain criteria where you can suggest amendments to how the decision-making is being done that would improve the chances not just for Saskatchewan but also for Manitoba, which also asked for more equitable access?

Something is telling me there's some work here in the area of criteria used for allocation of public funds that maybe would achieve, or move us along to, a more equitable proportion of funds being allocated.

• (1210)

Ms. Valerie Creighton: That's a very interesting question, and I thank you for it. I can't answer it now, but what I would like to do is go back and do a review of the specific criteria that we think may not be in our favour, if we could have an opportunity to do that. We may well work at it as a CanadaWest initiative with the four western provinces.

If you look at this chart, we didn't break out B.C., Manitoba, Alberta, and Saskatchewan. We just used the west. As you can see, there are many zeros as well just to the west. I think even in some of the areas like development production, if you pull out British Columbia, you'll see that the real dilemma is in the three prairie provinces.

Ms. Bev Oda: As you can appreciate, the clearer the picture we get, the more specific and informed we may be in our deliberations as we go forward.

I also want to make sure that if we are to hear repeatedly that a whole area, or the program, has to be reviewed.... If we spend the

next six weeks just hearing that the program has to be reviewed, we can make a recommendation that the program has to be reviewed, but then we're going to wait for another year for that review before we get any concrete proposal for change. I'm trying to encourage maybe an acceleration of the lengthy process to a focused process. Perhaps we can assist the industry by coming out with some very concrete, specific proposals and recommendations that could be undertaken in a shorter time period than just calling for a review of this particular program in general.

Ms. Valerie Creighton: I don't think any of us are interested in another year and a half of study and something sitting on a shelf. But I'd be very interested in taking that back to my counterparts in Manitoba and Alberta, in particular, and B.C., as we do have a strong working relationship through CanadaWest, to do a further analysis and come back to you with something specific.

Ms. Bev Oda: I know the chair and the committee have been very open about receiving subsequent written proposals—

Ms. Valerie Creighton: Sure. That would be great.

Thank you.

Ms. Bev Oda: That would be my question, Madam Chair.

The Chair: Thank you.

Mr. Kotto.

[*Translation*]

Mr. Maka Kotto: Thank you, Madam Chair.

Are centralizing and standardizing with regard to the cultural mosaic of Canada and Quebec, with regard to cultural diversity, a way that affords any benefit for the development of the film industry in particular and cultural development in general in your region? I'm talking about centralization through standardization, and I'm talking about the cultural decision-making centres.

[*English*]

Ms. Valerie Creighton: We think the western Canadian office of Telefilm really does need to be strengthened in terms of its decision-making ability. My understanding is that in the old days they had a lot more autonomy in terms of what they could approve for funding that would go ahead into production, but they have had increasingly less autonomy in the last few years. Most of the decisions are now undertaken in central Canada.

It's our view that it would be very helpful if that office of Telefilm had more autonomy and the resources to be able to ensure that more projects out of western Canada were supported.

Does that answer your question? I'm sorry, but I missed the first part of it. My French is very bad.

•(1215)

[*Translation*]

Mr. Maka Kotto: That's a partial answer. My idea is to address the hands-on management of cultural issues in the broader sense. In your view, wouldn't it be appropriate to decentralize culture to the Canadian provinces? Wouldn't repatriating control mean that you wouldn't be subordinated to others, particularly since you live in regions distant from the major centres and are more or less penalized as a result of linguistic proximity?

Someone earlier asked why and how Quebec had succeeded. It has succeeded because it is unique as a result of its language and culture, whereas you have this barrier of linguistic proximity with the other provinces. Wouldn't repatriating cultural control to the provinces be a good idea?

[*English*]

Ms. Valerie Creighton: Yes, I do, to be very simplistic in the answer. Again, there has to be an overriding national entity that keeps its eye on everything that's happening in the country, but the differences between the industry in Quebec and English Canada are apparent to all of us. If there could be more decentralized decision-making, certainly in terms of western Canada, that would be helpful to us.

[*Translation*]

Mr. Maka Kotto: Thank you.

[*English*]

The Chair: You still have about two minutes left.

[*Translation*]

Mr. Maka Kotto: No, that's fine. I can wait.

[*English*]

The Chair: Mr. Silva.

Mr. Mario Silva: I'd like to ask a question in relation to the recommendations that were brought forward. Recommendation 7 is that the subjective nature of creative evaluation of applications be amended to ensure transparency in the decision-making process. How would you do the transparency part?

Ms. Valerie Creighton: In this business, there is always a certain amount of subjectivity that goes into it. When we look at projects in Saskatchewan, we now have a tendency to move toward a jury of peers to assist us with the decision-making process, because we find that this system allows more than one subjective opinion to come to the table, and there's a healthy debate and depth to the discussion when you're making decisions on projects.

Our producers report to us that in the decision-making process with Telefilm, again, when the "no" came back, it simply came back because of problems with the creative materials. There wasn't a lot of analysis and depth offered to them as to why that was the case, especially given that those projects had market interest attached to them. So in terms of how to make that more transparent, I think you develop and publish very specific criteria as to how you go about a creative evaluation. There are many models in this country. We use them in our provincial agency, and others do as well.

That being said, there's still always a certain amount of professional intelligence, experience, and knowledge that comes to

bear on the decision-making process. We're never going to eliminate that entirely. There's no question about that. But we have found in Saskatchewan that when we're transparent in the discussion with our production community when we have to give them a "no"—and we often do as well—if they understand the reasons why and they understand what the basic discussion of the jury was about their project, they still may not like it, but oftentimes it will help them take away information to improve their project the next time around. So it's again just being very clear on what the criteria are and how the decision was made, and then communicating that back to the applicant in fairness and openness.

The Chair: We have time for maybe two or three more minutes.

Mr. Silva, you still have some time left if you want to use it.

•(1220)

Mr. Mario Silva: No, I'm fine.

The Chair: Can I just ask a couple of things for clarification? Maybe you can't answer right now, but you can follow up a bit if you want.

I think you heard my question to our earlier witnesses about the importance of looking at after the box office and what recommendations we should be making in that area. I think it's fair that there's a huge shift to where and how Canadians see Canadian films. What can we do to capitalize on that? The objective of the policy is not only to have them made, not only to have them screened, but to have them seen by Canadians. More and more, though, that's not happening in theatres.

Secondly, there were a couple of things that seemed to me to be a little bit contradictory in the recommendations in your written brief. On the one hand, you wanted a little less emphasis on performance, and I understand that because it basically discriminates against newer productions, newer talent. On the other hand, in recommendation 6, you're talking about the importance of strong market appeal. What might you have to offer us in terms of not looking at just past performance, but how strong market appeal is important? Those are the two main things that seem a little bit contradictory.

Ms. Valerie Creighton: The issue of performance envelopes is based on past performance. A company that achieves those criteria is then guaranteed a certain amount of money going forward.

The other aspect of this is that we have projects for which, as I said, we have no producers who access the performance envelope, but when they bring projects forward, they do have strong market interest attached to those projects. What we're saying is that if you have a system in which performance envelopes are based on market interests and box office success, when you're evaluating a new project that doesn't have a performance envelope attached with it, then you should also consider the market interest that's attached to that project.

The Chair: You may want to give some thought to this and get back to the committee on it. On allowing non-Canadian distributors to invest in Canadian films, are there conditions you'd put on that in terms of the actual marketing of the films, the actual playing of the films? I'm sitting here thinking that we have billionaires and millionaires in this country who invest in sports like crazy just to lose money, by and large. How can we get some of them interested in investing in films?

Ms. Valerie Creighton: As a country, we would want to have some conditions on that for sure. What they would be, I wouldn't want to answer at this point without thinking about the issue more and studying it a bit further, but certainly the dilemma again is that if our product isn't reaching audiences worldwide, let alone in Canada, then how can we do that better, where is the efficacy to do that, and how can we engage in a relationship with...[Inaudible—Editor]?

The Chair: Mr. Angus had another question he wanted to ask.

Mr. Charlie Angus: Thank you.

I was hoping to have asked it in the last round with people from Manitoba, but it's a question I've been asking everybody.

You said DVD was okay, but if we don't get into theatres we have a problem. The one thing I find fascinating about DVD markets is the long end that leads back to films that we never could reach before. I live in a small town of about 5,000, and there are ten Canadian movies stocked on the shelves. That might not be great in terms of a great number of films, but those are ten Canadian movies that never would have come to our community.

This is a bit of a roundabout set-up, I guess, but let's talk about quotas. If we talk about quotas at the theatre without marketing and we don't have a built-up audience, we're going to create conditions for failure and we'll be worse off than when we started. However, what about the idea of a quota of advertising in theatres? It's provincial jurisdiction, but the federal government could work with various provinces to ensure that 10% of film advertising is advertising Canadian movies in order to generate interest for Canadians to see them. We could say that even for DVD trailers sold in Canada. A guarantee that 10% has to be Canadian production would help to build up that audience interest, so that if it's not at a major theatre, it will be in the video rental stores. Is that a realistic recommendation?

Ms. Valerie Creighton: There may be ten Canadian films sitting on the shelf in your local community, and mine is the same. Most often, though, people have no idea what those are. They will look at them, and you can bet they're the ones they aren't going to rent if the films have a maple leaf on them and say they're Canadian films.

So finding some way, whether it's through quota percentage in terms of advertising in the theatres or, as was mentioned before, by working with our broadcasters to find some way of building excitement about what we're doing in Canada in the feature film community right across the country and getting that information to the public....

I hate to use it over and over again, but if you look at *Corner Gas*, and even CTV in large in terms of how they've set up their branding and their marketing for their projects, if you turn on a television and you see those little balls bouncing, you know right away what it's

about. You know the character associated with that simple little advertising trick is there about some show they're about to advertise. When you see Brent Butt up there with the American stars, it's a pretty interesting mix in terms of just turning on or surfing your television. So if there was a way we could build excitement in the country among our citizens....

I believe it's there. If people could just see some of the feature films we've done in Saskatchewan, ones that have been done in Manitoba and certainly in B.C., that are not the large service projects but are our own indigenous communities, if most people in the country knew about this stuff....

I'll use an example out of Atlantic Canada. *New Waterford Girl* had wonderful critical success and didn't get seen anywhere in the province of Saskatchewan for maybe more than a day. If we could find a way of building that interest and excitement amongst our citizens, it would really help us. If we can't get them on the screens, then at least there's ancillary revenue out of DVD or even the Internet, essentially. At least the audience awareness would certainly be there.

• (1225)

The Chair: See, we had to be persuaded to come to meet with you on the prairies, and now you can't get rid of us.

Ms. Oda has another question, and so does Ms. Bulte.

Ms. Bev Oda: Thank you. This is one where maybe some further thought will be required.

To follow up on the first question, when you're talking about the non-broadcast or the non-theatrical revenues, where should they be included? Should they be included? Should they be excluded? When a distribution company gets the distribution rights, are they not negotiated at the same time, etc? I think we have to understand, when we're talking about distribution, and particularly non-Canadian, just what parts of the distribution, etc....

I know you have to file financing plans in order to.... Are those revenues included in the financing plans? Should they be excluded or included? I think further thought on that idea....

I understand totally what you're saying about the disconnect between the passion between the creators and then once you.... We can make up rules—I know we have Canadian content—and you're familiar with those, but if you're not passionate you're going to do them in a minimalist way. We'd love to be able to legislate passion and drive, but I don't know how we'd do that. *Corner Gas* is a wonderful success story, but it's unfortunate we only have the one to talk about after so many years.

Yesterday we had an opportunity to talk about some of the CTV initiatives. Is putting the investment into an *eTalk*, putting the investment into expanding the show time to the red carpet at the Junos, understanding this is the psychology of how to attract people, the building up of stars, etc., building the excitement around the Junos, understanding that when you put the Juno awards in Toronto it becomes one of many events, but if you travel it, it becomes the event in Winnipeg...? However, the people in Toronto are saying they wish they were there. They wish they were in Winnipeg. So it's that kind of thinking. It's hard to legislate that kind of innovative thinking. Even the thing about bringing the team they have there together that allows that—how do you legislate that? How do we get there?

Ms. Valerie Creighton: I don't know if you can legislate it. I don't think we should ever legislate passion, because that would kill it for sure. There's no question about that.

Ms. Bev Oda: But what I find frustrating is in our discussions, when the example is brought forward, there are so many other elements that come into the success of *Corner Gas*. To be realistic about what proposals we're going to be contemplating, we have to recognize there is that element that we will never be able to capture through a government program or legislation.

Ms. Valerie Creighton: That's true. Let's just look at *Corner Gas* for a moment, because it is a good model; unfortunately it's the only one so far. Let's hope that maybe there will be an examination of what did make it work and how we can build on that in other regions. But there was an example of the broadcaster who had the hammer, because they had the money, making certain decisions along the way in terms of process.

• (1230)

Ms. Bev Oda: I would suggest it takes more than just money on the broadcaster's behalf, having worked particularly with the team, but with other major national Canadian broadcasters. There's more to it than just the ability to have the money. It's the commitment and the risk-taking, etc., that you can't imbue into...just because they have money and they're a big corporation.

Ms. Valerie Creighton: But they did make the decision to allocate a particular amount of resources to that project. Then they were very clever in how they went about it. Look at the relationship they built with the producers of *Corner Gas*—both *Vérité* in Saskatchewan and David Storey out of Toronto—and then look at the way they actually used Brent in the marketing. They had the free gas promotion across the country. There was a star who was very willing to engage in the marketing of that creative project in order to make sure there was talk and a buzz about it before it ever hit the actual screen.

When the free gas promotion went out, all of a sudden everybody thought this was the craziest idea they'd ever heard of. But the relationship that was built between the broadcaster, the production team, and the creative elements themselves, helped build the public awareness of the show. You can't legislate that. Absolutely not. You need to have an industry that takes pride in what they're doing and where they spend their money, and that has the passion to get behind those projects. In *Corner Gas* it works. Let's hope that some of the other major broadcasters will look to this success and perhaps make

some different kinds of decisions down the road. But it's not something you can legislate.

The Chair: Ms. Bulte, one last crack before we adjourn for lunch.

Hon. Sarmite Bulte: Another question arose for me when we were talking about how to get certain films seen in Saskatchewan, or to get into the smaller communities. I certainly know that the Toronto International Film Festival started a film circuit, and I know out west there's something similar.

Perhaps we could foster more things like that. I know that the Toronto International Film Festival does an Ontario circuit, and is trying to get it out further. Those best practices, those kinds of things that really work to get the circuit into the communities—this goes back to opening things in those smaller communities—can sort of work both ways. I know they were struggling to get the money from Telefilm even to do that.

Again, would something like that concept help?

Ms. Valerie Creighton: I think it would, and I think we can look to those other best practices. Again, it takes someone in that place, and it takes time. In western Canada, say, could there be a mechanism to increase the distribution across the western provinces of feature films that are shot in the west? Probably. But it will take some organization and a group of people with the passion and the money to be able to do that.

Interestingly, I had a very young filmmaker from Saskatchewan approach me last week. He now has two short feature films that he's done, and he is launching his own exhibition system across the province of Saskatchewan this summer. He has it booked in every single theatre, with advance ticket sales. They're sold out in advance. They're doing little community events around it. It's a very curious, small, unique model, and we'll see how it goes.

In terms of the films and the festivals, there are the majors, and there is exposure there, but if we can look at some of these best practices and other ways of enhancing audiences, obviously that's the place to start.

Hon. Sarmite Bulte: But I think, too, when we talk about the national film policy strategy, while it's important that you see film distribution within Ontario and Saskatchewan, say, I would also like to see films from Saskatchewan in Ontario, and films from Atlantic Canada.

I mean, in one sense it can be sort of parochial or regional, and we can fall into that isolation. Even from northern Ontario to southern Ontario there can sometimes be a disconnect. I think what we have to do is think outside the box in the sense that film distribution shouldn't be just within a province.

Ms. Valerie Creighton: Absolutely not. I mean, if we could get a national strategy that was working better, obviously that's where we would need to go. There's no point in showing it just in Saskatchewan. At most you're going to have a million people, and that's if everybody goes.

At the end of the day, there has to be a national strategy, but it has to start somewhere, with somebody.

Hon. Sarmite Bulte: Thank you.

The Chair: Thanks very much.

We'll recess now and resume at 2:30 in this room.

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