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**Chair**

**Ms. Marlene Catterall**

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## Standing Committee on Canadian Heritage

Wednesday, April 6, 2005

• (1410)

[English]

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

I am very pleased to welcome our witnesses. Thank you very much for taking the time to come and for the time you have probably put into preparations for this meeting. We very much appreciate the input.

We will be starting with the Canadian Association of Film Distributors and Exporters. We have combined you because that way people can ask questions of either and we just seem to get quite a bit more discussion in.

**Mr. Ted East (President, Canadian Association of Film Distributors & Exporters):** Thank you, Madam Chair and members of the standing committee, for this opportunity to appear before you today.

My name is Ted East and I am president of the Canadian Association of Film Distributors and Exporters. I have with me Mr. Jeff Sackman, who is chairman of our association and president and CEO of Thinkfilm, a very prominent Canadian distribution company.

Our association is a non-profit trade association that represents the interests of Canadian-owned and Canadian-controlled feature film distributors and exporters. Our members include Alliance Atlantis Distribution, Christal Films, Domino Films, Equinox Films, Lions Gate Films, Mongrel Media, Seville Pictures, Thinkfilm, and TVA Films.

I trust that you received our written submission that we sent early in February.

We would like to take this opportunity today, in this brief presentation, to expand on some of the issues that we raised in our written presentation and to comment on some issues raised in other presentations to this committee. I gather that there has been some concern from some other groups about the commitment of Canadian distributors to distribute Canadian films, and both Jeff and I are very happy to entertain any and all questions on that matter.

Most of the issues we are going to speak about today are specific to English Canada. As we discussed in our written brief, the two markets, English Canada and Quebec, are completely different in terms of their development and the challenges ahead. We don't really

believe that a common policy or approach is the most efficient strategy. We have also been promised a second appearance before the committee in Montreal to deal with issues specific to Quebec. Patrick Roy of Alliance Atlantis Vivafilm, who is vice-chairman of the association, has agreed to appear with at least one other representative of another Quebec distribution company.

First of all, we are very much in agreement with the goal of achieving 5% of the Canadian box office for Canadian films, and we believe that it's achievable on a yearly basis; however, we still think there is much work to be done, particularly in English Canada, if we are going to accomplish this. We also very strongly believe that focusing exclusively on box office results as a measure of success is not appropriate in this day and age. Canadians see many more films in their homes than they do in movie theatres. Cinema attendance has been dropping to the point where Famous Players recently radically dropped prices of admission in order to entice people back to the cinemas.

The years ahead will eventually bring radical changes to Canadian consumers' movie-going patterns. On the horizon, as early as this fall we are going to have high-definition DVDs. We already have HD delivery of television signals. The home-viewing experience improves dramatically every year and becomes increasingly competitive with theatrical experience. The on-demand business is starting to explode and the years ahead promise to offer consumers a staggering selection of films.

The revolution in home-viewing experience will impact not just the theatrical business but it may also radically change how films get financed, how they get marketed, and even what kinds of films get booked into cinemas.

What is important here, I think, is for Canadians to see Canadian films and for stakeholders to set goals that recognize and understand this changing environment. We need to set goals around reaching audiences, and certainly box office results should be an important part of that. The 5% target is achievable. In fact, the recent statistics suggest that we're almost there. But let's not kid ourselves about how much work needs to be done if we are going to achieve this, or a greater amount, on a permanent basis.

I should point out that two films released in the past year, *Resident Evil: Apocalypse* and *White Noise*, had a combined gross of over \$10 million, and this will contribute significantly to the 5% total, if we go over or slightly under. Both these films were co-productions that originated outside of Canada. Neither film had investments from Telefilm Canada, although one did receive marketing support. Both films were produced under the old U.K. co-production treaty, and given the changes to that treaty, it's possible that neither film could be produced as a Canadian co-production today.

The reason I bring it up is it's possible that in the years ahead we may see a slight dip in Canadian box office totals because films like that will no longer be Canadian content. I also bring it up so that if we suddenly dip a percentage or two, we don't think we are going backwards, because I think our goal here is to concentrate on original Canadian films—films that are developed out of Canada—and to make those films as strong as possible.

So it's critical that we need to develop and produce films in the widest possible range of genres—films that are original, challenging, and entertaining. This means family films. It means comedies of all kinds, from the silly to the sophisticated. It means thrillers. It means horror films. It means historical dramas. It means romance films and on and on.

In short, it means expanding the menu beyond the auteur film, which has traditionally been the kind of film that in English Canada certainly we have been famous for and has traditionally been the main focus of Telefilm's investments. By expanding the menu and making original, entertaining films that are Canadian—films like *Men with Brooms*—then we can begin to achieve this. This is what happened in Quebec and this is what needs to happen in English Canada.

We have seen encouraging signs over the last few years. Certainly in English, Telefilm has expanded the kinds of movies it has invested in. The results have been mixed. There has been a lot of criticism in the press about this, and the criticism goes something like this: that Telefilm has abandoned cultural films in favour of second-rate American films, with the sole aim of increasing box office; that what we want are not second-rate American films but first-rate Canadian films—films like *Men with Brooms*, as I said earlier—and that we want films from a wide variety of genres.

We have to understand that culture means everything. Culture should not just be defined as a film that gets into the Cannes Film Festival. Culture has to do with comedy. It has to do with horror. It has to do with making people laugh, making people cry, making people think. The movie business is a very wide and varied business, and all of it is culture.

This is a long process. Scripts are going to be needed. We need to develop not just scripts but we need to develop writers, producers, and directors who have expertise in all these genres. We have to clarify our objectives and resolves, and in some genres we certainly need some guidelines about what kinds of films—films with excessive violence, for sure—it would be appropriate for Telefilm to invest in. But there are many examples of successful films in every genre—in the horror genre, for instance—that are not violent, but are just scary and fun. If we shy away from these genres, we have to concede that we are giving up a certain percentage of box

office opportunity and we are also giving up certain potential for growing companies.

Telefilm, as a major funder for development and production, needs to set clear goals here. We do have some concerns about where Telefilm is at. A couple of weeks ago Telefilm appeared before the standing committee in Ottawa, I believe, and Ralph Holt, who is sector head of feature film for English Canada, said this:

The kind of financing that Telefilm provides is for those most difficult to finance projects that are high in Canadian content and that the market would not normally or naturally go to.

That sounds like a plan to invest in films that audiences don't want to see, and it's certainly contrary to the mandate that Telefilm was given at the beginning of this fund three and a half years ago. With review of the feature film policy, it is probably also a good time to review how Telefilm works and find ways to make it a more effective organization. It is not the CBC. It is not the National Film Board. It is not a company that produces, develops, distributes, or broadcasts. It is a crown corporation that invests in the private sector, and it needs to be guided by the private sector needs.

Don't get me wrong, we think it is a very important, critical institution, and we support it 100%, but we believe it should get out of the subjective decision-making business and we also strongly believe that the policy direction should be directed by the industry it is serving.

● (1415)

A good model here is the Canadian Television Fund. As a member of the board, I have been very impressed at how that structure brings together the various stakeholders to debate, discuss, and resolve issues related to policy. Telefilm's presence at those meetings has brought them much closer to and given them a much greater understanding of the television industry. I know that process is frustrating and I know it's complicated, but that policy process is much better than what we have in the feature film sector. So I think we need to learn from this lesson and find ways to make Telefilm a more effective investment organization in the years ahead.

Last week Wayne Clarkson, the new executive director of Telefilm Canada, at a speech before the Canadian Club talked about the importance of government intervention in the industry. I thought that was a very curious choice of words. Certainly at a higher level—the CRTC, the Department of Canadian Heritage, and Industry Canada—certain types of intervention are necessary and important, but at the Telefilm Canada level, the key word here is investment, not intervention. We don't think it's Telefilm's place to intervene in the industry at all.

Another thing I want to touch on before I turn it over to Mr. Sackman is we noticed a couple weeks ago the Canadian Motion Picture Distributors Association, which is the trade organization that represents the Hollywood studios, made a presentation before this committee and they made a recommendation that suggests that in order to expand opportunities for Canadian producers, they are recommending that non-Canadian distribution companies be eligible to acquire the Canadian rights to films that have government subsidies. That's a pretty curious request.

I thought about it, and I thought, well, how would that work? The studios' offices in Canada are basically branch offices. They're not equipped to acquire films. They've never acquired films in the past, and certainly they do have the opportunity to acquire non-Canadian films. Their studio head offices in Los Angeles have no track record of acquiring Canadian films, really. Occasionally it happens, but very occasionally. Their branch offices here are not equipped to actually acquire and distribute films, because that means not just having people who know how to buy them, but people who know how to set campaigns from scratch, because the branch offices here don't engage in that. All the campaigns are set in Los Angeles, and the Canadian offices essentially book and collect.

I realized, of course, what they're really after, and that is co-productions, where the tax credits in Canada require Canadian distribution in Canada, films like *White Noise* and *Resident Evil: Apocalypse*. So if they were to convince the government to change that rule, what you would really have is not more choices but fewer choices for Canadian producers, because there would be incredible pressure brought on the producers of those films to give the North American rights to the studio rather than just the American rights. It would weaken the production sector here, and it would weaken the distribution sector here. So I would urge you to dismiss that request for what it really is.

Anyway, I would like to pass the microphone over to my colleague, Mr. Sackman.

• (1420)

**Mr. Jeff Sackman (Chairman, Board of Directors, Canadian Association of Film Distributors & Exporters):** Thank you, Ted.

Thank you for having me.

I'm going to speak from two perspectives, one as a chairman of this organization, which represents all of the distributors, and another as an entrepreneur who started a distribution company in Canada almost four years ago—three and a half years ago—that also operates in the United States, which makes us rather unique. I get to hear all this stuff that's going on, and I've chosen in my life to stay in Canada. I've had opportunities to move to Los Angeles, and I prefer living here. I enjoy playing in the U.S. market, which is not for the faint of heart. So I think I have a different perspective from the other Canadian distributors by virtue of this.

I think one thing that ought to be stated to this group is that distribution is very much misunderstood. I've been in this industry since 1985 in Canada. I've heard all the ranting about distribution from producers. It's the place where we put the blame. We blame distributors when our films don't work. Maybe they were poorly produced. Maybe they should never have been funded. But it's always the distributor's fault, which is really a low level of thinking.

We always live in this insulated world up here where people don't recognize that many films, studio films with \$100-million budgets, fail. The majority fail. I had a situation in my office earlier today where there was a lot of negativity about a project, but if you say a film's going to fail, you'll be right 80% of the time. Films do fail. Films do perform poorly. From the time a film is made to the time it's released, the public's tastes might change, or it never should have been made in the first place.

Distribution is a very difficult business. Many companies have failed. There is a long list of both Canadian and American companies over the last 20 years that have disappeared. It's a hard business.

Of the companies that have survived and thrived—Miramax Films comes to mind, New Line Cinema comes to mind, and Lions Gate Entertainment, where I used to be the president, comes to mind—all three have one base very much in common: they've done extraordinarily well with horror films. They've made a lot of money with horror films, and by making a lot of money, they're able to stay in business; and by being able to stay in business, they can then venture out to do art films or other things they feel passionate about or feel are important because they're part of, let's say, the Canadian industry. New Line Cinema lost millions of dollars on the foreign-language Oscar winner this year, *The Sea Inside*, but it's okay; it made millions of dollars, going back many years, on *Nightmare on Elm Street*.

There's nothing wrong with commercial success—and I don't want to reiterate everything that Ted said, but I agree with all of it. There's nothing wrong with Telefilm funding films that are commercial; that's something good. That's the goal. There's nothing wrong with a high-quality film such as *Million Dollar Baby* being made and falling under the definition of culture and being commercially successful. There is something wrong with the system, how it's evolved and where it's at.

Speaking more as president and CEO of ThinkFilm than on behalf of the association, I believe the industry—and all the components of the industry, including the people who represent the taxpayers' dollars—should step back before the next round is done and establish and get all the input necessary to determine if Telefilm is functioning in the best possible way. I think that's what you are trying to do here.

My personal view, which might be deemed selfish, is that I don't believe Telefilm should be in a decision-making role about which films get made. It's not a studio. It's not a company. There's no money at risk per se.

I believe it should be a funding institution and a mechanism should be drawn up. The industry—which is distribution, primarily—should choose the films but should have money at risk. Then we cannot be accused of having cynical motives or other motives. We have to—just like in the real world—put our money at risk and decide which films should get the green light, with Telefilm's involvement as an important component of this cultural initiative.

• (1425)

Every producer presumes their film is great. Nobody puts the time and energy into making a film and then thinks it's awful. I have never heard that. A film gets horrible test-screening results and a producer never says “I just screwed up”—I've never heard that.

There has to be a meeting of the minds from the get-go of all the interested components so that... Distributors are not bad guys. Distributors have a really difficult task. We are competing with the American studios. We are competing with heavily resourced entities. It is unique. English Canada is a unique situation worldwide. As for Quebec, we are all very aware of and impressed with the success of the last four or five years. It's phenomenal. If you didn't understand the distinction before, with all the meetings you have had I hope you do now. It's a different world. It has contained borders. And although it's influenced, it's not dominated by the U.S., as English Canada is. So we have to be able to compete by being distinct, by utilizing our resources, which are different from the U.S. independent model, where films get made for a million dollars or less and they have a hard time seeing the light of a theatre. We can actually make films here for \$4 or \$5 million. That's a leg up.

I have maintained through these types of discussions before that we should actually be thinking about the Canadian films and how they will perform in the U.S. market, where they're not going to receive a disproportionate amount of media support or media disdain, or whatever. How would they stand on their own? Let's think about that, instead of just thinking about how this satisfies some. They have to be Canadian. I'm all in favour of it. How do they perform in the real world, in the unsupported world?

So those are just a few thoughts. I could ramble on on this subject when I get started because it's something that has come up numerous times over the years. I don't want to do that now. I'd like to turn it over to questions, and I hope that through the efforts of this committee we will continue to improve the industry and all interested parties will get what they want. Distribution plays a valuable role, and it should be embraced and encouraged and recognized for what it is.

Thank you.

• (1430)

**The Chair:** Thank you.

And now, from the Ontario Media Development Corporation, who is leading off here?

Marcelle.

**Ms. Marcelle Lean (Chair, Board of Directors, Ontario Media Development Corporation):** Thank you, Madam Chair.

[*Translation*]

Thank you for giving me the opportunity to appear before you.

[*English*]

I am Marcelle Lean, chair of Ontario Media Development Corporation. OMDC is an agency of Ontario's Ministry of Culture. Our mandate is to facilitate economic development opportunities for Ontario's cultural media industries, book publishing, film and television, interactive digital media, magazine publishing, and music.

As the catalyst for Ontario's culture media cluster, we promote, enhance, and leverage investment, jobs, and original content creation.

[*Translation*]

As the catalyst for Ontario's culture media cluster, our programs and tax credits promote, enhance, and leverage investment, job creation, and original content creation.

[*English*]

The views expressed in our submission and presentation reflect the opinions of OMDC, with input from producers on its advisory committee and others in the industry.

With me today are Kristine Murphy, director of business affairs and research, and Raina Wells, manager of research and strategic planning.

The Canada Feature Film Fund and other initiatives are vital to the industry. OMDC commends the government for its support of the Canadian feature film industry.

Given today's time constraints, I will focus on four key themes. The first theme is integrated film policy. The number of agencies with programs that have an impact on feature film creates a less than ideal operating environment for funders and taxpayers. Canada's film industry would benefit from a coordinated film policy. Programs often work at cross-purposes—for example, the deduction of government investment from the federal tax credit. The funding process would be more effective if agency roles and responsibilities were clarified and coordinated.

An integrated policy would include a broadcasting policy that reflects and supports feature film production. Conventional broadcasters and the CRTC could play an important role in the broadcast and promotion of Canadian films. The CBC could play a much stronger role in the financing, broadcast, and promotion of Canadian films. For example, Britain's Channel 4 was instrumental in their film industry's growth in the 1980s.

Theme two is the 5% box office target. In 2000, Canadian Heritage's script-to-screen policy set a goal of capturing 5% of the domestic box office over five years. Reaching audiences is crucial and a vital measure of success. However, a broader measure of success is needed. Measuring success should also include a combination of factors: performance in ancillary markets such as DVD sales and rentals and pro-rating box office measures by taking into account the budget of a film when evaluating return on investment, including past critical success and awards as a measure of the potential success for a film.

Theme three is distribution and exhibition. A major challenge is that the policy seeks to increase domestic box office sales without considering Canada's distribution and exhibition system. Distributors are unable to compete when major studios have tremendous clout with exhibitors. More regulation or incentive programs would assist films that are well marketed and showing signs of audience success in playing for more than a week.

The Toronto International Film Festival's film circuit has demonstrated audiences' appetite for Canadian films. An expanded film circuit in Canada and financial incentives for exhibitors would assist in this area. DVD sales and other revenue streams are key to reaching audiences, and Canada should develop these markets.

Theme four is tax credits. Tax credits and Telefilm funding are important aspects of feature film financing. Government investment in feature films is deducted from the amount of the federal tax credit a producer can access. Removing this deduction from the tax credit legislation would ensure that producers benefit from the full value of government funding for their project.

CAVCO is consulting on proposed changes to the Canadian content tax credit regarding copyrights, ownership, and producer control. We respectfully suggest that the feature film policy should complement and support this. The tax credits should allow more private investment in production, including investment from Canadian and foreign distributors and broadcasters. There are sufficient safeguards in place to ensure wealth retention and ongoing revenue streams for Canadian companies.

• (1435)

Canadian producers would be more competitive internationally if they could seek financing from foreign sources and match the average budgets of international films. Some of the most successful Canadian films in recent years have been international treaty co-productions: *Spider*, *Being Julia*, and *Resident Evil: Apocalypse*, etc.

International involvement would be further supported by becoming more flexible on producer control and investment regulations. In short, emphasis should be placed on streamlining government programs, international sales opportunities, and encouraging more private investments in the feature film industry.

[Translation]

Emphasis should be placed on streamlining government programs, international sales opportunities, and encouraging more private investments in the feature film industry.

[English]

This will ensure a strong and vibrant Canadian feature film industry for the future.

[Translation]

Thank you for having given me this opportunity.

[English]

I welcome questions.

**The Chair:** Merci.

For the information of committee members, I am starting again with our usual rotation of witnesses.

Gary.

**Mr. Gary Schellenberger (Perth—Wellington, CPC):** Thank you.

I appreciate the presentations, and I am glad you could be here today.

I have a couple of questions, primarily regarding marketing. As I read through the brief from our Canadian distributors, I went over a couple of things. It says: "However, we are concerned that there is too much focus on theatrical success and very little concern or awareness of the home market." Again, this means that we have to look outside the box from the conventional way we have looked before. I understand that. As we go to the next paragraph, though, there is one thing here that says: "Studies should be undertaken on a regular basis to keep our finger on the pulse of the Canadian public's movie going habits." Should this be a government responsibility, or is this something the whole industry should look at?

**Mr. Ted East:** I think it should be both. The government does undertake studies and Telefilm has a research budget.

I think one of the reasons we wrote that is that the movie-going habits of the consumer are changing rapidly, and in order to figure out investment policy it is important to understand what they are doing now. It is quite possible that in six years or seven years, or even before that, the kinds of movies that Telefilm invests in now, and that we produce in this country, may have a much more limited theatrical appeal because of consumer habits. For instance, a movie like *Sideways*, which is not a Canadian film, and which had a very successful run at the box office, and films like that, because they appeal to a certain demographic.... That demographic, instead of going to eight movies a year, may suddenly reduce that to two movies a year, because their home theatre experience is so great they decide not to leave their home any more.

Those are things we want to be on top of. Those are the kinds of studies the private sector typically doesn't do, because individual companies typically just go with their gut and their own balance sheets, which is what they are telling us.

I think a much larger picture is important as well.

• (1440)

**Mr. Jeff Sackman:** You just triggered this thought, which is that one of the other problems.... There are a number of examples; *My Big Fat Greek Wedding* was a prime example. It very well could have been a Canadian film: it had a Canadian source; I believe it was shot in Winnipeg—

**A voice:** It was shot in Toronto.

**Mr. Jeff Sackman:** It was shot in Toronto with a Winnipeg source.

There is no reason that wasn't a Canadian film by any definition, and it worked really well.

One of the problems—and a study would be interesting in this respect—is that Canadian films have a stigma in the industry at large, and I believe among the public, and I think that's a deeply rooted problem. I don't think the media have been particularly helpful. On the one hand they embrace and give greater.... The front page of *The Globe and Mail* today on *Saint. Ralph* is fantastic. I think they give with one hand and take with the other. You know the old classic clichés about Canada: films get into Cannes, and then they embrace them; then they come out, and they destroy them. There is a stigma.

One of the things that have come up over the years that actually has been tried is, in the DVD world, if you go to the video store.... I believe it was Rogers, years ago, that tried to put up a Canadiana section so we would have greater access by the consumer to the video product. Labelling it as Canadian was a negative; it wasn't to enhance the consumer experience.

The next stage of technology is going to be direct distribution into the home through some signal, and that I think is actually a very important thing, if there were to be a study. How can we...? We don't want our films to be identified as Canadian, from the perspective of a consumer's pleasure. We all have limited leisure time and we have multiple choices. So if *Sideways* or *Greek Wedding* were Canadian films and people want to see those films, the Canadian aspect should be incidental.

One of the things that keeps coming up in this industry is there is almost too much focus on being a distinct Canadian film industry. There is too much focus on the "Canadian" in English Canada. I believe it's a problem, and that films have to be competitive in and of themselves and that this awareness should disappear. Then we'd be successful. If you want to talk about measures of success other than box office, eliminate that label and we'd be very successful.

**Mr. Gary Schellenberger:** I know a good product sells.

**Mr. Jeff Sackman:** [*Inaudible—Editor*]...go to Québécois films; they go to films they want to see.

**Mr. Gary Schellenberger:** That's right. My thing is that I wholeheartedly.... I would not put a Canadian section in, if it were me. I would have those movies there....

I'm one of these guys, with a television: I flick through the various stations, and if I see something I like, I watch it. It may very well be a film that I am watching, and at the end I finally realize, "Oh, that was a Canadian film." It makes me feel good that it was a Canadian film because I liked it, not necessarily because it was Canadian. I think that's where we have to be, and that's why I talk about protecting things.

Do Canadian distributors need government protection, or would it not be healthy for the film industry to be competitive so that Canadian films reach a larger market? No matter what money or promotion is put into a movie, it's the product: if it's a good product, it will sell.

Again, I hear that sometimes promoters don't.... The films don't get out there. If they are not seen, it's like that old adage: if a tree falls in the forest and no one is around, does it make a noise?

**Mr. Jeff Sackman:** The subjectivity of the definition of "good" comes to mind. There are two issues there: what is good; and who determines it?

Ultimately, because we're in a subjective field, I as a business person have come up with my definition of "good", which is "profitable". I can measure that. It's good on a number of fronts. It's good because it means people wanted to see it. It means people did go and see it, and it was a good product, and maybe it had good, clever marketing.

We came up with a marketing stunt, if you wish to call it that. I had a big issue with the marketing fund, of how much money....

The purpose of the Telefilm marketing fund was to drive more Canadians to the box office to help achieve this 5% goal. The first few times out, I noticed there were billboards and bus shelters and big ads in the newspaper, and I said, "Wow, the media must really love this Telefilm marketing fund. No more people are going to the theatre, but they're spending \$1 million on advertising. It's fantastic."

So we asked, how do we reach an audience? It wasn't working, so how do we reach an audience? We took a film, *Love, Sex and Eating the Bones*, which just got nominated for a Genie, and we said, number one, its core target audience is black Canadians.

I asked the filmmakers, "Are you African Canadians?" Since they're from the Caribbean, I never could figure out what the proper term was. They were comfortable with "black". That was the primary audience.

I said, "Well, we could take out bus shelters and we could take out billboards, but I don't understand that. Instead of giving the money to Astral Outdoor, why don't we give it to the person who's going to go to the theatre?" We basically gave a 50% rebate to everybody, and we publicized it and we got press out of it. The film grossed a couple of hundred thousand dollars, which I think is \$150,000 more than it would have grossed. So we found a clever way to reach people.

If you'd said "This film is half price," you would be devaluing it at the box office, and Famous Players and Cineplex would never have gone along with that.

But it's not a bad idea. The concept of driving the Telefilm marketing money into the pockets of these very-well-to-do media empires just was an affront.

So there are different ways we could address that with the agencies and let people see the film and determine if it's good, and then word of mouth will drive it.

• (1445)

**Mr. Ted East:** Could I just add a couple of comments here? Jeff said a couple of very interesting things that we do need to stress.

Distribution in this country is all done by for-profit companies. It's the same with exhibition. You don't need a CRTC licence to be a Canadian distributor. You just need to start a business.

So they are all for profit. Jeff mentioned thinking as a businessman—it has to be profitable. When you are looking at distribution of films—Canadian films, films from Europe, films in the United States, wherever—distributors look at them from the view of how do they make a profit from this film, and that's how they approach it.

So the idea out there in some sectors of the industry that the distributors are not committed to Canadian films because they are too passionless, too lazy, don't care, whatever, is somewhat ridiculous when you think about it. You have to approach it from the sector that it actually exists in, which is the private for-profit sector. There is a reason for each of these films that a distributor approached it the way they did, and those reasons are business reasons.

We live necessarily in a world where the production of films in this country has to be subsidized; otherwise, they would not exist. However, those subsidized films are going into an environment that is not subsidized. Distributors have some marketing subsidy, but once you get to exhibition, exhibition is not subsidized. They don't have content quotas like on television or radio, nor are they ever likely to. It's the same with DVD stores. And the consumer is not subsidized. The consumer doesn't get tax rebates because they can prove they saw twenty Canadian movies this year. They make choices based on what they want to see.

When you examine these issues around marketing and consumer choices, you have to understand that it works in the private sector mentality. People see what they want to see. They can be convinced to see movies they didn't know about that they may like. But distributors approach it this way. They look at each film and ask, "How do I make a profit from this?" The idea that you have a Canadian movie that could gross one and a half million dollars at the box office, but the distributor doesn't achieve that, because they can't be bothered or for whatever reason, is ludicrous. If a movie could gross \$1.5 million, trust me, the distributors would go after it. They would figure out a way.

Is it possible that there is a movie that a distributor had that could have grossed a million dollars but didn't because their test results or their planning suggested otherwise? Possibly. It happens. But overall, you have to understand that distributors make these choices based on market conditions. Canada is a small country in terms of population, and for certain kinds of films there is very little ancillary value to it. Every theatrical release, every planning for a theatrical release, takes into consideration what other sources of revenue are coming after it. Particularly when you get into some no-name dramas, if you don't make it in theatres, there's not much else left for you. There is not a huge market in the home market, and television has finite value in this country. So I think when you hear these things, you have to understand that distributors are approaching it from a for-profit perspective.

• (1450)

**Ms. Marcelle Lean:** May I address the first question, about the role of the government in marketing?

AT OMDC we deal a lot with small and medium-sized enterprises. I think that the help of government would be crucial for these small enterprises, especially the production companies, to have help in the marketing of their product.

**The Chair:** Monsieur Lemay.

[Translation]

**Mr. Marc Lemay (Abitibi—Témiscamingue, BQ):** Good afternoon.

I will reassure you: I am not that old, but there was a time when if we saw "Quebec film" written on the film's case, we did not rent it. There was no rental of films. I never understood why at some point in time they started writing "Canadian film". It does not increase the rentals. It is a film.

I have two questions. I have one question for the producers and for the OMDC.

I don't know if it was Mr. Sackman or Mr. East who mentioned that Telefilm Canada should invest and not intervene. I'd like to understand, because I know few investors who would not want to know about the product they are investing in.

Can you reassure me and tell me where the line is drawn between an investor who has no legal authority and an investor... Where's the line?

[English]

**Mr. Jeff Sackman:** There's a thin line of definition, because in the private world the concept of investing is you're investing to get a return on your investment that presumably is greater than the investment, whereas I don't think anybody feels that Telefilm is trying to make a profit. I don't know what the statistic is, but clearly they're not getting back 100 cents on this invested dollar. So the concept of investing versus...maybe the word is wrong; maybe it's not an "investment", it's a "contribution". From the business world it's not an investment. You would never make any of these investments with the likelihood of success of a return.

I think what I'm trying to say in this respect is this. The government invests in a number of industries in a similar manner, but there's this subjectivity aspect here. So whatever the investment in the oil and gas industry is, I don't know if the government's getting a profit per se, but there's a subjectivity here. So if the question becomes who makes the decision as to.... There are a hundred submissions. Telefilm gets these periodic dates where producers have to submit their film. So let's say this Monday there are going to be thirty films submitted and choices are going to be made, so five of them are going to get funded.

They're making those choices; it's those five out of the thirty. Distributors are attached and distributors have a say, but ultimately the say is being made by Telefilm. I don't know why that makes any sense. And the investment and the return on the investment would be the same. It makes a lot more sense to say to the distribution community that you have real money at risk, that you decide which films you.... This was the system years ago, where we had envelopes and we chose essentially which films to get behind.

There's nothing to suggest that this current way is better. I don't see any evidence of it over the last three and a half years.

So you're right. Anybody who invests in a film always has a say over the script, and this and that, and they should have a say. I don't know what exactly the mechanism.... This is, to me, something that needs to be addressed and discussed with all interested groups.

• (1455)

[Translation]

**Mr. Marc Lemay:** When you are dealing with Telefilm, you table a marketing plan. These people read it and fund you as a result. Who controls the marketing plan afterwards?

[English]

**Mr. Jeff Sackman:** Well, I just had a call from a producer who's trying to get a submission in for Monday, and they wanted an absolute commitment of the marketing dollars that we're going to spend. And my response was, "You'll get the absolute commitment when you can give me the absolute commitment that the film you're going to produce would warrant that level of support."

So on one hand, you're right, we do a marketing plan and there's a presumption that the film is going to turn out with sufficient quality—and quality's defined as “potential for commercial success”—that it warrants going forward with that plan.

In high school they write up marketing plans too. If you don't have to implement them they're very safe. In our real world it's like this is the plan, and there's a big presumption in that plan that isn't said. The presumption is that the quality of the product would warrant this plan being enacted, and I think that needs to be recognized.

**Mr. Ted East:** Can I add a couple of things on the intervention versus investment? It is a very good question. What does it mean?

I think intervention does mean acting as a referee in some fashion. For instance, when Telefilm appeared before this committee, they talked about having trailers on screens in Canadian theatres and posters in Canadian theatres for Canadian films and dealing directly with the exhibitors and having discussions with the exhibitors.

That is intervening. That is the job of the distributors. That's what they do. We are not saying to Telefilm that we think this is something we want them to intervene in; nor are we saying that it is something we want the government to intervene in at a higher level. What distributors do is they fight with exhibitors to get their movies onscreen, to get their trailers onscreen, and to get their posters in movie theatres, and these are nasty fights. It happens with the studios and with the independents, and we are not looking for Telefilm to get involved in this situation. We think it is entirely appropriate for Telefilm to have that discussion with us, either individually as distributors or as an association, to say we're concerned that we're not seeing enough Canadian posters in Canadian theatres, and we're happy to discuss the reasons why.

Quite often Telefilm exceeds their brief, I think. When you nuance what they do on a line-item basis, you get into marketing plans, and Jeff talked about that. I think when you get into independent films, the ability to create a meaningful marketing application when all you have are a stack of papers—the script, the financing plan, the budget, the cast list, etc.—is most of the time a silly exercise. You can generally have a guide as to what you are going to do, but as to how many movie theatres you are going to put it in, or how much you are going to spend on advertising, at that stage, it's a little crazy.

**Mr. Jeff Sackman:** Let me just elaborate on that.

We get films—again, playing in the U.S. market as a distinction, which also means we release those films in Canada—by buying a finished film at a market. We go to the Sundance Film Festival or Cannes Film Festival or Toronto Film Festival and we buy a film. We didn't make a marketing plan up at the production stage. This is the time, when the film is made. That's when you make a marketing plan. This is the type of situation in which I've been so numbed by having to do this that I don't even fight it any more.

The concept of having grown-ups, professionals in the real world of business, having to do a marketing plan and say we are going to be in this theatre a year and a half from now is folly, but it wasn't worth fighting. We brought it up, but if that is the way you want to run the organization, fine, we'll do it. And every marketing plan looks the same from every company. It serves no purpose.

The real marketing plan is made when the film is finished and we know what we have and we know what's happening in the world at that time. Things change from the start of production to the film being ready for release. It could be 18 months later. What happened in the world that is going to affect how you are going to release it? What has happened in the industry that is going to affect how you are going to release it?

● (1500)

**Mr. Ted East:** And I also think—

[*Translation*]

**The Chair:** I'm sorry, but I have to give the floor to Mr. Angus.

[*English*]

Hopefully we may get back to you.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** There are some interesting discussions here.

Again, as I have been saying in many of these meetings, I come from the music business. Much of the discussion I am hearing from you really reminds me of twenty years ago, when we were trying to pitch our records and we would be told, “Hey guys, you are a regional market at most. We could maybe get two or three thousand units out of you.” Groups that were like me then are now, as I said earlier, number one on the Junos. Every kid in high school has seen them.

We have to get into this issue of the real world. What is the real world? The real world is.... It doesn't matter what we do with making films; if they are not being seen, they are going to die.

I am looking for suggestions from you guys on how we get our films seen. The one suggestion that has come forward is let's take Telefilm's decision-making power and give the money to you guys to decide how to make films and we'll be further ahead—

**Mr. Jeff Sackman:** Which films get financed.

**Mr. Charlie Angus:** —deciding which films go forward. No offence to your industry, but we have had complaints consistently about the distributors. You guys talk about it being naive—you mentioned “naive” a couple of times—but people are saying they come forward with a film and they get no commitment on a marketing plan. None. There is no marketing savvy. There's nothing coming forward, so of course the film is going to die. What is it that you guys do when a film comes forward? How do you guys market it so that it does get out there?

**Mr. Jeff Sackman:** There are the basics, and there's one big problem, which is that we live in a world where the primary form of marketing films is studios spending \$40 million to \$50 million. If you watched the college basketball finals on Monday night, there was an ad for *War of the Worlds* and an ad for *Batman* and an ad for... I think after the Super Bowl this is the most-watched sports event, with 40 million people. It's a million dollars a commercial, and that's normal marketing. That's what these guys do: they throw big money at big events to capture big eyeballs.

In the independent world—and the independent world is becoming a fine line, because when *Sideways*, which is released by Fox Searchlight, which is a division of Fox, a global monolith... They are spending tens of millions of dollars to achieve this, so they're like a studio. In the real independent world, which is us, we do all sorts of things. Most of them are basics: get the film exposed at festivals, hoping to catch a buzz; get the press to see the film early in press screenings, so we get long, lead magazine articles written about it; you open films on Friday. You could be really clever and open your film on Sunday morning, and that would be different, but there is a normal pattern to distribution.

We have a film that premiered at the Sundance Film Festival. It's not a Canadian film, but it could be. It's a documentary called *Murderball*. It's about quadriplegics who play rugby. It screened at the United Nations last week. Our plan is... One of your members is in a wheelchair. We are going to contact his office to get him to support this. I want to screen this film in Ottawa for members of Parliament and get the word, through members of Parliament, across Canada through your constituencies that this is a film that's really important, that could affect how the public changes its view of disabled people. As a byproduct, it is a highly entertaining—it won the audience award at Sundance—a very good-fun, interesting, intelligent, movie-going experience. That's different—you can't do that on every film.

There is any number of things that we do and we try. It's hard to get through the clutter. These are silly examples on individual cases.

But Ted made a really important point. We want every single thing we touch to be successful. It's folly to suggest otherwise. The more a film grosses, the more profitable we are. Whether it's Canadian or an import does not matter. Whether we succeed here or in the States or by selling international rights does not matter. We look at every single film and ask, “How can we maximize?”

Sometimes maximizing is minimizing your loss. Oftentimes—as I said before, 80% will fail—I would rather lose \$100,000 on a project than \$200,000. I have maximized my position.

• (1505)

**Mr. Charlie Angus:** Are the distributors the ones who get the deals with the broadcasters? Is it your job to get the deal with, say, a broadcast for TV?

**Mr. Jeff Sackman:** It's different. Again, part of the way funding works in Canada sometimes is that the producers get the broadcasters signed up in order to access the LFP.

**Mr. Charlie Angus:** Distributors also?

**Mr. Jeff Sackman:** Then they'll roll those contracts into our deal, so we will acquire all rights, including the television, but they may have already sold the television rights.

**Mr. Charlie Angus:** One of the complaints that came forward to us was again this issue of minimizing loss. You have a film. People don't know how well it is going to do, so you get the broadcast. That's enough; it covers you. Everything beyond that is now a potential loser, isn't that right? You have minimized your loss; you have made some money from that. But to get out and flog it is now to take a risk, so why not just cut our losses here? We've made enough.

**Mr. Jeff Sackman:** Well, if we've made enough, that's a fair—cynical, but fair—perspective.

We haven't made enough. I've been living in this world for twenty years. You get tired of the standard attitude, if you wish, the camel—

**Mr. Charlie Angus:** This is coming not from me. This is coming —

**Mr. Jeff Sackman:** From producers.

**Mr. Charlie Angus:** —from people in the industry. We are hearing it again and again. They might be naive, but they are in the same world you are. They are in this world, and this is what they tell us.

**Mr. Jeff Sackman:** Years ago there was a group of producers out west who wanted to band together to form their own distribution because they were making these types of complaints over and over. My response was “Please do. Please do so we can silence this point of view once and for all, because you'll go bankrupt within 15 seconds and then I'll be able to use this as a reference for the years to come.”

People never look at one aspect of distribution. We have companies, and we have people. We need to have people doing contracts, we need to have people doing delivery, we need to have people doing marketing, we need to have people doing booking, and we need administrative support. We need space in which to house these people, and we have to pay for parking. We have expenses to exist.

I've often said to producers when they come in and complain about the deal and this and that, “Look, if we didn't exist, you wouldn't have us to come to. If you didn't need us, you wouldn't come to us.” No one is coming to us to give us their money. They're coming to us because we represent an expertise, which is to get the film to the public.

It's difficult, but nobody recognizes the overhead aspect of having a company. You cannot just distribute a film. There's probably an example of somebody who one day did that. A corporation last year kind of did that—or no, actually they had a distributor who did it. But once in a while a producer will say, “You know what, I'm just going to do it myself”, and once in a blue moon it will succeed.

That's an expensive overhead. So yes, we might make \$30,000 on the TV flip, if you want to look at it that way, but no one is pocketing \$30,000 that week and saying “Wow, if I do this every week, I'll make \$1.5 million a year and I'll be rich.” It's not going to work like that.

**Mr. Charlie Angus:** But if we had open distribution of the foreign marketers, who have more money to spend...that's one of the arguments coming forward. Foreign distributors, who might have more cash in flow than you guys do, could they do...?

**Mr. Ted East:** So the argument is...

**Mr. Charlie Angus:** The question was could they do a worse job. That's exactly what someone in the film industry said to us: "Could they do a worse job?"

**Mr. Ted East:** So somebody in the film industry is asking, if we gave our movies to a foreign distributor, could they do a better job in Canada? Is that what they're saying?

• (1510)

**Mr. Charlie Angus:** No; they asked if they could do a worse job.

**Mr. Jeff Sackman:** They wouldn't do a worse job.

**Mr. Ted East:** They wouldn't distribute it in the first place.

**Mr. Jeff Sackman:** No, but he's saying if they opened it up, so Universal will pick up *Phil the Alien*...

**Mr. Ted East:** Sure. I think one of the things we want to stress—and it speaks to the experiences in the music industry—is that the films need to get better, and we can make them better. The industry needs to get together and collectively design a plan that starts at development and goes all the way to marketing, that encompasses every genre that exists, and start making films that are entertaining, that are sophisticated, that are silly, as I mentioned earlier, and then the best of those films will find distributors that are committed to them, and they will find that the exhibitors will give them screen space.

They give you theatres if you have movies. They're in a ticket-selling and popcorn-selling business. They don't care whether the movie is from Los Angeles, Canada, Ireland, or wherever. They don't actually care. That's the business they're in.

It's the same in the home market. Consumers are making those choices, and the people who are going to be delivering those movies to them aren't going to care where those movies are from.

I think in the music industry what started happening, and yes, I think there was a prejudice against Canadian music back then—it was a little bit before my time—was that you had bands like the Guess Who that were making records that were great, and people would hear them and say, "Yes, I love that song. I'm going to go buy the record, and I'm going to phone the radio station and request it."

That's what we need to achieve in the film industry, and we don't want to get distracted by these arguments that suggest, oh, if only we gave it to Sony Pictures or Warner Brothers to distribute, things would be better. We really need to concentrate on making films that are better. We don't want to point fingers at Telefilm or the producers or the directors. I think we all need to do this together.

We need to learn from the experience in Quebec. The films that broke through were films that audiences loved. They were films that were well made, they were films that were funny, they were films that were cultural, they were films that were thrilling, they were films that made people cry, and we need to do that here in English Canada.

**Mr. Charlie Angus:** Thank you, Madam Chair.

**The Chair:** Ms. Bulte.

**Hon. Sarmite Bulte (Parkdale—High Park, Lib.):** I don't know where to start.

**The Chair:** She was in a meeting in Ottawa this morning and couldn't be with us for the morning session, so I'm glad to have her back.

**Hon. Sarmite Bulte:** Thank you.

Can you explain to me when you come into the picture? When does a distributor come into the picture in this envelope?

**Mr. Jeff Sackman:** Under the current system?

**Hon. Sarmite Bulte:** Yes, under the current system, and what would you propose to change the current system? So if I have a film, if I want to make a film and I have a great idea to make a film, where do I go? I know I go to Telefilm and I get a tax arrangement and do a financing plan, but when do I go to you and when do I sell to you, or do you find me a...? How does that work? That's one question.

Also, can you help me and address the issue of distributors and the foreign distributors and the grandfathering that happened with the foreign distributors and how that works? Do you have deals with the foreign distributors already? My understanding is that some—not you personally—distributors already have contracts.

**Mr. Jeff Sackman:** For the sake of clarity, when you are referring—you, Charlie, who didn't like Ted's answer and mysteriously disappeared—

**Mr. Marc Lemay:** Every hour we have doping control.

**Mr. Jeff Sackman:** Luckily, that doesn't apply across the entire film business.

By foreign distributors you are referring to the studios, to the U.S. studios. Okay.

In order for a producer to access Telefilm funding they have to have a distributor agreement in place before Telefilm will even look at their application, which is smart, and for Telefilm's sake absolutely necessary. Otherwise, they would be bombarded. So if they filter... At the first stage a producer, in order to even be considered, must have some representative of the commercial sector, if you wish.

**Hon. Sarmite Bulte:** I will stop you right there. That's not dissimilar to what happens in the CTF as well, though, is it not? You have to have a broadcast licence before you go to the CTF.

**Mr. Ted East:** I think it's completely different in the television industry. I don't think very many television shows get developed without a clear idea of who the broadcaster is going to be, who the audience is going to be, even what night of the week and at what time it's going to appear on. I think in the film industry here—

• (1515)

**Mr. Jeff Sackman:** You're talking about development for a series.

**Mr. Ted East:** I'm talking about... By the time it gets into production financing there is definitely a broadcaster or broadcasters that are clearly involved and understand what it is that is being proposed.

In the film industry I think that in far too high a percentage of the cases the producers are treating the distribution, which basically represents the market, as one more thing that needs to be ticked off in order for you to have an eligible application.

I can't tell you how many times my clients complained about the fact that there is an April-something deadline at Telefilm and for the two weeks prior to that we are getting inundated with requests from producers at the last minute requesting distribution deals to make their application eligible. That's crazy.

**Hon. Sarmite Bulte:** I wanted to see what the difference is. Continue. So then?

**Mr. Jeff Sackman:** And to Ted's point, last night at midnight I sent an e-mail out saying we have imposed within our company—to the production community—that we will not accept submissions from two weeks prior to the Telefilm deadline because there is no time for us to even be involved. We get a basic summary.

Look, it's a very tricky thing. One of the things that comes up often is cast, who is going to be in the film. If you want to get a name person, to secure them, because they hopefully, if they are a name person, have multiple options, they want to know that this is a real project.... So how can you tie someone into your project and then go for the funding?

**Hon. Sarmite Bulte:** Do you have a say with Telefilm? Again, they come to you now, and then what happens? Do you work with Telefilm? Take me through the process here.

**Mr. Jeff Sackman:** A producer comes to us—there's one in the audience who came to us—and we like the components of the project and we like the people who are behind the film, so we negotiate a deal, a distribution agreement. That becomes one of the boxes the producer can now tick off, and now it can be submitted to Telefilm.

At that point, we're supposed to be part of the lobbying process, we're supposed to be considered, and our enthusiasm and belief in the project is supposed to be recognized by Telefilm as a factor in how it determines which five of the thirty valid submissions will actually get funding.

My personal bias, as ThinkFilm, is that Telefilm doesn't pay enough attention to us. Therefore, if the decision is being made by Telefilm and it's not paying adequate attention to me as the representative to the marketplace, then I don't care—let it make the pick, and hopefully it will be one I'm involved with.

I've been in the Telefilm room where I really believed passionately in a project based on a Canadian novel with an icon author, with a recognized director, and with an established producer. I thought it was a film that had the potential to be like *American Beauty*. It had comedy. It had this; it had that. I threw myself out there, and the film wasn't funded.

Once that happened, clearly my belief and passion had been minimized by the decision-makers, so I'm not going to spend three hours going in. I'll write a letter to say I support this film, or I've given them a contract, which involves not just money—in response to Charlie's previous questioning—but also a lot of time. It's really time-consuming to get involved with the producers.

So right now we sign up if we like the project. We put together a contract. The contract alone is a sign of support and belief, the fact that we will engage in that time commitment, should the film get made, means we better believe in it, because otherwise it's a lot of time—

**Hon. Sarmite Bulte:** As part of your contract, do you get involved in the production as well?

**Mr. Jeff Sackman:** We have approval over cast to address this chicken-and-egg situation with regard to cast. We have approval over cast. Telefilm has approval over cast. And the producers, obviously, want to cast it as best they can.

What ultimately and often happens is that the film's moving towards a start date, and the cast isn't in place; and it's three weeks before, and it's like, now we've got to take the best possible person—who maybe isn't who we think is ideal—and they're already in pre-production, and money's being spent, and if I don't support the best choice, believing that my producer is really trying to get the best cast.... I'm not dealing with the casting agents. Do I support the film and give cast approval to somebody who's less than ideal from a marketing perspective?

**Hon. Sarmite Bulte:** So how do we change it? How do we make it better?

**Mr. Jeff Sackman:** Well, I didn't say I'd make it better, but, you know, you could try getting Telefilm into the payer play business.

**Mr. Ted East:** Let me say that you're getting at something really important. You're getting at the problem.

**Hon. Sarmite Bulte:** I'm worried that I'm running out of time, but I'm not pushing you. I'd love to have another two hours to spend on this.

• (1520)

**Mr. Ted East:** The system that exists now to develop and choose films doesn't work. I have to say I had a meeting with Wayne Clarkson last month, and we talked about this in some detail. He agreed with me.

The system doesn't work for the reasons that Jeff is explaining, but there are lots of other stories. Wayne Clarkson wisely suggested that the stakeholders get together to figure it out. He's got five years ahead of him, and he does understand the changing marketplace that I was describing earlier. He does understand that.

We're greatly encouraged by these signals because we really want to say okay, let's throw all this out, and let's design a better system where we're partners with you and the producers, and we all understand what the goals are.

A lot of the problems you're hearing from the producers and from us today we can fix. There's no question about it. We have the skills in this country. We have strong enough distribution companies—and by “strong enough”, I don't mean in terms of high enough skill levels; I just worry that the economics of being a distributor in Canada are a bit tricky, and we have to recognize that. We have talented people in this country. We really need to get people moving in the same direction.

**Hon. Sarmite Bulte:** But, again, you're concerned about the subjectivity, and I've certainly heard from members of your industry about subjectivity when it comes to the limited envelopes, even with the CTF envelope within Telefilm. But to play the devil's advocate, isn't that just the nature of the arts business? You've got the Canada Council, you know, totally—

**Mr. Ted East:** The Canada Council is a jury of peers, is it not? It's a different thing.

**Hon. Sarmite Bulte:** Okay, all right. And there's no jury of peers—is that what you're saying?

**Mr. Ted East:** No, absolutely not; there is no jury of peers.

**Hon. Sarmite Bulte:** Then who makes the decisions?

**Mr. Ted East:** Telefilm.

**Mr. Jeff Sackman:** Ultimately, Telefilm...of those submissions that qualify for a decision.

**Hon. Sarmite Bulte:** Are you saying bureaucrats?

**Mr. Ted East:** Yes, bureaucrats are making decisions.

**Mr. Jeff Sackman:** Subjective decisions.

**Mr. Ted East:** We're not saying that bureaucrats shouldn't have a voice, but ultimately the process.... And I don't believe for a minute that this is an easy thing to do, because I'm on the board of the Canadian Television Fund, and I can tell you it's complicated.

**Mr. Jeff Sackman:** Well, it goes back to Mr. Lemay's point too, that on the one hand we say this, but on the other hand, if they're investing \$3 million in a film and are responsible for their jobs, they should want to have a say too, and that's where the lines start getting a little fuzzy.

So we have to respect each other in that way.

**Hon. Sarmite Bulte:** Can you just address the foreign distributor issue? When I'm thinking of foreign distributors, I'm thinking of the people who Doug Frith and Susan Peacock represent. They're saying they don't control anything, that woe is them, and they have no access, and that 95% thing—

**Mr. Ted East:** Well....

**Hon. Sarmite Bulte:** I know, but I think this is important.

**Mr. Ted East:** They have total access to acquire in the United States the rights to every Canadian film that's been produced in the last fifty years. How many have they acquired? And what would they be doing in Canada acquiring a film that they have no interest in within the United States, which represents 90% of the North American market?

I'm confused by that. I mean, what are they saying?

**Hon. Sarmite Bulte:** Okay.

**Mr. Jeff Sackman:** If there's ever a good moment to be really cynical, I would say that whatever their motives appear to be, they are not.

Representing the U.S. studios in Canada and saying they should have access to Canadian films is strictly what Ted alluded to before. A film came out this year called *White Noise*, which Universal bought. Actually, I don't know if Universal bought it, but I believe that deal with the producer in the United States was that the producer would give the film to Universal.

**Hon. Sarmite Bulte:** And what about the grandfathering? I understand that somehow they're different.

**Mr. Jeff Sackman:** They are different; you're crossing issues.

**Hon. Sarmite Bulte:** Okay.

**Mr. Jeff Sackman:** I don't want to talk about grandfathering, because I don't feel I'm an expert on it.

But what's come up now as a current thing is that Universal, as an example, released a film in the United States; it qualified as a Canada-U.K. co-production, and therefore it needed a Canadian distributor, which I believe was TVA. That was because they paid the advance upfront. Universal didn't pay an advance for *White Noise*, even in the U.S. Now it grosses \$5.5 million, and they said, "Wait a second, we spent \$32 million on the opening weekend budget in the United States." That \$32 million was the budget for marketing to open that film, and the spillover really helped Canada. Then some insignificant, irrelevant, nothing company—what's a TVA—got the benefit of their U.S. dollar exposure. And they're saying, "Wait a second, we should be able to have North American rights on *White Noise*, because we created the value for it." It's like, "No, you shouldn't".

As Ted says, why don't you guys buy *Phil the Alien* for the United States for ten years and then come back and make that argument? I'm using *Phil the Alien*, as you know, as a small film, and it doesn't make sense.

• (1525)

**The Chair:** I have to press on.

Ms. Bev.

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

There are a million and one avenues I would love to go down on the distribution issue, having had to deal with distributors before in my lifetime, but I do want to have an opportunity to ask a question here of the Ontario Media Development Corporation. In your presentation you've made a lot of recommendations, and I know we're doing a review of the federal film policy and the federal programs. However, I just want to take this opportunity to ask your organization, are there some areas in which the federal and the provincial could work more closely together, in a more coordinated way, etc., to support each other in order to advance the interests of the feature film?

I know that your organization itself has evolved, so I'm trying to understand, in your current mandate, other than administering the tax credit program, how could enhancements be made, and what would Ontario...? I know you said you represent your own organization and not the Ontario government, but what improvements might you be looking for in order to do your work better?

**Ms. Marcelle Lean:** I know you eliminated the tax credit. I think it is a matter of harmonization, trying to align and coordinate efforts. I cannot chase out of my mind the tax credit because this is such an essential part of financing. This is almost the only area that we can coordinate and integrate.

So there are other areas. Well, I'm not thinking about Telefilm, in particular, but we talked about the role that CBC could play, for instance. We also talked about the role that CRTC could play in the sense that the airing of the trailers on CBC is very important.

**Ms. Bev Oda:** I understand your recommendations, but I want to take advantage of the opportunity of having you here to understand your mandate and whether there are any aspects of the federal program and policy that you would recommend would have a direct impact on what you do to fulfill your mandate regarding feature films.

**Ms. Marcelle Lean:** I am going to pass to Kristine, because I think she can delve into the more technical aspects.

**Ms. Kristine Murphy (Director, Business Affairs and Research, Ontario Media Development Corporation):** Thank you.

As Marcelle was mentioning, primarily in Ontario it is the tax credit. Currently in Ontario that is our key mechanism with the federal government. I think what we do see, from the tax credit view, is producers coming in and seeing the myriad of programs. Based on our tax credit experience, what we would say is look at that consistent and integrated policy, because we do find that sometimes the programs work at cross-purposes. One program will allow a certain type of investment in, but in order to go to the next set of agencies they will ask for that investment to be pulled out. So for us, and for an Ontario producer, for a Canadian producer, it's very challenging to navigate that path. So I think—

**Ms. Bev Oda:** Through representations that have been made, and with suggestions and through discussion it has been realized that these are provincial jurisdictions, particularly, I think, probably some of it through consumers' responsibilities and mandates.

I guess one of the things is to look at quotas for trailers within theatres that are operating in the province, displaying Canadian-made trailers. Is there anything about in Ontario theatres, Ontario-made...? Obviously, in order to follow the trade from creation and idea right through we have to also explore what the willingness is of the various provincial jurisdictions, because if we do our part and it gets stopped, I think you have more jurisdiction or ability over that last exhibition in the theatre where people go in and—

• (1530)

**Ms. Kristine Murphy:** I think the point is well taken. And as you mention, we are not representing the Government of Ontario—and it is the Ministry of Consumer and Business Services in Ontario.

It's a valid point.

**Ms. Bev Oda:** Again, I just want to point out that you did have a mandate that was very extensive, and your particular mandate in your organization has changed. So maybe we can encourage the provincial government to explore maximizing their ability to support.... I'm not proposing necessarily the quotas, or everything, but maybe there are ways, other than just the provincial tax credit, by which the province might be able to support the industry.

**The Chair:** It's going to have to be the last question and answer.

**Ms. Kristine Murphy:** I was just going to add that in Ontario the government is supportive of the film and television industry, and in December the Ontario government increased its tax credits and

included another \$48 million into the equation. So it's still a track for this.

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

Following the discussion today, if you have additional points you would like to make or if you would like to point out where one or the other of us has totally misunderstood the situation, I invite you to please feel free to communicate this either directly or through our clerk to our researcher. We would be happy to hear from you.

Thank you very much for the time you've taken on this.

We will take a five-minute break while the room is clearing and the cast is changing.

• (1532)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1544)

**The Chair:** All right. Those of you who are appearing at the table, would you come to the table? And the rest of you, could you let us get on with our witnesses, please?

I apologize, but the conversations that go on as we are changing the cast are a reflection of the frustration some of us feel that we simply don't have long enough to talk to everybody in the depth we would like, so those conversations tend to carry on.

In any case, I am pleased now to welcome the Documentary Organisation of Canada and the Canadian Film Centre, and that will take us through until approximately five o'clock.

Who is going first? You, Sandy?

• (1545)

**Mr. Sandy Crawley (National Executive Director, Documentary Organisation of Canada):** It's up to you. I would be quite willing to give way to the Canadian Film Centre, if they wish.

**Ms. Justine Whyte (Executive Director, Feature Film Project, Canadian Film Centre):** I think you are first on the agenda, so you go ahead.

**Mr. Sandy Crawley:** All right. Merci.

Good afternoon, Madam Chair, esteemed committee members. My name is Sandy Crawley. I am the executive director of the Documentary Organisation of Canada/Documentaristes du Canada.

Unfortunately, the filmmakers who had planned to be here with me are unable to attend because of the demands of their current production processes. If I am unable to answer any of your questions today relating to the technicalities of production, we can provide written answers upon request.

Before I begin, allow me to share with you proof positive that today's independent documentary filmmakers create their works within a continuum that is quite capable of bringing recognition to Canada on the international stage. The Academy Award for best documentary feature that I'm holding was won 30 years ago by a husband and wife team virtually unknown in Hollywood. It was produced for a fraction of the cost of its main rival for the prize, a film on Red China by academy star and rat packer Shirley MacLaine.

I'm going to pass it around, starting with Charlie.

You may notice that its gold leaf is somewhat worn off, because you can imagine how often this trinket has been used to raise money for other projects. I know you saw some Oscars that sit in glass cases at the National Film Board. They are probably in much better shape, but they may not have traveled as far.

So I will start with Charlie here. He is from gold-mining country, I think, himself.

**Mr. Charlie Angus:** Yes, we might have to take it back and smelt it down.

**Mr. Sandy Crawley:** Well, it's mostly lead.

My wig on that was that any further gold leaf left behind on your hands will be well spent if you take our position seriously.

Now nobody is going to listen to me, because they are all impressed with Oscar. That's all right.

The Documentary Organisation of Canada/Documentaristes du Canada is a non-partisan, not-for-profit trade organization representing the social, cultural, and economic interests of independent documentary filmmakers. Our membership numbers over 600 individuals and companies engaged in all aspects of the conception, production, and distribution of documentary films and audiovisual works in all media.

The organization has been about the defence and nurture of the genre itself for over 20 years, and we look forward to working with your committee to further our mandate, which is

to strengthen Canada's independent documentary production community in making relevant, entertaining, creative, and diverse audiovisual programs in all media.

The D.O.C. is committed to providing services that foster creative excellence, technical mastery, intellectual discovery, reflection, and debate amongst its members, industry partners and the public at large in support of the ongoing development of the documentary form.

**Ms. Sarmite Bulte:** You have to slow down for the interpreters.

**Mr. Sandy Crawley:** Oh, okay.

**Mr. Marc Lemay:** Take your time; we have time.

Charlie, don't ask any questions.

**Mr. Sandy Crawley:** We have provided the committee with background information in the form of an economic profile of the Canadian documentary production sector. The 2004 publication *Getting Real/ Toute la vérité* will serve to clarify the specific difficulties associated with maintaining a standard of excellence in this genre, which has served Canada so well in the past and holds great potential for our future, given appropriate public policy.

The script-to-screen policy promulgated in 2000 is an example of the triumph of short-sighted goals over the sustenance of core values. The exclusion of the documentary genre by internal regulation at Telefilm Canada was clearly a mistake. The emphasis on achieving a small increase in market position for Canadian feature films in Canadian cinemas may have been a worthy goal, maintaining the barrier to a genre that has proceeded to take a very strong market position in the first decade of this century. It is not only irrational; it is unresponsive to the very goal it purports to serve.

Obvious irony resides in the fact that the remarkable success of notable—notorious to some—U.S. filmmaker Michael Moore began with his feature *Bowling for Columbine*, a film financed in Canada. Canadian filmmakers of equal and greater talent cannot find support for major projects except by the most circuitous route, often including detours through their own personal line of credit.

A prime example is *The Corporation*, whose producer Bart Simpson serves as national chair of this organization. This film, second only to a co-produced slasher movie—which I think your friends from distribution were referring to as the kind of movie Telefilm should be making—in box office gross among English-language production in Canada last year, is one of the seven documentaries used as case studies in a forthcoming report on the social impact of the genre. The tortured tale of its realization clearly will illustrate for you the inequity faced by the makers of independent documentaries. The report will be made available to the committee in short order, probably in about a month.

Our fundamental request of this process is the redress of this retrograde regulation. We recommend that Telefilm be prepared to support the development, production, promotion, and distribution of independently produced and owned feature-length documentaries destined for the cinema screen, beginning in fiscal year 2006.

• (1550)

We have some faith that the new management at Telefilm is willing to take this step. We're not sanguine that they will do so without political direction, as vested interests around the much more expensive, glamorous, and internally profitable process of producing long-form drama seems to have de facto control of the levers of power of such decisions to this point.

While we do not suggest any lessening of support for worthy projects in that genre, we cannot count on its further delay in providing support for the documentary. Whether or not the money is new, it is clear that a larger public investment in feature film production is warranted, but this has been clear for a long time and is not an exceptional rationale for denying access to the system by filmmakers working in an increasingly popular and expressive form for documentary.

Feature documentary ought to be an international calling card for Canada. As the presentation to you by the National Film Board/Office Nationale du Film points out, this has been the case in the past, in a simpler time when the deployment of public resources within the film industry was not as attuned to the commercial marketplace as it is now.

The marketplace for both film and ideas was also simpler. To make the long-form documentary a cultural calling card for Canada again, we recommend that a minimum of \$10 million be set aside, within the annual amount of federal moneys allocated to support audiovisual production in Canada, for the exclusive support of the independently produced and owned feature-length documentary.

You will note that we have not chosen between the major funding mechanisms currently providing production support as a destination for these few millions. This is because no major agency has exhibited superior competency in the field of documentary development, funding, marketing, and distribution with the independent filmmaker. It's true that the National Film Board has participated with some success in this field. This is mainly due, however, to their mandate as a producer themselves.

We do not wish to see their production role diminish. Indeed, given appropriate focus, a further public investment in the NFB/ONF will be supported by the Documentary Organisation of Canada, but independent filmmakers are ready to move beyond bureaucratic supervision to achieve popular success.

A recent example, *Shake Hands with the Devil: The Journey of Roméo Dallaire*, indicates that filmmakers can achieve this themselves, although it can leave them in deep personal debt, due to a public funding system that is not currently designed to meet their needs. Parenthetically, I had a conversation with Mr. Peter Raymont, the producer of that film, who still owes money to his camera crew despite the fact that he has, principally through his own efforts, managed to win—that film actually won—the audience award at Sundance this year. I hate to contradict Mr. East, but that's the fact. Perhaps the film he was referring to won it earlier. It's also being distributed in 22 countries, but he hasn't got his money back yet and he's not getting any help.

A few enlightened broadcasters, as well, have directed resources available through the Canadian Television Fund towards commissioned programs that have reached the cinema through the deep commitment and extra efforts of overburdened individual filmmakers. These tend to be public broadcasters, such as CBC, TVOntario, Télé-Québec, some of the specialty channels, and CTV, while the public benefits package established by their acquisition by Bell Canada Enterprises remains. I think it has three years to run.

We do not wish to discourage their efforts at all. Indeed, if and when a broadcaster shows a commitment to a long-form documentary project evolving into a full-blown large-screen feature, there ought to be support from existing and future programs to encourage their participation and cooperation. But none of the above has shown clear and consistent support for the individual voice of the creative documentary filmmaker as a priority. This is what is required if we are to ensure that a truly diverse spectrum of points of view is to be made available to Canadians.

There is one important program that meets this standard, to the extent that its resources allow, and that is the Canadian Independent Film and Video Fund. Despite the fragility of support for this truly independent and highly efficient program, the CIFVF has proven indispensable to the launching of projects that otherwise fall through the gaps within the larger aforementioned agencies, whose mandates do not address the needs of the independent filmmaker as a priority.

• (1555)

We also regard the program at the Canada Council as a true ally of the independent filmmaker within the strictures of its budget and mandate, and we urge the committee to protect these two programs from erosion of financial support within the context of feature film production.

Market access is a key element in any plan to improve the performance of Canadian feature films. You have been reminded by other intervenors, notably Ms. Polley this morning and Mr. McKellar, of the extent of foreign domination of our theatre screens, and I guess they were looking at television screens too.

In this context, we strongly support the initiative of the National Film Board/ONF, in calling for an e-cinema program for domestic distribution. As noted in our written brief, this approach is meeting considerable success in Europe. We understand the impulse to wait until technical standards are decided elsewhere, but we reject it as lacking in courage and imagination. The feasibility of a uniquely Canadian e-cinema program should be studied—with appropriate resources provided for that process—immediately and the report made available to interested parties such as yourselves without delay.

As it happens, the major exhibition chain, Famous Players, we understand has been put up for sale by its parent company. This offers an opportunity, if the buyer is from outside Canada, to address improved market access for Canadian films as an aspect of any public benefits package that may arise in such a transaction to be negotiated through Investment Canada. If a Canadian buyer comes forward, although the same legal mechanisms won't apply, we hope that some federal incentive might play a part in bringing about improved access by Canadian filmmakers to Canadian screens.

The issue of governance of federal agencies is one that bears attention. We know the minister is looking at this, and we remain hopeful that representatives of the independent documentary production community will be invited to share in the decisions of Telefilm Canada, the National Film Board, and the Canadian Television Fund in the near future.

We would also be greatly encouraged to see at least one representative of the independent production community appointed to the CRTC. I know that's familiar territory to you as well.

Likewise, at the suggested advisory committee at the Canadian Audio-Visual Certification Office that is to be established, we seek representation there for the independent documentary filmmaker.

There are other aspects of the production environment that relate to the health of documentary feature film. These include but are not limited to the power imbalance between broadcasters and producers in decision-making around public investment, the need for an interim financing program for documentaries with budgets below \$500,000, the potential for retailing directly to the public, barriers to professional development, the need for more transparent reporting of the use of public subsidy on a timely basis, and the desirability of a program providing universal identifiers to all publicly funded Canadian productions as an aid to research and a boon to streamlining public administration, and of course the integration of a documentary policy within overall cultural policy.

However, given the restrictions of time and focus on the feature film per se, we simply set these topics out for your consideration for the moment, unless members of the committee wish to pursue them on a case-by-case basis.

This ends our formal presentation. I welcome any questions the committee might have with regard to what we have said today and also the contents of our written brief.

Thank you very much.

**The Chair:** Thank you.

I think we will hear from the Canadian Film Centre. It seems that members get more questions and opportunity to engage in dialogue if we do it that way.

Which one of you is opening here?

• (1600)

**Ms. Justine Whyte:** I will. My name is Justine Whyte. I am the executive director of the feature film project, which is an initiative of the Canadian Film Centre.

**Ms. Kathryn Emslie (Interim Executive Director and Director of Film and Television, Canadian Film Centre):** I am going to be the follow-up after Justine. I am Kathryn Emslie, and I am the interim executive director, thanks to Telefilm, and also the director of the film and television programs.

**Ms. Justine Whyte:** To preface our presentation, I'd like to say that the Canadian Film Centre appreciates the opportunity to appear before the Standing Committee on Canadian Heritage today. We applaud the Department of Canadian Heritage for implementing the feature film policy entitled "From Script to Screen" from 2001, and for its continued support of Telefilm Canada as the mechanism to administer, monitor, and evolve Canadian feature film policy.

The Film Centre is proud to have played a role in the previous consultative process and we are eager to add our voice to this one.

In our current written submission we made a number of recommendations on the complementary activities that would enhance the results and goals of the existing from script-to-screen program. While we welcome the opportunity to discuss these recommendations in greater detail, today we would like to focus on the Film Centre's partnership with Canadian Heritage and Telefilm Canada through the national training program in the film and video sector.

Nurturing training and educating the country's best and brightest storytellers is ultimately what will ensure the health, diversity, and vital future of our indigenous feature films. To that end, we wish to assert the view that the best way for the feature film policy to continue successfully is to strengthen its commitment to training emerging talent.

Training is key, and the Film Centre is dedicated to advancing Canadian creative talent, content, and values worldwide through training, production, promotion, and investment. We operate in strategic partnership with the public and private sectors and together we have contributed a great deal to our country's cultural identity, our indigenous productions, our economic stability, and to building audiences for Canadian film at home and abroad.

The Film Centre's 750 alumni are among Canada's most talented storytellers. They have played key roles in over 151 feature films, 250 TV shows, and 50 interactive digital media prototypes. The Film Centre itself has produced 115 short and 16 dramatic theatrical films, all of which have been commercially exploited at home and abroad.

As a national training school the Film Centre represents the future of film in Canada. We train the next generation of filmmakers,

creative leaders who develop indigenous content and create opportunities. The Canadian feature film policy and its health and effectiveness is therefore of vital importance to us.

The Film Centre's training offers the cultural and entertainment industries a unique, cost-effective, and essential form of research and development. We invest in developing the talent. We take risks on emerging creators and their ideas, giving them the opportunity to make their films and launch them into the professional marketplace. In addition to this, the works of these emerging creators continue to afford opportunities for thousands of emerging creative artisans, craftspeople, and actors to also develop their creative skills, thus ensuring a healthy and vital talent pool in this most collaborative of all industries.

The Canadian Film Centre's feature film project is an excellent example of this R and D work. It is the only low-budget fully mentored first-time feature film production training program of its kind in the world. We are quite proud of that. In less than 13 years the feature film project has developed 31 screenplays and produced 16 theatrical feature films for under \$11 million. Telefilm's support of the Film Centre's training activities and the feature film project has had significant impact on our ability to carry out this successful R and D work.

However, the Film Centre, like the talent we foster, aspires to do more and better. We seek to establish a world-class advantage for the creators and industry leaders of the future and we invite Canadian Heritage to help us build our capacities towards this goal.

We would recommend that the Canadian feature film policy formally recognize the Film Centre's value as a key Canadian national film training school and its significant role in R and D and that the Department of Canadian Heritage make a fourfold increase in its annual funding through the national training program.

• (1605)

**Ms. Kathryn Emslie:** Retaining talent and nurturing diversity is absolutely essential. Developing new talent, new voices, and celebrating different experiences is what the Film Centre is designed to do—and does extremely well. It is the business and *raison d'être* of the Film Centre to discover and nurture the best new Canadian talent wherever and whatever their circumstances are.

Given Canada's diverse regions and communities, the Film Centre leads the way as a film training school that is truly national. Forty percent of Film Centre alumni reside outside of Ontario; 47% have worked on feature films produced outside of Ontario; 53% are female; and 20% are from visible minority and aboriginal communities.

The Film Centre has played a significant role in advancing cultural diversity on our screens. Three vital examples of this are as follows:

*RUDE* was produced through the feature film project and was the first all-black, above-the-line, feature film in Canada and an official selection at the Cannes International Film Festival.

*Eve and the Fire Horse* was B.C.-based filmmaker alumnus Julia Kwan's feature debut about an immigrant Chinese family's experience with cultural identity. It was developed through the Film Centre, with Kwan's claim to Film Centre support securing investment in her feature.

And last, but certainly not least, Film Centre alumnus Vincenzo Natali, a young Canadian filmmaker of Italian heritage, gave the world the brilliant science fiction stylings of the feature film project production *CUBE*. In spite of its modest \$375,000 cash budget, it has captured the imaginations of moviegoers worldwide, with box office grosses in the tens of millions of dollars.

For the Film Centre to nurture talent that will compete internationally, we must have a strong national training policy and the funding to back it up. This means we can always offer affordable advanced training that is accessible to all Canadians. It means our filmmakers are aware of and able to navigate international opportunities and resources. It means our emerging talent can best reflect Canada's cultural diversity and artistic excellence on the world stage.

In conclusion, by the end of this decade, given increased and sustainable support from Canadian Heritage and Telefilm, the Film Centre will continue to earn Canada an international reputation for state-of-the-art advanced training and production activities and assert a role as a destination for creative excellence, cultural diversity, and innovation. A fourfold increase in the federal government's commitment to these important activities would be a modest but vital contribution to the current and future cultural vitality of our feature film industry.

The commitment we are seeking would still be far short of training contributions made in countries such as Australia and Denmark, who have built successful indigenous film industries and who export their films quite famously. For example, the Australian Film, Television and Radio School receives 88% of its annual support from its central government. The National Film School of Denmark receives 100% of its support from its central government. The full-time student population at both of these schools parallels the Film Centre's, yet the Film Centre receives only 9% of its annual budget through the national training program.

Clearly, the vital role training plays in building a more prosperous, accessible, innovative, exciting, and globally celebrated Canadian film culture is at a considerable disadvantage. It is time to remedy the situation. The instrument that will ensure a vibrant film future is the Canadian feature film policy's increased and sustained commitment to the Film Centre's advanced training initiatives.

Thank you.

**The Chair:** Thank you.

I'm going to continue with the rotation we started with at approximately two o'clock. That puts you next, Mr. Lemay.

[Translation]

**Mr. Marc Lemay:** I have been caught off guard: I did not realize it was my turn. Are you ready, Scott?

[English]

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.):** I'm always ready, but Mr. Crawley wants to say something.

**Mr. Sandy Crawley:** I finally did get a star filmmaker to join me here who can answer some of your questions. May I just introduce Mr. Peter Raymont, who is one of our most prolific and ingenious documentary filmmakers and the producer and director of *Shake Hands with the Devil: The Journey of Roméo Dallaire*.

• (1610)

**The Chair:** Thank you for joining us.

**Mr. Sandy Crawley:** Please, Mr. Simms, your question.

**Mr. Scott Simms:** Thank you, Madam Chair and distinguished guests.

When you finance your own project... I certainly have quite a bit of empathy in this situation, just as I'm sure my other political friends will agree, who know that in our profession we, too, have to finance the beginning of our careers, which many of us are still paying for.

In your situation, what are the levers in place right now that they have? I'm assuming these are the private sector levers that many of the filmmakers have at their disposal for feature-length documentaries. I'm really asking you to paint a picture of just how difficult it is.

**Mr. Sandy Crawley:** I'd like to ask Mr. Raymont, who has a lot of knowledge of this area, to run down a typical scenario for one of his projects.

**Mr. Peter Raymont (President, White Pine Pictures):** The film I just completed, *Shake Hands With the Devil*, which you may have heard of, is an interesting example. Very briefly, it was financed as a 45-minute television documentary for the CBC. As we were shooting and editing it, we realized we had something much more than that, and we cut a 91-minute feature-length film. It is now being distributed around the world in theatres, blown up to 35 millimetre, and it has won many awards at film festivals, etc. But it was financed as a 45-minute CBC documentary, independently produced by my little company, White Pine Pictures, for the CBC. It was financed in the traditional way by a licence fee from the CBC and from Radio Canada; by a large \$100,000 grant from the Rogers Documentary Fund—we're one of the two lucky documentary filmmakers who get one of these Rogers Documentary Fund grants every year; by another \$100,000 grant from the Canadian Television Fund; by tax credits; and by a small advance from a distributor. That was the financing.

The problem is so many of these films that end up doing quite well as feature films don't have the resources to be financed properly from the start. We are arguing for a Telefilm Canada fund, as Sandy, I think, has pointed out, for feature-length documentaries that you could trigger at various stages—either at the beginning, at the conception of the project; after you come back from shooting; or at the rough-cut stage, when you realize you have a feature-length film; or when the film is completed, and distributors in theatrical venues can look at it and say this is a feature film.

That would have helped this project enormously. We struggled on and we went way over budget and took huge risks to cut a feature-length film, which is now very slowly paying, and over the next year or so will pay itself back in revenues from these theatrical venues and broadcast sales. But it's been a very, very difficult process for my little company to shoulder that burden of the extra costs. For a \$500,000 film, which is what it was originally budgeted at, it's actually now cost more like \$580,000. The extra \$80,000 has been coming from not paying people properly, from borrowing money. It's been very, very difficult.

**Mr. Scott Simms:** On a percentage basis, how much time do you spend getting the funding in place to do this project, as opposed to actually doing the project itself?

**Mr. Peter Raymont:** This film was shot in 12 days in Rwanda with General Dallaire. We spent over a year getting the access, organizing the financing, etc., and then another three or four months editing the film and then another year getting the film out there. But the creative part of it, which is shooting and editing the film, took a few weeks, out of a much longer process.

I've been doing this for 35 years, so this isn't one example. This is a model of what we all go through as independent filmmakers. We spend 70% to 80% of our time raising money and 20% to 25% of our time making the film.

**Mr. Scott Simms:** What's the percentage of documentaries out there now that are under the umbrella of NFB? When a producer is with NFB, are they on a hired basis? Do they do the film and are paid basically a salary? How does this work?

**Mr. Sandy Crawley:** I will let Peter answer the details, because he has certainly had experience with the National Film Board and I don't know the actual percentage. We are actually participating in—it's a good thing you asked—the first attempt to take a really comprehensive look at this beyond the document that we distributed, and we are working with the National Film Board, the Canadian Television Fund, and Telefilm Canada to try to pull some of these figures together. It's very, very difficult. People and institutions are not nearly as transparent as they might be with letting figures out.

So I couldn't give you an actual percentage of the number of films that are made. But again, with the National Film Board there are a variety. Sometimes the NFB is the main partner and producer and sometimes they co-produce. Peter could give you a little more detail on that, certainly.

•(1615)

**Mr. Peter Raymont:** There are only three in-house NFB filmmakers now in English production. The National Film Board financing goes into co-productions with independents like myself and other members of this organization and into other films that they finance all on their own and hire the independent filmmaker to make the film, but there really is no.... I worked at the NFB from 1971 to 1978 in Montreal, and then it was a very different institution from what it is today. Then there was a core group of filmmakers who worked at the NFB, some on staff, some on contract, and we made a lot of fantastic films, but the National Film Board has been so cut back in its financing over the past 30 years that now it's just a shadow of its former self.

A lot of the good work, though, that it still does is by collaborating and co-producing with the independent filmmakers.

**Mr. Scott Simms:** How difficult has it been for someone starting out in the business of filmmaking and being independent? How difficult would it be for them to get the appropriate attention from NFB?

**Mr. Peter Raymont:** Well, NFB is one source of financing.

**Mr. Scott Simms:** Let's use all sources, then.

**Mr. Peter Raymont:** I beg your pardon?

**Mr. Scott Simms:** Let's use other sources as well. I mean, how—

**Mr. Peter Raymont:** When I started in 1971, out of university, I started as an assistant editor at the National Film Board. It was a great way into this whole production community of making documentary films—first at the film board, and then I started my own independent company.

It is very difficult for people to get into the business now. They get in through little companies like my own, as assistant editors, as sound recordists, going on location, and that sort of thing, and it is a kind of mentorship thing that happens.

It happens in a very ad hoc way, though, I might say, and so training, as the Canadian Film Centre people were saying earlier, is very important and something that seems to be undervalued.

**Mr. Sandy Crawley:** In the written brief I noted the fact that there is a mentorship program within the industry. Unfortunately, the gate is being kept on that by the Canadian Film and Television Production Association, and despite my repeated attempts to open the doors at an appropriate level within Human Resources and Skills Development Canada, independent documentary filmmakers still don't have access to that support, which is a shame, because it is another way in which people can be trained.

The Canadian Independent Film and Video Fund that I mentioned in this oral brief today also has a partial mandate to help get those first films made, as does the Canada Council. Those are extremely good programs for that purpose. The thing is, it remains very difficult because the resources are lacking.

**Mr. Scott Simms:** Okay. How much time do I have left, Madam Chair?

**The Chair:** I think you have used up your time, so I am going to go back to Monsieur Lemay, *qui est maintenant prêt*.

[Translation]

**Mr. Marc Lemay:** Documentary films are very popular nowadays. I come from Quebec, and I can tell you that if I had any money to invest, I would put it into this area. I am thinking of movies like *Shake Hands With the Devil*. This film, based on a book by General Dallaire, has been a tremendous success in Quebec.

We won an Oscar in 1975, and over the following 30 years there has been a kind of void. I'm talking about English Canada here, because in Quebec, since Perrault, there have always been many documentaries. I'm wondering why we are so far behind in this area today. That is my first question.

I will ask a second question of the representative of the Canadian Film Centre. Does your organization exist only in Ontario? What about the rest of Canada? I am not aware of a Quebec wing of this organization. Is there a reason for that or is this normal?

• (1620)

[English]

**Mr. Sandy Crawley:** In terms of a documentary being recognized, I think this was the first independently produced documentary film that won an Oscar. Many other awards have been won, in Canada and elsewhere in the world. But there have been others. Brigitte Berman's film on Artie Shaw won an Oscar a couple of years after that. The National Film Board—l'Office national du film—has brought several long-form documentary Oscars home to Canada, I think.

I'm glad you are noting the difference in Quebec. I believe you are going to have the chance to hear from l'Observatoire du documentaire, which is an umbrella group on which our organization sits as well. There is much fuller support, frankly, from the Province of Quebec for production, which is one of the reasons it is much more successful.

It is not as if the talent has disappeared, but the opportunities have shrunk. Peter has pointed to some of the reasons why—the cutbacks at the federal institutions, and also our central point in our brief today, that Telefilm Canada's decision five years ago not to invest in the feature-length documentary was a tragic mistake, and we hope it will be redressed.

Peter, do you want to add something more to what has happened in the last 30 years?

**Mr. Peter Raymont:** While the Oscar that Sandy drags around with him to these events is old, Canadian documentary films are very highly regarded throughout the world. To push myself a bit, this film plus the film of the previous year, *The Corporation*, both won the audience award at the Sundance Film Festival, which is a huge award in the world of documentary filmmaking.

Canadian documentary feature films, in particular, are very highly regarded throughout the world. They win at the festivals. The problem is the filmmakers who are making them—and I know the people who made *The Corporation*, just as I know most of the people in this game—are not.... We are hanging on by our fingernails. We're not profitable little companies that can sustain ourselves. It's very difficult.

I think Sandy has pointed out some of the problems. Interim financing is a ridiculous chunk of our budgets. We have to go borrow money against the money that we eventually will receive from Telefilm or the CTF or the broadcasters, and on a half-million-dollar budget we are paying \$50,000 to banks—it's ridiculous—to the Royal Bank or the National Bank or these banks that will interim finance your tax credits.

More and more we are being told we have to put all our tax credits into the production financing of the film. Both the provincial and federal tax credits were created and designed to help these little independent companies between films to keep them alive, to keep their infrastructure alive, to keep their office and their phone bills

paid, not to be going into the production of the film itself. So this is a huge problem and it's something that could be changed.

But the main thing that could be done is to create a documentary feature fund at Telefilm Canada to help these types of films that have the potential to be feature-length documentaries, to give them that extra funding they need to make it.

**Ms. Kathryn Emslie:** Although the Film Centre is actually based in Ontario, we are truly national. At the moment, for instance, I believe that between 20% and 25% of our alumni have come from Quebec and reside in Quebec.

**Mr. Sandy Crawley:** Also, I happen to know, having been on the board of this esteemed institution, that also of course INIS in Montreal is subsidized by the same national training fund, which I think is seen as a kind of Quebec counterpart to the CFC.

**The Chair:** I'm sorry, what was the name of the...?

[Translation]

**Mr. Sandy Crawley:** L'Institut national de l'image et du son.

**Mr. Marc Lemay:** That's all, thank you.

[English]

**The Chair:** Mr. Brown.

**Mr. Gord Brown (Leeds—Grenville, CPC):** You shocked me there. Thank you, Madam Chair. I have questions for both organizations, but I will start with Mr. Crawley.

Please give us a short background on e-cinema. I didn't quite understand what that meant.

• (1625)

**Mr. Sandy Crawley:** E-cinema is a form of simultaneously closed-circuit broadcasting to a movie theatre with a good-quality image going up on a movie screen without the need to spend \$50,000 to put it onto 35-millimetre film.

The movement towards this started in Holland, actually, and they created something they called the DocuZone, which is specifically for Dutch documentary films. The central government, the federal government, instead of subsidizing production—although they do subsidize production and training in quite a fulsome way—subsidize the actual exhibitors by paying the cost of putting in the technology to allow I think it was eight or ten movie theatres in Holland, in Amsterdam, Eindhoven, and Rotterdam, in the major centres.

In exchange for subsidizing them with this technology, they said that now every Thursday night—I think it was Tuesday or Thursday night—you're going to show Dutch documentaries instead of Hollywood fare. This thing caught on like wildfire, and all the young Dutch wanted to see their own culture reflected on the screen. They didn't necessarily want to see movies in every genre that Hollywood makes; they wanted to see their own culture, and they flocked to this thing.

Some other Europeans became interested in this, and it's expanded now to where I think they have 12 countries and they have a jury system where they're choosing a number of indigenous films from those 12 countries to be broadcast to major exhibitor movie theatres in those countries. We're collecting information on this now. It would certainly be a very useful thing to subsidize this sort of program in Canada. I think it could work very well. I think that people have mentioned the film circuit and Cam Haynes' work and just how hungry people are actually in small and medium-sized centres across Canada who only have a chance to see two or three blockbusters or they can go to a small theatre and see a Canadian feature film, and they're flocking to them.

So I think notwithstanding what your previous intervener said about how the exhibitors will be very happy to make the money and they don't care where the film comes from... I think that Mr. McKellar this morning pointed out to you his experience where he was actually doing better box office than a mediocre Brad Pitt movie, but because of the relationship between the exhibitors and the distributors he was pushed off the screen.

The same thing happened with Nettie Wild's *FIX: Story of an Addicted City*. She was doing much better box office in downtown Vancouver, because the film was about Vancouver and it was an important piece of work, and she got bumped by some Hollywood movie because the exhibitors have to keep that relationship; that's their bread and butter the way things stand now.

**Mr. Peter Raymond:** I'm sorry to interrupt. We had a very similar experience with our film and *Hotel Rwanda*. *Hotel Rwanda* is a big hit, a big Hollywood movie, which was nominated for and won an Oscar. And *Shake Hands with the Devil* was playing in a Cineplex in Calgary, in the same Cineplex as *Hotel Rwanda*, and getting equal-sized audiences for a Canadian documentary.

People would watch *Hotel Rwanda* and sometimes, even the same day, they'd watch our film, or come back another day, or vice versa. But it only lasted a week because they had these bookings with the big American chains.

To clarify what Sandy was saying, almost all documentaries now are shot on videotape. We call them documentary films, but they're really shot on videotape. The problem is getting them distributed in theatres when they're on tape. It costs about \$50,000 to blow it up to 35-millimetre film. This has now been done with my film, thanks, I should say, to another special little bit of money that Telefilm has for blow-ups for a few films—to get that money. But most documentaries only exist on videotape, really good documentaries, so most Canadians can't see them in theatres because very few theatres have the capability of video projection. You only get it in some big theatres in Toronto, Montreal, and Vancouver. So most Canadians outside of these big cities can't see these films. That's what this e-cinema distribution would do: it would get these video projectors into these theatres and allow Canadians across the country to see our films.

**Mr. Gord Brown:** What might help look like coming from the government to help facilitate this e-cinema?

**Mr. Sandy Crawley:** I think that because you would be dealing with provincial jurisdiction, as Ms. Oda had pointed out earlier, it would have to be a coordinated effort and there would be some kind

of investment. You'd have to select some urban centres and some theatres and so on. Obviously you couldn't equip every theatre screen in Canada with this technology, but you could make a strategic investment, I think.

The other thing that would be wonderful because of the simultaneous nature of it would be that you'd get a lot more of the kind of marketing bump that you might be looking for. In the case of *Shake Hands with the Devil*, as an example, if such a system existed I'm sure Peter's film would be in that, and it would have opened at the same time right across Canada, and I can see he'd be on the phone to every newspaper. You'd get the press, and you'd get the bump, and you'd get the profile so that people would have a chance to go and see their own values and experiences.

• (1630)

**Mr. Gord Brown:** That's great, because the thing we have been hearing about from a lot of the witnesses in Ottawa, and so far out in Winnipeg, is distribution. This is something I am keenly interested in, because it might help facilitate that.

I may only have a minute or two left, so I want to move over to the other gang.

We heard from the NSI in Winnipeg about training schools and the cutbacks in the benefit package. One of the suggestions was national criteria. Is that something the film centre might support, and what has the impact been of this drop in support?

**Ms. Kathryn Emslie:** National criteria?

**Mr. Gord Brown:** Yes.

**Ms. Kathryn Emslie:** For what?

**Mr. Gord Brown:** For training. That is one of the suggestions we heard.

**Ms. Kathryn Emslie:** Absolutely. We totally believe in trying to establish a standard for training. It is essential that it be nation-wide, absolutely.

We are partners with the National Screen Institute, as we are with INIS and as we are with the CFTC—the screen training centre in Ottawa—and we have banded together to make a case for training in this country and to establish training standards.

**Ms. Justine Whyte:** I think it is really important that we establish standards as well, because there seems to be a multitude of training, and the training the national training schools provide is long-term training. It is not weekends. It is not one week. We are talking about four-month, nine-month, one-year, or two-year training terms. It is quite a different approach.

**Mr. Gord Brown:** Thank you, Madam Chair.

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

Ms. Bulte, and then Mr. Angus.

**Hon. Sarmite Bulte:** First of all, I want to congratulate you on your film. I had the opportunity to see it, thanks to Mr. Crawley.

I would urge other filmmakers to get their films out to their local members of Parliament. I have one filmmaker, Mary Young Leckie, who always makes sure she gives me copies of her films, to the point that I brought home *Shattered City: The Halifax Explosion*. My son was actually learning about that in history and asked if he could take it to school to show it. I think it is important that you try to use us as much as you can to get the word out there, because I think it's wonderful.

Congratulations, and thank you for making the film.

**Mr. Peter Raymont:** You can get it at Blockbuster or Rogers across the country, or on amazon.ca, or at Indigo/Chapters.

**Hon. Sarmite Bulte:** Great, thank you. Very good.

Let me just go back, Sandy, to what you were talking about with respect to Famous Players being up for sale. I don't think it is Investment Canada; I think it is the heritage department. That is one of the things we tried to change, so that the cultural institutes stayed within Heritage Canada as opposed to Investment Canada, but we need to check that.

One of the things that concerns me is putting conditions like that on. Those conditions are usually very short-lived, and after let's say five years, that is the end of it. We saw it with Viacom. Five years: it comes in, and it is out, and that is it. While I see it as one way, perhaps, for a temporary solution, I don't think it is a long-term solution, because they are very short-lived.

One of the things that happened the other day was when Wayne Clarkson appeared before us. This whole concept of setting aside some money for documentary films—things we talked about and have been talking about for a while.... Wayne said at that time that while he would like to do it, there is just not enough money there, in the Telefilm pocket, to be able to do it.

When you talk about this \$10 million, are you talking about \$10 million to be put with an additional \$10 million for Telefilm, or another type of vehicle such as the CTF?

•(1635)

**Mr. Sandy Crawley:** I'm going to thank you for the question, because I just put that \$10 million in there to provoke the question, really.

It's a notion. I think it would be well spent, and I think it could be put through Telefilm. That would be Peter's vision, and I think he is very knowledgeable in these things.

There are a number of ways that money might reach the independent filmmaker. The main point is that it needs to get to the independent filmmaker with a minimum of bureaucratic barriers in the way and administrative demands made upon them to meet a million different programs and so on.

The \$10 million, really, was a guess, because we don't have enough information. We don't do enough research on the performance of things out there in the marketplace. We don't even measure the television market. We are getting better at it. The Canadian Television Fund has moved well in that direction, and hopefully in the next few years we will see better what the viewing patterns are and all that stuff.

But the reason I, on behalf of 600-odd filmmakers in the country, call for an exclusive investment in the documentary is because it has basically been ignored and overlooked. If the whole thing were working seamlessly and the documentary was recognized among all the other genres Mr. East recommended today, then I think you'd find that probably Canadians would respond very well and, all things being equal, documentary would get its share of investment.

At the moment, though, it doesn't, and it just seems really strange when you consider that the form actually is something that has been.... The first film to be called a documentary was shot in this country by Robert Flaherty in 1921.

There is a long tradition of highly developed talent in this area. Again I have to contradict CAFDE when they say we should be making slasher movies and comedies and teen comedies and making movies in every genre that exists, basically. Well, yes, it would be great if people come forward with terrific ideas, but to compete head to head with Hollywood on the genres they have perfected would seem to be a kind of unfocused approach, and I don't see why you wouldn't want to celebrate this particular genre, which we actually have a world reputation for. Why not go out on that limb, if you want to go out on a limb?

**Mr. Peter Raymont:** I see it as an investment by Telefilm Canada. We are not looking for a grant here. If this fund had been available for this film, just to keep this example going, the \$80,000 that essentially has come out of our pocket and out of not paying people properly, etc., would have been an investment by Telefilm, which I'm sure they would get back. We've already got it back in the distribution deals we've made in the United States, Italy, France, and the U.K., from distributors who are picking up the feature film and putting it in theatres in all those countries—as well as the international broadcast deals. We have sold it to the BBC, PBS, several broadcasters in Europe and around the world, and we just made a sale to NHK this week.

So it's an investment. Telefilm would get a lot of this investment money back.

**Hon. Sarmite Bulte:** That was going to be my next question: why \$10 million. I actually noticed, because of the short time we had to ask questions, that Mr. East specifically didn't say documentaries, and that was one of the questions I was going to ask him.

**Mr. Sandy Crawley:** They did actually mention *The Corporation* as something that grossed.... Well, it grossed over \$1.5 million last year. They seem to have the impression that it was the distributor who made that happen, but if you listen to the producers of the film, I think you will find a different story. They got some help eventually, but they made that happen—the filmmakers did.

Peter operates the same way. He makes it happen. People finally are shamed into supporting him, but that's not a very efficient system.

**Hon. Sarmite Bulte:** No, and I think it's important that we hear all sides of the story as well.

Going back to the Film Centre, when we were in Winnipeg one of the suggestions that was made was that the funding for the four national training schools be consolidated. I would assume you would favour that kind of recommendation: that the moneys be concentrated on those four schools in a very specific approach, and that a request for proposals would go out to you.

• (1640)

**Ms. Kathryn Emslie:** Right now all four access their funding from Heritage Canada through the national training program, which is administered by Telefilm.

**Hon. Sarmite Bulte:** My understanding was that there are other moneys that go to other training—

**Ms. Kathryn Emslie:** Absolutely, yes.

**Hon. Sarmite Bulte:** As opposed to the four training schools.

**Ms. Justine Whyte:** That's correct.

**Hon. Sarmite Bulte:** What she was looking for—

**Ms. Kathryn Emslie:** The creation of one big, large sort of training fund that every training dollar would go into and then you would access that.

**Hon. Sarmite Bulte:** Yes.

**Ms. Kathryn Emslie:** It would make life a lot easier. We spend a great deal of time hunting down funds for training through different ministries from the private sector through our earned revenue activities. So it is labour-intensive—much like the filmmakers have to go out and seek funding, it's a labour-intensive process. I think if we had one large fund that all the training schools and training entities had to go to, it would make life a lot easier.

**Hon. Sarmite Bulte:** The other thing she pointed out was that they needed to appoint annually for these funds.

**Ms. Justine Whyte:** That's correct. Both the feature film project and the Canadian Film Centre apply annually for their funding. So there is no security that way. You don't know if the next year it's going to be there or not.

There is a whole process, and funding shifts. For the feature film project, we come out of a separate fund; we don't come out of the national training program. That's actually one of the reasons why we are looking to have that fund increased so that we can include—

**Hon. Sarmite Bulte:** You don't come out of the national training program?

**Ms. Justine Whyte:** No, the feature film project does not come out of the national training program. We would like to have the national training program fund increased so that the feature film project can be recognized as the training program that it is, instead of coming out of the regional selective fund.

**Hon. Sarmite Bulte:** Why are you not recognized?

**Ms. Justine Whyte:** That was just the way it was originally structured 13 years ago, which was a very different time, and it's just where we have come out of.

But it's our desire to have the program recognized as the training program it is, in addition to being allowed to doing a number of things. The feature film project would also be allowed to shoot out of Ontario if we went through the national training program. We could look at including new media training as well in the national training

program, which currently isn't in there. We would increase our marketing and distribution training. There are a number of things we would like to accomplish and have it all come out of that one area instead of various different pockets and applications at different times.

**Hon. Sarmite Bulte:** And who is responsible for deciding on whether or not that qualifies as a national training program? Is it Canadian Heritage, is it HRDC? Who is responsible?

**Ms. Kathryn Emslie:** I think it was a precedent that was set 13 years ago. We are currently talking with Telefilm about actually recognizing the feature film project as a training program first and foremost and not as a production company.

**Ms. Justine Whyte:** As it stands right now, there isn't enough room in the NTP for the feature film project.

**Hon. Sarmite Bulte:** But the first step is the designation, is that correct?

**Ms. Justine Whyte:** Yes, and I don't think there is an issue around that at all. Everyone knows that we are all about training. That is what we do. That's what we are all about.

**Hon. Sarmite Bulte:** Then why haven't you been recognized?

**Ms. Justine Whyte:** That's something we are hoping to change today. That's part of why we are here today.

**Hon. Sarmite Bulte:** Going back to Ms. Oda, I need the detail as to where specifically we are to make our recommendation. To whom do we direct it?

**Ms. Justine Whyte:** We have actually made this specific recommendation in our written submission, that the feature film project and other things that we undertake at the Canadian Film Centre be included in the national training program.

**The Chair:** I think I have to pass on to Mr. Angus.

I wonder, though, if it's possible for you with the other training schools to give us a summary of what funding is going into training and what the sources are. I imagine there is some competition between you going after the same sources, so I hope that doesn't create a barrier. If you each have to do it individually, that will be fine. But if what you are recommending is a pool of money for a national training program, perhaps different institutions for different reasons, it would be helpful to us to know what money is being spent now with probably very little coordination or meshing, so we might know where we can draw or recommend that the pool of money be drawn from. That would be very helpful. Thank you.

Mr. Angus, you are next.

• (1645)

**Mr. Charlie Angus:** Thank you, Madam Chair.

I'll ask a two-part question. First, it's my impression that what you're saying about our success in documentary film is very obvious. We're very successful; we make great documentary films. But part of what's coming out of here that we're seeing is the difficulty of getting film in Canada because of the high cost—the production, capital, overhead.

The first part of my question is, is documentary film in Canada perhaps in a better position because it can make easier use of the new digital technologies? Is digital an opportunity that exists more easily in documentary than analog, allowing, I think, for lower capital costs? The second part of that first part is about also then being able to market in these new areas where a lot of people are picking up DVD rentals of documentaries. It's a whole new, growing market. That's the first part of my question.

The second question I have is this. I was at this forum on copyright the other night in Toronto, and there were a number of filmmakers at it. They raised a lot of surprising issues for me: inability to access stock footage, inability to get political footage in Canada, inability to use anything that really should be public domain. John Grayson gave an example of his 10-year battle with the Kurt Weill estate over using a song that he tried to pay for—it locked that film up for 10 years—or being unable to film Niagara Falls because Disney owned the copyright.

There were a number of examples like that. In fact, one of the greatest examples was by an American who raised the point that *Bowling for Columbine* would not have been possible in Canada, because they would never have gotten the copyright permissions for any of that footage. Is that a problem for documentary photographers?

**Mr. Peter Raymont:** It's a huge problem, if I can jump in. What we're seeing is the private ownership of our public memory, of our Canadian history. More and more of the history of Canada is owned by private sources, and they're charging as much as they can possibly get, partly because documentaries are now deemed to be successful and marketable and profitable. The price for licensing archival material has gone way up—way up—and so it's become increasingly difficult to make these historic films unless you're inside a large institution like the CBC.

**Mr. Charlie Angus:** The question's been raised because this is coming forward in very black and white circumstances. Some people would say you're attempting to get something for nothing, that you're stealing somebody else's intellectual property. How do you respond to that, trying to be a creative filmmaker doing something new?

**Mr. Peter Raymont:** I think the rates have to be different if you're using a piece of film to advertise Coca-Cola, which you're sipping today, or making a film about the history of our country, or the history of immigrants to Canada, or whatever it is. There have to be scales of licensing fees for that, and right now that isn't the way it is.

**Mr. Charlie Angus:** Is it a major cost, in terms of getting legal releases for everything from shooting locations, buildings...? You want to shoot a building? Well, you have to get the permission to use that image. It's not your image; it belongs to somebody else. How much does that add on to the difficulty of making a documentary in Canada?

**Mr. Sandy Crawley:** Peter, go ahead.

**Mr. Peter Raymont:** Well, the price of those sorts of things has gone up. Insurance has gone up enormously. You probably know that in your own life, insuring whatever you own. But to make films the price of insurance is astronomical, all of this tacked on by insurance companies post-9/11.

As a filmmaker who's been doing this for 35 years, I'm so frustrated to see a larger and larger percentage of our budgets—and documentaries are very efficiently budgeted, I would argue, as compared with dramas—going to interim financing, as I said earlier, and to insurance. These are two parts of the budget where you just kiss that money away; it's not showing up on the screen. It's very frustrating.

Rogers set up a fund quite a few years ago, called the interim financing fund, for documentaries. It's a revolving fund of \$24 million, and it's terrific. They loan it out at 2% below the Toronto-Dominion Bank prime rate. It's a private fund; it's Rogers that does this. There's only a limited amount of money in it. Twenty-four million sounds like a lot of dollars, but it gets spread out across the country.

This is something the federal government could do, through Telefilm, perhaps even through the Business Development Bank of Canada: "interim finance" our films for us. I mean, help us interim finance our tax credits. We don't get the tax credits often until a year after the corporate year-end of the production company that's been created to create that film. We're essentially interim financing these films ourselves: people aren't getting paid. That's something the federal government could do. It's an enormous institution with a billion dollars of assets; it would be very easy through the Business Development Bank, if you like—or through Telefilm—to set up an interim financing fund. It shouldn't be left solely in the hands of people like Rogers, a private corporation, to be setting up these interim financing possibilities.

● (1650)

**Mr. Charlie Angus:** Is *The Passionate Eye* still purchasing? It seemed to me a really successful forum for—

**Mr. Sandy Crawley:** It is on the Newsworld network; it is not on the main network. They actually make a distinction.

I will just address your first question, Mr. Angus, about technology. There is no question that new, lighter forms of technology have had a huge and positive impact on documentary, but I don't think it is particularly singled out. Obviously, if you are going to make a film with the production values of a Hollywood blockbuster....

Even they are starting to move towards some digital technologies. It doesn't particularly favour the documentary or work against it. It is something that certainly has been helpful, though, because of its mobility, etc.

**Mr. Charlie Angus:** Does it lower the cost from the old analog process substantially?

**Mr. Sandy Crawley:** I don't know. It's a funny thing. There is a sort of triumph-of-technology idea, and one of the things that has happened—and this directly impacts on the whole professional development and training issue—is that with these new technologies and computer-based editing and all this stuff, a lot of young people who are really anxious to get out there and make documentary films and make the world a better place and all that assume that once they have the technology down, that's it; they don't need anybody's help.

Also, the budgets shrink. We are actually losing traditional skill sets—of editors and writers, in particular—because people for one thing don't have enough money in their budget to hire a writer or an editor anymore. These new technologies make them think: “It's okay; I can do it. Look! I can push these buttons.” There is a lot more to it than the technology.

**Mr. Peter Raymont:** The digital revolution—with the tiny cameras that are of broadcast quality, that anyone can pick up and use—has democratized the medium, I think. You can now transfer that high-quality, digital image to film, and because the video projectors are now of such high quality, a lot more films could be seen by a lot more people. But we need these projectors, or we need this e-cinema concept, working across the country, not just in the big cities.

**Mr. Charlie Angus:** Okay.

**The Vice-Chair (Mr. Gary Schellenberger):** Thank you. Charlie, I have been gracious to you—

**Mr. Charlie Angus:** You have been very gracious, Mr. Chair.

**The Vice-Chair (Mr. Gary Schellenberger):** Ms. Oda.

**Ms. Bev Oda:** Thank you very much.

Thank you for coming. It is like seeing old friends here.

I wanted to say, Mr. Raymont, that I was privileged to be on the Rogers board when we approved the funding support for your documentary there, and I am very familiar with the interim financing program as well. However, I understand what you are saying about there perhaps being a Telefilm pool of money to do the same thing.

One of the other proposals put forward was an advance of up to 75% on the tax credits by the federal government. Is that a similar kind of...?

**Mr. Peter Raymont:** Yes, that is the same. Rogers, in fact, when they started that fund, used interim finance tax credits as well. They don't do that any more, so to interim finance my tax credits I go to the Royal Bank or the National Bank or the Hongkong and Shanghai Bank of Canada—the only three banks that do that. They discount your tax credits to about 75% and they charge you prime plus two.

It is highway robbery, in my book. Why should the financing coming into this film from the public sector and the private sector be going to the bank? It is ridiculous. Telefilm could interim finance the tax credits, and the Canadian government, through the Business Development Bank in some way, could interim finance these tax credits. It is silly to be funnelling all this money into banks.

**Ms. Bev Oda:** Thank you.

The other thing I wanted to ask you is this. You said you shot on video. Is it digital video you are shooting?

**Mr. Peter Raymont:** Yes. We shot this film, *Shake Hands with the Devil*, on a very new type of camera that Sony just came out with last year, with what looks like a DVD or a CD disc that you put into the camera. It is a digital image.

Other people shoot on digital Betacam or Beta FP, which is the old tape style.

• (1655)

**Ms. Bev Oda:** The other issue here is, recently there has been a lot of discussion on the evolution of our television screens to HDTV. Just from the documentary genre, is there any movement to or any attractiveness in HDTV? When we look at some of the services that have a higher proportion of their programming in the documentary area, they seem to be moving faster to HDTV than conventional broadcasters.

Do you have any comment on that?

**Mr. Peter Raymont:** I agree. I think documentaries are very well suited to this HD presentation. Our film was transferred to HD tape for showing at the Sundance Film Festival, and now there are broadcasters in the U.S. and in Europe who want to broadcast it on HD. If you shoot on high-quality digital, you can transfer up to HD, and HD cameras and HD tape are now becoming cheaper and cheaper. It won't be too long before these high-end documentaries and feature films will be shooting on HD.

**Ms. Bev Oda:** You said there was a pool of money at Telefilm to take it from video up to 35-millimetre film. Is the same money accessible to go up to HDTV?

**Mr. Peter Raymont:** It hasn't been accessed for that yet, so you would have to ask Telefilm. I suspect that would be a possibility, but right now, because there aren't these HD facilities in theatres and the video projectors aren't there, if you want to get a film like this out across the country and around the world you have to transfer it to 35-millimetre film. That's still going to be the case until these theatres get this e-cinema concept going.

**Ms. Bev Oda:** I understand also that there is some move towards that because it is a more cost-efficient way for theatres to distribute their films than sending out cans of 35-millimetre to every theatre.

**Mr. Sandy Crawley:** Absolutely. I think it's inevitable that it's going to come right across the spectrum from Hollywood, but I don't think we should necessarily wait until they decide what standard.... They are having discussions there between exhibitors and studios now. We don't need to wait for that.

**Ms. Bev Oda:** You are going to find that we are always anxious with your answers, because we have a limited time. I have one question for the Film Centre, but I want to ask one question of you.

We have heard about the impact the 1999 CRTC decision has had on drama. But that same decision widened the basket of priority programs to include documentaries, and I would like to know the impact of that decision on the documentary genre.

**Mr. Sandy Crawley:** Well, as you know, it's a fairly complex answer. Obviously it was good in many ways, because it opened up certain slots in the programming for documentaries, and hopefully those would be high-end documentaries that broadcasters would make a significant investment in.

However, at the same time, since there were so many more channels, and they were—and are—extremely hungry for Canadian content to fill their quotas, and the documentary is a less expensive form of programming than many others, what actually happened, if you look at the statistics in the document we distributed to you, was that even though there was a roughly 30% increase in volume over a short period of time, in the same time period there was a 30% decrease in individual budgets for projects. Volume increased, which from an industrial point of view is good, but quality tended to suffer because the money just wasn't there to come up with the quality that's required.

So it's a double-edged sword. Although we certainly wouldn't want to see the priority designation for documentary taken back, we have some sympathy for our friends on the drama side who feel that the nature of the change of the regs in 1999 has actually hurt the industry as a whole.

**Ms. Bev Oda:** Thank you.

For the Film Centre one observation is, if as a group or an organization you were to gather some information for us, could you also, I guess collectively, indicate for the four training schools how much of your budgets historically have been forwarded to you through a benefits package at the CRTC? And over, I guess the next five years, when some of those end, what will be the impact on the four schools collectively? There will be a shortfall once these programs.... We heard the NSI went, in one benefits package, from \$300,000 down to \$30,000. When you lose those kinds of operating funds, or those things....

Could you supply that information to us as well?

• (1700)

**Ms. Kathryn Emslie:** Absolutely, Bev. I can assure you right now that we are looking at the same sort of situation with our CRTC support—dollars dropping off over the next couple of years—and it is a serious concern of ours.

**Ms. Bev Oda:** You have been very successful in attracting other moneys from other sources, and I know the centre has been very successful in doing that. You have had to go out into fields that are associated with what you do, with screenings, with some cinemathèques, those kinds of things. How do those associated activities that are outside of the pure training help you?

**Ms. Kathryn Emslie:** First of all, 55% of the Film Centre's annual operating budget comes from the private sector, 20% comes from all levels of government, and 25% is earned revenues. And what you are speaking to are the earned revenue activities that we have created.

They are very good for us, and they are very cost-effective. They do a number of things for us: they are not just earned revenue streams, but they are also a tremendous outreach mechanism. They also give us a wonderful opportunity to interface with the public and frankly to showcase the talent that's being produced through the Film Centre and the work that's being produced through the Film Centre. So they have multiple purposes.

Regarding earned revenue, I think there is pressure on us to look at those earned revenue sources in the coming years with the CRTC dollars dropping off. That pressure is very real, and it's there. We don't want to have to increase our tuition fees too much. We want to remain accessible and an affordable option to our Canadian talent. So earned revenue is good on many fronts, and is bad on many fronts.

**The Vice-Chair (Mr. Gary Schellenberger):** Okay. Thank you very much.

Mr. Simms, do you have anything at this particular time?

I'm just waiting for Jacques to come back.

**Mr. Scott Simms:** We will keep it short, like me.

I want to go back to the \$10 million fund again, because I do have a couple of questions about that. Did you mention that in this there were several stages of funding available, meaning from the script, and then halfway through to the development stage, and...? In other words, if you get turned down in the first round, then halfway through you can go back and apply again, depending on the amount of work you have done so far? Is that correct?

**Mr. Peter Raymont:** Well, our suggestion is that the fund be created for feature-length documentary films, to provide an additional amount of money to the production budget for your film. And you would be able to access that new fund at several stages, perhaps when you are starting your financing, your concept for the film, perhaps when you come back from your shoot and you realize you've got a feature film on your hands.

In a documentary it's very hard to know what you are going to get. The nature of the beast is it's on the fly, and it's cinéma-vérité. Sometimes you get fantastic material, and sometimes it's not as good as you had hoped. But certainly when you have done a rough cut of the film you can see what you have, you can show it to exhibitors, you can show it to distributors, and they can say "You have a feature film that's going to work". That's another opportunity, I suggest, for you to be able to apply to this new fund we are proposing and get this additional funding.

And I think you should have a fourth try at it, at the end of the day when the film is totally finished, mixed, with the sound and the music. Then exhibitors can take a look at it and say, "This is a feature film. You need the extra money to complete it in this state." So I am suggesting that the fund should be available at that stage as well.

**Mr. Scott Simms:** This is a question to all here on one of the issues we have talked about this morning, and that is regarding the decision-making level, whether it be CRTC or NFB or the others. Many of the representatives come from the former executive world, as it were. Do you think there is not enough representation from the creative side on the decision-making board?

● (1705)

**Mr. Sandy Crawley:** Absolutely. That's been a situation that has existed for a long time. We can specifically call for representation for our genre. If you look at the number of hours, for instance, that are produced by independent documentary filmmakers under the CTF, it's something like 60% of the hours, yet we are still not represented on that board.

Generally speaking, in terms of the CRTC, it would certainly be extremely helpful to have someone who has experience on the production side or on the creative side sitting at that commission, because traditionally speaking it has been people who actually come out of the broadcast sector itself or the telephone sector itself, and there is no reason why the creative community shouldn't be represented. As a matter of fact, I think it's important that it should be.

**The Chair:** Scott and I are just deciding who's....

**Mr. Scott Simms:** I would like to defer my time to my honoured colleague and seemingly former chair.

**The Chair:** Well, to my honourable vice-chair, who does a great job—

**The Vice-Chair (Mr. Gary Schellenberger):** Would you keep it short, please?

**The Chair:** I have two questions. First, can you tell us on which boards in particular you feel the lack of creative representation is crucial? And second, in terms of the training, have you looked at—and you can respond to the committee through our clerk—the funding of other national training institutes, the National School of Ballet and the National Theatre School, for example, to see how they're funded? Are you ready, or able to respond later, to do a comparison?

**Ms. Kathryn Emslie:** We would be happy to address how we compare as part of the submission we're going to make later on.

**Mr. Sandy Crawley:** In terms of representation from the creative community, for the independent documentary community specifically, we need to get on to the board of the CTF post-haste. But speaking for the larger production community, I think the CRTC would be the other place where it would be extremely important to have someone, you know, who's experienced on the production side.

**The Chair:** Is that okay?

**The Vice-Chair (Mr. Gary Schellenberger):** Yes, that's good. Thank you very much.

And thank you, both organizations, for your straightforwardness this afternoon. I appreciate it very much.

Now I'm going to relinquish the chair back to the chair. Thank you.

**The Chair:** I request a five-minute break, while we change the cast here.

● (1708)

\_\_\_\_\_ (Pause) \_\_\_\_\_

● (1717)

**The Chair:** You're attending a committee that has been up and hard at work since nine o'clock this morning, so we will all try to stay alert.

Thank you very much for responding to our invitation. I guess it was somewhat last minute.

**Mr. Jack Blum (Industry Co-Chair, Domestic Development Working Group, Toronto Film Board):** And we do appreciate it. And I can start very positively by saying I'm sure I will not take up the 45 minutes allotted, so don't worry.

Yes, I am here representing the Toronto Film Board. I am the co-chair of the domestic development working group. The Toronto Film Board is newly struck, and this is our debut appearance. If any of you have the copy of the submission that I brought in hurriedly this afternoon, I would advise you to keep hold of it; it's bound to become a collector's item, because you'll never see that stationery again. It's very much mocked up.

Anyway, we do appreciate the opportunity and the invitation, especially on this short notice.

**The Chair:** I'd like to remind the committee members that there are limited copies of your comments. They haven't been translated. It's our policy not to distribute anything that can't be distributed in both official languages. We will have the evidence on the record, and we will have your comments translated.

**Mr. Jack Blum:** Thank you very much.

The Toronto Film Board is an advisory body struck by Mayor David Miller and city council. Its purpose is to ensure the health and viability of the film and television industry in Toronto. One of its purposes is to create policy positions and strategies, not just for the City of Toronto but I think for the entire country, because as you will see, the two are very much interrelated.

Toronto is the centre of English-language production. If you look at the membership of some of your other deputants—ACTRA, DGC, WGC, the producers' association—almost half of them are based in Toronto. That's an incredible centre of gravity, and that isn't even talking about all the crafts people—the broadcasters, the distributors, the financiers, the agents, the casting agents, etc. It's an axiom that production is generated out of centres like this, where there's a synergy between all these different forces and all the business people come together with the creative people.

Canada is a small country in every respect but geography, and we can't afford to have more than one such centre. Even countries much larger in terms of population—such as the U.K., France, Germany, and Australia—have only one major production centre, and there's a reason for that; it attracts investment, it attracts ideas, creative people gather, and projects come out of it. Not only does the health of the industry as a whole affect the health of the city, but the health of the production community in Toronto affects the health of the industry across the country.

This has become dramatized very seriously in recent years when the Toronto production community was hit by a kind of perfect storm of circumstances—SARS, political fallout from 9/11, a rising dollar, increased global competition, a provincial government that was perhaps less than attentive—and suddenly production in Toronto was dropping to a critical point, and the rest of the industry across the country felt that.

So it's time that...we believe Toronto should have a voice in the creation of these policies, and that it's important.... I'll just say some of that production drop had to do with what we call export production, or foreign-based production. You might not think it's related, but it is, in the sense that for a long time the massive amount of production coming to Toronto was subsidizing the infrastructure created here. Very specifically, that means the crews who could not necessarily survive working on low-budget Canadian feature films could survive by working on American series or MOWs, movies of the week, and then afford to take a pay cut to do the Canadian picture.

We can't afford to have our industry subsidized by foreign production. The indigenous industry here in Toronto has to be strong enough to keep our creative community together, our business community together, and our production companies together; then we can continue to generate ideas. Just as Toronto, with 15% of the population, is the economic engine for the country in so many ways, it's a massive engine of creativity in the film industry, and we have to try to keep it healthy.

I will talk occasionally about infrastructure, or risking infrastructure. When we talk about infrastructure, it's important to remember we're talking about people—the people who actually make this stuff happen, from the writers and directors to the crew to the post-production people.

The crisis we've been through has actually made it possible for the industry to pull together, to come together with one voice and try to address these issues where it really counts, which is here in this production centre. That's the reason the Toronto Film Board has been struck, and that's the reason I'm here today, and I do appreciate it.

For example, I heard you talking about the CRTC policy of 1999; it will come up again. That cutback in drama—because the broadcasters, you know, immediately backed away from the more expensive product—really hurt Toronto, as drama series production fell; that's the kind of thing we want to be at the table for, to try to prevent in the future, because we have to try to protect this centre of gravity.

This isn't to say we want to take production away from anybody else. It's not a matter of that. Stories generated here in Toronto are stories about the whole country; more Canadian screenwriters live here than anywhere else.

- (1720)

It is the creative engine, and we are convinced we can persuade you and our partners from coast to coast that a healthy production environment in Toronto means a healthier industry across the country.

The film board is new; it is just getting started. What we hope to do over the coming months is evolve a very wide-ranging strategy

and vision for how we see all the film and television industry working in the country—provincially, federally, all of it. You, let us hope, will be hearing a lot from us.

This has been a rather hurried presentation; I am going to hit some very basic points I think we could all agree on quickly. Some of what we will determine in the future has to do with how best to take advantage of Toronto. I think the current term is "entertainment cluster". I think that's the language people are using. Toronto is an entertainment cluster because of all the different kinds of entities that gather here, so some of it will have to do with how best to take advantage of the entertainment cluster, and some will have to do with the larger challenges we all face everywhere in the country.

There are just a few points. To start off, we are talking about feature-film policy. We really believe feature films matter in the 21st century, that audio-visual representation of ourselves in dramatic medium is very important. A nation that doesn't reflect itself to itself on film and doesn't reflect itself to the world on film basically runs the risk of not existing—certainly of not existing culturally, and that is the thin end of the wedge of not existing in any significant way.

The support—from Heritage Canada via Telefilm, and all the other mechanisms you're looking at in this review—is very important. We applaud the initiative. We support it. Let's just start there; it really, really matters.

Second is simply to keep it Canadian. Resist any attempts to water down Canadian-content qualifications. It is of great concern that key creative people remain Canadian. This is particularly of concern with regard to, I believe, writing and screenwriting; the script really is where the project begins, and I will get to that, because it does all start with the script.

Here is something about Canadian content, if I can digress just for a second. I was talking with Michael Booth, who is the mayor's man on this. We were dealing with this document and looking at spelling errors the computer was indicating. I have a PC system, so if I spell "endeavour" with -our, it will tell me it is a spelling mistake. A PC only gives you the option for American English or British English. I mentioned this to Michael. He said he had a Mac, and in a Mac you could choose Canadian English, and then it turns your keyboard into French. If that isn't a perfect metaphor for where we are in trying to get a healthy English-Canadian feature film industry, I don't know what is.

Keep the Canadian content standards high, please.

It all starts with the script. It is important. All the roles are important—the producers, everybody—but if the culture isn't being reflected in the script by a Canadian writer, it is not going to be a Canadian film. Furthermore, development is so crucial. Development is the R and D of the feature film industry. Every industry depends on its R and D; in creative endeavours, it is even more important. It is a long process to get the script right, and very often scripts are rushed into production because producers can't afford to keep developing them. It is as simple as that. Screenwriters and producers are subsidizing, out of their own pockets, the long development process it takes to get a script to production, so please keep development first and foremost.

I heard some of the chat about training. Training is great, but we are sending grads out of schools to an industry that doesn't provide them with any opportunity. Development is really where people have to be kept alive and kept allowed to survive, and if you develop a whole lot of stuff, how do we do it? It's volume. If you develop a whole lot of stuff, some of them are going to be great, some of them are going to break out, some of them are going to be hits, but there is no way to pick and choose and there is no way to guarantee any commercial success. The only way you can guarantee failure is by shortchanging development, so that is a very important point.

For a third point, it is a small country, and we should be combining our resources and maximizing them. For the feature film industry, it seems the really logical and smart strategy is to get the broadcast industry more involved. This has worked in the U.K.; it has worked in Germany. It seems too obvious, in a way.

• (1725)

Broadcasters should be involved and mandated—"encouraged" is kind of a mild word—to get involved early on in the development of feature film projects that will be released theatrically and then come to broadcast television. It's almost too obvious. Please have a look at CRTC policy and recommend they review this in the hopes of mandating broadcast licences to get more involved in feature film development.

Finally, don't kill the goose. Toronto is the goose. It really is the creative engine, and we are suffering right now. There are policies—with the CRTC, with the CTF—that actively push money and investment away from Toronto. They were brought in at a time when Toronto was unchallenged, and its health as an industry seemed...you know, like nothing could go wrong. We couldn't even handle the amount of production we had. People would have to go to Chicago to bring in Winnebagos, truly. In 1997-98 you couldn't find crews. That's not the case any more. There's a global market in shooting location; it moves around, and it's certainly been moving around now.

Now, things have fallen to a point where we really are losing our greatest assets, the creative people who live and work here. They can no longer survive. And make no mistake, when they leave Toronto because they can't survive, they're not going to move out to the regions; they are going to leave the country and go to other big centres. They are going to go to Los Angeles, New York, London—where they can survive.

So it's really important that, at every level, you look at Toronto as an asset that can feed and generate the energy that can make the

feature film industry healthy. What's good for the health of the Toronto community is really, truly good for the industry as a whole. And it's not just that Toronto-based producers and Toronto-based screenwriters are going to tell Toronto stories. Quite the contrary: the stories that come out of the Toronto creative community are about the entire country, because so many of them have moved here from Halifax and Alberta. They come here to survive, and then to tell the stories about their home regions.

So I urge you to have a look at that. The CTF has backed away from actively incenting regional producers, but they still incent broadcasters to buy from regional producers, which almost amounts to the same thing. And truly, if we are discouraging investment in Toronto, the ramifications are really serious. For one thing, private investment that might, for example, want to invest in a critical infrastructure—such as a large studio—is going to look at that and say, well, if the government is pushing people away from Toronto, why should I risk private investment? Maybe the industry won't hold on.

Similarly, when overseas investors with whom we have co-production treaties look at investing—we are constantly looking at production entities to partner with—they look first to Toronto, and if it doesn't work out there, they go to another country. It's really the doorway for the world into our production industry. It has to be valued. Please keep that in mind when these policies are being formulated, and please have a look at the policies that actually disincite producers from working here and chase investment money away from Toronto. We can't afford it any more. If infrastructure is allowed to crumble even further, it becomes irreparable, and it takes another generation before that community builds up again.

That's it. I'm down to my final hopeful note, which has to do with a project that has come out of the Toronto community. I hope it illustrates the kind of thing that can happen here because of the energy and the creative synergy. A bunch of filmmakers, including me, got together with some educators; we are creating a project to bring feature film into high schools—first in Toronto, and we hope nationally. Mayor David Miller is our patron and our active supporter. I'm sure the film board, by the time it meets again, will endorse this project, and we are hoping to do a feasibility study and a pilot project in the fall. If we are talking about growing audiences, it almost seems too obvious that we should be finding a way to introduce the wonderful work Canadian filmmakers have done to the audiences when they are young, and the high school is the best way to access them.

The competition.... We are competing with overwhelming Hollywood promotional budgets for mall movies—I'm sure you've heard all about it—and it's extremely difficult to get their attention, but outside of that we are crafting a program that is going to be...it's really wonderful. It's a little Canadian film festival that's going to go around from high school to high school, take over the school for the day, and screen.... There will be several screenings at once, and kids will pick one or another of the afternoon movies. There will be panels; there will be guests.

•(1730)

We are having it programmed by expert programmers who will show the best of Canadian film, recent and classic, and in this way we'll at least just introduce them to the idea Canadian films exist.

This has come out of a gathering of filmmakers saying we have to make this happen ourselves. We have to do this. We are looking for support—Anna Prodanou was a big supporter from the provincial government. We hope to be able to come back to you in the fall and say we have done this—it's doable, it's fantastically successful, the kids are turned on, and here's what we did. We can have this proposal that rolls out from coast to coast. Just as there was no Canadian literature taught in high schools in the seventies until in the late eighties and nineties *Historica* came on board and started putting Canadian history into high schools, so the film industry is trying to take some responsibility and get Canadian film into high schools. If you want to build an audience in five years, these are the people who will come out, and when a Canadian film comes on, they won't automatically believe it's bad because that's what they've heard. They will have seen some good ones.

So that's an example of what we can do, and an example of the leadership Toronto, as the creative engine in the country, hopes to show in the coming years.

Thank you very much. I'm done.

**The Chair:** Thank you. Well done on short notice, I would say.

On this side of the table.... Gary, is it your turn now?

**Mr. Gary Schellenberger:** Yes.

Thank you very much for appearing today.

Earlier today we had some witnesses who said right now the licensing and red tape and everything in the mechanism all cost the film industry a lot of time and money when filming in Toronto. Might some of those things be corrected?

•(1735)

**Mr. Jack Blum:** The Toronto Film Board was actually brought into being specifically to address a whole range of concerns because in the perfect storm I mentioned, one of the circumstances that occurred when amalgamation happened was the film office—which worked extremely well in the old city of Toronto in handling all these things—was subsumed into a directory, into another department. It languished, to some extent; the other departments concurrently became vast, and film was the last thing on their agenda.

One of the items on the Toronto Film Board's agenda.... I'm the co-chair of the domestic working group that deals with these issues. Another working group deals specifically with municipal infrastructure and with making sure Toronto is as film-friendly a city as it can possibly be, so when a film shoot needs permitting, licensing, and all of that stuff, the directive comes down from the film office to say to make this happen unless it's absolutely impossible, instead of the other way around—of asking, please, for attention. So we are trying to address that.

**Mr. Gary Schellenberger:** Okay. Thank you for that.

So when this happens—this licensing and all of this—it has to be a money-maker for the city. What percentage does the city put back in?

**Mr. Jack Blum:** No, it's not really a money-maker. If anything, permitting might break even with the cost of operating the film office and doing these initiatives. The economic advantage to the city is having productions of \$2 million or \$20 million come in. The spinoff is incredibly profitable and important. It keeps something like 10,000 Toronto citizens in work and paying taxes, so there is an enormous economic spinoff.

We are actually trying to take the costs down. The city doesn't want to actively make money on the shoots. We just want the shoots to come here and have an easy time of it.

**Mr. Gary Schellenberger:** As the federal government, what do you think we should be doing to make this happen in Toronto? If the federal government is putting money into film, do you feel we'll get that back somewhere along the line in tax money? Is this what you are looking at?

**Mr. Jack Blum:** Let me at it.

The advantages—it is an investment; first of all, it is an investment, and the advantages are enormous. On an economic basis, the kinds of work done and the kinds of jobs it stimulates are clean, high-quality, creative-level jobs that are the way of the 21st century. If we are talking about the country keeping abreast of a new kind of economy, this is the economy to be in.

Certainly there are tax revenues, but in the sense that...you can leverage with a relatively tiny amount. I will give you an example from British Columbia, which is taking a more active role as a province. This was from Laszlo Barna, who does the *Da Vinci's Inquest* series. Over the seven years of *Da Vinci's Inquest* in B.C.—not that it was ever particularly envisioned anywhere else—the British Columbia government invested about \$1 million in that production for an investment, for a production budget over seven years of about \$1 billion. That is \$1 billion worth of economic activity they leveraged for \$1 million. That is the kind of true leverage you get from a small thing.

The creators.... We are all subsidizing the industry ourselves anyway, constantly. You can get so much out of us for so little, and that little bit of money—10%, 5% of a budget, whether it is \$5 million or \$2 million or \$20 million—is what producers are looking for. They will rush in, because that's the gap they have so much difficulty filling, and you will see increased production just on the basis of economic activity. So there is an extremely strong economic argument.

Then you get into the other argument, the cultural argument. If we are producing viable, vital feature films and sending them all over the world, as we were for a brief period of time in the eighties when the provincial government here invested a small amount of money—I think it started off at about \$6 million, and after about seven years it was up to about \$10 million—and you think about all the famous names you have heard of in Canada—Atom Egoyan and Patricia Rozema and Bruce McDonald and Don McKellar—every single one of them came out of that circumstance. It was a concentrated amount; the provincial government was throwing in a little bit of money and attracting a ton of production. And Canada, as a country, got the red-carpet benefit—the branding, to use hateful, common parlance. Suddenly people were saying there was something going on over there—we were interesting people. We were an interesting culture.

• (1740)

**Mr. Gary Schellenberger:** Still my big thing is—

**The Chair:** This is the last one if, you don't mind, Gary. I would like to give—

**Mr. Gary Schellenberger:** Okay, thank you; I will be very short.

What I am trying to say is the biggest benefactor here, other than the film industry—and this is what this is all about—is the City of Toronto. Not that the City of Toronto shouldn't be, but to make it revenue-neutral is, in my mind, like giving away the forest to...

When some of the costing is going to come back, I would hope the city would realize there are going to be 10,000 more people here, staying in town; there are going to be 10,000 more people spending money here; and that some of the moneys made are put back into that industry.

**Mr. Jack Blum:** But the moneys made are moneys collected via tax mechanisms; they don't actually go to the City of Toronto.

We are trying to get some of the tax money Toronto is sending out to the federal government back here for investment, to keep it going. We don't have any way of actually getting our hands on that money. It goes to you in the form of sales tax, income tax, and all those other things—I think. That is my understanding of it.

**Mr. Gary Schellenberger:** It doesn't come to me.

**Mr. Jack Blum:** No, indeed—nor me, either.

**The Chair:** Thank you.

Monsieur Lemay?

**Mr. Marc Lemay:** No.

**The Chair:** No? Madam Bulte?

**Hon. Sarmite Bulte:** Yes, I have a question.

I want to explore one of your recommendations, but let me start by saying your film festival idea about going from school to school is very timely. I happened to be at Humber side last week. I talked about my work as member of Parliament and how our committee was coming here to look at the Canadian film industry. A grade 11 student asked me, "Well, where does one see Canadian films?" I think your analogy to literature is certainly also very important.

Let me get back to how you feel the broadcast industry should get more involved and encourage them, as you said, early on. You gave

some specific examples in some other countries. What are they doing in other countries?

**Mr. Jack Blum:** The obvious example, the heyday of British film, was Channel 4, which existed specifically with a mandate to trigger low-budget, interesting, domestic feature films. Out of that came, if you'll recall, those films *My Beautiful Laundrette* and a whole series of films that finally culminated in things like *Four Weddings and a Funeral*, which broke through and made hundreds of millions of dollars.

So you had a broadcast entity that was very dedicated to feature filmmaking and they saw their mandate. In fact, to some extent we're seeing it on a very small scale with CHUM and Citytv here. Producers in Toronto are going and talking about projects, and they're actually throwing money in on early license fees to help seed the development of projects. It's a terrific thing, and a lot of projects are getting going in that way. Broadcasters can be very proactive here.

The difficulty is the mindset; broadcasters feel they have to buy for themselves, for their own broadcast, and it's not viewed as a cooperative venture. Broadcasters should be looking at it from the point of view of saying if they can invest in a feature film on which they're going to have the first window, and it will have had a theatrical run with all the attendant publicity, festival promotion, and all those things, it's going to be better for them.

Their point of view should be that it might take a little longer for the product to come to their window, but it's going to be better for them in the long run, because the whole visibility of the sector will rise. That's the mindset we need to encourage in broadcasters—that they're not just buying television programs. They should actually be actively developing and buying feature films.

Does that make sense?

**Hon. Sarmite Bulte:** That does, but when you spoke, you also specifically talked about the role the CRTC should have. Could you expand on it? And you said, I think, to ask them to review this.

**Mr. Jack Blum:** In our experience, broadcasters have been reluctant, I'm sad to say, to do anything that was not very specifically demanded of them in their licences. We've seen this time and time again. I can get into specific networks, or not; you know I'm very familiar with them. The point is we shouldn't be under the illusion broadcasters will come onto this for nationalist reasons, or for... They certainly don't perceive it as economically in their benefit, even though I think they're wrong in that regard, so we have to do this via the only mechanism we have, which is the broadcast regulation mechanism. If I'm not mistaken, I think this was even talked about in the Lincoln report. Correct me if I'm wrong, but did that report not refer to the importance of broadcasters trying to contribute to this factor? I don't know. It seems to me it did.

So when the CRTC is reviewing its broadcast policy and these licence renewals come up, this should be one of the things specifically asked of the networks—to encourage and incent the production of feature films, to buy feature films, to guarantee to show a certain number of feature films, and to demonstrate they're investing in feature films. In this way the broadcast industry and the theatrical industry come together, and we can take advantage of a very small domestic market. We can maximize our resources by combining our forces.

• (1745)

**Hon. Sarmite Bulte:** Thank you.

**The Chair:** Again, thank you very much. I will just say I think targeting students for the developing years, the next-generation audience, is a great idea, but don't ignore the younger kids. Of the probably hundreds of films I saw as a teenager, none left a more lasting impression, with lifelong images in my mind, than *The Loon's Necklace* did when I was nine years old. You know, films don't have to be made for children to be appreciated by children.

**Mr. Jack Blum:** I absolutely agree, and once we get this settled into high schools, we'll just spread it out. How's that?

**The Chair:** Great idea.

Oh, sorry; Bev has one last....

**Ms. Bev Oda:** I have just one last question, if I could. I'm sorry to prolong this, but I particularly want to make sure I've got an understanding, and that the record is clear. You've asked the committee, in its recommendations or its deliberations, to recognize Toronto as a centre—

**Mr. Jack Blum:** An engine, I think, is a good word.

**Ms. Bev Oda:** —or the engine, the primary thing; yes. You understand we have to balance your request with a number of requests from different cities across the country. I'd like to know if you can tell us if you would be giving advice to the City of Toronto—because you're an advisory committee—that they themselves make an investment.

The City of Vancouver has directly made a financial investment into the creative and cultural community in that city, and we've seen this in smaller and medium-sized cities. The city declares a

commitment. Even though it's not within their mandate, they've decided culture or a certain industry is important, and they directly invest. Unless you've got an enormous overhead, I would challenge you that the City of Toronto collects in license fees, permits, etc., more than it's costing them to fund your advisory committee.

**Mr. Jack Blum:** Can I respond to that?

First of all, the Toronto Film Board, as I say, is charged with many things. Certainly on the municipal level we are going to be very, very active in doing everything we can to incent production in the city. It's premature to say that we'll actually be able to make a financial investment, but it's not out of the question and it's certainly on the table.

In terms of licence fees and the sense you have that the City of Toronto is filling its coffers based on all of this production, it's really important to understand that the situation with the city at the moment is critical. Everything is being done to actually make production. For example, to compare it to New York, New York is within a similar position and they were able to say parking permits are free—just to say that.

We are very much in a similar position, in that we have to cut back on everything we are charging productions in order to make it as positive a place to film as possible.

**Ms. Bev Oda:** And that was what Mr. Schellenberger was trying to understand—what were some actual concrete things that the city itself was doing.

**Mr. Jack Blum:** And all I can say is I appreciate the question. I assure you that in another three months I will be able to give you a whole list of things. It's very new. It's literally just been coined, but our eye is very much on that ball. We are not simply here to ask everyone else to please help us out. What we are trying to do is lead the way and say this is how we all have to build a strong culture, build a strong industry, from coast to coast.

**The Chair:** Thank you very much, committee members.

Thank you all very much for a great day.

The meeting is adjourned.





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