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Ms. Marlene Catterall

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• (1350)

[English]

The Chair (Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)): I'd like to begin this meeting of the Standing Committee on Canadian Heritage.

Excuse me for being a few minutes late. I had it in my head that we were starting at two, so my apologies to everybody.

[Translation]

Thank you to our witnesses for being here today. I am sure that you have spent time preparing for this hearing. We appreciate it.

[English]

Welcome. We'll turn it over to you.

Mr. Peter Sandmark (Consultant, Independent Media Arts Alliance): Good afternoon. On behalf of the Independent Media Arts Alliance, I'd like to thank all the honourable members of the committee for this chance to present our recommendations.

The alliance is a national association of now over eighty groups—we have a few new members—of independent film, video, and new media centres representing over 12,000 artists and cultural workers across Canada. In fact, most recently we have gained members from the Yukon and Northwest Territories, so we represent every province.

I'd like to pass it over to our national director, Jennifer Dorner, for the presentation.

Ms. Jennifer Dorner (National Director, Independent Media Arts Alliance): Thank you, Peter.

I'm accompanied today by Katherine Jerkovic, the administrative coordinator, and Peter Sandmark, the outgoing national director of the alliance.

What brings us here today is the urgent need for a national cultural policy in Canada, a policy that would recognize culture's fundamental importance to society. We urge you to commit the government to a cultural mandate for Canada's film policy. In other words, the value of film culture in Canada goes beyond its economic contribution. The government's From Script to Screen policy in 2000 went a long way towards recognizing the value of creators, diversity, audiences, and the preservation of our culture.

But that support must be increased. The federal funding for film and for the arts in Canada is insufficient. In fact, support for the arts in Canada finds itself with the worst of the European and U.S. models. Europe has much stronger state funding for the arts, while

the U.S. has a better funding system from foundations and other private sources. The government must recognize that its support is not adequate.

Our written brief indicates various areas where funding needs to be increased. A priority, in our view, is doubling the Canada Council's budget for the arts. As we stated in the brief, the independent film, video, and new media centres the Canada Council funds play an invaluable role in developing and promoting Canadian talent. Those centres must receive better support. The Canada Council programs are under pressure to support new groups and to help existing groups grow.

The government must increase funding for the media arts sector in order to respond to the growing demands of the media arts within contemporary culture. One of the key goals of the From Script to Screen policy was to build larger audiences, aiming for 5% of the overall box office. The Canadian government must acknowledge the independent film and video festivals. Their attendance figures are not counted in the commercial box office totals, yet they play an important part in reaching and developing new audiences.

As an example, we are including with this presentation a table of audience attendance for 34 independent media art festivals funded by the Canada Council in 2003. With ticket prices ranging from \$5 to \$10, the total attendance of these festivals would result in a box office between \$1.5 million and \$2 million, which, we would like to underline, is equal to a Canadian blockbuster film.

I'll now pass the presentation over to Katherine.

[Translation]

Ms. Katherine Jerkovic (Communications Coordinator, Independent Media Arts Alliance): I will continue in French.

The advent of digital technologies is changing the way that films are screened and delivered. A new market is emerging, which is different from the traditional approach of launching films in theatres or on television. Festivals are very important forums that allow the public to see these works before they get to the video rental market or the Internet. So distributors have a key role to play in promoting productions and developing new channels and new markets.

Canada is one of the most sophisticated countries in terms of new technologies. And per capita Internet use here is higher than in the United States. So we have the tools we need to be at the forefront of a digital revolution that would be of tremendous benefit to our artists, since it gives rise to new production and promotion models.

We would like to point out that it is not just the production of works that needs to be financially supported. Support is needed at all levels—for promotion, screening and distribution—in order to ensure the growth and viability of the sector. Distributors have been chronically underfunded by the Canadian industry, especially independent film distributors. One just has to look at the number of public and private distributors who have gone out of business or even declared bankruptcy over the past two decades.

Festivals work with shoestring budgets, overworked teams and a heavy dependence on volunteers in order to present Canadian productions.

When a film can be downloaded from an Internet site, everything changes with respect to costs and promotional means. The Canadian public could have broader access—legally, of course—to Canadian productions if more support was available to promote, distribute and broadcast them.

Similarly, the resources available for subtitling or closed captioning are very inadequate. How can we make sure that our films reach all Canadians when, for example, most author-driven Quebec films cannot be disseminated outside the province because there is no subtitling program for them, and when Canadians with hearing problems have access only to American commercial films, which have the means to afford closed captioning?

A government commitment to increase funding for the subtitling programs under the Canada Council for the Arts and Telefilm Canada, for example, would be of great value in bridging the gap between the linguistic communities.

Equally important and equally neglected for many years now is funding for archiving, not just funding for the major institutions but also for the dozens of organizations that have been working, some of them for over 30 years now, to preserve most of the history of Canadian media arts, and which have archived this material over the years.

In our brief, we also call for increased funding for Telefilm Canada, so that the low-budget independent feature film programs can be opened up to documentaries as well. Support for feature films should never be restricted to fiction alone. Documentaries, in our opinion, are a special reflection of our society.

Canada is increasingly a place where different elements blend and cultures intersect, and our films should reflect that reality. It is true that aboriginal films have their own envelope. Unfortunately, there are many First Nations projects that are still excluded. It would be worthwhile exploring specific initiatives to promote the production of films within the cultural communities.

Finally, to ensure that our films appear on screens across the country, we need to create spaces that have a mandate to show Canadian films and other films that do not come from Hollywood studios. Canadian movie theatres show few if any Canadian films.

We strongly recommend that the Department of Canadian Heritage expand its Cultural Canadian Spaces program to help develop places where these films can be shown.

Thank you very much. We will be pleased to answer your questions.

• (1355)

[English]

The Chair: Mr. Kinsey, you're next on our list, I believe.

Mr. Nicholas Kinsey (Anglophone Filmmakers Outside Montreal): I'm here to represent the Anglophone Filmmakers Outside Montreal-Cinéastes anglophones hors Montréal, which was formed in the spring of 2004 to represent anglophone filmmakers outside Montreal, as you'd expect.

The AFOM was formed by essentially three members to start with: Jeremy Peter Allen, whom you might know, who did the movie *Manners of Dying*; Louise Abbott of the Eastern Townships; and me, a producer, and now also a distributor with Carlton Films, a new distribution company. We've just completed our third feature film, now starting in cinemas in New Brunswick.

In recent months, we've formed a new association, the Eastern Outback Film Producers' Association. It's going to be working in eastern Quebec, New Brunswick, P.E.I., and Newfoundland, with the exclusion of Montreal and Nova Scotia. This is going to be a pressure group. We've recently written to the French government, to the ministère des Affaires étrangères, to have them include our group and our region of Canada and make us eligible for the Fonds Sud cinema program. That program is well known around the world, and it's been around for about 20 years. They contribute some €20,000 to the development of feature films in emerging-cinema countries in South America, Central America, Asia, and Africa, and up to €100,000 to feature production. Usually the funds have to be spent in France.

At the moment, North America is excluded. We feel that we should have access to these funds the same way that our partners in other countries do. We do business with people in Argentina and all over the world, and they have access. Since we're not getting any money from the federal government of any kind, except perhaps the tax credit, we feel that these are avenues to be explored.

Another fund we're targeting at the moment is the World Cinema Fund, which was set up about a year ago by the Berlin film festival. It's a German fund, and they put about €100,000 into feature film production too. All our colleagues around the world seem to have access to these funds, but we don't. So we'll be sending out letters shortly to try to make our association and our members eligible for this particular fund.

As I mentioned, I'm here also as a distributor. At the moment, we are releasing this particular picture, *Lakefront*, here in New Brunswick. We're going through commercial release. We have two 35 mm prints. We're opening Friday in Moncton and Fredericton with film trailers. The actors from Toronto and Montreal are coming. This is a very commercial picture. We hope to open in the U.S. through two chains in New England, building print by print, and also perhaps Famous Players in Ontario later this summer. It's a summer movie.

This film cost well under \$1 million. Federal assistance for this film was exactly \$28,000. That's about 4% of the budget. We were refused assistance at the production stage, we had no access to development funds, and we did not have access to distribution funds. This is typical of the policy of Telefilm Canada that's been going on for quite some time now.

● (1400)

One of the key points I think we've made in our memorandum here is that quality has nothing to do with box office. Anywhere you look, box office is promotion and marketing, particularly in Quebec. Look at the films that work in Quebec or the highest box office films, and they have nothing to do with quality. That's something we should be focused on, particularly if we're interested in increasing the box office for English-language production in Canada.

I'm going to go quickly through the other proposals to increase box office. I think that's the key here. What we're interested in is how to increase box office from a miserable 1.6%, which is probably about as low as you can go. We have absolutely no confidence whatsoever that Telefilm Canada can turn this around. Box office is really done cinema by cinema by cinema, by people working with theatre owners to promote films, getting out there and doing the job.

Here are a couple of things we think might work.

We're involved in a production with Argentina where we have minority co-producers. Argentina's economy is very shaky at the moment, but they have a program of getting bums on seats in cinemas that I think could well be adapted to Canada. In other words, our partner in Buenos Aires has a government credit for production funds, but in addition, in the same letter there's a credit for bums on seats. In other words, the government will pay them so much per head for the Argentine people who go to see the film, and it's all together in one letter. I think this is a very interesting way of actually making that money work.

The money from the Canadian government, there isn't that much of it and it has to perform. At the moment, none of Telefilm's funds for distribution or even financing are aimed at getting people to see films. We think this is a policy that could be adapted here.

Let's say we imagine a subsidy for producers and distributors of perhaps 15% of box office receipts, gross ticket sales. A film that makes ticket sales in one cinema of \$5,000 in the first week would return \$750 to the distributor and to the producer for a total of \$1,500 of government subsidies. This would be a very efficient way of increasing the interest of producers and distributors for really doing the work, because it's performance-based.

You've probably heard about the other proposals we have here, and one of them is to create a Canadian movie quota for Canadian

cinemas; that's been around for years and years. I think the only thing we have to concern ourselves with here is that small independent distributors like my company are not part, really, of the pipeline. The pipeline is so many films. In other words, Canadian distributors who have a lot of American product have output deals with theatre chains. Every deal is different, but there are usually one or two good films and five or six duds. The theatre chains have an obligation to show those films, so small independent distributors have difficulty getting access to screens. This has been going on for a long time. With the actual situation, maybe there should be in place some incentive to have more Canadian films on screens in Canada.

The other thing is to build a star system; I think you've heard this before. I brought along a DVD—and one is published every year by the Berlin film festival—of all the European “shooting stars”. It's called “Shooting Stars”, and it has lots of actors in Europe who have been successful in certain movies. The European film promotion system selects a certain number of actors each year, puts them on a DVD, and distributes it at the Berlin film festival.

This is something we've never seen in Canada. I don't expect to see it in the future either, but that would be low cost and a way of putting our actors in the public view.

● (1405)

The other thing is putting Canadian movies on TV, but as you know, there are no practically no slots. There's no way to put a Canadian movie on Global or CTV. CBC is hardly buying any Canadian movies, as far as I know. There are more Canadian movies on foreign networks than there are in Canada. This has been going on as long as I've been in the business.

If we had more movies on TV, we might be able to build a bit of a star system. I'm not talking about French Canada now; this is English Canada, which I think is the main problem with regard to box office.

With regard to feature film funding, I'm not going to talk about Telefilm. I think their performance has been a disaster over the last 30 years. The performance component of their fund is a joke. It's a national catastrophe.

Anybody who is into horse racing can tell you that's not the way to go. You put your money on the horse and you put your money on the jockey, but you don't put your money on the stable, and that's essentially what Telefilm has been doing for the last five or six years. They've been putting money on stables, throwing money out the window, and that program is definitely not helping increase box office above the 1.6% level.

The selective component of the fund has been around for quite some time. The selective fund is, I would say, elitist. It's biased towards big companies and companies that have a track record in the major centres. We would like to see some major changes in terms of film funding.

I think one thing in particular that would be interesting to have is regional funding. Divide Canada up into 12 different regions, not four regions but 12 different regions. Take 50% of the feature film funds and put it into that program. You have that same program in the U.K., the lottery-funded system. You have the East Midlands, the West Midlands, the southeast, and the northeast; they all have £250,000 a year to invest in films.

We actually have a project with EM Media in the Midlands in the U.K., where they will invest in one of our films. This is a film that was going to be a Canadian comedy, but we decided we'd move it to the U.K. because there was no hope of financing it here.

You have the same thing in France. You have Midi-Pyrénées; you have funds all around France, and these funds can kick money into regional production.

In Germany you have the Bavarian film fund, the Nordrhein-Westfalen film fund, and the Berlin Brandenburg Film Commission, and they're all regional funds. In fact, what you see in Europe is regional development. You see post-production houses with offices in Berlin, Frankfurt, Munich, and all over the country, whereas in Canada it's all concentrated in four main cities, Vancouver, Montreal, Toronto, and Halifax. Most of the country isn't benefiting from the economic advantages of feature film production.

Let me just state this briefly. Three feature films in New Brunswick mean a new sound studio. That's what it is; it's all about economic advantages. You can build across the country quite easily by dividing up that cash into regional subsidies.

The other key thing I'd like to mention before I finish here is—

•(1410)

The Chair: Mr. Kinsey, I don't want to cut anybody off, but if you could, please wrap up fairly quickly, because the most productive parts of our hearings are in the interchange with you.

Mr. Nicholas Kinsey: One thing that's hurting our group in particular is that we have to reimburse development funds. This is something that's put us in default with Telefilm for years now. In other words, they give you cash to develop a script and they give you money to develop a film. If they don't finance the film and you go ahead, then you have to reimburse the development funds. This puts us in a situation where we've often deferred the fees for the film and we're now obliged to reimburse the development funds, and this is punitive.

In Canada I think it's only Telefilm Canada and SODEC that do that. The other regional funds don't require that we reimburse. This has put a lot of our members in default situations with Telefilm Canada.

Finally, a lot of our members are obliged, as I mentioned, to export their films elsewhere. In other words, all our productions have to have a foreign dimension. Otherwise, we can't go ahead with them, and that's because there's no way we can finance them in Canada. We get no money from the federal government.

Thank you very much.

The Chair: Thank you very much.

Mr. Sandmark, are you also speaking to us?

Mr. Peter Sandmark: We presented already. I'm part of the Independent Media Arts Alliance. I'll take any questions, though.

The Chair: Okay, great.

Then it's over to the committee, starting with Mr. Schellenberger.

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

This morning I did take some time to read over the briefs, and I made a few notes. As we've gone across the country so far, we've heard various presentations. One thing has been about Telefilm, and how they hand out their moneys to help the film industry.

One thing that I do know has been brought up before, and it was kind of mentioned here when you talked about having 12 regions or something of that sort, is that you get a larger grant—and tell me if I'm wrong—if you film any other place but Toronto. Do you think that's fair? Do you not think it should be an across-the-board thing where, if there were 12 regions, or four regions, or whatever, those regions should have the right to go and film wherever they want? Do you think it's a fair way to film that you'd get a bigger grant if you went 120 kilometres, or whatever it is, out of Toronto to do that particular thing?

•(1415)

Mr. Nicholas Kinsey: Usually producers make those decisions based on the tax credits. You now have an excellent tax credit in Ontario.

If we're talking about the European way of doing things, I don't think it matters where you shoot. For example, my partner in the Midlands in the U.K. has to hire people from that area to work on the movie, but they don't have to shoot in the Midlands. I mean, we don't have regional funds in Canada, but it's usually based on the spend in that area.

With the Bavarian film fund, it's exactly the same thing. If they give you \$100,000, you have to be spending \$200,000 in Bavaria. But that doesn't mean you can't shoot outside of Bavaria.

Mr. Gary Schellenberger: The other thing, too, is that this says:

...the Telefilm bureaucrat in charge of scripts can essentially dismiss these external reader reports and use his own judgment. The point system also evaluates the track record of participants, so the big producers with senior directors almost always come out on top. Clearly regional producers are disadvantaged in this process.

Should there be a percentage allotted to a region, or should there be allotment on film merit? All I'm thinking here is that perhaps one region could bring out 12 cracker films, and another region, because they are allotted so much money, might bring out 10 duds.

Again, would we be accomplishing anything there?

Mr. Nicholas Kinsey: I'm not quite sure I understand what you mean.

At the moment, with regard to scripts, Telefilm criteria are based on track record and the script. Track record is easy. The big companies have more track record than the small regional companies, so they have more points to start with. My company has submitted over the years lots of scripts to Telefilm Canada. We usually don't get more than about 14 points out of 60 to 80 points. We've lost points for all kinds of reasons, and one of the reasons is, "Well, we know the track record of the big companies".

That's why I said it was elitist.

Mr. Gary Schellenberger: Okay.

On that again, it's been stated, and I think we all realize, that you can make a great cultural film, but as has been explained, if you don't get the bums on the seats—if you don't get the film into the theatre, if it can't be seen—it could be the greatest cultural movie never seen. It could go into a closet.

So when we talk about things like distribution, and the money spent on distribution—and again, correct me if I'm wrong, but I think in order to get Telefilm it has to be a Canadian distributor—do you feel that foreign distributors might be able to do as good a job as, or a better job than, just all our Canadian distributors?

Mr. Nicholas Kinsey: Canadian distributors generally do quite a good job when they have money and stuff like that. It takes money and it takes blanket ad campaigns, P&A, to make that cash back. I don't think most of the five or six big distributors can actually do a small distribution of a relatively small film very well, and that's unfortunate. For most of them it's rather pan-Canadian. They might open a film in Ontario; they might open it in Quebec.

My distribution company is working with Empire Theatres, which is the big theatrical chain in eastern Canada, and we have three comedies in the pipeline. We're trying to specifically work with that public to build up prints and bums on seats to see if we can do what Quebec has done so well with French-language films; in other words, work with a certain region.

That's why I think it would be much better in this present system—that is, we could quickly increase the number of Canadian films in cinemas—if we had more regional distributors. For example, a distributor might open a particular film about the forest industry in B.C. or New Brunswick or elsewhere. They could build up a base because it's local and the humour is local; that's how it's done. Now they can go to the U.S. or Ontario and say, look, we are making so much box office per screen in B.C. or in eastern Canada; then they have instantaneous interest from the big theatre chains in Ontario.

Do you see what I mean? That's how you make Canadian box office: you start somewhere and you build.

• (1420)

Ms. Katherine Jerkovic: I think there's a detail you may not be aware of, and it's that to produce a feature film, you pretty much always need to access funds. You need a distributor from the beginning, from the script, who's putting money up front and showing interest. You need that trigger, the funds, actually.

Mr. Gary Schellenberger: And it has to be Canadian, correct?

Ms. Katherine Jerkovic: Yes, but it's not that you make your film and then look for a distributor. In that sense, foreign distributors come much later.

Mr. Gary Schellenberger: All I'm saying is that to get to your Telefilm money, you have to have a Canadian distributor. That's how it works.

Ms. Katherine Jerkovic: Yes, because it's Canadian money.

Mr. Peter Sandmark: I think the issue here is that it's a different model. It's not really a problem with distributors; it's the exhibition. The theatres have a steady stream of commercial movies coming from the United States with huge marketing budgets that are developed for a North American domestic market, and they can easily add on Canada. The ads and everything are done and can kick in.

The Canadian distributors are trying to compete at that level with the theatrical releases of work. That's why I think it's a good idea to have smaller niche markets, if you will. What we have to look at for Canada is a different model, an economic model that can function in a niche market, where you can build on that. You don't have to have a Canadian blockbuster all across Canada right away; it will build. Good films will eventually sell internationally.

Mr. Gary Schellenberger: I think something like e-cinema, which has been talked about, could be used in smaller theatres. With that digital concept you could get out into those smaller regional areas.

Mr. Peter Sandmark: You need venues that have a mandate to show Canadian and other alternative work, because it's going to be hard for you to set up a quota system for commercial theatres. I don't know how you're going to do that, to get them to show Canadian work.

Mr. Gary Schellenberger: The biggest thing, I still say, is in a multi-screen theatre, if there was a dedicated screen to film.... Lots of times the worst thing we can say, from what I'm getting from this, is to call it a Canadian film. If it's a good film, everyone will watch it no matter where it's from. That's the thing, I say: if there's a screen dedicated to new works, maybe that'll be....

Mr. Peter Sandmark: I'll just add that you can have these dedicated screens by making it a part of the condition of funding to build these screens; that's something you can ask for. When you fund to develop venues, you can ask that they have a mandate to show Canadian work.

The Chair: Mr. Angus.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you for these presentations.

I think we're focusing more and more on the issue of distribution as we go across the country. The question that's being raised is, if the federal government is going to intervene and if the federal government is going to do one thing well, what should it be? Should it be putting more money into the development of films? I would like us to be able to, but it's not likely we can just increase budgets.

But if we can target our moneys...and it seems to me what we're hearing again and again is, what's the point of making a fantastic film if nobody sees it? It's the craziest business model I've ever heard of, that we've put all this risk capital into a project and we have no way of distributing it.

I would like to hear suggestions from both of you on developing niche markets, because so far we haven't heard of any tangible ways of creating a niche market for film. If you could, explain if there are ways of doing that and, secondly, if there are ways the federal government could, through policy or through new financial arrangements, help with distribution and promotion. There was this example of Buenos Aires and the credit per head, and we'd never heard of that before.

I'd like to hear from both groups here on those issues.

• (1425)

Mr. Peter Sandmark: I'd like to mention that when the From Script to Screen thing was developed, one of our big recommendations was for a low-budget independent feature program. That's because we felt a low-budget production model was necessary; there was a gap between the Canada Council's funding and Telefilm's funding. There wasn't really marketing funding attached to that, unfortunately, but that is a very successful program. There's a lot of demand. This is a chance to make a smaller-budget film work, one that doesn't need to make as much money to make back its money and be successful.

Now we're looking at the same thing, where we need to have a marketing equivalent of that. I think it's a better investment for the government to invest in smaller projects that can attract a niche audience than to try to have a blockbuster film, which ends up being a kind of cheap imitation of Hollywood stuff with their huge capital budgets.

One of the reasons we put these statistics from festivals in here is that we think festivals play a really dynamic role in what's happening right now. After the Arts Presentation Canada fund was created, there was whole slew of small, very targeted films, in some cases culturally specific, like Latin Canadian films. There was a whole variety appealing to special audiences, and they exploded. There's a whole lot of it. Our association grew because we had more members from festivals joining us. These festivals are a very dynamic way to reach new audiences with the work.

Plus, look at the technological side; what we're facing is download on demand programming; it's already happening, right? It's not as if this is a few years down the road. People are already downloading works off the Internet, copying complete works. We're one announcement from Apple away from a commercial version of iMovie...like iTunes or something like that.

Theatres are an important part of seeing movies, but they're one aspect of seeing them. You're also going to see them in a variety of different ways, from downloading and DVDs on. I think the independents are also using direct marketing of DVDs as a way of reaching new audiences, so there's all this activity right now that's a little bit below the radar.

But the festivals are not funded actively by Telefilm, and it wouldn't take the moon to increase that funding.

Tomorrow Starts Today was just renewed. We don't know what's going to happen with a possible election, but that's key funding. The Canada Council for the Arts also funds a lot of these.

Whatever happens, these issues don't change. I think that arts funding and the Canadian culture it's going to support are not going to change, whatever happens with our government, so I hope these issues stay on the table.

I'm pointing out that Canada Council funds a lot of small independent festivals, and they could also be key players. I think it's analogous to what happened in the music business. The music business is slightly ahead of the film business because there was a development of independent music artists. There was the whole method for independent artists to get attention and get their work out, something we are now starting to develop in the film business.

Mr. Nicholas Kinsey: I'd just like to comment that a ticket sale rebate is really an incentive for producers and distributors to get out there and get people into the cinemas. In general, Canadian producers are very lazy, I think. Even the funding programs for small distributors...and some of them have access to Telefilm funds, some of them don't. They are generally very lazy, because it's a chunk of money that was given to them. They hire, and they do a minimal kind of job. I'm talking from experience, because there was a company in Montreal that went bankrupt just last year. We opened a picture in Toronto. It's a hands-on kind of job. So an incentive like a ticket sale rebate would really get those people involved. This would be much more like the situation in the U.S. at the moment with independent producers and distributors. They do probably a much better job than they do in Canada, because they don't have any grant money of any kind.

I think the important thing to realize is that it's not the number of festivals. Festivals have nothing to do with it, really. They showcase a film, but if your film is showcased once or twice in a festival, and then it opens at 3 o'clock in the afternoon at the Carlton Cinema in Toronto for one week and it's gone, that's neither here nor there. I mean, why did we make this movie?

The important thing to consider is the number of weeks you can keep that film in the cinema. You do a great deal of work for that first week, but when the film is gone in the second week, that word of mouth is lost. It's really for the second and third weeks that you need the staying power. It's all a matter of maintaining the number of ticket sales for the second and third weeks.

So it's important to find some way of keeping that Canadian film for another week. That's the key. Festivals are nice, but they don't pay the rent. They're nice showcases, but what's important is seeing Canadian films in cinemas, not throwing our money out the window for beautiful films that are never seen theatrically.

• (1430)

Mr. Charlie Angus: We were at a conference this morning on digital culture, and there was a statistic that I found fascinating. When we're looking at digital, we're always talking about the 18- to 30-year-old age group. They were looking at 12- to 17-year-olds in the province of Quebec who've dropped television watching by five hours in five years. They're aren't watching. My daughter is in that age group. They've cancelled cable. They find TV the most boring thing in the world.

Again, looking at government policy, this morning we had a great example of the NFB being online with “Silence, on court!”, and we saw what they were doing with small production online. They're saying that's where their markets are now.

Should we be looking at a way to get Canadian independent film... or would it be worthwhile for us, as a federal government, to work with the different agencies to develop an online movie channel? That way we could at least get our film out and be ahead of the ball, for a change, instead of waiting for us to be wiped out by the ball.

Mr. Peter Sandmark: Last year, I think more people watched Sundance festival films online than at the event.

Mr. Charlie Angus: Wow.

Mr. Peter Sandmark: So with all due respect, the festivals are key only because they're a marketing nut, if you will. It's a different model from a television channel, which is on all the time. This is an event, an event that promotes work, and then people can access it. And it's no longer local. There is a local aspect—you can go the event locally, if you're there, and you can participate in a real event—but you can also see the work from anywhere in the world.

I think every event will have its online component; it's just a question of time. For sure it's going to happen. But it's not a big deal to support that. We're talking about a technological missing link there, in a way—a little bit of extra funding to make sure that the component is there and people can watch it.

So I don't think a channel model is the.... That's like a TV way of thinking.

Mr. Charlie Angus: Yes. Sorry. I'm so old now.

Ms. Katherine Jerkovic: If I can, I'll reply a little bit to that. I do think it's coming but I don't think we're there yet. I don't think that right now people have computers with the monitors it takes to really enjoy watching a film online.

What would be, in my opinion, something similar to what you're proposing and very interesting and very worthwhile is already happening at the distribution level. People are downloading stuff, burning DVDs, and watching them at home on whichever TV they like. There are a lot of very interesting Internet models for selling work; when you buy anything on the Internet, you get access keys and you download the work, and it belongs to you. If you rent it at a video store, you can still burn it at home; everyone is doing that anyway.

So take advantage of that. As Peter said, the Internet is international, and that's one of its great advantages.

• (1435)

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

Ms. Bulte.

Hon. Sarmite Bulte (Parkdale—High Park, Lib.): Thank you very much.

I'm sorry I missed your presentation this morning. I had to be in Ottawa.

I was interested in your comments about the festivals, because we heard as well that the problem of a lot of filmmakers is that we make films for festivals; we don't make them for anything else.

Mr. Sandmark, I've heard too as we've crossed the country how there are other means of getting the picture out, other than just the big screen. The problem I see with that is that it's all very well and good if you have stars and you have name recognition, be it the director or the actors, where there's some kind of association so you want to go out and see it, but with respect to Canadian films, a lot of times people don't even know they're around. They don't know the producers, and the stars aren't necessarily household names—yet. I say “yet”. Certainly what we've heard about in Quebec is this whole star system, but that's separate and apart.

So again, how does the alternative means really help us? How do we cultivate that audience?

You say the music industry is ahead of us, but it's certainly been clearly pointed out to us that the difference between the music industry and the film industry is that the music industry has public airwaves that are mandated by a regulatory body. We don't have that for our motion picture distributors, so perhaps you could....

Mr. Peter Sandmark: What do you do? The other thing the music industry had as far as regional stuff was concerned was local venues where people would go and play. This is what it comes down to for us too—venues. Where do you go and see Canadian work in a city, in any city? That's one of the key things. There may have to be support. That's a role the government can play, making sure there's a venue that has a mandate for Canadian work in any market.

But it's one aspect of a film's life. You have a festival and you have theatrical screenings.

It has been shown by documentary filmmakers here in Quebec, where there's a circuit of parallel cinemas, that once a film has toured through the circuit and then gone on TV, it has a better audience on TV because there has been some word of mouth about it. People are interested. These are subsidized, non-profit, parallel cinemas in Quebec; there's a whole circuit.

So you go through a circuit, you go through a festival, then it gets on TV, and then you have direct marketing of DVDs. There's a whole series of things you're going to have to do. It's not the same as the commercial business.

I still think there's a role for the government to play in making sure the venues are there. You see that in European countries too, where they have state-funded cinemas—for example, *Kommunales Kino* in Germany and things like that. We have a few here, but not enough. Like the *cinémathèques*, they have a different mandate. They have a kind of historical mandate.

Hon. Sarmite Bulte: Mr. Sandmark, can you give us specific examples of the European models? I don't mean right now, but if you could point those out later on to our clerk or our researchers, it would help us with our work.

Mr. Peter Sandmark: We can send follow-up information on that.

Ms. Katherine Jerkovic: I think we're proposing this because we've lost all hope of seeing our films in regular film theatres.

Mr. Kinsey is very right. That's a problem; it doesn't make much sense that regular film theatres barely show any Canadian films. I'm not sure if the federal government can do something with a policy at that level. That's not our impression, because of who owns the theatres and which companies have their share in what's playing. If something were feasible at that level, it would be fantastic, but I don't know.

Mr. Nicholas Kinsey: Pay-TV has been very good for us. We sell all our movies to pay-TV, to the Movie Network and Movie Central. The movie *Lakefront* is presently playing on Movie Central in Vancouver while we're opening it theatrically in eastern Canada. Pay-TV is very good for movies; they have a quota and they pre-buy, and there are things like that. There are also Corus Entertainment and Astral.

The theatrical thing is really all about showbiz, about trying to bring the public out and getting people to know about the movie and things like that. It's very close, actually, to the music industry. For the last few weeks we've been going around New Brunswick with this movie, and James Carroll, who's an actor in the movie, is also a pop artist and songwriter. He's been going to all the radio stations to promote his music, at the same time benefiting from the *Lakefront* release in New Brunswick. We are essentially working with this actor, who's a pop music artist in his own right, and he's been promoting both sides of the coin, the music and the movie.

That's essentially what songwriters have to do. They have to get out there and get the Canadian radio stations to play their music. Otherwise, they don't make any money in a year. It's very complicated for people like me in the film business to understand what's going on, but that's essentially what they have to do, and there are similarities between the two.

Basically, nothing beats a theatrical release. You have the newspaper's obligation on a Friday to publish an article about that film, be it good or bad. It's showbiz, showbiz like nothing else, and that's what sells it later; that's what makes money for producers and distributors, the DVD sales afterwards. If you have none of that promotion, none of that showbiz, none of that glitz, then there's no back end for future production. There's no chance of ever making any money back. That's why it's so important.

And the Canadian public reacts very well. They come out; they're interested in movies, and there's a great deal of interest, so it's just like putting on stage plays. We talked about stage plays a little while ago. It's the same thing. It's showbiz. It's trying to bring people to the theatre.

• (1440)

Hon. Sarmite Bulte: Do you try to sell your films to American networks as well, let's say something like A&E television? Is that a market for you at all?

Mr. Nicholas Kinsey: The U.S. is a very difficult market for any foreign filmmakers.

We've tried to pre-sell distribution in Europe. If we can put a French actress in a starring role... We have a picture with a major French actress in one of our movies, and that can be important because you can pre-sell to Canal+ or something like that in France. Those are just other ways of getting elements you can sell in the Canadian theatrical market too, you see?

But I'll just mention that the theatre chains here in Canada, like Empire, Famous Players, and Cineplex, are very open to talk to and do business with. These are business people; they're trying to make money in their theatres, and they have output deals that don't necessarily give them any advantage. Generally you can talk to them.

The problem is longevity. Your film has to spend a few weeks in that cinema; otherwise, you can't build on the prints and you can't build on the basic revenue. A film has to perform for a little while, and that first week can be a deception. For instance, at this time of the year everybody is gardening, so even if you've put all this effort into that release, nobody will come that first week if it's a beautiful weekend. It's really important that the film last for a time.

These people are willing to work with Canadian distributors and producers; that's not a problem, but they have obligations to the Americans, who are supplying the pipeline. So your film can be pulled at any time and even disappear from the system, and you won't be able to get it back in. It's a one-shot deal.

• (1445)

Hon. Sarmite Bulte: I know. I have a friend, Angela Gei, who had a film, I believe, a year ago. We had great hopes for it, and it died on the weekend. It was over on the weekend.

What's the solution? What can we do to prolong that? We're identifying the problems, but what are the solutions? How do you see government's role in partnering for those solutions?

Mr. Peter Sandmark: For sure, there could be more marketing support. If people know about the work, they'll go to it.

There's even something called the First Weekend Club. I don't know if you've heard about it. It's a Canadian initiative. It's a word-of-mouth thing. It's mostly by e-mail. When a Canadian film is opening in a city, people e-mail each other and tell them to e-mail their friends that it's there, so they will go to the cinema the first weekend it's there so that the numbers are good enough that it will stay and last a bit longer in a theatre. That's a grassroots initiative.

The distributors need the marketing funding to get the ads out there. It goes back to support. If you support production, you have to equally support the marketing of those works at all levels, from the small budget works right up to the large budget works.

Hon. Sarmite Bulte: Would scripts be there as well?

Mr. Peter Sandmark: Do you mean script development?

Hon. Sarmite Bulte: Yes.

Mr. Peter Sandmark: I agree with Mr. Kinsey that script development should be an investment, a risk-taking. That's where the government can take some risks, like Telefilm, and it can fund a number of different scripts and still can recoup their losses.

Promotion on the script level, I'm not sure...I suppose, if there's a star attached to it.

Hon. Sarmite Bulte: Thank you.

The Chair: Mr. Schellenberger.

Mr. Gary Schellenberger: I know there's a problem keeping a Canadian film in a theatre. Before we sat down here I talked with Mr. Kinsey, but I've heard before how your film can be in there and doing just doing tremendously well and all of a sudden, because of previous engagements, it gets bumped off by a lesser film, maybe one from the United States. The theatres have to do this, I guess; it's part of the contract they're in. Once you're bumped out, how do you get back in? Maybe it's too late then.

All the way along I've been trying to think outside the box. Again, when we go back to e-cinema or something like that in a smaller venue, how do you do it? We talked about cinemas lots of times. Their idea is to get people in so they can sell them the pop and the popcorn. That may be where they make their money, I don't know. My big thing is that smaller venues don't necessarily have to work against the Cineplexes but can complement them; maybe what you do on the night of an opening is have free pop and popcorn.

I know a chap in the little town where I live, Sebringville. We're 600 people, outside of Stratford, Ontario.

Now, I know what's gone on in Stratford for fifty-some years and how it started out being nothing. With a lot of support and a lot of very different ideas, it has become one of the top theatre production shows and groups in the world.

But in this little place, this guy only sells Canadian CDs. I don't know if he's into DVDs and stuff too, but he sells music systems, televisions, and you name it; he'll put them in your house or whatever. For a while what he did was rent the local community centre and do it up like a nightclub. He'd do this on a Saturday and he would promote a Canadian artist no one had heard of, other than maybe people in that realm, and he'd serve wine and whatever. He didn't give it away; he sold it. And he had tremendous turnouts. He would just fill the place.

Some of those things have to be thought of, and that's something that could be done. You don't have to show a movie in a theatre with seats going this way; you could very well go into a nightclub-type situation. Then lo and behold, whether you show a documentary or a couple of short films that evening, everyone comes around and has their duck or their beef or whatever or they don't have anything, but they're just in that atmosphere.

Last evening, as I was coming from my apartment in Ottawa to get the bus to come here, there was a showing. I can't remember what the chap said, but everyone was flocking to the library. They were doing something on Africa—I can't remember, though he told me—and the people were just flocking there. There must have been films that went around, and maybe the people belonged to a group or whatever, but they were showing it there that evening.

I know they had a film circuit going in Stratford at the library. Maybe that's something that could be done through some of the libraries to promote our own. You could sell a year's ticket for 50 bucks and you'd see 10 films or whatever, something like that.

Those are just thoughts that were going through my mind about what would help the industry.

How does government promote that? I guess government doesn't necessarily promote that, other than maybe, if people do put on these

particular things and follow certain criteria, by giving them some seed money to help to get it started. That might be an idea, I don't know.

I don't really have a question. I just wanted to make a comment.

• (1450)

The Chair: Thank you.

Ms. Jerkovic.

Ms. Katherine Jerkovic: Those ideas are good. We have been advocating alternative venues, and we brought in festivals as a legitimate venue for the presentation of works. The library or you name it is great, but I still think we're missing a big point. I still think there is something wrong in the fact that we have hundreds of fully, beautifully equipped film theatres and there's almost no way to have a Canadian film showing for three little weeks.

When you don't have a lot of marketing money or a lot of marketing strategies up front, everyone knows that film is not going to do very well in the first week or two. It has to build up, and if that film is good, in the long run it's going to do way better. That's what you see with independent films; they are launched with little money and spend something like one week in a big theatre if they are lucky, but five years later they have made back the money and are absolutely profitable. They have come a long way. Then comes the DVD release and they're shown in niche festivals, etc. It takes more time, but the quality is there, the interest is there, and the public is there.

I still think the big problem is the venue for a film right now. Even if we have digital models and we're all very open-minded to having different circuits and everything...and since we brought this in our brief... It's not to say that's no good. It's just that when you make a film and you work your image, you work your lighting, and you work your sound, you want it to be shown in a film theatre. That's what it's made for.

That's why I brought that up earlier. I don't know how far government policy can go for Cineplex Odeon and Famous Players. I don't know what they can demand. I don't know how far they can go. But if there's a direction they should be going in, that should be looked at.

Of course, artist-run centres could use more funding, but they are working on alternative venues, they are working on packaging... programs, festival circuits, libraries, in little *cinémathèques*. That's being done and it's nice, but when you talk about the cost of making a film—the money cost, the energy cost, the human cost—that's not the way to make it profitable. I don't think so. It falls short.

•(1455)

Mr. Gary Schellenberger: I just have to comment on that. We have this problem. We have these beautiful theatres, and no one knows the works. We can't get them in there, as we've explained, you've explained, and everyone's explained. How do you get people to see them? If the films can't go in there and you don't show them someplace else, you put them in a vault someplace and no one sees them.

I understand; the quality is there and everything, but we haven't made that through. If we tried to put in a quota system saying that for every so many American films that are shown, you have to show a Canadian film for so long, would that work?

Ms. Katherine Jerkovic: I think that would be fantastic.

Mr. Gary Schellenberger: What will the theatre owners say when we say that?

Ms. Katherine Jerkovic: I don't know. Call them and have a briefing. They won't like it, but that's what we need.

Mr. Nicholas Kinsey: I think Sheila Copps tried to do that a couple years back, didn't she?

Some hon. members: Oh, oh!

Mr. Nicholas Kinsey: You mentioned alternate cinemas and other places that show films.

We're running at the moment 15 trailers in two cinemas. One is a 16-screen Cineplex in Moncton, and the other is a 10-screen one in Fredericton. We have \$800 worth of film trailers running before every film. There are real costs; each print is about \$3,000 to \$4,000 in 35 millimetre. As distributors, we have to earn money in those cinemas, and we will earn money if we can get in the door. We can outperform some of those deadbeat, second-run American pictures, and there are a lot of them, films you or I would not want to see, would not pay \$10 to see. In other words, we can outperform if we're local...things like that.

We calculated it. This upcoming week, we have 28 screenings in a 150-seat cinema. We've estimated how much we have to make to stay there. It's a gamble. We need to be in those cinemas to make it work.

There are art cinemas, and one in Quebec City called Cinéma Le Clap is very successful. They have about 35% attendance. The average across Canada is, I think, about 17%.

A lot of those movies are really bottom-draggers, in a sense, because they may be performing at 10% or 15%, but they're being run week after week and somebody's going to come and sit in there. There might be 35 screenings a week. The Americans are really bringing those people in.

I think the situation at the moment is so drastic that extreme measures are required in Canada.

The Chair: I'm going to stop you there because Mr. Angus wants to get a question in, and I have a couple of things I'd like some further feedback on, if you don't mind, before we move on to our next witnesses.

Mr. Charlie Angus: Thank you.

One of the things that have struck me throughout these hearings is how bloody depressing it is to put years of work into a production that gets blown out on a Saturday in a theatre. The shelf life for the amount of work that goes into it...I can't even begin to deal with it.

The issue of the CRTC regulating content is a big issue, because that's what we had to do in radio. For years they said, well, we can't play second-rate Canadian content when we're playing fifth-rate American content; it just doesn't jive—even though we had first-rate content to play. We forced the radio stations.

The second one, again, was the shelf life of the product. When I started in music 25 years ago—I was only nine at the time—

Some hon. members: Oh, oh!

Mr. Charlie Angus: —I was this child genius, actually—there was a record company that had a distribution model for new bands in which they would hire 10 or 20 bands in a year. Then every band would be sent out on the road, and nine of those bands would die. The tenth band would be really in debt and would have to do three or four other records to pay off the debt. The danger of that model was that you put your whole career into a record; you had no control over its distribution, and then you had no way to recoup anything from it, including your career.

It seems to me that's the issue with film, that you put years of work into something and then you have no ability to control its shelf life.

That's the preamble to one suggestion that came up, which is that as much we want to be in theatres, we do also have the massively extended shelf life now, thanks to DVD rentals. It might not be ideal, but it does exist, and in my community, a very small town, we have a dozen or so small Canadian films on the shelves. People rent them because they're there, but they aren't going to rent them unless they know what it is they're renting.

One of the suggestions that came up—and it's not federal jurisdiction, it's actually provincial, but maybe there would be ways of working it out—is to call on theatres to have a quota in terms of advertising. If at the first stage we could at least get an advertising quota to create interest and create a market that could be followed up on in the DVD markets, it might start to build the industry and give us the resources. Would you guys see that as a realistic, positive step we could implement?

•(1500)

Mr. Peter Sandmark: Well, Mr. Kinsey mentioned the cost of trailers and stuff, and I think it comes back to seed money. In other words, this is a role the federal government could play through its various programs. It could be seed money for these trailers or other marketing things; that would be key assistance in that. It still costs, but it could be done.

Ms. Katherine Jerkovic: It's a very good idea, but it shouldn't replace or exclude the one we mentioned previously. I think you want to see both. You want to see an obligation to show Canadian work and you want to see an obligation or an engagement to fit in a certain quota of trailers by the time the film is in the DVD circuit. I think both are good.

Mr. Charlie Angus: Thank you.

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

I'm just going to ask a couple of things. We're running a bit short of time.

Can you provide me with a little more on the Quebec theatres you mentioned, non-profit ones in smaller centres, as to any government support, federal or provincial, or private foundation support? How did they get started? What was the impetus? I would like to know about any of that background, because I think there's a kernel of something helpful there.

Secondly, I wanted to go back to two things Mr. Kinsey raised. He started out by saying you have had no federal money, and I'd like to hear your views as to why that's the case. I presume it's not because you've never applied for it.

Next, you or perhaps Mr. Sandmark mentioned the development stage and recouping development-stage money. What we've heard consistently is the importance of that development stage, that there needs to be more put into the development of a script, that it's so important to get the script right and to have that foundation work for a film done well. I think what I heard is, if you get development money and then things don't proceed to a film, you have to pay that back.

Mr. Nicholas Kinsey: At the moment, with the Feature Film Fund, if you get development money for a film and you don't do the film, you don't have to pay it back. If you don't get Telefilm money and you do the film, it's terrible. You can do an independent film, and you invest your salary, as we are always obliged to do, because we never get any kind of production funding from Telefilm Canada. Then we have to reimburse them for the development funds even though the director was unpaid, the producer was unpaid, the writer was unpaid, or whatever. We have to reimburse them, and we are in default; at the moment we've been in a default situation for about five years with regard to Telefilm Canada.

The same thing is happening in Quebec with SODEC. They actually forgive development money for destitute francophone Quebec filmmakers, but not anglophones at the moment, and we are in a default situation with them too, whereas with New Brunswick Film their money is an investment. In other words, you don't have to reimburse investment money from New Brunswick Film. I don't know about B.C. Film or any of these other agencies. It seems to me we're being punished because we made the movie.

The other thing you mentioned was script development. Canadian scripts are very good at the moment. There are a lot of excellent script editors around. There's a good deal of script development money, and there are very high-standard scripts in Canada in general. I go to co-production markets in Mannheim in Germany, the Cannes festival is coming up, we go to co-production marts, and we get scripts from all around the world. Our scripts are generally of a very

high standard; they're much better written than a whole bunch of other scripts we get from other countries.

So that's a program that's working, but the film has to be made, and then it bombs in the cinema.

There's this whole business of how you get those films to play a bit longer without imposing some kind of content rules for cinemas. It might simply be some kind of incentive. At the moment Canadian broadcasters with the Canadian Television Fund are getting top-up money from the government to give money to the producers. Maybe it could be top-up funds.

We were talking about some kind of ticket rebate system. It could be that for a Canadian film they would get a portion of that ticket sale rebate. Those cinemas are all looking at the bottom line; they're calculating how much popcorn they're selling each week.

You might have something going if you make it positive reinforcement like some ticket sale rebate paid by the federal government to the producer, distributor, theatre chain, or whatever. I don't know; sometimes it's better to have a positive reinforcement than a punishment.

• (1505)

The Chair: Thank you very much.

As you may be able to see, things are happening in Ottawa that are affecting our hearings here today. I don't usually sit here during a meeting using my BlackBerry, and I apologize for the occasional lack of attention.

Again, I want to thank you very much for your contributions this afternoon.

We'll break for about ten minutes and then start with our next group of witnesses.

Mr. Charlie Angus: We'll break for 10 minutes and see if anybody comes back.

The Chair: I'll be back.

• (1505)

_____ (Pause) _____

• (1520)

The Vice-Chair (Mr. Gary Schellenberger): I'm Gary Schellenberger, vice-chair of the Standing Committee on Canadian Heritage.

There's been a kind of turmoil going on here today. I apologize for the absence of many members of our committee, and the chair will be back here fairly soon.

We have been waylaid here a little wee bit, but I welcome you very much and I would ask you to start the presentation.

Barbara.

[Translation]

Ms. Barbara Ulrich (Director General, Conseil québécois des arts médiatiques): Good afternoon, my name is Barbara Ulrich. I am the Director General of the Conseil québécois des arts médiatiques. We would like to thank you for this opportunity to share our concerns and recommendations with you regarding the current state of the Canadian film industry, for which you, as legislators and politicians, have the primary responsibility.

Before beginning my presentation, I would like to tell you a little about the CQAM and the media arts.

The CQAM was founded in 1998 and is the only sectoral group in Quebec representing media arts associations, collectives, organizations, and independent professional creators. Its mandate is to advocate for, promote and represent independent creators and cultural workers in the media arts, as well as to do everything it can to enhance creation opportunities and disseminate productions.

The CQAM is composed of professional independent creators—artists, screenwriter-directors, producer-directors—, self-managed production centres, independent disseminators and distributors, associations and organizations involved in film, video and new independent media, studio arts, interactive art, network art, Web art and technological arts.

A survey in 2001 indicated that there were 1,500 professional creators working independently in the media arts. That number has now grown to some 2,000 professional creators, not counting cultural workers. Quebec also has 20 or so artists' centres involved in research, creation, production, exhibition and distribution.

The term “independent,” as we use it, refers to the production of a work where the creator has full artistic and editorial control at every stage through to the final version, and receives most of the royalties. As this definition indicates, professional creators and the organizations that we represent are continually faced with the contradictions and paradoxes present in the legislation and programs of the federal government and all the agencies that support film production in one way or another.

Canadian Heritage Minister, Liza Frulla, proudly declared at the Canadian Arts Summit in Banff recently that arts and culture in Canada account for nearly 600,000 jobs and \$39 billion in economic activity.

Despite the economic vitality of the industry, it is rather alarming to note the ambivalence of the Canadian government and consequently of the department regarding artistic and cultural expression as a whole. On the one hand, you ardently promote cultural diversity, and we thank you for that. On the other, all of your policies in the area of film production are becoming increasingly monolithic and focused on the need for a return on investment and financial profit, to the exclusion of cultural benefits.

There is nothing new in this. Since the 1920s, Canada has been the second domestic market of the American film industry. In the 1930s, outside the work of the Associated Screen News and government productions, the Canadian film industry became, for all intents and purposes, a Hollywood branch plant. Feature-film production amounted to a few films created to meet quotas under British

legislation that required British film theatres to show a certain number of British and Commonwealth films.

Quota companies which were considered Canadian by law, but were financed by Hollywood, were set up in Calgary, Montreal and Toronto.

● (1525)

That production came to an end in 1938, when the British withdrew their protection for Commonwealth productions, in part because of the way in which Canada was allowing Hollywood to get around the legislation.

In 1931, Commissioner Peter White presented a report to the federal Department of Labour entitled *Investigation into an Alleged Combine in the Motion Picture Industry in Canada*. The three conclusions indicated that an alleged combine had indeed existed since 1926 and that the participants in it were Famous Players Canadian Corp. Ltd., United Amusement Corp. and Paramount Corp. Ltd. In 1932, a judge of the Ontario Supreme Court found the defendants not guilty and threw out the case.

In 1963, the report by the Conseil d'orientation économique du Québec criticized the monopolistic practices of Famous Players-United Amusements.

In 1964, in its brief to the Secretary of State of Canada, the Association professionnelle des cinéastes du Québec complained on behalf of its 104 members that the economic interests controlling most of the theatres were controlled by Paramount, an American production and distribution company. The brief also pointed out that such practices were prohibited in the United States, but not outside that country. Canada still did not act.

In 1967, the Canadian Film Corporation, or CFDC, which later became Telefilm Canada, was created to develop the film industry in Canada and help it break the American stranglehold on our film culture. This would seem to be a praise-worthy initiative, except that the charter creating the CFDC did not impose any quotas on theatre owners or any criteria for artistic or cultural quality.

In 1980, the CFDC basically abandoned the feature film sector. The name was changed to Telefilm Canada on the pretext that there was no longer a future for films intended for the big screen.

Since then, we have witnessed the wholesale industrialization and shift to television of film production through changes such as the creation of tax shelters in the 1970s, the stated preference for investing in audiovisual products with strong commercial potential rather than cinema, the consolidation of production and distribution companies and the increasing influence of television broadcasters in funding decisions. There has been a clear trend toward eliminating any artistic and cultural diversity and reducing film creation to a strictly industrial and television-oriented activity. The priority is to invest in what sells, regardless of whether it is for the big screen or the small one. It is known as the bottom-line philosophy. This market-driven approach culminated at Telefilm Canada in December 2000 with the release of the new feature film policy.

● (1530)

So the message was clear: all traces of author-driven independent cinema were to be eliminated; the smallest producers and distributors—which I can name later—would go, the minimum guarantee would be promotion funding; box office successes are rewarded without any quality criteria being imposed; public funds are distributed automatically through performance envelopes based on the commercial viability of the film. And this is public money.

But the success of our film industry in Quebec and Canada has been built through the efforts of creators, small-scale producers, independent distributors, in short, through the work and passion of professionals who believed and still believe that film production must remain a form of artistic and cultural expression as well as an economic activity. We can name these creators who began their careers in artists' centres and have tried to create films differently despite all the obstacles. You know their names: Louis Bélanger, Atom Egoyan, Robert Morin, Bernard Émond, Jeremy Peter Allen, Francis Leclerc, François Delisle.

The Coalition culture et long métrage, which is a coalition that formed spontaneously after the new policy was announced, warned of this catastrophe, denounced it and submitted recommendations that are still painfully relevant after five years, and that we have given in our brief as well.

What is needed is no longer a series of adjustments, but rather a change in perspective and the creation of a level playing field. Either Canada needs to support cultural diversity and apply that philosophy through concrete programs to all the agencies involved in the film industry, work to develop the public in Quebec and Canada other than by rewarding box office successes, demonstrate that there is not just one kind of cinema, creator, producer and distributor, but a plurality of Canadian views and Canadian ways of doing things and making films, stand up and ensure that Canada is no longer a second domestic market for the American film industry; or it will continue to have a system that is based on the one in the US and remain a culturally colonized country. The government needs to stand up and defend its cultural diversity policy in practical ways.

Finally, we creators are tired of being used as a cultural facade and a nod to foreign film production, and at the same time having to deal with increasingly restricted space and resources for film creation. In order for the new executive director of Telefilm Canada, Wayne Clarkson, to realize his dream of seeing new talent emerge, the Canadian Heritage Department has to show the political will needed to implement its own vision of cultural diversity.

The CQAM therefore urges Telefilm Canada to achieve more equitable representation in its advisory committee so as to reflect all components of the film industry, changes in the way the budget is allocated between automatic and selective funds, better analysis of box office returns to take into account marketing costs, more accurate calculation of film circulation and company profits, renewal of the guaranteed minimum program and changes to the marketing program, changes to the low-budget fiction feature film assistance program, development of a documentary feature film assistance program for commercial theatres, because, as we know, documentaries are a film genre in themselves and not a television genre as they are deemed to be now.

● (1535)

We would like the Canadian Independent Film and Video Fund to have the \$250,000, or 14 per cent of its budget, that was cut in 2003, restored. We also want to see a new agreement reached with the Canadian Independent Film and Video Fund and the Canadian Heritage Department similar to the one concluded in 2001.

I will now turn things over to Deborah McInnes, who will talk about the situation of creators and the Canada Council for the Arts.

By way of introduction, I would just like to mention that Ms. McInnes is the executive director of an artists' centre called Main Film here in Montreal. It is the second largest such centre in Canada. It has over 300 members. She was previously the executive director of LIFT in Toronto, which, with 600 members, is the largest independent film production centre in Canada.

Ms. McInnes, you have the floor.

[English]

Ms. Deborah McInnes (General Manager, Main Film, Conseil québécois des arts médiatiques): Hi. I'm from the artist-run sector. That's my sign; it's handcrafted.

What I'd like to talk about, actually, is what I've been listening to so far and what I've experienced insofar as I understand the initial drive behind the feature film policy and the drive behind Telefilm trying to recoup more of its investments.

What I also have noticed is that at this level we really feel it as it comes down; it ripples all the way down.

There's not really one coherent vision that captures filmmaking both as an industry and as an art form. One creator can slide back and forth and be very fluid, depending on what project they're working on at that time. There's also no vision in terms of how we intrinsically support filmmaking as a craft, as an industry, and as an art form all the way through.

We've heard talk about—although they haven't described it this way—horizontal integration, when we talk about venues and when we talk about distribution, and that here's a network that captures Canadian filmmaking, period, whether it is independent towards theatrical, independent towards broadcast, or independent towards festivals. All these have roles and are key elements in culture, in creating, participating, and just observing.

Also, the element the Canada Council hasn't thought of as much... or perhaps it has and I haven't been in the room. But I think about it a lot because it really affects me, both as an individual artist and as a director of an organization of independent artists. Most independent co-ops at this level are artist-run, are understaffed, and have very limited resources. We're not able to support independent features, for instance.

As a really practical element, when you come to Montreal, basically you go to one place to rent equipment for production, for instance—there used to be two, but one pulled out—so there's no alternative in terms of how you can negotiate for what you need. If you come to us as a co-op, you'll find we have some equipment, but we only have a fraction of the equipment you would need, and it would not be enough to support that plus all the other smaller, shorter independent works that get done. For instance—and this is really practical stuff—a camera that's rented at our centre would be at one-quarter of the commercial cost, which really gives the filmmakers a lot more mobility in their budgets, for instance. We have an insurance program—insurance is a practical issue—where if you're a member of our place, you get a discount.

This is a level of support for independent filmmaking we can provide that no one else can touch. We already exist; we already have our internal infrastructures. What we don't have is the support necessary to be able to support the real grassroots level of filmmaking, which has a very significant role in the development of an artist in the artistic practice and the artist's vision.

Also, at this level of filmmaking, risk-taking can really happen, and exploration of risks can really happen in a very practical way. The presence of the Canada Council has always been reassuring to me as an artist in that there is one place I can go to apply for support to really take creative risks, confident in the knowledge that somewhere in the process of creation...it might not end up being "that good". This pressure forces the council into a very defensive position, whereby they have to justify every project that gets funding in case one of them turns out to be another *Bubbles Galore*.

I hope I didn't say that out loud. If anyone knows.... There was a *Bubbles Galore* incident quite a few years ago.

But that means that if everything gets that scrutiny, if every object gets that scrutiny as to artistic value and as to whether it's acceptable to community standards, then nothing is going to get made except mediocrity, except safe work, and then the artists, I know, will want to do something. They'll be writing, trying to self-censor to get the funds, so they'll write what you like to hear, saying, I think the council would go for this project because it's safe. So it's a different kind of bottom-lining. They're now talking about artistic quality. What they're really talking about is an artistic safety that is easily defended, that won't be attacked.

● (1540)

This organization was set up for contemporary art practice, which means sometimes it's not going to be recognized as having artistic merit or value right away. Sometimes that takes maturity; that takes distance; that takes time.

Also, the media arts section is just pitiful in terms of its share of the whole pie, and we have so many film schools now. They're popping up everywhere, like mushrooms after rain, and they're hideously expensive to go to, but there is such a desperation to be trained.

My organization offers 116 workshops a year. We have people coming from the Gaspé, from Inuvit—just everywhere around—to take them. Some of them are cancelled because we don't have enough enrolment. For the majority of them...we pay the instructors;

we hire artists and pay them \$25 an hour. We know that's not a lot of money—it's more money than I make—but we don't have any other way of doing this, and we have experienced filmmakers who are independent passing on their experience, their vision, to people who want to know how to make films on their own—who want to be do-it-yourselfers.

I think also there are two ways of looking at investment. One is looking at investment in terms of culture. That in itself has its own intrinsic value and is a necessary life force in our society. In the other kind of investment, you're actually looking at financial investment with financial return and a—

● (1545)

The Chair: Demonstrable.

Ms. Deborah McInnes:—demonstrable element, so they can be put on pie charts, and that type of thing.

Finally, I would like to talk about sweat equity. When we talk about supporting the arts—and I said this 15 years ago to a committee similar to this one—the greatest investors and supporters of independent art, and independent filmmaking in particular, in Canada are the cultural workers and the artists themselves. We are underpaid; we don't have any benefits or pension plans. We're always by the skin of our teeth and credit cards.

Thank you.

[Translation]

The Chair: Thank you very much.

Mr. Bissonnette, it is your turn. You have a third person accompanying you, and I believe that we do not have his name.

Mr. Michel Bissonnette (Vice-President, Board of Directors, Institut national de l'image et du son): Madam Chair, members of the committee, my name is Michel Bissonnette, Vice-President of the Board of Directors of the Institut national de l'image et du son. I am accompanied by Suzanne Samson, Assistant Executive Director of the INIS and Jean Hamel, INIS Communications Director.

Thank you for allowing us to participate in this consultation on the Canadian film industry. We are pleased to contribute to this study, since we sincerely believe that we play a positive role in the quality and vitality of film and television here.

Today, training and growth are very much interrelated in all sectors. In film and television, however, this has been recognized only fairly recently. The INIS was established nearly 10 years ago to meet a need felt by the grassroots. It has a simple, flexible structure that gives it an ability to adapt rapidly, establish partnerships and work with small budgets. But to maintain the quality of our training and be able to meet the challenges of the next few years, we need to be able to count on new resources. Canadian professionals are recognized for their competence, creativity and talent, but given the strong growth in production activities in the country and the inescapable trend toward digital technologies in audiovisual production, the future of the industry increasingly depends on training highly-skilled new professionals and upgrading the skills of those already in the industry.

We would like to take this opportunity to review with you the recommendations that the INIS submitted to this study on the Canadian film industry.

Our first recommendation is to consolidate Canadian training institutions recognized by the national training program in film and video, which are the National Screen Institute in Winnipeg, the Canadian Film Centre in Toronto, the Summer Institute of Film and Television, the Canadian Screen Training Centre in Ottawa and, of course, the Institut national de l'image et du son, the INIS, in Montréal, which is the only francophone training centre in the country.

These development centres have a unique and recognized expertise. They offer training at a professional level. Consolidating funding for these institutions would give them the flexibility that they need to reflect, innovate, test and implement new programs.

Our second recommendation is to increase the resources of the national training program in film and video. Over the past five years, this national program has had an average annual budget of \$2.3 million. It is administered by Telefilm Canada, which also supports ad hoc training initiatives through its industrial and professional development program which has an average annual budget of \$1.5 million.

The total budgets of the two programs amount to about \$4 million a year that the federal government spends on professional training in a sector that produces nearly \$5 billion in economic activity. It is clear that the funding for professional training in film and television is not being misused.

In addition to its training activities, the INIS is also working to develop a number of new programs in areas such as feature film script writing, documentary training and, in the longer term, photo directing and editing. All these programs are developed in close cooperation with the various components of the profession.

• (1550)

However, implementing these programs could turn out to be difficult or even impossible without an increase in our financial resources, especially given the fact that there has been no increase in funding to the INIS under the national program since 1999. By way of information — and this shows the support that we have in the sector — we would like to point out that the money and the value of the services provided by the industry accounts for 50 per cent of our operating budget. Despite that success, it is unthinkable that we could continue our activities without federal government support. At this point, funding for the national program is set to run out in March 2006, and no decision has been made about the future. It would be disastrous if, after all the years of effort and development that have been spent, the training institutions were to be left without concrete support from the federal government.

Our third recommendation is to support the quality of professional training given across the country. For some time now, providing training has been seen to be a good thing. But it is important to have the required qualifications, the expertise and the mandate. A distinction needs to be made between professional training activities and general educational activities. That is why the Canadian institutions, supported by the national program, are working together

right now to implement a database in order to create an inventory of training available across the country. They are using this opportunity to establish competency standards so that the professional training can be validated. The aim of these initiatives is to eliminate confusion so that genuine training activities will enable participants to acquire real and relevant skills that are recognized by the industry.

Our fourth recommendation is to reserve part of the money in the feature film fund for feature film projects presented by the recognized institutions. One of the main thrusts of the current film policy is to support feature film production and increase the share of box office profits earned by Canadian films. While the INIS is happy to see the success that certain recent films have had with their natural public because this vitality is good for everyone, we believe in the importance of diversity in the film industry. It is always by combining creativity and training through practice that the institute has developed its feature film production program for its alumni. This program gives our former students in script-writing, directing and production an extraordinary opportunity to make their first feature film. It also enables experienced technicians to take on new responsibilities and experiment with this new production format.

As you can see, our activities are always geared to training and development, not only for young people and new creators, but also for professionals who want to improve their ability, master new tools and develop new skills.

Our fifth recommendation is to promote collaboration. Progress and improvement are impossible without discussion and sharing of ideas. The INIS is proud to contribute to the development of the Canadian film industry by speaking from a training standpoint in the various debates. The institute depends to a high degree on maintaining good relations with all the professional associations, unions and companies involved in production, services and distribution in Quebec. Moreover, ground corporations working in film, television and interactive media — I am talking here, of course, about the FNB, Telefilm Canada and Radio-Canada — are natural partners with their own mandates. The INIS can provide support to these organizations. It did so recently, for example, when it was given a mandate to provide the *Déclic Prise 1* training in French for Telefilm Canada. This training is intended for producers from aboriginal communities, visible minorities and people working outside Montreal, not to mention our ongoing contacts with other institutions.

• (1555)

But Canada is a large country where two official languages are spoken; that means travelling and translation costs so that information can be properly shared.

Our sixth and last recommendation is to support international initiatives for training centres.

Lastly, it is good to measure our performance and our originality by international standards. The INIS model is quite particular and is of increasing interest to training centres and institutions. Our films circulate a great deal abroad and within Canada and this requires follow-up on our part, along with increasingly onerous logistics and technical expenditures.

We are however convinced that the presence of the new generation of Canadian professionals abroad can only have a beneficial impact on the international community's overall appreciation of Canadian cinema.

In conclusion, we have a great deal to offer the film industry at a quite marginal cost. An increase in these training resources would enable us to do even more. In this era of globalization, the best way to distinguish oneself is to rely on a competent and creative labour force able to produce quality cinema because it has been properly trained and has received the tools to keep up with the latest developments.

If you wish to have more information on our programs, our operation, the type of support we obtain from the industry or our vision of the future, we are ready to answer your questions.

Thank you.

The Chair: Thank you.

[English]

To be fair to everybody, I'm going to start with Mr. Angus this time.

Mr. Charlie Angus: Thank you, Madam Chair.

I'd like to ask you about training. We heard from "Silence, on court!" this morning, and they were talking about their whole move towards digital, and in fact were suggesting that already in the United States the forms of short docs and how short docs are put together are undergoing change because they're seeing the Internet screen as their number one market. How do you see that, in terms of training a young generation coming forward? How much are we switching over to digital now? How much is it going to affect how we've perceived film, and does it provide some lower costs for young independent filmmakers to get into action?

Mr. Michel Bissonnette: If you don't mind, I will answer in French, even if I did understand well in English. It's easier for me to speak in French than in English.

[Translation]

At the present time, the young generation does have a good command of technologies but does not necessarily have the expertise in content that people with experience in the trade have. Along with that, people who have been working in this environment for 20 years and have a good command of content development do not necessarily master the new technologies.

The entire film production sector will inevitably have to come to terms with new technologies. That is why it is important for training centres to be able to teach the young generation expertise in technologies, filmmaking, scripting and the art of telling a good story. These are things that cannot be improvised. At the same time, people who know how to tell a good story must be taught how to master the potential of new technologies so they do not end up being sidelined after two years because technologies have overtaken them.

As recently as four or five years ago, when people produced a film, it was inevitably in 35 mm, which involved 40 days of shooting along with huge production infrastructures with lighting technicians and other experts. But the know-how of the script-writers and

filmmakers who work on these films has not disappeared. It is now possible to make films in different technological environments where costs are much lower but people must have a command of technologies, film production and scripting. That is why centres that provide professional training are very important. Many of our universities, when they teach cinema, provide instruction about films, art and culture. However, as producers in Montreal and elsewhere in Canada will confirm, they are not necessarily looking for people with university degrees but rather people who know how to produce a film and tell a story.

The big advantage of the four training centres in Canada is that they are able to provide concrete training to individuals in relationship with those who are working in the industry.

• (1600)

[English]

That was a long answer for a short question.

Mr. Charlie Angus: That's a good answer.

Definitely, the issue of putting that creativity to.... I mean, many people can do a lot of interesting and cute things with digital cheaply.

I also want to explore a bit more of the potential impact, the potential, of digital filming, because I'm new to it. I've worked 12 years with a documentary photographer. He's had stuff shown all around the world; he now shoots only in digital. If *The Globe and Mail* sends him out, he will have his photograph sent out over his cell phone and back that afternoon. In terms of cost, he used to spend thousands and thousands when we were doing shoots, just rolling film; that's all gone now. Digital has allowed him to edit on the spot, send it back, and put it in.

Is filmmaking with digital a similar situation?

[Translation]

Mr. Michel Bissonnette: The funding of Canadian films has always relied on a significant contribution from government, whether it be the provincial or federal level. The beauty of digital production is that it allows us to reduce these costs. However, since it is difficult to fund filmmaking, even though there is a reduction in the budget, it does not allow us to obtain greater funding for our films.

In answer to your question, yes, digital technology does allow a significant reduction in production costs or at least makes it possible to spend money on what makes a difference, that is scripting, individuals and talent, instead of the machinery.

[English]

Ms. Barbara Ulrich: I'd like to offer a supplement to that response.

If, in fact, digital filmmaking does reduce a certain number of costs, but the theatrical venues are still in 35 millimetre. Even if you shoot in digital, you have to do an output for the theatrical venues in 35 millimetre, and that is very costly. It's still costly. It's always been costly. It's a two-edged sword.

It's also a two-edged sword because filmmakers, whether they're independent or not, find digital so easy that they have a tendency to shoot more. When they get into the editing room, the editing process can be longer now, because before this, when you were shooting on film, and the cost of film development and opticals was so expensive, there was more thought given to everything that was going to be shot. It's like a two-edged sword. I don't think anybody who is a filmmaker will say it's a panacea.

•(1605)

[Translation]

Ms. Suzanne Samson (Assistant Director General, Institut national de l'image et du son): I would like to add that technology is extremely important for INIS. Our purpose is to provide training to creators who are ready to work in the market as it now exists with all of its technical equipment and new technologies.

As far as production costs are concerned, in the training of our creators, particularly in INIS, our focus is on professional teams. Hence, our structure for the shooting of films remains basically the same. The camera may mean the reduction of certain travelling costs or those related to post production, etc. However, in the preparation of a story—the term we now use at INIS is a fiction—costs remain the same for the technical team as well as for the team of creators involved.

As we mentioned in our brief, we are starting to devote a great deal of thought to these issues, particularly with the possible introduction of a film editing and director of photography program. This brings us to the very heart of the subject. INIS is increasingly focusing on keeping up-to-date with technology. Once we start becoming involved in this field, then of course we have to know what we are talking about and we are starting to take a serious interest in it. However, at the present time, when it comes to production costs, the camera does not have a significant impact on operating costs.

[English]

Mr. Charlie Angus: Thank you.

The Chair: Ms. Bulte.

Hon. Sarmite Bulte: Thank you very much.

I'm going to start with Ms. Ulrich. I also have some questions for Mr. Bissonnette.

I'd like to go back to your comments about how we do not have one coherent vision. How do we coalesce the craft, the industry, and the art form? I'd like you to address that. I'm just asking the question, but I wanted specifically to know how you see it being done.

Then, with respect to the Canada Council, I know how it is in theatre and in music; there's a peer system. Is it the same way in the media sector? There are some who will argue that different funding of film is, again, fragmented. There are too many pockets. Some would argue that maybe Canada Council shouldn't even be in the business of film, that it should all be consolidated under Telefilm. I'd like you to address that as well.

It was interesting, Ms. Ulrich, when you spoke about the need to support cultural diversity. I couldn't agree with you more. I happen to come from Toronto, and as you know, there's almost a penalty for

shooting in Toronto. It's anywhere but Toronto. There's this belief. Yet, at the same time, Toronto is perhaps one of the most culturally diverse cities in Canada—not the only one, but certainly one. How do we deal with the way you're almost negativized if you go into those big communities such as Montreal or Vancouver, where you have a very diverse community? Do we require a change there?

Last but not least, you said there's also too much emphasis on...I don't know if it was the economics, and much less on the cultural. It's something we also heard in Winnipeg. I'm just wondering. I could see that may have been a comment under Mr. Stursberg's executive directorship. With the new executive director—and again, Mr. Bissonnette, please feel free to jump in on any of these questions—do you feel there will be a change? Do you feel that's something you, as the industry, can impact directly? Does it require government change?

I know there are a number of questions, but I wanted to focus on those things.

Ms. Barbara Ulrich: Ms. McInnes will answer your first question, and then I'll jump in.

Ms. Deborah McInnes: I will, if I can remember what the question was. I think it had to do with global vision, or—

Hon. Sarmite Bulte: No, with your coherent vision—how do we get there from here?

I'm always afraid.... You see, our chair is very tough on time, so if you don't get your questions out all at once, if somebody takes a long time answering, I don't get to ask my second question, so we've come to ask them all at once.

Ms. Deborah McInnes: I always find it interesting that we say, you know, this is the industry, this is the business, and this is art, as if there's no relationship. Then when there is a relationship, the urge is to treat them exactly the same. I don't get that.

As to whether we choose to say, okay, culturally what we want to do now is be product-based, like the Americans...because that is their culture. That is a cultural thing. And I don't know if we're talking about culture on that level. Again, we seem to be confusing things. As I say, there's no relationship between film as an art form or film as an industry.

It distresses me to say all films should go to Telefilm. Right now at Canadian Heritage you have a capacity-building element for cultural organizations. We are a registered charity, non-profit, artist-run, with a volunteer board, and I cannot go to anything at Canadian Heritage that offers assistance to cultural organizations. As soon as I say "film", they say "Oh, well, you have the tax credits".

What the hell's that? It has no reality for my organization. So if you take it out, I'm only going to be an industrial model. I'm only going to be in an industrial environment. That's the only thing we'll allow. We're already being squeezed like crazy. I was talking about the bottom line being artistic merit. Well, the bottom line is really safety, isn't it, in terms of art.

•(1610)

Hon. Sarmite Bulte: That's a problem with Canada Council, though.

Ms. Deborah McInnes: It's not a problem with Canada Council, it's a problem with what we expect Canada Council to do, and we expect it in such a way that it creates a defensiveness. Canada Council is in a defensive posture. It doesn't have near the resources it needs. No agency will ever have the resources it needs for all the demands from all the people who are professional artists or creators. That's just the way it is. That's life. But to be so deprived and then to be held under a different expectation of excellence, an expectation that's held to the arts that's not held to industry, not held to mining, not held to aircraft parts, or to ad agencies.... Sorry.

What I mean is that there is a naturally defensive posture here. If you can go through all of the risks that Canada Council tries to support and pick one that didn't make it, or pick one that one person finds offensive, and that one person happens to be in Parliament, it only leaves them in a defensive position when we cannot articulate what this cultural element is and the kind of risk-taking it is, and the actual practice of it.

Hon. Sarmite Bulte: How do we fix it, then? Help me fix it.

Ms. Deborah McInnes: You could hire me.

Voices: Oh, oh!

Ms. Deborah McInnes: Man, I could use the pay, I could use the benefits. I'd come and work with you.

How do you do it? You can't see it as an isolated thing. It's not isolated; it's attached to everything else.

Let's say I want to develop a vision for film for Canada that people understand. How do I do that? Film is an art form, like poetry is. Not everyone wants to write a novel. Not everyone wants to make a feature. We should only support novels? We should only support features? If we don't, what is the vision that could be integrated for all of these elements? It would have to be layered.

The element that would be expressed at Canada Council would be that more risk-taking would be this way. Then you'd have the gauge, right through to the documentary, the industrial, the educational, the broadcast market, the theatre release market, and the festival market. That's where people like to go and see work, where you can spend an hour or two looking at nothing but shorts.

Sorry.

Hon. Sarmite Bulte: No, no, that's why we're here.

Ms. Barbara Ulrich: I would like to add to what she said.

When I talked about cultural diversity, what I meant was a diversity of vision in making films. There is, exactly as she mentioned, not one type of literature; there are several types of literature. It is false to say that we must make films for a large public audience, and the largest audience possible, because that largest public audience has been conditioned to, say, the American, or product-based, type of work. But people go to festivals, people go onto sites and download Internet shorts, so we know that there's another market.

Part of integrating a diversity policy within the film industry is to recognize that Canada Council, for example, must be funded in such a way that they do not have to be self-defensive and create these mechanisms of artistic safety. For Telefilm Canada, we have to recognize that, yes, some people will want to do box office hits, but take, for example, Atom Egoyan; who went to his first movies? Thank God Canada Council was there for him, and for Patricia Rozema, and for Guy Maddin. They were recognized once they made a big box office hit feature. They were still there, and their films were still good. Now we're looking at them in retrospect, saying, wow, it's true, they have a good filmography there.

So Telefilm has to have programs that recognize that within the diversity of filmmaking there will be films that will appeal to several different types of audiences. That has to be recognized. Currently the programs are such that, you know, it has to be feature length, and it has to be this or that, and it has to answer to a certain number of criteria that are totally based on the bottom line. With the small-budget, feature-length independent program, where you can get a maximum of \$750 in cash and \$150,000 in deferred investments, there may be only one and a half films, or two films, supported in each of the five Canadian regions. The fund isn't big enough.

There is no marketing fund for independent low-budget features. That's why I say that the marketing fund has to be revised, to be there so that independent distributors can survive. The cycle of an independent film is a lot longer than for other films. As the people previously presenting mentioned, because foreign interests control the theatres and the programming in theatres, we have no control over how long the films will stay there. If there's not enough audience response, they're just bumped. What happens with independent films and more creative films is that it takes longer to penetrate and to reach the public. It's very often word of mouth. They don't have the means to take out full-page \$10,000 ads in *La Presse*, or \$15,000 ads in *The Globe and Mail*. It's a much longer process when it's word of mouth. And then, when people want to go and see the film, the film is no longer there. So the marketing fund that Telefilm Canada used to have for independents and independent distributors enabled a different marketing approach and recognized different types of marketing activities.

There is also the fact that when Telefilm Canada, for example, recognizes festival markets where you can go to sell your films, the festival markets that are recognized are the ones that are useful to almost exclusively the wide public audience. The festival markets that are very useful to independents—for example, Rotterdam—are not recognized. An enormous amount of agreements are made in Rotterdam to support co-production for investment. So this has to be seen—

•(1615)

The Chair: I don't want to cut you off; I would invite you to add anything else to that after this meeting.

[Translation]

Mr. Bissonnette, did you have something to add on this subject?

[English]

Mr. Michel Bissonnette: On those specific questions, not necessarily, because it's not linked to the mission of the other *centres de formation* in Canada.

The Chair: Before I pass the word to Mr. Schellenberger, I would make just one observation. I want to be sure I understand what you're saying.

I think I can do a comparison with how we fund scientific research. We don't ask if it's going to produce a product at the end. All we ask is that it's going to explore something new, something worth exploring. And because that's been the approach, research has produced cures for illnesses, all kinds of solutions to all kinds of human problems—just because finding out something new was worth doing.

Voices: Hear, hear!

The Chair: Mr. Schellenberger.

• (1620)

Mr. Gary Schellenberger: That was great.

Ms. Barbara Ulrich: Let's do that with film.

Mr. Gary Schellenberger: I just have to say a couple of things. I'm not going to prolong this. I know we've heard distribution, distribution; we've heard funding, funding. I know it doesn't matter who we talk to; when it comes to government funding, we're continually asked for long-term sustainable funding. It's always terrible, I know, to run...and whether it's a five-year program or a three-year program, it's going to sunset at a certain time. Well, sunset means it's over. Those months...government's always great to let things run right to the 11th hour and then say, oh, we're still going to fund that program; we find it was a good program.

So one thing I promote is long-term sustainable funding. Whatever we come up with or whatever we should come up with, it needs to be long-term and sustainable, so that everyone in the industry knows where we're going.

Again, for some of the distribution, the thing is that whether it's a cultural film or whether it's a commercial film, I don't want to make money sound like a dirty word. I don't think that's where we really are at. But when I look at the movie theatres, probably the film goes into the movie theatres as a loss leader. It's to get recognition, so that later on in sales of DVDs or to other television networks and everything—pay-per-view, whatever—moneys are made from there.

I know we talk about trailers and everything, but getting back to Charlie and the Internet or the digital realm, again, if that film isn't known, if you don't have it on websites—and all of these places take time—if you aren't running trailers through there, it won't be known and it won't be seen. It's beyond me to tell you how to make and distribute your films.

Would a federal tax credit help to make these great films at this time? They say it has helped in Ontario, and I'm not sure if it's Manitoba or B.C., but there are a couple of places where they have upped their tax credit a little. I heard earlier that tax credits probably

would not help the independent industry right now, but I'm looking at a broad base. Would a tax credit help right now?

I must tell you that before I got this job—this is my second career—I was in the decorating business for some 40 years. It was my father's business to start with, and during the latter years it was mine. So I know what it's like to run by the skin of your teeth and I know what it's like to pay your staff sometimes more than you take home. I didn't have a pension, and unless we get elected long enough, I won't have a pension from where I am either, but that's beyond me. But I do encourage all those people who want to do something on an independent basis to say what they think. I understand your art. I believe it's good and it's needed.

Again, as I listen to some of your statements and answers, I try to develop what we could do that would be sustainable, that would make your industry thrive. I know the business has thrived more or less because of a low dollar over the last number of years. It's grown—maybe not the independent market here as much as the foreign films that have been done. So the industry itself, the lighting crews, the set people, the artists, the painters who paint the sets, and all these things—that industry has mushroomed, and they've got to be hurt just about as much as anybody else as our dollar has risen.

• (1625)

So again, my thing is long-term sustainable funding. I've said a whole bunch of things, and I hope there's a question there for you.

Ms. Barbara Ulrich: I would like to comment. Number one, we don't think that making money is a dirty word. It's just that it can't be the sole criterion for success. That's it.

As for a film being in theatrical as a loss leader, Gulf and Western already determined in 1972 that the only reason to make a movie was to get out the VHS video cassettes and get them into the stores, because that's where the money was. It was in the cassettes and it was in the popcorn, not in the film.

However, I think in Canada, if we want to recognize that we do have a very rich cultural heritage and diversity and we want our public to see these works, they also have to be in theatricals. Every time the concept of imposing a quota was raised in Canada, the Motion Picture Association of America would take their private plane and come to Canada and say, “You know, we'll close your theatres”. To tell you the truth, I don't think they would, because if we're their second domestic market, they're going to lose a heck of a lot of money after a week, and they would open them again.

So I think there's been a lot of brandishing and menacing, but I think one way to do it is to look at the North American free trade treaty, and they're not. It's stated in there that products that cross the borders have to be 70% wholly produced in the country of origin before they can get to market before domestic products can.

There are safeguards that exist, and I don't know why Canada does not enforce them, because if there's a dollar to be made they're not going to close the theatricals. They'll close them maybe for a week just to scare us.

If you want to give incentives and if you want the public to see our films in theatricals, perhaps there should be a tax credit for the theatre owners who show the films and keep them there, let's say for two weeks; or perhaps there should be a tax credit for Canadian taxpayers if they spend x amount of money on Canadian cultural funding expenses, if it goes to Canadian cultural events. That's the way to do audience development. It doesn't always have to go to the producer, but it can be used otherwise to get audience development, to create incentives to show work. It's to be innovative and look at ways to create, one, interest; two, audience development; and three, sustainable development and interests.

The Chair: Our analyst has asked if I could ask one question, because it's about a word that is used often. What do people mean when they talk about an independent film producer, and does everybody in the industry have a different definition in their minds?

Ms. Barbara Ulrich: The definition I used in the beginning when I presented it is that an independent work is a work that is created by an artist who has sole artistic and editorial control over his work, up to and including the final version, and who receives the major part of all royalties or sales—the economic benefits of the work.

This term is recognized by Canada Council, by Telefilm Canada, by SODEC in Quebec, by the Canadian Independent Film and Video Fund, and by Conseil des arts et des lettres du Québec.

There are a number of independent private producers who have appropriated the term in the same sense as the American productions use the term. In the United States, independent productions designate productions that are made outside of the big studios. For example, Steven Spielberg has a couple of independent production companies, one of which produced *Blair Witch*. That's independent; it's not a big studio production.

So that term has been appropriated here, but that is not the term that is recognized by the funders and by the government agencies. It's the one I use.

• (1630)

The Chair: Ms. Bulte, for one minute.

Hon. Sarmite Bulte: Monsieur Bissonnette, I have a question regarding your first recommendation to “meet the industry's training needs by consolidating...the Canadian training institutions”, which is not dissimilar from what we heard from the National Screen Institute in Winnipeg. What specifically do you mean by consolidation? How can we help you there?

Mr. Michel Bissonnette: I would say there are many universities that can ask for more money and information, and all of that stuff, but there are already four schools that work pretty well with the industry. I think the worst thing that can happen, because there's not that much money... For a \$5-billion business in Canada, the federal government is only giving \$4 million to the schools that are providing this information. Our only point is to make sure those four schools, which are well linked in partnership with all members of the industry, are well helped by the federal government.

Hon. Sarmite Bulte: That's interesting, because Ms. McInnes is saying that all of these training institutes keep popping up like mushrooms after the rain, and you're saying concentrate on the four major schools.

I also noted that you said you have not yet received your funds for 2006. Again, we heard from the National Screen Institute about the necessity of having to apply on an annual basis. Have you experienced the same thing? Is there a solution to make it multi-year funding, or do you have another solution?

Mr. Michel Bissonnette: I think the best solution would be to have the financing confirmed for more than one year, because every year we have to ask again, will we have the money? We can't take any engagements, and we have to make sure we will have the rent, which is for five years. We cannot deal with all of these fixed expenses without that. So all of the time we're looking at whether we'll have the money. We cannot confirm anything with the students at the school because we are not sure if we will have the money.

I don't want to complain, because the federal government was a really nice partner with us, but there is so much energy that we have to put in a year just to make sure we will have the funding, instead of working with the students. That's my only point.

Hon. Sarmite Bulte: How much is your budget, and what part of it would come from the government, and what would come from the private sector, and what would come from fundraising?

[Translation]

Mr. Michel Bissonnette: Suzanne, would you like to answer the question?

Ms. Suzanne Samson: Our total expenses for the centre amount to \$4,572,000. Of this amount, \$1,029,000 comes from the provincial government and \$1,026,000 from the federal. The rest we are able to raise ourselves, that is \$2.6 million. There are private contributions, tuition fees and others. Almost 52 per cent of our budget comes from elsewhere.

[English]

Hon. Sarmite Bulte: Thank you.

[Translation]

Ms. Suzanne Samson: Over the last seven years, the money received by INIS from the federal government has not been indexed. That means that, from one year to another, there has been a decrease.

[English]

Hon. Sarmite Bulte: How long has it been since the funds were indexed? Is it ten years, five years, or how many years?

Mr. Michel Bissonnette: Since 1999 we have had exactly the same amount of money every year, but the cost of living for us is going higher and higher.

• (1635)

Hon. Sarmite Bulte: No adjustment, or no indexing, since 1999.

Mr. Michel Bissonnette: Yes. Exactly.

[Translation]

The Chair: I would like to thank this afternoon's witnesses.

[English]

I know it takes a lot of thought and time to put together the briefs you put together for us today, and to modify them again before you appear before us, and to sit in a downtown hotel. We all value tremendously the contribution all of you are making, and have been making. Thank you very much.

I'd like to declare a 10-minute break. I don't know about the rest of you, but I need to call my office before the day ends for them.

A witness: Thank you very much.

Ms. Barbara Ulrich: Thank you all.

The Chair: Thank you.

My apologies if we're going to keep our witnesses waiting a few minutes. If you don't mind, we're going through to at least 7:30 tonight, but I certainly will need to check with my office before we continue.

• (1635) _____ (Pause) _____

• (1650)

The Chair: On feature film in Canada, with apologies—all kinds of things are happening in Ottawa today, as you may imagine. I wish we knew exactly what it was that was going on.

Mr. Kevin Tierney (Producer, Park EX Pictures, Canadian Film and Television Production Association (Termium)): It's pretty exciting. Just wait for the white smoke.

The Chair: Anyway, thank you for being with us today.

We've heard from CFTPA before, and so we're looking forward to your carrying on the discussion.

• (1655)

Mr. Kevin Tierney: Let us begin by thanking you for your ongoing effort to consult with our industry and for providing us with an opportunity to share our views on how we might improve existing federal policies and programs in support of the Canadian feature film sector.

My colleague Arnie Gelbart and I together have more than 50 years of experience. We started when we were incredibly young, producing Canadian films and television, totalling some \$200 million. Unfortunately, we didn't make all that, but...

As virtually all witnesses who appear before you across Canada will likely say, federal government support to Canadian feature films is crucial. Without adequate government assistance, we would not have a distinct Canadian cinematography. Maintaining our own identity in film is an important element to ensuring our continued national cultural sovereignty. Quite simply, feature films are the great art form of our time, defining portraits of the countries from whence they come.

We are aware that our colleagues in Toronto have shared with you the fact that producers—and I don't want any boos from the back of the room here—are at the centre of all production activity. We cannot underscore more the importance of this key message: without producers, feature films simply do not get made. It is we who are there at the beginning, there in the middle, and are still there at the end, if there is in fact an end.

Further, despite the reality that we take on all the risks and the responsibilities inherent in filmmaking, producers are the last to reap any financial rewards. Government policy has long recognized these facts, and this is why public assistance in support of the creation of films is allocated to producers. Deviating from this approach, as writers and directors have long been requesting, would simply undermine the structure and roles and responsibilities of each sector of the industry. As a direct result, it would seriously hamper the government's objectives in the film sector.

Our colleagues in Toronto shared with you the formidable challenges that producers of English-language Canadian films face in reaching larger audiences in the English market. The undeniable truth is that Hollywood's footprint is wider and deeper in English Canada as compared to French Canada. Not only are there consistently more American and other foreign films released annually in English-speaking Canada, but the performance of these films is significantly greater. Subsequently, the level of competition we face imposes higher production costs on our films. Ensuring a significant annual critical mass of competitive English-language Canadian films is one of the key challenges English-language producers face. It is crucial that the Government of Canada's feature film policy explicitly recognizes the existence of two distinct linguistic markets in Canada and reflect this by adopting a fully asymmetrical approach based on the language of production. This would help ensure that the rules and regulations for the support programs flowing from the policy could ultimately be custom tailored to address the specific challenges in each linguistic market.

As Quebec-based producers, producing in both English and French and benefiting from the talents of both language communities, we are able to appreciate the challenges faced by English films in English Canada and the lessons to be learned from the success of Quebec cinema. Recognizing Canadian diversity and encouraging both its promotion and its celebration are what we do, and they are key elements of the Government of Canada's national policy framework. This was most recently highlighted in last October's Speech From the Throne, when the government made a commitment to pursue its policy objective "...in a manner that recognizes Canada's diversity as a source of strength and innovation".

As the committee is aware, Canadian society is itself increasingly diverse. In fact, recent statistics suggest that visible minorities will make up the majority of Canada in the not-too-distant future. A successful Canadian film sector must in the future reflect this reality and must equally strive to be as representative as possible. We believe this will be one of our sources of strength and we should increasingly promote it. This can be accomplished in several ways, including integrating financial bonuses into our various support programs.

Another way to encourage greater diversity is to encourage it through targeted mentorship programs. Not many people know that the CFTPA administers what is arguably the most successful mentorship program in Canada, teaming up young aspiring Canadians with film, television, and new media producers. This hands-on experience for the next generation of Canada's professional creators is invaluable, as few opportunities of this kind exist in Canada.

● (1700)

Already, CFTPA staff are developing a proposal for a pilot project in Quebec for English-speaking visible minorities in the film and television sector. This type of activity should be increasingly encouraged and supported by the federal government. We also need to promote diversity in terms of both the types of stories we tell and the genre of film we choose to tell them in. An industry cannot be based solely on films that would likely not ever be accessible to a very large number of Canadians, but at the same time, a filmmaking culture in Canada that entails only formulaic Hollywood-type commercial films would not achieve any great deal of success. In other words, we need to find our own road in English Canada, as we have here in Quebec.

Quebec cinema was not always the success it is today. A great deal of hard work at the grassroots level was needed in terms of promoting and creating interest in our actors and actresses, directors, and writers. This success came about as part of an initiative between the creators and the distributors working together, literally taking the movies and their makers to the audiences in all regions of Quebec. Similar grassroots work is required in English Canada through a distribution community that needs to be revitalized—one might even say born again.

Increased financing for marketing and promotion is required to take on the challenge of not only getting our films into the Canadian marketplace, but also making sure they have every opportunity to find their audience and allow Canadians to find them. In our view, the key to improving our chances of success well into the future, both in terms of critical acclaim and commercial success at the box office, is to promote both a wide variety of films each year as well as a sufficient number of them to gather a sustainable critical mass. The appearance of a Canadian film at a city theatre should not be an anomaly, but a regular occurrence, one even anticipated by the audience. These films should include everything from love stories to biographies, historic events, period pieces, and a broad range of genres: comedies, horror, action movies, science fiction, animation, long-form documentaries. But what all of these films must have at their core is an artistry formed of key creative relationships between a producer, a director, and a writer, working with one goal: to entertain Canadian audiences with stories that speak to who we are and what we can be.

To accomplish these goals, an important level of government assistance is required. This is not unique to Canada. On the contrary, it is the situation for virtually every country in the world, even the United States, where the Canadian example of tax credits has now been introduced to encourage U.S. production to remain in the U.S.

American cinema is, of course, the fabulous beast that threatens to eat us all, and nowhere is that more apparent than in Canada—not

that we should or want to compare ourselves to the U.S., because that would be patently ridiculous. On the other hand, we can well compare ourselves to far larger, more important countries than ours—France, Germany, Britain, Italy—as well as a number of smaller ones, like Scandinavia or Australia, all of which invest in their countries' national cinemas to a level that is between two and four times the per capita investment in feature films in Canada. Moreover, through legislation, they encourage their television networks to do the same, something we have clearly not achieved in English Canada.

Nonetheless, we feel our success is imminent. Why? Because there is simply too much talent out there for it not to happen. Our greatest challenge is keeping that talent at work here in Canada and not allowing them to seek greener pastures south of the border. We need the means to assure that successful young filmmakers are not left out in the cold for three or four or five years waiting for enough money in the system so they can have their turn again. Lack of funding and lack of a sufficient number of films, more than anything else, will force their migration. We have all seen how easy it is for our creators to find a happy home in Los Angeles.

Allow me to recount a personal story. At the age of 23, my son, Jacob, wrote and directed his first feature film, *Twist*. By any definition, it was a success. It was selected for major international festivals in Venice, Rotterdam, Toronto. It opened theatrically here in Canada, and sold to the United States, France, and Britain. Last week he won his first Genie. He made that film in 2003. The real question is: when will he be able to make his second film, let alone a third, or a fourth?

While greater assistance is required at the federal level, provincial governments could also play a much larger direct role, as SODEC does here in Quebec. Over the last decade, while other provincial governments have very significantly scaled back their level of commitment to the production of Canadian film and television content, SODEC has been an important source of funding and a major contributor to the success of Quebec-made movies in both English and French. And while we, English-speaking producers, might like to have access to more than 20% of the SODEC money that is allocated for English-language production, we continue to make very good work of what we get.

● (1705)

In closing, we would like to thank you and the standing committee again for the opportunity to discuss these specific issues with you. We will answer any questions you might have.

Thank you.

The Chair: We have another couple of witnesses at the table. We've been hearing from a number of witnesses so we can get a bit of cross-discussion.

We have Catherine Martin and Bernard Émond, both as individuals.

[Translation]

Mr. Bernard Émond (As an Individual): We were registered as individual presenters, but we represent more than 350 professionals in the Quebec film sector who signed a letter published in *Le Devoir* about a year ago. As the situation has not changed since the publication of this letter, we decided to present the letter to the committee. We would like to thank you for listening to us.

The Chair: How much time will this take? It is very important for us to hear what you have to say but it is also important to have enough time for discussion.

Mr. Bernard Émond: It will take seven minutes, Madam.

The Chair: Thank you.

Mr. Bernard Émond: Several of the filmmakers and professionals who signed this letter are present with us. A majority of the most important filmmakers in Quebec signed this letter. The letter reads as follows:

The recent box office successes of Quebec films conceal some profound problems which may in the short term impoverish the quality and diversity of our national cinema.

In Quebec and Canada, having a national cinema is a collective choice. On account of the size of our market and despite modest production budgets [...] only exceptionally can our films cover their costs, and they survive only with government support. The government finances the national feature film industry, as it finances television, music or publishing, because the law of the market cannot guarantee the existence of national culture in all of its diversity.

Two recent policies of Telefilm Canada are in flagrant contradiction with its mission of supporting cultural diversity. This agency is increasingly abandoning the fate of the national film industry to the law of the market. And it is doing so in a perverse fashion, by socializing its costs from government coffers [...] but privatizing its profits (which go to a few large production and distribution companies).

Particularly distribution.

Ultimately, these policies could contribute to the disappearance of *auteur* (or independent) cinema, by promoting an increasingly commercial film industry according to the same logic that has stupefied national television in its dismaying race for ratings and the lowest common denominator.

The first policy is that of *performance envelopes*.

In 2003, Telefilm Canada could

allocate up to 75 per cent of its investment through these envelopes, [...]

In actual fact, it was approximately 50 per cent.

[...] which are granted automatically to the producers of films that have had box office success. Producers can reinvest this money in film development and production without having to submit their projects to Telefilm.

That means that officials have no say over 50 per cent of the money allocated by Telefilm Canada.

A producer who has a performance envelope can invest in the worst as well as in the best screenplay; he is the sole judge of how he makes use of these public funds. Of course, there's nothing to prevent a producer from deciding to invest in an *auteur* film with little commercial potential, but he will do so against his own economic interests.

Films such as *Gaz Bar blues*, *Post Mortem*, *Mariages*, *Le Neg'*, *La moitié gauche du frigo*, *Clandestins*, *L'Ange de goudron*, *La femme qui boit*, *20 h 17 rue Darling*, *Maelstrom*, *Un crabe dans la tête*, all of them prize-winning and lauded by Quebec critics, selected at the most important international festivals, will not sell enough tickets to earn their producers a performance envelope this year. A production company that takes on this type of

film, that will be shown abroad during festivals and will receive awards,

knows that it does so at its own risk. If it has a performance envelope, it risks seeing it diminish in the years to follow. If it does not, it lines up with the other

production companies

that are supporting less commercial films that vie for the

50 per cent

of funding remaining for "comparatives", [...]

So the officials from Telefilm Canada have a say in the allocation of only 50 per cent of the funds made available under the comparative competition's framework. It remains

[...] the only instance in which Telefilm Canada officers are still allowed a choice in the allocation of public funds.

This is extremely important.

And to add insult to injury, there is nothing to prevent producers who have a performance envelope from topping up the financing of their projects by submitting them for the comparatives.

A producer with a performance envelope can easily decide to take part in a comparative and this means an equivalent reduction in the amount of funding available for riskier projects.

There, we have admitted it: A producer with a performance envelope can use it to finance an *auteur* film. But to count on generosity and virtue to ensure the survival of *auteur* cinema is to show naiveté. Of course there will still be some producers who will defend this type of film but it must be acknowledged that an implacable economic logic is at work, one that could well wipe out the small production companies and create a quasi-monopoly situation.

We can see that this already taking place in Quebec.

To produce *auteur* films is to risk no longer producing any films at all. To produce commercial films is to ensure your ability to produce others. And the strong trend will be to produce films that are more and more commercial, to target the lowest common denominator, to increasingly conform to the star system and television style, because that is what sells. The recent successes of certain *auteur* films must not blind us to what lies ahead: we are moving into a feature-film landscape in which commercial movies will dominate by occupying the entire field.

● (1710)

Let us be clear: we have nothing against comedies and light entertainment fare. There has to be an intelligent, quality popular cinema. We must not leave entertainment to the Americans alone. But alongside these popular movies, there must continue to be less commercial films that attempt to explore the humanity and history of our people without complacency. However, the performance envelope policy encourages a powerful trend toward an exclusively commercial film industry.

This trend is consolidated by a second policy of Telefilm Canada. In the last few years, Telefilm has modified its distribution assistance programs. Support for film acquisitions has been cancelled, and distributors are now eligible for performance-based envelopes only (again, read: number of admission tickets sold). The overall result is that the risk is higher and distributors have become extremely reluctant to purchase films that have little commercial potential. And a producer applying for production funding has to have a commitment from a distributor.

If performance envelopes do not sound the death knell of *auteur* cinema, the current distribution policies will surely finish it off. A few huge distribution companies now occupy almost all of the Quebec market.

In fact, there are two distribution companies remaining.

On occasion they will support riskier films, but that is not their *raison d'être*: these are commercial enterprises. The small distributors that are left risk a good deal in supporting non-commercial films. However much they love the movies and filmmakers, they cannot operate indefinitely at a loss. Here again it is the profit logic of the market that is dominant, but let us remember, this is in a sector which is in large part publicly funded.

We will be told: "It's the law of the market—all you have to do is make films that sell". We respond that our films do well, and the American *auteur* films ("the independents") that do box office proportionally similar to ours (in a market 60 times the size of ours) are commercially viable. Our governments defend the "cultural exemption" to permit the national culture to exist despite the smallness of our market. We repeat, however, that the recent policies of Telefilm Canada run counter to the cultural exemption policy and leave things to the law of the market.

This is happening more and more.

It needs to be remembered that the quality of a film cannot be judged on the basis of box office sales alone. In the last few years, some quality films have seen their theatrical runs cut short after a few weeks (sometimes two or three) because they were not immediately popular. In most cases, these movies did not have the benefit of the media and advertising campaigns offered by the big distribution companies when they "believe" in a film. These films are abandoned by the theatre operators before the public can decide and before "word of mouth" can kick in. This system does not appeal to the intelligence of the public, to its sensitivity and possible openness to more difficult films. Of course, this media and promotional system can occasionally work in the service of quality films, but it invariably excludes those that are more difficult, or devoid of sensational themes or star directors and actors, and on the whole it impoverishes the national film industry.

This situation can no longer continue. We believe that the public funding of the national film industry must encourage the diversity of national culture and not finance the profits of the big production and distribution companies by stifling *auteur* cinema. The day when national cinema is a replica on the big screen of what can now be seen on television will be a day of mourning. We demand the end of the performance envelope policy and the restoration of substantial distribution support for the national film industry.

The first signatories of this letter are twenty-five of the best-known Quebecois directors. Following that, more than 350 people—technicians, producers and actors—have signed as well. This letter triggered a debate in the Quebec press 15 months ago.

• (1715)

[English]

The Chair: Ms. Bulte.

Hon. Sarmite Bulte: Thank you.

Thank you all very much for coming.

Mr. Tierney, let me start with you on the issue of cultural diversity. Coming from Toronto, I know Toronto is often penalized if you do a film there. Yet cities like Toronto, Montreal, and Vancouver—the larger cities—are full of cultural diversity. They have diversity in actors. They have diversity in directors. They have diversity in producers.

I was interested when you said that maybe what we should do is incorporate bonuses. Here's another suggestion. How about we stop using the negative anywhere but in the big cities to deal with this? Again, with cultural diversity, I know in Toronto the film festival is on.... I can't remember the name of the film festival. It started last week. It's not Hot Docs; it's the other one. I think it's the ReelWorld Film Festival. If we truly want to be culturally diverse, then how can we be penalizing for making productions in our major centres?

Mr. Kevin Tierney: I totally agree. I'm speaking now as an individual. Maybe Arnie will take the position of our association, because our association is made up of producers from across the country, and of course we have regional concerns and those are very real and concrete. But at the same time, we've been trying to stress for quite some time that within the funding mechanisms, Vancouver is a region, Montreal isn't. We have a situation where producers have maybe five series on national television. Montreal doesn't have one.

What has happened is that the allocation of money has become regionally based, population-based. It is harder to make a feature film in Montreal than it is in Halifax. That goes to your point, which is that we have failed in that analysis to identify centres of excellence, centres of experience and production.

The fact is, for many reasons, the film and television industry in this country really began in Montreal, certainly film, because of the National Film Board and lots of good historical reasons. Today if we can make one feature film in English in Montreal...and we have a refusal rate at Telefilm of, I don't know, 80%, whereas in other regions they have money left over. Of course they are big cities where minorities tend to be, and we can't encourage that because there's so little production being done.

Hon. Sarmite Bulte: Mr. Gelbart.

Mr. Arnie Gelbart (Producer, Canadian Film and Television Production Association): I imagine, coming from Toronto as you do, you're thinking also of the diversity of the Canadian population, which is absolutely changing. It's a phenomenon certainly in Toronto, and it's true in Montreal and certainly in Vancouver. What is happening—I think it's beginning to happen more so—is a recognition by the industry, by people, to make sure that in the crowing of films this diversity is reflected. Some of it, I think, is historical. It takes a certain generation to be at ease, to go through the school system, etc., to go to a film school, and get some experience. Then that manifests itself eventually in looking for work in films.

But another thing that's happening is that there's a real interest—and I guess England is a bit of an example in that—in exploring these other worlds within our world. It is becoming the source of really interesting material. The real tension in the society is how these new immigrants are finding their place in Canada, how they become Canadian. The tensions between generations within that and also with other people within the society become the subject matter that is unique and different.

• (1720)

Hon. Sarmite Bulte: *Bend It Like Beckham* comes to mind.

Mr. Arnie Gelbart: Exactly. It's that kind of thing. You see it in *Bollywood*, the film made by Deepa Mehta. What you recognize, for example, is that Indian society...and you have Indian immigrants, but extremely sophisticated ones. There are certain films out of Vancouver, where you see second-generation Chinese Canadians, and then again you see that they come from a very sophisticated and rich culture that they've brought with them.

One of the things I think we need to do, and I think it's beginning to happen, is this. The people who come from all these countries, whether it's Pakistan or India, etc., come with enormous cultural baggage. They come from profound cultures, and they're often surprised how little we take our own culture seriously. I think one of the things we can learn from them is that they in fact bring culture and they take their own culture seriously; they want to take their place in the society, but they also want to take the Canadian culture seriously. They often point out, "Why are you so self-conscious about yourself? Why are you so unsure about yourself?" They see the country in a way that...we're too used to seeing it and we don't see its novelty and its richness.

Hon. Sarmite Bulte: I want to come back and deal with your comments on the distributor's need to be reborn again. I also want to speak to Monsieur Émond's recommendation that the performance envelope should be abandoned. Just to tell you, this is not the first time we're hearing that. We also heard it when we were in Winnipeg. In Saskatchewan they actually showed the money that had gone out west into the performance envelope, and there was no money there whatsoever.

Monsieur Émond, I understand you're saying there's less money for the risky...the true art forms, but is it also a concern of yours—and I certainly picked this up—that the performance envelope tends to benefit a very small number of producers?

Mr. Bernard Émond: Yes, absolutely.

In Quebec a very small number of producers benefit from the performance envelopes. They tend to put the money in very commercial movies, and it's creating kind of a monopoly. It's very strange in Quebec, where we're going to see maybe four, five, or six big producers, and small production houses are going to find it very difficult to survive, especially as these big producers who have....

[*Translation*]

In fact, why am I speaking English?

Hon. Sarmite Bulte: You can answer in French.

Mr. Bernard Émond: I am sorry, it is a reflex reaction.

This monopoly-style situation with which we are confronted is all the more worrying as producers benefiting from performance envelopes can top up funding for their films by means of comparative competitions. This is something which further tilts the balance in favour of producers receiving a performance envelope.

Like those who signed this letter, we feel that this could lead to a monopoly under which it would be very difficult for many small producers to fund their projects.

Catherine.

• (1725)

Ms. Catherine Martin (As an Individual): Producers are not alone in creating a monopoly, the distributors are at it as well.

In Quebec, we recently lost Cinéma libre, a distribution company which had been very important to independent cinema. Several factors contributed to its bankruptcy, including the chronic under-funding of operational costs with which such distribution companies are faced.

It is thanks to Quebec and Canadian independent cinema that we have a national film industry in Quebec and Canada. If it is allowed to die off, I do not hold out much hope for the future of our national film industry. This is something which must be kept in mind.

Obviously, these small businesses are viewed as small-time players by the major distribution and production companies which, because of their successes, are currently becoming a force in Quebec. That is fine, we have nothing against success. However, there are downsides to the current situation. Furthermore, it is stifling the very creativity which, at the end of the day, lies at the heart of our national film industry as we know it.

[*English*]

Hon. Sarmite Bulte: Are you saying that the performance envelope is related to the demise of the smaller distribution companies? Can you explain to me how that occurs?

[*Translation*]

Ms. Catherine Martin: It is a sort of circle. It is difficult to explain. Bernard, perhaps you could provide an answer.

Mr. Bernard Émond: As distributors no longer receive funding for purchasing films, they too are granted performance envelopes based on the revenue generated by the films which they distribute. Obviously, as they are no longer sheltered from risk, they have a tendency to focus on increasingly commercial films.

It is clear that the small distributors, who were traditionally more disposed to take risks, are finding it difficult or even impossible to have access to these envelopes. Whatever the whys and wherefores, there are only two large distribution companies left standing in Quebec.

Ms. Catherine Martin: We should perhaps also point out that, under the current system, having a distributor is a necessary prerequisite to getting Telefilm Canada or SODEC funding for a production worth more than one or two million dollars. Previously, the important relationship between director, producer and distributor could have been expressed as a triangle, however, it is now becoming a simple two-way affair.

The role of distributors, producers and directors now bears scant resemblance to their initial mandated role of project development, which they have carried out for many years. In many cases, the director is also the script-writer. I should also draw your attention to the fact that one cannot even approach Telefilm Canada without a distributor. A vicious circle is being created.

[*English*]

Hon. Sarmite Bulte: For the production envelope, do you not also require a distributor? I thought that under Telefilm the requirement, whether it's the performance envelope or the production envelope—

[Translation]

Mr. Bernard Émond: Yes, absolutely. The creation of a virtual monopoly has resulted in only two major distribution companies being able to survive; as well as perhaps an additional two. It is becoming very difficult to find distributors for avant-garde projects because people do not wish to take risks. In terms of production, when making an application, the lion's share of the work consists of shopping around for a distributor prepared to take a risk on more avant-garde projects.

Ms. Catherine Martin: Certain distributors have become producers. As you can imagine, being bedfellows is very lucrative.

[English]

The Chair: Mr. Schellenberger.

Mr. Gary Schellenberger: Thank you. I only have a couple of items.

You may have been in the room when I said before that it's beyond me to tell you how to make and distribute your films. I'm only here to help and to make sure we can come up with the right policy to enhance the film industry.

I read through the transcripts earlier and I marked that particular part of your transcript about the performance envelopes. I've always figured that support for film should be based on the merits of the film, and I think a good-quality film will put people in seats in our theatres.

I can see where performance envelopes could take over the whole of funding for Telefilm, because if there are five people who are getting the bulk of it now, and they don't have to reapply, don't have to submit for the next film, if they're the only ones out there doing it, gradually they will be the only ones who are going to get the dollars for these things. So I believe in my own mind that it has to be.... Mind you, performance should be there, but it should be based on the merits of the film. What audience are you going to target when you come to do this? Who are you looking at to put in those seats? I think that's very important. Even if the last two films you distributed were successes, you could have a total dud here while two successes go by the wayside.

So I've marked that section.

I have to say that we've heard as we've travelled about a television show, *Corner Gas*, that's become very popular. I think in the French market in Quebec most people have realized that sometimes a simple subject, things that we as members of the community can relate to....

Last night, believe it or not, was the first time I've seen *Corner Gas*. My times to watch various things are limited, but I did have time last night, and it was about such a simple thing. It was about traffic lights in the little place—I don't even know what they call the place where it's done, but I know it's in Saskatchewan.

I live in a small town called Sebringville in Ontario. And lo and behold, we just got traffic lights last year, and you know something? A lot of those same things were said: Why? Why do need them? Even after they went in, after they painted the wide white lines where people were to stop, somebody went out at night and wrote graffiti on them to say we didn't need these lights.

But those are the things that attach to people, and I see that in so many independent films, and films that are really good. People can relate to them.

So I just have to say—and tell me if I'm wrong—that the Quebec filmmakers in French have picked this up. I know they have a niche market with the language, but I think it's more than language. I think they've found a niche—people want to see film and be told stories about what they are and what they can understand. Am I right there?

● (1730)

[Translation]

Mr. Bernard Émond: Yes, absolutely.

What makes it interesting is that Quebec and Canadian cinema reflect our culture. We are extremely worried by the whole issue of performance envelopes because if we move towards commercial cinema, there is a strong chance that a Hollywood model would prevail at the expense of our own culture.

We feel that it is important that cinema relate to our lives. That is why governments fund national cinema. If national cinema could get by without subsidies, it would mean that all was rosy. However, given the limited size of the market, we do require such support. Furthermore, government grants these subsidies for the express purpose of having a cinema industry which reflects national culture. It is not granting subsidies to allow the industry to meet commercial objectives or adopt models from other countries.

Ms. Catherine Martin: The authenticity which characterizes both Quebec and Canadian cinema is widely recognized abroad. If we suddenly start making films which are cut from a cloth familiar to everyone, but which do little to reflect our uniqueness and our culture, then I very much doubt that we would be able to export them. On this same subject, some countries renowned for their national cinema have stopped funding and subsidizing auteur films and films which reflect the country's reality and culture. This is something which has happened in Germany and Italy, for example. Their films are no longer exported, and we see less and less of them. They are perhaps very successful at home, in their own country, in their own culture; however, if filmmakers are shackled to the domestic market, their horizons will inevitably shrink.

Certain Quebec and Canadian films have won critical acclaim and have been shown at several international festivals where they have won prizes, but, for a variety of reasons, including the fact that, as is explained in the letter, they do not have available to them the same promotional tools as other films, they have not been a commercial success. It is sometimes difficult to explain why box office takings are low.

Furthermore, cinemas are quick to drop films which do not do well on the first weekend. Films therefore get dropped after two weeks. The public do not get the chance to see films which have been lauded at international festivals and which have won critical acclaim.

What worries us is that these films are being steamrolled by market forces, and this prevents them from reaching international audiences. As Bernard said, the government has a responsibility to assume a watchdog role over this very important cultural mandate. In our view, performance envelopes are creating significant imbalance on this front.

• (1735)

[English]

The Chair: Mr. Angus.

Mr. Charlie Angus: From our study of the film industry, it seems that we're looking at a multiplex problem and the need for a multifaceted approach. Of course, whether government can do everything people expect of it is highly unlikely, but it seems to us that we're seeing a picture of a need for strong independent domestic television to be a bit of a germinating place for artists and writers. We need a strong box office; we need success. Our sense was that we need a strong box office because it's going to put more money back into the industry. Wherever we go in Canada, we are told that Quebec is a success and that Quebec has done all of this, so Quebec's films are fine, and what we need to do in the rest of Canada is to emulate it. Yet I'm hearing from you that the independents are suffering here.

Is it more of a question of the way the funding choices are being allotted, or is a question of distribution?

[Translation]

Mr. Bernard Émond: It is a question of both. Performance envelopes and the current distribution system put commercial cinema at an advantage. The system is producing results, but I am not convinced of its merits in terms of culture.

Several of the highest-grossing films in Quebec have never left the country and have never been shown at international festivals. Obviously, there are notable exceptions such as Arcand's film and *Seducing Dr. Lewis*. These are films which were made without performance envelopes. Few films, if any, which have received performance envelopes have won international critical acclaim. They may well have been box office successes in Quebec, but that is not to say that they have made a cultural contribution. They have certainly not represented Canada abroad, and that is a real problem.

The same thing is true of distribution. Distribution companies favour and invest in promoting films which do not necessarily make the greatest cultural contribution. They are often involved in mega-productions with TV stars, well-known personalities and comedians, and with directors who are not directors but actors.

Paradoxically, this means that the commercial success of Quebec cinema undermines the artistic quality of its films, and makes it more difficult to produce high-quality films. It is a highly paradoxical situation, but that is the system that is being created.

• (1740)

Ms. Catherine Martin: At the end of the day, it is a question of whether we really need these envelopes. Ten years ago, while there were certainly box office hits, such films did not prevent others from existing. These envelopes seem to have been introduced for the simple reason of fostering a monopoly. That is the only way that we

can interpret it. We have noticed that, over the past five years, producers and distributors have become increasingly dominant.

We have got to the stage of thinking that it would perhaps be preferable to return to and improve upon the old system. We would certainly not choose to have envelopes which would foster a situation like the one we have been dealing with for the past five years. Things have changed considerably over this time, and not for the better.

Mr. Bernard Émond: Allow me to add something. We would like officials to comment on each and every project which is presented. In a democratic process, that should go without saying.

Voices: Bravo!

Ms. Catherine Martin: We are talking about a process which involves public funds. To my mind, public funds ought to be distributed in an equitable fashion.

[English]

Mr. Kevin Tierney: I'm sorry, and with all due respect to all of these wonderful filmmakers here, I'd rather die than have the notion that we're going to live our lives depending on six bureaucrats at Telefilm.

[Translation]

Ms. Catherine Martin: Once we get rid of the envelopes, we could perhaps think of a better way of operating.

Mr. Kevin Tierney: I am in complete agreement with you.

[English]

The Chair: Charlie, don't interrupt. This argument may teach us more than we...

Voices: Oh, oh!

Mr. Charlie Angus: I know, but I just wanted to continue a line of questioning before my time was up, as I think this is fascinating. As I've been saying every day, I would prefer to discuss this over a bottle of wine, because my five minutes are up too soon, and we don't—

The Chair: Well, I'll never cut you off at five minutes. You are at thirteen right now.

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

When we were in western Canada, we heard a damning indictment of the distribution system in Canada. In fact, I think I was pretty flabbergasted by how it was described, that there was no marketing or promotion plan for film. Why would you make a film if you don't have a marketing plan in place? They said that if you managed to get the distribution rights and the distributors secured the broadcast, then they did okay, and then everything else beyond that was a risk, so why promote it in the theatre if you're going to start losing money at that point?

I found that very surprising or shocking. I would like to have your perspective from your experience here in Quebec—and from you as well.

Mr. Arnie Gelbart: First of all, these performance envelopes—and I'm not going to defend them, because I agree with quite a bit of what was said—didn't come out of nowhere. When you have an established film company, it's like starting at ground zero each time. The idea of the performance envelopes was to reward success.

The standard established by the federal government was that there should be a certain amount of box office. The political calculation was that unless Canadians started going to see Canadian films, the will to support Canadian cinematography was going to disappear. We had a history of making films that people couldn't see or didn't want to see. They were made because distributors who took them on knew they had a guaranteed window on television and they didn't have to risk anything. They said, I'll give you a letter, but then I'll put it on television, make my profit, and Bob's your uncle. It established at least some envelope, but I think it's gone too far. We need to make all kinds of different films. There has to be room for the selective thing. New filmmakers, filmmakers with an original and different story to tell—they've got to be funded too.

They were also trying to recognize that there should be a reward for having reached a standard, for having made a film that has been popular. What I hear a lot is the fear of what's coming next, not what's happening now. A lot of the Quebec films do get made. Because of the funding, there's a limited number of films. But within that portfolio, there are interesting films that are constantly coming up and are doing exceptionally well. I wish English films did as well, even the smaller films.

They also wanted to allow certain producers—I'm not one of them, but I'll speak for them today—to be able to say, "I'm not going to have wait 18 months to get my next production going. I've been successful, and there should be some money reserved that allows me to start my next production without having to go through the long process of doing the next film". That was the theory. From an industry point of view, it allows a company to survive. With these little companies, it's a lifestyle, not a business. People go from project to project. They don't get paid. They need to mortgage their houses when they make films. It's a very risky business.

As you reflect on this, you need to hear the arguments for certain kinds of envelopes, for rewarding success. This pertains to Denys Arcand, who did the Oscar-winning film. That production company has gone on to make another very popular film, which is bringing Quebecers to the theatre. People are going to see movies, which is a new phenomenon. Ten years ago there was nothing here. We're now talking about distributors who are becoming too big, but there was a whole period when there was nothing.

What happened? First of all, the films changed and became more accessible. They went out to all the small towns in Quebec and brought the films, along with the stars, who were sometimes known from television. Slowly but surely, in the outlying regions, not just in Montreal or Quebec City, people were going to the cinema to see movies. That worked. I have no great love for distributors, but I have to say they've done a wonderful job.

I'd like to give you a personal example. We produced a film in Quebec in English called *The Blue Butterfly*. The film was made here and it was quite an expensive film. It was based on a Quebec story, but shot in Costa Rica, because it's about a boy and a butterfly.

● (1745)

The long and the short of it is that the film was hugely successful in Quebec. It made \$2.3 million in Quebec, but mostly in the French language, because what happened is that the Quebec distributor, which is one of the big ones you're talking about, did a fabulous job. They got the schools involved. They got Bell Telephone to be a sponsor, so each telephone bill had a flyer with the movie's name on it, and so on. They did the work. The same film by the Toronto branch of the same company was just killed. They opened it in a mall outside of Toronto. They played it for three or four days, no more than a week, and a week in Vancouver, and that was the end of it.

We tried to bring them a famous American actor. William Hurt is in it. They didn't want it. We wanted to bring the director to Toronto. They didn't need her.

So if you're looking at the problem of distribution to the rest of the country, it's that the distributors that do exist tend to be in Quebec. They tend to have learned their craft here. They tend to be very good at what they do. They know how to promote. The buses have posters; the streets have posters. People know the film exists. But in the rest of Canada, the Quebec ones aren't really there, so they don't really know the market.

Most of the bigger English-language ones have abandoned the thing. The biggest distributor in Canada is basically a redistributor of American films—from Miramax and so on. At one time they were concerned with Canadian film, but they no longer are. I'm sorry about that. They don't bother. It's not profitable for them. It's easier to get *The Lord of the Rings*. It's pre-sold. The whole of the Canadian population knows about it. They'll distribute that. Why should they bother with a Canadian film, as good as it might be?

So how come we can make \$2.3 million in Quebec—with an English-language film, I point out—and we can't get anybody to see it in the rest of the country?

● (1750)

The Chair: Madame Bulte.

Hon. Sarmite Bulte: The Canada Feature Film Fund was put into place five years ago, and right now we're at the review of that. The basis of the Feature Film Fund at that time was the box office receipts—5% nationally, and Quebec makes up most of it. In English-speaking Canada, we have, what, around 1%? It's because of the box office successes in Quebec that we're able to even get close to that target.

Are you suggesting that this whole philosophy be abandoned as well, the basis that the Canada Feature Film Fund was predicated upon? What would you replace it with?

[*Translation*]

Mr. Bernard Émond: I think that, to all intents and purposes, as a way of funding films, performance envelopes have no bearing on the artistic or cultural success of a film. They are a means of funding businesses. I am interested in the films themselves, and that is what ought to be important for national culture.

Those films which have been successful could easily have been produced without performance envelopes. Even if they did not exist, do you really think that Denis Arcand would be refused funding for his next project? No, he wouldn't. Officials can make mistakes, it would not be the first time. However, I would choose the possibility of a mistake being made over a lack of judgment.

At least 50 per cent of the funds allocated by the government are granted to private projects. These are public funds which are being allocated without any oversight. You have to understand that performance envelopes are not logical: there is no link between the reward and the quality of the work produced with the reward. As a citizen, a cinema-lover and a cinema-goer, I do not like the situation.

Ms. Catherine Martin: On the subject of rewarding success, we now only calculate success in financial terms, while there are films which are successful in ways that cannot be measured in figures. We could do both. We could reward a film which has been shown at 35 international festivals. Why not? Are we only able to measure film quality in terms of box office takings?

Once again, as we said in the letter, we have nothing against successful popular cinema which attracts an audience, quite the opposite. However, what does worry us is that, with the current performance envelopes, we will have nothing other than popular cinema. The *Decline of the American Empire* was produced in Quebec some 10 or 15 years ago. It was hugely successful. There were no performance envelopes at that time, and that went on for years.

In Quebec, for more than 15 years, audience figures have easily stood at 5 per cent of the population. Obviously, the past three years have been fairly outstanding. However, performance envelopes have changed things for producers. They now have the means to have large companies and to set up an infrastructure which allows them to pay their bills, etc. Some producers have done well from this, others have not. Why can all producers not be granted a small operational fund?

• (1755)

[*English*]

Hon. Sarmite Bulte: I understand what you're saying about the performance envelope. That was not my question. I've heard that.

My question—

The Chair: This is your last question, Madam Bulte.

Hon. Sarmite Bulte: But I'm trying to get to what we could replace the current feature film policy with. If you're saying throw out the current Canadian feature film policy, what are you recommending? Is it all to go to drama? I would submit to you...

but I haven't heard that from you. I've just heard get rid of the performance envelope. I've heard nothing else.

What I feel we need to do, and what I've heard long and clear is that we need to at least find room for different genres. We go back to the diversity that Mr. Tierney was talking about, diversity in terms not just of what we represent, but of genre. That's one of the things that seems to me to be lacking.

Your point is taken about getting rid of it, but what would you replace it with? Is it just drama? I would submit to you that I think we need to leave space for at least documentaries and other genres, but I haven't heard that from you. I've just heard that's bad. What's good?

[*Translation*]

Mr. Bernard Émond: Of course all sorts of projects should be funded. In fact, we would like to see each and every film be given fair consideration by Telefilm Canada officials. Under the previous system, before the performance envelopes, every project was read and evaluated. That is what we want. The old system is not perfect, and it sometimes causes problems, but it at least guarantees that every project be evaluated. Be it a comedy, a drama or a Kung Fu film, all projects ought to be evaluated by officials...

Ms. Catherine Martin: ...in a fair manner.

[*English*]

The Chair: I'm going to intervene, because I think we're at the crux of something here. We've heard comments from others about having

[*Translation*]

officials evaluate the quality of a project,

[*English*]

and you reacted quite strongly to that. If that's not who should be judging who should be getting public money, then who should it be?

[*Translation*]

For example, in the field of scientific research, it is a decision which is made by peers. I am not certain that that would be the best solution for the film industry.

[*English*]

But I think that's something we're not going to resolve this afternoon. I would like to hear more about who, if not bureaucrats, should decide what is worthy of public funding.

Mr. Kevin Tierney: I was in Ireland last week speaking with the people from the Irish Film Board. It's a similar organization to Telefilm Canada, but they have one or two staff people on their committees, and there's a writer, an actor, a director, a producer—anyone who is a professional, has the credentials. In fact, they would even invite a visiting filmmaker, producer, director, someone who was in town, in Dublin. They would ask them to be on that committee and make recommendations.

The notion that our lives will be determined by functionaries...I'm sorry, we have not seen, I do not think, any demonstration of their capacity. Let's face it, it's a shot in the dark. We're asking for success every time out of the chute. The fact is that nobody is successful every time out of the chute. We should be looking at success in terms of the idea that one out of ten will work. Two may be worthwhile, the other three will be dogs, and five we don't even want to talk about. That's the nature of the beast.

One of the things about the performance envelope is this. I remember what Roger Frappier, one of the well-known producers here, who has an envelope—I do not—said to me one day. He said, “One day I'm interviewed by a 24-year-old journalist from *qui sait quoi*, and a week later she's the analyst at Telefilm, and she says, 'I don't like your project'”. He's making his thirty-third film and he's up against a 24-year-old who's going to say, “We think it needs more work in act three”. Hello. Where did you...God called you to tell me about my project?

The system was designed to be 50-50. The problem, the aberration in Quebec, was that the success killed the system, because it's gone to 75% into performance, and that eliminates all kinds of wonderful filmmakers who should not be eliminated. But just to go and say let's get rid of the performance envelopes is a serious mistake.

I know you're going to cut me off, and you're all going to leave—it's time to go—but please, one thing you should not leave here thinking is that the Quebec model is exportable. It is not. It is absolutely not. If you want to look at a comprehensive cultural policy, go back and ask what the hell Canadian television is doing for Canadian films. Nothing.

Every single country in the world that is comparable to Canada in terms of its feature film business has the huge support of its national television—Italy, Germany, Britain, France, Ireland—all of them.

What movie do you see on CBC on Saturday nights? We should be appalled collectively—appalled. What is there in CTV's licence that allows them to be totally...? With all due respect to *Corner Gas*—may they have gas forever—the point is that they have completely abandoned Canadian films. In Quebec, that does not happen.

You know, in Quebec we have what I call the accoutrements of culture. You can open a film here. You can take your TV stars and put them on five talk shows, in four newspapers, on three radio shows. They'll be on *Tout le monde en parle*. They'll be on everything. People will be talking...I mean, it's totally almost incestuous. But you can create; they've been creative. They created a star system. People talk about the movies; they're important.

Try to open a movie in English Canada. It's a big yawn. There are virtually no distributors in English Canada, apart from Alliance; and even there, Canadian films are the cross they must bear.

What has the Toronto film festival done for Canadian films? Not a whole lot when you think about it. It has kind of ghettoized it. But how do we allow Cineplex Odeon, Famous Players, all of these chains, to do nothing?

You can go into any cinema in this country and find a glossy colour magazine promoting American movies. You won't find a bloody word about Canadian. Now, we should all be collectively appalled by that, and you have the power to change that.

Voices: Hear, hear!

• (1800)

Hon. Sarmite Bulte: Madam Chair, I have a point of order.

The Chair: I think we're just starting to get the sense of it.

Mr. Kevin Tierney: Wait until Serge Losique gets here.

The Chair: I'm going to give Sam one last question, because I interrupted her. And Mr. Angus, you obviously want to say something.

I think I should give Mr. Émond a chance to be equally emotive on the subject, if he wishes, and Gary, you have something too?

Mr. Gary Schellenberger: Yes, I have a small one here.

In your presentation, I see you have a personal story about your son, who has had some success. You say he did have some help to make that particular film. Is there a pecking order, then, that once you do have a success, you go to the back of the line and you come along again? Could you explain that to me, please?

Mr. Kevin Tierney: Well, I'll just elaborate on it.

I can't remember what month it was, but I think it was probably last September or October that Telefilm Canada, our favourite bureaucrats, issued a press release announcing the five new low-budget feature films of the year that they were going to finance out of the office in Toronto. In the first paragraph of the press release, they referred to a celebration of my son's film, *Twist*, saying that it raised the bar of these low-budget films, seen all over the world at all of these festivals. That was the last week of September. Ten days later, he got a rejection letter from Telefilm on his second project, a project they had developed. The reason was that there's no story. He had a Canadian distributor and a full cast. They were back to what I consider to be an arbitrary judgment by functionaries, who can be right but also can be wrong.

I'm using this example just to illustrate the point. If you're celebrating the success of that film, why wouldn't you take a chance on that filmmaker and make the second film? Maybe it was a fluke, but it seems to me there was a time when that was probably done a little more. But the fact is that it is not happening.

One of the reasons is not that they're inherently bad people at Telefilm, but that there's just far more demand and not enough money. We need more money. We need to be able to develop a critical mass, and as I said in my letter, we need to be able to have Canadian films regularly in Canadian theatres, and we need to have them promoted on Canadian television. We need CBC to have a show that says, go see this movie; we need to have magazines freely available; we need to encourage audiences. We need to do what we did in Quebec: go to the grassroots, go out and bring them to the community. We can't just make 30 movies and have them work; it's not going to happen. We have to begin the long, slow process of building careers and building a marketplace where Canadians want to see them.

Right now, if you say it's a Canadian movie, it's almost surefire death. Ask young people: they don't want to see a Canadian movie, because it's considered boring, or whatever. There's a process of education.

There are so many. When I was young, I remember vaguely that we didn't listen to Canadian music and we didn't read Canadian books. It was a joke. Well, it's no longer a joke. If that changed in my lifetime, then I think cinema can change in my lifetime—at least what's left of it.

•(1805)

Mr. Gary Schellenberger: Thank you.

The Chair: Mr. Angus.

Mr. Charlie Angus: Thank you.

I want to clarify how Telefilm projects are brought forward, because I find it very surprising. I used to be a jurist for the Ontario Arts Council. They would bring together a group of seemingly competing interests. We would have dance, we'd have theatre, we'd have classical; and we'd have the regions—rural, francophone, and first nations. We would sit around and judge the merits of each project coming forward. I think our success rate was extremely high, because we could tell if a budget was padded; we could tell if a project was feasible; and between the accumulated talent around the table, we could generally come to an almost absolute consensus, point by point, on which projects to fund, even if they weren't within our domain.

I find it really surprising to hear that these decisions are made by functionaries, and not by people within the industry itself. Is that how all film is funded in Canada, through functionaries, and not through a jury of peers?

[*Translation*]

Mr. Bernard Émond: There are some small, more avant-garde projects which can be funded via the Canada Council for the Arts and the Conseil des arts et des lettres du Québec. These projects, which are non-commercial projects, can be funded by other means, without going through Telefilm Canada or SODEC.

Ms. Catherine Martin: With extremely limited budgets.

Mr. Bernard Émond: With extremely limited budgets, obviously.

The principle which we are defending is that State representatives, and not necessarily officials, perhaps a mix of officials and peers, should consider and communicate a decision on every project. That

is important to us. It is absurd that projects should receive state funding without state representatives having any say.

Someone raised the issue of peer groups. The field is so small and so incestuous that that could be problematic. There is no miracle solution, but there is a principle that should be respected, and that is that state representatives ought to have a say in the allocation of public funds.

[*English*]

The Chair: Okay, this has been fun.

[*Translation*]

Ms. Catherine Martin: I just wanted to comment on something Mr. Tierney said. As far as television is concerned, for example—I am somewhat aware of the situation in English Canada—I have seen that English-Canadian films, especially in Toronto, have little promotional support.

In Quebec, the problem is that it is always the same films that have the benefit of some promotion. It is a problem.

There is one thing we are seeing more and more often. I do not want to make this a personal issue, but when we visit the television stations with documentary projects or independent films, it is increasingly difficult to get financial assistance from them for the follow-up. It is the same thing for the distributors. I think we all understand that the broadcaster and the distributor are very important links in the chain. The end result is that there is a kind of cinema that finds itself marginalized. In my opinion, it does not make any sense to marginalize a kind of filmmaking that is at the very heart of our film production industry, in Canada as much as in Quebec.

I agree that television helps with promotion. Could we also see...? I made a film a few years back. I have yet to see it on Radio-Canada television. It was shown four times on CBC, but never on Radio-Canada. I am sorry, I do not want to talk about my personal business, but I find it absurd. Moreover, it was Radio-Canada that invested in the project at the outset. I am still waiting. I tell myself they may eventually come to a decision and show it at 12:30 a.m. It is true that they showed it at 12:30 a.m. on CBC, but at least a few people saw it.

My example would hold true for many other films. I do not like discussing my personal affairs, but what I want to say above all is that marketing is one thing, but at some point in time, when we see that Radio-Canada is shooting footage for "*making of*", films for future promotion, whereas the film has not even been shot yet, I find that shocking.

•(1810)

[*English*]

The Chair: I think out of respect for our witnesses who are coming after you, we have to finish there. As I have with other witnesses, I invite you, if you have anything additional to submit, to please do. If you want to amplify on any comments or respond to any comments you heard, please feel free to do that.

One thing that I think would be helpful to us for comparison purposes is if CFTPA could give us what you know about subsidies in other countries—the amount and how it's used, how it's supplied.

Thank you.

[Translation]

Ms. Catherine Martin: I thank the members of the committee very much.

The Chair: Thank you.

Thank you to our witnesses.

•(1810) _____ (Pause) _____

•(1820)

[English]

The Chair: I'm happy to welcome Observatoire du documentaire, Documentary Network. Thank you very much.

As you've seen, the best part of these hearings is the discussion with members of the committee. I hope you might be encouraged to keep your remarks brief, so we can have a little more time for the good stuff.

[Translation]

Ms. Monique Simard (Vice-Chair, Documentary Network): Good afternoon. Thank you for inviting us. My name is Monique Simard. I am a producer at Productions Virage and I am also vice-chair of the Documentary Network. I am accompanied today by Malcolm Guy.

Mr. Malcolm Guy (Member, Board of Directors, Documentary Network): Good afternoon.

I am a director and producer at Multi-Monde Productions, a Montreal production house. I also make independent documentaries.

Ms. Monique Simard: I will start by telling you what the Documentary Network is. This is a new organization — it is barely two years old — and is unique in that it brings together the major audiovisual professional associations in Quebec and Canada with a view to promoting documentary films, and more specifically, creative documentaries. There is no other organization of this kind, to our knowledge. Its members are the Alliance des arts médiatiques indépendants, the Association des producteurs de films et de télévision du Québec, the APFTQ, which I represent, the Association québécoise des techniciens de l'image et du son, in other words, all the film and television technician unions, the Association des réalisateurs et des réalisatrices du Québec, The Canadian Film and Television Producers Association, the CFTPA, the Conseil du Québec de la guilde canadienne des réalisateurs, the DOC, mainly in English Canada — Malcolm represents DOC at the Documentary Network — the Daniel Langlois Foundation for the Arts, Science and Technology. The National Film Board is also a member of the documentary network as well as the Rencontre internationale du documentaire de Montréal, who were in some respects responsible for the establishment of the documentary network, and the Société des auteurs de radio, télévision et cinéma.

As I mentioned, this network was created mainly to promote documentary filmmaking. Given that you have been holding hearings for several days now, I do not need to tell you how much documentary filmmaking is a part of Canada and Quebec's cultural identity. It is a source of national pride. It gave birth to our filmmaking and it accounts for part of our international reputation, not only because we have been doing it for so long but also because

of the quality of Canadian documentary production, thanks in large part to the National Film Board but also to a host of independent producers.

Documentary filmmaking means many things. It means films of course — feature films — but it also means documentary series. Of course, it can take many different shapes. Today, we will speak mainly about the issue we are concerned about, that is, support for creative documentaries, or point of view documentaries — films that express or interpret reality, reallife films.

I am very passionate about this because documentary filmmakers, be they directors, producers or creative documentary producers, belong to that category of small production houses called independent producers or independent filmmakers. This community works in a very collegial fashion. They share a vision of documentary filmmaking that is one of representing society and interpreting it to itself. This vision is that of documentary filmmaking serving as a powerful link in cultural and intercultural representation.

There have been some recent success stories, for example, *Les Invasions barbares*, which has given us a certain international standing lately. *Shaking Hands with the Devil* was just showcased at the Sundance Film Festival, as was *The Corporation* last year. There was also the film on Tibet by Hugo Latulippe and François Prévost, *Ce qu'il reste de nous*, a joint production with the National Film Board. Canada's current international reputation is due in large part to strong creative documentaries.

Documentary filmmaking accounts for 12 per cent of Canadian audiovisual production, \$366 million in total production volume, and 14,000 direct and indirect jobs. That is huge. An explosion in documentary filmmaking is taking place. There has been talk of joint international and export production. Documentary films are the ones mainly being exported and sold abroad and documentary films are the ones mainly being jointly produced at the international level.

•(1825)

At this point in our growth you could say we're in a make it or break it situation. For various reasons, documentary filmmaking has developed considerably over the past 10 years. We are exceptionally good in this field in both Quebec and Canada. However, the conditions that allow us to produce such good documentaries are now being jeopardized by certain aspects of the system itself.

If this trend is not turned around, then our sector could start losing ground. The pattern is the same for all sectors: you go up and up and up but if growth doesn't continue, then a decline sets in. That kind of turn of events would be damaging for this type of production and for what it represents within Canadian and Quebec culture, and obviously also for those who make a living from it. It would become impossible to make others aware of who we are, not only within our own country but also abroad. Projecting images of who we are is the heart of documentary filmmaking.

Some of the flaws in the system have not arisen from a lack of money alone, although I'm sure it will come as no surprise to you that more money is necessary. There has to be reinvestment where cuts were made. Of course, I'm referring to those institutions that are within your jurisdiction and that you have authority to report on, whether they be Telefilm Canada, the National Film Board—an institution that is so vital for documentary filmmaking—, Radio-Canada, CBC, the Canada Arts Council or the Canadian Independent Film and Video Fund. We could also discuss the issue of the Canadian Television Fund at a later point. That is another issue.

We feel that it is very important that funding be supplied. Not only are production costs higher but there are fewer funds available. Over the past five years, the funds available to us for producing documentaries have gone down by 20 per cent whereas costs have gone up. This means that in actual fact the loss is even greater. It is very difficult to continue to produce quality documentaries.

Much has been said about Telefilm Canada. We could raise everything that our colleagues stated about feature films. It is absolutely essential that Telefilm Canada include documentaries once again in its programs. This organization no longer has anything to do with documentaries except in the development phase. Telefilm no longer has a say in what is produced in this area and that is a problem. Worse still, Telefilm does not have a program just for documentary feature films. That is unacceptable. Telefilm must have a program for documentary feature films for movie theatres. *The Corporation* grossed some of the highest profits in movie theatres. We could tell you about how that film ended up being a success despite having been refused by distributors and TV networks.

We think a fund of approximately \$5 million is required for 2005-2006, and this would counterbalance a program created by SODEC last year. That organization has recognized the importance of funding documentary feature films not only for television but also for movie theatres.

Finally, I'm sure you've guessed that like our colleagues, we call for the renewal of the Canada Feature Film Fund. I won't take more time on that issue as it has been thoroughly discussed. As filmmakers we feel involved. Over the course of next year, major decisions will have to be made regarding the Canadian Television Fund. This fund must in principle support documentary filmmaking. Finally, its funding covers the following four genres: variety, youth, drama and documentary. Given its funding conditions, we would like the Canadian Television Fund to ensure that personal documentaries also have their share of television screen time.

● (1830)

I've already spoken briefly about the National Film Board of Canada. We think that the funding for the National Film Board of Canada should not be reduced, because when that was done in the past, some activities had to be dropped. The National Film Board of Canada allows documentary filmmakers to produce films that they could not produce if we had to rely on the rules of the market. This is why it is crucial to preserve this institution which is unique in the world. The whole world is envious of us because we have such an institution. Therefore, we would like to be able to keep it.

We also wish that you would recognize that we need to have a true Canadian policy for fostering documentary films for the years 2006

and 2007. We also hope that you will understand that policies need to be harmonized, because the regulations of one policy may sometimes contradict the regulations of another policy. I am not exaggerating, I am a producer. This means that the rules of the National Film Board of Canada, Telefilm Canada, Radio-Canada and the CBC are not in step, which would be crucial for us in order to produce documentary films.

To conclude, that the Canada Council for the Arts and the Canadian Independent Film and Video Fund are highly valuable instruments to gather the necessary funds to produce certain documentaries that are more difficult to fund. For various reasons, television networks do not want them. Therefore, they cannot get funds from this source.

We really must strengthen the Canada Council for the Arts, because their help is very valuable for making very specific documentaries that the documentarists want to make. This funding must be preserved.

On the other hand, the Canadian Independent Film and Video Fund had its budget cut last year, which severely hurt several kinds of films that had found initial support from that fund.

Malcolm will now carry on with four further elements.

● (1835)

Mr. Malcolm Guy: Once a film is made, it has to be seen.

Documentaries are distinctive. As you know, most documentaries are financed with the assistance of television. Without television, there would not be many documentaries made today. We are concerned by the fact that, particularly at the CBC and its French-language network Radio-Canada, documentaries do not seem to have the place they deserve. Recently, there was a crisis, albeit a small one, because the series *Zone libre* was taken off the Radio-Canada schedule. This generated tremendous concern in the documentary milieu, because it is a sign that there is no real place for documentaries on television. There were also recent changes at the CBC. All this worried us tremendously.

For people to remain loyal, they must know that they will be able to see documentaries on their screens regularly. The documentary must have the place it deserves. In recent reports, everyone said that documentaries were important, and should have their place at the CBC and Radio-Canada. But of course—and my personal experience confirms this—documentaries have no place on private networks, be it CTV or other networks. Seeing a documentary on a private broadcasting network is really an exceptional event. We find this very unfair, given the importance and the place that documentaries are now assuming. People are ready to go see documentaries. They ask for documentaries, but there is no place for them on public television, of course, or in the private sector, where viewers can go to see documentaries, except in a few instances.

With regard to distribution, we are seeing a real crisis in the distribution of documentaries. A few moments ago, someone mentioned that a significant distributor in Canada, Cinéma Libre, was no longer in operation. Personally, I had 12 films with them, which I had to go get in a big rush at the last minute. I found myself there with dozens of other filmmakers. Cinéma Libre had over 1,000 films in its vaults. Those works encompassed 25 years of Quebec history in documentaries and independent films, feature films, short films, and others. This is a real problem, because Cinéma Libre is not the only distributor to disappear in the past few years.

And that is why, when we go looking for a distributor for our documentaries, we find almost nothing. There is international distribution, and agents that deal with it, but in Canada, the distribution system for documentaries has to be completely reviewed. In fact, there is almost no system. Here, in Quebec, we are trying to establish something to replace Cinéma Libre. Everyone is trying to find solutions. I would say the situation is fairly serious.

We would still ask you for your support, so that Telefilm Canada, the Canada Council for the Arts and others formulate an assistance policy for sociocultural distribution. Clearly, the distribution of documentaries, which involve social, cultural and other issues, is different from the distribution of dramas and feature films. Distributing documentaries is a distinctive task that requires a great deal of work and special knowledge of the sector.

We would also point out that, in Europe, there are currently many initiatives to establish digital theatre networks. For us to make documentaries, particularly in the digital format—often using small digital cameras such as mini-DVDs—our task will be much easier if there are digital theatres where we can broadcast those films without having to put them on 35-millimetre support, an extremely expensive process. There are now significant initiatives in Ireland, England and elsewhere, where almost all theatres will be equipped for digital format very soon. This is something we need to have because it opens the door to broadcasting documentaries.

• (1840)

There's a problem with promotion as well. It's not surprising that the film *The Corporation* was very successful, because about \$1 million—I think that is correct—was invested in promoting the film. That is a significant sum. Promoters sought funding all over the place, and used all kinds of means. So it is not surprising they did well. But all documentaries are not as fortunate.

I would say that it takes one year to promote a documentary. Why not involve all the embassies and all the consulates, which have access to a selection of Canadian films and documentaries?

Last year, we conducted a study and followed it up with a forum to take a look at the training of documentary filmmakers. We believe that Telefilm Canada will need to create a national mentoring program, a program that will enable young documentary filmmakers to come into contact with more experienced filmmakers. This is particularly important in the documentary field.

For someone who wants to become a documentary filmmaker, knowing how to make a film is not enough. The filmmaker also needs to be aware of the entire socio-cultural environment. That requires tremendous work. It takes at least five, six or seven years to

train a good documentary filmmaker. We would like Telefilm Canada and other organizations to invest money in this, because we believe that training is what will produce results for the next generation.

[English]

The Chair: Mr. Schellenberger, it's your turn to go first. I really am going to limit it to five minutes each, if you don't mind, because we are running out of time.

[Translation]

Ms. Monique Simard: We're used to it.

Mr. Malcolm Guy: Yes, that's right. And everyone has left.

Some hon. members: Ah, ah!

[English]

Mr. Gary Schellenberger: Thank you very much for your presentation.

As we have toured the country and gone to various meetings, documentaries have come up at every meeting. One thing that was said is that documentary film funding be restored. What has been taken away? Could you explain that for me?

Why are there no distributors in Canada now for documentaries? Maybe that's something somebody should be looking at. We heard that because of the digital realm now.... I think Holland was given to us as a place where e-cinema has worked very well, where they've taken primarily documentaries out to small theatres and they have become very popular.

I will say that if it weren't for the National Film Board and documentaries, I probably wouldn't have had any Canadian education in history or geography. When I went to school, Canadian history and geography were not part of the curriculum. I can still remember those big reels, when the teacher would come in with two or three big films, and we'd sit there. They were documentaries, and I appreciated those.

Are there tax credits for documentaries?

Those are some of my questions. That way I can keep them short.

• (1845)

[Translation]

Ms. Monique Simard: The first thing we should do about funding is explain how documentaries are funded. The initiative for the vast majority of documentaries comes from television. Most drama projects are initiated by distributors, but for a documentary, you need television to access development, and later production. So at the end of the day, television becomes the factor that makes it possible to make a documentary.

There have been changes in the system. At the development stage, Telefilm Canada still has discretionary authority over whether to allocate funding for the development of a given project. Telefilm Canada decides whether a project deserves funding.

That changed about a year ago, and now we are in the second year of a new system. At the production stage, the entire Canadian Television Fund envelope, including the Licence Fee Program and the Equity Investment Program, is managed by the television networks themselves. As a result, Telefilm Canada no longer analyzes projects before a documentary goes to production. A television network with a budget envelope has full authority to decide how much to allocate to one project or another.

We have been experimenting with the system for a year now, and it has problems, just like the previous systems did. Now, after a year, we are trying to see what works well and what does not work in a system where envelopes are set aside for television networks to produce documentaries and dramas.

The rules are somewhat different than those in English Canada, because there is some asymmetry in the Canadian Television Fund system, that is, asymmetry between French-language production and English-language production. With the existing system, we are concerned that the envelope allocated—in other words, the funding actually provided for personal documentaries—will be lower than the funding provided before this system was in place. That is the first problem.

The other real problem is that there is no funding for feature documentaries at Telefilm Canada. Telefilm Canada's interpretation of the feature film fund excludes documentaries. That money is intended solely for dramas. We challenge that interpretation. We believe that the distinction is not made in Telefilm Canada's enabling legislation, but is solely a result of Telefilm Canada's interpretation.

At the same time, we know that there is not enough money for feature dramas or for independent low-budget feature films. So we would like there to be a specific envelope for feature documentaries intended for theatres. I have given examples of such films. A number of them have been very successful, and not only here in Canada. Other countries are seeing renewed interest in documentaries. The audiences are there. You talked about Holland, and rightly so. They have good distribution systems, and ways of equipping theatres at much lower cost than the cost for non-digital facilities. This would make it possible to broadcast documentaries in theatres.

That is our main problem with Telefilm Canada. We submit a feature documentary project, and there is no funding, there is no program, and no place for us. That is unacceptable.

In Quebec, SODEC became aware of the problem a year ago. SODEC realized that there are documentaries which are not necessarily made for television, but which could be screened in theatres. So if a distributor were to take on a documentary, that might in itself be enough to leverage funding. There is a fund, so there is a distributor.

We are asking for parity between the two systems. Alone, SODEC cannot provide sufficient funding. As for the rest, we need Telefilm Canada and SODEC to get reasonable budgets.

• (1850)

[English]

The Chair: Merci.

Mr. Angus, go ahead, please.

Mr. Charlie Angus: Thank you.

I share your absolute passion for documentaries. I think they play a fundamentally distinct role. We've talked until now about culture, but I think the tie you brought into the discussion of democracy, the discussion of tolerance, opened this to me. Canadian documentaries have played a social role that I think is unsurpassed anywhere. Our documentaries are fantastic. In fact, as I sat on the bus last night coming to Montreal, I watched an absolutely wonderful documentary on the killing of a Sri Lankan human rights activist and—

Ms. Monique Simard: *No More Tears Sister*.

Mr. Charlie Angus: Yes. That documentary analyzed the situation in Sri Lanka in a way that opened what's been just a dark curtain for me for so long.

I'm going to ask three questions, somewhat muddled because I'm thinking and thinking and thinking.

The first is in terms of obligations of television. I know that in English Canada we have *The Passionate Eye* on CBC and on Radio-Canada as well. Can we mandate that the private broadcasters start to show documentaries? People will watch them because they are fantastic quality. But should that be a strong recommendation that we push for?

Secondly, you talk about the 20% cut in documentary budgets that we've seen. It seems to be a financing issue. I'm not trying to diminish it. I was interviewed this week by three young filmmakers with a digital camera, who are going across Canada doing a documentary on punk rock in small, isolated northern communities, and my community just happens to be one. It was awesome. I set them up with this guy who runs punk shows on a reserve in northern Quebec. I was amazed because it was really guerrilla filming, and it seemed they were able to do this on the cheap. So my second question is whether the digital camera costs are helping to offset that loss of financing.

Third, I wanted to clarify this point about quality supplements for DVD format, and what that means. Getting back to my first point about the documentary—and I say this every time I go out—my daughters are passionately involved with the world, but I will not take that DVD home and show it to them because it's not closed-captioned, and my oldest daughter is deaf. I've never seen a Canadian film or a Canadian documentary that's closed-captioned. American ones are.

If we're going to market our products, how do we ensure that we have the same kind of quality on DVDs that we see with American products, where you have the scene selection, where you have closed-captioned choices in three and four different languages, let alone one? Does this question of quality supplement have to do with making sure we have the features available for selling? I'm not sure what you meant by that.

Those are my three questions.

[Translation]

Mr. Malcolm Guy: I'll begin.

[English]

I'll start with the television question. I'll do a little bit in English, because I was born in England, after all.

Can we mandate the private sector? Well, definitely. They're using the public airwaves; they come under CRTC regulation, and so on. So in that sense, they can definitely be encouraged. Their licences come up for renewal regularly, and they obviously say they're doing something for documentaries because they have to, and they're required to do a certain amount, but I think that has to be looked at closely. I think that for some reason they are slipping through. They're essentially saying that they're doing the number of hours, but in terms of the number of hours they're actually financing and not buying products that are already completed, whether they are from the NFB—hundreds of films in the NFB library—or elsewhere... What I think is required is that they be in at the front end, as the public sector is.

Obviously we're not asking that they necessarily do as much as the public sector. The public sector should be the place where documentaries are made, because as we know, documentaries are often critical. They often look at the social and cultural elements in which we live. There are the pressures of finance and advertisers and various other things, but there has to be a place for documentaries, and point-of-view documentaries.

So I think that when we're looking at the licences and we're looking at the CRTC, there is a way to increase the number of films. I think the main thing is that we also have to make sure the public sector is not cut back, and I think that's where we're being hurt the most at the moment. And if we're talking about the 20% cut in budgets, that's where it comes from.

In terms of taking a little camera, we do it all the time. That's the way we start our films most of the time; we take a little camera. Something is happening—at the moment, for example, I'm doing a film on the Algerian community in Montreal. A couple of years ago, a family went into a church because they were going to be deported, so we started to follow the story. We went out there with our camera—we had no budget at the time—and we started to film.

So that has enabled us to do that, but at the same time, most of the money that goes into a documentary film in the end... A young filmmaker can make a film for \$19.99—you know, the cost of a cassette—and sometimes that's what it takes. But what we're talking about is a sustainable industry in which we're able to make sure that people are able to survive and to continue to produce second, third, and fourth films. I know from experience that by the third film, your friends are not there; they have to earn some money. Those first and second films will get made—no one is against that—and the digital camera has made it possible, but it doesn't keep the industry alive.

What happened a few years ago, as you know, is that there was an explosion. We went from a few channels to the 175-channel universe. But essentially, the money stayed the same, and in fact it started to decrease in many ways. So we found ourselves splitting up essentially about the same amount of money among all these

channels and the producers who were looking to produce films for them.

So I think that 20% cut in budgets is very real, and it has come about through a fundamental change in the television production landscape.

But also we're asked to do more with less. Everybody is asked to do that now, and we can do a little bit more with less, but we can't ask people to earn no salary or to always be refinancing their houses or asking their uncles for loans. There has to be an acceptable level of support. If we want to do international subjects, particularly, or subjects that take a long time—many years—to do... I just finished a film that took five years to film, about seafarers who work in the cargo ships, called *Turbulent Waters*. You don't do that with a tiny little budget. It's impossible. We had to travel around the world and so on. Monique does the same things.

So on those two questions—

● (1855)

[Translation]

The Chair: I will let Ms. Bulte have the floor so that she has a chance to ask a question. Perhaps you could then answer Mr. Angus's and Ms. Bulte's questions at the same time.

Ms. Monique Simard: He is asking me a question about budgets; this is very important. Currently, Canadian budgets for the production of fiction are much lower than American or European budgets. In terms of documentaries however, we are at more or less the same level, that is, our production means and resources are equivalent to those in Europe. The United States faces other problems in producing documentaries.

If our funding resources are not consolidated and increased considerably, we will lose ground and we will lose the international competitive standing that we currently enjoy in documentary filmmaking. The one time we actually make it internationally... We have been better in the past and already others are surpassing us. Ten or fifteen years ago, more Canadian documentaries were chosen in festivals. Others have caught up with us now, particularly in Europe. Let's not fall behind. It is essential that you understand that when you have something solid, be that expertise or reputation, you have to maintain it. That is why budget cuts are of such concern.

● (1900)

[English]

The Chair: Sarmite, you have a question?

Hon. Sarmite Bulte: Yes, very quickly.

First of all, thank you for your presentation and also for the recommendations. I think they're excellent.

One of your recommendations deals with an advisory group on documentary policies. I wonder if you could tell me what that is.

I'm glad to see your promotion of the Canadian Independent Film and Video Fund. I think it does an excellent job on the work that's produced there. It's a little jewel that nobody knows about.

So I really welcome your recommendations. I think they're long overdue.

And coming from Toronto, I'll say that Hot Docs is in full force right now in Toronto.

[*Translation*]

Ms. Monique Simard: In April of last year, a Documentary Summit was held in Toronto for the first time, on the initiative of the National Film Board and Telefilm Canada. Several organizations involved in promoting documentaries were there. A working group was established in the wake of that event. Its mandate is to consider the whole area of documentary filmmaking in Canada. I represent the documentary network and the APFTQ on this committee.

The second Documentary Summit will continue its work starting Monday in Toronto, during the Hot Docs festival. We will all be there anyway. We would like you, in your capacity as the Heritage Committee, to receive the recommendations that this group will put forward. Given that you will be drafting the report you could use those recommendations, for example, the recommendation on policy harmonization. We will be looking at everything with this first initiative. We will not simply look at the industry, the number and cost of documentaries, who is directing them and who is working on them. We will use samples in order to take a much closer look at the social impact of documentaries. Some documentaries deal with addiction problems, education, immigration and integration. We will be measuring the impact of a range of documentaries on various communities, as well as schools.

You mentioned, sir, that you saw documentaries when you were in school. How can documentaries be used as a powerful educational tool? How can it be used as teaching material and thus make young people aware of filmmaking and documentaries? That is what this group will study—the National Film Board, Telefilm Canada, the APFTQ, the CFPTA, DOCS, the Documentary Network, and others.

Hon. Sarmite Bulte: We will now take the last question.

[*English*]

Mr. Schellenberger had asked you, Madam Simard, when Telefilm stopped funding. When did that happen? Did that all come about, with documentaries, when the Canadian—

Ms. Monique Simard: As I explained, there was a change in the system of the Canadian Television Fund. Always half of the money was given by Telefilm—after analysis, etc.—and now it's finished. That part of the money is given to the networks now. They are the ones who manage that.

So the only money Telefilm has for documentaries now is at the development stage. There is absolutely no money, and no program, for feature-length documentaries for theatre release.

Hon. Sarmite Bulte: Has there ever been?

Ms. Monique Simard: No. Well, yes, I think at one time there was kind of a flue there, but not any more.

Hon. Sarmite Bulte: But it wasn't part of the Canadian Feature Film Fund.

Ms. Monique Simard: No, that was excluded.

Hon. Sarmite Bulte: Merci.

[*Translation*]

The Chair: Thank you very much.

[*English*]

I want to thank you very much, and to repeat Ms. Bulte's thanks for some very specific and helpful recommendations to us. Not all briefs get to that point, but that's certainly what we're interested in.

Ms. Monique Simard: May I add something? Hot Docs is now one of the most renowned documentary film festivals in the world.

[*Translation*]

That is proof that we should be further encouraged.

●(1905)

[*English*]

The Chair: Ms. Bulte has sung the praises of Hot Docs to those of us who hadn't known about it. Thank you.

I'll now turn to our next witnesses, from the Canadian Association of Film Distributors and Exporters. We heard from this organization in Ottawa, but they wanted a very short time to respond to us on some of the things they'd read from our hearings in Toronto.

Perhaps, in your quick five minutes, you could tell us how helpful international trade is in exporting films.

Mr. Ted East (President, Canadian Association of Film Distributors and Exporters): Hello again. I'm Ted East, president of the Canadian Association of Film Distributors and Exporters. We met a few weeks ago in Toronto, and at the time I said our presentation there would really focus on English Canada. We requested a second meeting, because I think it's important to talk about Quebec separately. We've had extraordinary success in Quebec. I thought I would bring along two of the most prominent film distributors here: Patrick Roy, senior vice-president of Alliance Atlantis Vivafilm, and vice-chairman of our association; and Christian Larouche, president of Christal Films.

I'll turn it over to Patrick to say a few words, and then we'll take questions on any topic.

[*Translation*]

The Chair: May I suggest that you make your comments brief so that we have enough time to ask questions?

Mr. Patrick Roy (Vice-Chairman, Canadian Association of Film Distributors & Exporters): Madam Chair and members of the Standing Committee on Canadian Heritage, thank you for giving us this opportunity to talk with you about an industry we find so exciting.

As Ted was saying, the situation in Quebec is very different from the rest of Canada. Consequently, it is important for us to have a say on this issue. We also feel it important for distributors to have a say in all possible fora because this is an industry that is often wholly misunderstood. I am sure that in travelling to different cities in Canada, you have learned a lot about what we do. But we still wanted to meet with you this evening to discuss it further.

In Quebec, the Quebec theatrical market share is 20 per cent. It would be easy to think things were going well. There are actually several positive aspects to the current situation in Quebec. Twenty per cent market share is exceptional. It is interesting and important to realize that this has been the case for a few years already. It started in 2003. It was true in 2004 and it will also be true in 2005. So it is not a fleeting phenomenon.

If you look into the success of films—be it critical or commercial success—that have been produced in Quebec in recent years, you will find that the ratio of successes to failures is exceptional here, if you compare the Quebec situation to other countries of the world. Moreover, our creative people work miracles with budgets that, on the whole, are low. The economic impact of our industry is growing. Film budgets are getting bigger and bigger. Launch campaign budgets are getting bigger and bigger. Ways have been found to develop related industries. For example, music is an increasingly important part of our films, and this has led to substantial record sales. As a result, related industries are currently developing thanks to cinema.

If you look for reasons to explain these successes, you obviously have to look to the quality of these films. You also have to look to the diversity of films, because in our opinion, the mix of products we offer to the public is a significant factor. In the past few years, there have been blockbusters and major personal films that have been very successful. In our view, it is like a symbiotic relationship. The blockbusters help promote personal films and vice versa, and this has a beneficial effect on the entire industry.

The creation of the Canada Feature Film Fund, a few years ago, also made it possible to produce big-budget films. It made it possible, I believe, to make movies that were impossible to make in the past, movies like *Séraphin: Un homme et son péché*, in other words, period pieces, which are impossible to produce with budgets of \$3 or \$4 million. So that had a significant impact on the public.

Another success factor is the tremendous cohesiveness among the various players in the Quebec industry. That is something that has developed particularly in recent years. The producers, distributors, screen writers, directors and actors work very well together. I think that is one of the main reasons for our success; it has enabled us to launch promotion campaigns more quickly. Collaboration with the actors enables us to tour around the province. We tour all around Quebec with our films and present them to the public in various regions. It has also, at times, led to role reversals, because very often now some film projects are initiated by the distributors. This is done in co-operation with producers, but by us. So cohesion has brought many good things to our industry.

Despite all of that, there are dangers lurking. The industry remains fragile. You have to understand that it would be impossible to produce feature films without public funding. Despite all of the successes, it all remains quite fragile. The company I work for tried

to come up with the financing for a film called *Maurice Richard*, which is about the life of the famous hockey player and has an \$8.2 million budget. We discovered that the ability to finance such a film here in Quebec, with the available resources, was limited. So it would not work without public funding. Furthermore, currently, in Quebec, everyone wants to make movies.

• (1910)

The quality of projects is increasing, but not the resources. This week, 42 projects in French were submitted to Telefilm Canada, and 14 in English. Out of the 42 projects in French, three or four will probably be accepted. That's unprecedented, and it will be the same at SODEC next week.

That puts huge pressure on the institutions, be it Telefilm Canada or SODEC, that have learned to work, that have agreed to work in partnership with industry members. That's the prevailing situation in Quebec, there's good chemistry. You can imagine the pressure on the decision makers if 38 out of 42 projects are rejected. In some cases, those decisions will threaten the survival of some production houses. So it's a very difficult situation.

There's another dimension. Increased budgets may have some benefits, but the result is that fewer films are produced, which puts even greater pressure on all industry players. If fewer films are distributed, the risks are necessarily greater because there are fewer opportunities for things to balance out in the end.

Another problem is the ongoing decrease in recent years in support for distribution. That support is now virtually non-existent, because it is currently repayable practically in full. That is unfortunately what caused the closure of a number of small distribution companies, like Film tonic and Cinéma Libre. So it had a negative impact on the distribution industry in Quebec and in Canada. I think that this situation is inexcusable and inexplicable, if you consider the importance of the role played by distributors in the successes of the past few years in Quebec.

In conclusion, the Canadian Association of Film Distributors and Exporters clearly hopes and calls for the Canada Feature Film Fund to be renewed. We would like the funding to be increased—and this will come as no surprise—paying particular attention to the distribution industry.

As I was saying before, we are convinced that distribution has played an important role in the recent successes of Quebec cinema. We feel that this role should be explicitly recognized.

The Chair: Mr. Larouche. No.

[English]

Mr. Angus, you're first this time around.

Mr. Christian Larouche (President, Christal Film, Canadian Association of Film Distributors and Exporters): We're ready for you.

Mr. Charlie Angus: Thank you very much. I will keep my questions short.

The Chair: I think I'm going to have to keep you to about three minutes each. I'm sorry about that.

Mr. Charlie Angus: No, that's fine.

I'm just going to ask two questions. I'll ask them up front, and then you can answer them.

One is in terms of the development, the success of the Quebec model. We've heard a lot about the role of television promotion, getting people on the shows, building the hype. You're talking about setting your promotion early. Was that a difficult relationship to build in order to get the buy-in from the TV talk shows, and so on, to build a star system to attract an interest in the films? That's my first question.

• (1915)

Mr. Christian Larouche: Where, in English Canada, or...?

Mr. Charlie Angus: In Quebec. I'm just focusing on Quebec now.

Secondly, with the loss of some of these small distributors in Quebec, is that a signal that, as good as this model is, rough days are coming?

Those are my two questions.

[Translation]

Mr. Patrick Roy: To answer your first question, media participation in the promotion of our films occurred naturally.

There is a major star system in Quebec. It's important for media partners—TV stations, newspapers, etc.—to have stars on screen. We have never forced anything.

That was largely developed in the newspapers. It was effective. There was cinema coverage in the newspapers, film reviews, but fewer interviews. It had the following effect: more people are talking about them because more people are seeing them, and more people are seeing them because more people are talking about them. So it had a snowball effect on the media which was very beneficial to our industry in Quebec.

In Quebec—I know that it's very rare in English Canada—the announcement of film projects regularly makes the front page of the newspapers. You can make headlines in major Quebec newspapers with this kind of news, which is, I think, almost impossible in the rest of Canada, for the time being.

Mr. Christian Larouche: I think as well that we realized as distributors that we could spend money in the different media and have promotional budgets. Previously we were very hesitant in our launching activities because we were afraid the public would not come.

For the past seven or eight years now, we have observed that when we launch a campaign, we are able to reach the public and the public will show up. It first started off with the success of *Les Boys*. At that point, things opened up, and not only for commercial films. A movie like *La vie avec mon père* would not have sold between 700,000 and 800,000 tickets at the box office five years ago. It would have been in the neighbourhood of 50,000. All of these commercial movies have resulted in a greater degree of openness to personal films, etc.

This gave us the opportunity to spend more money and target more specifically our campaigns in the different media. Now the public follows us. Of course, we can't stop the momentum, we must keep up. It is a long range effort that we have been undertaking for the past 15 or 20 years in an attempt to establish our cinema.

Basically, our cinema is present because we are making good films. Furthermore, we are dealing with subjects that appeal to the public whereas for a long time, we were dealing with very difficult subjects. We were targeting a particular group of moviegoers. In order to attract these people, we have to start with commercial films and give this a positive spin.

Ten or 15 years ago, people used to say that a movie wasn't bad for a Quebec movie. You no longer hear this kind of comment. Working as we do with professionals here in Quebec, we have been successful in reversing this pattern. Now people no longer talk about a film as being a Quebec film, they go to see a good movie and that's it. We've succeeded in bringing in the public. We can't stop, we must keep up the momentum.

Five films were approved recently. There may perhaps be five more in the future. That means that there will be 10 Quebec films. With 10 films our critical mass will be even smaller. That means that our present 20 per cent will be decreasing. We may well be successful in getting back to 10 per cent by the skin of our teeth. That is the fear of distributors but it is also the fear of all the workers in the sector here, I think.

We are involved in a flourishing industry. It's extraordinary to see that 42 projects have been submitted. It is difficult for the institutions. There are difficult choices but the fact is that we have been successful in developing viable projects and we hope that the public will continue to keep up with us in the future.

As for distribution, I think it's becoming increasingly difficult. Yes, there are big films that work out, but there are also small films or other movies that don't work out at all. A distributor with fewer resources or less access to products other than Quebec films has far more difficulties. There will be fewer films being made. So if the distributor does not have access to blockbusters that will make his survival possible, then he may well have the same experience as Cinema Libre or Film Tonic. I think that in the near future, there will be other failures. In Quebec, we may unfortunately find ourselves with only three distributors, something that is not at all desirable.

• (1920)

The Chair: Ms. Bulte, you have the floor.

[English]

Hon. Sarmite Bulte: I have a very quick question.

Earlier today we had a number of people in here who were saying they felt that because the performance envelope existed within Telefilm, this actually led to the demise of the smaller distributors. Could you comment on whether that was one of the reasons? Because the performance envelope, especially in Quebec, was getting about 75% of the funds under Telefilm, this basically left very little money within the production envelope; there was not a critical mass, and therefore it was just the large distributors who were able to distribute, and this didn't leave anything for the smaller ones.

Monsieur Roy, you recommended increased financing, more money with particular emphasis on the distribution sector. What specifically would you do with that money if you got it?

[Translation]

Mr. Patrick Roy: As far as the first question goes, I think that performance envelopes did have a greater impact on production companies than on distribution companies. It is clear that the system is not perfect. The problem with performance envelopes, in my view, is that the system is based on a mathematical equation. Because of our success in Quebec with receipts of \$7 million or \$8 million, something we could not even have hoped for several years ago, 75 per cent of the money is allocated to performance envelopes. That is obviously not healthy for our industry but this is a situation that occurred without us believing it was possible. I think that this impact is greater for production companies than for distribution companies. I don't think that it is linked to the disappearance of Cinéma Libre and Film Tonic.

As for additional funding, if the government were willing to invest more money in the film sector, it would allow us to make more movies. Wayne Clarkson talked to you about a 10 per cent market share objective. This would obviously require increased amounts of money. If more movies are being made, and of course you will say that this is obvious, we will be able to increase our market share. I think that the two are directly linked. Additional aid for distribution would make it possible to keep the small and medium-sized distribution companies in Quebec and the rest of Canada, the larger distribution companies could be stabilized and distribution companies would be in a position to take greater risks, sometimes for more difficult films, than is the case at the present time.

[English]

Hon. Sarmite Bulte: Thank you.

The Chair: Mr. Schellenberger.

Mr. Gary Schellenberger: Thank you. I'll be quick.

Is there a maximum amount of promotion money on a film before Telefilm starts to claw back any moneys it may put in? For example, if it's a \$5-million film, is there a limit that distributors can spend? Can they spend \$5 million to promote that film?

[Translation]

Mr. Christian Larouche: There is no limit. Distributors and producers assess a film's potential. They calculate that in order for it to be a box office success, then a certain amount must be spent in P & A commitment. We are the ones that evaluate the possibility of our film reaching a particular public. We have no limit. Film promotion is not a budget. We analyze the content of a film to determine what type of public it will attract. Is it the public at large, a more restricted group, etc.? The fact that it may have cost \$500,000 or \$10 million to produce has no importance, as I see it. What matters to me is the content and how to reach the public. Whether we think that it will take \$500,000 or \$1 million to launch the film, there is no limit.

Of course we do have a lot of discussion among producers and distributors. We definitely submit our budget to Telefilm Canada to have access to funds. At the present time, since unfortunately there's not enough money in the system, we must limit our resources. It is

very difficult. The promotion of commercial movies is very difficult. Promotion costs us a lot of money. It's always a gamble and we never know whether the film will gross \$2 million, \$3 million, \$4 million, \$500,000 or \$100,000. There are lots of surprises. We had one this year with *Elles étaient cinq*. It was a magnificent surprise. We'd like to have more of these surprises every year. That would be fantastic. This movie, which wasn't necessarily produced with a lot of money, was able to find its own public. Once again, it is a one-in-a-hundred phenomenon.

• (1925)

Mr. Patrick Roy: It's important to note that aid from Telefilm Canada has its limits. If we decided to spend \$5 million, the risk would be much greater. At the same time, it is also important to underline that the marketing budgets for Quebec films have increased a great deal over the past five years. The maximum that we spent then was about \$600,000 to \$700,000 to launch a big commercial film whereas now, it will often be as high as \$1.2 or \$1.3 million. It has almost doubled.

The Chair: I'd like to thank you for the time that you have spent with us as well as for your contribution to the committee.

[English]

We appreciate it very much.

With every witness we wish we had a lot more time, and we don't. But it seems from what's going on in Ottawa that our time might be even shorter than we thought.

In any case, thank you very much.

Mr. Ted East: Are we to understand our presentation is not the most pressing bit of business in Ottawa at the moment?

The Chair: There's a difference between "urgent" and "important". Yours may be more important.

[Translation]

Mr. Losique, it is a pleasure for us to have you.

You have given us a copy of a fairly detailed brief that is rather long. I will invite you to take a few minutes to present your main ideas so that the committee can have more time to ask questions. We only have 18 minutes left.

Mr. Serge Losique (President, World Film Festival): Do you mean that I have 18 minutes to make my presentation?

• (1930)

The Chair: No, there is 18 minutes left all together.

Mr. Serge Losique: Good Lord!

The Chair: Rest assured that all committee members are able to read.

Mr. Serge Losique: In any case, I don't have much to present since it is so limited.

The Chair: I can give you five minutes. Would you like some time for the questions of committee members?

Mr. Serge Losique: Yes, thank you.

As you already have my brief before you, I will not take much of your time. In my brief, I tried to give a summary of the beginnings of the Canadian film industry. It started with the establishment of the NFB, just before the Second World War. Then, I wanted to show how the National Film Board was a government creation, as was the Canadian Film Development Corporation, the forerunner of Telefilm. The CFDC was also a government creation. So the Canadian government set up these two entities. It was the Canadian government that funded both the NFB and the CFDC at the time, or Telefilm Canada. We therefore moved from government funding to government funding for private production. That is a brief overview of the setting up of these two entities.

Our main problem here in Canada is the dominance of the American film industry, which threatens all national filmmaking industries including our own. All the meetings on cultural diversity have, until now, been futile. The Americans consider Canadian territory as their domestic market. This is the whole problem faced by our distribution system and our defence of the distributors who have tried to find some economic space within their own market. They never found it, because of the Americans. Whether we like it or not—since there are distributors here in the room—, despite cultural diversity being protected by free trade, it is the Americans who buy the best foreign films, including French and Asian movies. Then, they find subdistributors here.

Given that, I always felt that we would not be able to build a strong industry, because if you don't have a very strong distribution system, you cannot have strong production. The result is that the Canadian government is obliged to subsidize both, that is production and distribution for each Canadian film. We feel somewhat inadequate, because we don't have a market.

I also wanted to show that if the federal government wanted to rectify the situation, it would be very simple. The Americans say that in their opinion, film is trade. As they do not wish to recognize culture, they should recognize trade, and therefore NAFTA which provides that 60 per cent of the content of a product exported from one country to another must be manufactured in that country, whether it is Mexico, Canada or the United States. So when the Americans buy an Asian film, they cannot claim that it is their film and also buy it for Canada, as though we did not exist.

In the 1980s, in order to placate our distributors, we also introduced special assistance for distribution, but the results were catastrophic because we eliminated all the small distributors to the benefit of four or five large distributors. The thinking was that we would create "mini-majors" in Canada. We have seen over time that this also was a failure.

As Telefilm's policy would change with management, the current idea is to increase audiences. It reminds me of what happened during the 1950s and 1960s, when children were forced to watch NFB films. At that time, it was meant to increase audiences. It is laudable, no one is against it, but despite everything, Telefilm or the producers often seek out low-end products. In my opinion, the government's role is to help produce quality films. Films like those of

Denys Arcand may be of high quality, but at the same time, be very popular and reach mass audiences, whether here or abroad. Great directors like Arcand, Egoyan and Cronenberg have also proved this.

• (1935)

Obviously, something is not working. We can talk about the success of our films, but in Quebec, even if we represent 13 per cent of the market, we are only seven millions souls in an American and Anglophone sea. Few films are exported, and even if the film is successful here with Telefilm's support, with marketing, etc., we really cannot speak of an industry. In that regard, it is not profitable. In order for a film to be profitable, it has to be exported to several countries, which is not the case here. For English Canadians, it is even more catastrophic: they only represent 1 per cent of the box office. On top of that, their directors are swallowed up by the American industry. The greatest filmmakers, it has to be said, always end up in Hollywood.

Add to this the fact that Telefilm's policies are always changing in light of the fact that this organization has a monopoly. We are the only country in the world in which one and the same organization is responsible for everything, from start to finish: first of all scriptwriting, through development, then production. Telefilm is present in all markets, at all festivals, etc. We are the only country in the developed world to have such a system. As you will see later on, for these reasons, we have put forward a proposal to correct this situation. It is not a criticism of Telefilm, just an observation.

The fact remains that when the film was successful, Telefilm wanted to be part of the industry, but in the opposite case, all of a sudden it claimed to be a cultural organization. Telefilm was in effect created for the industry. Furthermore, DCFDC, Telefilm forerunner, spoke of industries, not of the industry. Industry and culture are two different things.

The perversity of a government investment system which is similar to subsidies must also be mentioned. Personally, I would rather call them subsidies. Looking at Telefilm records since its conception, we wonder what percentage of investments were put back into Telefilm. In fact, we can readily see that it is not very positive. Therefore, why not be honest with the Canadian people, and refer outright to subsidies? In a word, the system is unclear.

As far as Telefilm's policies for Canadian Films Festivals are concerned, it is a mess: there are no clear policies. Later on, I will provide you with two articles that appeared in respected newspapers, that is *Le Devoir* and *The Montreal Gazette*. You will see what these papers think of Telefilm's festival policies. It is not the government's role to dictate the festival program to Canadians. It is up to the people to choose the kind of films they want to see. We can organize gay festivals, festivals for the industry or for the people, and so on. Telefilm has no business managing everything, but they do not even know what they are managing. In this regard, they do not follow their own rules. The two papers in question mention this as well.

As for the issue of percentage, in my opinion it is completely idiotic for an international festival. We cannot organize Olympic games deciding that 20 per cent of the athletes will be Canadian if the games are held in Canada. An international festival remains international, even if we make special efforts within the French film industry. It is the same thing for Berlin or Venice, among others. These are Soviet quotas. Besides, the festivals are non-profit organizations. Telefilm limits its production funding to 10 or 15 per cent, as the case may be, whereas the industry is almost 100 per cent subsidized.

• (1940)

That is why we are proposing to restructure the entire Canadian industry, to rework it and bring everything under a Canadian Centre for Film, Television and New Media. It would be a kind of audiovisual CRTC. We currently have the NFB, Telefilm Canada, the Department of Canadian Heritage, and so on. Each one has its own responsibilities and is going in its own direction, without a common federal government policy.

This Canadian Centre for Film, like the CRTC, would set out regulations for the entities that are part of the centre. I would see the NFB in charge of documentaries and animations, areas where it is very strong, in addition to training in affiliated schools. There are several schools in the country, and the NFB is well equipped to do the job. It has vast experience. It is held in high esteem abroad.

Telefilm Canada could look after the feature film industry. Then there is the Telefilm Television Fund, and Canada Council for the Arts, which has its own film policy. The role of the Council should be limited exclusively to artistic and experimental films that Telefilm Canada cannot look after or that are not part of its mandate.

Moreover, a bureau of film festivals should be set up. There are currently between 150 and 200 festivals in the country that have nothing to do with Telefilm Canada's policy. As I was saying, any town can organize a film festival without taking into account the film distribution and broadcast policy.

This would be advantageous, because for the first time, there would be an arbitrator. At present, if you have to deal with Telefilm Canada, for example, and there is no arbitrator to listen to you, Telefilm Canada can do as it sees fit. When we go to the department, we are told that the people, at Telefilm Canada, are independent. To whom can the average citizen or a small producer turn if there is monopoly. It is unfair. If we do not have that, it is not democratic. To my mind, this centre, which would distribute the funding under this component, be the NFB or something else, must have a very clear and specific mandate. That would be very beneficial for the industry and culture in this country.

That concludes what I wanted to share with you. I am going to leave with you the articles that I brought today from the *Montreal Gazette* and *Le Devoir*. I apologize for speaking so quickly, but you only gave me five minutes. I hope you are happy.

The Chair: We have very little time left. As a result, I am going to allow M. Schellenberger as well as Ms. Bulte to ask their questions, if they wish to do so.

Mr. Serge Losique: Some members have already left, I believe.

The Chair: In fact, certain events that are occurring in Ottawa are such that some members have to go back.

Mr. Serge Losique: Lots of things are going on in Ottawa tonight.

[English]

Mr. Gary Schellenberger: Okay, thank you. I'm sorry we've got so far behind here today.

You spoke earlier about the difference between business and culture and that it's great to do a cultural film. The biggest thing I've heard from various other people is, how do you define culture? You could make the best cultural film, but what if no one sees it and it ends up in a closet someplace? You have to have an audience to know where that's going to go.

• (1945)

Mr. Serge Losique: First of all, I didn't divide cultural films and so-called commercial films. What I was saying was that even our so-called commercial films are not successful in commercial terms, because we don't have a big market. Let's say our films are doing very well commercially in Quebec, but they're not a success even if they're making \$2 million. What does \$2 million mean? It's nothing for an investment, but culturally it's good, because people are coming to see their own films.

Secondly, there's no division between cultural and commercial films. In the history of cinema, commercial films have been the most cultural at the same time. You could take Charlie Chaplin or films by Hitchcock, and so on, and you will see that they're the most cultural films. If you look at *Citizen Kane*, it's the best movie in the world, and it has been one of the most successful commercially; even today, everybody's playing it on DVD. So there's no division.

I'm talking about the role of the state and its aim with quality films. Quality films can be very commercial, and we have one example of this with Denys Arcand's latest movie.

Mr. Gary Schellenberger: I understand that wholeheartedly because people will go and see a good movie no matter what it's about.

Mr. Serge Losique: Exactly.

Mr. Gary Schellenberger: They'll go if it's a good movie, or a great movie.

Mr. Serge Losique: That's the role of the state: to help good movies.

Mr. Gary Schellenberger: Yes.

Mr. Serge Losique: When they said to achieve *les auditoires*....

We can improve that tomorrow if you put some...[Inaudible]... movies in the theatres, Canadian movies, and you will have 20% of the market. But that's not the role of the state.

Mr. Gary Schellenberger: There was just one thing you suggested again with free trade. You mentioned that if it's 60% Canadian, it's called Canadian.

Mr. Serge Losique: Canadian or American, it doesn't matter.

Mr. Gary Schellenberger: However, I have to say this happens a lot. I was at a round table on agriculture about three or four years ago and we were talking about Ontario wine. At that particular time, for the Ontario grape growers it was a tremendous year for grapes to make great wine, but they had no market because, to be called an Ontario wine, a wine needed to have only 30% Canadian or Ontario grapes. I found that very disheartening. The Canadian farmers were having to take their grapes to Pennsylvania to get rid of them, while they were bringing in Chilean grapes.

Mr. Serge Losique: I like Ontario wine, especially ice wine.

Don't forget that culture is excluded from free trade. It's protected, and the agreement was signed by Americans. We are saying, if you don't respect that, don't respect.... The proof is to ask every distributor. Even for the French movie I presented last year, the closing night was "Miramax presents". This must belong to our own distributors. They will be richer, and in this case they can help out more in production. Otherwise, we'll be stuck. We'll be discussing the same thing for the next 30 years.

There's an exception for culture, and please respect what's called the business. We cannot take, let's say, Swedish or French cars, import them to Canada, and dump them into the United States. With Belgium films now, which are very popular, they take them, they buy them for nothing, and they dump them into Canada. That's not the way to build a country.

Do you understand my answer?

Thank you.

The Chair: Ms. Bulte, go ahead, please.

Hon. Sarmite Bulte: Thank you very much, Monsieur Losique, for being with us here today.

I want to take this opportunity to applaud you on your vision and passion for film and all the work you have done on the film festival here in Montreal. You're a legend. You are truly one of our national symbols and national heroes. Thank you so much for coming.

I'm sorry we don't have more time. I'm very interested in your recommendation to create this centre for new media so that it becomes like a CRTC. I'd be interested to learn how that would work. Certainly we see where the CRTC has played a role in our music industry. We found the space for our music industry. Maybe you could expand on that.

I think the festival bureau is also very important. I think festivals are an important way to showcase our Canadian films. A few weeks ago I was at a high school—and Mr. Schellenberger and Ms. Catterall have heard this—and I talked about the work this committee is doing. I asked a grade 11 class to put up their hands if they'd seen a Canadian film. The first thing they said was, where does one see a Canadian film? It was, well, tell me where to find one.

I think there are all kinds of opportunity where we can create that exposure.

I wonder if in the time remaining you could expand on those two points: the centre for new media and the festival bureau. Where would it be created? Would it be within the Department of Heritage? Would it be part of Telefilm, or separate?

If you don't have the answer right now, you could always forward it.

• (1950)

Mr. Serge Losique: It can be a separate entity reporting to this new centre.

Hon. Sarmite Bulte: It can or it cannot?

Mr. Serge Losique: Telefilm would report to the centre, like [Translation]

the NFB or the Canada Council for the Arts,

[English]

with a section on cinema. It's very easy. Many countries today have a similar system. This centre will be a unique *porte-parole* of the federal government.

In France, the festival doesn't depend on Unifrance. Unifrance is created only for the promotion of French movies. It's the same thing in Italy, Japan, and so on. It's specifically run by people who know how to do it. The festival people know how to organize a film festival for different reasons. For example, I'm more connected with cultural movies than porno movies. Do you understand what I mean?

Hon. Sarmite Bulte: Yes, I do.

Mr. Serge Losique: The *bureau de festival* should be independent, like Telefilm, because tomorrow every city will have a small festival to enjoy movies. Why not? You will have big international festivals, but you will also have small ones. They have their reasons. In Montreal you have at least 15 different festivals right now. So there's no problem.

The centre can be organized very easily and very quickly to establish policies. Every unit will report to this centre and the centre will report to the government, somewhat like the CBC and CRTC. It's the only way. Everyone has their own rules and monopoly. Once you are stuck with one of them, you can go no further.

You can go to the government and tell the minister it's Telefilm business, not yours. But who is responsible? Who gave these guys the power to decide on testing people, producers, and so on? They're responsible to no one, except when they're asking for money.

It's not CRTC. CRTC is applying the laws, and with Telefilm, you're distributing taxpayers' money. There should be very strict controls. Look at what happened at Cinar with all of the scandals. If we had a centre, these things would never happen in this country.

Hon. Sarmite Bulte: I have one other question, very quickly, if I may.

• (1955)

Mr. Serge Losique: I hope I answered your question.

Hon. Sarmite Bulte: Yes.

Mr. Serge Losique: Thank you very much.

Hon. Sarmite Bulte: I have another question on Telefilm. You're not the first person who has said that Telefilm acts arbitrarily, that there's no arbiter, and the functionaries decide. Should we put an appeal process in place? Should there be an arbiter within Telefilm?

We've heard that even for the producers, if the functionaries are always making the decisions, they can say yes or no. Should we legislate an appeal process?

Mr. Serge Losique: We should legislate it. You cannot ask individuals like me and all the producers, because we cannot go to the courts when there is an injustice. Individuals are poor and small and dependent on federal money. They can take any royalties and pay them whatever they want.

We need an arbiter system immediately. If we create this centre, the centre can—

Hon. Sarmite Bulte: Arbitrate.

Mr. Serge Losique: Yes, because the centre is not giving money to individuals. It would be neutral. Do you understand?

Hon. Sarmite Bulte: One of the recommendations today was on an Irish model. Instead of having functionaries or bureaucrats decide, you'd put a peer review together. You would have a writer, director, and producer. Apparently in Ireland, even if they're visiting filmmakers, they will be part of the panel. Do you think that would help the situation at all?

Mr. Serge Losique: For anything that's outside Telefilm, for example, if you put a producer and a distributor on this committee, they're all dependent on Telefilm. We're all victims of this system. It's not a free system.

I'm for a free system. We must be free. But how can we be free and open our mouths? If you ask for the next grant, you will see that they were waiting at the corner. Do you understand what I mean?

Hon. Sarmite Bulte: Yes, I do.

Mr. Serge Losique: When they signed these filmmakers, when they paid this agency in Hollywood to bring...I personally protested in all the newspapers. But I'm paying the price. The first thing Mr. Clarkson did was say, no more.

Hon. Sarmite Bulte: Yes, I know what you mean.

Mr. Serge Losique: I think he wants to kill me.

Hon. Sarmite Bulte: I don't think so. But I agree with you too.

Mr. Serge Losique: What you need are real independent mediators, not people who are dependent on Telefilm Canada. That's democracy—checks and balances, to avoid Gomery commissions, and so on.

Hon. Sarmite Bulte: Absolutely. I'm one hundred per cent with you.

The Chair: And we have to finish on a dirty word.

[*Translation*]

Mr. Losique, I would like to thank you very much for contributing to our work.

[*English*]

Mr. Serge Losique: I'm here only to help you. If you need help, I'm ready any time to work for the good of this country and for the good of cinema, because I have spent all my life fighting for good cinema in this country.

The Chair: I was about to say thank you for your contribution to the cultural life of Canada. If you have any further suggestions or comments to make to us, please get them in.

This meeting is adjourned.

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