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## Standing Committee on Canadian Heritage

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EVIDENCE

**Tuesday, May 17, 2005**

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**Chair**

**Ms. Marlene Catterall**

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## Standing Committee on Canadian Heritage

Tuesday, May 17, 2005

• (0905)

[English]

**The Chair (Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)):** I'm going to call to order this meeting of the Standing Committee on Canadian Heritage.

I suspect some members are having the same problem I had this morning. I wasn't aware of the room change and had to track you down.

We have as our witnesses today, pursuant to our study of the Canadian feature film industry, those people who are responsible for promoting Canadian culture abroad. From the Department of Canadian Heritage we have two witnesses, Jean-François Bernier, directeur général, Film, vidéo et enregistrement sonore, and Philip Stone, directeur general, trade investment. From Foreign Affairs we have Renetta Siemens, director, arts and cultural industries promotion division, and from the Department of Foreign Affairs and International Trade we have Sharon Harrison, acting director general, international business opportunities centre.

We will begin with Monsieur Bernier.

[Translation]

**Mr. Jean-François Bernier (Director General, Film, Video and Sound Recording, Department of Canadian Heritage):** Thank you. Good morning, Madam Chair and members of the committee.

Our presentation this morning will be a collective one, given that the promotion of Canadian films abroad is done by various players from industry and government.

I will start by saying that it might be a good idea for the committee—and I believe it intends to do this—to meet with representatives of Telefilm Canada and the National Film Board of Canada, which, for all practical purposes, are the hub of promotion and distribution activity for Canadian films abroad. They could not be here this morning, because the Cannes Film Festival is currently going on, and that is the most important time of year for the promotion of Canadian films abroad.

The objective of our presentation is to present to the standing committee members the various policy and program initiatives which have an impact on the promotion of Canadian feature films abroad. It is important to keep in mind that the role of the public sector, or government, is not to distribute films. The federal government acts as a facilitator: it supports the industry in the area of production and distribution of films. Producers, distributors and directors are responsible for promoting films abroad. They must take part in the marketing of their products.

On page 5 of the document, we discuss the policy framework, mission and strategic objectives. Committee members should already be relatively familiar with them. The idea here is to put film promotion and what we do internationally in context.

[English]

So the mission of the department is toward a more cohesive and creative Canada, confident in a world of choice, with the five strategic objectives: reaching audiences, reflecting ourselves, investing in excellence, harnessing the opportunities of new technology, and reaching the world. Those objectives and missions have also been expressed in the response of the government to the Lincoln report.

It's just to contextualize this, to say what we're doing fits into this policy framework.

Essentially, the Government of Canada's role in the promotion of Canadian film abroad is mainly carried out by three departments and a couple of portfolio agencies of the government. There's the Department of Canadian Heritage and its agencies; I've mentioned Telefilm and the National Film Board.

We have a program within the department called trade routes—Mr. Stone is here to talk about this—and we also have an important tool, the co-production agreements Canada has signed with various countries around the world.

Foreign Affairs and International Trade Canada are active, and you're going to hear about what they're doing today.

Telefilm essentially aims to ensure the widest possible audience for Canadian works both here and abroad through support for distribution, export, versioning, marketing, and industry promotion at Canadian and foreign festivals, markets, and other events. This is what's currently happening in Cannes.

Essentially, what Telefilm does is that first they gather intelligence and disseminate it to the various stakeholders in the Canadian film industry; they work at developing markets and partnerships with foreign interests; they administer co-production agreements for the government; they help the circulation of various film prints to various festivals around the world; they provide training initiatives, taking Canadian producers and distributors to foreign markets to meet with foreign buyers or foreign producers; and they also ensure the promotion of the industry, talent, and product. For example, as we speak, Telefilm has a kiosk in Cannes where all the Canadians come under one tent to meet with potential buyers. They're also present at various U.S. markets and festivals.

The National Film Board of Canada—we're on page 8—distributes its own productions abroad. The mandate of the NFB is to be a producer and a distributor of its own productions, so they're present in various markets and festivals and they also co-produce with foreign partners. They have agreements with NHK in Japan, the BBC in the U.K., and France 2 in France to pool resources and share technical innovations on various films.

Before we talk about the trade routes program, I'll recall that when we appeared a couple of months ago and presented the committee with the policy tool kit for the feature film industry in Canada, we presented the co-production agreements Canada had signed with foreign partners. Essentially, co-production agreements are used to co-produce films or TV programs, and once you're certified under a co-production treaty, you are considered a national production house in both countries. You have access to the various programs in France or Canada if it's a France-Canada co-production.

● (0910)

[Translation]

Co-productions allow for the pooling of creative, technical and financial resources for the production of audio-visual works.

How does co-production contribute to the distribution of Canadian films abroad?

Well, every agreement provides for the film to be distributed in Canada and in the partner country. Telefilm Canada administers these co-production agreements and makes recommendations to the Minister of Canadian Heritage with a view to accepting various projects.

[English]

At this point in the presentation, I'll pass the microphone to my colleague Phil Stone to talk to you about trade routes.

**Mr. Philip Stone (Director General, Trade Investment, Department of Canadian Heritage):** Thank you very much, Jean-François.

Members of the committee, it's a pleasure to be here today to talk to you a little bit about the trade routes program, which, as you are very much aware, was one of the key elements of the government's Tomorrow Starts Today program and specifically deals with cultural trade development.

The program itself is multi-sectoral in the sense that it covers all sectors of the Canadian cultural industry, including film and television. It's market driven, risk shared, and covers all parts of the country. All participants in the cultural sector are eligible to seek support, subject, of course, to the terms and conditions of the program. It is based primarily on the Trade Team Canada cultural goods and services recommendations with respect to long-term export market strategies. So in a sense, the program, the areas for support, and initiatives that we do are driven by the industry people. It covers both aspiring and new exporters as well as those who have been exporting in the industry for some time.

What are our goals under this program? Essentially, our goals are to increase the volume of cultural exports as well as the number of people participating in the export of cultural products and to enhance the base of our cultural sector. This is important because, with a very

creative and productive cultural industry in Canada and a small market, we need foreign markets to grow and develop. That is primarily one of the focuses of our attention.

Basically, we're there to try to strengthen the position of both English- and French-language cultural products and services. I would add that we also pay particular attention to cultural products from the aboriginal peoples in Canada.

We are trying to diversify our markets beyond the United States. As you know, in the cultural area we are very dependent upon the United States for exports. We're focusing on Europe and looking at other parts of the western hemisphere and into Asia. Through this program, we're working with our colleagues and partners in other government departments, and in the department with Telefilm and the National Film Board, diversifying and branding Canada.

● (0915)

[Translation]

Since the launch of Trade Routes in 2001, the film and television sector has emerged as one of our key sectors. We are also attempting market entry.

[English]

We call that export development and preparation.

[Translation]

There is a network of sector specialists at headquarters, that is at the Department, in Hull. We also have seven cultural trade commissioners based in International Trade Canada's regional offices across Canada. The goal is to help people here who are interested in preparing to export.

Since the program began, we have spent about \$1.3 million in the film sector, in connection with 43 film and television projects. This sector has been the leading cultural sector under Trade Routes since 2001, with 21.4 per cent of total approved contributions.

We also have five cultural trade commissioners posted at key missions abroad to help people develop markets in certain countries. We work in co-operation with our colleagues from the Department of Foreign Affairs Canada and International Trade Canada.

We also have a research service that does film market analysis. It is a very important service.

[English]

Now I'd like to ask my colleague Renetta Siemens to talk about Foreign Affairs Canada.

**Ms. Renetta Siemens (Director, Arts and Cultural Industries Promotion Division, Department of Foreign Affairs):** Good morning. I'm Renetta Siemens, the director of arts promotion at the foreign affairs department. I'm pleased to be here today to explain the programming that we do with respect to film.

First of all, it's important to understand the perspective we take when we do work with the industry in terms of arts promotion. Our mandate with respect to culture is to promote and define an image of Canada in the world scene, so all the work we do around cultural promotion is done for foreign policy reasons. We find the arts a very effective tool with which to engage people from other countries to counter stereotypes of moose, mountains, and Mounties. So the work we do is very much focused on the foreign policy mandate.

The objectives of my division are to communicate our creative and innovative excellence, to showcase Canada and celebrate our cultural identity, and as I mentioned, to advance our foreign policy objectives by building relationships through the arts with priority countries. In terms of priority countries, we've focused largely on the G-8 plus four, which would include China, Brazil, India, and Mexico. So that's the focus of our foreign policy mandate.

My division provides over 400 travel grants to professional artists in four major disciplines: performing arts, visual and media arts, film and television, and literature and publishing. In terms of our film program, we have two main components. One is the travel grants that we provide to professionals, including directors, producers, and young filmmakers, to attend international events. The second component is grants to Canadian festivals to enable international experts to come to Canada to see what Canada has to offer by attending our various film festivals and seeing the breadth and diversity of our film.

Another major component of the work we do involves our posts and consulates abroad. We provide cultural allocations to key posts in order to help them deliver in-country cultural programming. In terms of film efforts, they work with people coming from Canada, be they the industry leaders, other government departments, or other organizations, to help organize screenings with local partners. They also organize meetings and other events to help facilitate their efforts.

We also have a film library that we do with the National Film Board, and this enables the embassies and consulates to have film screenings and be part of film festivals, again in order to advance a more modern image of Canada abroad.

So that's it from Foreign Affairs. I'll pass it over to my colleague from International Trade.

• (0920)

**Ms. Sharon Harrison (Acting Director General, International Business Opportunities Centre, Department of International Trade):** Thank you, Renetta.

Good morning, Madam Chairman and members of the committee. My name is Sharon Harrison. I'm the acting director general of the market development bureau at International Trade Canada. I'm very pleased to be here this morning to explain the role of International Trade Canada in promoting Canadian film abroad.

[Translation]

The mandate of International Trade Canada is to promote Canada's prosperity through global commerce and to provide Canada with the means to achieve that prosperity.

[English]

With its network of trade officers in our posts abroad and in our regional offices across Canada, International Trade Canada works with every sector of the economy to encourage export sales, increase inward and outward investment, and to foster collaboration in international science and technology, and this applies to the cultural industry sector. We work closely with our partners at Canadian Heritage and Foreign Affairs, the provinces, and industry to promote Canadian films abroad.

With regard to cultural industries, since 2001 International Trade Canada has spent \$1,250,000 for the promotion of cultural industries, and approximately \$300,000 of that has been directed to the film and television sector. Last year alone we directed \$250,000 at cultural industries, \$60,000 of which was for film and television.

When we get to slide 14, we're going to get into some detail on the activities that our departments do together, but the funding I just mentioned goes to support such activities as support for a Canadian pavilion at major international shows and festivals where Canadian companies can showcase their productions. Our trade commissioners abroad do keep contact searches for Canadian companies in the markets that they are interested in. We arrange business-to-business meetings and provide market intelligence.

[Translation]

In addition, the Department manages a program for export market development for trade associations. This program provides financial support on a cost-sharing basis to sectoral trade associations with a nation-wide mandate.

• (0925)

[English]

Export Development Canada provides export insurance to the film industry, up to 90% of book value of receivables, generated by Canadian producers' pre-sale to foreign broadcasters. In 2004, EDC completed approximately 30 deals in which it insured approximately \$25 million in foreign receivables for Canadian producers.

I will turn this back to Philip Stone now to talk about the initiatives our departments do together.

**Mr. Philip Stone:** Thank you very much.

I won't take a lot of time—you have the deck in front of you, I think—but I'll just point out that there is quite a lot of coordination among the three departments, Telefilm, and the National Film Board of the various activities we're doing, both in terms of international support going into foreign markets, through bringing the commissioning agents and buyers to various events in Canada for those small and medium-sized enterprises that don't have the budgets to travel to major events like Cannes or NATP or MIPTV, and through supporting the various activities and festivals that occur in Canada to ensure that there is an avenue for Canadian film and television producers to present their products—but also to network and find film financing, find partners, and other things that are essential for advancing the export of Canadian film.

Madam Chairman, perhaps I'll terminate at that point.

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

Mr. Schellenberger is first with questions.

**Mr. Gary Schellenberger (Perth—Wellington, CPC):** Thank you, and thanks for the presentation this morning.

My one question is—again we have three ministries involved here—is there an overlap among the various ministries on some of these things? We might have a feature film industry within one ministry—not create a new ministry, but just have it looked at by one ministry. Would this help or hinder the industry? That's my one question.

At trade shows, does each ministry have a budget, say, for kiosks and so on for these film festivals, or is it a coordinated effort—one budget that comes from one ministry?

Those are my questions. Thanks.

**Mr. Philip Stone:** Thank you, Mr. Schellenberger. I'll invite my colleagues to join in.

Is there overlap? I think we try our darndest to ensure that the dollars that are available in the departments are maximized in terms of being directed towards the clients and the industry people. In fact, with Telefilm Canada, a group you will be meeting with shortly, we have a committee called Film Commercialization, where we all meet together and work collectively and collaboratively to ensure that we're not tripping over each other or overlapping and duplicating efforts.

I would also point out that to some extent there are slightly different nuances in what our colleagues at Foreign Affairs or at International Trade would do, and what Telefilm would do, and what we're asked to do in making sure the small and medium-sized enterprises are export-ready.

Concerning the question of one-stop shopping, I think for people within Canada, probably, you have the Telefilm offices, which are very prominent. For creators, of course, the National Film Board would be a key place. Whether you can put all that into one department I think is a question for the committee to look at.

Your other element was with respect to kiosks. At most of the major events we participate collectively in, there is a coordination. There is a Canadian kiosk at all of the major events, and the departments work together to ensure we *présage* and put forward and promote the best that Canada has to offer at these events and provide the services that some of the newer exporters or people who are looking for film financing or partnerships need before they undertake major events. All of these things come together into the kiosk.

Does anybody else want to add anything?

• (0930)

**Ms. Renetta Siemens:** I completely agree with Phil. We work very closely with the other government departments to ensure there is no duplication or overlap. But just to reiterate the role that film plays with Foreign Affairs, we do it for very different reasons.

For example, the embassy in Washington will be participating in an environmental film festival with a local partner not to sell Canadian films per se but to articulate a Canadian viewpoint around the environment and help us gain contacts and influence with our

environmental colleagues in Washington. So we're doing it for a very different purpose. In those few areas where we work jointly in key areas, such as in Cannes or other things, we work very closely to ensure there is no duplication.

**Mr. Gary Schellenberger:** Then I take it this isn't all feature film, because our feature films aren't all on environment. So there are other areas that are covered through the ministries but can't be necessarily classed under feature film?

**Mr. Philip Stone:** Yes, I would say you are right there. There is both feature film, documentary film, children's film, television programming. All of this we would put into the rubric of film and commercialization of film.

**Mr. Gary Schellenberger:** And environmental film?

**Mr. Philip Stone:** And environmental films, and—

**Mr. Gary Schellenberger:** So there could be other departments involved in your mandate also. If we're talking about environment and are trying to get some of our environmental issues across, that would be classified under film. Is that correct?

**Mr. Jean-François Bernier:** I'm not too sure about the question.

Normally, a film is not initiated by a government department; it's initiated by a creator who has an idea, a scriptwriter who meets with a producer, and we have this idea about a film. It could be of various genres. In the documentary category, you could have a film on moose. Subjects are as diverse as the human mind can think of.

If a film, let's say on environmental issues, emerges from a producer interested, with a film director, in doing a film on uranium impacts in Moose Jaw, they could decide, in order to raise the financing, to seek partners who would have an interest in that subject. Maybe the Department of the Environment would be interested in partnering or financing the production a little bit in order to carry a message about uranium impact. But it's not automatic, and it happens not very often.

**Ms. Renetta Siemens:** Just to clarify, that really is the distinction between how very different our mandates are and the work we do.

In the embassies around the world, we will hold little film festivals—screenings and so forth. These aren't done on a commercial basis; they're not done on the basis of export. We partner with the National Film Board to simply engage people from that country to understand Canada better and partake in the things we do through film. So it's very distinct; it's not an export-driven mandate. This just articulates the differences.

**Mr. Gary Schellenberger:** Okay. Thank you very much.

**The Chair:** Thank you.

Monsieur Kotto.

[*Translation*]

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

Thank you for coming this morning. I am going to ask you questions in two bunches. But first, I am going to make what is more of an observation.

Based on what you have said, it appears to me that the promotion of cinema abroad is based more on the image we wish to project of Canada than on the intrinsic value of the films. Do you not think that an organization like the Canada Council for the Arts, given its expertise, would be in a better position than the Department of Foreign Affairs to fund the arts and culture sector? Content and creation choices made by that organization might better reflect the actual quality of the films and thereby have an impact on trade with other nations. If theatre were on the agenda, I would have included it in my question.

My second question has to do with my concern about cultural sovereignty. Currently, the debate around the UNESCO preliminary draft convention on the protection of the diversity of cultural contents and artistic expressions. You and I know that all cultural policies lead to things like quotas, export subsidies and national preference.

Clearly, the basis of any cultural policy runs counter to the rules of the World Trade Organization. For us, in the Bloc Québécois, it is imperative that those rules not apply to Quebec culture. Given the difference and the unique situation of Quebec, the issue is vital. Hence, the importance of a UNESCO convention to protect the right of States to maintain a cultural policy worthy of the name. The convention must have actual power and assure us that the WTO rules will not apply to culture. I am going to treat you to a quote:

[...] films and television [...] shape attitudes, create new notions of style and behaviour and, in doing so, reaffirm or discredit larger social values.

It goes on to say:

A film can either reflect or undermine our sense of identity as individuals or as a nation.

Those are not my words, they are the words of David Putnam, former President of Colombia Pictures. I have shared with you the words of this man who was on the side of the powerful, because very far from our identity concerns as a minority producing films and other cultural products, he was already sounding the alarm.

It is a good thing that you are all here together, from the Department of Foreign Affairs and International Trade. I would like to know Canada's current position at the bargaining table on articles 13, 19 and 24. I would remind you that article 13 upholds the right of states to adopt cultural measures to reserve a certain space for domestic cultural goods and services.

Under article 19, to avoid having the protection of cultural policies brushed aside at the WTO by a subsequent agreement, the convention is not to be subordinated to trade agreements. The WTO is conducting negotiations and is to reach an agreement by the end of the year, I believe. Article 24 has to do with the lack of effective mechanisms so that countries do not have to go before trade tribunals in case of dispute, which might limit the scope of the UNESCO convention and weaken cultural protection support measures.

What is the position of the Department of Foreign Affairs and International Trade on these three articles, which constitute the cornerstone of the draft convention?

● (0935)

[English]

**Ms. Renetta Siemens:** Just to be clear in terms of the question, generally the mandate given by our minister has been to use culture—the arts—to promote Canada's identity abroad. That's been articulated through the international policy statement. That is the mandate we've been given. In terms of the relationship between that and the Canada Council, I really can't answer those questions in terms of the mandate and how it should be allocated across government departments.

**Mr. Philip Stone:** Perhaps I could just add, the arts council—

[Translation]

The Canada Council for the Arts helps creators. There are schools to help young people who want to enter this field. The National Film Board of Canada also helps creative people. I believe that there is a certain dividing line between preparing young people and teaching them if they want to work in the film industry.

Other departments also have responsibilities, which may be much farther down the list in terms of marketing. We work with Téléfilm Canada to help people obtain funding and enter markets in terms of international trade, and working with creators and small and medium-size businesses.

Our colleagues at Foreign Affairs Canada help promote Canada's identity through films. This does not mean that we don't think it's important that feature films are sold to different markets. We work closely with Téléfilm Canada to promote Canadian films.

There is a difference between using the Canada brand—as my colleague Renetta mentioned—and promoting movies, which is something that is very important for us.

As far as UNESCO is concerned, unfortunately, it is impossible for me to speak to that issue. I know that our minister was willing to meet with you last week to clearly explain the government's position in this area.

It's a fact that the three departments are working closely on the issue of cultural diversity. There is a meeting next week in Paris. It will be the third one. However, I cannot give you the government's specific and precise position. We are here to talk about movies and not about rules.

● (0940)

**Mr. Maka Kotto:** Please understand that these three articles are extremely important and that, until now, the Canadian government still has not taken an official position.

If these articles are included in a convention which would weaken the position of smaller countries... All this resistance is due to the omnipotence of our mighty American neighbour. The United States are leading a group of countries which include Australia, Japan, Great Britain and New Zealand to liberalize culture.

In the short term, we want to avoid the same fate as the textile industry. I don't see myself living in a country some day whose government does not support culture and its production, promotion and export. That's where the danger lies. And that's why I asked you that question.

[English]

**The Chair:** Ms. Bulte is next. We'll wait and come back to you, if you don't mind, Maka.

**Hon. Sarmite Bulte (Parkdale—High Park, Lib.):** Thank you, Madam Chair.

I apologize for coming in late.

I'm interested in some specific figures. Ms. Siemens, what is your budget in Foreign Affairs just for cultural exports through your program?

**Ms. Renetta Siemens:** Again, we don't focus on cultural exports; it's arts promotion. So the whole focus of our program is to present—

**Hon. Sarmite Bulte:** I'm quite aware of your program. I know it was rumoured that it was going to be cancelled, and the arts community was up in arms over that. So I would like to know what your budget is for arts promotion.

**Ms. Renetta Siemens:** My base budget is \$4.7 million.

**Hon. Sarmite Bulte:** The \$4.7 million—that's for across Canada. Is that an annual budget?

**Ms. Renetta Siemens:** Yes.

**Hon. Sarmite Bulte:** Has the \$4.7 million gone up or down in the last few years?

**Ms. Renetta Siemens:** It's been stable for the last several years.

**Hon. Sarmite Bulte:** How much of that goes to film?

**Ms. Renetta Siemens:** Film would be roughly \$400,000 to \$500,000 a year.

**Hon. Sarmite Bulte:** And the balance of it...?

**Ms. Renetta Siemens:** It would go to other areas, including performing arts, visual arts, as well as literature. We also provide some funding to the posts directly.

**Hon. Sarmite Bulte:** Does your funding base go to the larger corporations or the larger organizations?

**Ms. Renetta Siemens:** I don't have the detailed statistics, but generally we do provide funding to a broad spectrum of the community. We do fund the large entities as well as the very small ones.

• (0945)

**Hon. Sarmite Bulte:** What would the percentage be?

**Ms. Renetta Siemens:** That I can't tell you off the top of my head.

**Hon. Sarmite Bulte:** Could you provide us with that? I'd be interested in how much Serendipity Point Films gets as opposed to let's say Epitome Pictures or Tapestry Pictures, which now is Screen Door.

**Ms. Renetta Siemens:** We provide money directly to the producer or the director, so we don't provide it to—

**Hon. Sarmite Bulte:** To producers?

**Ms. Renetta Siemens:** Yes, but to individuals.

**Hon. Sarmite Bulte:** Again, these are producers at Serendipity Point Films, otherwise known as Robert Lantos. I'm sure you're aware of that.

So tell me, what's the rumour right now as to what's going to happen to your funding?

**Ms. Renetta Siemens:** My base budget is a permanent budget.

**Hon. Sarmite Bulte:** So it's A-base funding?

**Ms. Renetta Siemens:** It's A-base funding. We receive \$8 million annually through the public diplomacy program fund and that was sunsetted last fiscal year. Two million dollars of that \$8 million fund is provided to me—well, to my program, I wish it were provided to me—in order to add additional funding to my base. Some of that money goes to posts abroad.

So that \$2 million was supposed to sunset at the end of the last fiscal year. There was a budget announcement whereby we received renewal of that funding. So according to the current budget, we would maintain that funding, the \$8 million, for the next five years.

**Hon. Sarmite Bulte:** Okay.

To Ms. Harrison from International Trade, I noticed that none of these programs are specific to the film industry or to the arts. Is that correct? Export Development has been around for many years. I know that it sometimes is aimed at large corporations and I know it's been changed from time to time.

EDC gives up to 90%. That depends on the country, does it not?

**Ms. Sharon Harrison:** I'm not an expert on EDC, for one thing. With the short notice we were given for this, we were not able to get in touch with the person who actually deals with film. It's up to a maximum of 90%, and how much insurance is provided depends on a number of factors. That much I know.

**Hon. Sarmite Bulte:** It also depends on the country. It depends on the country's credit rating.

I have done business abroad, and there are certain countries that are at risk, where you're going to provide funding, and certainly there are other countries that aren't. So I'm interested in which ones are the 90% and which ones are the rest, and how much goes to film and how involved EDC actually is in that.

While I understand that you had short notice, perhaps through EDC you could come back to us with that information through the clerk.

**Ms. Sharon Harrison:** I can certainly get back to you with this.

**Hon. Sarmite Bulte:** But just for the record, none of these are specific either to the cultural industry or to the film industry?

**Ms. Sharon Harrison:** Absolutely not.

**Hon. Sarmite Bulte:** Mr. Stone, the trade routes program is \$32 million per year. Or is it over three years?

**Mr. Philip Stone:** Over the last four years.

**Hon. Sarmite Bulte:** Over the last—

**Mr. Philip Stone:** Are you talking about the last four years, from 2001 to 2004-05? That was in total the program.

**Hon. Sarmite Bulte:** From 2001 to 2004?

**Mr. Philip Stone:** Yes.

**Hon. Sarmite Bulte:** And you have the funding security until March 31. Is that correct?

**Mr. Philip Stone:** Last year, Madam. We've got our funding confirmed for the next five years—\$9 million a year for the next five years—under the Tomorrow Starts Today initiative.

**Hon. Sarmite Bulte:** But if the Tomorrow Starts Today program doesn't pass in the budget, you don't have funding until March 31.

**Mr. Philip Stone:** It was in the estimates.

**Hon. Sarmite Bulte:** So you have funding over five years whether or not the budget passes?

**Mr. Philip Stone:** I understood that it was in the main estimates and that was approved.

**Hon. Sarmite Bulte:** I don't believe it was. I don't believe it was, Mr. Stone. I think your Tomorrow Starts Today program is only confirmed until March 31, 2006.

**Mr. Philip Stone:** Jean-François corrects me. No, it's for this year, yes, but not for the year afterwards. That's right.

**Hon. Sarmite Bulte:** Up to March 31, 2006.

Why are the budgets so small? I mean, if exporting and seeing ourselves in Canada, you know, around the world.... These are very tiny budgets that you have.

**Ms. Sharon Harrison:** They are.

**Mr. Philip Stone:** Well, it's true, and we try to spread it around as best we can to help as many people as possible.

**Hon. Sarmite Bulte:** At one time, when I came here years ago, culture was one of the pillars of our foreign policy. What's happened to that?

**Ms. Renetta Siemens:** In the international policy statement, the policy does reaffirm the important role of arts and culture and the importance of public diplomacy internationally. I think it is stated there.

**The Chair:** Where's the money? That is always the question.

**Hon. Sarmite Bulte:** You were just saying that \$800 million went to \$200 million. The policy seems inconsistent with the funding.

• (0950)

**Ms. Renetta Siemens:** We received a renewal of the \$8 million in funding, so we maintained our budget of the \$8-million public diplomacy fund.

**Ms. Sharon Harrison:** You're right, the budget is small. For the group that I deal with, it's comparable with what we were able to offer to other industrial sectors. It's not out of line with that. There's always more that we would like to be able to do, needless to say, but those are the budgets we have to work with at the moment.

**The Chair:** Thank you.

Mr. Angus.

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

I would like to begin by asking a question that I think would be on the minds of most Canadians: will Canadian Heritage and Foreign Affairs be vigorously promoting our identity through the new *Trailer Park Boys* movie, when it's released internationally?

**Mr. Jean-François Bernier:** Probably Telefilm will be a partner.

**Mr. Charlie Angus:** Oh, wonderful. I think it's important that we tell our story on the international stage, and I'm hearing that commitment from you.

I'm not quite sure of the role Foreign Affairs is playing here. I'm hearing a lot about promoting our identity and telling our story on the international stage, but to me, telling our story on the international stage is building markets. How much of your budget is actually geared to getting our product into other countries, as opposed to just putting on events so people know who we are? That's a small segment we could reach, but our markets are where we're going to make a difference for film. So how much of your budget...?

**Ms. Renetta Siemens:** I don't know. It's difficult to provide a statistic on that. We'll often do things for foreign policy reasons, but there are trade implications. The embassies work from a whole-of-government approach. So if there's an environmental film festival, they will be networking with trade representatives within the embassy. I can't tell you off the top of my head. Even if we went through the statistics we have—and I can provide that information to you—it's very difficult to make those separations.

**Mr. Charlie Angus:** Building a market isn't a primary job, then, of what you do with film in Foreign Affairs?

**Ms. Renetta Siemens:** At Foreign Affairs, our mandate is different from that of International Trade. We work very closely with them. At the embassy, we have a whole-of-government approach. But the purpose of the money we have, the limited money we have, is to use it as a tool for broader foreign policy reasons. Of course, we leverage the opportunities to have a multitude of benefits to Canada. If we have a film festival, we'll have Canadian wine, Canadian beef, and so on.

**Mr. Charlie Angus:** That's fine, but who looks after our markets? Who builds our markets? Somebody else?

**Mr. Philip Stone:** Perhaps I can help you there, Mr. Angus.

The trade routes program is designed to help people find markets and to develop markets. That's the concentration. We do it through the contributions program element of the trade routes program, and also through the staff at the ITCs across Canada, who meet and prepare businesses for export markets. It's very competitive out there, very cut-throat. They need to know what they want to do when they go into a particular market. Here we work with Telefilm Canada, because they are experts in leading Canada's thrust for the marketing of films internationally.

We also have five people who are in key markets around the world—London, Paris, New York, Los Angeles, and we had one in Singapore. The ones in Los Angeles, New York, and Paris spend a lot of their time working with business people on looking at markets for film—in Paris, it's specifically on French film—and finding business contacts, putting people together for funding and financing initiatives, whether they're co-productions or bringing a critical mass together to market a film. The Government of Canada does not distribute and market films in the pure sense of the word. We are a facilitator, as Jean-François pointed out.

As to our budget, \$1.3 million of the trade routes money over the last four years has gone to export preparedness and international market development. This number does not include the cost of people out there helping at the request of the industry. That's why we have people in those markets. In Los Angeles, most of the time, it's on film focus.

• (0955)

**Mr. Charlie Angus:** Sorry, \$1.3 million split up over four years?

**Mr. Philip Stone:** Contributions, over a four-year period, yes.

**Mr. Charlie Angus:** So that's divided between five large markets, so that's what? I failed math my whole life, so what's that? Is it \$350,000 a year into markets like London or New York?

**Mr. Philip Stone:** It depends on what the people are looking for in terms of their initiatives. I would suggest to you, given our statistics, probably a lot of that was focusing on sales into the United States market and sales into the French market. And that's why we have people in New York and Los Angeles who are there to help people find markets for television in New York and for feature films in Los Angeles, and in Paris to help with people who go to MIPTV, and Cannes, and various events like that.

**Mr. Charlie Angus:** It would seem that the odds are really stacked against us in being able to get our products into those markets given the size of the budget we're utilizing.

**Mr. Philip Stone:** But you've really got to take into account Telefilm Canada's budget too, because I'm not talking about that and they have a significant initiative. I believe that, Madam Chair, they're coming to meet with you again, and you could raise that question with them, because they do a lot of work on the International Trade side in market development.

**Mr. Charlie Angus:** Are you, either for Foreign Affairs or through your organization, aware of the kind of pressure we'd be facing from the United States? They certainly do not believe in our marketing our products, since they want our cultural products to be treated the same as theirs and they have a major advantage. Are we facing any kind of trade pressure for our ongoing support for film?

**Mr. Jean-François Bernier:** Not that we're aware of, no.

**Mr. Charlie Angus:** This goes back to our question with UNESCO and the need for us to get a very clear statement that when we deal internationally WTO will not be able to treat our film the same way they treat wigits.

**Mr. Jean-François Bernier:** I think our minister was very public about the fact that the Government of Canada is taking a leadership role in the negotiation of this convention and this is how we're approaching this. We're not taking those negotiations lightly, and the government so far is working hard on making sure the convention on diversity delivers what it is intended to do. There's a meeting next week and so the government is there.

**Mr. Charlie Angus:** Thanks.

**The Chair:** Thank you.

Ms. Oda.

**Ms. Bev Oda (Durham, CPC):** If I could follow up on Mr. Angus' question, I know the support for the WTO convention, the declaration; however, are our international trade agreement negotiators maintaining a strong position on maintaining the cultural

diversity aspect, even maintaining the cultural exemption in the NAFTA agreement, etc.? It's one thing to promote the signing up of a statement; the other is to strongly make sure the negotiators have the same commitment from one department to the other.

**Mr. Philip Stone:** The answer to this is that the position of the Government of Canada for the last three or four years has been that we will continue to maintain our traditional approach in trade negotiations, that we will not take on any new obligations until such time as there is a convention on cultural diversity. And this means that the traditional approach is exemption for cultural industries.

**Ms. Bev Oda:** So the dependence is on the statement of cultural diversity? Everything is at a standstill until we get agreement to the statement on cultural diversity, is that correct?

**Mr. Philip Stone:** Until there's clarity on the convention on cultural diversity.

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

I'm going to take a practical kind of approach to this. I actually went on the website to look at your guidelines, as a producer, to see where could I get help.

I'm a producer. I own the rights. And when I looked at, for example, general eligibility guidelines, etc., and then looked at grants for international business development—which seems to be where I'd want to go—I find out the ineligible events include MIPCOM, MIPTV, NATP, Cannes, Berlin. There are markets there that I, as a producer, should be at, and if I was going to be supported, I would want to be there. I've done this in my other life. I would want to be at NATP.

So these, in the guidelines, are ineligible; and yet, in your deck this morning, it said that the three departments worked in order to support the producers and NATP is included as a major international film event. So I'm totally confused. Is the government going to support me, as a producer, to go to NATP to sell my program, or is it not? That's one confusion I have.

• (1000)

**Mr. Philip Stone:** Perhaps I could ask you which website you were getting that information from, because there are several that deal with international business development.

**Ms. Bev Oda:** I guess my point would be, regardless of what department it is, when there's a program...I think it's Foreign Affairs. Under "Film and Television: Program Guidelines", it says "Travel Grants for International Market Development", and it says there the program is "...to project Canada and Canadian culture abroad by supporting the presence of professionals in the Canadian film and television industry at international festivals, and certain pre-selected foreign markets". It goes on to say that the purpose of the grant is to promote "a product, selling distribution rights, securing financing for a production, and stimulating international co-productions". It would seem to me that these are all things I want to do as a producer, and therefore I'd like to have some support to go to NATP; yet NATP is identified as one of the places that are ineligible for me.

I'm just pointing out that it's very confusing to me.

**Ms. Renetta Siemens:** I'll speak to that, given that this is a Foreign Affairs program.

I recognize the question. It is a need. At Foreign Affairs, given our very limited budget, as I've already articulated, what we've had to do is make serious choices in terms of what we're prepared to fund—what we're able to fund—and what we cannot fund. So our program for producers has very much focused around festivals. We focus on things such as the Berlinale Festival rather than engaging in some of these other events.

**Ms. Bev Oda:** Which suggests that you should take out, as one of your objectives, selling distribution rights, because it's not necessarily appropriate.

But this takes me to the point where you indicated that you do coordinate in order to make sure the overlap is minimized. However, if we look at it as a user-friendly program or government assistance, this to me is very confusing. We need people to say, well, this is our program, not your program, etc.

And you know, for a producer who has a creative bent, the expertise is not in knowing the different focuses of the different government departments. So consequently, coordination with the ultimate objective of being user-friendly is something I would ask for.

Right now, as recently as yesterday, I went on the website and said, I'm a producer, I want to sell my product, so where do I go, how do I find it? I found it very confusing. And I have some understanding about government, too.

**Mr. Philip Stone:** Indeed. I think, with respect, Foreign Affairs is not the only website. If you are a creator and a producer and are not export-ready, then perhaps you should talk to the people at Telefilm Canada and go to the Telefilm Canada and even Canadian Heritage websites, which would provide you with the information you need to make sure that...if you want to go to a foreign market, then before you go there you'd better prepare yourself. I think there's lots of information available. We are, indeed, coordinating with Telefilm Canada on the commercialization of film, and NATP, MIPTV, Cannes, the American Film Market, Berlinale—these are all legitimate events that we are participating in actively together to promote Canadian film.

• (1005)

**Ms. Bev Oda:** I think it just leads me to Mr. Schellenberger's question: should there be one touch point for getting into government for these people?

Let me just ask International Trade, what are the measurable outcomes that you test your programs against in regard to TV and film production at the end of any year or cycle?

**Ms. Sharon Harrison:** That's a very good question. Measurement is done at certain events that look at whether business relationships have been built with foreign buyers—

**Ms. Bev Oda:** Are you talking about signed agreements and counting how many have been accomplished, or just how many people were in a room?

**Ms. Sharon Harrison:** Not how many people were in a room. We are working right now to improve our performance measurement techniques, and what we aim to do is to get a firmer fix on actual deals that have been made. It's something that has not been done as thoroughly as it is going to be, but as I think you probably know,

most departments are refining their performance measurement methods and techniques. It'll be not only deals but also contacts that have been made and whether relationships have developed between the Canadian seller and the foreign buyer, because a deal doesn't always result at the end of an event, but something might develop two or three years down the road. We are working on that.

**Ms. Bev Oda:** My last question is this. In evaluation of the applications for cultural program grants from the Department of Foreign Affairs and International Trade, the "...evaluation of applications will be based on artistic quality, fiscal responsibility, cost-effectiveness, Canadian content, length and variety of the proposed project and the relevance of the locations to Canada's current foreign trade policy". Who makes those assessments?

**Ms. Renetta Siemens:** I think you're referring to my program. For the assessments, we do have these criteria, as you've articulated. We have an internal process within the department that looks at the films and makes an assessment; we have a consultation with our posts abroad to determine whether a film or a producer sent out there would be meeting their objectives, from a post perspective; we also consult with the geographics within our department to get their assessment on it. Furthermore, we consult with Heritage, with International Trade, and when necessary with the National Film Board, and so forth, to make sure we have that assessment.

**Ms. Bev Oda:** So these are the people who would be judging the artistic quality of any project?

**Ms. Renetta Siemens:** They would be making an assessment, yes, in terms of the overall product.

**Ms. Bev Oda:** What training do these people have in judging the artistic quality of a project?

**Ms. Renetta Siemens:** That's a very good question. It's a very difficult thing. I think we basically look more at the national assessment of a film rather than making our own determination about the quality.

**Ms. Bev Oda:** What does that mean?

**Ms. Renetta Siemens:** If there are reviews, if it's been recognized through awards and so forth, we use those elements to help us in our assessment.

**Ms. Bev Oda:** Okay, thank you.

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

Mr. Lemay.

[*Translation*]

**Mr. Marc Lemay (Abitibi—Témiscamingue, BQ):** Good morning. Thank you for having provided us with this information.

I would like to turn the conversation back to issues which concern us. We are studying Canada's film industry and we are wondering specifically what development and future this industry has in our country.

It is indeed very important to promote Canadian feature films abroad. However, two issues raise problems. I would like to first draw your attention to page 9 of your presentation entitled "International Audiovisual Co-Production Agreements". I would like you to provide us with more details as far as paragraph 4 is concerned, and I quote:

Films and television programs receive national treatment in partnering countries (access to funding and broadcasting system and distribution in Canada and the partner countries [...])

First, what does this mean? Second, how do you stay in control? Let me give you two specific examples: *Le matou* by Yves Beauchemin and *La Grande Séduction*. If you have a co-production agreement, how do you ensure that it will be broadcast on TF1 or on RAI Uno in Italy, or on German television, if you had an agreement with the Germans, for instance? That's my first question.

My second question is for the representatives of the Department of Foreign Affairs. I am the past President of the International Mountain Bike Commission of the International Cycling Union and I know how important it is for Canada to be present at major international gatherings. I would therefore like you to participate at these major gatherings. I would also like Canadian promoters to be there, and not only people from Téléfilm Canada and from the National Film Board of Canada. It would also be a good idea to have film festival representatives present, such as those from the Festival du cinéma international of Abitibi-Témiscamingue and from the Sudbury Film Festival. Send them all. Is support given to the main people—one or two representatives—to get to Cannes? We promote movies in Canada. Film festivals are essential for promoting film in this country, and in particular in Quebec, since I'm interested in Quebec. We know that representatives of the World Film Festival are in Cannes, where the fallout between the World Film Festival and the Montreal International Film Festival was discussed. That was the only headline this weekend. Do we help representatives get over there?

Here's my last question. You talked about India, China, Brazil and the G-8. You have a budget of \$1.9 million. How do you actually manage to promote our films with \$1.9 million? That's not even enough for plane tickets. I'm putting the question to you. I'm a bit cynical, but you probably understand what I'm trying to get at with my question.

•(1010)

**Mr. Jean-François Bernier:** In answer to your first question about co-production agreements, I can tell you that we have signed about 50 international treaties with many partner countries, the main ones being France and the United Kingdom.

Basically, when a producer decides to sign a co-production agreement in order to complete the production process, certain rules must be respected within the framework of the agreement. Let me give you an example which is not exclusive. The minimum financial contribution in a Canada-France co-production is 20 per cent. This cannot be determined...

**Mr. Marc Lemay:** The 20 per cent applies to what?

**Mr. Jean-François Bernier:** It's the percentage of the production budget.

**Mr. Marc Lemay:** You mean to say that 20 per cent of the production budget must be provided by France?

**Mr. Jean-François Bernier:** No, the percentage must be provided by either France or Canada.

**Mr. Marc Lemay:** Fine.

**Mr. Jean-François Bernier:** Both countries have to participate creatively. If it's a feature film, it must be distributed in both countries.

I mentioned that Téléfilm Canada managed co-production agreements. I'll give you an example. The co-producer arrives with the film *Nouvelle-France*. He wants to co-produce the production with France. He meets all the criteria. It's a major Canadian co-production, for instance. So 20 per cent of the money will come from France and 80 per cent from Canada. As for the creative personnel, the director of photography is a Canadian, whereas the soundtrack composer is French.

So there are rules which must be respected if a production is to be certified as being an official co-production. In the case of a feature film, the French and Canadian producers must show that there is a distribution agreement and that therefore the product will be distributed in France and Canada. Has the product really been distributed throughout France and Canada? We can only hope that the distributor who will have paid money for the film, will distribute it in both countries.

Lastly, to answer your question concerning the fourth paragraph, when a co-production meets the criteria contained in an agreement, it is considered as being a national production in Canada and in the partner country. It is therefore recognized as having a 100 per cent Canadian content for broadcasting. The production is eligible for the federal tax credit for film production as well as for provincial tax credits. If a film is recognized as being an official co-production, it is eligible for a whole series of benefits.

•(1015)

**Mr. Marc Lemay:** Does anyone control all this? After all, this is taxpayers' money.

**Mr. Jean-François Bernier:** In fact, there are two issues. When a production is certified as being a co-production, no taxpayers' money has been invested at that point. But once a producer has received his certificate, he can start shopping around at Téléfilm Canada, for instance, and apply under the Canada Feature Film Fund. Téléfilm Canada sees whether the film meets the criteria. It's based on merit and so on.

A co-production with the United Kingdom *Resident Evil*, had a budget of \$75 million. The people who made the film did not go to Téléfilm Canada and request \$500,000 for the production. They got a tax credit, but they did not go to Téléfilm Canada. They found other sources of funding for their production.

In conclusion, a co-production certificate does not necessarily mean that taxpayers' money was invested in a film.

**Mr. Marc Lemay:** Fine.

Now I would like to receive an answer from the Department of Foreign Affairs.

[English]

**Ms. Renetta Siemens:** I'll handle both of your questions at the same time.

The \$1.9 million is very limited, especially when it's taken over four years. It is \$1.9 million over four years, resulting in \$500,000 per year. Because we have such limited funds, because we have so many markets or countries that we're trying to target, we work very closely with International Trade and Canadian Heritage, so that when we look at an event such as Cannes, we ensure that we maximize the money to the greatest extent possible.

So in terms of representatives seeking the opportunity to go to Cannes, we will accept applications from a broad range of people and work in collaboration with International Trade and Heritage, Telefilm, and others in order to ensure that we have no duplication and overlap in terms of funding.

[Translation]

**Mr. Jean-François Bernier:** I think it's important to mention...

**Mr. Marc Lemay:** I apologize, Mr. Bernier.

I wanted to know whether representatives of Canadian film festivals receive support to attend major international festivals such as the Berlin International Film Festival, the Mostra di Venice and the Cannes Film Festival. Is there such a thing?

[English]

**Ms. Renetta Siemens:** In terms of actual festival representatives from Canada who would go internationally, we don't deal with that. We deal with producers and directors directly. I don't know if the Canada Council or the Department of Canadian Heritage may have some work in that area.

[Translation]

**Mr. Jean-François Bernier:** I will specifically answer that question. First, Téléfilm Canada, which is where the festivals office is located, could tell you that there are between 80 and 100 film festivals in Canada. These range from the Banff Mountain Film Festival to the World Film Festival.

Some festivals are specialized, whereas others are rather general in nature. I don't know whether there is a program which would provide support for a representative of the Festival du cinéma international in Abitibi-Témiscamingue to attend the Cannes Film Festival. Téléfilm gives grants to festivals for their activities, but it's never enough, I admit. Nevertheless, we have to deal with the money that's available.

Finally, we can't lose sight of the fact that our mandate is not to show foreign films in Rouyn-Noranda, but rather to show Canadian films to Canadians and to the rest of the world.

• (1020)

[English]

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

[Translation]

**Mr. Philip Stone:** I simply would like to add that we are helping Canadian festivals bring in buyers to see the films on site. Apart from those you have already mentioned, there's also the Montreal

World Film Festival, the Banff Television Festival and the Vancouver International Film Festival.

[English]

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

Mr. Silva.

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

I apologize if this question has been asked already, but I want to know the number of staff you have in LA and New York, and if any of them is actually responsible for the film industry?

**Mr. Philip Stone:** Under the trade routes program, there's an officer in both Los Angeles and New York dealing with the cultural industries, including the film sector, both of whom have assistants.

In New York and Los Angeles, our colleagues in Foreign Affairs have people doing the arts promotion work as well, so I'll let Renetta speak to that.

**Ms. Renetta Siemens:** Yes, we have a small group in New York and LA. They don't specifically devote their time to film per se, but they work in arts promotion generally.

**Mr. Mario Silva:** Some five or six years ago, when I was a city councillor in Toronto, I went to LA with the mayor of Toronto. At that time, Kim Campbell was the consul general in LA and was very generous in offering the official residence for a reception so that we could meet the people in the industry and thank them for the work they do in Toronto.

We had to do a lot of the work for the city. We have one staff person in LA, and we work in conjunction with the Ontario government, which also has an office there. A lot of the resources we're doing this with are actually funded through the City of Toronto and the Province of Ontario, because they realize that this \$1 billion industry is very important to our city.

Knowing how important the industry is to Toronto, Montreal, and Vancouver—and I don't know if those other provinces have staff and offices there in LA as well—I'm hoping your office is somehow liaising with all of those different offices from the different provinces and figuring out how in fact to promote.... Well, promotion is one thing, but it's how to get those contracts signed, too. I think a lot of it has to do with those relationships and making sure people are properly thanked, which is one of the reasons we went down there. In fact, they were quite shocked when they saw us; I remember the response we got from the industry was, wow, nobody has ever come to thank us before; they were really quite shocked that we had a reception for them. But when you have a \$1 billion industry in our city, it is essential to go out and thank them. They were quite surprised by that.

So I'm hoping your offices in LA and New York are in fact doing these types of events to thank them, and figuring out how to get the businesses back to Canada, and working with the different provinces.

**Ms. Renetta Siemens:** We do work very closely with the provinces, who are co-located with us. In New York, for example, we do have a representative from Ontario who is there for trade purposes. There's also a very close working relationship between our public affairs people and Heritage's cultural industries person as well. So it is a whole-of-government approach when they are working abroad.

I agree completely on the need for receptions and those informal types of contacts and thank-yous. I know that our heads of mission devote their time and energy to help foster those relationships. The types of events you mentioned are very important in terms of broadly connecting people and in encouraging good relationships over the long term beyond a specific event.

• (1025)

**Mr. Mario Silva:** That's all I had. Thank you.

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

**Ms. Bev Oda:** I'd also like to ask about our international co-production treaties. You indicated you have treaties with 50 countries. Can you give us a report and update as to the utilization of those treaties with some of our primary countries of relationship?

The general indication from the industry is that there were fewer international co-productions being undertaken utilizing the treaties. Is that correct?

**Mr. Jean-François Bernier:** Well, we could certainly provide you with an overview of the activity of the co-production treaties for the last four, five, or six years. You would also find that information in the various profiles that the CFTP is producing every year. On your last comment about...I don't know if we should call it a decline in the co-production activity, but it is true it has become more and more difficult to co-produce, particularly with European countries, which are co-producing more amongst themselves, with the new Europe, and are less interested or inclined to co-produce with Canadian partners.

**Ms. Bev Oda:** Can you tell me what plans Heritage Canada has to react or respond to that challenge?

**Mr. Jean-François Bernier:** We are, as we speak, reviewing our co-production policy. We've been in consultation with the industry, and we hope to come up with a new co-production policy framework within the next couple of months.

**Ms. Bev Oda:** Okay, I have another thing.

I'm interested in the support given to Canadian festivals and conferences. As a former member of the Banff Television Festival, I know it has a very high profile internationally and it is able to attract some very highly qualified presenters. The presenters would seem to me to be different from potential buyers, potential deal makers, etc. I want to make sure the support for Canadian festivals is purely for presenters and that there's a separate program that may attract buyers and people who have the ability to make deals to the festival as well. Or is this the only program that supports international people attending the festival?

**Mr. Philip Stone:** Since our program started in 2001...I think 2002 was the first year that we worked with the Banff Television Festival. At that time I think it was Pat Ferns. We were bringing in some commissioning agents and people from overseas. I think

Singapore was one of the countries that were brought in. I think we've helped them with bringing in people from the U.K. Events were organized where they could conduct business-to-business meetings and meet Canadian producers who were present, and there was an opportunity for people attending the Banff film festival to set up appointments to do business relations and make sales.

**Ms. Bev Oda:** And is that program still maintained?

**Mr. Philip Stone:** There was a bit of a disjoint a year ago because of the circumstances that faced the television festival and the change of ownership. Given the terms and conditions of the trade routes program, you have to be in operation for a year before you can be eligible for a contribution. So last year there was no funding provided through our program to Banff Television Festival. They have an application in this year.

• (1030)

**Ms. Sharon Harrison:** And I can add that this year International Trade will be providing direct financial support for an event for foreign commissioning editors at the show.

**Ms. Bev Oda:** I'm glad to hear that, because it is the commissioning editors who actually take the pitches from the producers. The high-calibre presenters are very good for the industry—to learn from international presenters—but there are two elements there.

Do I understand that because of a restructuring of the Banff Television Festival it made them ineligible to get support?

**Mr. Philip Stone:** Under the terms and conditions of our program, you have to be in business for one year.

**Ms. Bev Oda:** The television festival has been in existence for 40 years or so, and it's gone through many iterations in board structure, etc. To deem it as if it's a brand new festival, is that really supportive of the industry as a whole?

**Mr. Philip Stone:** That's the legal advice we received in terms of the conditions that were established for the program. So for one year our program didn't provide support to them, but we are looking at an application this year.

**Ms. Bev Oda:** I guess it's the difference between the letter of a thing and the intent and spirit of it. So to have done the industry without commissioning editors for a year has a significant impact on the industry.

Thank you.

**Ms. Renetta Siemens:** Just to add to that, Foreign Affairs does provide support to the film festival as well. We did provide funding to commissioning editors last year, and we're currently looking at programs and applications as well.

**Ms. Bev Oda:** So is there duplication there?

**Ms. Renetta Siemens:** No, because we work very closely with the Department of Canadian Heritage to ensure there is no overlap.

**Ms. Bev Oda:** If we want to make sure there's good representation of commissioning editors from major countries, potential buyers, how do we coordinate it to make sure that somebody's in charge of making sure commissioning editors are going to be at the Banff festival—a good range of them, a good level of qualified people, etc.—in a coordinated, one-stop shopping fashion?

**Ms. Renetta Siemens:** My understanding is that the festival itself chooses who it wishes to bring, and then works with our departments to ensure we have a coordinated approach. So they are actually responsible for that selection, to my understanding.

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

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

Mr. Simms.

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windor, Lib.):** I want to go back to the co-production issue again. I'm a big fan of it for reasons that are obvious—economies of scale, more than anything else. It's been very successful on the east coast of this country, where there hasn't been a lot of production money. Some of the productions have been large, and Newfoundland and Ireland have been good examples.

Like my honourable colleague across the way, I'm a little bit skeptical about some of the restrictions placed on some of the other nations. I hate to use this term, because it's bandied about in different arenas, but there's the rogue nation element, where some of the countries may not be living up to the standards. I'm guess I'm just trying to explore what the standards are by which you certify this. Do you truly hold these other nations to account?

I know you've talked about this, and I apologize if you're repeating yourself, but some of it got lost in translation.

**Mr. Jean-François Bernier:** There's no harm. We're here to answer all the questions. If it wasn't clear, we'll try to clarify it.

When we sign a co-production agreement—it's a treaty between two governments—there are guidelines, rules, under that treaty. An example of one of the rules is that there must be 20% minimum financial participation of one of the two producers. So you can control whether the money is there or not.

There are also requirements for creative positions, so you need to have creative elements from both countries, normally in proportion to their financial contribution to the project. So if Canada brings 80% of the production budget, in theory there is 80% creative participation in that project. According to the treaties, we have six or seven key creative positions: photo directors, music composers, comedians, film directors, and script writers. So you see those six or seven requirements there.

In order to get certification, there are very stringent controls. If you say the comedian is going to be Canadian, before you get your final certification that this is an official co-production, someone will look at either the film or the generic.... You don't receive certification if you don't deliver on what you said you would be delivering. It is fairly—I shouldn't say tough, because it's not tough—stringent in

terms of the criteria you have to respect to receive an official treaty co-production certification. This is a currency that is worth something.

• (1035)

**Mr. Scott Simms:** I agree, because at least from what I gather, it gives many of the producers out there more credence to go about the world and find these other countries that want to co-produce something with them.

Would marketing budgets be included as one of the parameters in determining...?

**Mr. Jean-François Bernier:** It's not a criterion for certification as an official treaty co-production. One of the criteria is that you're going to receive distribution in both countries. But the treaty doesn't go so far as to say that one shall put \$500,000 in a marketing budget. The treaty is written in more general terms than that. Presumably, if you engage in a co-production, a distributor puts a minimum guarantee on the financing of the production before the first day of shooting. Presumably that distributor will do something with the film to recoup its investment.

So it's not normal practice that a film would not be distributed or broadcast in both countries. There might be an odd example, but it's not their business to produce without broadcasting or distributing.

**Mr. Scott Simms:** Okay, thank you.

Thank you, Mr. Chair.

**Mr. Jean-François Bernier:** Perhaps I can just add that in both countries there are what we call certification authorities. In the U.K. it's the U.K. Film Council, in Canada it's Telefilm. It's not just a letter in the mail and then...okay.

Thank you.

**The Vice-Chair (Mr. Gary Schellenberger):** Mr. Angus is first, and then Mr. Kotto.

**Mr. Charlie Angus:** Thank you very much, Mr. Chair.

I'd like to move away from talking about exporting our product and to what role the federal government plays, if any, in attracting productions into Canada. We see we're going up against vigorous opposition in the United States—four U.S. productions that were formerly based in Canada. Do we have any financial commitment or any resources to promote Canada as a place to shoot films?

**Mr. Jean-François Bernier:** First of all, the committee is going to be receiving a copy of a report that we've just published. We have committed to provide a report to the committee. Our minister has committed to provide a report on the decline of foreign-location shooting in Canada. So it's in the mail. I signed the letter yesterday, and the minister will sign it probably today.

Yes, the federal government has policies and programs to attract foreign-location shooting in Canada. For example, at the federal level we have a tax credit program for foreign-location shooting in Canada. But there are many factors; it's not just the tax credit. It has to do with currency; it has to do with the weather; it has to do with what other countries are putting as incentives.

Most, if not all, provinces in Canada also have tax credit incentives. At the time we were writing this report on the decline of foreign-location shooting in Canada, three provinces—Quebec, Ontario, and B.C.—increased their tax credit to keep foreign-location shooting in their provinces.

At the end of the day, everything seems to indicate that there is going to be more activity next summer, but there's a certain point where...you know, are you going to keep jacking up the tax credit rate because the value of the dollar is increasing? What do you do when it's decreasing? Do you reduce the tax credit rate? From a government perspective, when you put the program to attract location shooting in Canada, the question comes up about why we don't do the same for other sectors of the economy. There's a balance there.

So we have programs, but I don't want to lose sight of the fact that the mandate of the Department of Canadian Heritage is to create and promote Canadian-content productions. So the fact that *Rambo 15* is shot in Rouyn-Noranda is not really the core of the mandate of the Department of Canadian Heritage.

• (1040)

**Mr. Charlie Angus:** I guess my concern here is that we will be hitting the wall, if we have not already, in terms of tax credits, and we have other jurisdictions that are now utilizing them. We are now going up against the U.S. The United States is a lot more aware of how much they've lost to us, so our competitive advantage that we had for a while is gone.

I know it's not the job of Heritage to bring these foreign productions into Canada, but is there any element in Foreign Affairs to do that? It seems we're at the point now where the promotion of our market is how we're going to get these productions. We can't just say we're going to raise tax credits or we have good tax credits. Everybody has tax credits now.

What are we doing? Do we have anything at the federal level to encourage *Rambo 15* to come here? Having that domestic business has created a lot more opportunities for our filmmakers, and it has expanded our industry. Is there a federal point in this, or is this being handled strictly by the provinces and such large municipalities as Toronto?

**Mr. Philip Stone:** I should just answer here that in fact, under the trade routes program, the people we have in New York, in Paris, in London, and Los Angeles indeed work with their colleagues from Toronto, Montreal, Ontario, and B.C. in terms of promoting Canada as a service supplier for production of foreign films. So there is, I would say, a small element of the work being done to promote Canada as a place for location shooting, but it doesn't have the same *envergure* as, say, actually promoting Canadian film. It's just a small component of the overall program.

My colleagues from International Trade Canada or Foreign Affairs might like to contribute.

**Ms. Sharon Harrison:** From the International Trade side, we do not have any targeted effort or program to attract that. We handle it in a general way, as we do for any industrial sector, with our trade and investment officers in the post. If there is an inquiry that comes in from their local contacts, then we certainly would take any opportunity to promote Canada as a destination for production. But there is not a targeted effort at that.

• (1045)

**Mr. Charlie Angus:** I have just one last question. Why was Singapore chosen as your fifth market to target, and why was it dropped?

**Mr. Philip Stone:** The reason Singapore was chosen back in 2000, when we were designing the program in consultations with the industry, was that industry, and the cultural industry generally, wanted to know additional information about Oceanic and Asian markets. The consensus at that point was that placing somebody in a central location like Singapore, where there's a lot of media and cultural activity going on, would be ideal for looking at the initiatives under way throughout markets in Southeast Asia, the peninsula, and into Oceania. I think that worked very well, as we had an opportunity to work with our colleagues in Foreign Affairs in posts as far away as New Delhi, to Tokyo, up to Shanghai, and down to Canberra, and to raise the profile of Canadian cultural products and cultural exports.

However, there comes a time in this business when you realize that decisions have to be taken on whether there is continuing or ongoing value added by keeping a person in that market. In this day and age, it's probably to focus on a specific market, so the decision was taken to bring that person back to Canada and to realign our resources in line with the government's international policy statement on its key markets. Industry has agreed with this approach.

**Mr. Charlie Angus:** Thank you.

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

Just before we go to Mr. Kotto, I must say what a reverse it has been from last week, that we don't have any Liberals here right now.

**Some hon. members:** Oh, oh!

**The Vice-Chair (Mr. Gary Schellenberger):** I just wanted that to be noted.

**Mr. Marc Lemay:** We vote in favour of that.

**Mr. Charlie Angus:** It's not the shape of things to come, is it?

**Some hon. members:** Oh, oh!

**The Vice-Chair (Mr. Gary Schellenberger):** I must say that this is reminiscent of when we were in Montreal about three weeks ago. I apologized at that meeting; I don't know if it's me, or what goes on here, but we were down to three committee members listening to our witnesses then, and I was quite embarrassed by that.

I know that Mr. Kotto is all prepared to ask another question.

Mr. Kotto, please.

[Translation]

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

By the way, the reason some people left is because there's something happening outside. It's quite possible that the Liberals have convinced Ms. Stronach to come on board. Things are happening very quickly, and that's why they left.

Now, to come back to the issue which...

[English]

**Mr. Charlie Angus:** She was at a funeral, but I don't know where the rest of her friends are.

[Translation]

**Mr. Maka Kotto:** To come back to what we are discussing here today, I would like to raise a few points.

We were talking about co-production and how hard it is to enter into co-production agreements with third countries. Based on what I've heard, co-production agreements might be limiting and might at times have turned off countries such as France or Belgium. They look good on paper, their intentions are good, but in reality, these countries back off when they see how many questions they have to answer before entering into an agreement. There is an awful lot of paperwork involved, something which Canadians have even deplored. Perhaps there are ways to streamline these agreements in order to make co-productions easier.

Furthermore, I've noticed how little support is given to exporting and promoting Canadian identity in film. This basically reflects the fact that culture is generally neglected. I believe that on the list of government priorities, regardless of which party is involved, culture falls to fifth place or, put another way, it is like the fifth wheel of a wagon. That's unfortunate, since we claim to want to promote our identity at home and abroad, and that we wish to preserve this identity, since it conditions our behaviour and distinguishes us from others, and since our identity enriches the cultural biodiversity. It's unfortunate that we also don't realize what impact generally promoting and supporting culture has on consumers.

One day, a few years from now, Britney Spears and Schwarzenegger will have taken over our culture, and we will become like a mini-United States, and we will not be like Canadians or Quebecers anymore. We will have become culturally absorbed, or colonized, to put it more simply, and at that point, the very health of our economy will suffer. That's why I deplore the fact that the Department of Foreign Affairs and International Trade Canada has shown so little support for our films abroad.

France, for instance, invests a huge amount of money in showing its films abroad, and it does so through its embassies in particular. That was our point. The people who are the engines for the

promotion of French cinema are its movie stars. The problem in English Canada is that there is no star system. So there are no engines which the people living in other countries can identify with, or can idolize, as is the case for Catherine Deneuve or Gérard Depardieu.

In the United States, they have a star system. They sure do. When American movie stars arrive in Cannes or even elsewhere to promote their movies abroad, it is an event because obviously people recognize these stars. English Canada has not developed such a system. Quebec has begun to do so. However, the sad thing is that most of Quebec's emerging stars leave the country as soon as they become successful. They go to France and forget their Quebec roots when they decide to live in France or in Belgium.

So there is a lack of support in this area, but to be fair, I think that everyone realizes that we don't promote our culture as we should at home or abroad.

Another reason why support is weak is due to the conception and even the content of our cultural products. Canada's or Quebec's diversity is not reflected in films or in made-for-TV movies. They are very monochromatic, not to mention ethnocentric.

If we reflected our diversity, by featuring Chinese people, for instance, this would help our products enter the Chinese market; if we featured Indian actors, it would help our movies enter the Indian market; if we featured Arab or Muslim characters, that would probably make it easier for our films to be shown in those markets. It would work if we truly had an aggressive vision to enter those markets.

I don't know why you did not talk about agreements with African countries. Perhaps you will mention that later.

These are the points I wanted to raise. Would you like to respond?

• (1050)

**Mr. Jean-François Bernier:** In terms of the fluidity of the agreements, your comment has been duly noted. As I was saying to Ms. Oda earlier, we are currently reviewing the policy framework, and the tune is one that we are already quite familiar with.

On the other hand, there has to be a balance between extreme fluidity and extreme solidity or rigidity. So there is a happy medium between the two. As a government, care must be taken to avoid falling into either extreme.

As for the lack of support, your comment has been duly noted.

When it comes to diversity, that is a bit awkward for the government. We recognize the problem, because we see the films too. On the other hand, there is a grey area there in between black and white, where a determination has to be made as to what is enough and what is not. As was mentioned at the beginning of the presentation, the role of government is not to make films, but to assist producers and creators who submit projects.

On-screen diversity is something we are working on, and so are Téléfilm Canada and the Canadian Television Fund, in an effort to enrich Canadian programming in all respects, not just audiovisual. The same thing goes for sound recording, books and all of the cultural industries. It is quite true that a good way to gain access to foreign markets is to arrive with a production that is more diversified and that may have roots in the markets you are attempting to penetrate. You referred to Indian films. The film *Bollywood/Hollywood* is a film that might not have been made five years earlier. We are starting to see more films of that kind. That would be my comment.

•(1055)

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

[English]

**The Vice-Chair (Mr. Gary Schellenberger):** Yes, sir.

[Translation]

**Mr. Philip Stone:** I would like to add a comment.

It may well be important to seek out commercial markets in China, India or other countries, but you need partners who are going to buy our products. In many markets that have been studied, they would really like to have Canadian products on their market.

Our colleague from the Department of Foreign Affairs has shown that embassies play the role of promoting cultural products as much as they can in these countries. However, is there a market for Canadian products? That is not clear. We have done research in

South Asia, China and many African countries. For those markets, it is more a matter of giving or promoting, not buying, products. That is quite a significant obstacle to the promotion of Canadian culture.

I have one last comment. I do agree with you that the Centre national de la cinématographie française has a huge budget just to promote French films. The British Council has an extraordinary budget. I would like to have one tenth of that budget to promote Canadian products. We told you what our budgets were. Those are the choices made by our bosses, and we do the most we can with what is available.

**Mr. Maka Kotto:** Unfortunately, they are quite removed from culture, they are light-years away, but there is also a lot of education needed. We are contributing to that.

[English]

**The Vice-Chair (Mr. Gary Schellenberger):** Thank you very much, and thank you to the witnesses here this morning. I appreciate very much your time.

Again, before I adjourn, I just want it noted that there is not one Liberal around this table.

Thank you very much.

**Mr. Charlie Angus:** But it should be said that Sam Bulte is at a funeral. I can't vouch for her friends.

**The Vice-Chair (Mr. Gary Schellenberger):** The meeting is adjourned.

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