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Chair

Ms. Marlene Catterall

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• (1325)

[English]

The Chair (Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)): Order, please.

My apologies for the delay. We overextended this morning with our witnesses and crammed in a lunch as quickly as we could, so I apologize for keeping you waiting.

What we've been asking our witnesses to do is to keep your comments as brief as possible and focus on what you would like the committee to recommend be done to help feature film production in Canada, because we find the most productive part, especially after we've held a number of hearings now, is the back and forth discussion we can have with you to probe some thoughts and ideas.

I would call first on the Atlantic Filmmakers Cooperative, Walter Forsyth, executive director.

Mr. Walter Forsyth (Executive Director, Atlantic Filmmakers Cooperative): Please excuse my informal protocol, but thank you very much for asking the Atlantic Filmmakers Cooperative to make a presentation.

When you say a short amount of time and then back-to-back conversation, what time length are you looking at? Ten minutes in total?

The Chair: For all of you, I leave that to your discretion. But the more time you take initially, the less time we have for a real discussion.

Mr. Walter Forsyth: And I understand there is translation going on, so I'll try not to speak too quickly.

I did present five copies of the brief that I had submitted to you, so thank you very much for accepting them, and I hope you do get a chance to look them over in detail.

I will go over the executive summary first because I do believe that summarizes everything in there, and maybe if any of those points do cause you to ask questions, I'd be happy to answer.

First of all, recommendations from the Atlantic Filmmakers Cooperative to the Standing Committee on Canadian Heritage for its study on the Canadian feature film policy include the following:

That the federal government provide a permanent increase in the funding to the Canada Council for the Arts to enhance its programs for the media arts that develop new talent in independent film and video production, distribution, and exhibition.

That the federal government increase funding to the National Film Board of Canada so it can increase support for independent filmmakers through its filmmakers assistance program.

That the federal government increase funding to Telefilm so it can provide adequate funding for independent documentary and dramatic film production.

That the federal government increase funding to Telefilm and to the Canada Council for programs to support the distribution and marketing of Canadian independent films.

That the federal government add specific requirements regarding support for producers from diverse cultural communities and aboriginal communities in the government's film policy.

That the federal government continue to realize the importance of regional differences in the film industry and mandate the cultural bodies to provide stronger regional support.

And finally, that Parliament mandate that funding for the arts be a legal statute of the Government of Canada.

Those are my main recommendations, and I will briefly touch on a couple of the important ones for you, and then we'll go to questions, if there are any.

First of all, I'd like to thank you again for the opportunity to speak on behalf of the Atlantic Filmmakers Cooperative. The film co-op, or AFSCOOP, is a member-run centre for the production and presentation of films, and it's been around for 30 years. In those 30 years we've seen the film industry develop.

Before that time, there was nothing here in Atlantic Canada, and it was the support of the Canada Council for the Arts and the National Film Board that made the film co-op exist, and it still helps us exist today, helping independent filmmakers nurture and incubate in an environment that is helpful for them. Thus, many similar organizations across Canada exist to help provide an incubation centre for independent filmmaking.

AFSCOOP defines independent production as one where the artist maintains complete creative control and editorial control over their work.

Concerning the Canada Council for the Arts, as you already know, funding for the film cooperatives and video production centres through the Canada Council for the media arts section has clearly addressed the goal of developing new talent. For this continued support, we commend you.

From these centres, which assist the production of independent films at the grassroots level, the next generation of talent for the Canadian film industry will come. Film co-ops typically help recent graduates from universities develop new projects. Feature filmmakers like Thom Fitzgerald and Andrea Dorfman, two of Nova Scotia's most innovative and respected filmmakers, came directly to our centre from art college to engage in their artistic discipline.

As regional funding varies greatly province to province, we depend on crucial funding from the Canada Council for the Arts. The council's funding programs are essential, since the film co-ops and video production centres across Canada are incubators for talent going into the Canadian film industry.

Due to growth in the sector in the last few years, the council needs more support for its programs for media arts centres, as well as direct support for the film and video makers. Funding for these programs should be increased.

I'll now go to "Strengthen Cultural Diversity Obligations". AFSCOOP believes the cultural diversity of Canada should be reflected in the films produced in Canada and that the film policy presently in place simply does not go far enough to ensure the reflection of Canada's multicultural reality.

For example, Canada is built on the first peoples' lands and their culture. As an inherent part of the Canadian cultural fabric, it should be represented in filmmaking across the entire country. We have a responsibility here, and I recommend that the standing committee add specific requirements regarding support for producers from diverse cultural communities and aboriginal communities in the government's film policy.

●(1330)

Lastly, the independent film community has long-standing ties with the National Film Board of Canada; several film cooperatives started up from the NFB's Challenge for Change program in the seventies. The National Film Board continues to provide some support for the film cooperatives, including AFSCOOP, and for many of our independent filmmakers. We have sought an increase in that support, but the NFB has been cut back in recent years and cannot provide more support for independent filmmakers without an increase, so we recommend that the federal government increase funding to the National Film Board so that the NFB can increase support for independent filmmakers through its filmmakers assistance program. This program has been incredibly efficient in putting federal funds into the hands of talented and deserving filmmakers. AFSCOOP receives direct contribution funds through this program, yet the amount the NFB is able to provide has been constant for 30 years. It has not gone up.

That's everything, I think. I've taken up enough of your time, and I thank you very much.

The Chair: Thank you very much.

Next is Michael Donovan, from Halifax Film Company Limited.

Mr. Michael Donovan (Halifax Film Company Limited): Thank you very much.

I have prepared a few remarks here, but maybe I'll just speak to them, rather than simply read them out.

There is really only one point I want to make. In Canada a number of structures are in place for filmmaking, and these structures—such as Telefilm, such as the provincial organizations—are very good. They're underfunded tremendously, but the problem with these structures, as they exist in Canada, is that they lend themselves to a certain type of filmmaking, and that does not lead to the opportunity to make films of any other than a certain kind, that being essentially a government-sanctioned type of movie. I think it is possible for the Canadian government to come up with a different set of structures, particularly tax-based structures, that can lead to a different type of film, a more potentially international and competitive type of film.

Very specifically, I have an experience of having won an Oscar for a film. Even though I live in Nova Scotia, it's not a Canadian film. I believe it's impossible for me to win an Oscar making a Canadian film. It's an American film. It was financed using a tax-based structure from Germany. It was possible for me here in Halifax, Nova Scotia, to make an American film using a German finance structure, but it would have been impossible, in Canada, for me to have made a similar type of film. I would never have received approval, given the nature of the structures in Canada, which are good, but underfunded and narrow.

There is an opportunity now for the Canadian government to break open these structures—most importantly, to go into the tax and create an opportunity for different types of films to be made. I think if the Canadian government doesn't do this, Canada will increasingly fall behind. The fundamental problem is one of deficiency of capital, and this is the way to overcome that fundamental problem.

This matter is urgent, because the United States has just introduced a tax structure. I've been in this business for 25 years. This tax structure, which was announced about six months ago and will come into effect in another six months, will change everything in the U.S. It will have this giant sucking effect on Canada. It has become a matter of urgency for this committee to address this. To ignore it would be to miss the most important thing that has happened, in my opinion, in the last year or two.

The other great advantage of tax-based structures is they require no government bureaucracy to manage. In other words, there is no incremental cost to government to manage them. No new person has to be hired; no department needs to be set up. It's a very cost-effective way to deliver capital to the filmmaking sector, capital that needs to be organized by the government.

It's very important to conclude by saying that this does not take away from the existing structures, but these structures are simply insufficient, and insufficiently financed, particularly Telefilm, which has not had any fundamental increase in financing in 15 years. Meanwhile, capital in the film industry throughout the world has increased by four or five times during that period.

That's a basic summary of what I prepared here.

•(1335)

The Chair: You said to change the tax structure. Can you tell us more precisely what you mean by that?

Mr. Michael Donovan: Ten years ago in England, the film industry was doing a total of about €500 million. The Blair government introduced a tax structure, referred to there as section 48. During the following eight years, the film industry in England increased tenfold, to about €5 billion. The total cost to society was offset by the benefit generated by the industry. In the last ten years, a large number of great movies have come out of England. Part of the reason is section 48, a simple tax innovation.

This government can easily change a few things. The tax structures are basically there, dormant. They can be reawakened, with very few changes. This is the only thing that is going to bring the Canadian film industry back to life. Nothing else will do it, other than substantially increasing the existing structures. Even that will result in a narrow type of film being made. To have an industry that is world competitive, it needs to have more than one source of capital. Ideally, it will need one that is very efficient, which is what the tax-based structures are.

In 1976, a set of tax structures were put into place. In the wisdom of the bureaucracy, particularly the finance department, these structures were brought down to almost nothing. But by and large, they have not been eliminated. A number of rules have been put in that have suppressed them. But those rules can easily be altered to bring them back to life. I assure you, this would make a tremendous impact and have a tremendously positive outcome for Canadian cinema.

The Chair: Thank you.

Mr. McKenna, from Box Gang Productions.

Mr. Bruce McKenna (Box Gang Productions): Thank you.

I'm here to speak—and thank you for allowing me to come and speak—as a screenwriter. I made a living as a screenwriter in this country for a brief period in the nineties and haven't made much of a living since. I just asked Michael earlier if he knew anybody in Canada making a living as a screenwriter, and he laughed and shook his head, thought and laughed, and shook his head.

Mr. Michael Donovan: In Los Angeles there are Canadians.

Mr. Bruce McKenna: In Los Angeles there are Canadians; that's my point, you see? So if we have a feature film industry and we can't support any writers, then I wonder what that industry can really do.

I have a number of pages prepared, and like Michael, I'm going to try to do it on the fly and condense it, but I might end up jumping around a little bit.

The thing is, not only does the feature film industry not allow screenwriters to make a living, but in television it's tighter and tighter. One-hour dramas got largely wiped out in 2001, so you miss nurturing the writers. Without that you can have a great service industry, having terrific crews to do *Stone Cold* here with Tom Selleck and to do movies in Montreal, Toronto, and Vancouver for American producers and American studios, but without Canadian scripts and without Canadian writers generating those scripts, I find that the whole idea of a Canadian industry is rather adrift.

One of the questions is, what's wrong with the Canadian feature film industry such that English Canadians do not watch Canadian films? Maybe the answer was in a letter to the *The Globe and Mail* last week, responding to John Doyle's wailing and moaning about the choices the CTF made on what shows to fund. The letter writer said as long as bureaucrats decide what shows to make, we'll have shows bureaucrats want to see. I don't think that's entirely the problem, but it may be a contributory cause in that bureaucrats may go more to film festivals than to Cineplexes, and film festivals often measure success in terms of things that don't pan out in the market.

And then it goes that we need to control our distribution. I don't agree. I think a film needs to earn distribution; we need to earn our screens through our creativity. If people want to watch it, it will find a screen. It's not like there haven't been films from Australia, Africa, and Asia that break through and have wide distribution in North America.

I believe if Telefilm and anyone in this world or in the Canadian government wants to see 10% of our box office go to Canadian films, we should be aiming at capturing 8% of the American market, because it's the same audience. I don't buy it. You look at the numbers from *Variety* every week, and the top 10 movies in the U.S. and the top 10 movies in English-speaking Canada are identical. The only time that is not true is when there's a movie that hasn't been released in Canada, or there may be something where occasionally something pops up in the top 10 from a Canadian producer. But most of the time they're the same films, so it's the same audience, and that's part of our problem. It's cultural. We're watching American television and they're doing it better than we are. We're watching American movies and they're doing them better than we are.

The question is, how many screenwriters are making a living in this country? I believe none; I'm not. If anybody needs a deck or a fence or any painting done, I'm doing a little contracting business. That's serious. I'm a good writer, but the feature film business does not support me here.

There's a welfare fund called the screenwriting assistance program, but it's a committee-juried thing, and committee juries tend to sometimes knock out some of the high-end pieces as well as the bottom ones. It's easier to go for the middle than to take a chance and champion something one person on the jury might like and one person might hate. It's easier not to argue about it, to just cross it off the list and go to one of the other 150 applicants for the 35 pieces of money.

So we're driving our writers out. There's not enough television to keep writers sustained, and television is a tremendous spawning ground for creative talent, for writers and directors.

• (1340)

Norman Jewison started with CBC with cardboard cameras. Before they actually had the real thing arrive, he was practising with cardboard mock-ups in the studio in 1953.

To make a point, a case study would be Paul Haggis. I'm sure most people have heard of him lately, because he's the Ontario screenwriter who wrote *Million Dollar Baby* and now has a movie called *Crash* that's doing quite well. He moved to the States in 1973 because he knew he couldn't get a job in Canada. What work did he get when he moved to the States? He was writing *Check It Out* and *Due South*, both Canadian shows. The Can content rules in the late eighties sold out the writers. Americans could come up, and they had to hire Canadian directors, but the writers...? "Well, that's okay; you can hire American writers"—or, if you need Canadian writers, well, "Find them in Santa Monica, find them in Beverly Hills; you don't have to hire somebody from Canada."

I was driving in a car about 15 years ago when Bernard Ostry was being interviewed by Peter Gzowski. Bernard had just been fired from TVO for having too many monitors in his office. Peter Gzowski was comparing radio and television, and Bernard said Peter Gzowski had a show that was reaching a wide audience and was justifying his existence. Gzowski's response was, "But it's peanuts compared to producing television", and Ostry's response was, "That's today"—this was speaking in 1991—"The cost of delivery, the cost of capturing the image and the sound will drop and drop and drop, until it is the creatives who take over. Then it's what in front of those cameras, who thinks it up." That gets back to our lack of sustaining the writing community in the country to come up with those ideas.

You can open your own TV studio for \$10,000 now and have an HD camera and an editing suite and the lighting to go with it. It would have cost over a million dollars 20 years ago for the same hardware, with not as good a picture.

There are many specialty channels. If we can't compete on broadcast, at least give a nurturing push to have resident Canadian writers do shows that are on small parts of the cable spectrum that can afford to have a small audience and still be called a success. It's only a failure when you fail to deliver the expected audience. With a smaller platform, a smaller audience, you give the creative community a chance to grow. Without the creative community, it's going to be tough, because when Paul Haggis goes to make a living in L.A. and then writes a spec script called *Million Dollar Baby*, he's not going to bring it to Toronto; he's going to take it to Clint Eastwood.

That would be my recommendation—as well as that, more support for very low-budget digital productions in long form.

When Edison was trying to create the light bulb, he tried 2,000 different filaments, and they all failed. Somebody chastised him for wasting his time, and he said, "No, I found out 2,000 ways not to make a light bulb." I think it's a numbers game, with the number of scripts and the number of people struggling in the Hollywood

system. We're talking about competing against Hollywood; if we're talking about 10% of the market, as I said, I think we should be talking about competing directly with Hollywood. You need a massive number of ideas for a really good one, a good one that suits the time, that suits the time and has the luck and good fortune to get made into a movie that clicks. I think you need more opportunities for people to learn on lower-cost media, and having a lower budget to work with, and then proving themselves and, as I say, eventually earning distribution rather than demanding it as a right.

Thank you for your time.

• (1345)

The Chair: Thank you very much.

Mr. Leland.

Mr. Dean Leland (Director of Marketing, Empire Theatres Limited): Thank you. Unlike a couple of my friends here, I will read from my script. Otherwise we'll be here forever, because I tend to ramble sometimes.

I thank the committee for hearing us across the country in exhibition. I know that some of this is repetitive, but here we go.

My name is Dean Leland, and I have worked for Empire Theatres for just over 27 years. I was a theatre manager for years, and then went into our head office. I had various senior positions within the company, from promotions and advertising, to operations, to film programming. I'm now head of marketing and communications. I continue to oversee our film programming department. I am intimately familiar with all the issues we're talking about and what hits our screens.

As a bit of background on Empire Theatres, we were founded in 1978 with just a handful of theatres and screens. Today we own and operate 176 screens at 26 venues, restricted just to Atlantic Canada at this point. We have also forged a joint partnership agreement with Landmark Cinemas of Canada to develop state-of-the-art theatres in the four western provinces.

We employ over 1,300 Atlantic Canadians, many of them youth. As many of you no doubt already know, we are a 100%-owned subsidiary of Empire Company Limited of Stellarton, Nova Scotia, whose operating divisions include not only Empire Theatres but some 1,300-plus Sobey's stores locations, Lawton's Drugs, and Crombie Properties. In total, over 34,000 people nationwide are employed by Empire. This just provides you a bit of background on its structure and success as a business leader in many sectors.

Let me start by saying that Empire Theatres absolutely supports the position of the Motion Picture Theatre Associations of Canada, whom you've already heard from. We are a long-standing member of that organization; therefore, a lot of what I will cover in the next several minutes comes directly from that position, but it allows Empire Theatres to voice our support of that position.

I commit to being as brief as I can, as it is Monday, after all, and I need to get back to my office and book those all-important films with our team.

As you have heard many times during the various presentations from our community, exhibitors are the retailers of this industry. As we all know, the feature film industry consists of production, distribution, and exhibition. As exhibitors, we are the spoke of the wheel that is closest to the paying customer. We are intimately familiar with the market realities of theatrical release and what consumers are looking for, what they'll buy, and, more importantly, what they won't buy.

Also very important to the moviegoer is the facility in which they watch a film. They have very high expectations these days, and we as exhibitors, for all intents and purposes, have met the demand with the explosion of state-of-the-art cinema venues across the country. All of this has come with considerable risk to us, as we are solely dependent on what films are made and if indeed the public are willing to lay down their all-important leisure dollars and spend their ever-decreasing leisure time with us. The capital investment comes from our business plan and reinvestment within our own company for the future. We are not part of any government-subsidized sector. I emphasize that Empire Theatres is not looking for any of that.

I think it's important to stress at the outset that Empire Theatres supports our government initiatives to build an audience for Canadian films. We want to reach the 5% Canadian box office by the end of 2006 and continue to grow in the future.

We congratulate Telefilm, which rewards producers financially for making films for audiences that audiences will pay to see. Equally we applaud the objectives of developing talent and creators, improving the quality of Canadian films, and disseminating and preserving Canadian feature films.

We strong agree—and I underscore that—with everyone's position that audiences will be built if films are developed, produced, and, importantly, marketed with the audience in mind.

As for our national association's brief, Empire Theatres would like to highlight what you've already heard and read, as a means of underscoring the vital importance of each item. First, we firmly believe that the key to success of our film business in Canada in the long term is making films that mass audiences want to see. Do not make films that simply engage a few.

The mediocre performance of films in English Canada is often compared to the stellar performance in French Canada. Not so long ago, the performance of indigenous films in Quebec was very poor. It was not until writers and producers in Quebec stood back and said, "Well, maybe we'd better make films that people want to pay to see in a movie theatre, or we'll all be looking for another line of work". We don't think that's such a difficult concept to grasp. Why

filmmakers in English Canada do not move toward that goal, we're not really sure.

● (1350)

We firmly believe that by continuing to make specialized films that are only of interest to a select few in large urban centres, we will never achieve the overall goal of 5% or beyond—never.

Spending a lot of time developing and finessing a script is what we think will help, and put this through a rigorous process of acceptance. Weed out the ones developed only to fulfill the passion of the writer and the immediate family.

Secondly, we strongly believe in awareness, awareness, awareness. It's abundantly obvious to us at Empire Theatres that people make a decision to go out of the house to watch a film based on a couple of very elementary things—the passion to have an out-of-home film entertainment experience and the luxury of the time to do so, as well as knowing what the market has to offer to satisfy their movie craving.

The film experience today, as we all know, is a pre-marketed and pre-sold experience. We know that from the amount of time, energy, and resources it takes to launch a new movie theatre. People have chosen what they want to see before they arrive at the theatre. Individuals have many other alternatives, including other out-of-home activities, instead of watching a film. They can come to our theatres or go to a concert or a sporting event. They can also do a lot of things at home, ranging from watching a movie on television, to playing a game on their computer, to gardening, or to do nothing at all. Consumers choose how to spend their money and their time based on what interests them.

Our point in all of this is that Canadian films need sufficient marketing and promotional budgets so that their existence is made known to eager moviegoers, and the "want to see" factor gets them to our theatre where the film is playing. This is the business of film, and it can only be underestimated at your own peril.

Thirdly, when a particular filmmaker or writer collaborates with the system and makes a film that resonates with a paying audience, reward and recognize that individual so that they fully understand the economic benefits. Being able to tell a great story about Canadians is what people want to see. Refine and improve the great work that Telefilm has done and has been doing. Tax mechanisms for certain behaviour works, as Michael alluded to.

Regarding visual technologies—this is another point we're making—we'll soon be transforming the filmgoing experience. This is a fact, and it's coming soon. The transition to digital technology at the theatre level on an economically viable basis, which still remains, in our opinion, a few years away, will ultimately require a compatibility of competing software programs, interoperability of competing equipment and software, and upgrades of both equipment and software. Otherwise, we might need different equipment to play each individual studio's product. This actually already happened in the change to digital audio in the 1990s. This is not a process to be rushed into.

Lastly, a point we make nationally—you've heard it before—is that the exhibition community does not in any way support any form of quotas placed on our business model. As stated by many others, and here again, screen quotas do not work, and will not work, in our industry. It is widely known and understood by everyone that you cannot legislate what moviegoers want to watch; screen quotas will not get more Canadians to watch more Canadian films. Only better Canadian films that are better marketed to Canadians will achieve the goal of building a larger base of consumers to watch Canadian films.

Exhibition of film is not the same as radio, television, and publishing. We do not receive, nor do we want, government subsidies or intervention in our business. It needs to be understood that the role of production and distribution in Canada is critical to the overall success of a film, not just how many screens are made available.

As exhibitors, we want all films, regardless of their origin, to succeed. We really don't care where they come from. We want butts in seats. We are a business of showing films to mass audiences, plain and simple. The more butts in the seats, the better for all sectors of the business.

A distributor cannot expect to be entitled to a block of screens with a particular exhibitor by calling two weeks before they plan to release a film and expect that we will provide those screens, no questions asked. It simply does not, should not, and will not work. This requires months of preparation and planning. As we all know, we serve many suppliers, not just Canadian distributors.

Lastly, much to our chagrin, exhibition is often criticized for not fostering the growth of Canadian films on Canadian screens. Luckily, this is a belief held only by a vocal few.

I would like to close with a few comments on some of the initiatives and collaborations that Empire Theatres has carried out and continues to carry out in this region and on a national basis. At Empire Theatres we are a very strategic and valued partner and sponsor of the Atlantic Film Festival group. Our partnership includes being partner-level sponsor of the main festival; partner-level sponsor of ViewFinders International Film Festival for Youth, held each spring; and a venue sponsor for the very successful Signature Series, featuring works from Atlantic Canadian filmmakers and beyond.

• (1355)

At Empire Theatres we are lead sponsor of the French film festival in Dieppe, known as FICFA, a partnership we've held for over fifteen

years. At Empire Theatres we have had a long-standing relationship with the Nova Scotia Film Development Corporation, whereby every month we showcase films from the Atlantic region. It is a tremendously successful partnership highly regarded in the industry.

At Empire Theatres we have partnered with the Atlantic Filmmakers Cooperative. We have a screening series held weekly in Halifax, celebrating great films from Canada and beyond. At Empire Theatres we have strongly embraced the film circuit, which we have partnered with in several communities throughout the region to bring films to smaller communities that could not sustain longer runs in these markets. This is grassroots community involvement at its best, in our opinion.

We have partnered with community groups to bring French films to markets that have a significant French-speaking population. Local community groups, along with our local management team, do the grassroots marketing needed to make this succeed.

We contribute a significant cash donation yearly to the Canadian Film Centre, earmarked for young, up-and-coming Atlantic Canadian filmmakers and writers. As well, Stuart Fraser, the president of our company, is a member of the board of the centre.

At Empire Theatres we have demonstrated a consistent record of exhibiting Canadian films, along with the ever-important trailers and posters in markets and theatres where we have been able to access materials and prints. In your document I've provided a list of films we've played in the last two to two and a half years.

That's it. Thank you for your time today. As the part of the wheel closest to the consumer, we hear quite often what they do and do not want to see.

Thank you.

The Chair: Thank you, Mr. Leland. I forgot to apologize for inconveniencing all of you when we had to cancel a little over a month ago. We're glad to be back and have the chance to hear from all of you.

Mr. Casey, we're going to let you begin.

Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC): Thank you for your written and verbal presentations.

It certainly was an education for me this morning and this afternoon. I'll go to Mr. Forsyth's brief first. He recommends increases in funding for the Canada Council for the Arts, the National Film Board, and Telefilm Canada, together with special increases for Telefilm Canada and the Canada Council for programs to support distribution and marketing.

The problem is, we heard that only 1.6% of films produced ever make it to screen. How do we address that problem? What's the point of putting more money into making more films if only 1.6% make it to screen?

So how do we deal with that? Does anybody want to help me with that?

● (1400)

Mr. Walter Forsyth: The distribution and marketing component of the production of films is problematic in Canada. We are outgunned dollar for dollar by our counterparts to the south, who even in the independent sector are able to raise enough funds in their own strong and aggressive manner to make sure they market and promote their films so that people will go see them. So one of the recommendations is to make sure we look at the distributors and the funding for marketing in Canada.

One of the problems right now at the grassroots level is that distributors are having a hard time. Cinema Libre, a Quebec distributor that had been around for a long time, had to close their doors recently because they didn't have the funds to stay open. It's really unfortunate.

Distribution and marketing are important to get those films out there. The Canada Council has reacted to this by creating a new program. They realized they were helping a lot of films to be created and that the films weren't being shown through distribution. So they created a program where the co-op was able to access funds and partner with a distributor or a film festival. This will help the films to be seen. As a result, we created a one-hour project that will be seen on the independent film channel nationally, on the CBC locally, and then nationally again on a third-sale window with Bravo.

It was a small amount of money that they were able to contribute—\$45,000 towards a project that was \$180,000 for us. We were able to commission some short films to be made by people like Tom Fitzgerald and Andrea Dorfman, who are filmmakers. Through Telefilm's funding, we are taking that around the Atlantic provinces. We hope that through Canada Council we will take it on a national tour. Also, it will be shown nationally on television, simply because they had some money to jump-start it. Many people will see these films, because they had a little money to help start the process.

Mr. Bill Casey: Mr. Leland, as the closest person to the person who buys the ticket—as I do quite often at Empire Theatres—is there anything Empire Theatres can do?

I know you are in a business and you have to have movies that sell seats. But it sounds like a chicken and egg deal. If it's not available, people won't buy the tickets to see it, and there will be no word of mouth or any other information or communication about the film.

Is there something the exhibition industry can do—without quotas?

Mr. Dean Leland: Without quotas? Absolutely. There are great examples. We're in the business of showing films. We do our part in that, and we provide the great facilities in which people want to watch them. We spend an incredible amount of time getting our messaging out there about where it is playing, what time it's playing, and that sort of thing. The onus is back on distribution. They own the

film. They know it best. They are expected to market it. They are expected to sell it to us.

Quite often we have to go to Canadian distributors and beg. We ask what they have out there that they would like to see on our screen. Rarely do they come knocking at our door, unless there's a high-profile film such as *Men With Brooms* or features like that. More often it is the reverse. We're going after them and saying this is a great time of year to have some films available and we have screens and these sorts of things. It's a bit of a reverse process, in our estimation. I can't think of a single example where a distributor has come to us and said they have a film, they are putting some money in marketing and trailers and all these sorts of initiatives, and we've had to say no. I can't think of an example.

Mr. Bill Casey: We had some producers this morning who said the distribution companies were provided distribution money by Telefilm but they didn't do any distribution efforts. Is that typical?

● (1405)

Mr. Dean Leland: That has been said. I would not disagree with that statement. Some distributors in Canada are much better than others. Some of the smaller ones are still going through their learning process, which we fully expect. We're willing to share our experiences and educate them as to how our side of the business works, but quite often the question is never asked.

Mr. Bill Casey: Does Empire Theatres have a schedule to show Canadian movies, even though you realize they're not well-known and they may not put those butts in the seats that you think?

Do you have a strategy that you do actually contribute to the industry from time to time by producing...? I don't recall having seen a Canadian film in Amherst. They may be there. Do you have a strategy to do that? Is that possible?

Mr. Dean Leland: A lot of the time, especially in some of the smaller markets—we're not necessarily like Famous Players or Cineplex Galaxy Cinemas, which are in the large metropolitan areas—our bread and butter is these smaller communities where the base of consumers who want to see some of these films is not as large.

That's why we partner with people like Walter, with the film circuit and that sort of thing, to make screens available to community groups that have mustered a group of real cinephiles together who want to see these sorts of films. We work very closely with those groups as well.

Mr. Bill Casey: Does anybody else have any thoughts on that?

Mr. Bruce McKenna: I would like to take that question.

As a writer, people may think I'm the furthest from the audience because I don't even see the filmmakers often but just wave goodbye to the script, but actually, I try to stay the closest. I try to predict what an audience wants, because I understand, as the writer, that generally the industry standard is that the writer gets paid about 3% of the budget. So it puts it in perspective, how big the role of the writer is, in that way.

I feel that we don't have a feature film industry here yet. We have a feature film welfare state. As long as we're producing things in a welfare state, the quality is not going to be the same as a free market enterprise, a free market that's driven by ideas.

To give you the example of what happens to me in Canada and what happens to me in the States with the same idea, if I take a piece of material and put it on the market in the U.S., it gets read within three to four days. When I put it on the market here—I'll do a Jon Stewart—it may be months.

I think the difference is that here a new idea for a producer is another sled to fill up with paperwork and deliverables to send to the legal department to try to get through the bureaucratic haul.

An idea in the free market goes something like, "Wow, if Jackie Chan wants to do this, I'm on board; I'm getting some money, and all it took was two phone calls."

There's a tremendous pressure in the U.S. system that everybody wants a great script and nobody wants to read a bad one, so there are thousands of people making a good living reading scripts. If they read it a month after somebody else has bought it, they're out of a job, so they tend to read it quickly and respond. It at least keeps the writer encouraged to try to stay alive and keep coming up with more ideas, whereas right now in the Canadian system, it seems like producers will reach a certain tolerance level of "We have enough projects, and no, it doesn't matter how good the idea is. I've got my sleds full of legals, and there, I'm going."

As long as we have few ideas competing, we're not going to have the great stories. You need many, many, many stories and scripts to be called on, to which ones will be successful with an audience and play.

I think Shakespeare was my favourite screenwriter because he played to the Queen and he played to the groundlings, and it worked on different levels. In film, it can be elitist or it can be populist or it can be both. My encouragement would be a system that nurtures both. That nurtures more ideas, and more ideas, and more ideas, and the few that survive get through, the films are made, and hopefully distribution is found because they deserve it, not because they cry for it.

Mr. Michael Donovan: I thought you nailed it when you used the figure of 1.6%, which I think is the amount of screen time that Canadian films occupy. That means 98.4% is non-Canadian.

By the way, I understand that those are the worst statistics in the world, that almost every other country has significant screen time for local cinema. Canada is unique I think in having almost no cinema. In other words, the industry has been a complete and utter failure in Canada to date.

It is within the power of Canada to do something about that, but that's never been done. The mechanisms that have been put in place by and large have not worked, and part of the reason for that is because there isn't a political will to do so. If there was a political will, then it would be solved, but there isn't a political will in Canada.

I've been at this for 25 years. I've been mostly making films in other countries. I've seen no political will in Canada. Inside this country, there's no desire to have a Canadian cinema that's meaningful. Part of it is kind of a free enterprise argument, "Why should we put government money in this?"

New Zealand decided to create a New Zealand cinema, and it's had a tremendous impact. *The Lord of the Rings* is a direct consequence of the desire and the decision of government in New Zealand to have an industry.

Tourism in New Zealand has doubled since *The Lord of the Rings*. It was amazing. I visited New Zealand recently, and Wellington International Airport has a giant Gollum character, which is the character from *The Lord of the Rings*, crawling over the airport as you get there. There are millions of tourists chasing after this thing, which is a consequence of the decision of the New Zealand government, a very conservative-minded government, a fiscally minded government, that nevertheless cinema is a priority, and they put the will into place.

Canada needs that will. If it had the will, the mechanisms are here.

In my presentation I talked about the mechanisms, but I forgot to say, "Oh yes, there isn't the will, so there's no point, really, talking about the mechanisms."

• (1410)

Mr. Bill Casey: Do I have a few more seconds?

The Chair: You do not. You're well over time. I'm being generous to a fault to you, Mr. Casey.

Mr. Bill Casey: I know. Thank you.

[Translation]

The Chair: Mr. Lemay, it's your turn.

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Thank you.

Thank you for being here. I listened intently and I agree with most of the remarks. Let me say at the outset to Mr. McKenna that I know someone who earns a living writing scripts.

[English]

Mr. Bruce McKenna: Is he working in English?

[Translation]

Mr. Marc Lemay: Non, in French. But he does not write only film scripts. He also writes scripts for TV shows and television films, which is part of the solution. There should be more drama, which would allow creators such as yourself to use their creative genius for screen writing as well as for made-for-TV drama.

I have a very specific question for Mr. Forsyth. Let me tell you that I have read all the briefs. I read yours in English and in French and I was struck by your last recommendation. Let me read it to you: "That Parliament mandates that funding for the arts be a legal statute by the Government of Canada". On that point, really, I am not following you. You will have to explain it to me, because I find it very difficult to accept that the federal government should get more and more involved in the funding of the arts. We have enough trouble with them as it is. I would like you to explain that to me. This is a specific question.

I also have a very specific question for Mr. Donovan. You will have to give me a specific example. What are the deductions in terms of the tax structure? You know that at the federal level, our liberal friends have enormous difficulties in granting tax deductions. I am trying to understand. I do not want you to talk to me about Americans, because there are 40 states that are granting different deductions. However, I would like you to give us an example such as that of New Zealand or another small country more alike to ours, for example, Norway, Finland or Sweden, even if that required you to send us some document later on. I would like to have something specific.

I am now turning to Mr. Leland. What would you think if we were to ask you, movie theatre owners, to give more room to the trailers of Canadian films, without necessarily putting on a big flag so that everyone will know its Canadian? For example, for films such as *Le violon rouge* or *Séraphin: un homme et son péché*, you would give 10 per cent or 20 per cent more space to their trailers. I don't know what you would think about that. It could perhaps be part of the solution.

Let me quickly give you the example of Quebec and I will end on this. *Le Survenant* had a better release than *Star Wars*. Let me tell you that the Americans were really wondering what was going on. Both films were released at the same time, and *Le Survenant* benefited from the best screens in Quebec. The movie *Star Wars* had to wait its turn for a week. The Americans are still scratching their heads about this. There was a trailer shown on television and everywhere. It was broadcast for weeks.

These are my three questions, Madam Chair.

• (1415)

The Chair: Thank you. You may answer.

[English]

Mr. Walter Forsyth: Merci, Marc.

I will start by trying to answer the question you asked about Parliament giving the government by statute the duty to have arts as part of its mandate. What I meant by that is, first of all, when the government changes it could eliminate the Canada Council immediately. There's nothing to state that any policy protects something as integral to our arts culture as something like the Canada Council for the Arts or the National Film Board, which have had a very long-standing benefit to the country. Something like Tomorrow Starts Today, after the first two years, has to go up again to the government every year to ask whether it will support it again with tax dollars.

This makes it very difficult for arts organizations such as the one where I work to plan our futures or to plan a long-term strategy of helping independent filmmakers make films that will make an industry in the country, when we spend much of our time lobbying the government to make sure the dollars are still there so we can exist. That's one point.

This also works for film companies—of which I own three myself, as others do here—when trying to make a long-term business plan for an organization, if policy changes. It's very common in most other sectors, but in the film industry it's very difficult to make a business plan when tax policies and such change a lot.

That's how I'll answer that question. And thank you for asking.

Mr. Michael Donovan: I'll answer the question. Thank you.

First of all, I want to say if there's a political will to actually have a film industry in Canada, the fundamental problem is a deficiency of capital.

There are a number of ways to deliver capital that have been arrived at in a number of different countries, and almost every country in the world has a different mechanism. My experience has been that the ones that have been most successful are the countries that employ a number of mechanisms; in other words, agencies such as the CTF or Telefilm. Those are good mechanisms in Canada, but they are underfunded tremendously.

To complement them, a number of countries have other mechanisms, including various tax-based mechanisms. About half the countries in the world have tax-based mechanisms, and about half of them work. I think the one in England has been tremendously successful. The one in Germany has been less successful but has still had a tremendous impact. The key to the great Australian film industry of the last 15 years has been a tax structure there called Division 10BA.

One of the problems with tax structures is that they have a life cycle, which is about ten years, and the reason for this is that the finance departments of respective governments find them extremely inconvenient. My theory about it is it's because they're unable to precisely predict and put in a budget a number at the beginning of every year. Because of this, they tend to work against them, and over time the politics shift, and the excellent film industry of Australia is perceived to be there by virtue of nature rather than government planning and structure.

As a consequence, in Australia, although Division 10BA still works, it's impossible to finance a film in Australia using Division 10BA, because the finance department will audit anyone who uses it. No one wishes to be audited, so the finance department has killed it. As a consequence, they've killed the Australian film industry. In other words, a bunch of accountants have killed the Australian film industry because they can't add it up correctly.

A perfect example of how a tax structure can work is Canadian oil and gas. Because of the Alberta oil and gas lobby, which is powerful, and despite the effort of the finance department over the last ten years to kill the tax structures in Alberta, because of the effective lobby of Ralph Klein and company, those tax structures were kept in place. The finance department worked as hard as it could; it failed. Because those structures were kept in place, when the price of oil came back Canada found itself in leadership, because it had continued to invest in the oil industry in Alberta, which is now world-leading. Alberta-based companies are leaders in Russia, in Africa, in South Asia, because the finance department was unable to kill those tax structures. In other words, that was good government policy as a consequence of effective lobbying.

In other words, there are a great number of cases where the tax structures have worked, but in almost every case, after about ten years the finance department has killed them. Throughout the world, there are various countries going through a life cycle.

Specifically to answer your question, Belgium right now has introduced a tax structure that has in the last year increased that industry by 50% and will continue to do so—that is, until the enlightened officers of the finance department bring it to an end after about seven or eight years.

I really urge this government to form the will to try to create a film industry in Canada, which doesn't mean only through the tax structure—but tax structures are the complement. It also means substantially realizing that capital deficiency is the problem.

I'm going to give one example of this. I was recently at the Cannes film festival, which I've attended for a number of years. The main film being launched there was the latest *Star Wars* film. One of the things at the Cannes film festival is to have the biggest party, and the best place to have the biggest party is on the biggest boat, because this is all part of promotion.

• (1420)

So for that film the biggest boat in the world, the *Queen Mary*, was used for the party. George Lucas, the promoter, thought if he wanted to promote this effectively, he'd need the biggest boat in the world.

I mean, this is the competition. Telefilm literally has less money now than it had 15 years ago. This is why they're on only 1.6% of screens, at least in English Canada. This is exactly why there is deficiency of capital—Canada, at a political level.... It's required for cinema. It's required that the political level be unique in the world. It's an industry that requires a political will, a political will to form capital structures in a number of ways. Otherwise, you can't compete. It's an industry New Zealand has shown can affect the branding of the whole society, if you will.

I don't know if that answers your question.

The Chair: Thank you. Are there any additional comments? Can we move on to Mr. Angus and maybe bootleg in your answer to Monsieur Lemay?

Mr. Leland.

Mr. Dean Leland: I just wanted to comment on Mark's question on trailers. I think probably what you're referring to is the success in

Quebec. As I mentioned, ten years ago the great success was not there. So it's an evolving process. There's no question you will not find anybody to disagree that there's no greater, more efficient, more cost-effective way to market a film to an audience than a film trailer capped at two and a half minutes. The business of trailer programming is huge these days. Each and every week we receive requests from each and every studio. We don't receive them from Canadian distributors saying they want their trailer programmed with this film—that they've done the research, they know the audience, they need to expose their film to it. Not only do we not get the request; if we call, knowing we have a Canadian release coming up, quite often the answer is “We haven't made trailers yet—should we?”

I'll share a very short story with you. I met a filmmaker in New Brunswick a couple of months ago. He was telling me about a film he'd made. He was very passionate and all these sorts of things. He said he would just dearly love to have his film in Moncton, in Fredericton, on our screens. I told him we should talk, we should do this. Did he have a finished 35-millimetre film? He said he had two prints. I said that was great. It would work.

He called me when I got back to my office and asked if we could play it on these dates. He thought he could get the cast to come and he had some media support. I said we could, but that we should do it maybe a couple of weeks later so we could get the trailer on screen, get the poster in the theatre. March break was coming; there'd be lots of audience. Trailer? He didn't have a trailer. Could he get a trailer? No, because it's too much money. It wasn't built into his budget. Nobody had told him he needed a trailer. Nobody told him that was a very efficient way of doing things.

So that whole education process needs to happen, because when a lot of these productions are filming, they don't even have a publicist on hand who knows the art of marketing and advertising a film.

Somebody like Michael, of course, who has been around forever and knows the ins and outs of that business, would never allow that to happen, but some of these young or less experienced filmmakers need some guidance from somewhere. We're willing to help with that.

He certainly had his eyes opened wide by me that day. He did agree to go a couple of weeks later, had trailers made, and had... reasonable success with the film. I'd hate to see what it would have done without a little bit of advanced exposure.

Thank you.

• (1425)

The Chair: Thank you.

Next is Mr. Angus.

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

I'm going to do a long, meandering beginning to lead to something Mr. McKenna brought up—and I think Mr. Leland did as well—about where we're going in terms of trying to create blockbusters in Canada.

My wife and I set out to make the great Canadian movie—actually, the script for one. We said, well, if it's Canadian, we have to put it in the centre of the country, so we'll make it set in Saskatchewan. And we'll need two sisters, one kind of wild but very Canadian, so she'll live in Vancouver, and the other one, who never married, is a librarian who lives somewhere north of Toronto. They will go back to Saskatchewan to divest their father's estate after his death. It'll be a story of love, loss, and quiet regret. And of course it will get lots of funding, and nobody will ever go and see it because—well, now I know there are no trailers for it...but when you tell Canadians that a film has love, loss, and quiet regret, that means nobody gets it on and nobody knocks off a liquor store. It's so Canadian that nothing is actually going to happen, so why would people go see it?

I'm throwing that out because if we throw out another suggestion, which is that we'd like to make a blockbuster Hollywood film based on three guys with Halifax accents who have a grow op, and we're going to make all our references strictly local, there wouldn't be a funding dollar anywhere for that. And yet the movie based on the series *Trailer Park Boys* will be a blockbuster, and every Canadian is going to go to see it. My daughters are going to be lining up to see it because they know it.

I guess the question is that we're talking about creating blockbusters when we don't have any kind of nurturing ground to have anything come out for a blockbuster. It seems as if we're asking artists to go out and win the lottery.

I'd like to go to your point, Mr. McKenna, about the cheapness of digital, the fact that we've got thousands of television channels with nothing on them, and the idea of looking to where our successes have been, such as *SCTV*. It was probably the cheapest television show that was ever made, and yet if you look at the string of U.S. blockbusters that came out of *SCTV* characters, it's—

• (1430)

Mr. Michael Donovan: Bruce worked on *SCTV*.

Mr. Charlie Angus: Well, there you go.

Mr. Bruce McKenna: All those cheesy props and effects.

Mr. Charlie Angus: You couldn't beat it, but I think we're seeing the same example repeated with *Trailer Park Boys*, the cheapest television show ever produced. It will create a blockbuster because we were putting our efforts into creating something that was funny, that people wanted to watch, and we built an audience for it.

So my question is, are we looking at this the wrong way around? Should we be taking your suggestion, which is to put our efforts into allowing people to do a lot of low-budget, interesting, different work, and starting to actually create some markets and create a future generation of artists, or are we going to roll the dice on three or four people every year, hoping one of them is going to make *The Full Monty*?

Mr. Bruce McKenna: In a word, both, if both could be afforded. But certainly it's not just in Canada. Look at *The Goons*, who

nurtured people like Spike Milligan and Peter Sellers, and various comedy groups around the world, groups of people that formed, whether it's *The Groundlings* or whether it's *Saturday Night Live*, which Lorne Michaels, a Canadian, put together.

It's anything that gets you doing that, producing stuff, making people laugh, engaging them in a story, and if you're doing it for 50¢—and it's getting down to that point; I'm making a half-hour drama right now, and the total budget is \$100. That's \$50 for tape and \$50 for craft service. Very soon there's going to be a time where a grade 11 student is going to have his own network on the web. It's the ability to do something and to get a sustainable income, so you can keep doing it, so you can learn to be better at it.

SCTV, when I started with the show, was a curtain and a plastic plant; that was the set. It became the first show to go full network in the United States on NBC. My budget went up. Everybody's budget went up. The hours worked went up. It was a crazy time. But it was a seedbed for Bob and Doug McKenzie, because the CBC wanted a minute more than the United States did, so they did Bob and Doug McKenzie, which became a cult hit in the United States as well as in Canada.

This is why I say that our market, in terms of English-speaking Canada, and the American market are so in lock-step because we're so close, and we're not protected by a different language. Mexico is just as close, but they're in Spanish. Quebec is just as close, but it's largely a French audience. So that language difference does protect the culture. We're in English, and we're right next door to the greatest showman on earth, and that's Hollywood. And when Hollywood opened, New York lost its film industry as well, not just Canada. It sucked everything in. There was a big, vibrant New York industry that disappeared in, what, 1917. It went west.

So I think yes, giving enough creative people enough low-budget.... You know, as you say, the cheapest show on TV...but if you can reach the people, and then keep reaching the people, and then be allowed bigger budgets that you deserve because you're reaching an audience, not because you stood in line the longest or your forms were filled out the best or you have the best...you know.

Mr. Charlie Angus: I guess it goes back to the issue—we're crossing a number of areas here—that for film to succeed, we need television to succeed, because we need to start to create. We need to create identifiable stars. People all over the world will go to see John Candy, but if John Candy hadn't got his chops worked out week after week on a low-budget television show, he never would have had those chops worked out if he had a once-a-year shot at a movie. That's the difference.

Should we be looking at fostering low-budget, interesting, innovative television as a way of starting to create a market so our film industry can start to move? I put that out to any of you.

Mr. Bruce McKenna: I certainly agree. If we can't win our audience with prime-time broadcasts, at least find the audience...like with *Trailer Park Boys*. *Trailer Park Boys* would not survive in the broadcast world; it's on cable. It gets the numbers to justify itself and be a success on cable, so it has its niche; it's working and it's giving a development process. The writers are getting better and they're now going into a long form, and yes, it's a spawning ground.

If the spawning ground is empty, if the mechanism in Canada seems to be to push for bigger budgets, maybe that's because producers are the ones doing the pushing. The bigger the budget, the bigger their paycheque, and it's always better to have a bigger paycheque than a smaller paycheque. The reality is, the more creative people there are who are allowed to fail, the more we'll succeed.

Mr. Michael Donovan: You're perfectly right. That's one of the ways to nurture. In particular, digital allows very low-budget films to be made. It's one of those tremendous breakthroughs that's going to lead, and is in the process of leading, to a democratization of filmmaking.

But here's the problem. As Mr. Casey said, 1.6% of the screen time in Canada is dedicated to Canadian films. Canadians see American films; at least, English Canadians primarily see American films. That's something we can say is fine or we can say we can do something about it, and then we can do something about it. We can make it 20%, in which case we'll have lots of low-budget films people really want to see that have been well nurtured through a variety of mechanisms, or medium-budget ones or even slightly large-budget ones.

Very large blockbusters will probably never be available, just as they're not really available to those in France or those in Italy. Nevertheless, those two have really legitimate cinemas in which people legitimately line up to see legitimate films done with a range of budgets and in a range of styles.

What you have to be careful not to do, though, is develop policies that are intentionally small, intentionally aimed towards small audiences and small results. Then the results will be what they are now, small, though that's a very important part of the development and the portfolio process for filmmakers and for filmgoers.

• (1435)

Mr. Walter Forsyth: May I bring your attention to the recent announcement of the British government, which is to pay for digital video projection in many cinemas across the country? It made an agreement with the theatre exhibitors whereby they would be required or would agree to show a certain percentage of British films. Digital film projection, because you don't have to make prints, makes it cheap to get those cheap films into the theatres.

I think it's very innovative. It's costing them quite a bit of money to do it, but I think it's a very smart thing and we should pay attention to the results of that move.

The Chair: Thank you very much.

We'll recess for about eight to 10 minutes and then come back with Lowenbe Holdings, Creative Action Digital Video, and Collideascope Entertainment.

• (1436)

_____ (Pause) _____

• (1452)

The Chair: Order, please. I'm calling back to order this meeting of the Standing Committee on Canadian Heritage.

Our witness is Kimberly John Smith, director, Creative Action Digital Video.

Mr. Kimberly John Smith (Director, Creative Action Digital Video): Hello. How are you?

The Chair: Fine. Thank you very much.

Mr. Kimberly John Smith: I have presented a very succinct brief, although you will have a CD with about 50 pages of bibliographic notes to support this. I've given it to the clerk.

I wonder if I might have permission to just simply read this.

The Chair: Sure. It's your time. You can do with it as you wish.

Mr. Kimberly John Smith: All right.

Madam Chair, honourable members, and colleagues, it is an honour for me to sit here before this committee as a concerned citizen who happens to love making movies. I humbly confess that my professional exploits as a moviemaker are relatively unknown compared to many of the esteemed witnesses you have heard so far; however, I have 12 observations and some brief and dramatic, I hope, suggestions.

One—and I'm happy to say in the recent response from the government this has been dealt with, but I'll say it anyway—the word “drama” never appears in our Broadcasting Act of 1991. The general term “program” is used. This word “program” strikes me as far too general. We must specifically categorize programs in our Broadcasting Act and CRTC regulations. Drama programming is not the same as other forms like news, games, talk, documentary, or reality TV.

Two, CRTC Public Broadcasting Notice 2002-61 never uses the word “drama” as a distinct form of community television programming.

Three, moviemaking, as I understand it, involves more than a variety of complex technologies and crafts. It also involves a variety of intellectual and cultural assumptions that are seldom challenged and often taken for granted as industry standards.

Four, people who work in our existing film and television industry generally talk about the importance of thinking outside the box when trying to solve creative or artistic problems. Ironically, the film and television industry is the box we cling to.

Five, the community of citizens living and working outside the box we know as the Canadian film and television industry is much larger than the community of citizens living inside that box.

Six, according to Rick Schmidt, award-winning U.S. independent filmmaker and author of *Feature Filmmaking at Used-Car Prices*, third edition published by Penguin Books in 2000, it is possible to produce a feature-length dramatic film for less than \$15,000 U.S.

Seven, Lars von Trier and Thomas Vinterberg, the architects of the Danish Dogme 95 film movement and the infamous Vow of Chastity, proved that award-winning dramas could be produced with consumer-level mini-digital video equipment.

Eight, many high school students in Canada have the opportunity to make at least one short movie for academic credit. I have seen several shorts and one feature made by students in my community of Kings County, Nova Scotia. I found them refreshingly imaginative and aptly made.

Nine, the Canadian Feature Film Advisory Group does not include artist members. I propose that the government nominate three people from each creative organization—the DGC, ACTRA, the writers' guild, etc.—and let each organization's membership vote for a representative from the nominees. That way you would have thoughtfully selected, democratically elected creators on the board. This process could also be done with Canadian broadcast, distribution, and cable organizations. Limit their terms to five years.

• (1455)

Ten, English and French Canadians don't hear enough of each other's stories, and disabled people are excluded. I recommend public funding for closed captioning, described video, and translation. That would foster Canadian national unity, inclusiveness, and our distinctive international identity. Every Canadian dramatic movie or television program should offer both official languages, without question.

Eleven, arts and humanities education in most of Canada's public schools is misunderstood and inadequately funded. We must recognize and value the vital connection between arts and humanities education, and success in all forms of creative endeavour. Every school in Canada must have full-time and qualified art, drama, music, and multimedia teachers. Our cultural and entrepreneurial future depends on this more than ever.

Twelve—and this is my big suggestion—there are 180 community cable channels in Canada. If we mandated a minimum ongoing annual community drama programming fund of \$5,400,000 and divided it equally among all 180 community channels, we could initiate the grassroots creation of a new and uniquely Canadian genre of dramatic movies. I call this new genre D movies—D for digital, democratic, distinct, direct, and diminutive.

These humble but culturally potent low-budget movies would be made by professional writers, directors, actors, and crew as a form of cooperatively owned, inclusive, community collaborations. Local amateurs and emerging artists would get invaluable exposure to the moviemaking process, plus local economies would be stimulated.

When D movies have exclusive first windows during prime time on their local community channels, I predict a significant spike in local viewership. Successful D-movies can then be sold for national broadcast or international distribution. All financial profit would then flow back to the D movie collaborators.

Those are my 12 points.

Are there any questions?

• (1500)

The Chair: Thank you very much. That was very concrete and very precise.

Mr. Silva.

Mr. Mario Silva (Davenport, Lib.): Thank you for the presentation. I'm interested in your presentation on the word "drama". I want to know why you feel it's so crucial to have that within a program.

Mr. Kimberly John Smith: It's very important to have the word "drama" included in the Broadcasting Act and in CRTC regulations. Currently, by using the general term "programming" or "community television programming", the program directors and people who run cable and other broadcasters can decide whether or not to make a drama. Since reality TV has proven to be a popular yet inexpensive form to produce, those shows tend to get produced more. That's unfortunate.

From where I sit, drama is essential. It's essential for every community across Canada. Whether we pursue it commercially or not, it's still essential because it gives people an opportunity to share their stories with one another. In the proposal I've made for D movies, it would give people an opportunity to see themselves being creative on their community channel. They would not just be doing documentary, news, talk shows, the local rotary club, bingo, sports, or computers. They would actually be creating a drama.

In my own community of Wolfville, Nova Scotia, there has been a tremendously positive, forward-looking group making live theatre. The women of Wolfville created a play. They first did *The Vagina Monologues* three years ago. That worked so well they decided to write their own play, and they made a play about mothers. All the women of Wolfville put this play on at the Atlantic Theatre Festival building. They filled 500 seats three nights in a row and raised over \$15,000 for charity. That's a real indicator of how much a community wants to see its own members making theatre, making drama.

With community television or national broadcast, it's the same thing. I believe that community members and neighbours benefit from sharing their stories in this way. The community channel system can do this. The CRTC Broadcasting Public Notice 2002-61 makes it even more possible. Now local businesses can sponsor those productions and have up to 12 minutes of advertising on the show. Mind you, it's entirely local, but it's significant. I want you to understand this.

If we as moviemakers were more willing to partner with the chambers of commerce in the small communities in which we live, we could help to stimulate the economy in our own communities. We could create a drama exclusively for our local community television. We could then give local businesses an opportunity to advertise during prime time. That's an opportunity they don't have on the specialty channels, the national networks, or on the free-to-air stations. The local businesses can't compete with multinationals, who are being advertised on the local cable services the local businesses' customers are watching. I think it's essential to nurture this community channel more than we have so far.

I have spoken to various people involved in the cable business. When I suggest that we make drama for the community channel, first they laugh at me and then they say it's too expensive. I say, "No, it's not." I also say, "We cannot afford to avoid doing this." If you compare \$5.4 million with our CTF of \$150 million, or whatever it is, I think it's a very affordable amount of money to spend.

• (1505)

The Chair: Thank you.

Mr. Casey.

Mr. Bill Casey: Thank you.

It says that your exports as a moviemaker are relatively unknown. What have you done, or what is your background?

Mr. Kimberly John Smith: I have a Bachelor of Fine Arts from York University in Toronto. I graduated in 1981, and I began working as an actor in the live theatre of Toronto, in the fringe. In 1985, I was artistic director of a semi-professional group that was set up in St. Catharines, Ontario, called Plays Reflecting Ordinary People Surviving, where we worked on a Young Canada Works grant, and we went around and we gave plays for free to people in the community. After that, I started working in the film industry in 1986, and I worked my way up.

In 1989, I moved to Nova Scotia with my wife, who is from here, and we have a son who is mentally challenged. I'm a founding member of the Nova Scotia District Council of the Directors Guild. I'm a founding member of IATSE 849. I'm also an ACTRA member. All of those I'm in honorary withdrawal from right now, because I live out in Wolfville, Nova Scotia, now.

Since I've been there, since 1997, I've started my own digital video business called Creative Action Digital Video, and I've applied all my dramatic knowledge of both live theatre and working for years in the film and television industry, and I have made that knowledge available to charitable organizations and non-profits in my own community. So what I've been able to do, from a commission basis, is I've been able to help various organizations communicate about the creative actions they're taking socially. These

are things about restorative justice, working with teen parents, inclusive culture building, educating mentally challenged children, inclusive workspace, and advocacy. These are the kinds of non-broadcast movies I have made.

However, I must say, I did make one national showing. I did do a completely artistic documentary called *Ash Dreams*, and it's on Bravo now nationally. I did that single-handedly for \$5,000.

• (1510)

Mr. Bill Casey: I have to make a comment here. You said that: "Every school in Canada must have full-time and qualified art, drama, music, and multimedia teachers." That's way out of our jurisdiction here. I'm sure you know that anyway.

Mr. Kimberly John Smith: I know it is. I think this is another one of the challenges we face in government. We tend to have these various departments working separately. I think there needs to be more partnering, at least sharing of information, between various departments—the department of education, or the Nova Scotia economic development department. All of these different organizations could more consciously come together and help each other by shoring up the gaps.

Honestly, if we're not teaching these various arts and humanities in schools, it's going to be very difficult for our younger people to come up and even be able to function in a modern world of multimedia communication. They need to know how to do this, and in order to do that, you're not going to be able to do it very well just using clip art, because you won't have a distinctive voice if you do that. You need to learn how to be an originator of this kind of communication. That means knowing how to communicate with video, or flash, or Internet, and all of those things require some understanding of art, music, and drama. All of those things all fit together to be able to enable a person to do business in this millennium. We're not teaching it. We don't value art enough. We're behind on that. It's dangerous.

Mr. Bill Casey: You're right.

Thank you.

The Chair: Mr. Angus, go ahead, please.

Mr. Charlie Angus: Thank you. I'll be fairly short and to the point. I think this is a very focused recommendation for us. The issue of drama I think is very important. In Toronto we saw Sarah Polley very clearly lay out how the CRTC regulations have been used by the major broadcasters to provide what passes as Canadian content, but which in no way meets the spirit of what was intended by that. So I think it's important that we should have the word "drama" clearly defined with CRTC.

Secondly, I was very impressed with your point about closed-captioning. It's an issue I bring up again and again, because we never watch Canadian films in my house. We have a policy against it because no Canadian films are ever closed-captioned, and my daughter is deaf. We talked about it over lunch. When I was on the road I just bought the new deluxe version of *Hard Core Logo*. It has every bell and whistle. It has a whole extra CD that's been made for the movie. It has every possible thing except closed-captioning in English and French. I think any American film is closed-captioned in at least three languages. They recognize the markets; we don't. So I think that's really important.

Third—and this is where I'd like to ask you a question—I really like this idea of a D movie. I'm a big supporter of moving from analog to digital. But the question is, where did you come up with the figure of \$5.4 million for the 180 community channels? It's very precise. I just wanted to know that.

Mr. Kimberly John Smith: In my presentation, you'll notice that I cited Rick Schmidt's *Feature Film Making at Used-Car Prices*, and he says that it's possible—this is in the year 2000—to make a feature film for under \$15,000 U.S. Now, when a client approaches me and asks me to make a half-hour documentary information video for them, I know it's going to take me a minimum of 100 hours, and that's going to be \$50 an hour, so it will be \$5,000 to make it. I also know, though, that if I'm going to do a drama, I have to involve more than just me. When I'm doing documentaries, it's easy; it's just me and my camera. There are no lights, no sound—just me, my camera, my equipment, the people I'm working with, and volunteers. That's how that works.

If we're getting to the idea of doing drama at a community level, then you have to be able to have a little extra to pay for some lights, and you have to pay for some actors. I think the suggestion I'm making would just make it easier to bring in ACTRA members, DGC members, and IATSE members, who are all very careful about maintaining their rates. ACTRA, for instance, has a resume agreement and a co-op agreement that allow members to do this kind of thing. Other organizations could talk about this. There would be some finessing on how that would work, but essentially the way it works is if you can raise \$30,000, that will give you 600 hours of work. That's 3.4 months. That's kind of roughly based on my understanding of what it costs me to do it, and what I've seen Rick Schmidt say in his book, and what I've seen in the Dogme film movement from Denmark. These were all feature films shot on Mini DV and then transferred to 35-millimetre film for projection.

That's not even going to have to happen very much more, because it will all be purely digital. The high school student in my example made a feature-length drama using a video camera about the size of a pack of cards. He used a laptop computer to edit it, and when he presented it in our community of Wolfville, at the local theatre, he used a data projector and a stereo system to project it from his little Mini DV camcorder. It was an hour long, and it was very well done.

In other parts of this process, I'm sure you're aware that the technology is changing rapidly. It's going to be even more so, so it's possible to have this democratic process. However, I think it's very important to remember that although you have the technological access, there still has to be intellectual stewardship. Without that intellectual stewardship, you can throw all sorts of technology at

people, and they can make dogs. We see it happen in Hollywood routinely, for price tags well over \$50 million per movie. I've worked on movies over \$50 million that are...what, I don't know—what happened to that investment? It's just gone.

That kind of stuff happens routinely in these large-budget worlds. We throw tons and tons of money at making great big blockbuster movies, when...they're homeless. As far as I'm concerned, our industry has got the cart before the horse. We in Canada love Hollywood and hate it at the same time.

I'm personally very proud of the Quebec industry. I have many friends in Quebec whom I admire for their work and their diligence in maintaining their culture and standing up for the way they do it. Some of the things I'm suggesting are very similar to what's already happening in Quebec, in terms of supporting drama at the community level and making sure that local faces are on the local TV. That's what we have to do in English Canada. We have to do the same thing. I think I've presented a really viable way to start that process by using the community channels on the 180 cable community channels we have.

● (1515)

First of all, the infrastructure is already there. You don't have to pay for it; it's there. Secondly, the cable broadcasters are crying for Canadian content. This stuff would be 100% local Canadian content. You wouldn't be allowed to fly an actor in from Toronto to do a movie in Wolfville. It wouldn't be allowed. That would be contravening the CRTC regulation. The whole thing would be that you'd want to activate that local culture and that local economy.

That's the other side of it, that as moviemakers we often forget that there's a whole world outside our industry that is waiting for us to think about them. When we don't have audiences in English Canada, maybe it's because we haven't been thinking really hard about their lives, their struggles to survive, what it's like to make money in rural Nova Scotia when Wal-Mart is moving in and you have to close up your store because you can't compete with Wal-Mart, or you can't have a restaurant because everybody wants to go to McDonald's.

So if you were to enable these dramas to happen at a local level, you'd at least, in a funny kind of way, allow capitalism to really work in a real way, because you would be nurturing that local business community and they would be partnering with the local artists. That's at least my thing.

● (1520)

Mr. Charlie Angus: Thank you.

Mr. Kimberly John Smith: You're very welcome.

The Chair: Monsieur Lemay.

[*Translation*]

Mr. Marc Lemay: I have read your brief in full. Let me focus on the 12 recommendations.

I have some difficulty with your recommendation number 10. You recommend that all dramas be translated from English into French or from French into English. This concerns me because these productions are not equally interesting. Our Anglophone friends will not necessarily like all TV dramas that are made in Quebec.

I would have preferred that feature films be translated from English into French or from French into English. To translate all drama programming, be it for television or for theatre release, would cost a fortune. Who would pay for it? Obviously, the payee would have questions to ask. Would the producer pay? We already have negative answers. So this settles the issue. If it is to be the government, you will have to tell us how to do so. Don't you believe that the minimum would be for films to benefit from a decent translation?

The same question applies to your recommendation number 12. Who will create this \$5.4 million fund? That is what you are recommending. And most of all, who will manage it? To create a fund at the federal level does not constitute too much of a problem, because they have a lot of money, but who will manage this fund? Would it be once again managed from the centre, the regions being often forgotten in this scenario?

I would like to hear you on these issues. There are my only two questions and they deal with these two important points.

[*English*]

Mr. Kimberly John Smith: Thank you very much. Those are very good points and I think they're valid. I agree with you. When I wrote point number 10, I definitely pushed for more. That's the whole idea. But I would concede that if, for instance, we were to enable this D movie revolution that I am suggesting, if out of those 180 locally produced movies you got 10 sleepers that made it to national distribution or even international distribution, then those would merit this kind of treatment. I would agree with you on that, and I'd be willing to change this wording to make that possible.

On your question about point number 12, my feeling is that the appropriate organization to administer this \$5.4 million minimum would be the Canadian Independent Film and Video Fund. They're going to be up on review, I think next year, and they're asking to have their \$3 million put back in. What I would suggest strongly is that they continue to do what they have been doing and continue to get their \$3 million, but also give them this \$5.4 million so that we can do this D movie initiative in the community channel system. That's my recommendation.

Mr. Marc Lemay: Thank you.

The Chair: Merci.

Let me address one point.

You raised in number nine a point that's been raised with us numerous times while we've held our hearings, and that is about the lack of artistic members on the Feature Film Advisory Group, and people have referred to other bodies as well. In fact, the membership right now includes three directors, two actors, three writers, and four producers, some of whom are also directors and have other artistic interests. I understand the advisory group hasn't functioned that well, but to say it does not include artistic members is simply not true.

● (1525)

Mr. Kimberly John Smith: That is my oversight. I was citing a document about four years old. That's my mistake. I am glad to hear it.

The Chair: It was also raised with us this morning that in fact the minister has cancelled that advisory group. This is the first I have heard of it, frankly—from one of our witnesses this morning—but I understand that one of the problems is that it hasn't been functioning well perhaps. It hasn't been meeting regularly, and certainly the participation of the artist component has been difficult because of the scheduling of meetings. That's something I think we need to look into more, but clearly the perception is out there that this and other decision-making or recommending bodies don't include artistic members when in fact they do.

Mr. Kimberly John Smith: I thank you for correcting me on that. It is something I was not aware of.

It is true, in my experience, having worked at the local level in the Alliance of Kings Artists, that it is very difficult to get artists organized for meetings, especially because they often don't have very much income and are struggling hand to mouth. I know this very much from direct experience. It's very difficult to set aside extra time to sit in meetings if there isn't some sort of honorarium in place.

The Chair: Yes. That's why we have to look a little more closely at how that council functioned, what the problems were, and how to ensure effective artistic input into the policies and the decisions that get made.

Thank you very much.

Mr. Kimberly John Smith: You're very welcome.

The Chair: The fact that you're the only one who turned up this afternoon allows us to adjourn a bit early and not be in quite as much of a panic to get to the airport on time.

Mr. Kimberly John Smith: I'm glad.

Thank you very much for all of your attention. I appreciate it very much.

The Chair: This meeting is now adjourned.

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