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Chair

Ms. Marlene Catterall

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• (1110)

[English]

The Chair (Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)): I see we have a quorum, so I am calling to order this meeting of the Standing Committee on Canadian Heritage.

We have future committee business that largely involves settling our agenda.

We have Mr. Angus' motion, which relates very much to new business. I don't know, Charlie, if you'd like to discuss that in the context of the business. Essentially, as you'll see.... I think everybody has this. Is anybody missing it? Please raise your hand if you don't have the agenda.

I see we have invested a great deal of time and energy, and we have raised expectations about our study of film. Producing a final report, I would hope, would be our top priority. We have a lot to do on that. We have the responses to the questionnaires. We have the work that was done over the summer on international comparisons. We have the library offer to do a five-year assessment of Telefilm estimates and the spending plans and priorities that fits very well into our study. We have the possibility that we might want to do one or two round tables. We have the drafting of a report, and we need to set aside time to provide direction for the drafting of the report as well.

Second, my sense is that the aftermath of the CBC lockout, the budget impact, and a number of issues around the future of the CBC seem to be the second most important things to most members of the committee. Please tell me if I'm wrong.

Then we had wanted the minister as well on satellite policy. My own feeling is that's kind of a done deal. But what are the implications, what does the committee want to do with that, and is it a higher or a lower priority than the other two I've mentioned?

The other thing that's coming up, of course, is the supplementary estimates. They are tabled soon and will be referred to this committee. We may want to pay particular attention to them this year or we may want to ignore them; it's up to the committee. It's just another thing we might have to deal with.

Another priority, of course, is also completing our consideration of the two private members' bills that have been referred to us.

With all that in mind, let us have a look at the agenda.

Let's start with the CBC issue. Because of its immediacy, our clerk has made some contacts about bringing in witnesses with respect to the CBC.

We are, of course, not sitting next week. The following week we have to reconstitute the committee—do the election of the chair and vice-chairs. We haven't scheduled any business at that meeting, but we certainly can and probably should. We might use part of that time for a briefing by the researchers, for instance, on the film institute study and move forward on that, rather than leaving it until the Thursday. I don't see any reason to waste a whole meeting.

Tentatively, our clerk has made contact with the ministers' offices to see if Minister Frulla and Minister Emerson would be available to come on the satellite radio, CRTC, and ultimately the cabinet decision on the second week we're back, and then the 27th, the Thursday, for CBC and Radio-Canada.

Mr. Deepak Obhrai (Calgary East, CPC): All this is with regard to the CBC and Mr. Angus' motion here. I think his motion is redundant in the sense that it asks when the services “will be available again”. Now that the strike is over, the services are available, are they not?

Mr. Charlie Angus (Timmins—James Bay, NDP): It's a lockout, not a strike.

Mr. Deepak Obhrai: Lockout, strike, whatever—the fact of the matter is, it's over. This motion talks about when it will be available “again”.

The Chair: Mr. Angus, do you perhaps want to withdraw that particular motion and make another motion?

Mr. Charlie Angus: Yes, Madam Chair. Forgive me, but I thought at our last meeting that the motions were going to be dealt with by just putting them in to our calendar. It seemed to me we had general consensus that this is what we needed.

The Chair: Let's start with that. We'll consider that motion withdrawn then, Mr. Angus.

How much time do we want to spend on the CBC, and who do we want to hear from?

Mr. Kotto.

[Translation]

Mr. Maka Kotto (Saint-Lambert, BQ): I think it's essential that we question and examine the people on what's recently happened at the CBC. It's essential that we hear from Mr. Rabinovitch because there have been three lock-outs in five years under his management. That's had an impact on Quebec and the rest of Canada.

The same scenario may occur in Quebec next March or April. Consequently, since we apprehend a crisis of the same proportions, I believe this is a necessity.

• (1115)

[*English*]

The Chair: We might want, in that context, to get a briefing note on the current state of the situation in Quebec, what stage the contract discussions are at and so on, what seems to be happening, just a brief overview of what the current situation is.

[*Translation*]

Mr. Maka Kotto: That's one possibility that doesn't rule out the other, in view of the fact that the crisis isn't yet in the offing. However, it is apprehended. So it would be wise to avoid being faced with another crisis before addressing the subject.

[*English*]

The Chair: So we have Mr. Rabinovitch—are there other recommendations?

Madam Bulte.

Hon. Sarmite Bulte (Parkdale—High Park, Lib.): I would respectfully submit that the entire senior management team, consisting of Richard Stursberg, Jane Chalmers, and George Smith, also be asked to appear with Mr. Rabinovitch.

Mr. Deepak Obhrai: And what would your reason be?

Hon. Sarmite Bulte: Because they're the senior management team.

Mr. Gary Schellenberger (Perth—Wellington, CPC): Senior management—I suggest the senior management along with Ms. Bulte.

The Chair: Okay.

Mario.

Mr. Mario Silva (Davenport, Lib.): Madam Chair, although I'm quite capable of doing the research myself, because we have heard so much in the news, both negative and positive, about the senior management of CBC, it would be helpful to members of the committee and to me if we could also have some briefing notes before the meeting—at least a week before the meeting, if it's possible—on what the actions of Mr. Rabinovitch in the last five years have been in terms of labour management. I need to know that before I start questioning him on the day he arrives. If we can have that, it would be greatly appreciated.

The Chair: So you'd like a briefing note on labour relations over the last five years. Is there anything else?

Mr. Mario Silva: There might be others who have other suggestions, but that certainly would be one of my suggestions.

Mr. Deepak Obhrai: Since this motion is withdrawn, when are we calling the CBC to do what? Can we have a definite idea or a motion or something to say exactly what we are calling the senior management here for?

Hon. Sarmite Bulte: We do. We passed this last Thursday. There were two motions.

[*Translation*]

The Chair: Mr. Kotto.

Mr. Maka Kotto: I'll follow Mr. Silva's recommendations regarding the work component, by suggesting that we eventually invite one or two CBC union officials on the same day, in the same circumstances.

[*English*]

The Chair: That opens up another whole branch as to whether we want to invite representatives from the unions. You're mentioning particularly Quebec, but if we do that I think we have to hear from the union that's just concluded its agreement.

Mr. Angus, and then Ms. Bulte.

Mr. Charlie Angus: Following up on Mr. Kotto's suggestion, what I would like to focus on—I think it is important—is to have representation from the guild. I'm not particularly interested in going over again the “he said, she said” of the negotiations. I would like recommendations from them on broad issues, broad problems that exist in programming. If we could focus on that, I think it would be very helpful to receive it, but I think we do not want to get into the ins and outs of what happened with the lockout from their perspective.

I am suggesting this because when I was on the line in different cities, I heard a lot of very interesting anecdotal evidence about missed opportunities and new ideas that had come forward, and I think we need to hear from people who work there, if there is a general malaise in direction.

I don't have anyone top of mind, and I think amongst our committee over the next week or so we could probably come with some, but as well, I'd like to suggest we have some really good people who pay very close attention to the CBC—perhaps Friends of Canadian Broadcasting—who could come forward and give us the big picture of what is at risk, what's potentially lost, and some directions we need to go in: people outside the corporation who could come forward.

I would be willing to put heads together for a couple of suggestions. Probably Ian Morrison from Friends of Canadian Broadcasting would be an obvious one, but there are other people, probably even in the academic community, who have a close interest in broadcasting. I'm open for that, but I think it's something we should have, in the framework of what we're looking at.

• (1120)

The Chair: I'm taking down all the suggestions; then at the end I'm going to bring you back to the reality of what we have time to do.

Ms. Bulte.

Hon. Sarmite Bulte: I would strongly suggest that the meeting on the 27th be reserved only for Mr. Rabinovitch and the senior management team. We had Mr. Fournier in here and didn't discuss the lockout, but the questions and the scope of the motions we have tabled talk about rebuilding audiences and transparency and accountability. I think we'll be lucky to get through all our questions even in two hours, so I think we really need to focus. Those motions are key, and the motions that are the scope of our inquiry.

I agree with you, Mr. Angus. I think a lot of things can be done, and there are a lot of people we can bring forward. If what we want to do is choose to study the CBC, I would strongly recommend to all of my colleagues that you go back to the Lincoln report and read chapter 6, the one on the CBC, and the in-depth work that was done at that time. You may get some ideas for witnesses there as well, from the people who appeared.

Also there's the chapter on appointments and accountability, chapter 18. It deals with both the CRTC and the CBC, but again I think it's a good starting point for what we can look at. It might be a good starting point even in addition to the briefing note you asked Mr. Silva about concerning labour disputes. We did a tremendous amount of work, and the report is excellent—of course, our researcher wrote it. So if we can take that back...

But I would strongly urge us to stay focused on the 27th and to bring in senior management at that time.

The Chair: Okay. I would ask that our clerk, then, for everybody's convenience, distribute copies of those two chapters you mentioned.

Mr. Angus.

Mr. Charlie Angus: To follow up on that, I agree completely about the 27th being reserved for Mr. Rabinovitch and senior management. I would suggest two other meetings: one where we could get some broad people in, and then one also with members from the guild. I would ask them to frame it I think in the context of the Lincoln report: what was done from this committee in terms of the Lincoln report and comparing CBC and the present vision of management with the Lincoln report.

I think if we ask them to focus on that... We don't have the time to do a big, broad study, and work has already been done, but let me suggest three meetings. If we could focus it around that, I think we might come out with something.

The Chair: Let's put that in the hopper and see whether, given everything else, we have three meetings' time to spend on it.

In terms of the meeting on the 27th, then, are two hours enough, or do we want to try to make it a longer meeting?

Three hours?

Mr. Charlie Angus: Three hours.

The Chair: This may create problems in terms of trying to find the right room. Would you want to start at 9 and go till 12 or start at 10 and go till 1, our usual time?

Mr. Charlie Angus: I think 9 to 12 would be perfect.

Hon. Sarmite Bulte: Whatever works. We also want it to be televised, so whatever is possible within that context.

The Chair: There's general agreement we want it to be televised as well.

Mr. Charlie Angus: Yes.

The Chair: So we'll find out whatever is available for three hours in a room with television coverage.

Hopefully, the finance committee will be travelling that week on their hearings.

Hon. Sarmite Bulte: They'll just have to use another room.

The Chair: Is there any other preparatory work you want done?

Mr. Silva asked if we could have a quick summary of labour relations over the last five years. Would that be helpful to everybody?

Yes, okay, and we have three weeks to have that prepared.

• (1125)

Mr. Mario Silva: "Since his appointment" is what I wanted to know. I said five years, but the understanding from the parliamentary secretary is it's been almost six years. The motion should read "since his appointment".

The Chair: Is there anything else in terms of preparation?

Hon. Sarmite Bulte: We have to all do our own work.

The Chair: Do we want to spend, say, 20 minutes perhaps with a quick overview from our analysts on some of the issues or some of the questions we might want to raise? I find that's often helpful to focus our discussion.

So we'll plan the first, say, 20 minutes for committee discussion and overview.

Hon. Sarmite Bulte: That's before the....

The Chair: Yes.

Hon. Sarmite Bulte: Personally, I find that when they're done right before, it doesn't work. I come to committee with questions already. If you want to do it at a previous meeting, that's fine. I don't find that helpful. If anything, I find it annoying because it takes away from the time we have there to do our work. That's just my personal view.

The Chair: Is there some agreement on trying to work it into a previous meeting?

An hon. member: Sure.

The Chair: Okay. So that settles October 27.

If we can go back to the calendar, are we agreed that on October 18 we can dispose of getting the committee going and treat that as a full meeting?

An hon. member: Yes.

The Chair: What could we, then, Mr. Clerk, move back into that spot—a briefing by the researchers on the CFI study?

We have a couple of things we wanted the minister on, but she's out of the country that week, so we can't fill in with that. And I think we're not ready yet to start with the private members' bills by that time.

What the clerk is suggesting is we might hold our first hearing on the two private members' bill that have been referred to us. We have had suggestions of witnesses. We haven't yet consulted with Ms. Oda or Mr. Mark on witnesses they might want to have. The normal thing would be to hear the two proponents of the bill. More than likely, before proceeding, we would want to hear from the minister, because there has been a lot of discussion, I understand, and it's very close to a consensus on changes that need to be made to both bills to move forward.

The minister is not available that week, but we could certainly hear from Mr. Mark and Ms. Oda.

Hon. Sarmite Bulte: Madam Chair, I believe that the minister responsible.... Technically, the Minister of Canadian Heritage is responsible, but there is a Secretary of State who is responsible for this bill, and that would be Mr. Chan. Mr. Chan certainly had carriage of this file to cabinet. I would strongly recommend that Mr. Chan should appear, not Minister Frulla.

The Chair: Are you aware, Ms. Bulte, whether the amendments that the minister and the government want to propose will be ready at that time?

Hon. Sarmite Bulte: I believe they are ready, but I don't know. I haven't been briefed yet on that. I have to be honest with you.

The Chair: Let's tentatively plan. We'll do the establishment of the committee as required by the Standing Orders and then we'll proceed to hear from Mr. Mark and Ms. Oda, and if Mr. Chan is available, we will have him and that should fill that time. We'll need one more meeting to decide on witnesses.

I don't know, Mr. Lahaie, if you've circulated the list of potential witnesses. We've had a suggested list of witnesses, and it looked to me that the best way to handle it would be to have a panel of four national organizations on each of the bills. We'll consult with Ms. Oda and Mr. Mark.

•(1130)

Hon. Sarmite Bulte: Just for clarification, when would we do this? Would this be on October 18th?

The Chair: On the 18th, if Mr. Chan, Ms. Oda, and Mr. Mark are available and if the department is ready to propose its amendments. That would be all we'd do in that meeting. We'd have to schedule a second meeting for witnesses if we think it's necessary. My own particular view is there are several organizations that do want to be heard and we should probably hear from them. That takes care of the week we're back.

On the 20th is the briefing on the CFI study, and we are working on getting both ministers on the 25th on the satellite radio decision. We've already discussed the 27th very thoroughly.

We now have either Tuesday or Thursday the week of November 1 free for something else. My recommendation would be to keep November 1 for the two private members' bills and hopefully complete them that day and schedule something else on the Thursday.

What are the views of the committee about doing a round table? I know that's a bit difficult because we haven't yet seen what responses have come in to the interim report. Are there any thoughts? What we had discussed at some point during our hearing was getting people

from different segments of the industry together around the table and basically sitting back and listening to find out what's best. Do we want to proceed to think about that, or do we want to see what they have to say first before we decide on that?

Mr. Gary Schellenberger: I still have the belief that you put all factors in a room. We can come up with a great decision for one side and be totally off base on the other side. I think if we sit around and come to a consensus.... That's what we do around this table the best: try to hammer out a consensus. That's my way, and I think it would be a very worthwhile thing.

The Chair: Tentatively we could plan that a bit earlier than it's scheduled right now, maybe the Thursday before the Remembrance Day break week.

Are there any other comments on the agenda? At some point we have to schedule some time for some instructions on drafting of the report. It looks like we're working right to our deadline to complete it.

Obviously we'll revisit the agenda as things adjust and change, but we'll go ahead more less along these lines and with the specific decisions that have already been made.

On the evaluation report we have Jean-François Bernier, director general, film, video and sound recording; Jean-Pierre Blais, assistant deputy minister, cultural affairs; and Ging Wong, director general, corporate review branch.

I think the committee is interested in hearing what you've been involved with over the summer, what progress has been made and what you're finding out.

•(1135)

[*Translation*]

Mr. Jean-Pierre Blais (Assistant Deputy Minister, Cultural Affairs, Department of Canadian Heritage): Thank you, Madam Chair. We're very pleased to be here with you this morning.

[*English*]

I was glad to hear how important the subject matter is for the committee, as you continue working on it. It is certainly a priority for the sector I'm responsible for within Canadian Heritage as well.

As I said when we appeared at the very beginning of your study on this issue, when the government initially created this program, we were required to do an evaluation report on it, and we were working on that. We have recently obtained the evaluation. We sent it to members of the committee, via the clerk and your researcher.

This morning we were hoping to give a quick overview on the findings we have had in this report. Of course, it focuses on the film policy, and your study more broadly looks at the issue of the film industry.

But we thought it would be useful this morning to help situate the results of the study by first hearing from Ging Wong, who is in charge of corporate evaluations within the department. Some of you may not be aware of the function of corporate evaluation within the department and what that's about. We'll do that quite quickly. Then Richard Larue will give you an overview of the key findings of the report.

It will be a very short presentation. We have distributed a short deck on the outline of the speaking points, so we can be logical and structured in the presentation.

I've told my colleagues to leave as much time as possible for members to ask questions, and we will try to answer them to the best of our ability or provide you with some follow-up information if we don't have the information with us today.

I'll pass the mike over to Ging.

Mr. Ging Wong (Director General , Corporate Review Branch, Department of Canadian Heritage): Madam Chair, thank you very much for the opportunity to present to your committee the results of the recent evaluation of the Canadian feature film policy.

As Mr. Blais suggested, my purpose here today really is to describe something of the government-wide mandate for evaluation and also to draw your attention to important aspects of how we do evaluation at Canadian Heritage. This should provide you with some context to situate this particular evaluation.

Just by way of background, program evaluation has been part of government expenditure management since 1977 through Treasury Board directives. These directives are issued to all departments and agencies. Obviously the practice has evolved over the years in response to changing requirements of government. We have two recent Treasury Board policies that essentially govern the conduct of the evaluation.

As the deck tells you, there is the 2001 Treasury Board evaluation policy. Essentially it defines evaluation as a management tool, basically to help departments do the life-cycle management of policies and programs and activities. For all practical purposes, what that means is that all policies and programs are supposed to be evaluated over a three- to five-year cycle.

We also have the 2001 transfer payment policy from Treasury Board. That further requires departments to formally evaluate the effectiveness of transfer payments—that is, grants and contributions—when requesting renewal of program terms and conditions. As you know, over 80% of Canadian Heritage aid programs are grants and contributions.

It's true that the Canadian feature film policy is not mainly delivered through grants and contributions, but the 2000 feature film policy did commit to reaching its strategic objectives within a five-year period. The way we interpret that is that good results-based management practices demand that an evaluation be conducted within that timeframe. This evaluation is supposed to provide some feedback on the performance of a fairly major policy initiative.

I think that gives you the broader context in which to situate why we're doing this particular evaluation.

Concerning the evaluation process itself, to meet Treasury Board policy requirements, our principal client at a departmental level is certainly the deputy minister, as she is accountable for performance reporting of all policies and programs. As the department head of the evaluation, I provide the essential support to the deputy in this regard. My primary responsibility is the planning and the implementation of evaluation studies, which must meet Treasury Board evaluation standards.

Very briefly, there are three different types of evaluations, reflecting the life cycle of policies and programs. At the beginning of the policy development stage an evaluation assessment may be requested to basically examine the logic of the program design and delivery in relation to anticipated outcomes. Formative evaluation can also be requested to check on the actual implementation of a new program. But what we're talking about today is a summative evaluation, which is a final product that really addresses the issues of a program's relevance, whether the objectives were achieved, and the cost-effectiveness.

At Canadian Heritage, as in most government departments, the governance of the evaluation function is through an audit and evaluation committee. In our department, this is only one of two decision-making bodies in the department, the other one being the executive committee. We're talking about cross-membership here. It's the same membership: the most senior assistant deputy ministers, with the committee being chaired by the deputy minister.

● (1140)

The audit and evaluation committee essentially is responsible for approving the planning and the results of evaluation reports. The normal steps in the evaluation project are essentially four: planning, research, reporting, and then basically approval and publication. I can go into these in a little bit more detail, but I don't think that's really necessary.

In the context of the timeframe for this particular evaluation, this was identified as a requirement in the 2004-05 annual audit and evaluation plan. Once this was approved by the audit and evaluation committee, terms of reference were developed and a request for a proposal was put on MERX, I think in December 2004.

The consultant contract was awarded in February 2005 and the research began immediately and took place between February and June 2005. We received a very preliminary draft report in June. It was very preliminary and partial. We had actually come to this committee to describe essentially what would happen in the process of the evaluation. At that time we had anticipated that the report would be completed and tabled at the October 12 audit and evaluation committee meeting. However, under unusually extraordinary circumstances, in this case an access to information request came to us, and to comply we had to produce the final report within 90 days, basically the publication rule under access to information. As a result of that, we had to complete the evaluation and release it under ATIP in September. This was secretarially approved by our deputy minister as being formally accepted. It will be tabled for discussion at our October audit and evaluation meeting, and as of September 26, both the French and English versions were posted on our departmental website.

That I think speaks very specifically and also generally to how evaluation has been conducted in the department.

Richard.

• (1145)

[*Translation*]

Mr. Richard Larue (Acting Director, Evaluation Services, Corporate Review Branch, Department of Canadian Heritage): Thank you.

We'll make a brief presentation on the evaluation findings as a whole. As we mentioned the last time the department's evaluators appeared before this committee, the evaluations generally focused on three major issues. First, we discussed the relevance of and need for the policy and programs; second, we looked at success or the achievement of objectives, and, third, we considered cost-effectiveness.

In this evaluation, we started with the achievement of objectives. As you know, the policy has four major objectives. The first is to develop and retain talented creators. With regard to this objective, the policy had not yet determined any very specific performance targets. To assess the extent to which this objective had been met, we had to use a slightly more qualitative approach. Essentially, we tried to take an initial measure of the cumulative impact of programs related to this objective. For example, we considered the number of scripts produced as part of the Screenwriter Assistance Program. We also considered the number of projects completed under the other three programs, which provide assistance to filmmakers working on low-budget films or who are just starting their careers. We also broadly considered the impact of funding provided to production coops through the Canada Council. Ultimately, this first measure will mainly be useful when we eventually redo an evaluation. Then we'll be in a better position to measure progress made in this area.

We also considered the extent to which the policy enabled Canadian creators to work more in Canada. Once again, there was no specific objective. This is the kind of measure that can be extremely complicated and require major effort. Here we adopted a slightly more interpretative approach. We observed that, in recent years, for a relatively constant number of film productions in Canada, performance in terms of Canadian content had increased in overall

terms. In that case, we assigned a score on a scale from one to 10. For example, in the mid-1990s, approximately 25 percent of productions rated 10 out of 10 on the Canadian content scale. After the policy was introduced, that figure increased. Slightly less than 50 percent of productions scored 10 out of 10. The number of films with an eight out of 10 score also rose. On the whole, therefore, it can reasonably be concluded, without any really thorough empirical checks, that more and more Canadian creators are being employed to produce these films.

The same is true of the increase in average budgets. Film budgets rose over those years. This supposes that the policy's implementation enabled a larger number of individuals related to the Canadian film industry to work in Canada. The increase in budgets also had a qualitative impact on the type of experience available to directors. For example, some began to enjoy budgets comparable to those of certain major productions in other countries. So this made for a richer experience.

The second objective is to foster the quality and diversity of Canadian film. All of us here agree that it can be really very difficult to define this notion of quality in a precise, quantitative manner. However, under the policy, this objective must be directly related to increases in the average budget of productions and to the reform of the system used to support those productions. With respect to the average budget increase, we had set an objective of \$5 million over five years. The average production budget thus had to be \$5 million. The last time we measured this, the figures we had, which dated back to 2004, showed an average of \$6.1 million. On the whole, we can say this has been a success.

• (1150)

That said, this measure must be qualified. The last time we measured the median budget, we realized that it varied from \$3 to \$3.7 million. That means that a small number of very large budget productions are partly responsible for the increase in this average. So perhaps we should be monitoring things in this area.

The system of performance-related envelopes is a new system that was introduced as a result of the policy. One of the ways of measuring its effect was to examine the use that producers make of this system. For example, in considering the six French-language producers who used the system regularly, who, year after year, qualified based on box office performance criteria and who were thus able to obtain money they had invested, we found that this resulted in other successes. They came back. We can only observe that the kind of virtuous circle sought through this kind of support worked, at least in the case of French-language films.

We also found that, for three-quarters of those films, we had to use the selective component, that is to say the component based on a qualitative assessment of the projects by Telefilm, under which the decision to grant funding is made on the basis of a project review.

In these conditions, and from an outside and perhaps somewhat simple viewpoint, we can't automatically attribute all successes to the performance-based envelope system, since three-quarters of the projects used both systems. However, based on the interview and so on, we observed that there was nevertheless a certain degree of satisfaction with the system.

Of course, on the English Canadian side, there was somewhat less of an effect, in that box office successes were not as great. The report also contains figures on the original diversity of productions which more or less met expectations.

[English]

The main objective of the policy was in terms of capturing 5% of the box office within five years with Canadian production. The last numbers we have are from June 2005; it was then at 4.9%, so practically the objective has been met.

However—and you are all aware of this—although it has been met, we have two different situations. In 2004, French language production captured 21% of the box office; for the English language production it was 1.6%.

Another objective related to that was the increase in the average marketing budget. Here again there was a target. It was set at \$500,000. The last number we have is an average of \$385,000. However, this takes into account only the projects that came to Telefilm for assistance; there are film projects that operate with marketing budgets that don't get support from Telefilm, and those budgets haven't been calculated in that average, so the average might be a little higher than what is reported here.

Finally, the last objective was to preserve and disseminate our collection of movies. Here again it's an incremental measure. You have the number of titles and films that were acquired and preserved, as well as the awareness campaign conducted by the audio-visual trust.

[Translation]

A number of measures were taken with regard to cost-effectiveness. Here are the main ones.

The major finding is that, when the policy was introduced, we doubled resources granted and, by doing so, tripled box office revenues. This is an indication that the policy is cost-effective in certain cases.

The same is true of the effect of financial leverage. We maintained financial leverage at a level of slightly more than \$3 throughout the period, but doubled the amount of money invested in films. So this attests to the policy's effectiveness.

Another issue addressed in the report concerns a few suggestions that were made to improve policy implementation and strategies related to the various markets. I refer you to the report on that subject.

•(1155)

[English]

Finally, the conclusion of the report is in terms of relevance of the policy. We say that based on the success we have demonstrated, especially in the French language, the overall approach we described

in the policy has proven to be relevant and has proven to a certain point to be effective, at least in the French language market.

The conclusion is that there is still a need for a policy that is basically oriented toward developing audience, and the approach as designed at the beginning seems to be effective, but corrections still have to be made, of course, to take into account the difference between the two markets.

Basically, this is what you will find when you read the evaluation report.

The Chair: Mr. Silva is next.

Mr. Mario Silva: Thank you, Madam Chair. I am still writing down some of the notes.

Obviously we want to make sure that we do have clear objectives and that we set targets. That is very important. I am concerned about some of these objectives and about how we are actually meeting our targets.

When you talk about 21% for the French language versus 1.6% for the English language, we are far off from our targets.

I don't yet hear, unless we talk about a major development in terms of increasing the marketing strategy and in terms of how to change the dynamics...but obviously there needs to be an increase in the numbers for domestic box office, specifically in the English-speaking part of the country.

I am not hearing yet exactly what you're proposing. Maybe you want to clarify that for me.

Mr. Richard Larue: The first thing I have to say is that the objective written in the policy is 5% of the national box office, and from an evaluation point of view, we have to check that off—it is 5% nationally.

Mr. Mario Silva: Is 5% sufficient? It is quite low.

Mr. Richard Larue: That is another discussion, if I may say so.

Mr. Jean-Pierre Blais: The purpose of the evaluation was to tell us whether the 2000 policy worked. It then becomes a tool for us—and, I would suggest, for you as well. That is why we want to make you are aware of it.

That was the policy. We can evaluate it. It had some good points and some less successful points. How do we tweak it, change it, to make it more successful? The purpose of the evaluation wasn't to establish if we should have gone to 10%; that is the next step. The point was whether it met what we were intending it to do.

Then we have to look at that same issue in terms of whether it should be larger. Within the department we have a duty to do that, as do you within the context of your film policy study.

I know some of the witnesses who appeared before you have suggested that maybe we should be going up to 10%. The study also concluded that maybe we should be looking at an asymmetrical model—that maybe, because of the maturity of the French language market, the strategy might be different in the English language market, in which the need might be more for marketing as opposed to production dollars, which seems to be the challenging question in the French market.

This study hasn't done that. It is not an end. It is just the beginning of our evaluation for the next phase, the next iteration, of the policy.

Mr. Mario Silva: We have heard over and over again the importance of marketing, yet I'm still not hearing exactly what your marketing strategy is for the industry. I just want some specifics. Are you going to increase the budget? Is it going to be more resources? What is it?

Mr. Jean-François Bernier (Director General, Film, Video and Sound Recording, Department of Canadian Heritage): That's an excellent question. As Jean-Pierre mentioned in this report, we had set an objective for national box office of 5%; we're at 4.9%. We had set an objective of an average production budget of \$5 million; we're at \$6.1 million. We had set an objective of \$500,000 average marketing budget for Canadian films; we're at \$385 million or \$386 million, so we have not reached that objective.

• (1200)

Mr. Mario Silva: Okay, but let's be fair. When you talk about a 5% objective—or 4.9%, or whatever it is—the bulk of it, really, is French language, so little of it is English. It is a minuscule part of the national box office for English language feature films.

Mr. Jean-François Bernier: You are right. On the box office for English language films, we looked at the national number, 5%, which is the cumulative of the two.

Mr. Mario Silva: Right.

Mr. Jean-François Bernier: In English, at the beginning, when the policy was announced, about 0.5%, 0.6% of the domestic box office was for Canadian English language feature films. We're at 1.6%. It's still not enough, but we went from 0.6% to 1.6%.

I'm not trying to say that this is the end of it, no. There will be strategies to try to improve the performance on the English language market. There are various questions that have to be asked. Would marketing just do it? Maybe no, maybe yes. What products do you have to market? Maybe we need to work on the development stage more, so the scripts are better quality, etc., and so what's put in the can is easier to market.

We don't have the answers to all those issues now, but as I mentioned to the committee in June, we are going to prepare a discussion paper based on this, send it to the industry and ask some questions about the strategies that could be developed to try to go from 1.6% to maybe 10.6%. What should our objective be?

Mr. Mario Silva: Why don't we have a specific target number? We talk about the domestic box office reaching their target of 5%, and we are obviously aware that this number is inflated because of the French language. Why not have a specific target for the English box office market and see if you can reach that target?

Mr. Jean-Pierre Blais: The very recommendations coming out of the study were to suggest that we should be looking at whether to have an asymmetrical target that would be different.

Mr. Mario Silva: And what would that target number be for you?

Mr. Jean-Pierre Blais: As Jean-François was indicating, because this is not the end, we want to hear what the industry thinks is a reasonable target. We also want to hear what your views are on that target.

Mr. Mario Silva: So you don't have a specific target?

Mr. Jean-Pierre Blais: At this point we don't because our process hasn't been completed. What we do know, though, is that in the French language market we have made a difference.

One has to look at what the reality is in that market that has made it a success and why we are not able to transfer that success to the same degree to the English market. When we appeared the last time, we talked about some of the factors: the fact that they developed a star system; the historical role Radio-Canada has played within the artistic community in Quebec; the fact that language has changed; the greater support the provincial government provides to the cultural sector for all kinds of reasons. As well, the English language market is subject to far more competition from American productions, which is for all kinds of reasons not as present historically in the French language market. So it's a very difficult issue.

The report even suggests that maybe on the English side we should be focusing less on production and more on marketing. The asymmetrical aspect to it could be not only on the level of targets but also on the tool kit you would apply in the English market because of the reality of that market, as opposed to the French market, which seems to be relatively healthy, although one shouldn't always take that to the bank because events could occur. It's still a fragile market.

• (1205)

Mr. Mario Silva: Thank you.

The Chair: Mr. Schellenberger.

Mr. Gary Schellenberger: Thank you.

Earlier this year, in fact it was the last meeting we had just before recess, I asked a question of the ministry on the relevance of this committee we have here. I related back to the fact that we were asking questions on a Thursday and Friday in Vancouver about whether the Canadian Television Fund and Telefilm Canada should be put together, and on the Sunday at the Banff Film Festival the minister announced that she was putting the Canadian Television Fund and Telefilm Canada together.

Again, I hope our report, on which we're spending as much time, will mean something. I hope it means something to the ministry.

Could you explain the new governance relationship to the committee of the Canadian Television Fund and Telefilm Canada, and how will this affect the feature film policy?

Mr. Jean-Pierre Blais: There are a couple of questions in there. I'll deal with the work of this committee. It means a great deal to us.

In fact, we have been particularly careful, in planning next steps, that we aren't stepping on each other's toes. As soon as the report came.... I think it's a very good report, and I know members may not have the time to read an 88-page report, but there is a good executive summary of it, and you should have a look at it. I think we can work very effectively together, because we have different tools available to us. This is a very detailed analysis that would feed....

And the work of the committee obviously means a great deal to us. The reason the minister announced changes to the CTF governance was as a direct result of the Lincoln report recommendations that this committee made and re-adopted at the beginning of this parliamentary session. This was the outcome of it. In April, the government said we would be looking at the governance structure, and that's what the minister announced. So you have a very direct impact on what is eventually decided from a policy perspective by the minister, with the recommendations we provide.

Concerning your specific question on the CTF, the evaluation report looked at it. There's \$15 million that was going to the CTF, the Canadian Television Fund, that would be supporting feature-length films. That was analyzed, and there's actually an inefficiency, because what was happening was the money would go into the Canadian Television Fund and then be transferred over to Telefilm, which was administering it. One of the recommendations in the evaluation was that we look at this. It is one the department is proposing would be divided; that is, the department would continue to give money to the CTF for television, and the \$15 million would be directed directly to Telefilm for its production activities, because it was inefficient and nobody was responsible for the money and it kept moving from one place to the other. So that is one of the things we are doing: clearing up that distinction.

Mr. Gary Schellenberger: This comes from our interim report:

The professional development component of the Policy has provided incremental opportunities for emerging filmmakers to acquire experience or training.

I've talked, as we have gone around the country, to some new budding directors. They'll get help on that first film because they're new, and then there's no help for them on the second one, or they have to wait way down the line. It reminds me of the child who starts with a new bicycle with training wheels: you're there holding on to their shoulder while the training wheels are on, and as soon as the training wheels come off, the hands come off and they haven't got any place to go.

This is a concern of mine. Unless that person has a whiz-bang right off, a tremendous success in his first film, he's left to hang out to dry and may have been given a little false hope. That's one of my concerns.

The second one is the language we sometimes use. I had it brought to my attention when it was mentioned this morning: "small-budget" films. It was brought to my attention as a contrast: "Gary, do you want to go with me to see a Canadian feature film?" or "Gary, do you want to go with me to see a low-budget feature film?"

Which one would you go to? It was just suggested to me that we look at a feature film as a feature film, whether it be low-budget or high-budget. Maybe sometimes our language could.... That might help.

The other thing I would just like to comment on—and I do want to have an answer to my first question—is I believe that in the budgets for the promotion of films, whether \$500,000 is enough or whatever, it's very important that our films get the proper advertising, that people know they're out there. You can have the best film in the world, but if people don't know that, they're never going to see it. I think it's very important that the promoting of the films be perhaps an integral part of the funding process.

• (1210)

Mr. Jean-François Bernier: On the new or upcoming film directors, and professional development in that area, the policy statement is from script to screen. We've put a lot of emphasis on professional development. There are a couple of ways we get at that. We support training schools—the Jewison centre in Toronto, L'Institut national de l'image et du son in Montreal, the national training schools. That's one way we get at it. They have a chance to shoot films when they go to those schools.

Another component is the scriptwriting development program. If you want to write a script, you could have a chance of getting support through that program to stay at home and write a script. With a greater pool of scripts, producers can perhaps choose from 75 scripts instead of having to choose from five. That's another way we help both the upcoming and the experienced screenwriters. That's one channel through which an upcoming film director can start working on a project.

In terms of making a film, there are three ways we approach this. First, we help the film co-ops that are spread across the country—about 90 of them—supported by the Canada Council. Every major city has a film co-op. There's one in Hull, in Ottawa, in St. John's, in Quebec City, in Winnipeg—they're across the country. Essentially a film co-op is a place where filmmakers, those interested in making films, can share some equipment. Instead of each buying his or her camera, there's a camera there. On Friday morning, it's me; on Friday afternoon, it's you. They share, and they present their low-budget productions to each other. There are festivals at which they have an opportunity to screen those films as well. They're called film co-ops.

The other program we have—maybe it could be renamed—is the low-budget feature film. A low-budget feature film is not \$15,000; a low-budget feature film is about \$1.5 million to \$2 million. It's still low in that industry, but in the co-ops they work for \$1,000. They shoot on video and they make it cheaply. They break their teeth on projects. The low-budget feature film fund is essentially a chance for a film director, a filmmaker, to shoot a film without necessarily having a producer attached to it, without necessarily having a distributor attached to it. In the hierarchy or the food chain, to become Denis Arcand or Atom Egoyan you have to have started making those films—your first film, your second film—and Egoyan and Arcand worked in film co-ops. You have to start there. I think you understand what I mean here.

The resources in the low-budget feature film fund are about \$1.8 million to \$2 million, so you don't get to make a lot or to contribute to a lot of those films. It's true that one can access this program. He does his film; it's screened at festivals; maybe it finds a market. The chance for that director to come back to this fund is there, but it's a competitive process. If they receive 100 applications, they can take four or five or six. So the batting average is maybe not as high as it could or should be.

• (1215)

And then, if you have success as a film director, a producer might be interested in working with you on your second project, your third film. In French Canada, a lot of film directors who had some success with their first film and some of their video work and so on have been hired by large producers and have worked on very successful projects.

My answer was very long, but I just thought I would tell you how—

The Chair: It was very lengthy.

Mr. Jean-François Bernier: Okay, I've finished.

The Chair: Thank you.

Monsieur Kotto.

[*Translation*]

Mr. Maka Kotto: Thank you, Madam Chair.

Good morning and welcome. First, I want to congratulate you on this report, which is very informative.

I'll continue on the remarks made earlier by Mr. Silva concerning the relative "insignificance" of the English film market relative to the French market.

I believe greater emphasis should be placed on the fact — you began to do so in your response — that the French, or Francophone market is organized in such a way as to promote Francophone film consumption.

There is a star system, to which you referred. There is also this geographical distance from France. I believe that, if Anglophone artists and filmmakers were far away from the United States, there would be less of a cultural influence and less of a seductive effect. The examples of Anglophone talent that has escaped to the United States are legion.

This leads me to the quality of life and standard of living of artists and filmmakers. In Canada in general, and Quebec in particular, there's no comparison. American opulence is an undeniable attraction. When you refer to the average fees of actors, screenwriters or even certain technicians, it's ridiculous. However, little is made of that fact because the pie is small and few of those concerned mount the barricades to denounce the scarcity of the majority of these people as a whole.

This is something we should perhaps consider studying. As you pointed out, the story of a film is what promotes it. The other ambassadors of a film, of the success of a film, are its actors, the very ones, to go back to Toronto, for example, who are not highlighted when the festival comes.

I was born in Africa, in a third world country, Cameroon, and there we have the impression that everything that comes from elsewhere is all beautiful, all good, all brilliant, and attracts the attention of the media and the public who receive all these people.

And this is somewhat what I notice, that the place of artists and filmmakers in this kind of festival is very minor. That's an admission that leads me to believe that there is, if not an acculturation, at least an obvious cultural subordination.

What should be done? I believe a long-term effort is required. Creating a framework in which English Canadians could identify with their film industry, through its artists and filmmakers, starts, I believe, at school. In primary school, getting children used to watching English Canadian films is one way; theoretically, that's where we should start.

However, the place of culture in the schools today should be considered, in view of the fact that, for most political parties, and thus most of their representatives, culture is a negligible quantity. I say that very calmly, but that's what I've observed coming into this circle. That's unfortunate, particularly in a context of globalization in which the mammoth American presence is always and at all times threatening.

• (1220)

The Chair: The question has taken about five minutes. I'd like to ask the witness to give us as brief an answer as possible, please.

Mr. Maka Kotto: But that was a comment; it wasn't a real question.

Mr. Jean-Pierre Blais: I'll be very brief. Obviously the socio-economic status of artists, creators, is a real concern for us, particularly at the department. We're trying to improve it by ensuring that we have cultural industries and a healthy arts and culture field. That's what we're working on, particularly in the case of the film industry.

You're entirely right; I share your concern about the role of the artist, the creator, particularly in society. This is the whole area of the star system in Quebec. If there were more of it on the Anglophone side, we would have made a great deal of progress. That doesn't mean we don't have good talent. The talent is there; it's known. Sometimes we lose good screenwriters to Hollywood, but there are still some very good ones in Canada.

However, we're competing with an enormous marketing system in which, every night on TV, we have programs like *Entertainment Tonight*, that promote American products. So, to deal with that presence, perhaps we should come up with more marketing tools.

[*English*]

I hope that was short enough.

The Chair: I think it was

[*Translation*]

short enough for me.

[*English*]

Given that we are a small number and we have limited time, I'm going to make sure everybody gets on before I come back to anybody a second time, if that's all right.

Next is Mr. Brown.

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

One of the things we've learned through our process—and we spent a lot of time on this last winter—is the distribution issue. We have some information that in the U.K. they've made some real investments in digital screening capacity. It's one of the things that at the end of the day is really going to get more Canadian content out there, more Canadian films from script to screen. If people aren't watching them, they're not going to be produced, aside from the fact that we do put in significant amounts of money from the government end.

What do you think the department can do to increase investment in digital screening capacity so that we can get that distribution and ultimately help the whole industry?

Mr. Jean-Pierre Blais: It's a very interesting question. I shared that view at one point—the idea of using the modernization of the screens as a carrot-and-stick way of getting more Canadian content onto the screens. In the Netherlands and other jurisdictions they have done that; they said they'd subsidize a part of the retooling of the cinemas in exchange for showing some domestic content.

We've consulted with exhibitors and others, brainstorming, because there are obviously budgetary implications in this. If we were to think in those terms, what would happen? Strangely enough, the exhibitors' reaction.... I'm not sure if you've had a chance to dialogue with the exhibitors; it might be interesting to bring them and ask them this question.

Our feeling was that they said no, that the retooling of the screens was their business, that it was the cost of doing business, and that they didn't need the support of government. We had bounced around the idea of some sort of tax incentive, for instance, to retool into digital format. There really wasn't an appetite even to explore it; I thought that was surprising, because, as you mentioned, it seemed to be an opportunity. It doesn't seem to be getting any traction, oddly enough.

• (1225)

Mr. Gord Brown: In terms of the major distributors, that may be the case. We don't really have that many of those companies in Canada. Coming from a rural area, I know how little exposure there is of Canadian feature films to my constituents. There's little distribution in an area like mine, which has a lot of small towns and villages. We're not going to get theatres in all of those places. However, in many cases independent companies own these theatres. They may be an opportunity to serve the rural parts of Canada and not just focus on these large distributors in the much larger centres. Maybe this is something we might look into.

Mr. Jean-Pierre Blais: My comment was with respect to exhibitors, not distributors—the theatre owners. They are practically all Canadian-owned now, because of recent transactions. The exhibition theatres were not willing...didn't seem to be interested.

Mr. Gord Brown: That's what I'm getting at. There are smaller, independently owned theatres that maybe this type of incentive might help. I'm just thinking about my own small town, where there is a small independent theatre. It is usually just showing U.S. feature films. There may be an opportunity for that type of theatre. There are

many of those small theatres across the country. They may not have a group that is representing them to us, but maybe that's something we might need to look into.

Mr. Jean-Pierre Blais: We will continue to explore that. Perhaps the people we were speaking to weren't as.... I understand the impact it may have in smaller communities.

You are probably aware of the decline in attendance at cinemas across the country over the past summer, except perhaps in the province of Quebec. Is it a change, a social phenomenon, or just the quality of the movies that were on the screen? We'll have to look at that over a longer time, but what is clear from what we're looking at is that cinema-going is largely a youth-driven phenomenon. The demographics are that it's a social phenomenon of younger kids. That is also a concern in creating the appetite in those new generations for Canadian films, because they get bombarded through various media about the big, sexy Hollywood blockbusters. It's a hard market, whether in a large town or in a small town, to do that, but it's even more difficult in smaller communities. In large communities, sometimes you have a ByTowne that offers alternative content to the big blockbusters.

Mr. Gord Brown: Clearly it's a dilemma. That's part of our whole process here—to try to help get those films out across the country, and not just in the large urban centres. I'd like to see us really put some effort into that for the final report.

Mr. Jean-François Bernier: There is just one consideration here. Theatre exhibition in Canada is considered retail business, so it's under provincial jurisdiction. Trying to impose quotas on theatres or helping to buy equipment in exchange for giving 10% of the screen time to Canadian films is probably not something the federal government could do, because of jurisdiction.

In the province of Quebec, the provincial government has announced support for equipping alternative networks for the exhibition of films. It goes very much into the rural areas and the small towns that may have a theatre, but also may have a *maison de la culture*, where there could be screenings on Saturday afternoons of Canadian films and other films.

I'll just thought I'd make those two points.

• (1230)

The Chair: Thank you very much.

Monsieur Gagnon—ah, *monsieur Gagnon est parti*.

Then it's Mr. Smith.

[*Translation*]

Mr. David Smith: Thank you, Madam Chair. Thank you for being here, gentlemen.

To come back to our subject, here we have an evaluation based on a policy from 2000. So there's five years of history. How can this evaluation fit into the exercise being conducted by the committee today?

In addition, you say that a discussion and consultation paper will be submitted to various partners or interested groups. I find that extraordinary because we'll receive comments that will stimulate discussions. We'll have feedback, positive or negative, which is fine. The important thing is to have it. When do you expect to conduct this exercise and to be able to input and analyze the data?

Mr. Jean-François Bernier: The committee has asked questions on the basis of its interim report. You mentioned that at the start. So you're going to take time to examine the responses. In my view, the committee might want to use the report as food for thought. That goes without saying.

As regards the department, we expected — I repeated this to the committee in June — to assemble the findings of the evaluation and to prepare a public consultation paper. We expected to publish it around late October or early November, for a consultation period that could go up to Christmas.

We wanted to question the industry people and Canadians in general on the evaluation findings and recommendations and to ask certain questions. On this point, I told the committee in June that we would be very interested in knowing the answers to the 43 questions you asked. They're questions of real interest to us. An asymmetrical approach — that's a fundamental question and you asked it. We'll no doubt consult on that subject as well, and there will be a meeting of the minds at some point during the process.

Mr. Jean-Pierre Blais: In an ideal world, we'd continue our study and you'd conduct yours. At one point, you would have a report that you would present to the government, which would have 120 days to respond to it. Our hope is based on the fact that we could present recommendations based on our study and yours to the government.

That's how we hope to be able to align all this. So we understand that there are two parallel processes, and we want to respect the work on both sides.

Mr. David Smith: We have common objectives. We want to expand the industry across Canada, both in Quebec and elsewhere. In Quebec, things are fine. Hats off to the industry! However, there's still room for growth.

Today, you've conducted one exercise, and we're conducting a parallel one. You based your evaluation on criteria from the year 2000. Since that time, of course, things have evolved and expanded. Perhaps we're becoming more demanding as well because we want to do more with them, and that's healthy.

Were new criteria identified so that the results of the 2000 policy could be presented? And as regards the future, if new standards, new targets are set, have those targets been identified? If not, do you intend to identify them? If so, when? Would you then be able, a few years later, to present the targets that you've achieved over that number of years?

• (1235)

Mr. Jean-François Bernier: The evaluation reveals certain improvements — some might say a number of improvements — that can be made to the policy. That's normal because it's important for that to evolve.

The consultations we conduct will lead us to improve certain aspects, that is to say to determine which new standards or which

adjustments to existing standards should we have in order to move forward. For example, should we set — Mr. Silva referred to this earlier — objectives for the French-language market and English-language market? And what should those objectives be?

[English]

The mother of all objectives for this policy was the 5%. There are other targets and indicators, but at least we had something to show that.

Should we still have a national objective or two distinct objectives, and what should they be? I think one of your 43 questions was about that. We can't wait to read that and read what the committee will have to say about that as well.

[Translation]

The Chair: Mr. Kotto, I know you would like to speak again, but I said I would give each committee member a few minutes before a member could speak a second time.

If he wishes, Mr. Gagnon will be entitled to a few minutes after the others have had their turn.

Mr. Scarpaleggia.

[English]

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Thank you, Madam Chair.

Thank you very much. I'm a visitor here today, so you'll have to excuse me if my questions or comments may be a bit naive.

You made a good point, I thought, regarding the fact that we can't have the same kind of policy of minimum quotas for Canadian content and film that we have in radio, for example, because it's a provincial jurisdiction. It seems to me that if we look at radio and we look at the success of Canadian music artists, we've used the broadcasting system to catch the ear of Canadians. You also mentioned that Radio-Canada, the French arm of CBC, was very instrumental in creating interest in and demand for Quebec films.

In line with that idea, I must admit that the vast majority of Canadian films that I've seen and enjoyed have been on CBC. Now because of budget cuts the CBC is reduced to showing blockbuster films on a Saturday night to get the advertising revenues. I think we have to make that link—that the CBC is an important mechanism to create demand for films that then distributors would want to show. That's one point I'd like to make.

I have two questions. Could we not create a demand for Canadian productions using television advertising in the way we have in the past in this country—for example, through Participaction, creating an awareness of need for physical activity—or the historical minutes we see. Could the federal government not participate in the funding of a program for showing previews of Canadian movies, 60-second previews of Canadian movies, with the tag line, “at a theatre near you” or “at your video store”?

Secondly, do we track—probably we don't because it would be pretty cumbersome and expensive—sales of DVDs and videos to see what percentage would be Canadian? I imagine we don't because it's probably just too complicated at this stage.

• (1240)

Mr. Jean-Pierre Blais: You must have been listening to the hearings, because you are spot-on on all three of those questions. Those are very good questions that we, and I believe the committee, have been asking ourselves.

On the first point, with respect to the role of the national broadcaster in supporting film and taste for film, you'll be seeing Mr. Rabinovitch, it would seem, in a few days. That's an interesting question of programming; you might want to address it to them when they come before you. I know that when there was Cinema Canada, and certainly in Quebec.... I would argue that in both the French and the English markets, more people end up seeing films through television than they do through theatre now. Feature-length films are an art form; they're meant to be seen in a theatre, and the fact that they end up being on the smaller screen eventually is not a full answer. Certainly, you may want to ask the CBC their vision of that.

With respect to incentives in the broadcasting system, the CRTC has attempted to tackle that issue in the past. You may know that for a number of years there has been a category of what is called priority programming, which is an *Entertainment Tonight* style of programming that is meant to feature Canadian films and artists, and broadcasters get credits in exchange for that. I believe as well there is what is called the local availabilities policy. As you know, the U.S. specialty channels don't fill up all the advertising slots with advertising; there's a local availability there, and often that has been used, because the signal was blank, to promote Canadian programming, which would include feature films.

On DVDs, yes, this is actually one of the *constatations* of the evaluation—that the 2000 policy was based on a social reality that existed in 2000. We're seeing a tremendous growth of DVDs, home theatres, and the reality is you don't have enough Canadian content there. Here's another avenue through which people are watching more non-Canadian feature films.

But you're absolutely right. There has been a history of tracking box office numbers, so that was easy to capture; there hasn't been a history of capturing sales and rentals of video tapes, or now DVDs. We are hoping to find a way to get to that; it's not as obvious as the box office has been, but that's where people are watching, so we have to be tracking consumers there.

The Chair: Ms. Bulte? No?

Okay, then we'll go back to Monsieur Kotto.

[*Translation*]

Mr. Maka Kotto: Thank you, Madam Chair.

According to the evaluation, the memorandum of understanding that Canadian Heritage signed with Telefilm Canada doesn't give it a lot of leeway in directing the latter's policies. On the one hand, how does the Department of Canadian Heritage propose to direct or improve the policies or decisions of Telefilm Canada, and how could Canadian Heritage hold Telefilm Canada accountable for experi-

ences that could be considered failures? In both cases, I refer to the use of public funds.

On the other hand, a number of witnesses expressed reservations about Telefilm Canada's decision-making process. Do you believe it would be appropriate to review that MOU?

Lastly, I'm going to talk about the cuts to funding to Telefilm Canada in 2005-2006 for the Feature Film Fund. It fell \$5 million relative to 2004-2005. Telefilm Canada officials told the committee that the cut had been \$2 million a year for two years and that it would be another \$2 million in the next fiscal year. What part of the Feature Film Fund funding did Telefilm Canada cut, and why was it cut, when Telefilm Canada felt it needed more resources? Lastly, does the Department of Canadian Heritage expect to increase Telefilm Canada's budget?

• (1245)

Mr. Jean-François Bernier: On that last question, we conducted an exercise. If the government intends to expand Telefilm Canada's envelope for feature film production, I would answer that the allocation of resources is still a priority, not only at the department, but at the government level.

Following our consultation and our work, I believe we may have tools to determine whether an increase in resources is warranted. If that's the case, is the Minister of Canadian Heritage prepared to recommend that to her Cabinet colleagues?

As regards the cuts to or reduction of resources at Telefilm Canada, a government-wide exercise in resource reallocation was carried out two or three years ago. It was in that context that Telefilm Canada's budget was cut for feature films. You referred to \$5 million, and I don't want to dispute the figure you have. I thought it was more around \$2 or \$3 million. We can get back to you with the details on that subject.

Mr. Maka Kotto: For 2005-2006?

• (1250)

Mr. Jean-François Bernier: Yes.

With regard to Telefilm Canada's decision-making process and accountability, you made a connection with the memorandum of understanding. In fact, the report contains a recommendation that essentially states the reason why there is a memorandum of understanding with a Crown corporation.

Telefilm Canada is an organization that operates at arm's length from the department. It's a Crown corporation over which neither the minister nor anyone else has managerial power. It therefore has a legal status, with its own mandate and responsibilities. Would it be appropriate for the department to intervene in the decision-making process or even in the way in which decisions are made? I don't believe so.

The department sets policy priorities. It grants five percent of box office, an average budget of \$5 million and a marketing budget of \$500,000, and it's up to Telefilm Canada to administer its programs based on the way its objectives are achieved. We obviously talk to each other all the time. There is a role to play, and each party must stay on its own side in order to achieve the objective.

With regard to the memorandum of understanding, we stated in our management response that we were indeed going to consider the relevance and utility of that MOU, which, I grant you, may be too detailed in certain respects. It may tie Telefilm Canada's hands too much and doesn't give it enough flexibility.

On the other hand, an MOU is not a legal instrument. It's the Crown signing with the Crown. It's a kind of document of mutual agreement, but, if Telefilm Canada deems that it is not appropriate to do a particular thing, it may do so as part of its mandate as a Crown corporation.

Mr. Maka Kotto: What about accountability for failures, since public funds are involved?

Mr. Jean-Pierre Blais: The technical answer is that the Minister of Canadian Heritage is responsible to Parliament for the agencies, but they are nevertheless at arm's length from management. There is a special framework. Moreover, that's not just for Telefilm Canada; it's for all Crown corporations that have a role in the cultural context.

Legislation adopted on a number of occasions by Parliament proposes that there be a greater distance between government and Crown corporations in the cultural field. Whether it's the National Arts Centre, the Canada Council or the CBC, there's always a greater distance in day-to-day operations. Historically, I believe there's just a concern that politics might inappropriately enter into artistic choices.

More thinking is currently being done about Crown corporations in general, about their accountability. As you know, Mr. Alcock tabled a report some time ago on the accountability of Crown corporations. I'm not an expert on the subject at the department, but I believe that this work is continuing. However, it's not an issue unique to Telefilm Canada; it concerns all Crown corporations.

Mr. Maka Kotto: Thank you.

[English]

The Chair: Thank you, Mr. Kotto.

I just want to make one comment. You're issuing a discussion paper to stakeholders; I trust that can be shared with the committee when it goes out.

I have to express some concerns here as you move forward.

One is that the Treasury Board policy is...the evaluation should be ongoing. It looks to me as though the evaluation is being done at the end, instead of being built into the program, and how the program was managed from day one.

I'm especially concerned.... I haven't read this whole report yet, but I gather most of it was done by the consultant who was engaged, and then the management response was plugged into it as if it were an audit. I'm quite concerned that the conclusion you come to is that the success in the French language market validates the overall approach. In fact, the conclusion could just as easily have been that the failure in the English language market calls into question the whole approach. On page 22 the chart shows that in 2000, in the English market, our share was 1.4% of box office; now it's 1.6%. That could be just an annual blip and not any real effect of the policy.

The second concern I have is that it's not dealt with in context. The tax credits affect how well the policy works, the actions of

broadcasters and what they choose to produce affect how well the policy works, and I suspect the National Film Board's role affects how well the policy works.

I would hope that as we move forward, we're going to get a broader perspective. I just don't see how you can reach the conclusion you come to in your final words to us.

We're just about out of time. We'll have to come back at this, perhaps at another time, but it does concern me somewhat.

Mr. Jean-Pierre Blais: I'll start with the last point.

Yes, it is part of a larger environment, certainly from a policy perspective, that I and Jean-François deal with. We look at the broader issues, because it is a sort of ecosystem with lots of players in it.

I'll let the evaluation branch talk about the process they go through.

Mr. Ging Wong: I should have clarified right at the beginning that to be finalized and to be tabled at our own departmental audit and evaluation committee, an evaluation report has to consist of the actual analysis of the report, the recommendations that flow from that analysis, and a management response—because we're not doing research for research's sake here; this is really very much action research, in a sense.

Not only that, we actually do follow-ups on the management response down the road; we track whether in fact the programs are implementing the commitments that have been made. So it is not something that is tacked on per se. It is part of a formal process. That's certainly the case in most departments when they do evaluation studies, and certainly it's in our Canadian Heritage evaluation policy.

I just wanted to clarify that.

On ongoing evaluation, I did try to give a sense of that in terms of... If we're looking at life-cycle management of policies and programs, there are different evaluation products, if you will. In the design phase we're often asked to review the management accountability frameworks that have been developed or, for programs and policies, we're asked to see if the logic is actually there, so we do apply certain Treasury Board standards in that kind of review.

We also look at the implementation when new programs are launched, to make sure the thing is unfolding as it was described as having been done. We're also, at the end process, doing a final results analysis.

We do try to have those things built into our evaluation planning cycle, but often a lot of it depends on the department determining what the key risks are. We can't be doing it for 60 different programs in all stages of their life cycles, and that's the discussion we typically have on an annual basis.

● (1255)

The Chair: I'm sorry, I think that's all the time we have. I apologize to the members of the committee for keeping you a few extra minutes.

I hereby adjourn this meeting and look forward to seeing you back here on the 18th. Thank you.

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