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Mr. Gary Schellenberger

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•(1530)

[English]

The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)): I call this meeting to order.

Today is meeting number 25 of the Standing Committee on Canadian Heritage, pursuant to Standing Order 108(2), a study on Telefilm Canada, its mandate and priorities.

We welcome all of you folks from Telefilm today.

Mr. Clarkson, if you would like to introduce the rest of your contingent, please brief us. Thank you.

Mr. S. Wayne Clarkson (Executive Director, Telefilm Canada): I will do so.

Thank you, Mr. Chairman and committee members, for this opportunity to meet with you today. I'm reminded this is my fourth opportunity to meet with the standing committee.

My name is Wayne Clarkson, and I'm the executive director of Telefilm Canada. With me are Charles Bélanger, the chair of Telefilm's board; Elizabeth Friesen, our chief operating officer; and Michel Pradier, the director of French operations and the Quebec office.

As you know, Telefilm Canada is a crown corporation, reporting to Parliament through the Department of Canadian Heritage. Our headquarters are in Montreal, and we serve our clients through four offices in Vancouver, Toronto, Montreal, and Halifax.

[Translation]

As a federal cultural organization, the mandate of Telefilm Canada is to develop and promote the Canadian audio-visual industry. The corporation is one of the main tools that the Canadian government has to offer strategic and financial support to the Canadian audio-visual industry. Its role is to stimulate the production of cultural works that reflect Canadian society, taking into account its linguistic duality and its cultural diversity. Telefilm also promotes the broadcasting of these works within Canada and around the world.

[English]

To administer its mandate, Telefilm operates with three main sources of funds: a parliamentary appropriation, contribution agreements, and recoveries. The total value of the funds administered by Telefilm in 2006-07 was approximately \$135 million.

Since April 2006, we've also administered the Canadian Television Fund, which will distribute approximately \$265 million this year.

I'd like to take this opportunity today to bring you up to date on the key actions that Telefilm has undertaken in the past 12 months, since we last appeared before this committee—it was almost 12 months ago exactly.

On the television front, our most significant accomplishment this year was putting into place a three-year agreement with the Canadian Television Fund. With the maximum use of Telefilm's services and financial and information systems, the administration of the fund has been streamlined, and it now operates with precise performance measures. The annual savings of \$3 million, resulting from the consolidation of the fund, are now being reinvested in the industry.

On the feature film front, our first measure, taken last April, was to initiate an asymmetrical approach to the two language markets. We established English- and French-language working groups that brought together industry representatives from the production, distribution, exhibition, broadcasting, and marketing sectors, as well as from the unions, guilds, and provincial agencies. We asked these groups to work with us to improve program designs and develop new guidelines for the Canada feature film fund. Their input was remarkable. Last month we announced significant changes to the fund that established an efficient and fair decision-making process for funding through feature film production. The new guidelines are transparent, sensitive to the realities of both the industry and the market, and specific to the two language markets we serve.

As our second action on the Canada feature film fund, we undertook a full evaluation of Canada Showcase, the program that supports Canadian film festivals. This evaluation is informing our redesign of the program. It's going to be more accountable, transparent, and much more aligned to our corporate objectives.

•(1535)

[Translation]

Our third action was the following: Telefilm retargeted its investments in international marketing activities this year, in order to better target marketing and sales of Canadian feature films while increasing the value of sales and deals signed on the international markets. We launched Perspective Canada, which contributes funding to the projection of Canadian films in various markets and to the creation of promotional materials, DVDs and advertising.

[English]

On the new media front, we face great opportunities. The Canadian new media sector has enormous untapped potential worldwide. Presently this sector is worth about \$25 billion, in 2004-05. By 2009, it's projected to hit almost \$55 billion.

Canada is recognized internationally for its highly skilled game production talent, which is why this country is home to some of the world's largest multinational video game developers. However, for the most part this Canadian talent is working in salaried positions on commercial international game productions rather than on Canadian-owned and created productions.

This fall, Telefilm partnered with Canadian-owned video game companies to launch nationwide the great Canadian video game competition. We announced it at the video game convention in Montreal some three weeks ago. The competition invites Canada's video game developers to compete for up to \$2 million in production financing.

We also undertook Telefilm's new five-year corporate plan, which was released this year. From cinemas to cellphones, Telefilm Canada responds to the multi-platform challenge.

We've established performance measures for all of our programs. We've conducted our second biennial client survey. We closed our Paris and Ottawa offices, and strategically relocated those resources to offset new initiatives, such as the Perspective Canada market screenings and film promotions.

Concerning our accomplishments at the box office, the French-language market has been extraordinarily successful, as we know. Also we're now beginning to see results in the English-language market. In fact, this year is proving to be one of the best years ever for the English-language box office.

Bon Cop, Bad Cop was financed by the English-language fund in the Canada feature film fund, and it's now Canada's biggest grossing film. *Trailer Park Boys: The Movie* enjoyed one of the biggest grossing opening weekends in the history of English-language cinema.

On the French side, *Aurore* has grossed over \$5 million since its release, and *Un dimanche à Kigali* has taken in excess of \$1 million.

There are also some real winners in the pipeline, including *Shake Hands With The Devil*, which is a dramatization of Romeo Dallaire's book.

Denys Arcand will have a new film, *L'Âge des ténèbres*. François Girard has a new co-production, *Silk*, and Sarah Polley's *Away from Her* is another example of the success we're anticipating in the coming months.

• (1540)

[Translation]

Let's talk about challenges. The successes of the industry and Telefilm Canada's contribution should be pointed out. However, it is equally important to understand the great challenges that await us and to prepare ourselves to face them.

The resounding success of Quebec feature films will only last if new sources of funding are identified and put into French-language film production.

Box office increases are still progressing too slowly in the English language market.

We must have more flexibility, and we must react more quickly to the new realities of the new media market. We will most certainly have to invest more money into this sector in order to see it achieve its full potential.

[English]

The growth of the Canada new media fund is crucial to investing in the future of Canadian content for new media. Telecom's budget should also be reviewed. There has been no increase to our budget since 2002. The Canada feature film fund has had a permanent cut of \$2 million, and our investment capacity has been further eroded by the impact of inflation.

Meanwhile, production costs have increased significantly, average budgets have gone up, and so has the demand on Telefilm's resources.

Dollars, however, are only one issue. We will continue to be aggressive in seeking out new public-private sector partnerships, and we will continue assessing how we spend, with a goal to finding more ways to make better use of the dollars already in the system.

In the last 12 months, the administration of this corporation has been targeted and effective. I will continue to strive for a modernized, flexible Telefilm grounded in a firm foundation of accountability to all our stakeholders.

At this point, I'd like to introduce you to Telefilm's Charles Bélanger.

[Translation]

Mr. Charles Bélanger (Chair, Board of Directors, Telefilm Canada): Thank you, Wayne.

[English]

Telefilm's board is also concerned with the corporation's increasing need for flexibility to meet its objectives and to improve its client service.

[Translation]

The Telefilm Canada Act that was passed by Parliament in March 2005 conferred the powers of a natural person on us—therefore, full rights and the legal capacity to exercise them—as well as a legislative mandate that covers the entire Canadian audio-visual industry, and no longer only “film” as the original 1967 legislation stipulated. Nevertheless, these two essential acknowledgements are constrained by significant administrative limitations and are ultimately paralyzing.

This is not our finding, but that of the Auditor General of Canada herself in her report tabled in Parliament in November, 2005.

[English]

Allow me to quote two short excerpts from her report. The first is:

Today, in light of this new mandate and the government's proposals on the governance of Crown corporations, we question whether it is still relevant for Canadian Heritage to maintain the MOUs and contribution agreements with Telefilm Canada in their current form...

The second excerpt is:

...some members of the Telefilm Board have expressed concerns about the extent of the oversight that Telefilm Canada is subjected to, which leaves the board with little leeway to interpret its mandate and determine the best way to accomplish it. None of the other eight Crown corporations in the Canadian heritage portfolio is subject to such a tight degree of oversight and monitoring. Moreover, no other Federal Crown corporation is evaluated and audited in this way by a department. This is a unique situation.

[Translation]

In other words and to state it clearly, in order to get out of this situation, Telefilm Canada wishes to be subject to part X of the Financial Administration Act and in this way be able to function like any other modern crown corporation. For us, modern means operating within the framework of contemporary financial legislation in which the roles, responsibilities and obligations of the administrators and directors are as clearly identified and defined as are the obligations that crown corporations have as far as the preparation and presentation of their business plan and related budget are concerned, as well as the content of their annual report.

Under the authority of the Financial Administration Act, Telefilm Canada will immediately begin to operate not only as a modern entity, but above all it would meet the highest requirements of contemporary governance, of corporate responsibility, of transparency and of administrative clarity, to the benefit both of its shareholder and of its clientele, which it is consistently attempting to serve with the greatest professionalism possible.

• (1545)

[English]

These changes and the modernization of the Telefilm Act to bring it into the 21st century will give us the desired flexibility, and for us, flexibility matched by accountability and transparency ensures the best value for the public dollar.

Flexibility also allows us to be leaders. Today's marketplace dictates that a great leader must be a visionary, one who foresees opportunities and seizes them. For Telefilm, those opportunities must deliver great homegrown content to as many Canadians as possible and that can be shared more and more with and appreciated by foreign audiences.

Mr. Chair, we would be pleased to answer the committee's questions about our role, mandate, and priorities. Thank you very much.

The Chair: Thank you.

Mr. Bélanger.

Hon. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Chair, this is almost becoming a habit, but my first act will be to state that between Mr. Charles Bélanger and I there is no family relationship. I say this is becoming a habit, because at the last meeting we had another Mr. Bélanger from northern Ontario. It's a popular name. Wait until you have someone called LeBlanc sitting at this table. You haven't seen anything yet.

[Translation]

Thank you, Mr. Bélanger, Mr. Clarkson, Mr. Pradier, and Ms. Friesen.

Mr. Clarkson, in your presentation, you said Telefilm signed a three-year agreement with the Canadian Television Fund to act as its manager. I am very happy to learn that Canada's new government has committed to funding the Canadian Television Fund.

Is that a conclusion that I can draw? It is a bit of a trap.

You signed a three-year agreement. To my knowledge, the Canadian Television Fund for television production has not been renewed beyond the current fiscal year. Given the controls that Mr. Bélanger was alluding to, I imagine that this agreement was ratified by the Department of Canadian Heritage. Is that correct?

Mr. Charles Bélanger: The answer is yes.

Hon. Mauril Bélanger: Can you therefore conclude that the government has committed to renewing the Canadian Television Fund for two more years?

Mr. Charles Bélanger: The answer is no.

Hon. Mauril Bélanger: Therefore, there was no renewal and you have no indication to that effect.

Mr. Charles Bélanger: Nothing, as of this moment.

Hon. Mauril Bélanger: Thank you.

[English]

Mr. S. Wayne Clarkson: If I may, to be clear, we provide the administration for the fund, solely. The governance of the Canadian television fund is the responsibility of the board of directors, of which there is representation from the department and the industry as a whole. We have no rights or responsibilities as to the renewal of the fund.

[Translation]

Hon. Mauril Bélanger: I understand that, but as you have confirmed furthermore that the department is very restrictive in its audits, and in what it allows you to do, and that it has accepted a three-year agreement, I would have thought that we could detect a will on the part of the department or the government to renew the financing of the fund.

Mr. Charles Bélanger: That is how we see it, but so long as things are not clearly and concretely set out, we cannot say that it is a done deal.

Hon. Mauril Bélanger: All right. There is one aspect that has been brought to my attention by representatives and I must raise this point. I know that this does not concern Telefilm particularly, but it deals more with the management of the Canadian Television Fund. Perhaps you can help me.

Am I right to believe that the government has decided to no longer appoint, among the three or five representatives that sit on the board, someone who would be associated with the industry, who comes primarily from a francophone minority community? Am I right? Is the information that I have been given correct?

• (1550)

[English]

Mr. S. Wayne Clarkson: I'm not aware of that decision. As I say, we no longer have any authority over the appointment of board members to the Canadian television fund. Monsieur Bélanger served as a board member, and then once the contract was agreed to, it was decided—and I think to avoid conflict of interest between a service provider and the CTF—that we not have any representation on the board.

Hon. Mauril Bélanger: So who names the representatives?

Mr. S. Wayne Clarkson: It's the industry combined with the Department of Canadian Heritage.

Hon. Mauril Bélanger: Okay.

Mr. Chairman, I want the committee to be aware that there is a concern in the minority francophone community that the government has indicated its unwillingness to appoint a representative of that community. They've had a seat traditionally, or at least in recent years, on the board to represent the interests of that community. However, for some reason that I'm not aware of, the government has indicated its unwillingness to appoint someone from that community. That's something I wish to flag and that I'll be bringing back at the appropriate moment.

[Translation]

I would now move on to your comments.

You stated that you would like to be subject to part X of the Financial Administration Act, but I would like to understand what follows. What are the constraints that you would like to rid yourself of in this way? How do these constraints manifest themselves? Is it through audits, agreements, some kind of protocols, or policies? How do these limitations, which you seem to find somewhat suffocating, manifest themselves? Other than being subject to part X of the act, would there be any other way of easing Telefilm's burden?

Mr. Charles Bélanger: I will begin and then I will ask my colleagues to complete my answer.

As I was saying during my presentation, the Telefilm Canada Act goes back to 1967. It has been somewhat overtaken by events. We realize that we have been able to cover the audio-visual field through contribution agreements until the legislation was amended. These agreements are extremely restrictive and leave Telefilm and its board of directors very little leeway to do any oversight of the activities of the corporation. In other words—and I am choosing my words carefully—working in this way is somewhat like working under a form of trusteeship.

We feel that after all these years, the corporation is mature and should be treated as such, like any crown corporation. As a result, the more modern, contemporary and normal treatment—and this is not overly complicated—would be under part X of the Financial Administration Act, which provides for settling issues that include the composition of the board, the appointment of board members, provisions regarding conflicts of interest, as well as one provision of the current legislation that obviously poses a serious problem for us: section 5 only talks about eligibility. The eligibility means that we are not able to appoint members who would have a pecuniary interest in the audio-visual world.

What representatives from the audio-visual world could therefore ever sit on Telefilm's Board if they did not get rid of all their financial interests?

There is a modern way to settle these problems, these conflicts of interest, and part X abundantly provides for it.

Hon. Mauril Bélanger: Thank you.

[English]

The Chair: Thank you very much.

Mr. Kotto.

[Translation]

Mr. Maka Kotto (Saint-Lambert, BQ): Thank you, Mr. Chairman.

Welcome. I will be very brief because I have many questions to ask and I hope to obtain very brief responses.

I will start with the funding of Telefilm. The legislation passed in 2005, that changes, Telefilm's mandate, from now on concerns the whole multimedia universe, as we have been told. Does Telefilm now have the necessary funds, in this regard, to fulfil the mandate it has been given by the legislation?

[English]

Mr. S. Wayne Clarkson: The Canada new media fund has approximately \$14 million, through a contribution agreement with the department. There's no question additional dollars to Telefilm Canada would be appreciated in all of its various programs and funds. I think merely federal money or public money generally is not the sole answer.

I'm very pleased about many of our programs, including the new media one, in the great Canadian video game competition that we've announced. We've done it in partnership with the private sector and the public sector.

Is there a need for new money and new media? Absolutely. It's a priority. It's the next generation of talent. It's the youth coming up that must be given that opportunity. We want Canadian talent to own the copyright, to have the creative opportunity to develop their projects before they go into the marketplace. To do that, it's going to take new resources.

• (1555)

[Translation]

Mr. Maka Kotto: Can you assess what your needs are in the multimedia sector?

[English]

Mr. S. Wayne Clarkson: We find we're at present turning down 75% of our applications, so one out of every four is getting approved. We think that number should go up. We see increased development. The challenges facing new media are comparable to the historical challenges facing film and television. The development of talent is important, as is the development of projects.

I believe, and this corporation believes, that it's the role of a federal government agency like Telefilm to take those risks in partnership with the private sector, but on occasion to also take risks that the private sector will not take. Our priority is Canadian talent, and that's where we should be taking our risks.

[*Translation*]

Mr. Maka Kotto: If I understand correctly, there are shortcomings somewhere.

From your perspective, without increased funding, is the effect of the legislation simply to prevent the board of directors from meeting as frequently as is set out in the act, and to exclude the industry from its board of directors?

Mr. Charles Bélanger: Those are two different questions. As regards the issue of the board, to be perfectly clear, let us emphasize that the provision I alluded to earlier created a little imbroglio that lasted for seven or eight months, that is until we were able to re-establish the quorum. The quorum, therefore the board, has been working since November 2005, and there has been absolutely no operational difficulty on that side.

As far as the financial issue you are emphasizing is concerned, I will leave it to Mr. Clarkson to make further comments.

In other words, our board is functional, it meets regularly, that is six times a year, it oversees Telefilm's operations and it is obviously aware of the challenges that Mr. Clarkson has spoken to you about, as the executive director. It is therefore not a problem with the board.

Mr. Maka Kotto: No, I was not talking specifically about a problem with the board; I was talking about the amendment to the legislation, as to what the effects of that were in reality.

On the one hand, Telefilm's mandate has been broadened with an opening towards multimedia, but there is not sufficient funding for it to respect that. On the other hand, under this legislation, any member of any part of the industry, from the artistic circles, is excluded from its board of directors. That is what I wanted to suggest.

Mr. Charles Bélanger: All right. I understand your question very well in that case.

Mr. Maka Kotto: Now, I will move on to the recognition of Quebec cinema. We have talked about it often here; it has often been the subject of recurring questions.

On November 27, the House of Commons voted in favour of the recognition of the Québécois nation. The Québécois nation having now been recognized, can Telefilm Canada recognize in future the existence of a Québécois cinema that is above and beyond the francophone market, which includes francophone and Acadian communities?

And does Telefilm intend to review the Canadian Feature Film Fund's objectives, particularly as regards the 5 % of box office objective, which by the way is obsolete as far as Quebec is concerned?

[*English*]

Mr. S. Wayne Clarkson: I think that when the House of Commons, with near unanimity—certainly with an overwhelming majority—supported the notion of Quebec as a nation, Canada.... I'm sorry?

• (1600)

The Chair: Québécois.

Mr. S. Wayne Clarkson:—Québécois as a nation, we would be remiss if we didn't act accordingly.

As an example, over the years, we've run programs and screenings of Quebec cinema all over the world, celebrating the very unique qualities and the considerable artistic and commercial success that Quebec cinema has had. We will continue to do so. Certainly festivals around the world have honoured Quebec cinema many times.

There will also be those occasions where there will be retrospectives of Canadian cinema. Quebec films, French-language films, will be included in those retrospectives. So I have no difficulty with, and this corporation has a history of, embracing those basic principles.

The Chair: Mr. Angus.

Mr. Charlie Angus (Timmins—James Bay, NDP): Like my colleague, I have so many questions to ask that I'm not sure where I'd like to begin, because there are so many interesting elements. So I'll keep it short.

What's the status of the dollars for the Canada new media fund right now?

Mr. S. Wayne Clarkson: We're discussing the continuation of that fund with the department. As yet, we have no confirmation of the resources. To be perfectly candid, as much as we would like to see additional resources, I don't know if that's going to be the case. For sure, we're looking forward to the fund's renewal.

Mr. Charlie Angus: But you haven't had any confirmation of that.

Mr. S. Wayne Clarkson: We've not had a confirmation to that effect.

Mr. Charlie Angus: Is it the same for the Canadian television fund?

Mr. S. Wayne Clarkson: Yes, but again, to be clear, it's not our area of priority any longer, except to the degree that we'd like to see the contract renewed. We await that.

Mr. Charlie Angus: There's a general sense within the artistic community that there's a real paralysis in funding dollars coming out of the heritage ministry under this minister. Do you think that is why the fund isn't being renewed, or are there other aspects? Are there problems with this fund, which is why it's not being renewed?

Mr. Ed Fast (Abbotsford, CPC): He didn't say it's not being renewed.

Mr. S. Wayne Clarkson: Frankly, I can't say it's been our experience to date with the initiatives we've taken on the Canadian video game competition and the work we've done with the working groups. We've looked internally to maximize efficiencies, and I think every public agency should have that as the number one priority. The chair and its board have placed that upon us very clearly, as well they should: efficiency, transparency, and accountability. I think it's incumbent upon us, and we've taken that action, as I say.

This year there's been no new money—that's correct—and yes, we had a \$2 million cut in the Canada feature film fund some time ago, and with the inflation that's eating away at those dollars, these are difficult times. There's no question about it.

However, I have to admit there have always been challenges in previous years with the CTF and other funds. It is perhaps more pressing today than previously because of the resources that are in decline.

Mr. Charlie Angus: One of the challenges is the difficulty of securing private partnership funding. You need certain guarantees so you can go back to industry, and then you have to come back to Telefilm. You look in numerous areas.

I'm wondering, first of all, if there is a lack of clarity about when that fund's going to be renewed. What I'm hearing from people on the ground is that it's affecting their ability to go out to the private sector.

I'm also concerned when you talk about your concerns about the extra level of audit oversights at Telefilm that don't seem to be in the other heritage department.... Does that also have an effect? There are windows for people to get funding to get projects off the ground, and there are times when those windows close. Is the delay affecting on-the-ground projects?

Mr. S. Wayne Clarkson: In the case of feature films, no; in the case of new media, we've not experienced that yet; on the ground in the Canadian television funds at the grassroots level, obviously there's concern.

It's not the first time. There's the anticipation of its renewal every year, and I'm sure members around this table and others in the House of Commons are vigorously lobbied many times in terms of its renewal—but yes, people are looking for stability and assurances that the projects they're going to undertake six months from now, or whenever, can be financed.

One of the issues we're concerned about—and it's partially financial, but I don't want to put a stress on it—is that traditionally this was a world of silos that we've dealt with. It was only cinema; then it was cinema and television; now it's cinema, television, and new media. These funds are constructed in a silo.

That is being completely wiped out by the new technologies. When you think of a film or a television program now, you have to think of its use as a website, you have to think of its use on the Internet, and you have to think of it on cell phones. You have to imagine, creatively construct, pitch, and finance for all of those platforms. So it's not a question of one fund being in jeopardy; it's a question that any time there's financial instability across those platforms, there's uncertainty.

Charles referred to flexibility, and that's another area. We want to be able to address the new multi-platform universe, and sometimes the guidelines, the programs, or the statutes that defined this corporation 40 years ago—next year will be our 40th anniversary—are out of date; they're antiquated. They need to be addressed.

•(1605)

Mr. Charlie Angus: You lead me to exactly where I want to be right now, which is the fact that we are looking, in terms of

government money, at bureaucracy's money, and taxpayers' dollars and how they're being utilized, at the age-old problem of not being able to get our movies in our own theatres. Yet we have new platforms, new media. Is there a role for the public sector funding to perhaps create a digital distribution format?

I know we're already starting to make some money in the back-end sales of DVDs—it has started to help greatly—but I'm thinking in terms of the example of new media. The kids are watching YouTube and that, but they're watching fart jokes at college level because there's no content. If we had a platform the government put in for the distribution of our own content, would you see that as a useful role in ensuring that projects coming off the ground would actually have markets out there that can access these?

Mr. S. Wayne Clarkson: I think there is a responsibility of this agency to ensure that Canadian talent and Canadian content are present—I stress Canadian talent and Canadian content—and are available across all platforms.

In the case of cinema, we know the struggle of movies over the last 100 years and the regrettable circumstance whereby, as we've so often said at previous meetings, it's difficult to get films on the screen, especially in the English-language market.

Trailer Park Boys had one of the biggest openings in the history of...and it made money on that opening. You can bet that the incentive of the exhibitors to do it again and again is a little more enthusiastic than it might have been otherwise. *Bon Cop Bad Cop* is the same thing. It's done extremely well in Quebec, as we know. It's done very well in English Canada. There is a bilingual film, with Colm Feore and Patrick Huard, produced by an anglophone Quebecker, directed by a Quebecker in both languages, financed out of the English language fund, and a success coast to coast. That's wonderful.

But in addition to that, we have to ensure—you're absolutely right—that there is more Canadian material on DVD, and that they're downloading it. Right now the consumers want it when they want it and where they get it on the platform that they want. I take trains constantly between Montreal, Toronto, and Ottawa, and more and more, there they are, sitting watching movies on their laptops while on the train.

We have to start address those opportunities, and new media is one of the most exciting growth areas where that can be, I agree entirely. But it is about breaking down these silos.

The Chair: Mr. Fast.

Mr. Ed Fast: Thank you, Mr. Chair, and thank you to all of you for coming and visiting us here in the lion's den.

Last year this committee completed a report called "Scripts, Screens and Audiences". There were some criticisms contained in that report, specifically as to whether the feature film policy has been successful in English Canada. It was also critical about the ineffectiveness of a significant part of the feature film support within Telefilm.

We've had the Auditor General's report, which has questioned the degree of oversight and perhaps direct or indirect interference in your ability to deliver what you've been asked to deliver. There's also been industry criticism—significant industry criticism.

There was an article in *Maclean's* magazine, which I'm sure you're aware of—which I'm sure you would consider a hatchet job—but I want to quote a section out of it that I think perhaps encapsulates how many people feel, not only about the film industry but about Telefilm.

It's from *Maclean's* of April 17, and I quote: At least seven English Canadian movies are quietly slipping in and out of theatres this spring: *Lucid*, *Fetching Cody*

—and it goes on and on to list them—

Never heard of them? No wonder. These are the kind of films that show up on a few screens, then vanish without a trace. They contain flashes of eccentric brilliance, and some fine performances. But they seem smaller than life. They tend to be populated by desperate women and repressed, self-loathing men. And they plumb new depths of anti-heroism, from the English teacher who's addicted to washroom sex in *Whole New Thing* to the wimp who threatens a pimp by pressing a stapler to his back in *Niagara Motel*. It's hard to imagine these movies were designed with an audience in mind.

The article, of course, goes on to highlight producers' concerns about the envelope financing that is used to fund films in Canada.

My question has a number of parts to it. First of all, clearly there was or perhaps still is significant producer dissatisfaction with how Telefilm is delivering its funding mandate. There's significant concern about the envelope approach, and perhaps you could go into that a little bit and explain how it works. I think I understand, but I think for the rest of the committee, perhaps you could explain it.

Also, perhaps you would address specifically—you've done it a little bit in answer to Mr. Angus's question—how we can maintain the accountability and transparency and yet remove some of that “oppressive oversight” that you consider is presently in place and that restricts your ability to function.

Could you try to get into those three areas?

● (1610)

Mr. S. Wayne Clarkson: I'll try to answer as briefly as possible in those areas.

First of all, the *Maclean's* magazine article came out in April. That's seven months ago. As I said in my opening comments, the work that Telefilm and the industry groups have done in the intervening seven months is remarkable. We brought together producers, associations, individuals, distributors, broadcasters, unions, guilds, associations, and artists around a table much like this. We have both linguistic markets and took an asymmetrical structure to that. They meet separately. I chair both of those groups. They're subcommittees. They are having a significant impact on the program design and the guidelines of this corporation.

To be clear, they don't have the authority to effect policy changes at Telefilm Canada; that's the responsibility of the board of directors. They can't effect a change in the memorandum of understanding for the Canada feature film fund; that's the department's responsibility. What they can do is meaningfully and significantly effect a change in our program designs and our guidelines. I said to them clearly that if we can get a consensus out of these industry groups, and they come forward with a recommendation, then I can assure them that Telefilm will implement those recommendations as long as doing so

doesn't transgress the responsibilities over which I, as executive director, have no control.

I think the press reports that came out.... It was about a month ago that we announced those changes, changes that were embraced by the industry right across the country. The support was considerable, and it was done by the producers, by the writers guild, by APFTQ. I think we've made a significant and dramatic change in the tone and tenor of the industry's attitude towards Telefilm.

Mr. Ed Fast: Envelope financing—do you still use that type of funding program?

● (1615)

Mr. S. Wayne Clarkson: Do you mean specifically in the case of the envelopes? Yes. For example, *Bon Cop, Bad Cop* was an enormous success. It is going to receive in the fiscal year after this one an envelope of up to about \$3 million or \$3.5 million that is under the responsibility of its producer—does not have to go to Telefilm to read the script, evaluate it, and determine whether it merits.... In other words, we are providing incentive to successful producers.

It creates its own challenges. It means there is a cap on funding in the selective fund. What if I don't have an envelope? How do I get an envelope? The working groups have raised that issue.

The working groups working with Telefilm Canada will address that issue. If there's going to be a recommendation for change in the envelope system, it will be in consultation with that industry and with this agency. To the degree it requires either the department or cabinet to embrace it, we'll go forward jointly with the industry and make that representation.

With all due respect to our producer colleagues, if a producer wants to make a film for \$5 million and is asking you for 49% of it, and you turn it down, that film more often than not doesn't get made, and they get very upset with Telefilm Canada—it happens—and when producers want envelopes or lose envelopes because they can't sustain the level of success that is required, they get upset as well.

Mr. Ed Fast: You succeeded Mr. Stursberg in, I believe, 2005. Mr. Stursberg was accused of having directed Telefilm Canada in a Hollywood tangent. Do you see that direction being continued? Have you changed that direction? Have the producers been satisfied with the directions you've implemented so far in your brief tenure?

Mr. S. Wayne Clarkson: I have much respect for Mr. Stursberg's work at Telefilm Canada prior to my arriving. In fact, he said he wears the black hat, and I get to ride into town with the white hat. It makes things a little more comfortable.

One of the things I did symbolically, as well as practically, early on in my appointment was cancel the contract with the American Talent Agency, as much for financial reasons, but I wanted to send out the message that we have a commitment to Canadian talent, and that's going to be the overriding priority. I think some of the small steps we've taken and the work of the two working groups are indicative of a changing course, and one that looks for consensus and leadership, not some other style.

The Chair: Thank you.

Mr. Scarpaleggia.

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

I think you have a very challenging and difficult job. This whole issue of how we build a homegrown audio visual industry is a never-ending challenge.

I'd like to start with the issue of new media. Unfortunately I'm not on the cutting edge of new media; we're talking about video games. A dichotomy was created in the philosophical literature in Canada about the conflict between culture and technology. How do you reconcile that?

I'm asking this in a very sincere way. How does a video game become Canadian culture, other than that you're employing Canadians to work on them, and as you say, Canadians get the copyright, and so on? How does something you're watching for a few seconds on a cell phone screen become Canadian culture?

• (1620)

Mr. S. Wayne Clarkson: I'll give you a specific example that I think responds directly to your question, but also signifies so much more.

We announced the great Canadian video competition. We did it in partnership with the private sector, because it's an increasing priority in terms of our working relationship with the industry and bringing more money into the industry. Its purpose is to develop and commit to Canadian talent, to make Canadian programs, to tell Canadian stories through whatever platform is commercially viable—and creatively so.

A specific example is called *Pax Warrior*. Coincidentally, it was developed at the Canadian Film Centre, where I worked prior to joining Telefilm Canada, and it is sold all over the world.

Pax Warrior is a video game based on the tragedy in Rwanda and the work of Romeo Dallaire. The player becomes a peacekeeper, but a peacekeeper who is confronted by the horrors, nightmare, and the choices that a peacekeeper has to make. He or she reaches a roadblock where violence is threatened, so what choices are they going to make? How are they going to act? Very simply and directly, that's an example of the kind of role this nation and the creative talent in it can play.

Interestingly, one of the films I commented on in my opening address was the feature film that just finished shooting on Romeo Dallaire and his experience in Rwanda, and it stars Roy Dupuis. That is going to be available on multi-platform. I see new media as being absolutely crucial in the context of Canadian culture.

I don't pretend to be an expert in video games; I don't pretend to be an expert in new media, but I've learned a lot over the last five or six years. What I would often do to give myself some comfort was reflect back. Say it's 103 years ago, and somebody walked in here and said, cinema is the future of the 20th century; cinema is the future of new talent. If we don't get into filmmaking, we're going to be compromised as a nation, and we're going to be compromised creatively. Apply that to new media—it's comparable.

My son is rather grown up now, but he certainly played with those early on. Fewer and fewer kids are watching television; we know that. Fewer and fewer are going to the movies. They'll go to the

movies as a tribal experience. A gang of them will get together, somebody will decide on the film they want to see, and they'll go as a tribe to the multiplexes. They'll play the games there, drink lots of Coca-Cola, and eat popcorn. But more and more they choose to see their entertainment elsewhere, and we have to be there.

Mr. Francis Scarpaleggia: I understand that. And thank you for that excellent answer, by the way. I agree with you. We have to be there. You're right in that.

Yes, there was a challenge when we went into cinema, but in cinema we've tended towards American-dominated action films, and our struggle as Canadians has been to find out how to compete with that. It seems to me that when we go into new media video games, we're going even further into the action mode. I'm just asking how we remain philosophical and cultural.

Anyway, my next question is on the idea that you should be your own crown corporation. Are you looking at a CBC model—that is, you would get block funding from the government and then generate your own revenues and decide how much you'd put into new media and how much you'd put into film? Is that what you're looking at?

Mr. Charles Bélanger: Basically, yes, because if you want to get out of the silo approach, you need to have a total revenue that would allow you to put your resources where the opportunities are. This is what we are being caught with at this point in time: others decide, in a way, where those resources should be allocated and how they should be allocated. I don't think this is the way for a crown corporation to be looked at, and on top of it to be asked to perform and to report on its accountability, when the accountability rests almost with somebody else.

• (1625)

Mr. Francis Scarpaleggia: Maybe I'll come back to it later, but when you look at the CBC, a lot of what's keeping CBC afloat is the sports. Anyway, that's something to think about.

There have been cuts to your funding and you obviously feel you don't have enough resources. Somebody's making a decision not to increase funding for film production in Canada. What are they trying to do? Are they trying to send a signal to you and to the industry? Are they trying to force you in a certain direction, for good or bad? I'm not making a judgment call, but do you feel that the powers that be in the government are saying they want you to move in this direction or that direction and are therefore putting a little pressure on you?

Mr. S. Wayne Clarkson: No, I don't feel that at all.

Mr. Francis Scarpaleggia: I don't mean in a bad way, but in a systematic way.

Mr. S. Wayne Clarkson: No, no, I appreciate that. No.

I think part of the message—and it is much implicit in this corporation, as we touched on—is to find out where you can initiate cost savings. Closing the Paris office was not something done easily, but in a context of priorities and where the moneys might be better addressed, such as the Perspective Canada program, which is totally focused on sales internationally as the number one priority, and given the new technologies of Internet, e-mails, and cell phones, I'm not sure the best place for this corporation to be directing its money is into bricks and mortar. We have external affairs and we have embassies in most countries of the world. We have worked well with them; we will continue to do so.

Yes, the issue of additional resources is always there, and I believe that whether it's health, infrastructure, education, or defence, culture should also be considered for additional resources. I believe it's that vital to this nation. But I think one of the obligations is to look for cost efficiencies and to work closely with the industry, rather than going to the federal government and just asking them for a lot more money.

I think the work those working groups have done, as I said in my opening comments, is remarkable. The problems that ensued in Quebec for French-language production earlier in the summer—they grappled with that. They came forward with recommendations that I think were very constructive and very helpful.

The Chair: Thank you.

Mr. Malo is next.

[*Translation*]

Mr. Luc Malo (Verchères—Les Patriotes, BQ): Thank you, Mr. Chairman.

Welcome.

As you have no doubt noticed, Québécois cinema is firmly rooted in Québécois culture. The important thing now is to continue its growth, because we wish to see the recognized successes continue over the years to come.

Do you believe that the development of the Québécois cinema should happen over all of its territory? What do you intend to do to encourage regional film production in Quebec?

[*English*]

Mr. S. Wayne Clarkson: I'll ask Monsieur Pradier to speak to that, if I may.

[*Translation*]

Mr. Michel Pradier (Director, French Operations and Quebec Office, Telefilm Canada): As far as regional production is concerned, both within Quebec and elsewhere, we have a plan and we are putting money into it. We have always been present, in any case. It is not as though we have never helped the feature film industry, particularly outside of Montreal or Quebec.

However, you are right to emphasize that we need to put a bit more effort into this. Moreover, the structure that exists within the industry in the regions versus the industrial structure that may exist in Montreal must be taken into account. They are not quite at the same level.

When we talk about what is happening outside Quebec, I can give you an example of what we are doing in television with the Interdepartmental Partnership with the Official Language Communities, the IPOLC. This partnership has expanded its scope and it has been working now for four or five years. It has been rather successful and has allowed for the implementation of a producers' association of francophones outside of Quebec. The goal was not to isolate them in some specific kind of production, but to bring them fully into the national scene. Now, they have access to funds through the Canadian Television Fund, and it is a healthy industry outside of Quebec.

The IPOLC incentives do not exist for francophone companies in Quebec. Therefore, in that sense, Telefilm has set up an action plan that starts this fiscal year that consists of putting the same structure in place with modest means. Given that the IPOLC had quite a significant effect with very modest means, it is not an issue of money, it is an issue of will and of partnership.

The idea is to put money this fiscal year into setting up networks, that is to say to put feature film distributors and producers from outside of Montreal in touch with each other so that they can get to know each other better. In that way, they will be able to invest in the development of screenplays this year, so that they will be competitive on the production front. Next year, that is to say in the fiscal year 2007-2008, which begins in April, we will be earmarking a certain amount of money for the Low Budget Independent Feature Film Assistance Program, money for productions outside of Montreal.

• (1630)

Mr. Luc Malo: Earlier on, you talked about will. Who must demonstrate this will in order for these projects to be successful?

Mr. Michel Pradier: I think that we are showing good will. We are definitely going to meet with municipal authorities and provincial authorities as well as the private sector—I'm talking about the regions of Quebec—to put forward our plan. Now, it remains to be seen whether they will want to contribute amounts equivalent to what we're putting on the table, specifically to generate this dynamic that can establish itself in the regions.

Mr. Luc Malo: Given that Telefilm's budget has been frozen for five years, the number of productions it has funded has gone down from 20 to 11. Does this mean that Telefilm Canada's ability to deliver the goods is now to the detriment of the regions?

Mr. Michel Pradier: No. We have a comprehensive mandate. We are here to support the national film industry, in French and in English. We are certainly experiencing a significant financial crisis in French at the moment. That is undeniable. We have all read the papers this year.

To echo what Mr. Clarkson said, there is a francophone working group that includes several members of the Association des producteurs de films et de télévision du Québec, the APFTQ, which represents the regional productions of Quebec, as well as Ms. Cécile Chevrier who represents the producers outside of Quebec. Following the example of the constructive solutions that we found for the performance envelopes, I think there is a good chance that we will be able to do something similar for the regions.

Mr. Luc Malo: Could the government do more to stimulate production in the regions, both in Quebec and elsewhere in Canada?

Mr. Michel Pradier: Mr. Clarkson said that money was always a good thing, but you have to take into account the context and the numbers. The year 2005-2006 was exceptional for French feature films. We had a market share of 26 %. But today, we have not reached that level and we will not do so next year either.

We cannot support a lot of movies for all kinds of good reasons, which I can easily give you: budgets for French productions have doubled in the last five years; our level of investment has gone from 25 % to 35 %; the mere fact of inflation; the impact of inflation on our fund over the last five years represents a cumulative total of \$9.4 million; and each year, our basic feature film budget was reduced by \$2 million. All of these factors have an impact, on top of what normally happens in terms of industry growth.

But to come back to the specific issue, if we wanted to maintain the same success we had in 2005-2006, we would need an additional \$20 million for French productions.

Mr. Luc Malo: Thank you.

[English]

The Chair: Thank you.

Mr. Warkentin is next.

Mr. Chris Warkentin (Peace River, CPC): Thank you for coming in this afternoon. We appreciate the information that you're bringing and the answers to our questions.

I have a couple of questions to begin with, just to give me a little bit more information. Obviously you must watch the international community in terms of initiatives that happen in other countries. Have you identified any other country that has a structure similar to ours in Canada to promote domestic film production? What countries have you noticed that have systems similar to ours, and possibly systems different from ours?

• (1635)

Mr. S. Wayne Clarkson: The direct answer is that the vast majority of countries in the world have corporations such as Telefilm Canada or public agencies, both federal and provincial, like Telefilm Canada or SODEC in Quebec. It's more the norm than the exception.

Mr. Chris Warkentin: Right. I'm just wondering if we have a country similar to Canada. I'll just take the example of Australia. Would you be able to tell me what kind of system they have in place in Australia?

Mr. S. Wayne Clarkson: They have a system very similar to our own. They have something akin to the envelope system we were talking about earlier. They have a market interest fund. They provide financial support through the Australian Film Development Corporation for development, for production, and for distribution. Candidly, they struggle with the same challenges as we have in reaching audiences. I think one of their best years was 6% or 7%, and about two or three years ago it was under 1%.

I was at a congress in Denmark earlier in the summer. It was intended for the EU countries, but when I read about it, they were tabling all the same problems as we're grappling with. I called up the head of the Danish Film Institute and asked if he minded if I crashed his congress. He said not at all—the Australians were coming as well.

Members from Crete to Bulgaria and Romania—all of the EU—were there. The questions and the challenges were exactly the same.

Mr. Chris Warkentin: That's what I was hoping you would tell me—not because I think that it's wonderful or anything, but it reinforced a suspicion of mine that we're all facing the reality that we're coming up against the big American industry. Is that correct? Is the biggest issue that the Americans are taking most of it?

Mr. S. Wayne Clarkson: Sorry, but with all due respect to Hollywood—wonderful films—that's not our challenge. They are ubiquitous. They're spending \$100 million on a production and another \$50 million on the marketing. As you know, Telefilm's budget is less than \$100 million for all films everywhere. My point is that it's a niche market we're looking for, and that it's Canadian driven.

Mr. Chris Warkentin: With all due respect, my thought was that the idea of Telefilm was to ensure that we had a film industry in this country that would be competitive, to ensure that Canadians would access domestically produced art. Is that not the case? Isn't it essentially a competition among everything that's going to be coming to the screens to ensure that there is Canadian content being produced that will compete for the interest of Canadians?

Mr. S. Wayne Clarkson: Yes, it is, but the reality, given the size of our budget—

Mr. Chris Warkentin: I recognize the issue of your budget. What I'm wondering, though, is if in the broader scheme of things it is still the intent of Telefilm to see a competitive industry created here in this country.

Mr. S. Wayne Clarkson: Absolutely, and after 40 years...I'm old enough to have seen the growth in this industry, and it is considerable, believe me. There are those who would argue academically and on the street that the real birth of Canadian cinema as a sustainable industry occurred when the Canadian Film Development Corporation, now Telefilm Canada, was established in 1967. Additions such as tax credits and co-production agreements—we've got these tools to ensure a strong, healthy industry. It's constantly under stress, constantly looking for partners and dollars, but where it's at is pretty impressive.

As I say, it's shared by many countries in the world, although there are countries like France, particularly, that give four times more money in support of their industry than Germany does, and of course there is the success of the Danish film industry.

Mr. Chris Warkentin: I'm just curious as to whether you know the numbers or if you could break them down in terms of viewership in this country for, let's say, films that come to the box office. In terms of the origin of those films, in terms of other countries and where these films are coming from, could you break them down generally? Compare the Canadian number to what the American number is and what the international number is.

• (1640)

Mr. S. Wayne Clarkson: The goal of the Canadian feature film fund was 5% of the domestic market. Over the five years of the Canadian feature film fund, as you know, we reached that. We exceeded it by a modest 0.3%.

Behind that success, we all know, is the dramatic—

Mr. Chris Warkentin: Do you know what the American—

Mr. S. Wayne Clarkson:—accomplishment of Quebec cinema, which at its peak in 2005-06 achieved something around 25% or 26%. The maximum in English Canada was 1.9%.

For the vast majority, I would say approximately 85% are American productions, along with 85% of the box office. The difference would be non-U.S. films, so it's overwhelmingly dominated by—

Mr. Chris Warkentin: That's my concern. The only reason I've gone down this road—and I'm not trying to point out any deficiency—is to say that we as Canadians, I think, are failing.

Hon. Mauril Bélanger: Not everywhere.

Mr. Chris Warkentin: No, not everywhere. We're making progress, absolutely. But we have to think, at this committee, about how we're going to ensure that young Canadians are seeing Canadian content on the screen. Certainly we have a way to go, so we can appreciate that. I just wanted to see what we were experiencing.

The Chair: Thank you.

Ms. Keeper.

Ms. Tina Keeper (Churchill, Lib.): Thank you very much.

I'd like to follow up on what Mr. Warkentin was talking about, because my own experience in the past was that I was involved in the Canadian television industry. It was a very successful domestic product, but internationally, in terms of the international market in a business sense, it wasn't a highly marketable product. In terms of how you balance the value of heritage, of Canadian culture, against business considerations, I think that's one really important question, because I think there needs to be a balance.

Let's go back to this concept of a crown corporation. I'm wondering whether you believe a move in that direction would have a significant impact on being able to balance that.

Mr. S. Wayne Clarkson: As Monsieur Bélanger has stated, flexibility is an advantage. Certainly in the multi-platform universe, it's an even greater advantage. If I may, on your two points about business and culture, as long as I've been involved in the cultural industries, keeping that balance has been the constant, consistent *frisson* or challenge.

In the case of the Canadian feature film fund, it's very clear. Its number one priority is twofold. One is Canadian cinema and Canadian talent that Canadians want to see, and the overriding objective is a 5% box office share. That priority continues to this day. I think of films such as *Men With Brooms* or *Bon Cop, Bad Cop*, two very successful examples, one English-language and the other French-language.

Men With Brooms was a considerable success in this country. It did in excess of \$4 million at the box office—quite a significant sum—it played DVDs and other platforms, and of course it went on the CBC and had one of the highest ratings for a Canadian film. I think 1.6 million saw it on CBC. So Canadians had the opportunity to see that film. That film had little, if any, success outside of Canada. Is that a disappointment? I'm sure it is to the filmmaker and the producer, and somewhat to us, but our priority was Canadian audiences.

The challenge with *Bon Cop, Bad Cop* was the same. It became the biggest-grossing film in the history of this country. In terms of its success outside of Canada, we'll see, but we achieved the mandate of the Canadian feature film fund.

We have co-production agreements. We have tax credits. It enables us to do partnerships. In my opening comments I referenced a major production called *Silk*, based on an international novel. It's a Japan-Italy-Canada co-production produced by Rhombus Media and directed by one of our great directors, François Girard, who did *The Red Violin*. That film will do well all over the world, and we're confident it will do so in Canada as well.

So there is this constant dichotomy, and in an unusual way, it's even healthy, as long as we have the tools and as long as there is Canadian participation. To repeat myself, in the Canadian feature film fund, it's Canadian talent making Canadian movies that Canadians and the world want to see.

• (1645)

Ms. Tina Keeper: Thank you. I understand what you're saying in terms of the Canadian feature film fund, but in terms of becoming a crown corporation, do you see, following on that, that with these types of successes we would have a greater opportunity for success given the flexibility of a crown corporation?

Mr. S. Wayne Clarkson: I think the flexibility is a benefit. I am sorry for repeating myself, but to go back to this multi-platform universe, we have to be able to respond quickly to the changes in the environment, to the changes in the industry, industrially as well as culturally.

To move quickly we have to have that flexibility; we can only reference it in that context.

Ms. Tina Keeper: Do we have a couple more minutes?

The Chair: We have a couple more minutes.

Ms. Tina Keeper: Okay. I have just a quick comment, and then I'll give it to my colleague.

To what do you attribute the success of these two films, *Bon Cop, Bad Cop* and *Trailer Park Boys*? Was there something in the program designs that made this year especially successful in that particular program?

Mr. S. Wayne Clarkson: It's the magic of cinema. I think, to quote a famous screenwriter who said, when being critical of Hollywood, “nobody knows anything”.

Having said that, and to give some compliment and credit to Telefilm and its staff, it is an experienced staff. It's knowledgeable in distribution; it's knowledgeable in production; it's knowledgeable in its creative responsibilities. So we played a role in investing in *Bon Cop, Bad Cop*. It was not done out of an envelope.

, I don't know if you've seen the film, but Patrick Huard and Colm Feore are absolutely perfect. That's an \$8 million or \$9 million film. It looks like \$30 million. Canadians from coast to coast were obviously entertained by it. I think we can say with some confidence that there will be a *Bon Cop, Bad Cop II*.

In the case of *Trailer Park Boys*, it is the impact of television. Here is a kind of niche TV series available through specialty channels. I think Showcase is the broadcaster. It is not available all across the country. It is not necessarily enjoyed by all Canadians, but it has a definite enthusiastic following. I think it was very astute of the Nova Scotia-based production company and the talent from there to say that this was going to translate well into cinema.

Quite simply, it was a bit of a no-brainer for us. When you get projects like that, it is just a question of being responsible, accountable, transparent, and efficient in your execution. But it was one the likes of which I hope we see more, and I'm sure we will.

The Chair: Thank you.

Mr. Fast.

Mr. Ed Fast: Thank you.

Mr. Clarkson, I'd like to go back to the question I had asked originally. Unfortunately you didn't have an opportunity to answer all those questions.

I'd like to go back to the whole issue of producing Canadian films for a Canadian audience, that are going to be watched by Canadians. Again, I would like to take a quote out of that *Maclean's* article: "But our film culture has become conditioned to obscurity. This is the story of a cinema in search of an audience."

I don't believe the primary purpose of Telefilm Canada and the money Canadians pay into the industry is to necessarily make our films a success in the U.S. or around the world. If that happens, so much the better. We're supposed to be making films for Canadians that are going to be watched by Canadians. I'll be damned if I'm going to put money into the Canadian film industry if we're going to produce films that aren't watched by Canadians.

That leads me to my question. Somewhere along the line somebody makes decisions as to which films are chosen to be funded by Telefilm Canada. Is that you?

•(1650)

Mr. S. Wayne Clarkson: Yes, it is, but not in every instance. I am responsible for all decisions in the English-language fund for requests of more than \$1.5 million from Telefilm. So in working with the regional offices—as I mentioned, we have four offices across the country—the filter system begins and then rises up. I meet with my counterparts across the country, I meet with the producers in question, and we make a decision.

To go back to the fundamentals of your question, let's be candid: we make bad movies. It happens. It happens all over the world. They make thousands of films in America. I go to the movies a lot. I go to Hollywood movies, I go to art movies, I see maybe a movie a week. That's 50 to 60 movies. I don't see the other 2,000-plus.

In this country, a limited number of films we make and the distributors who require the rights to those end up on the screen. Frankly, some of them should not. It's the best effort from the filmmakers, best effort on everybody's part, but sometimes a bad film gets made. Or to be a little more diplomatic, there are films that don't meet the expectations of the filmmaker, the producer, or any of the sources of financing, whether it's a broadcaster, pay television

network, private investor, or in this case, a provincial or federal agency.

Mr. Ed Fast: Let's be frank. You're going to be judged by the success we have in developing films and funding films that actually generate a significant Canadian audience.

I'd like to bore down a bit more. Surely in the process of selecting films, there is a set of criteria to determine whether they have a prospect of actually being successful, at least within Canada. What are those criteria?

Mr. S. Wayne Clarkson: First of all, there are various requirements in terms of coming into Telefilm. We talked about the Canadian content ones. We have script developers who read the scripts, and those scripts may be in development for a year or two. We're constantly working on that.

I think one of the most important ones is the voice of the marketplace: the distributor. If a project is brought forward to Telefilm Canada without a distributor attached to it, we do not relate to that. We want to see the voice of the marketplace. By that, I mean not merely from a dollars and cents point of view, but that it has a taste for what the public is interested in. They're at the grassroots, not sitting in my bureaucratic office somewhat removed. We need that evidence before we'll commit.

There's evidence from the broadcasters. When TMN or Corus or CBC or whoever says they think this is a good project and they're prepared to put \$250 million to \$400 million into it, we pay attention.

I'm not abdicating the responsibility we have. As you pointed out, at the end of my tenure at Telefilm Canada, I will be judged by the accomplishments of the films, certainly the box office, as well as I think the artistic accomplishments, internationally, but first and foremost, domestically.

I think there is in the process an integrity about the selection. As long as we see more *Bon Cop*, *Bad Cops* and *Trailer Park Boys*—and maybe someday we'll see a *Corner Gas* project—those are the kinds of projects that make it a little easier.

The Chair: Thank you very much.

Mr. Angus.

Mr. Charlie Angus: Thank you.

I agree with my colleague. There's no point in putting money into a film that nobody wants to watch. That's a fact. Why make films if they aren't going to be seen?

The question I have is why someone would see a Canadian film. It doesn't matter. We can do all the script development we want, and we can announce that we've made a great Canadian film, but people go to see Canadian films because they know who's in them. Witness the success of *Trailer Park Boys*. *Trailer Park Boys* is very cheap television to make. Everybody knows Randy and everybody knows Mr. Lahey. People see it because they know them.

I would say it's a very similar situation to *Second City*. *Second City* was very cheap television to make. It created a generation of big movies. We would go to see John Candy because we knew him. Eugene Levy, Joe Flaherty, Catherine O'Hara, Harold Ramis became big U.S. and international stars as well.

I'd like to talk about the connection between television and film. If we don't have in English Canada—and we don't have it—the star system of creating systems for getting new talent, even if it's the cheapest television being made, we're not going to have film.

Quebec, on the other hand, has created a television industry that has launched the careers of many people. People will see the films because they know what they're going to see. It should be a no-brainer.

I'd like to ask what you think is the importance of maintaining a strong domestic television industry in terms of actually being able to maintain a domestic or even an international film industry.

•(1655)

Mr. S. Wayne Clarkson: There is an integral relationship between the broadcast industry generally and the Canadian film industry. In a very high percentage of projects, both co-productions—in which Canada is a part, obviously—and our domestic feature film fund productions, we see participation by broadcasters, and certainly by the pay networks. I think we would like to see increased financial participation from the broadcasters right across the board. They are a significant part of that multi-platform universe, and yet the percentage of dollars they're spending is considerably less than we believe would be appropriate in support of this film industry.

So in looking at the dollars and cents, I certainly would hope that the broadcaster would play an increasing part in terms of, one, the financial standpoint, and two, the broadcast of those films. I have to say that when the hockey strike was on, I would feel some disappointment when I would turn to a station and see a major Hollywood production on television. When *Men with Brooms*, for example, going back four or five years, ran on the CBC, it got 1.6 million viewers. There's an opportunity there, and I think the momentum is crucial.

Michel and my friends and colleagues in Quebec have reminded me that five or six years ago, the percentage of French-language cinema in the province of Quebec was around 7% or 9%. As we know, a year ago it exceeded 25%. The result of such films as *Les boys*, *Séraphin*, and *La grande séduction*, followed by *Maurice Richard*, *Aurore*, and *Horloge biologique*, was almost psychological, and television paralleled that. You get this back and forth going.

For instance, how many of the stars in Quebec cinema move back and forth between television and film? In English Canada we're beginning to see clearly the signs of that movement, that progress. You can see it in talking to the exhibitors now: What's the next project? We did well with *Trailer Park Boys* and *Bon Cop*, although not so well with *Maurice Richard*; still, good film. What's the next one up?

So we are beginning to see the benefits of that.

Mr. Charlie Angus: In terms of the role that broadcasters have to play, they are before the CRTC with a very large wish list. Most of it

seems to be in terms of a television tax for viewers and more advertising, but we're not seeing much in terms of obligations to make the television networks play a part in terms of production and in terms of development of Canadian talent.

You talk about the need for them to be there in the issue of broadcast-to-film. You talk about the financial part. I've raised the issue of even just the television productions alone, so that we can create the people that the public wants to see.

What financial element would you see as being the piece of the puzzle that the broadcasters could bring forward? Should they be paying into the production funds?

Mr. S. Wayne Clarkson: To be clear, certainly this is not so much to do with the Canadian television fund.

•(1700)

Mr. Charlie Angus: Right.

Mr. S. Wayne Clarkson: Pay networks often—in fact, more often than not, with the rare exception that I can think of—buy the licence fees for it. We would like to see those licence fees go up, as an example. Issues like that are very simple. For instance, what is their obligation as mandated by the CRTC in terms of their licence? Are they meeting that, and is there an opportunity to increase that support in terms of dollars and cents, and a timeline as well?

But not to put it all on the broadcaster, it's also about finding an additional source of partnerships as well. It's looking at things like the tax credit, which we have for both domestic and international. Can that be fine-tuned? Does that fine-tuning offer, given the challenges in Quebec, an opportunity that will put some additional dollars into the system? Good—but what are the other tools in the financial tool box that we can use to attract private dollars and to reach Canadians?

The Chair: Thank you very much.

Mr. Bélanger.

Hon. Mauril Bélanger: Thank you, Mr. Chairman.

I wanted to quickly revisit the matter of which part of the Financial Administration Act it would be under.

[Translation]

Can the change you are asking for with regard to the application of part X be achieved by order in council, or does it call for a legislative amendment?

Mr. Charles Bélanger: As the law is currently worded, I believe that we would have to operate by way of legislative process.

[English]

Hon. Mauril Bélanger: Mr. Clarkson, I have a slight reprimand, if I may. It's been a long time since I've done this, but here goes.

You used an expression in one of your answers—you used it twice, actually—that negates the existence of about two million Canadians. I would beseech you to be judicious in your choice of words. When you use the expression “Quebec, English Canada”, which you did, you negate my existence. You imply in that comment that it's francophones in Quebec, anglophones elsewhere.

I was born in Ontario. I have lived my entire life in Ontario. And I am a francophone. You negate my existence and the existence of about a million others like me, and in the same way, you negate a whole pile of anglophones who live in Quebec. You also negate the existence of New Brunswick, the only bilingual province.

I understand what you're saying, and I understand the reality is
[*Translation*]

that Quebec is the home of the francophonie. I have no problem with that. The House of Commons recognized it in 1995 when a motion on the distinct society was adopted, which called upon every government institution, including Telefilm Canada, to reflect this reality in its policies, which is something you have done.

But please choose your words more carefully, if you don't mind my gentle criticism.

[*English*]

Mr. S. Wayne Clarkson: I will. In fact, I'm embarrassed to say you reprimanded me in your office when we met some months ago and drew to my attention "the informal use of". So I will be much more judicious in my use of that language.

Thank you.

Hon. Mauril Bélanger: Thank you.

I'd like to know if Telefilm has ever seriously considered incentive programs for the Canadian movie houses, if you will, for the cinemas, whether they be owned by Canadians or foreign-owned.

When I go to a multiplex and see 12, 14, or 16 halls and not one single...except the last time I went. I saw *Bon Cop, Bad Cop*. Fine. But I usually don't see any films made in Canada. Is there any way there would be incentives to encourage these cinemas to show Canadian films, other than the ones that book a hall in Toronto and show them for a week to no audience to meet their conditions of licence, and that type of thing? That's one, and I don't need an answer now.

The other thing is that I would be curious to know if the relationship among Telefilm, the Canada Council, and the National Film Board is evolving. Each has a portion, a part of the puzzle, if you will, a part of the overall.... Yes, it is a puzzle, because it tends to fit together, or at least it should. If that is so, how is it evolving?

• (1705)

Mr. S. Wayne Clarkson: I can't speak directly to a relationship with the Canada Council; if so, it would be very informal. There are some programs within the Canada Council. I think they have a first-time, low-budget, filmmaker program. We have something comparable, but we demand a little more business acumen and set the bar a little higher. So I think the relationship with the Canada Council is nominal.

In the case of the Film Board, the film commissioner sits on the board of Telefilm Canada. I have the pleasure of serving as an ex officio member of the board of the National Film Board. Mr. Bensimon and I therefore have a lot of opportunities to talk about our programs and where we agree and disagree.

We've talked to them about many of the programs we're initiating and plans they have—to go back to one of your earlier points—on

how to get into the cinemas. One of the opportunities is digital cinemas. I know in Great Britain, for example, they got a £250 million grant from the lottery fund. They identified approximately 300 cinemas throughout the UK and said, we'll put up the capital costs and install the projectors at no cost to you, but we are going to require a contractual commitment that you will program UK cinema and alternative, independent cinemas. The point was, don't program the Hollywood blockbusters, because they don't need it; they have enough of that. They're doing it in Australia and throughout the European Union. That would be an excellent opportunity.

To be clear, I don't support quotas generally. I think the opportunity for that was about 50 years ago.

Hon. Mauril Bélanger: I wasn't looking at quotas.

Mr. S. Wayne Clarkson: It didn't work, so we won't go there. But I think this incentive is a good one.

Hon. Mauril Bélanger: Okay.

Thank you, Mr. Chairman.

The Chair: Thank you very much.

Mr. Kotto.

[*Translation*]

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

To begin, and without any intended offence to my colleague and friend Mr. Bélanger, I would like to refer to a principle of reality which is based both on the movie market in Canada and in Quebec, and on the motion which was adopted in the House of Commons barely a few hours ago, to speak anew about the Quebec cinema, which is in full expansion and which faces challenges which the rest of Canada does not, namely to make its mark in the world.

In your opinion, should there not be a new fund to support French co-productions with other countries?

Mr. Michel Pradier: A little earlier, perhaps I forgot to say in my answer that in order to help Quebec through its funding crisis, the task force is studying financial models, as they apply to domestic financial partners, and it has also studied other cinematographic models, as well as what is being done in other countries. This might give us an idea of what funding model Quebec should adopt in order to better support its own film industry.

But the Telefilm Canada strategy is not limited to the task force. We are very proactive internationally. As you know, we administer 53 co-production treaties. Furthermore, we have launched a series of initiatives to stimulate the sale of francophone productions abroad, including an international marketing fund. We can give up to \$50,000 per movie to help it find an international buyer, because international sales are one way of financing our own market.

During strategic meetings last fall in Cannes and Namur, we invited our counterparts from other francophone countries, including France, Switzerland, Luxembourg and Belgium, to come to a meeting in Montreal next January. I am pleased to report that they all accepted the invitation, and the point of the meeting is to talk about co-productions. They told us that they intended to take direct action to improve what may be called “natural” co-productions, which would not only involve joint financing—this, in reality, means each side is doing the other a favour—but also an effort to reach audiences in both countries.

I must say that the feedback was extremely positive. We expect that a lot of good will come out of this meeting, which may lead to the creation of an international co-production fund. We have presented models for such a fund internally. We will begin by trying to implement this type of approach within our organization to show our counterparts that we are acting in good faith and to encourage them to come on board.

• (1710)

Mr. Maka Kotto: If it did go ahead, do you think it would be possible to present to committee members the co-production project with the francophone countries? Could you present, at least to our committee, such a project for our own education and enlightenment?

Mr. Michel Pradier: At this point, it's only a draft.

But there are models in Europe, such as Eurimages and the Ibermedia program, which is directed at Spanish-speaking countries.

I think that within the idea of community within a global space, the world francophone community provides an opening to French Canada, as well as an opportunity for French Canadians to show they are interested in doing something for cultural diversity and for national cinema, and to take advantage of this funding. Why not?

But it is still at the draft stage.

Mr. Maka Kotto: I would like to remind my colleagues that co-productions ease the financial burden of Telefilm Canada. As you have just said, in the future, more and more co-productions will express our cultural diversity.

In a few moments, I will speak to what Mr. Fast said with regard to the funding of films which can only be successful. But because I come from this field, I would like to point out that we cannot always assume in advance that this or that film will be successful. Just as you cook with ingredients, some movies' ingredients, such as the screenplay and the cast, may lead people to believe that they will be successful, when they turn out to be bombs. This must be taken into consideration.

So on the one hand, we must consider commercial successes; and on the other, critical successes, artistic successes. These types of successes are generally found with auteur, or art-house films, which sometimes do a good job of representing the country or countries at international film festivals. They can also attract a lot of tourists and help people better understand the culture of other countries, as well as the degree of creativity of the people from those countries. This is also an important factor.

Success cannot always be measured in terms of financial profitability. The strength of French cinema lies with its

two pillars, the commercial one and the artistic one, or, as they are called, art-house films or experimental cinema. The French have an advantage which we have never had in Canada or in Quebec, which is a box office tax on commercial movies. Everyone knows that American movies attract a lot of moviegoers, and the tax on the tickets for those movies allows for the funding of a parallel cinema which is not commercial. As far as I know, that's how it works.

Why don't we have that type of system here? That was my final question.

Mr. Charles Bélanger: A box office tax falls under provincial jurisdiction. We have nothing to do with that.

Mr. Maka Kotto: What about the rest of Canada?

Mr. Charles Bélanger: I can only talk about what I know. I don't know what the situation is like in the rest of Canada.

[English]

The Chair: Thank you very much.

Usually at the end of some of these, I have to get my two cents' worth in. Here are just a couple of things I've realized today; correct me if I'm wrong.

You'd like to see the silos taken out to give a little more flexibility, so that when the occasion comes along you're not stuck with a whole pile over here and can't move it over there. That's one thing. As for policy review, it's been a long time since the policy of Telefilm has been looked at.

I'd like to congratulate you for bringing the stakeholders together around the table and getting a consensus. That's a great step forward. When we did our study a little over a year ago of the feature film industry, I wouldn't have known how you would get all those different factions to sit around and even come anywhere near a consensus. So I congratulate you for that.

Again, long-term sustainable funding is something we hear about around this table from just about every organization or group that ever comes in. I think it has to also include the private sector. I know the cable companies.... There's various other funding that has to go forward, and I think those things should go.

Right on: bricks and mortar don't make films. I think that was a great move. It'll only take money away from film production.

I use a little example in my hometown, in Stratford, where I live. I live outside of Stratford, but I still call Stratford my hometown. There was a new Children's Aid Society building put in there. I don't know how many millions of dollars were spent on it, and not one of those dollars helped a foster child. I don't like to see those big bureaucracies built, as that was.

But my very last thing is that when you talk about *Bon Cop Bad Cop*, that Colm Feore is one of my constituents, and I know him quite well.

Thank you again for your presentations today and the answers you've put forward to everyone around this table.

The meeting is adjourned.

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