

**BRIEF SUBMITTED TO
THE HOUSE OF COMMONS STANDING COMMITTEE
ON CANADIAN HERITAGE**

***FAST FORWARD:*
THE EVOLVING ROLE OF
THE FEDERAL GOVERNMENT
IN ITS SUPPORT OF
THE CANADIAN FILM INDUSTRY**

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FEBRUARY 2005



EXECUTIVE SUMMARY

The National Film Board is a flagship institution for Canadian culture. In putting art at the service of citizens, it is an instrument of social cohesion and a leader of Canadian cinema. The NFB plays a key role in shaping Canada's present and future audiovisual landscape. In his capacity as Government Film Commissioner, the NFB Chairperson has the mandate to engage in research and advise the government on issues pertaining to filmmaking activities in Canada.

The current situation with regard to Canadian cinema raises a number of questions, all having to do with the goals Canada wants to pursue in a context in which the expression of its cultural sovereignty is threatened by globalization and the continuous dominant position of the American majors over Canadian production industry.

At a time when the new knowledge - and information-based economy calls for strengthening the creative capacities of communities and countries, the Canadian government's review of support for the film industry should, in addition to considering economic criteria, also explore approaches focusing on creativity and innovation to guide the development of Canadian cinema.

The mandates of all cultural agencies and institutions should therefore be reviewed to ensure that they have the necessary means for achieving our country's cultural objectives. In the NFB's case, we hope that this review will result in a firmer foundation and greater financial resources.

The main recommendations set forth in this brief are as follows:

- earmark a minimum portion of the Feature Film Fund for the production of alternative dramas and documentaries;
- develop a Canada-wide e-cinema network to serve communities outside the major urban centres;
- invest additional financial resources in research, creation and distribution in the sector of new media and digital games;
- include the social and educational dimensions of cinema in developing policies for supporting the film industry and increase the financial resources allotted to this.

In conclusion, it is hoped that filmmaking will be a driving force to help make Canada one of the world's most innovative and creative societies.

1. INTRODUCTION

We thank the members of the Standing Committee on Canadian Heritage for inviting the National Film Board (NFB) to submit its views on the present and future of the film industry in Canada. The review process undertaken by the Committee provides us with a sterling opportunity to contribute to the thinking about Canadian film, one of the pillars of Canadian culture.

We congratulate the members of the Canadian Heritage Committee on their decision to hold public consultations as part of the policy review process. We believe that this process will help the audiovisual industry in its pursuit of the big picture – the objectives that have been set to enhance the presence and impact of Canadian culture in this country and internationally.

This brief focuses on three questions: How can the objectives of public institutions be aligned with those of the private sector for the achievement of Canadian cultural objectives? What changes should be made to the current film support mechanisms, including the feature film policy? How can the NFB, as a public institution, contribute, directly or indirectly, to the development of the Canadian film industry?

2. THE CANADIAN LENS

In the Canadian cultural landscape, public institutions play a key role in sharing government policy and, in a certain sense, defining Canada's image in the world. In the audiovisual field, **the National Film Board** is a flagship institution in this regard. Since its inception in 1939, it has been one of the most acclaimed centres of production, research, creation and distribution in the world, and the only one of its kind in Canada. **Its mission is to produce and distribute innovative, culturally diverse and relevant audiovisual works that provide Canada and the world with a unique Canadian perspective.** Its Chairperson is also the Government Film Commissioner and, in this capacity, has the mandate to engage in research and advise the government on issues pertaining to Canadian cinema.

The NFB produces films and audiovisual works that have the primary purpose of serving the public interest and our cultural diversity. These works form part of Canada's audiovisual heritage and constitute a variety of views of our present, our future and our history. The values that inform the Canadian identity are part of the "DNA" of an NFB production. **The NFB's collection of over 11,000 titles is a public treasure of inestimable value. This institution pays Canadians back in dividends of pride,** and especially the artists, artisans and other workers for whom it represents a nurturing environment for the expression of their talents.

The National Film Board is an instrument of social cohesion, which puts art at the service of citizens, as well as the groundbreaker of audiovisual innovation in Canada. Its expertise is recognized worldwide. The research done at the NFB, or to which the NFB contributes, has only one goal: to use film for the advancement of society and of the related sciences. As a public institution, the NFB is an unparalleled artistic, social and technical resource for the Canadian audiovisual industry. **One need only attend international film festivals, in Cannes or Hollywood for example, to understand the renown of the NFB within the film community. The Canadian government should take pride in the NFB's reputation and give it the necessary means to pursue its mission further. In our view, this should translate into a broadening of the NFB's mandate as the nexus of Canada's audiovisual sector.**

3. GENERAL CONSIDERATIONS

Over the last 20 years, research in cultural economics has shown the growing contribution of cultural activities to the gross domestic product (GDP) and employment. **There has also been mounting international consensus that a particular feature of culture is its need for a mix of government intervention and market mechanisms.** Cultural issues cannot be viewed exclusively from a free market perspective without regard for the social or heritage value of works. Such an approach would inevitably lead to a standardization of cultural forms and contents and a concentration of all means of production in the hands of the multinationals that currently and largely control the entertainment industry. As emphasized in the UNESCO Universal Declaration on Cultural Diversity, market forces alone cannot ensure the preservation and promotion of cultural diversity, which is the guarantee of sustainable human development.

During the 1990s and in 2000, the Canadian government put in place mechanisms to strengthen the film industry's production capacities and performance¹. These mechanisms focused on performance criteria based on box-office success, since numbers are what count in the context of world markets.

However, today we must admit that these means have not been sufficient and that the measures brought in by the government to support the cultural objectives of the film and audiovisual industry need to be reviewed. Canada has to give new impetus to its film industry and rapidly adjust to new socio-economic realities if it wants to nurture its cultural sovereignty and raise its profile on the world stage.

We need to ask ourselves not only what the government should do to boost the private sector's economic performance, but also, and especially, what it should do through its own cultural agencies and institutions to enhance and reflect Canadian culture and its diversity. **At a time when the new knowledge – and information-based economy calls for strengthening the creative capacities of communities, the Canadian government's review of the film industry should, in addition to considering economic criteria, also explore approaches focusing on creativity and innovation to guide the development of Canadian cinema.**

We would like to suggest here some avenues of thought and some changes to the present support system for Canadian film. These suggestions focus on four areas: production, distribution, promotion and emerging filmmakers. They are intended to affirm the government's role and responsibilities in cultural matters and increase the effectiveness of support mechanisms for Canadian cinema with the help of public cultural institutions, including the NFB.

4. THE CURRENT SITUATION

To begin with, it is a fact that the Canadian audiovisual industry has made some progress. Over the last five years, the production and distribution sectors combined have grown at a rate of 8.5%². Canadian works have made significant breakthroughs in international markets and considerable progress has been made in marketing Canadian products.

However, other aspects are less encouraging and augur difficult times for the industry. The number of foreign productions being produced in Canada is in a free fall owing to the rise of the Canadian dollar against the US currency. The introduction in Europe of new co-production policies aimed at strengthening the intra-continental market will not help Canada's position. Provinces have reacted rapidly to this situation by increasing their tax credits, but the outlook remains uncertain. As foreign productions account for almost 40% of audiovisual activities in Canada, this affects thousands of workers. **Given the rush by the provinces to outbid each other for this share of the market in recent weeks, the Canadian government should review its position on this issue and harmonize its policies with those of the provinces.**

Moreover, as has been noted by the Canadian Film and Television Production Association (CFTPA)³, growth in the production sector did not deliver the expected boost to the Canadian audiovisual industry, despite a considerable increase in demand for Canadian content and in the number of available screens in Canada. Producers appear to be running out of reserves. Funding sources are drying up. Sales of Canadian productions made without support from the Canadian Television Fund have declined by 30% since 1999-

1 APFTQ – *Sur le fil du rasoir : les producteurs canadiens dans l'économie mondiale*, January 2004.

2 Macerola, François – *Canadian Content in the 21st Century in Film and Television Productions*, June 2003.

3 CFTPA – *Brief to the House of Commons Standing Committee on Finance*, November 2004

2000. The production of popular feature films still depends on obtaining public funding. Companies that fail to get funding from public agencies are driven to form partnerships, merge or take unreasonable risks if they want to continue their activities.

The distribution sector, too, is caught in the spiral of globalization. One by one, Canadian distributors are disappearing, owing to the lack of profit and inability to compete with the blockbusters of distributors affiliated with the large international conglomerates. Although the number of movie theatres in Canada has grown significantly, most are controlled by these conglomerates, and 96% of the time, they showcase the products of the major Hollywood studios. This is detrimental to diversity of supply, and prevents us from seeing Canadian films, as well as non-US foreign films, including documentary and animation.

To illustrate this phenomenon, let us note that this year, Quebec slipped from first to third place among markets for French films. Increasingly, French and foreign films are denied access to our screens because we do not control the supply. Both supply and demand are now controlled almost exclusively by the US majors; the result is a serious imbalance in the Canadian film market. For example, there are two NFB co-productions presently in the running for an Oscar, having been nominated for this honour by the US Academy of Motion Picture Arts and Sciences. However, few Canadians, other than those who attend screenings in NFB cinemas, will have an opportunity to see these short films in any of the country's 3,200 movie theatres.

It is time to examine more closely the ecology of the Canadian audiovisual production and distribution process. A new balance must be created among the players in this industry if it is to survive global market pressures and make the necessary changes to benefit from technological developments.

We have, on one side, the broadcasters, supported by the Canadian Television Fund (CTF). On the other side, we have feature film producers who have access to the Canada Feature Film Fund based on their box-office performance. Somewhere in the murky middle, we have the tax credit program, with incentives for service production and public television, which to supplement its funding is obliged to enter the ratings wars. And finally, on an island, we have the Canadian cultural institutions, such as the NFB, and the patchy support programs for cultural development. The entire picture lacks cohesion, as though the different parties involved are unable to work together to form an effective whole.

Clearly, the public sector must play a leading role in creating synergy among the parties. It could also have a greater impact on the Canadian audiovisual landscape. **With this in mind, we feel that public-private partnerships would be more effective and better able to create conditions favouring the development of Canadian cinema if a policy framework clearly defined the responsibilities of the public agencies in charge of Canadian culture and heritage and augmented the means at the disposal of public institutions for the achievement of Canada's cultural objectives.** This should be reflected in the support mechanisms for Canadian film.

Therefore, we invite the Canadian government to adopt a broader and more long-term view of the development of the audiovisual arts in our culture and, more specifically, to review the relationships between the key agencies and institutions responsible for safeguarding and enriching Canada's audiovisual heritage and the private sector. **We believe that the mandates of all cultural agencies and institutions should be reviewed, to ensure that they have the necessary means for achieving our country's cultural objectives. In the NFB's case, we hope that this review will result in a firmer foundation and greater financial means.** This would enable the NFB to fulfill its mission as a producer and distributor of innovative films, while also devoting more resources to the preservation and dissemination of the heritage of which it is the custodian.

5. REVIEW OF SUPPORT MECHANISMS FOR CINEMA

5.1 Support for Feature Films

The implementation a few years ago of a feature film policy based on box-office performance helped advance the audiovisual industry, as evidenced by statistics. However, we now see the limitations of this model and the mechanisms that were put in place.

Canadian feature films – English and French combined – increased their share of box-office by more than 3% in four years, rising from 1.7% in 2001 to 4.8% in 2004. This brings us close to the 5% target of the feature film support policy introduced in 2000. However, this success does not translate equally in the French and

English markets. The figures are telling: as at September 2004, Quebec films generated 21.1% of revenues in the French-language market, while Canadian films generated a mere 1.7% in the English-language market.

We suggest that the feature film policy be made more encompassing, that documentary feature films not be excluded and that criteria related to box-office performance not be given disproportionate weight compared to relevance of content in awarding production subsidies. After all, shouldn't success at the box office mean that producers no longer need government subsidies? Doing this would permit funds for feature documentaries to be allotted, which have historically been one of Canada's strengths and remain a strong point today, but which do not qualify for assistance from the Canada Feature Film Fund. **The present situation is completely unacceptable when we consider that in English Canada, the second highest grossing film was a documentary, *The Corporation*. This film earned more than \$1.5 million in Canada and more than \$3 (USD) million worldwide. In first place was a science fiction film set in the near future, *Apocalypse, The Final Destination*.** More assistance should also be given to independent and emerging filmmakers to strengthen their production capacity and reduce the time and energy they have to spend seeking financing.

The NFB could play an even greater role in feature film if it were given more financial resources. We think that a larger portion of the Canada Feature Film Fund should be available for the production of works that don't correspond to the current commercial standards in terms of their form or content. This would obviously encourage the production of a wider variety of works, but also foster the development of certain film genres, such as the documentary.

For this reason, we recommend that the NFB to be prevailed upon to apply one of its hallmarks, the support and mentoring of the filmmaking process to the development of low budget features and feature docs. Furthermore, the funds available for low budget features should be increased, and feature docs should also be eligible for these funds.

We also believe that broadcasters have a key role to play in helping Canadian feature films, especially as these films eventually end up on television. Broadcasters should allocate a share of their budgets to Canadian films and do more to promote them. The Canadian government should draw inspiration from the measures taken in France to encourage broadcaster involvement. At present, only the CBC and Radio-Canada invest in feature films and regularly promote them. Therefore, we recommend that feature films become an investment priority for broadcasters. This should be reflected in the investments made by the Canadian Television Fund.

As regards television broadcasts of NFB productions, we find that despite a marked growth in audience – nine million viewers in 2004, or a 20% increase compared with the previous year – airtime allotted to the NFB remains limited, especially on public television. This despite the fact that the NFB's 11,000-title catalogue was instrumental in launching the activities of many Canadian television channels and still serves as the anchor for Canadian content shown on their screens.

It is worth asking whether the NFB would not be better served by having its own television channel, which would allow Canadians to see on a daily basis the productions in which they invest. We now have channels specializing in everything from dogs to gardening to speed, so why not have a channel showcasing the productions of one of our most eminent cultural institutions?

5.2 Support for Distribution and Broadcasting

The audiovisual distribution and broadcasting environment has changed enormously over the past ten years. The emergence and spread of new communication technologies has freed artists from the infrastructures needed to show their works. With the proliferation of television channels, audiences have become more fragmented, reflecting a wide variety of interests. Globalization has led to the creation of international conglomerates, which impose their views – no pun intended – on every corner of the planet. The Lincoln Report, issued in 2003 by the Standing Committee on Canadian Heritage, notes these changes and the questions they raise with respect to Canada's *Broadcasting Act*.

Shouldn't the global village give Canadians an opportunity to have their own window on the world and to disseminate Canada's image and voice to all continents, without depending on others to do it for us? Wouldn't the presence of a Canadian international television channel, operating alongside the major networks of the world, eliminate many of the impediments to the distribution and broadcast of Canadian productions? Wouldn't all Canadian producers including the NFB be better served this way?

We also have to be aware that technological innovations are opening new possibilities for audiovisual development in general, and Canadian film in particular. Some examples of changes in our ways of making and viewing films are the Internet and the new digital technologies. **One innovation of particular interest to the NFB is e-cinema.**

E-cinema, which already exists in several European countries, China and Brazil, represents a strategic public investment, similar to radio and television in the 20th century. In the United Kingdom, Holland and Brazil, governments have supported its implementation as a way of promoting their indigenous cinema.

An e-cinema network offers great potential for the development of Canadian cinema and cultural diversity and has many advantages over the conventional network. **The chief advantages are the ability to show a wide variety of films at lower cost and to make films easily accessible to communities regardless of their location, through the use of digital projection equipment.**

The introduction of e-cinema would not only make it possible to modernize many community infrastructures, turning them into cultural spaces connected to Canadian creativity, but could serve to encourage some multiplex theatres to offer more diversified fare, including Canadian content. We know for a fact that many theatre operators in community centres, universities, repertory cinemas, museums and art galleries would welcome the idea of joining an e-cinema network if incentives were available for the purchase of equipment. E-cinema offers a real opportunity to generate more supply of made-in-Canada digital cultural products and significantly strengthen Canada's cultural sovereignty.

The NFB is arguably the agency best placed to be the key public partner in the development of an e-cinema network in Canada. The reasons are, on the one hand, its catalogue, its expertise and its know-how with regard to audiovisual innovation and R&D, and on the other, its commitment to serving national social and educational objectives in the pursuit of its activities.

The Canadian government should make the creation of a Canada-wide e-cinema network a top priority of its film policy and charge the NFB with being the lead public partner in executing this project. For this purpose, the NFB must be granted adequate financial resources. In addition, a variety of relatively inexpensive incentives should be introduced to support Canadian cultural institutions and the private and community sectors in establishing the network and developing distribution and exhibition activities.

The future of the audiovisual industry lies in digital distribution and Canada must step vigorously onto this path if it wants to achieve its cultural objectives. For this to come about, there must be increased synergy between Canadian cultural institutions, including the NFB, and the private sector, leading to a pooling of resources.

5.3 Support for New Media

In recent years, experts have noted the growing importance of new media in our societies, especially among young people. We are seeing the emergence of new art forms, frequently inspired by film, which link sound, image and text in unconventional formats. New cultural spaces, real or virtual, are being created, and are changing the public's cultural consumption habits. The development of new media, including games, is a powerful force shaping the present and future audiovisual landscape.

New media and digital games are attracting a growing number of young Canadian filmmakers. Games will no doubt become as ubiquitous as television is today. If we fail to encourage the emergence of Canadian talents in this field, we will deprive an entire generation of its eyes and ears. Public cultural institutions, including the NFB, have a leading role to play in this regard; they should offer more programs and activities encouraging new media research and creation for cultural objectives.

Therefore, we recommend that the NFB's roles as an incubator and trailblazer in the audiovisual field be confirmed in Canada's film policy and strengthened by the provision of the necessary means for pursuing research, creation and distribution activities in the sector of new media and digital games.

5.4 Support for Emerging Filmmakers and Outreach

In the new economy, the transmission of knowledge and information plays a paramount role. A country's success is measured by its ability to train the public in new ideas and new ways of doing things while

acknowledging its social and historic references. The film industry is not exempt from this new imperative of innovative societies. Therefore, the training of new talents and mass education must figure among the priorities of Canada's audiovisual industry.

The NFB's work in this regard deserves to be emphasized. The NFB's Toronto Mediatheque and Montreal CineRobotheque, its online film library, the 22,000-member-strong NFB Film Club, screenings throughout the country, support for festivals, master classes, children's workshops and training of emerging filmmakers are concrete examples of the efforts we make to be present in the public space and serve as a driving force in Canadian society. Our resources and activities attract thousands of people: professionals, researchers, students, children, families and anyone else seeking enriching entertainment or nourishment for their mind or wishing to explore their rich audiovisual heritage.

A film policy should not overlook the social and educational dimensions of film and the role to be played in this respect by a public institution like the NFB. We recommend that the NFB's financial resources be increased to enable it to develop the community component of its mission. The NFB could do more to discover new talent and support excellence in Canadian film. For this, it has to build up its network of services in the regions.

6. CONCLUSION

The film policy review undertaken by the House of Commons Standing Committee on Canadian Heritage provides an exceptional opportunity for the establishment of a new contract between the different players in the audiovisual industry and the Canadian government, a contract which we hope will extend beyond a strictly economic framework to include the cultural and social components that are so vital in the present context of globalization.

We have proposed the improvement of certain support mechanisms for Canadian cinema and the application of certain means to help the audiovisual industry make a greater contribution to achieving Canada's cultural objectives. Some of these means would let the NFB play a greater role in the development of Canadian cinema. We hope that we have opened some avenues of thought and have spoken to the concerns of the Committee members.

Canada must take advantage of the present circumstances to give new impetus to its cultural industries. In an environment where the expression of our values and cultural diversity is threatened by US nation-building and international conglomerates, this is, in our view, a political priority.

Filmmaking should be something that helps make Canada one of the world's most innovative and creative societies. We think that Canadian citizens will respond enthusiastically to any effort in this regard made by the Canadian government.

We thank the Committee members for their attention to our concerns and recommendations. We would be happy to provide you with any documentation you may require about the NFB.

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c.c. The Honourable Liza Frulla
Minister of Canadian Heritage