

NATIONAL FILM BOARD OF CANADA 2015–2016 MAIN ESTIMATES

SENATE STANDING COMMITTEE ON NATIONAL FINANCE

Appearance of the National Film Board of Canada

Wednesday, May 6, 2015

Honourable senators, I thank you for giving us the opportunity to present the National Film Board Main Estimates for the 2015–2016 fiscal year. My name is Claude Joli-Coeur and I am the Film Commissioner and NFB Chairperson. I am accompanied today by my colleague Marina Darveau, Director of Finance.

The NFB is a federal cultural agency that was created in 1939 with a mandate to produce and distribute artistically and technologically innovative audiovisual works. Our films familiarize audiences in Canada and around the world with Canadian values and viewpoints. Each year, the NFB produces about 75 films through 10 production studios located across the country.

We are widely recognized for our leadership in the production of documentaries, animation, and interactive works; over the years, NFB films have received more than 5,000 awards and prizes.

In addition to being a world-renowned centre of creation and innovation, the NFB is a distributor of Canadian audiovisual works. Our online Screening Room, NFB.ca, has recorded more than 30 million views since it was created in 2009—including 11 million views through our CAMPUS platform, which is dedicated to the education sector.

The NFB is also the custodian of one of the most important audiovisual collections in the world. Consisting of 13,000 titles, 500,000 still images, and a substantial audio library, this collection is a priceless heritage for all Canadians and the international community.



The NFB Main Estimates for 2015–2016

The NFB's operating budget for the 2015–2016 fiscal year is \$66 million. About 7 percent of this budget is funded by our commercial activities, which will generate approximately \$4.2 million in 2015–2016. Most of this year's funding comes from appropriations in the amount of \$59.6 million.

Audiovisual production is our core business and accounts for almost two thirds of the actual expenditures of the NFB, or \$38 million. The senior management of the NFB's English and French Programs are responsible for the production of films and interactive works through our 10 production centres across Canada. The approximate breakdown of the audiovisual production budget is 60 percent for English programming and 40 percent for French programming.

Accessibility and audience engagement is our second centre of activities, with planned expenditures of \$13.7 million, and its focus is mainly on the distribution, marketing and sale of our audiovisual works, with activities in the educational and institutional sectors as well.

Note also that the NFB has slated \$1.5 million for the conservation and preservation of its collection, in particular for the implementation of its digitization plan, which aims to restore and digitize much of the NFB film collection.

Finally, our third major cost centre is internal services, with a budget of \$7.8 million.

The NFB Financial Context

Since the 2009–2010 fiscal year, the NFB's budget has decreased by almost 15 percent in current dollars. Two reasons account for this reduction. Firstly, the amount of allocated



appropriations has decreased by 14 percent since 2009–2010, and the bulk of this decline (more than 10 percent) was the result of savings measures announced in the 2012 Federal Budget.

Secondly, the digital revolution has profoundly redefined the audiovisual industry, especially the documentary industry. Like all players in the industry, the NFB has been greatly impacted by the digital shift, which, while it has led to the emergence of new distribution platforms, making audiovisual content more accessible, has also upset existing business models.

Traditional sources of income such as television broadcasting have declined, and competition has become more global than ever. Thus, NFB operating revenues fell by more than half over the last decade and by 38 percent over the last five years.

Despite the revenue reductions, the NFB has managed to cope with the challenges of the new digital environment by reallocating a portion of its annual budget to the institutional priorities. Thus, since 2009, the NFB has invested more than \$ 15 million to upgrade its infrastructure to meet the digital exploitation needs.

In order to meet its fiscal and technological challenges, the NFB has undertaken a series of restructuring initiatives in recent years. Many efforts have been made to improve efficiency at all levels of the organization; the number of NFB staff has been reduced by 16 percent since 2009 and now totals 373 employees.

A new action plan is being implemented to ensure financial stability for the next five years. The entire organization contributed to balancing the budget and ensuring funds will exist for future costs associated with the relocation of many of our offices, including our headquarters. The plan also aims to protect audiovisual production budgets and to implement a new marketing and distribution strategy for the NFB.



The Relocation of NFB Headquarters

Before we conclude, it is important for us to present the financial impacts of the upcoming move of NFB headquarters to a brand-new building in Montreal's Quartier des spectacles, scheduled to take place in 2017–2018.

Funding of \$14.4 million was granted to the NFB by the Treasury Board for the relocation of our head office. This is a loan without interest, repayable over 12 years. The move will mark the beginning of a federal presence in the district of downtown Montreal that's dedicated to the arts, in which the government has invested \$40 million. These new facilities are part of our commitment to creating a global centre of innovation and excellence in emerging forms of expression.

Thank you, Mr. Chairman. Marina and I will be happy to answer any questions that you and the other committee members may have about any aspect of the NFB Main Estimates.



Appendixes

Table 1: Future-Oriented Condensed Statement of Operations

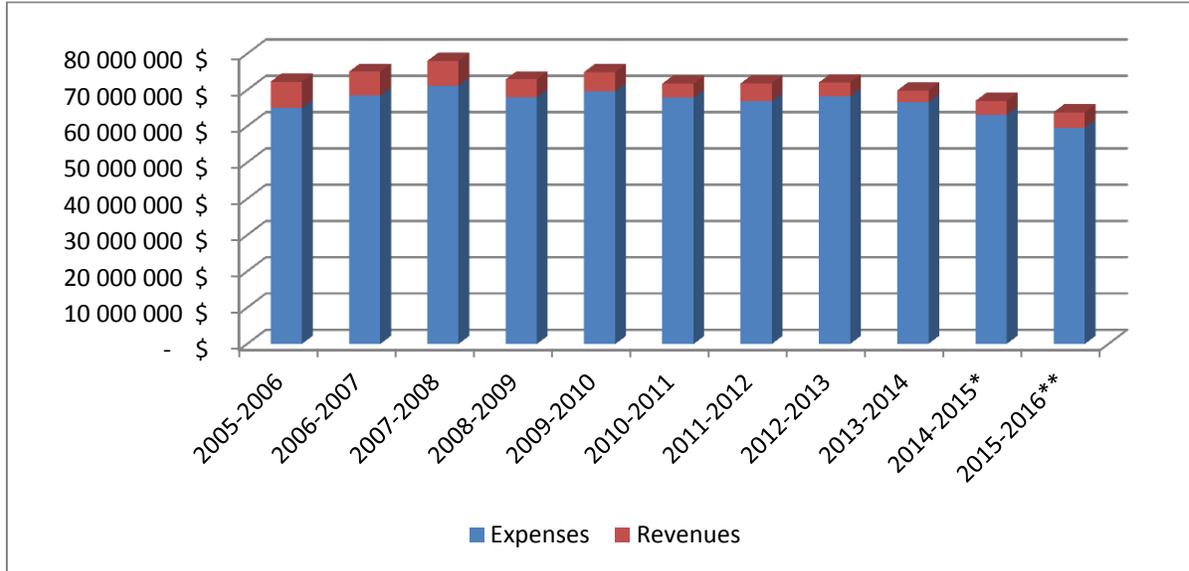
	Estimated Results 2015-2016
Total expenses	66 020 053 \$
Total des revenus	4 223 000 \$
Net cost of operations	61 797 053 \$
Changes related to the accrual accounting	2 144 676 \$
Appropriations	59 652 377 \$

Table 2: NFB Estimated Expenses by Programs

	Estimated Expenses 2015-2016
1.1 Audiovisual Production	38 068 603 \$
1.2 Accessibility et audience engagement	
1.2.1 : Conservation and Preservation	1 525 389 \$
1.2.2 : Consumer Access and Engagement	6 238 980 \$
1.2.3 : Educational and Institutional Access and Engagement	4 383 776 \$
1.2.4 : National and International Industry Outreach	1 594 100 \$
Total	13 742 245 \$
Internal Services	7 841 529 \$
Total Expenses	59 652 377 \$

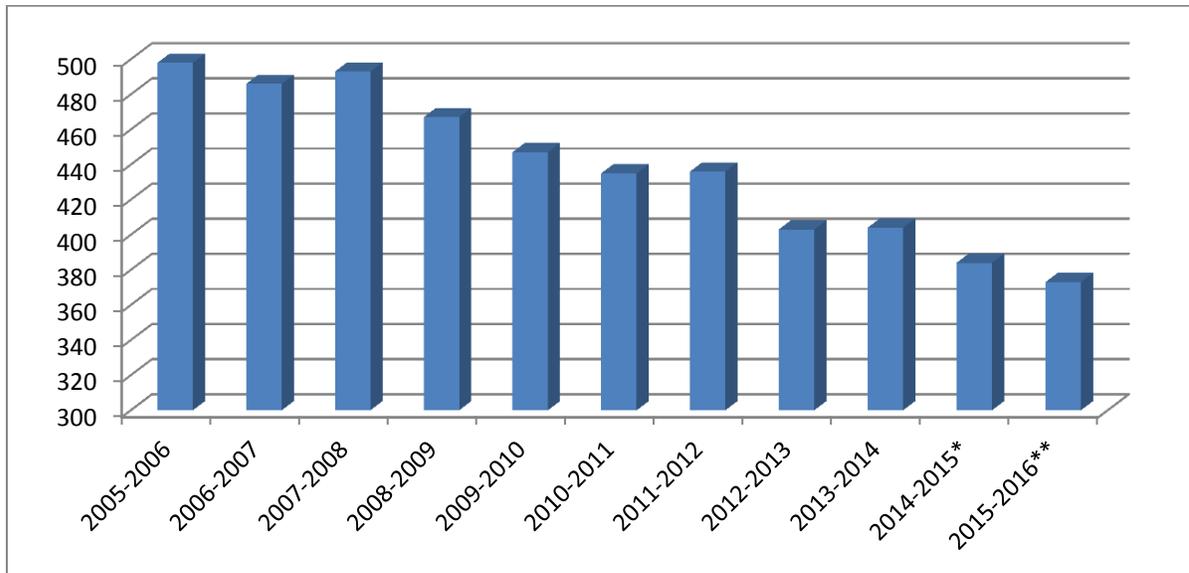


Graph 1: NFB's Total Cost of Operations between 2005-2006 and 2015-2016 (in current dollars)



Sources: Departmental Performance Reports from 2005-2006 to 2013-2014, and Report on Plans and Priorities 2014-2015 and 2015-2016.
 Note: * estimated results for 2014-2015, ** Projected expenses for 2015-2016

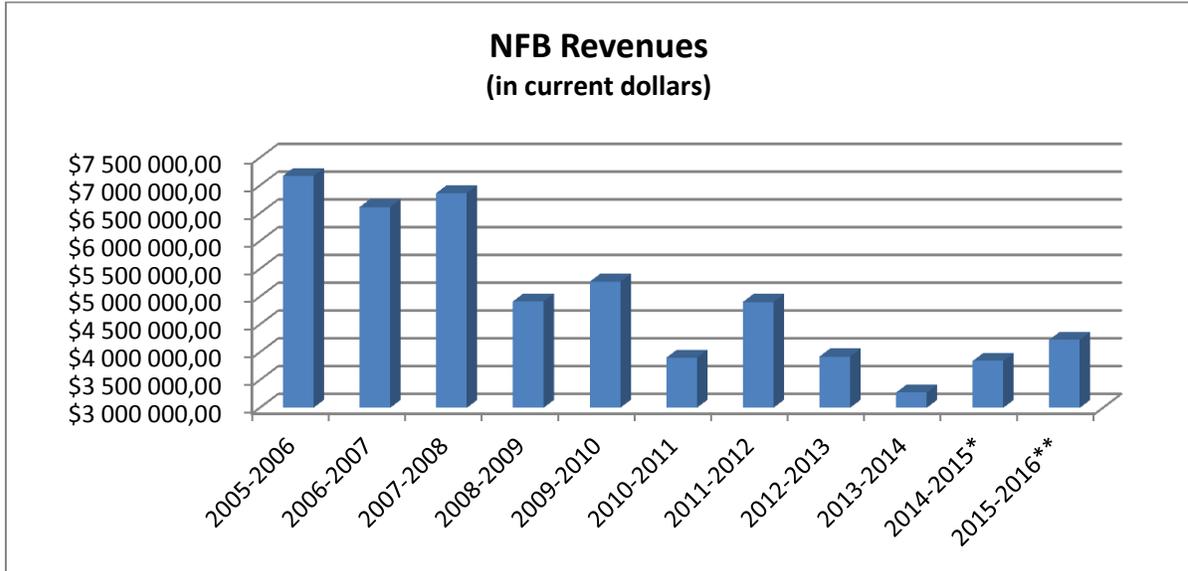
Graph 2: NFB Full-time Equivalents (FTEs) between 2005-2006 and 2015-2016



Sources: Departmental Performance Reports from 2005-2006 to 2013-2014, and Report on Plans and Priorities 2014-2015 and 2015-2016.
 Note: * estimated results for 2014-2015, ** Projected expenses for 2015-2016

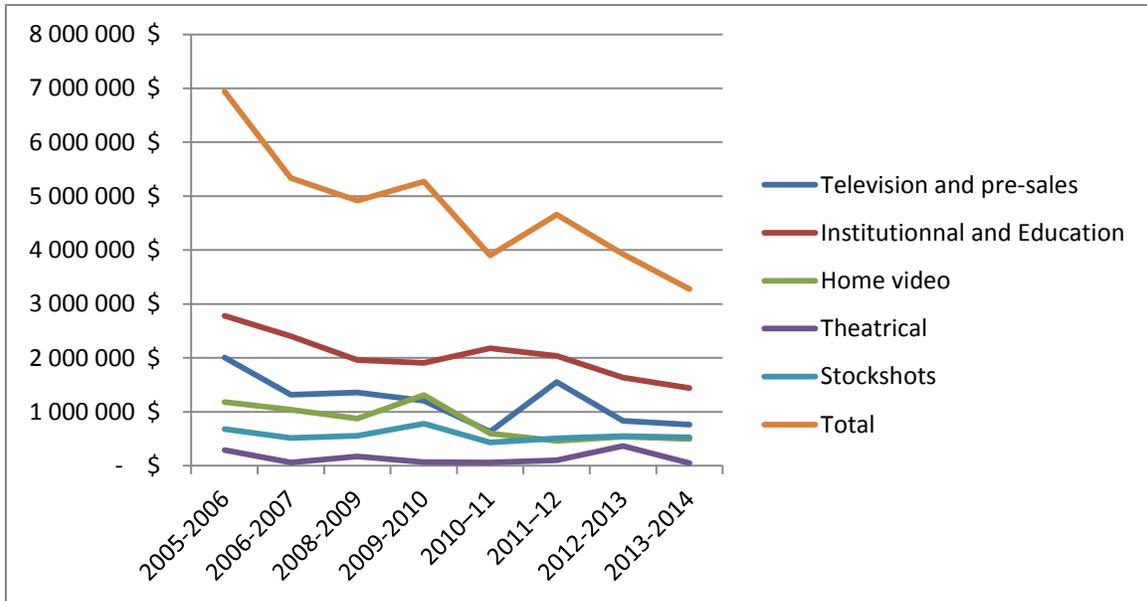


Graph 3: NFB Revenues between 2005-2006 and 2015-2016



Sources: Departmental Performance Reports from 2005-2006 to 2013-2014, and Report on Plans and Priorities 2014-2015 and 2015-2016.
 Note: * estimated results for 2014-2015, ** Projected expenses for 2015-2016

Graph 4: NFB Revenues between 2005-2006 and 2013-2014 by Revenues Sources



Sources: Departmental Performance Reports from 2005-2006 to 2013-2014

