



**Canadian
Association of
Broadcasters**

**L'Association
canadienne des
radiodiffuseurs**

February 18, 2005

Sent via e-mail

Ms. Marlene Catteral, MP
Chair, House of Commons Standing Committee on Canadian Heritage
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Madame Chair and Members of the Committee:

Re: Standing Committee Review of Canadian Feature Film Policy

The Canadian Association of Broadcasters (CAB) – the national voice of Canada’s private broadcasters, representing the vast majority of Canadian programming services, including private television and radio stations, networks, and specialty, pay and pay-per-view services – is pleased to provide its comments to the House of Commons Standing Committee on Canadian Heritage regarding the Government of Canada’s Feature Film Policy.

The CAB continues to maintain that the Government of Canada's feature film policy should embody three fundamental principles:

- (i) Incentives, rather than regulatory obligations, are the appropriate measures to encourage the production and distribution of high-quality Canadian feature films that attract audiences;
- (ii) Canadian broadcasters should not be excluded as eligible producers or distributors of Canadian feature films or any other type of production; and
- (iii) Public funding for feature films should be incremental measures and not draw from existing funds that support television production.

The Federal Government’s introduction of a new Canadian Feature Film Policy in 2000 with its emphasis on building audiences reflected these principles to varying degrees and marked a major shift in the Government’s support for Canadian feature films. The main instrument for advancing this new policy approach is the Canada Feature Film Fund (CFFF). The overall goal of the CFFF is to increase Canadian audiences in theatres for Canadian feature films, aiming to capture 5% of the domestic box office by 2006.

The CAB strongly supports the objectives of the CFFF's development, production and marketing programs which are to encourage the making and marketing of Canadian feature films that have high box office potential, while supporting a range of genres, budgets, companies and regions.

Private Broadcaster Support for Canadian Feature Films

The Canadian broadcasting system offers a wide range of viewing opportunities for feature films on Canadian television services -- conventional, specialty, pay and pay-per-view. The CAB submits that across the broadcasting system as a whole, Canadian feature films receive extensive exposure and support.

More and more private conventional and specialty television services are becoming active in the development and exhibition of feature films. For example, CHUM exhibits a minimum of 100 hours of Canadian feature films annually in prime time on its Citytv stations in Toronto and Vancouver.

In addition, pay television and pay-per-view have a mandate within the broadcasting system to specifically support and exhibit Canadian feature films.

For example, Corus Entertainment's Movie Central has developed and/or licensed a number of successful Canadian feature films including *Being Julia*, *The Blue Butterfly*, *Flower and Garnet* and *Bollywood Hollywood*. Movie Central supports the development of Canadian feature films through the \$1.5 million Corus Made for Pay Fund.

In 2003-04 Astral Media's The Movie Network (TMN) and Super Écran spent close to \$20 million on licensing Canadian feature films in both French and English. TMN and Super Écran also contribute annually to the Harold Greenberg Fund's story optioning program which provides funding for independent producers to option existing Canadian literary works. Recently funded projects include *Cantique des plaines* by Nancy Hutson, *L'Obéissance* by Suzanne Jacob, *Cocksure* by Mordecai Richler and *Cape Breton Road* by David R. MacDonald.

Furthermore, since the introduction of the CFFF, the share of financing from private broadcasters for Canadian feature films has increased from 2% to 5%¹. The CAB submits that this growth in financing and exhibition reinforces the success and effectiveness of an incentive-based approach to encouraging more active involvement and investment by broadcasters in Canadian feature films.

Broadcaster-affiliated Companies

As a result of buying and selling programs and services around the world, Canadian broadcasters are in an excellent position to use their knowledge, contacts and leverage to generate production financing and sales.

¹ Profile 2005 - *An Economic Report on the Canadian Film and Television Industry*, Canadian Film and Television Production Association, p. 22 (2005).

The CAB welcomes recent guideline changes to the CFFF that permit broadcaster-affiliated companies to access production and development financing and marketing assistance. The CAB believes these amendments are critical to encouraging Canadian broadcasters to play a more active role in the equity financing, production and sales of theatrical feature films and television programs.

For example, MuchMusic's *Going the Distance*, which achieved the largest box office success in 2004 of any English-language feature film that had participation from Telefilm, demonstrates how broadcasters can play an effective role in building audiences to Canadian feature films.

The CAB notes, however, that while broadcaster-affiliated production and distribution companies are eligible to receive a performance envelope as well as apply for selective marketing assistance, broadcaster-affiliated production companies are only allowed to access the English-language selective component of the Fund. Current guidelines prohibit broadcaster-affiliated production companies from accessing the French-language selective component of the Fund.

The CAB submits that such restrictions hinder the development of the Canadian theatrical film and television industry by depriving it of potential production and distribution partners and expertise. Public policy should encourage the participation of broadcasters in distribution and production and harness the resources they can bring to bear as an essential element of a broader strategy that seeks to stimulate the production and exhibition of Canadian film and television.

Moreover, recent changes to Québec's provincial tax credit regime, which now restricts access by broadcaster-affiliated companies, has made it increasingly difficult for private French-language broadcasters to finance Canadian feature films.

For these reasons, the CAB submits that broadcaster-affiliated production companies should also have access to the French-language selective component of the Fund.

Importance of Box Office Performance

The contribution of television services to the presentation of Canadian feature films is significant and essential. Commercial films usually obtain television windows and a video release after their theatrical release -- their success in these venues being dependent on their success at the box office.

Broadcasters know what kind of feature films will and won't work with their audiences. What works will vary depending on whether the film is to be exhibited by a pay, specialty or conventional broadcaster and will depend upon the market or niche audience that broadcaster is serving. The currency of broadcasting is audiences. All programs, whether they are feature films, series or one-offs, must generate sufficient audiences and revenues to off-set their cost to the broadcaster.

While not all films that enjoy critical success will be suitable for exhibition on television, the potential for strong box office performance is essential to encouraging broadcasters' involvement in the production, distribution, marketing and exhibition of Canadian feature films. Without a requisite policy focus on box-office performance, broadcasters will be limited in their ability to help build audiences for Canadian feature films. **For these reasons, it is imperative that public policy instruments such as the CFFF continue to support commercially-oriented films that have the potential to attract large audiences.**

Feature Film Advisory Group

In March 2001, the Minister of Canadian Heritage created a new Feature Film Advisory Group selected from the ranks of Canada's producers, distributors, exhibitors, broadcasters, screenwriters, directors and performers. This Advisory Group, reporting to the Minister, was responsible for providing advice on how best to achieve the goals of the new Canadian Feature Film Policy. In particular, the Advisory Group was meant to help monitor, assess and evaluate the Canada Feature Film Fund's performance.

The CAB notes that over the last few years the Advisory Group has met very infrequently thereby limiting the Government's access to this critical source of expertise. The CAB believes that regular and active involvement of the Advisory Group is essential to ensuring public policy continues to be in step with industry practice and need. **For these reasons, the CAB encourages the Government of Canada to establish a more formal role for the Feature Film Advisory Group in the ongoing development of feature film policy.**

The CAB appreciates the opportunity to provide its written comments in this proceeding.

Sincerely,

A handwritten signature in black ink, appearing to read 'Glenn O'Farrell', written in a cursive style.

Glenn O'Farrell
President and CEO

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