



House of Commons
CANADA

Standing Committee on Canadian Heritage

CHPC • NUMBER 045 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Thursday, June 9, 2005

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Chair

Ms. Marlene Catterall

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•(0905)

[English]

The Chair (Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)): We have good representation. We're still expecting Libby Davies, but I think we will now call to order this meeting of the Standing Committee on Canadian Heritage and our study of feature film in Canada.

Who is going first? Ms. Druick and Catherine Murray. I have been asked by committee members...[*Technical difficulty—Editor*]

I would ask the members to very briefly highlight the recommendations you want to make and leave as much time as possible for discussion, if you don't mind. Thank you.

Dr. Zoe Druick (Assistant Professeur, School of Communication, Simon Fraser University, As an Individual): Thank you.

I'd like to thank the committee for the invitation to appear today. My name is Zoë Druick. I teach in the School of Communication at Simon Fraser University.

I have done extensive research on the history of the National Film Board, so much of my perspective comes from the history of government film policy in Canada. So while I know you'll be hearing and have heard a great deal from members of the industry who have pressing concerns, my contribution is more of a long-range vision on the subject.

In this very brief introduction I'll just address two key points covered in the brief: first, the complexity of the Canadian film industry, and second, the importance of developing a broader film culture as a strategy for creating successful Canadian films. I'll propose a few ideas about what policy can add to this endeavour.

My colleague Catherine Murray will deal with a couple of other points covered in the brief.

To move first to the complexity of the Canadian film industry, Canadian cinema is comprised of an amalgam of multiple industries and audiences. This makes any simple solution to the issue of Canadian film for Canadian audiences almost impossible. Aspects of Canadian cinema, or what I call, echoing Alan Parker of the U.K. Film Council, multiple film industries, have different audiences and different esthetic ambitions, and therefore require different calibrations of success. So here are some of the different industries in Canada.

First of all, there is Hollywood, which is part of our film culture, not only through its influence on our industry through its global

production practices, but also through its influence on our film culture and particularly on genres and tastes of the audience.

Another aspect of our film industry is treaty co-productions, which partner Canadians with international companies to make products for the international market. Many analysts of this tendency have identified ways in which the products made through co-productions tend to move away from telling distinctive Canadian stories, particularly because they are geared toward the American market.

Another aspect of our industry is, of course, independent cinema. I'm talking mainly about feature films. This includes art house and film festival fare as well as long-form documentaries.

Finally, two other important aspects of the Canadian film industry are Quebec cinema, which you've seen has been successful in ways different from English Canadian cinema, and aboriginal cinema.

These factions of the Canadian film industry require different funding structures, different distribution methods, -ranging from theatrical to television to film festivals, and different markers of success.

There are elements of this multifarious Canadian cinema that actually conflict and contradict each other. For example, the development of the foreign service industry, especially here in B. C., has had negligible effect in supporting a domestic industry. In fact, it may be establishing industry norms that actually harm the ability of indigenous features to be made with available resources.

The great Inuit filmmaker, Zacharias Kunuk, refers to this problem as Hollywood's militaristic and vertical structure being imposed as the only way to make film. According to him, it edges out more collective and horizontal and, we might say, more economical ways of working without strict hierarchies.

I'll turn to the second point, film culture, more broadly. Education, film writing, and film preservation are all important aspects of the ambition to increase the significance of Canadian films in the lives of Canadians. State, educational, cultural, and media institutions are important complementary sites for the promotion of film culture. For example, diversity initiatives can be made very early on in the educational system by introducing kids to non-Hollywood forms of culture, thereby educating potential future audiences and creators.

Also, some of our cultural institutions such as the CBC, the NFB, Inuit Broadcasting Corporation, and the Canadian Film Centre have shown us that cultural institutions with stable funding are actually the best places to nurture creative communities in this country.

More support for film research, teaching and scholarship is needed. This has to do with the fact that the cultural meaning of film takes time to settle and, in the long run, contributes to the public discourse on films and filmmakers.

● (0910)

Also, the role of the Canadian Film Institute and the audio-visual heritage trust in preserving our films and in providing access to information and interpretation of Canadian films needs to be strengthened. This includes not just preservation copies in the National Archives, which is a great innovation, but video and DVD copies distributed to public libraries across the country and available for students, researchers, and the general public are also important. As well, the sustained publication of monographs and journals on Canadian film will ultimately raise awareness, and thereby interest, in Canadian films and filmmakers.

In sum, we need to develop our broader film culture in order to support Canadian cinema over the long term and to gather perspective on the multiple Canadian film industries that make up the film landscape in Canada.

Thank you.

The Chair: Do you have anything to add to that, Ms. Murray?

Dr. Catherine Murray (Associate Professor, School of Communication, Simon Fraser University, As an Individual): I don't see how I can, actually. I would like to speak to one issue, and that is the audience development strategy embedded in our paper. I think it is useful. I noted that in many interventions presented to your committee, it has been debated from an interesting and highly ambiguous set of perspectives, so I would like to cast an independent academic perspective on the strategy to grow box office revenues to 5%. It was embedded in the policy in the year 2000, in *From Script to Screen: New Policy Directions for Canadian Feature Film*.

We heard from my colleague Professor Druick how important it is to build a film culture. One of the key aspects of that, of course, is to build audience participation, cultural participation, in film in Canada, so I want to tell the standing committee to have courage and not to back off from this.

We would be very representative of many regimes around the world; indeed, we would be very representative of a growing trend in the United Nations in the study of cultural participation. That trend is characterized by two directions. The first is a growing focus on the need to build citizen participation in culture in each of the different cultural industries, and the second is for nations around the world to understand those impacts on rationale for cultural policy generally.

We have internationally a growing consensus, but by no means a majority consensus, on what new rationales are for cultural policy are in these modern, complex, and really interesting economies. The warring paradigms seem to be cultural diversity—to which Canada has committed strongly in its international leadership on cultural diversity—and a citizenship perspective that really focuses on the citizen's right to participate in an indigenous film culture. In light of

the unprecedented court ruling on health, we're aware that in Canada we are redefining the relationship between individual rights and collective rights on a whole range of public policy issues—including culture, and especially film culture.

The focus in the year 2000 on audience development was an early warning system, reflective of a kind of sea change in cultural policy around the world. In Australia and the U.K., for example, we see very aggressive focuses on audience development and citizenship participation emerging.

I want to suggest that the data on the outcome of that policy, which has now been in existence for almost five years, are very mixed. People can read it as a resounding success—I would caution you that's usually promotional and self-indulgent rhetoric—and they can read it as an ambiguous thing. Don't forget that the numbers are solely kited by the French box office numbers. In fact, there is evidence to suggest that there is a marginal decline in English Canadian attendance at theatrical film exhibition.

Frankly, I want to commend the standing committee not only for coming to Vancouver—which is, after all, where the then Minister of Canadian Heritage announced this policy—but also for undertaking this review, because frankly, as an external researcher with no vested interest in the industry, I find it very difficult to research these matters without the assistance of a standing committee to aggregate data and publish it. I would like to say, as a policy researcher, that increasingly I find the resources of the standing committee hearings much more important to the formation of my understanding than any other individual industrial source, and I include Telefilm. I include Statistics Canada and CFTPA and other agencies in this. You play a very important role in advancing public understanding and public research.

My argument would be that it's too soon to say whether there is a success, that the strategy for audience development must be embedded in a coherent and effective policy framework in the Department of Canadian Heritage, and that the policy needs to be based more on a citizenship model and a cultural diversity model for cultural policy.

● (0915)

I probably err on the side that the policy has not yet succeeded. I'm not going to say it has failed, but I'm going to err on the side of the verdict that it has not yet succeeded. Of course the reason why it's not yet succeeded is outlined in our draft on page 4.

I simply want to draw your attention to my argument that it really didn't succeed in assuring the independent small filmmaker that this focus on audience maximization was not just, as my colleague Zoë Druick notes, a steamroller effect, a call for a Hollywood, large-scope, blockbuster approach to film in Canada, which I think is probably a wrong-headed approach. There were inadequate protections for minority expression in my view—protections for the kinds of segments of the industry that Professor Druick has identified: the edgy, alternative, first-time filmmaker entry and so on. I think these were not well communicated by Telefilm at the time.

The second reason I think there has been a question about...or a barrier, if you like, as to why the policy is not yet a success, is this. In Canada despite our enormous expenditure of public resources and successive inquiries and really interesting innovative models of advisory committees to brainstorm about solutions to what is surely a very intractable problem, at a 1.3% share for an indigenous film in English Canadian markets, we really know very little about models of cultural participation.

I will simply state this, and your research analysts will, I hope, confirm it. If you google the term "film audience in Canada" and you try to search this consistently with any of the government sources, you will come up with zero. It is an appalling state. Much of the information that has been collected is secret; it is not divulged. No academic has yet come forward with an access to information request, which may leverage some of this information free. One of the most important elements, I think, of your report would be to argue for the need for a research and development strategy around audiences and audiences' tastes. I think that would be most effective.

I would note by way of aside that academics are sometimes useful to parliamentarians interested in good public policy. One of the most important elements we must remember is that our patterns of spending on academic research indicate a similarly low share for expenditure on research on cultural production or cultural policy. A study just completed by a colleague of mine, Dr. Marc Raboy, indicates that at SSHRC we too have in the last three years less than a 1% share on cultural or communication research in this body.

This is not a sustainable scenario in the long term. We need spending on academic research, we need spending on public audience research, and we simply need to overcome the problem of Statistics Canada with untimely, laggardly, and largely insensitive data when it comes to film culture.

We need a R and D strategy to make *From Script to Screen* targets work. We also have to recognize that without an exhibition or distribution strategy linked to audience development, clearly it is destined or doomed to fail.

I know my colleague Dr. Beaty will be speaking on the exhibition and distribution challenge facing you.

I simply want to state one other thing, and that is that we have the genius potentially available to do this research in Canada. Some precedents—for example, I am aware of studies that were done by Robert Lantos over a decade ago—studied some basics. He did a very innovative study in aid of his launch of the application for Showcase. It did simple questions like title tests—whether people could recall on an aided or unaided basis any of a list of Canadian

films released in the last year, and whether they in fact were going to go to see them in the future or something like that. These are very valuable surveys.

●(0920)

There is some anecdotal evidence to suggest that awareness of Canadian film titles in Canada, in the English Canadian market, is ranging between 25% or 27%. In my view, I look at that as the potential market for demand in English Canada and I would say the proposals by Wayne Clarkson to increase the target to 10% are modest, but that kind of gradual evolutionary approach is probably quite right.

I'd like to conclude now, Madam Chair. Thank you.

The Chair: Thank you.

Dr. Beaty.

Mr. Bart Beaty (Assistant Professor, Faculty of Communication and Culture, University of Calgary, As an Individual): Thank you for the opportunity to speak to you this morning.

I want to speak here largely on behalf of my students. As a professor of film studies at the University of Calgary, I've taught the required course on Canadian cinema for about the past five or six years, probably six or seven times. One of the assignments that I give to my students is always to come up with a way to improve Canada's film culture, and they have great difficulty with this. This is one of the more challenging assignments that they have each year.

My sense from my students is always that they feel bad about not seeing Canadian films, but at the same time, they feel that the opportunities to see Canadian film outside of a classroom setting are very limited. Several years ago I invited the Calgary filmmaker Gary Burns, the director of *Waydowntown* and *A Problem With Fear*, among other films, to speak to my class. Many of the students were interested in becoming filmmakers, and so they were quite enthusiastic about meeting Gary Burns to discuss his experiences working in the industry.

What he told them was that Canada was a tremendous place to make films and that Canada in fact might be the greatest nation on earth in which to make films. Between the highly skilled and dedicated personnel that we have on the ground and the funding opportunities that are available from the federal and provincial governments, there is a lot of opportunity for young directors and young screenwriters to get their work produced in this country.

Having said that, the students asked why it was so difficult to see his films and why it was so difficult in a city as large as Calgary to see Canadian films, and he said that this was a totally different matter. Canada is a wonderful place for young filmmakers to make films, unless those filmmakers have a strong desire to have those films seen by Canadians, because Canada is not a nation that has particularly lived up to the promise and the potential to have our films seen by our own citizens.

I think if I had had Gary Burns come and speak to my class 40 years ago about filmmaking opportunities in a city like Calgary, the session would have been very short. It would have revolved around opportunities with the National Film Board. There was very little independent production, very little private sector production, going on in Alberta. That has dramatically changed over the last half century, and for the better.

I think it's undeniable that Canada has had tremendous successes in film production. We've had any number of directors go on to international recognition and international reputations, and Canada is a world leader in many areas of film. I think it's indicative of this that at the Cannes Film Festival in May, the fact that no Canadian film won a prize was taken in the Canadian press as something of a shock. There was an expectation that with Atom Egoyan and David Cronenberg showing films at that festival, Canada deserved a prize and Canada was going to earn a prize. This would not have been the case as recently as 10 years ago.

At the same time, however, I checked the movie listings yesterday in the city of Calgary and I realized that there was only one Canadian film showing anywhere in the city of Calgary: Aaron Sorenson's *Hank Williams First Nation*. This film is also showing in Edmonton. There are no Canadian films showing in Lethbridge, Red Deer, or any other city in Alberta.

So in Alberta right now you can see one Canadian film on two screens, and this strikes me as a complete failure. It's almost inconceivable that we could have a situation where in a province as large as Alberta, and in cities as large as Edmonton and Calgary, there's only one Canadian film showing. At the same time, there's one Israeli film, there's one French film, there are two British films, and in Calgary there are three Indian films showing at a Bollywood cinema in the northeast.

The origins of the problems for Canadian film distribution are largely historical. When my students address the issue of what is to be done, they always note that in many ways Canada gave away the distribution farm in the 1920s when we allowed American entrepreneurs to enter this country and establish theatre chains, and our theatre chains are now largely controlled by the United States. This gives Hollywood a tremendous advantage that Canadian filmmakers do not have.

In my class I think one of the most boring lectures for most of my students is the history of efforts to change this, and calls from governments, artist groups, and filmmaking groups to change these policies and to change the distribution policies. We've had many opportunities and calls to do this, but we have never acted on those possibilities. What has resulted is that, to use Dr. Druick's phrase, we've had an American steamroller in the Canadian film exhibition and distribution arena.

● (0925)

Now, with the success of American blockbusters, we see that the average budget for an American film is \$100 million. The average marketing costs for an American film are \$35 million. This \$35 million spent on marketing far exceeds, dramatically, the total budget for Canadian films, and then we wonder why it is that we're unable to see them. It's not that Canadian films aren't good enough to be screened in Canadian theatres; it's that they're not known enough.

What Dr. Murray just mentioned about the crisis with titles really hits home for me. I was on a flight from Toronto to Calgary earlier this week, on Air Canada, and they showed a film called *Saint Ralph*, a Canadian film, which I think most of the people on the plane, including me, had never heard of. I was standing at the baggage claim and I was listening to people talk—our plane had been endlessly delayed; there were problems with the flight—and people were saying, “At least the movie good. That was a really good movie. Had you ever heard of this movie?” No one had heard of the movie. Everybody loved the movie. People were crying at the end of this movie. But it was totally unknown in this country, and that is a real problem.

Promoting Canadian films is going to be a real difficulty. Unless the federal government wants to start investing tens or perhaps hundreds of millions of dollars to support the promotion of films like *Saint Ralph*, we're going to have a big problem in getting these films known. I think the opportunity now exists to think creatively about what it is that we're going to do to make these films known to Canadians. The suggestion that my students endlessly come up with, and the one I would suggest to you, is that something needs to be done about exhibition and distribution. We can look at the successful models of Canadian cultural industries, and those models would be popular music and Canadian television, both of which are far healthier than the Canadian film industry is now, both of which, of course, rely on Canadian content regulations.

There are no Canadian content regulations for theatres in this country, and the absence of those, I think, is one of the things that have led us to this current crisis in the Canadian film industry. I think it is the task of this committee and of the government generally to start thinking about creative ways to get Canadian films into theatres, because when those Canadian films are placed into theatres, in front of Canadians, people are going to come out from films like *Saint Ralph* and say, “That was a really good movie. I can't believe it made me cry”. That's exactly the type of response we need to be looking for.

Thank you very much.

The Chair: We will start with Mr. Schellenberger.

Mr. Gary Schellenberger (Perth—Wellington, CPC): Thank you very much.

Thank you very much for your presentation this morning, and thanks for being here for us.

My second name is Ralph, and yes, on the flight last evening *Saint Ralph* was on, and it is a very good movie.

We've heard how great a movie it is throughout our meetings that we've had across the country. I was amazed that you, Mr. Beaty, had never seen it before then, because we've been told it's been one of the greatest movies that have been produced in the last little while. So yes, we do have a real problem, I think, with distribution and letting people know.

You said something about the hardest assignment for your students being how to correct this problem. That's what this committee is all about. That's what our thing is, to try to get bums in seats. You can have the greatest film, the greatest script, and the greatest actors, but if no one sees it, they never know how great that film is. So that is one of our main objectives.

I have to agree that the 5% that was set almost five years ago now is apparently at 4.6%. I can agree that the biggest part of that is in the French film industry, primarily in Quebec. I think they're at some 20%, and English Canada is at one point...it's very small anyway. So yes, I would think it could be getting smaller.

I also agree that teaching Canadian film culture is great. Again, one of the biggest things we've been trying to get, which was alluded to, is the amount of money that's spent in the United States. I hate bringing up the United States all the time, but they are our neighbours and they are a big influence on us, especially in the film industry. It would be no different if we came out with the greatest car in the world. If our advertising of that car was \$100 while the next guy was spending \$100,000, no one would know about our car. So those things are there.

Again, one of my biggest things here is how do we get those people, those bums, in the seats so they can see the good films and they can talk while the plane's broken down and tell everybody to go see them?

I'd like an answer, please.

● (0930)

Mr. Bart Beaty: One of the problems that we have and that you highlight, I think, is the distinction between the French-language film culture in this country and the English-language film culture, and it's a dramatic disjuncture. And I think we have to understand film culture as a matter of trajectories. I think we have to acknowledge that the successes in the Quebec film culture draw on previous successes, and they draw on a celebrity culture in that province, so that people who are going to see *Elvis Gratton III* or *Les Boys III* or *Seraphin* know what to expect from a Québécois film. They don't know what to expect from an English-language Canadian film. And so English-language Canadian films are constantly having to reinvent the wheel. We have a success every few years in the English-language cinema, and then there will be a long gap.

It means that English-language film is always having to be defined in relationship to American films, because America is constantly revising what it is that they do well. If they have a success with romantic comedy, then they'll make 10 more romantic comedies. English Canadian cinema never has so much success that we can then make 10 more of those things. And so I think partly it's a matter of creating a kind of base culture of understanding so that we can

have those successes for the English Canadian film industry to build on.

At the same time, I think—to go back to something that was said by the other panellists earlier—there is something about the film culture that needs to be established. I look in Calgary at the success of Southeast Asian films. We have theatres that are showing two, three, and sometimes four Southeast Asian films in Calgary at any given time, on Bollywood cinema nights. So there's this kind of effective relationship that Southeast Asian Canadian populations have with that cinema that is missing from English-language cinema, and I think we need to find out what that is and how we can begin to replicate those kinds of successes, which are really local successes. I think we have to start thinking about making our film industry more local.

When Gary Burns makes a film, his film does well in Calgary, because he's the local boy and people will go to see it. But they're not seeing it in Vancouver and they're not seeing it in Regina and they're not seeing it in Ottawa. And so we need to figure out how we can build a sustainable local film industry in this country.

● (0935)

Mr. Gary Schellenberger: Distribution is very important, so it goes back to the distributor? Is Telefilm built such that there can only be a Canadian distributor to distribute that film? Does that limit the distribution? Is there a kind of protection, like only bald guys can do this type of thing, so anybody who has hair can't apply? This is what I'm looking at. I know it's Canadian, and I know we're talking about Canadian money, but if there's a problem in distribution—and sometimes that problem seems evident in Telefilm, in that if you don't use a Canadian distributor you can't go through Telefilm—I'm wondering if there can be some changes in there. You're saying the distribution isn't right, because what you see in Calgary maybe won't make it to Vancouver.

I do know that some distributors are on big contracts with some of the big American things. You can have a film that's doing really well in your theatre, it might be there for a week, and then all of a sudden another blockbuster is supposed to come on. That film could go to the shelf and never be seen again.

So again, how do we get around that? Is it in the distribution? Could there be something, some legislation, that requires something else? I don't know.

Mr. Bart Beaty: I'll come back to the issue of screen quota. There has to be some way to get these films in. You're absolutely right that film circuits are booked by American blockbusters. There's no space. Even when an American film comes out and fails, it's very difficult to simply slot a Canadian film into the system at that time. It becomes a real crisis.

The crisis is even more pronounced outside the large cities. At least in Calgary we have Calgary International Film Festival. So for two weeks in October you are able to see Canadian films and small international films. For people living in Red Deer, Lethbridge, or more remote parts of Alberta, those films simply never show up in theatres. So they're absolutely cut off from Canadian film culture.

As I said, we do a really good job of creating films and making films, but if we're going to invest money in making films that nobody sees, let's call it a jobs policy and be done with it. If we actually want engaged and critical consumers and citizens, I think it's necessary that we start reserving space for Canadian films in theatres.

The largest theatres in Calgary right now have 30 or 31 screens, with 12 of them reserved for *Star Wars*, eight of them reserved for *The Longest Yard*, and seven of them reserved for *Madagascar*. On a Wednesday evening, after the initial rush of people to see the movie in the first week, those theatres are increasingly empty; you'll see them one-tenth full. It strikes my students as insane that some of these theatres can't be reserved for Canadian films, if we have 31 screens in the largest theatres.

Dr. Catherine Murray: I'd really like to underline that, because there are very few scholars who are arguing that the basis for the exhibition quota is now radically changed. When we debated these things in the early 1990s or we debated them in the 1920s, we weren't dealing with the phenomenon of the theatrical exhibition industry the way it is now. I want to underline that.

Mr. Beaty has stated that the American-owned cinemas constantly argue scarcity. But I would argue their scarcity argument against exhibition is dead. They have excess capacity. You have to recall that. There is an opportunity to revisit the issue in a creative kind of way. I think what you need is a targeted strategy in exhibition. You have to look at reserving important weekends in Canada. For example, July 1 has to be a reserved and targeted time for exhibition. You need to look at new ways to promote.

You cannot look at the Canadian film industry alone. The cultural industries must exhibit market synergy. That's what we have to build. We have to induce it from the policy arena first, and then we'll see it grow spontaneously.

So I would argue that, for example, a summit should be called by the Minister of Canadian Heritage asking private commercial broadcasters to throw their public service announcement strategy for the next three years—50% against promotion of Canadian film titles. That's the kind of synergy you have to seek.

You also need to actually throw the challenge in other arenas to the print industry and challenge the CRTC by saying, has your strategy to build an English star system in popular culture worked, and if it hasn't, why isn't it working? It's because the e-entertainment or whatever shows produced in Canada are not serving the terms of their licence. So the commission has to get involved as well.

While a distribution strategy is clearly needed, there is much more focus on marketing and promotion in a sophisticated kind of way. Finally, let's not forget—and I know Dr. Druick needs to raise this—the importance of the festivals. Let's not forget the importance of the broadcast sector in driving home DVD purchases and rentals.

Let's not forget that years ago Vancouver did a study to look at the home video rental market—which is not dead, and in fact is still generating big revenues in the film industry. They were looking for a means to promote local films and Canadian titles. There was a study called the Canada Rack program, which was rejected by Rogers at the time because it didn't seem to achieve its focus. But in fact it really drove an increase in local area rentals of art or Canadian films, instead of putting Canada in the foreign film section.

● (0940)

Dr. Zoë Druick: To Mr. Schellenberger, I think you're asking why American distributors—because their infrastructure is in place, and because of their connection to the exhibitors—don't simply take up the role of distributing Canadian films. The reason that won't work is that the American distribution model is a global model, so they aren't interested in local or regional distribution. They're only interested in products that will be marketable everywhere.

They treat Canadian cinema like they treat all cinemas, except their own, as farm teams for developing talent. If they like what they see in a Canadian film, they're not going to distribute that film locally and try to get some of the incentive money that might be there in the Canadian market. They'll approach those creative workers, directors, writers, and actors, and have them come into the American cinema infrastructure.

They will never treat and never have been interested in treating Canada as a distinctive region they could service. Rather, they are interested in bringing Canadian audiences and Canadian tastes around to the more global model of distributing sort of standardized global productions.

One of the things we tried to look at in the brief was how Canada was implicated, and the need to address the fact that we're implicated in a really contradictory position. We support global Hollywood through our policy of promoting the foreign service production industry in Canada, and through our treaty co-production policies. But we are actually implicated in the very thing we think we're fighting against, which is how to get the Canadian stories out there. We're saying that on one side, while on the other side we're contributing to a kind of international film culture that emphasizes placelessness—non-distinctive, non-Canadian stories—with an international star system and genre system that are not distinctive.

One of the things we're trying to raise here is that we need to be a little more honest that we're actually undermining industrially what we'd like to promote culturally.

● (0945)

The Chair: Mr. Lemay.

[Translation]

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Thank you for being here. I inform you that I have read your briefs with great interest. I could tell you exactly what there is on any given page, because I find it interesting, when scholars tell us things, that we listen to them.

However, I would say that *St. Ralph* came in second at the Boston Marathon, that we are second, and that we will have problems coming in first ahead of our American friends. I think the objective is not to be first and beat the Americans, but rather to develop our own system, which it did manage to do.

I would be curious, however, to see the trailer of *St. Ralph*. I'm almost sure there wasn't any. That's one of the problems with English Canadian cinema.

I will tell you that in Quebec — and you will know right away where I stand — when *Star Wars* came out, *Le Survenant* came out at the same time. Well, the best screens were reserved for *Le Survenant*. The Americans flew into a rage from Los Angeles to New York to Chicago, saying: “What the hell is *Le Survenant*?” So we have to beat them on the same turf.

So I'm not in favour of quotas, and I think this transpires. I think we must beat them with complete integration. In Quebec, it took ten years: we're only beginning to see the results, i.e. the integration of producers, directors, the star system, that you do not have in English Canada. You know where I stand.

You're going to have to stop exporting your screenwriters and artists to Los Angeles. How can they be kept here? In Quebec, we do have the language. For once our language can help us defend ourselves... We control the situation because we are protected by our language. You don't have that.

My question is addressed to Ms. Druick and Ms. Murray. Do you have studies on cinema in Great Britain? You referred to studies on cinema in terms of public attendance, the number of movie-goers, etc. Do such studies exist? If not, we may need to cross over to see what's going on, because New Zealand and Great Britain, for example, are developing very interesting cinema. That's my first question.

I have a more pointed question for Ms. Druick and Ms. Murray. Recommendation three made me frown and even jump out of my chair. You say:

The Low Budget Fund should explicitly support films that challenge social norms and social cohesion, as well as mainstream aesthetics.

My first reaction was to say that this means we could make films on pedophilia. How far can we go? Who sets the limit? Who draws the line?

I will conclude with you, Mr. Beaty, because I read your text. On page 3 of the English version, you say:

The current policy should be more precise about the kinds of popular films it wants to see produced and how these will be marketed to specific audiences.

Mr. Beaty, you are a good professor, I'm sure. I have a question to ask you. What recommendations do you suggest we should make to meet this objective?

● (0950)

[English]

Dr. Zoë Druick: Thank you, Mr. Lemay. I'll try to address some of the pointed questions you put to us.

I looked extensively at U.K. and Australian policy. I also considered the policy of Taiwan and Iran—countries that have

vibrant domestic industries we could learn from. The U.K. is pursuing an aggressive strategy similar to ours. It is built on co-production and foreign service production for American film. This has been the main driving force in the development of their industry. It's a rationale similar to the one we hear in Canada—if you develop the infrastructure, then local filmmakers will be able to make use of it. When you peg your policy to the strength or weakness of your currency, you end up losing in the end. So in the last five years, eastern Europe has taken over much of the work that had gone to the U.K. and strengthened its industry.

You have seen strong audiences in the U.K. for British film. But many of these films are made along the lines of the international blockbuster, like the Bridget Jones films. These films, according to some calculation, are somewhat British. They have British authors and directors, but they have American stars as a way to propel the film into an international market. This is what's driven up the U.K. audience numbers—the international co-productions with the U.S. They have American stars, with clichéd notions of Britishness.

What I tried to draw out and you picked up on was the idea of the diversity policy. What I was impressed with in the U.K. cinema, and what has been a success for them since their Channel 4 initiative in the 1980s, has been the development of low-budget film that one might call gritty and a little bit dangerous. They've built into their policy something similar to what we had in our low-budget film fund—an emphasis on diversity. We talk about this a lot. But they have emphasized as a policy directive a new cinema fund. It is like a low-budget film fund, but the mandate is to encourage the promotion of risky films that deal with British society and diversity—racial diversity, class diversity, and so on—in challenging ways. I thought it was inspiring the way they built that into their policy. Those films have been successful in the film festival circuit.

Sadly, other industries like Australia's and Taiwan's have in the last five years lost the power of their domestic industry. They have deregulated, and now their screens are filled with American films. Those examples seem to support Professor Beaty's point. Unless you have a strongly protectionist model around production, distribution and exhibition, it doesn't matter how successful your films are internationally. It doesn't matter how they do at film festivals. There will not be a domestic market for your film.

[Translation]

Dr. Catherine Murray: Mr. Lemay, your questions are great.

[English]

I regret I cannot speak and reply in French.

•(0955)

Let me start with the trailers idea. Here's an example of an overlooked element. While we invest in marketing and development with special reserve funds—and you'll see that the provincial agencies are specifically stepping in to help here and to build regional awareness—I would say that the state of trailers in English Canada is still desperate. We don't know how to make them. We need research and development into how to make them. Like the TV industry, we don't test with audiences with penultimate cuts. So we need more work around trailers and how to promote them. But again, this needs to be supplemented with a strategy to make sure the trailers will be aired free by our private and public broadcasters, for example, under some promotional strategy. So we need a synergy strategy.

The second think you've challenged is, where is the research? Well, the research in Great Britain with the British Film Institute is superb. It covers both elements, the changing creative labour force and production trends, and it annually surveys audiences and audience tastes in new ways. It's excellent.

You've asked about New Zealand, I believe. Very briefly, in the next month and a half, using some excellent work by a graduate student, our school will be producing a comparison between New Zealand film policy and that in British Columbia. The markets and potential box office revenues are identical in size, but we have very different trajectories in terms of market success. We'd be happy to provide that to the committee, should your schedule permit.

You've asked about research, particularly on film participation or viewership in the English Canadian market. My argument is that it's not public. I am aware that some studies have been done within Telefilm and other areas, but they're not publicly available to scholars or film producers interested in understanding this work, so we're not building market intelligence.

The second thing I want to argue is that it is not clear that the Department of Canadian Heritage has an overall strategic objective to build audiences or cultural participation in all cultural industries. I don't think they're consistent in either their strategic plan, their reports to Treasury Board, or in their own development of indicators to mark their own success. I think we need some work there.

Finally, you challenge our recommendation three. I think it is important historically to recognize that there is not great fondness, particularly in the west, in British Columbia, for the old cultural nationalist model of film policy. Not very much money went from the federal government to British Columbia, so there has always been an historical argument or grievance about under-representation in cultural funding generally, but especially in film. So a cultural nationalist argument would not necessarily be successful here, as it's often associated with the central Ontario or central Quebec bias in the cultural products produced, and there's an argument that there is not a cultural resonance for them. So when we say “challenge social cohesion”, we mean challenge the old nationalist assumption and have a space for edgy, alternative stuff.

It's ironic that you mentioned child pornography or pedophilia here in British Columbia, but I do want to argue that we have a lively

community here that is debating freedom of expression, censorship, and community standards of taste. We need challenges of this sort.

The point here in recommendation three, I believe, is to allow for that alternative, non-mainstream point of view to be represented and, I would argue, the opportunity for new artists of colour to speak it.

Merci.

Mr. Bart Beaty: I like your metaphor about *Saint Ralph* finishing second in that Boston Marathon. I think we can all acknowledge that the Canadian film industry will never surpass the American film industry, not in our lifetimes, certainly. That's off the table.

You yourself point to successes that Quebec has had in maintaining its own distinct film culture and challenging that of the United States. In fact, there's a film that I teach fairly regularly because it was such a tremendous commercial and popular success, although perhaps not the greatest film ever made. In 1997, *Titanic* became the most popular film ever released and the most successful, the highest-grossing film in all world markets except one. In Quebec it ran up against a film called *Les Boys*, and *Les Boys*, week after week after week, outgrossed *Titanic*. Fox wanted to be able to say that *Titanic* was the number one film everywhere, in the United States, in Canada, in Japan, in Taiwan, in France, in Germany, everywhere, except there was this little place called Quebec that they'd probably never heard of. And they were asking, what is this film about hockey, *Les Boys*, this film with these stars no one has heard of in the United States, and how can we possibly beat it?

So *Les Boys* is a film that won the Boston Marathon. I think it's those individual successes that Canada has to be looking at.

You asked how this kind of result can be produced. One idea I could suggest as an example comes from France. It has a much stronger local film industry than Canada does, and if you walk the streets of Paris, you'll notice that half the films the theatres are showing there will be French. In smaller cities, even in small towns, you will see French-produced films in the theatres.

France has each year a cinema day. They're concerned that going to the cinema is declining in France. So starting about three years ago, there was the idea to promote cinema-going by allowing free entrance into theatres for one day. This is promoted by the newspapers there and by several French corporations that sponsor these days. You can buy a newspaper, get a free ticket, and go to the movie theatre. It benefits the theatre because people will come, and because they're experiencing it for free, they're more likely to buy food and soft drinks, and that's where the theatres make a large portion of their money anyway. So they're happy to have the full houses. The newspapers and corporations are happy to lend support to their local film industry.

My suggestion would be that we need to have something like that in Canada. On the July 1 long weekend, why do we not have *The Globe and Mail*, the *National Post*, the Southam papers, and the *Sun* chain sponsoring free admission to movie theatres to see Canadian films? Then you'd find the theatres, which would necessarily want to attract those large audiences who are going to come and buy their popcorn and so on, would book Canadian films across the country in order to coincide with this promotion.

I think this is the type of national promotion that could be done very easily, very inexpensively, to the benefit of the industry and of theatres. I think it's an everybody-wins scenario that could begin the process and be a first important step in establishing that kind of trajectory that I mentioned and which you referenced about Quebec's long struggle over the last 10 years to build up a solid industry. I think this type of change begins with very small steps, and this is one that I would recommend.

•(1000)

The Chair: Thank you.

Mr. Silva.

Mr. Mario Silva (Davenport, Lib.): Thank you, Madam Chair.

First of all, I quite enjoyed the presentations, especially the discussion on cultural participation and diversity. As somebody who comes from the city of Toronto, where 50% of the people were born outside this country, it's quite a remarkable story.

What we've seen over the years is the growth of niche markets, everything from the Jewish film festival, to the gay and lesbian film festival, to the Italian film festival. There is a series of festivals, and they have certainly helped a lot in promoting films, many of them unfortunately not made in this country. But they certainly have done a great job reaching different audiences and promoting films that are not getting through in the mainstream.

Although it's interesting, we all know the problems. It's a question of how to figure out a solution. Dr. Beaty talked about the fact that the Canadian feature film industry is healthy in terms of production but suffers greatly in terms of distribution and exhibition. That's really the issue.

We, as a committee, have talked about the situation in English-speaking Canada and also in French-speaking Canada and how sometimes the realities are different in those two different markets. Some of it is challenging for English Canada. The star system is something that needs to be done, but it's complicated, because a lot of our stars, whether we like it or not, want to make it big in Hollywood. They will gladly go to Hollywood to make it big because they know they can reach an international audience much more quickly there than if they stay in Canada. It's the same thing even for our sports stars. It's the beauty and the disadvantage of living next to such a giant. And we assimilate so easily. There are a lot of big Hollywood actors, directors, and screenwriters who are Canadian. Hollywood is full of them, but very few Americans in fact know they are Canadians. I don't think they even care if they are Canadians. They have assimilated quite well.

We talked about distribution and exhibition space. Our country suffers in another way, unlike the Europeans, in that we also are a federation, so we have provinces, as well, that have jurisdiction over the issue of quotas.

What we really need to do is focus on a national strategy that brings in the provinces, and I would say—and I'm grateful that our Prime Minister now is also speaking in terms of dealing with them—the cities. The City of Toronto, where I was on council for 10 years, has a great film policy, a very aggressive policy, that in fact now is part of the mayor's office. It is something that has very much been pursued. How to integrate our policies with the provinces and the

municipalities and how to work collaboratively will require, really, a national strategy, bringing different levels of government and different stakeholders to the table. Hopefully, this particular study will encourage a move in that direction.

We have heard over and over again about the issue of the lack of funding for marketing. We make some wonderful movies and films in this country. We are world renowned, of course, on the documentary side and on the animation side, and we have also done some great series as well. I remember, when I studied in France 13 or 15 years ago, the best series on television for young people was *Degrassi Junior High*. That was the number one show. Everybody loved it. They couldn't get home fast enough to watch the series. That was the number one show for youth. *Anne of Green Gables* was also very popular internationally. So we've done some things right. We have done some very good family series that are very much appreciated by audiences all over the world.

On the feature film side, we've also had some very good ones, both in English and in French. Some of my favourite movies are Canadian movies. The problem, of course, as we all know, is distribution and exhibition of these movies. We lack funding in the marketing part and also, as you mentioned, expertise on the trailer side. The trailer is a big issue.

•(1005)

We had exhibitors who were here, even on Monday, in Halifax, and their presentation was about the fact that you have some Canadian producers going out and asking them to put their movies on the screen, but when they ask them for a trailer, they say they don't have any trailers. So how do we get that out?

Even putting films on the major screens and allocating hours, even in Canada, is not going to solve the problem, because unless you know what a great movie it is, or whether you know about this movie, if there's no marketing promotion... The Americans spend millions, billions probably, on marketing, sometimes more than the actual making of the movies, so they know that they do need those funds for marketing. You can't just put it all into production and not put big sums of money into the marketing, the trailers, and everything else. If we were to get that type of success rate, we'd have to change that paradigm, if you want to call it that. It requires a big effort from all of us.

I must say I'm very proud and somewhat jealous of what's happening in Quebec. I think it's because both the Quebec government and the people from French Canada have a passion for culture. It's not an issue that's really discussed outside of Quebec. I don't think the Ontario government and the British Columbia government are preoccupied about cultural identity and cultural issues. It's important but it's not given the same relevance as it has in Quebec, I think, and that's a big issue and a big challenge for all of us.

I've said enough, so maybe I could have a comment from all of you, if it's possible.

•(1010)

Dr. Catherine Murray: Thank you very much, Mr. Silva.

I would just like to state that I couldn't support more strongly—and I'm sure our colleagues here will be in accord—the idea of a national strategy on exhibition and distribution. I really would state that this is very important. You're correct. It's complex jurisdictionally, but it's time.

Furthermore, I want to underline that while we're interested in mischievously re-raising the question of exhibition quotas in the theatrical circuit, the theatrical circuit is still only about a third of the overall picture on the English Canada side, so it needs to be a more sophisticated strategy with alternative exhibition quotas. I think you have to look at the TV sector. You have to examine the pay channels and the specialty channels like Showcase for their contributions, and in particular the CBC, for airing Canadian films.

I, for one, was very disappointed that when *Hockey Night in Canada* went off the air, we saw mostly U.S. blockbuster films—high quality, mind you—and I think this is an issue that needs to be addressed.

I do want to say that we have a question to ask about whether we're too film oriented in our focus. Most filmmakers want you to be film oriented, but I'm going to encourage the standing committee to look at successes in other cultural industries. So I want to ask this question: why do English Canadians know more about music in this country than they do about film? I'm going to suggest that there are two reasons.

One reason is that the structure of the program support for sound recording is much more complex and is probably suited to the new kind of multimedia universe we're moving to. It has envelopes for edgy, alternative music. It has investigation that the CBC is making for the indie music scene, where it's archiving and developing public peer-to-peer sharing of music in terms of raising promotion and awareness for garage bands. It's a very successful, very creative new media focus on making public Canadian music, composers, particularly in British Columbia—incidentally, rooted out of CBC in B.C.

I think we need the kind of approach that the Ofcom people and The Z Review in the U.K. are saying, which is a new kind of public Internet exhibition strategy for public cultural goods. Of course, sound recording and film will be very soon available for downloads. We know the latest *Star Wars* issue was available illegally on the same day all over the globe. I think it's important to remember in alternative distribution strategies that sound recording has some successes to point to and that their audience awareness and development strategy seems to be working in some respects.

There are enormous structural differences between the two industries. My colleague Zoë Druick would say that you're dealing with a vertical concentration that is simply not the same way. The way the majors operate internationally is very different in film from the way it is in sound recording, largely due to the economies of scale of production. That is changing, and it could change, and I would commend you to look at these kinds of successes.

Dr. Zoë Druick: Thank you very much for the faith that you put in us to solve the unsolvable question. This is the question in Canada. It is not about being able to produce good films, but about being able to get them seen. I think one of our problems addresses the differences between Quebec and English Canada. In English

Canada we inherit this Protestant suspicion about pleasure and entertainment; film, as a result, is something we find very difficult to deal with. That's why we always want it to be educational and we always want it to be uplifting.

I think we get to a very key question, is the objective to fill theatres, to put bums in seats, or is it to fill theatres for certain kinds of films? I think it would not be very difficult to fill theatres if that were our only aim. All we would have to do is research the audience and find out what kinds of films people want, which is what we put in the brief. In other words, if the key point is to know what kind of film youth in rural communities want to see, and we started from that direction, it would be very easy to determine the kinds of films that are going to put bums in seats.

The thing that we do, though, is we still believe in the producer and the artist and we still believe that... We start with the artist's vision and then later try to market it to the audience. Although I agree we will never, ever approach anything like the American marketing juggernaut—which isn't just film, but also television and theme parks and magazines all working together to promote films—even the American juggernaut cannot market any film to anybody. Films fail in the U.S., even films with massive marketing campaigns.

We could conceivably take a much more audience-centred approach and ask what audiences want and how we can deliver it. That would be an approach to cultural policy very different from any we've ever taken in this country, but I think if that's our main objective, or one of our objectives, then why not try it? This is why we tried to distinguish in the brief between film festivals that service particular kinds of urban art film niche markets.

If we do want to do popular genre-based films, then let's build that into the policy. We want x number of comedies, x number of wacky action movies. You can build that in and you can determine that's where the audience demand is. Then you could fulfill that goal.

We would still have to wrestle with the question of what we want to achieve. Is it to achieve an industry, or is it to achieve something distinctive and culturally significant? This question, this debate, always ends up getting mired in that contradiction.

• (1015)

Mr. Mario Silva: Professor Druick, I have a supplementary question. When you speak of audience—

The Chair: Can you keep it very brief? Ms. Bulte hasn't had a chance yet.

Mr. Mario Silva: I just wanted to make sure that the word perhaps should be “audiences”, because they are different groups.

Dr. Zoë Druick: Audiences, exactly.

The Chair: Ms. Bulte is next.

Hon. Sarmite Bulte (Parkdale—High Park, Lib.): Thank you very much.

I must tell you, I've found the discussion very interesting today. I don't have enough time to challenge you on everything. There are some things I agree with and some things I don't agree with.

Let me start, Professor Druick, with your comment about how the industrial film production is based on our currency. I don't know if you've had a chance to read Richard Florida's latest book, which came out last week, *The Flight of the Creative Class*. It touts Canada and its large cities as magnets for global talent and actually sees us as a threat to the U.S. and its quest to attract the creative class. Toronto and Vancouver are put as second-tier cities next to New York and Los Angeles. But the book also basically shows that because of the nature of our highly mixed immigration policy, and because of the tolerance of the Bohemian index..... And it says what drew Richard Florida to look at Canada as a magnet for talent around the world was the success of our film and cultural policies.

I think it would be too simplistic to say it's based on simply that. I think Canada is positioned in the world to reverse the cultural drain from going to the United States and truly is positioned, if we ensure it through public policy, not just in culture but in our whole policy, through immigration and our very social programs, to become a leader, and to really become that magnet for talent that has been part of our innovation policy to make us the world's most innovative country in 2010.

Having said that, I am very interested in your co-concepts of cultural participation and citizen engagement. I see this applying not just to the film industry but to all of our cultural industries.

One of the things we have found in the last years—perhaps brought on by SARS, but I don't think SARS can be blamed for it, because we were already starting to get there—is that we're losing audiences at the theatres, which we can say are the grassroots of where our film and television production comes from. Stratford, Shaw, even Vancouver Playhouse are finding they aren't getting the same type of audience. People are not choosing to come to the theatre; people are choosing not to come out. Yes, SARS—certainly in Toronto—aggravated that, but there is something out there we can't put our fingers on as to why we are all of a sudden losing that Canadian audience we want to get into the theatre so that there are bums in seats in the cinemas, bums in seats in the theatre, bums in seats at the symphony, bums in seats at the ballet—our whole cultural thing. I think that has to be the key question. It may be not apply just to the film industry as such; I think it's much broader than just the film industry.

I'm very interested, if you have a comment, about what you think has been a cause of this and what we can do to reverse that trend and how we can engage citizens in it. I can see, Dr. Murray, that you're ready to respond. I'd be interested in hearing specifically in those areas, because I think that is key.

My colleagues are going to get tired of hearing me say this, but when I went to a high school to talk about the work I was doing as a member of Parliament and a committee member and said we were studying the Canadian film industry, a high school student asked me, where do you see Canadian films? The only Canadian film this

young women could remember—mind you, it was in a French class—was *La grande séduction*. That was the only Canadian film.... That was in my riding, at a Toronto high school. As Mr. Silva was saying, the City of Toronto is aggressively engaged in trying to attract film audiences, and they're putting together, hopefully in conjunction with Telefilm, something similar to Learning Through the Arts, which has gone through the conservatory curriculum, to get appreciation or grow audiences in the high schools. That's where you get it, because those are going to be our future audiences—not so much ourselves.

Anyway, I'm really interested in that particular area.

● (1020)

Dr. Catherine Murray: I'll pick up on the last point. The largest challenge of cultural policies all across this country is twofold. First is the recognition that there is a shift in jurisdictional focus, a need to coordinate across federal, provincial, and municipal levels. In particular, the federal division of responsibility between education and culture has not worked in our favour. There desperately needs to be an education strategy, coordinated or harmonized.

If I were to call for a national inter-jurisdictional strategy, it would involve the cities and the provinces in looking at arts education generally and film education specifically. We have incremental policies embedding multimedia education at the high school level in British Columbia. Some of them are very successful. It's sharply differential according to the genius of the teachers or the commitment of the school, but we need to examine that.

I'm intrigued to state that I have seen these preliminary data on the decay of audiences in large-scale cultural venues. We've seen this in Vancouver. I point to the failure of one of the largest theatres that's in recovery here. Jane Jenson talks about scalable cultural communities. There is a preference, partly due to the aging and the life cycle of the cultural cohorts going through the system, for more intimate and smaller-scale venues. I think we're going to see a market correction. She talks about the need to have these scalable and walkable and within 20 kilometres. I think you're going to see a new focus of critical geography around cultural venues generally, especially in film

So we're talking about local focus, inter-jurisdictional focus. I hope there will be some rethinking of smaller-scale venues and accessibility of infrastructure for them. There should also be a recognition that when you're selling the film experience you're selling an experience. Let's go back to the idea of the trailer. It's a fully integrated experience or evening, and it needs to be deepened in some way. It's not just seeing a film; it's understanding a little bit more about it.

In our small community of Port Moody, we've had some successful areas in the city hall, for heaven's sake, in exhibition of local independent filmmakers who come to talk about their work. It's integrated with the library program, and it's an interesting alternative venue.

I don't want to leave you only with *Saint Ralph*. There are a number of wonderful B.C. titles, actual or forthcoming. My nomination for your viewing agenda, if we can get Air Canada to air it, is a B.C. and U.K. production called *It's All Gone, Pete Tong*, by Pete Tong Productions Inc. It's going to be great.

• (1025)

Mr. Bart Beaty: I would like to reiterate that the focus on arts education is crucial. I've spent a large amount of time in the last couple of years going around to Alberta schools. In Calgary, at the high school professional development days, when they have seminars, I talk to high school teachers about how to use film in a classroom and how to bring film and media education more fully into the classroom. One of the things I hear from teachers is that their high school and middle school students are enthusiastic about this. They respond to it favourably, and they respond to Canadian mass media favourably. There is a problem in that the schools don't see this as part of the standardized tests. If it's not teaching to the tests, then it tends to get marginalized.

There needs to be a way to integrate Canadian media culture. This would include bringing film and television together. One of the great venues for seeing Canadian films is the Independent Film Channel, which is a tier two digital channel, or the Documentary Channel, which is co-run by the NFB and CBC. These are the types of venues that Canadians can find Canadian films on, but in Calgary they tend to be on Shaw channels 102 and 103, on special subscription. It would be nice if we could have Canadian films being moved up the digital dial to be made more available to Canadians.

I agree with Dr. Murray. When the CBC lost hockey this year, it was a great tragedy that they didn't see this as an opportunity to promote Canadian film. We all understand that there's a need for them to generate revenue, and they lost their most popular program. Still, they have a national obligation.

Hon. Sarmite Bulte: I completely agree. It's not like there's a lack of production. We have been celebrating the Genie Awards for I don't know how many years—25 years, I believe, if not more. There is product available. Again, it's finding that... What Canada's cultural policy has always been based on is choosing and focusing on the creator and the creation, and then the infrastructure to showcase that creative work. When the two are kneaded together... you can't have one without the other, and I couldn't concur more.

Doctor, if you could expand on this, how do we engage citizens? How do we achieve that? What policies need to be put in place to

foster that? I think that's key, but to say citizen engagement...I need you to focus on what as policy-makers we could do.

Dr. Zoë Druick: To get to the question first of Richard Florida and the *The Flight of the Creative Class*, one of the things that Canadians have been crowing about, Canadian cities, is the way his theory supports the idea that we have livable cities with flourishing arts.

But I think you've also hit on another point, which is the diminishment of attendance at high art. The tendency is there to blame this on home distribution of other kinds of media, that people are staying in rather than going out. But, as you indicate, this does not tend to be the case because they tend to focus on two very different forms of activity.

The citizen participation issue, which was I think actually brought up by Mr. Silva and also elaborated on by Dr. Murray, is the idea that cities are really the important place for culture to be developed. Although there need to be national strategies, there needs to be more of a sensitivity to grassroots initiatives. Sometimes I think what's happened in the high arts in Canada is there's been a sort of calcification of what's on offer that seems to be too much along a kind of Eurocentric, top down model.

What needs to be reflected in a citizenship model, in a creative city-type model, is the movement upward of all sorts of new forms of culture and very exciting new hybridizations of transcultural kinds of communities and types of cultural production, which I think are very vibrant. So rather than seeing Canadian culture in decline, it's looking at where it's actually vibrant and building there.

• (1030)

The Chair: Thank you very much, Ms. Bulte.

We're running out of time. I'm going to try to shoehorn in one last question, without leaving you any time to answer.

I want to pick up on what you said, Dr. Murray, about this committee having the capacity to produce information and research. I think in fact that's been one of our frustrations, that the data isn't available on what's happening with that 90% of film viewing that's not in theatres or at festivals, how much of Canadian film is being seen on video, DVD, pay-per-view, whatever. We just don't know anything about that.

When you say there isn't SSHRC funding, is it that the proposals for the research aren't coming forward, or is it that they're coming forward but they're not being funded? And if so, maybe you want to look at vacancies on SSHRC right now and propose some names.

You also mentioned studies that have been done that are not available, and that is an area where in fact we can play a role perhaps. Can you let us know what those studies are? What areas particularly? As I've been going through this...this is where data is missing and this is where data is missing—and that's without even getting to any of the analysis of the data.

Could you provide to us, either collectively or individually, your thoughts on what data needs to be collected, what research needs to be done, simply from the point of view of accountability and good governance of how well a policy is working, whether it's working, and in what ways it's working? Good data collection, good research, is essential. It's part of good governance, as well as learning what to do.

Dr. Catherine Murray: We would be delighted, and we'll caucus briefly. I would also invite the committee to place that question to all of the intervenors, perhaps either subsequent to or during their presentations.

Of the two studies I'm aware of, there was one that was cited by the CFTPA brief. It is actually a work that is in process, a study of the motion picture distributors and what it is they've aired for non-Telefilm-supported film. There's something under way, and I don't know the status of that; it hasn't been released and it's not easy to search.

The second thing I am aware of, but again it's hearsay evidence and there has been no formal access request, is that there was a program evaluation of the script-to-screen strategy conducted either for or with Telefilm's consent, which I don't believe has seen the light of day.

The Chair: Thank you very much.

Do you have one last question, Mr. Schellenberger, and Mr. Lemay too?

Mr. Gary Schellenberger: Yes, I have just one quick little thing. You brought up a few things, talking about educating our young people about Canadian film.

At Simon Fraser or at the University of Calgary, is there an e-cinema or a theatre within your complexes?

When we were in Montreal, we saw some e-cinema stages. There were three at one place, and one of them, I thought, was tremendously unique. Here it was, a full theatre that sat about 100 people, but the walls would come down and it could be used for what we are doing right here today, or it could be used for basketball. It was quite a unique thing, I thought. Something like that could be used to show Canadian film, whether there in Montreal or in our high schools in small communities, or within 20 miles of them, or something like that. On certain occasions, it could be used strictly for showing a Canadian film.

Would something like that help? Again, what I say is that in order to educate our students, our young people, and to get them in that frame of mind, show some of these films. Again, 90% or 95% of them are sitting aside. So maybe governments could work together with the educational system and place some of these things around and use them that way.

I know we don't have time right now, but you might get back to me or us with your ideas on something like that.

Thank you.

•(1035)

[*Translation*]

The Chair: Mr. Lemay, you have another question to ask or a comment to make?

[*English*]

Mr. Marc Lemay: No.

Thank you very much, but I think the difference between B.C. and Quebec is only the language.

Hon. Sarmite Bulte: I have one last thing, if I may, through you, Madam Chair.

I think, Dr. Murray, you said there is a study comparing the B.C. and New Zealand film industries. Could you possibly get us a copy of that through our clerk?

Dr. Catherine Murray: Yes, it's under way. It's being conducted by a doctoral student at our school, and I'm hoping it will be completed in six weeks. I don't know if that will suit your schedule, but we would be delighted to forward a copy when it's completed.

Hon. Sarmite Bulte: That would be great. Thank you.

The Chair: Thank you very much.

Again, our apologies for having to cancel your appearance about a month back. We very much appreciate the time you have spent to be with us and in preparing your briefs.

Thank you.

Dr. Catherine Murray: And the best of luck on your report.

The Chair: We'll break for about 10 minutes, with some apologies to our next witnesses—but we will give you your fair time.

•(1037)

_____ (Pause) _____

•(1051)

The Chair: I call back to order this meeting of the Standing Committee on Canadian Heritage.

Welcome to our next witnesses. From ACTRA, we have Mr. Thompson and Mr. Gromoff, and we have Don Ramsden. Thank you very much.

We'll start with Mr. Gromoff.

As we've been saying to all of our witnesses, as you heard while you were sitting and listening, the committee members are most interested in the discussions we can have with you. So can I ask you to keep your presentations as brief as possible to allow as much time as possible for a discussion?

We've heard from ACTRA, as you know, in every hearing we've had, so we're asking you not to repeat yourselves, but to expand on or bring a particular western flavour to the ACTRA perspective on things.

Thank you.

Mr. Brian Gromoff (National President, ACTRA - Calgary, Alliance of Canadian Cinema, Television and Radio Artists): Thank you, Madam Chair. I hope I can do that.

Good day to you, Madam Chair, and to the honourable members of the committee. My name is Brian Gromoff. When we were going to meet in May, I was the president of ACTRA Calgary; now I'm the immediate past president of ACTRA Calgary. During the years I have been the treasurer, the vice-president, and the national president of ACTRA.

With me today is Ken Thompson, our director of public policy and communications, from our national office.

I am pleased to present today to you on the Canadian feature film policy recommendations. I am going to discuss not only feature film but also television, because the relationship between the two becomes even more entwined as our industry evolves.

I've been an actor since 1962. Over those years I've taught at three universities and acted in film, theatre, and television in three countries. Why am I an actor? Well, because it's my path, my passion, and my profession.

Over the same number of years that I've been an actor, numerous studies and reports have been produced about the cultural industry. All agree that we have a culture and it needs preserving.

A few years ago, as president of ACTRA, I was a representative of Canada to the World Bank symposium on culture as a renewable resource. Speaker after speaker spoke of monuments, buildings, weavings, and objects they were preserving. In the end I had to interrupt to say it was marvellous that they were preserving all these artifacts, but what about the next Robertson Davies, Margaret Atwood, Group of Seven, Glenn Gould, Leonard Cohen, Tremblay, Shakespeare, Milton? How do you make certain that the future greats are nurtured to maturity? Unfortunately, they could not answer.

I ask you that question: how can you make certain our next generation of artists will mature? How can you make certain our culture is protected from those who would undermine it? Will you just let it drift away? By supporting it—money, yes, we can do that, but it is also making certain there will be an opportunity to produce, exhibit, and publicize.

When I lived in England, I remember the English film industry was growing because in those days they had the double feature. One of the films always had to be an English-made film—English actors, English crew—and I was always impressed by that simple approach.

In Korea there's a screen quota system—each theatre must run Korean films for 40% of the days in a year; broadcasters also have obligations to show Korean movies. The quota system has been a huge success since it was implemented a decade ago. The number of days that Korean movies are screened increased from 107 in 1993 to

147 a decade later. The market share of Korean movies rose from 15.9% in 1993 to 45.2% a decade later.

As you know, the Americans and the Koreans were trying to negotiate a bilateral investment treaty. The key stumbling block was the U.S. insistence on eliminating the quota system. My understanding is that it has in fact happened.

So produce, exhibit, publicize and, by so doing, nurture. In the past we have supported the industry with money to produce; we must also support with advertising and the opportunity to exhibit Canadian films and television programs.

The Americans are lucky; they can obtain free advertising by putting their stars on talk shows. We don't have that luxury. Of course, if we had a star system, it might help, but to have a star system, the public would have to be able to see a Canadian film, with Canadian actors in the principal roles, for more than one weekend before the show was pulled to show an American film.

It's as simple as ABC to support the Canadian film and television industry. "A" equals access to money and advertising, "B" equals backing by government regulations, and "C" equals cinema screen—Canadian ownership of cinema screen and compulsory time given to showing Canadian film.

• (1055)

We need the same approach for television.

Our failure to capture the ears and eyes of Canadians through our stories is not because we don't have the talent to put together high-quality popular programs. It's not because we lack the resources. We just don't have the will.

Our failure is also due to a number of factors. The CBC is mired in bureaucracy. The NFB is becoming a mere shell. Private broadcasters prosper by bringing us slick U.S. shows that they dump into Canada. They broadcast as little Canadian material as they can get away with. Independent producers require foreign partners to complete their financing.

Inadequate Canadian content rules reward productions that are made primarily for a foreign market, with little creative impetus from Canadians. Industry consolidation creates giants that feel little obligation to Canadians, and the CRTC retreats from stringent conditions of licence and strong regulations.

One might ask why suddenly are the Canadian private broadcast networks advertising their Canadian wares. Well, it is simply because their licences are up for renewal. After renewal is given and less strict content and expenditure regulations are in place, they will gradually, somehow, for this reason or that, put them in a different time slot or drop them altogether.

Next year ACTRA Calgary will celebrate forty years of performer solidarity and industry solidarity. Our local was christened in 1966 by performers whose lifeblood was radio and television programming as well as commercials at CBC Calgary. In those days that was really the only work there was in recorded media. It had to be produced by the CBC. Twenty-five years later, recently, in preparation for the collective bargaining with the CBC, ACTRA Calgary wanted to hold a focus group for our members who had worked under either the CBC radio or CBC television agreement in the past year and a half. We were able to identify only four ACTRA Calgary members who had worked on CBC contracts in Calgary in that timeframe. Other than regional news broadcasts, the amount of reasonable programming produced by the CBC in Calgary is virtually non-existent.

We used to produce 85 hours of radio drama; now none. If I could remind you of the Broadcasting Act, it provides a broad mandate to the CBC. It must have a wide range of programming that informs, enlightens, and entertains. Among other things, the program should be predominantly and distinctively Canadian. It must reflect Canada and its regions to national and regional audiences while serving the special needs of those regions. It must actively contribute to the flow and exchange of cultural expression, contribute to a shared consciousness and identity, reflect the multicultural and multiracial nature of Canada, and be made available throughout Canada by the most appropriate and efficient means and as resources become available for that purpose.

In fact, the Canadian productions we see are few and far between in Calgary. It's not for lack of talent. Writer/director Gary Burns calls Alberta home and has shot two films here in the past five years and is now shooting the *Comeback Season*. The highly talented production teams over at Alberta Filmworks have endeared audiences with *North of 60*, first as a series and then as a movie. They tried to revive television series production in Calgary with *Tom Stone*. It was abruptly cancelled in its second season by the CBC when viewership did not rise above 400,000. Last year they flew our members to Austria to film the *Crazy Canucks*. Atom Egoyan brought *Ararat* to the deserted, sanded badlands a few years ago.

In the past couple of years we've had some other truly talented production teams emerge, such as Voice Pictures Inc. and Nomadic Productions. That's the good news. The bad news is that companies like Alberta Filmworks, Voice Pictures Inc., and Nomadic Productions have to pay the bills. These producers are more often than not service producers for foreign, on-location productions that need help navigating the world of Canadian tax credits, film funds, and the relationship with the industry unions. They take these service producer opportunities to keep the shop open while they seek out investment and funding for their own projects—Canadian projects—and co-production opportunities with other countries. These promote cultural exchanges, which have many benefits, including financial impact on tourism and the hospitality industry, as well as growing the international market for Canadian programming.

• (1100)

For the most part, Canadian producers who have not adapted to this way of doing business are gasping their last breaths. You can only last so long when you play for the love of the game. When foreign, on-location production is the only game in town, we

perceive it as a double-edged sword. On one side, it is an opportunity; they are spending money in our country and our province, and that's money we might use to help grow the infrastructure for the film and television industry locally. On the other side are Canadian stories and storytellers, writers, directors, and performers sitting on the sidelines yelling "Put me in, coach!"

I looked in the newspaper on Friday in Calgary. Only one Canadian-made movie is showing in Calgary; it was actually made in Calgary, and it's under ACTRA's indigenous independent production agreement. Now, this is an agreement whereby ACTRA allows variances to the producer in rates and residuals in order for the movie to be produced, and this is all Canadian content only, low-budget production. ACTRA members are doing their bit for the industry. Now it's up to you.

How do you change it? What's the game plan? Well, some successes have already been made as a result of the feature film policy implemented in 2000. However, as you are aware, only some of the recommendations were carried forward. You are all familiar with the Lincoln report. Now we are looking forward, of course, to the government implementing those recommendations, as they promised in their report this spring. What the federal government determines from this consultation process and the policies you recommend has to benefit the industry in Alberta and Alberta performers.

Here are some of our recommendations.

The promotion and distribution of Canadian films within our own country has not been adequately supported. Unless you live in a relatively cosmopolitan city in Canada, the chances of you ever seeing a Canadian film in a theatre are nil. If you live in the suburbs of a relatively cosmopolitan city in Canada, the chances of you ever seeing a Canadian film in a theatre are only slightly higher than those of your rural colleagues. If you open the eyes of the nation, you open the nation to our screens and stories.

And what is a Canadian program? It's one you can see is written, performed, directed, and produced entirely by Canadians. If the actors, singers, dancers, and other performers are Canadian; if the script writer, cinematographer, editor, costume designer, technicians, and the rater are Canadian; and if the post-production work is done by Canadian artists, the project will look and feel Canadian, regardless of what the story is about or where it is set.

Also, it is inherently important to the process that the English and French language markets be treated differently. French language film has a devoted audience and very little competition from other countries for their market share, but if France bordered on Quebec the same as the U.S.A. does on Canada, I think it would be different.

Now, when this process is complete, we are hopeful that your recommendations will include measures to make and promote more quality Canadian films; to make the actual producing easier on creators by providing stable, long-term support for Telefilm, the National Film Board, the feature film fund, the Canadian Television Fund, and the CBC; and to enforce current legislation in the Broadcasting Act as well as create new legislation that penalizes broadcasters for reducing Canadian content on our airways.

The Canadian film or video production tax credit should increase to 30%. This type of boost is vitally important to our Canadian production and development. In addition, to continue to build our infrastructure, the production service tax credit should increase to 18% and tax credits should apply to the engagement of labour in the development of films. These are investments in our future.

We can also look at research and can research U.S. investment models that encourage private investments in the film industry. Canadian investors are interested and will clamour if it's done right—for example, a capital cost allowance. When private citizens take ownership in this industry, we will see an increased appetite for homegrown production. We might even see a star system.

• (1105)

Other ways of increasing...are—and you've heard these before—a box office levy on admissions, a tax on film distribution activities for U.S. and foreign films, and a levy on gross receipts from theatrical and video distribution. A 50¢ levy on admissions would bring in about \$100 million; a 5% levy, again, \$100 million. You have the strength to do this since it's a charge against business.

We may never be a leading country in space exploration or film production, but many countries in the rest of the world look to us to be the leading country in the protection of cultural life, as witnessed by our support for the UNESCO treaty on cultural diversity.

If I may, I'll misquote a wartime leader, who I don't think any of you are old enough to remember.

We will fight for our writers. We will fight for our artists. We will fight for our performers. We will never surrender our Canadian cultural heritage

Thank you for your time and consideration.

The Chair: Thank you.

Don Ramsden—and you may repeat the name of your organization.

Mr. Don Ramsden (President, Vancouver, International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States, its Territories and Canada): Actually, I won't. We don't put it on the business card because it would take both sides. We simply refer to ourselves as the IA.

I thank you for having us and giving us this opportunity to appear before you. I'd like to tell you just briefly a few things about my local.

We've been around since 1962. Film is not new in Vancouver, despite what everyone thinks. We've been continuously the largest stakeholder in the province in the matter since that time. There are

5,000 members of my local, with another 5,000 people trying to get in. We're the largest in Canada, and we are in the top 10 locals in size in our alliance, which is the largest entertainment union on the planet. So we've been at this a long time.

It's an unusual union. We're filled perhaps more with entrepreneurs than any other union you could possibly think of. Most of us work using a service company as well as employee status. The reason I bring that up is to show you that in fact our members have been instrumental in the development of B.C.'s extensive and enviable service infrastructure as well. My members have poured millions of dollars back into this community in terms of creating prop houses and set deck houses and rental for both the service and domestic product.

Our local has spent more than \$1 million in training alone over the last few years. Because there are no continuous employers, we've had to undertake that process ourselves. B.C. was the first jurisdiction in North America to provide apprenticeship training programs for crafts. We've had a leadership role in marketing B.C. as both a location and a production centre, and we've fostered domestic production in numerous ways. We provide skilled staff at dramatically reduced rates. We developed a deferral model, where our members' wages were deferred and only paid if the picture became profitable—only two producers, actually, ever paid back. We don't regret that; we sort of understand it.

All these contributions have helped make British Columbia the third-largest production centre in North America. But despite the economic and political challenges, it's still our foreign service industry that continues to feed our members. We know our reliance on predominately U.S. service work places us at the mercy of frequent currency swings. The cultural hegemony of our southern neighbours is a problem. We would embrace a reversal, with the meal being the Canadian work and the gravy being the production service work. We would love to see such a reversal of fortune. Unfortunately, under the current funding policy, B.C. is usually relegated to being merely another pretty location rather than a potential production partner.

In our review of Canada's previous feature film policy, we're very appreciative of the fact that the Canadian government has provided instrumental funding support to the feature film production sector over the years. There is no doubt it helped us develop an extensive production service and support infrastructure.

However, this infrastructure can by no means be construed as a fully developed or mature industry in the true sense. That would require a diversified array of fully capitalized independent production companies capable of sustaining production levels. Instead we now have in Canada production companies living hand to mouth that have been bred with a welfare-like mentality to depend on government funding for their every movie.

In 2000, the Government of Canada stated on page 5 of its feature film policy, "From Script to Screen: New Policy Directions for Canadian Feature Film", it says, "The challenge is clear. Having built an industry, it is now time to build audiences." I submit that's a premature congratulatory statement, and it's based on the flawed premise the last feature film policy was constructed on, that being that there already existed a fully developed feature film production industry in Canada.

In truth, at the time this policy was being written, production companies were already beginning to implode and disappear, taking along with them the help of the so-called industry. Now, just five years later, capitalized feature film production companies in English Canada are almost non-existent. We believe the ball was mistakenly dropped by developing the industry focus only on audience development. These two elements must be matured and maintained in concert, as they have a symbiotic relationship: neither one can exist without the other.

I'd like to refresh you on what IATSE's national has already stated in its previous submission to you in Toronto—the economic contribution of our work. In 2003-04 the Canadian film and television industry provided 51,800 jobs and contributed \$4.92 billion to Canada's gross domestic product.

We think there needs to be a new focus on indigenous...and I don't particularly like that word. I prefer "domestic". Indigenous always reminds me of people in loin cloths reading a script around a fire, so I would refer to it as "domestic production".

● (1110)

IATSE Local 891 believes that the Canadian motion picture industry's future health—indeed, its long-term survival—is dependent on creating a strong, indigenous, domestic production industry. To quote Telefilm Canada's executive director, Wayne Clarkson, "Building an industry based on foreign productions is like building a house on quicksand."

British Columbia knows this only too well. For all the billions of dollars generated by its robust foreign production service community over the last 20 years, the provincial film committee has surprisingly little to show for it in the form of longstanding capitalized production companies. Sadly, we've found that most B.C.-based service production companies do not always roll the money earned from this service work back into the capitalization of their domestic company. Perhaps this is because the service producers are enticed by the large pay cheques from U.S. studios, with low risk and no development costs. We also recognize that developing and producing one's own projects requires strong creative talent and a financial business savvy that not all service producers actually possess.

We are proud of our contingent of B.C.-based creative writers, producers, and directors, who have brought us such feature films as

The Grey Fox, Double Happiness, Flower and Garnet and Falling Angels. These projects have all been produced as one-offs. There is no continuity and building of companies based on past successes.

There's a need for a new financing model. The IATSE members, as part of our evolution as a union, understand that we can no longer be reliant totally on service production. In order to make this transition, we're going to need a Canadian feature film system that will allow us to exceed. Because of the absence of an industry and commerce component in the production business, there's a severe loss of private sector money. It's as if we have somehow driven out the private sector in our quest for the cultural connection; therefore, it would appear that the funding device we've created has choked it off. We need to find a way to invite investors back into the process. One thing we know for sure is that if there is a profit potential, they will be interested.

Canadian producers also need more financial vehicles. They currently rely on tax credit systems that at best are a band-aid solution and at worst an unsustainable trap. I ask my members, if you are having your wage subsidized and are making \$25 an hour and the subsidy leaves tomorrow, will you go to work for \$17? I get a guffaw. They don't understand the relationship. We have built a fairly successful trap, but I'm fearful when that spring releases.

Furthermore, if a large public company like Alliance Atlantis Communications, with its lengthy credit list and well-established international broadcaster and distributor connections, shuts down its feature film production arm, then we have to wonder what kind of film production company really can survive in Canada. "We'll buy it from you if you make it, but we're not going to help you make it"—that's essentially what seems to have occurred.

Further exacerbating our feature film finance policy, English Canadian producers, in their quest to satisfy Canadian content requirements for funding, combined with their need to find a broader international audience, have created, by and large, a lackluster hybrid that tends to be unappealing to both Canadian and international audiences. The only question one needs answered is, out of all the Telefilm-funded feature projects, how many have returned the Telefilm investment? I don't know, but you guys could ask. I'd be interested in finding out what that result was.

Given that there are only about 32 million Canadians, Canadian films cannot survive on domestic box office alone, nor can we afford to tell our stories only to ourselves. And I don't even like the yardstick of box office. Last year was the first year that DVD exceeded the box office in terms of revenue for the major distributors within North America. We need to start using that as a measure—how many copies of that DVD sold—as well as how many boxes of popcorn we sold, if we're going to get an accurate picture of what we're doing financially.

“Culture”, as defined by the dictionary is “the socially transmitted behaviour patterns, arts, beliefs, institutions, and all other products of human work and thought”. It's an ever-changing, not a static idea. How many people in the world saw *The Grey Fox* and didn't know or care whether it was Canadian? It was just a good story. For Canadians, it's important to our cultural patina, but to everyone else it was simply a good movie, a great story, that was parenthetically Canadian. We need a lot of this kind of film.

My members believe it's time for the ministry of industry, trade, and commerce to work more closely with Heritage Canada on the issue of how to encourage or entice more private investment that would support the development and capitalization of independent production companies.

●(1115)

There's no question that the creative community has had great input into Canadian Heritage and Telefilm structure and decision-making, but the next step is actually getting the business or investment community to buy into the same stream. If we don't achieve this private investment flow, we don't have anything more than a government-subsidized and -manipulated industry that is anathema in our world of globalization and free trade. It's like unemployment insurance for producers.

At the same time, we strongly believe there's a cultural voice in Canadian feature filmmaking that needs to be heard, but which does not and cannot be profit driven. We recognize that totally and support it. Consequently, the government needs to continue to support and nurture this element, but with the clear understanding that we as taxpayers can no longer continue to do so at the expense of the profit-driven portion of the production business. They should be homeostatic in their relationship. One should be helping to pay for the other.

What we're suggesting is the development of a parallel funding corridor, where they could be both a cultural corridor and a commercially driven corridor. We believe this offers an end to the debate over who gets what portion of the funding pie and to the regional arguments we're always faced with when dealing with Canadian Heritage in the distribution of which province gets the biggest piece of chocolate cake. If we can promote the profit motive, it'll be self-sustaining. If you have a good project and people want to buy it and want to see it, it doesn't really matter where it came from as long as it retains its Canadian nature.

Regional balance would still continue to be addressed but only on the cultural side of the aspect, not on the business side. If the industry is to stand on its own two feet, we need to provide producers with access to capital with a profit incentive...and the ability to grow as a company.

I'm going to diverge from what I wrote and try to explain it like this. If, as a manufacturer of furniture, I design and create a suite of furniture and take it to the purchaser at The Bay, and they love the idea and they can give me an order for 10,000 units, I can take that letter to the bank with a good business plan and I can say “Give me the money to invest so that I can make this and I can create jobs and economic activity.” There is nothing like that in film. There is absolutely nowhere....

What a wonderful thing it would be if a Canadian with a good idea and a good script and a well-developed product could go to London or L.A., or to any other place that purchases this product, and say “Do you know what? We can be partners in this. I can provide half of the funding. If you buy the other half of the funding and pay for the P and A, the prints and advertising, then we can make this. The only stipulation is that you shoot it in Canada and you shoot it using Canadian talent.”

The issues of currency fluctuations go away. You become partners, and you can sell that. You could do it in multiples, because no distributor and no studio makes their decision-making process based on one script. They look at a season of scripts on a slate, and statistically they know that most of them are dogs, no matter how good you think it is—the bottom line. Two out of ten will actually make enough money for both the profit and to cover the cost of the loss.

We need to be involved in this whole process. If we can do that, then we can actually have a hope, at some level, of self-sustaining the film financing structure and still be Canadians producing Canadian films for Canadian consumption and for world consumption.

If you pick up a Margaret Laurence novel in Savannah, Georgia, you don't think of it as a Canadian book. It's a good novel. We need to have a lot of those out there in film.

There's a vacuum for private enterprise in this business. If Ontario or B.C. were to remove their labour tax credits overnight, without having built something else to replace it, preferably through the introduction of a private enterprise vehicle, the industry would collapse as if it were hit by an earthquake. It would go back to Mr. Clarkson's vision of quicksand. You wouldn't need quicksand; it would be instant liquefaction. You would not see a ripple in the soil. There would be no industry left at the levels of subsidies that exist now.

Those subsidies don't necessarily help Canadian talent. When we have a show like *X-Men* or *Catwoman*—God forbid—and we shoot those films here, they don't use Canadian costume designers, Canadian cinematographers, or key Canadian performers. They are Americans, transplanted. So I can keep a lot of grips and electricians working, but it's not advancing our cause. It's great for paying the mortgage, and we appreciate that, but we would like to find some way to make that shift so that we can start doing that ourselves.

•(1120)

The Canadian motion picture industry requires four systems or pillars to create and support a homeostatic environment—culture, commerce, education, and government. These pillars are currently out of sync and need to become balanced if we are to create the healthy environment for our industry to grow.

Concerning the production community's lack of a long-term shared vision in strategic planning, historically the industry pulls together very strongly in a cohesive way only when we're faced with a crisis. Witness the threatened elimination of the labour tax credit in B.C. and Ontario back around Christmas and, previously, CRA's plan to tax the above-the-line foreign actors at source. You can imagine guys like Sylvester Stallone didn't want to be taxed 45% at source, so they weren't going to come here at all, but the industry galvanized. We made our points and we won our argument.

But if this industry is going to succeed, it needs to stop lurching from one crisis to the next and do some major strategic planning as a national industry to work to the success of the greater good.

Part of this is provincial in nature, not federal, but we wish you could use a bit of moral suasion because we believe that residency requirements for certain parts of the labour tax credit are counter-productive. If a production designer, costume designer, cinematographer, editor, performer, or director is a non-provincial resident in Ontario or in B.C., they're often refused consideration for employment in another province because they're not eligible for the producer's portion of the labour tax credit. This, we believe, is a discriminatory practice because province of origin is considered an acceptable criterion, where skill is not.

It goes to the heart of and reaffirms our position that says that creative production decisions are often made based on an arcane funding issue rather than on what's good for the film. We need to get back to what will make this a good film.

So we have a few recommendations. We'd like to focus the attention on creating a strong and viable domestic feature film industry through both the development of well-capitalized production companies and the expansion of audiences.

We'd like to establish an alternative financing vehicle that would stimulate private investment in feature film production companies. This would enable the federal labour tax credit system to be phased out.

Establishment of parallel funding quarters for financial support of both culturally and commercially oriented projects is another recommendation. We wouldn't want to have a producer be able to double-dip, but if they had a project for which they said, "Okay, we can take it down this corridor", then they could have this series of financing schemes. If they had to go down the other one, they could take that, through the cultural process, but not double-dip in terms of any financial benefit.

Also, revise CAVCO, the definition of Canadian content. The old view of protecting culture seems to be to isolate it. The new way to protect it is to ensure that it can compete internationally. Spread it around. We need to sell what is distinctive about our Canadian culture. The current definition of Canadian culture seems to be

limited and unappealing for secondary and tertiary sales for a lot of the things we make.

Da Vinci's Inquest, although it's television, experiences a similar problem. After just five years—and it's actually no longer being made exactly as *Da Vinci's Inquest*—it just got its first American sale, at 11:30 at night on a local station in Los Angeles. It's absurd.

We need to create this homeostatic environment that I keep talking about, supported by the four pillars of culture, commerce, education, and government. We need to work as partners and encourage the provincial governments to relax their residency requirements.

What happens here is that if you have a show for which they're going to hire a Canadian production designer and they can't come to terms, or the Canadian production designer takes another show, a producer—even the Los Angelinos—will say, "Oh, well, let's go down to L.A. and get the guy we were going to get before". Instead of looking to Toronto and getting another one, they say, "Well, we're not going to get the labour portion of this tax credit provincially, so why don't we just go get the guy we had two weeks ago in Phoenix?" And they'll bring that person up.

So we're actually diminishing the ability for certain Canadians to get jobs based on the province of origin, and I think we find that a bit strange.

Thank you for letting me make those remarks.

•(1125)

The Chair: Thank you very much.

I'm going to have to limit the time each of you has for questions a little more strictly this round.

We'll start with you, Mr. Schellenberger.

Mr. Gary Schellenberger: Thank you.

And thanks for the presentations you brought forward here this morning.

I know we're all deluged with this problem and with how things seem to be out of sync. Are the current organization and governance of the institutions directly and indirectly involved in this for the Canadian feature films appropriate, and what specific changes in governance are required? That's one of my questions.

Does the Canadian content—of course, we've just heard about this certification system, CAVCO—help foster or hinder the creative process that underlies production of Canadian feature films?

I think some of those have been answered, but I would like to ask those questions again, please, to all involved.

•(1130)

Mr. Don Ramsden: I don't have a problem with CAVCO per se, unless the measure of what is Canadian somehow makes it difficult to make the film.

There's a series I read growing up, written by Edgar Rice Burroughs, called *John Carter of Mars*. It's a great science fiction series that Paramount parenthetically has bought. They will soon probably do the whole series. Because all the action takes place on Mars, there was a time under the CAVCO system when it wouldn't have been considered Canadian. It should be enough if a person comes from Kapuskasing and has a Canadian sensibility. Their vision and their view of everything is what makes it Canadian. It's not the fact that it doesn't have a hockey puck or a curling rock in it.

I want to see a different yardstick used. Is it a good project? Does it advance our cause? Does it have a market? Personally, I get livid when I start thinking about these things. I'm happy, I must say, that it is freeing up. There's a show being shot right now with Telefilm money called *Partition* about the partition of India and Pakistan. The producer, the director, and the writer happen to be members of my local. It has a Canadian bent. So I'm pleased. A number of years ago, the show might not have been made. They need to free up that aspect.

Mr. Gary Schellenberger: I was really shocked one day. I was at an agriculture round table. It was a tremendous year for grapes in the Niagara district in Ontario. I found out that the farmers were having a hard time getting rid of the grapes. To be classified as Ontario wine, it had to be 30% Ontario grapes. The rest of the grapes were coming in from Chile. At that time, I was always trying to promote Canadian wines or Ontario wines. It was good wine. It was a blend and everything.

So our thing here is that you're right on.

Some things have changed, then, within CAVCO?

Mr. Don Ramsden: It's getting better.

Mr. Gary Schellenberger: But there still is some room for making it better.

Mr. Don Ramsden: I believe so.

Mr. Brian Gromoff: CAVCO works because it's Canadian. It resonates Canadian. When you watch an American film, you know it's American. You've got razzle, you've got dazzle, you've got car chases, you've got guns being fired off and things blowing up all the time. But you've got little story. When you see an English movie, you've got costumes, you've got interaction between actors. When you see a Canadian movie, you've got a combination, not of the razzle-dazzle, but you've got a little depth to the story. That's what we have. That's what CAVCO also has to do. It begins with a script. If you have a good script, you're going to have a good movie. That's where we need the development—on the script side.

Did you want to add anything?

Mr. Ken Thompson (Director, ACTRA - Toronto Performers): Actually, I do. Thank you, Brian.

I wanted to consider co-productions, which are responsible for a lot of Canadian films or Canadian partnerships in films. You asked about governance. One of the bugbears of ACTRA has always been that the co-production treaties allow non-Canadian and non-co-production treaty partners to bring in actors who are either not related to the co-production countries or are not Canadian. Yet these films are classified as Canadian films for the purposes of broadcasting windows and whatnot. That's one of the problems

with governance. We've continually brought this to the attention of both the Department of Heritage and CAVCO. It is something that should be looked into with a little more depth.

Mr. Gary Schellenberger: I happen to be very fortunate in my riding to represent the Stratford Festival. I live in a little place three miles outside of Stratford, so again, I do know some very good actors and actresses, such as Colm Feore, Sheila McCarthy, and Bill Hutt, who do all three—and most actors do the three things—theatre, film, and television. I do understand a lot about those particular things. I know that right now Colm Feore is in New York. I know as actors and actresses, as things go, you migrate to where the work is. I understand that.

I know technicians—again we have quite a technical crew around our area, and I've been involved over time.... A chap who has since passed away was my neighbour for 30 years and he was a stage manager. I can remember so many times that his stints were short term. He might be in Winnipeg or he might be in Charlottetown or in various other places. I know it's the way things go; you are transient. There were various times when he would come home and be two weeks short of being able to draw any EI. I would hire him on in our decorating business to run the store for a couple of weeks so he could get a couple of more weeks in so he could carry on. I understand how that goes.

Again, a star system in English Canada has been mentioned to us. Quebec has a star system there. I look at Colm Feore, Sheila McCarthy, and Bill Hutt as stars. I meet them in the grocery stores. Do you feel we can enhance a star system in any way within the English part of Canada and in our feature films?

• (1135)

The Chair: May I ask for a very brief answer from each of you? Mr. Schellenberger has taken way over his time, which is cutting into everybody else's time.

Mr. Gary Schellenberger: I'm sorry.

Mr. Brian Gromoff: I was at Stratford as well in the last days of Jean Gascon.

Yes, a star system will work. It works in theatre because of that very reason. You see them in the street and you talk with them, so they have a presence for you.

In film we're not going to get a star system until we can actually see our stars on the screen. Once we see them on the screen, then people will start seeing them and recognizing them in the street, and then they will have a profile. What we have to build up is the profile of our stars.

Mr. Gary Schellenberger: Thank you.

The Chair: Mr. Lemay.

[*Translation*]

Mr. Marc Lemay: Good morning.

I will try to be brief. Again, I would have liked to have more time to speak, because I read your texts. I know them by heart, and I have questions.

First, Mr. Gromoff, I will tell you one thing: having France alongside Quebec does not make me very nervous, because we don't make the same kinds of movies in Quebec as in France. There's a lot less dialogue in our films than in France's, and we cry a lot less. That's my humorous side.

I also read the union's text, and there's an element that caught my eye: "The challenge is clear. Having built an industry [...]"

The Chair: Mr. Lemay, what page is this?

Mr. Marc Lemay: It's on page 2 of Mr. Ramsden's document, and it's quoted from *From Script to Screen: New Directions for Canadian Feature Film*. The paragraph is entitled: "Review of the Feature Film Policy."

I quote from the text: "The challenge is clear. Having built an industry, it is now time to build audiences." I totally agree with this idea.

Mr. Ramsden, your fourth recommendation, at the end of the text, reads: "We need to sell what is distinctive about our Canadian culture."

My question is addressed to all three of you. What distinguishes Canadian culture from American culture, from the culture of Great Britain, from Anglophone culture? I hope my question is very precise. Give me an example of what differentiates Canadian culture from the others.

• (1140)

[English]

Mr. Don Ramsden: I think the single largest thing that comes to my mind is the difference between the United States and Canada in their relationship to multiculturalism versus melting pot. I think that one issue helps to embrace throughout Canada the multicultural patina and aspect we have. We've heard over and over again that half of the people in Toronto were born somewhere else. We embrace that. That seems to be a single thing in the United States that is not embraced; in fact, they get angry if people don't get melted into the pot quickly. I find that is one significant thing that actually paints how we view the world.

Let me say parenthetically, I'm a dual citizen, so I speak with one foot on each side of the border. I'm originally from Connecticut but have been 40 years in Canada. I have a bit of both. If I sound somewhat vitriolic to the country to the south, too bad.

Mr. Brian Gromoff: I was just going to say that you may be making different movies, and you may have a different sensibility in Quebec towards France, but if it were as close, it would be the number of movies that suddenly would be crossing the border... That's what happened to English Canada—the number of movies and the number of television shows the Americans push and that our Canadian broadcasters allow the Americans to put onto our screens. That's where your problem would be.

[Translation]

Mr. Marc Lemay: I totally agree on what you just said: as opposed to the American melting pot, here we respect multiculturalism.

Why then do we not make multicultural films? What ingredient is missing in the recipe?

[English]

Mr. Don Ramsden: The missing element, to me, is the champion. There is no champion. The champion in our business is the studio. If the studio said they were going to carve out a niche and were going to make 10 multicultural films, they would actually have a plan to do so, and then they would seek to get the financing. We don't seem to do that here, because if you write a script and want to make the movie and sell it, you actually have to take your cap in hand and go down the funding corridor. As I've pointed out, you actually amend your script or amend your production in order to seek.... It's a bizarre kind of way to make a film, to me. You should be able to have a film you believe in that you can sell to others and that they will believe in, and then you can get the funding and can go get your market. I believe the market is there. We see it in the film festivals of Toronto, looking at multicultural ethnic visions.

There's no champion. One person can't be a champion. It's an expensive business, a \$5 million film. Unless it's money out of your American Express card, you have to get somebody else convinced as well.

[Translation]

Mr. Marc Lemay: Thank you.

[English]

The Chair: Madam Bulte.

Hon. Sarmite Bulte: Thank you very much for coming, Mr. Gromoff.

I was very interested when you talked about having gone to the World Bank to speak about culture as a renewable resource. I think that is something we need to start talking about much more loudly, and much more so on the international stage. Certainly, when Mr. Wolfensohn was at the World Bank, he was a huge supporter of the arts and one who really recognized the intrinsic value the arts played in the world.

Let me speak to you specifically with respect to the CRTC. You said they have been retreating. We do have the ability to issue directives to the CRTC. Could you help me more concretely to define what we could do to have the CRTC assist the industry, both in television and film production?

•(1145)

Mr. Brian Gromoff: Certainly, you should push Canadian content rules, make the private broadcasters put money into the indigenous industry, and make certain the CBC lives up to its mandate, including regionally. As I said, only four ACTRA members in Calgary have worked on CBC contracts in the last year and a half. They build buildings. It's just like the World Bank, as they build buildings, but they don't build people and they don't support the writers, the performers, the directors, and the producers. They just build buildings and don't do anything.

What they've got to do is start producing regionally in every region in the country. This is how this country started, with the CBC and the railway. Now we've lost the railway and we're losing the CBC, because it's centred in Toronto, with very little in Vancouver now. Vancouver used to be a big place; Winnipeg used to be a big place; and Saskatchewan used to be a big place. They've got studios in all of these cities, but they don't use them. So the CRTC has to make them use them and has to make regional programs a priority of the CBC.

Hon. Sarmite Bulte: Well, it certainly is in the act, which requires the CBC to reflect the regions. Certainly, when Mr. Rabinovitch became the president and then withdrew the regional programming from the east coast, there was a huge outcry.

Mr. Brian Gromoff: When they took away the news broadcasts in Calgary, within 24 hours we had 2,000 people come to the Jack Singer Concert Hall and discuss it, including the mayor and everyone else—but it had no effect. What the CBC says is, okay, that'll happen for a day or two, but you can't keep this momentum up for weeks and weeks and force the CBC back into having regional broadcasting.

Hon. Sarmite Bulte: Money is certainly one of the things.... I sat on the committee when we did the Lincoln report, so I'm quite well aware of the recommendations that were made. But do you think it is just a question of money, or is it also a question of will at the CBC itself?

Mr. Brian Gromoff: It's not just a question of money, no. It's a question of will. It's a question of support, but also making certain that with those films and television programs that are made, they have some commitment to them.

I mean, *Tom Stone* was taken out in its second season because they only had 400,000 viewers. Did they advertise it? No. Why did *Men With Brooms* work? It was because they spent a million dollars on advertising. That's what we've got to do; we've got to say to people, this is a good play. It's like an actor going on stage and saying, you will enjoy what I do and I have a right to be here, so watch me, listen to me, and you will enjoy yourself. We've got to do the same with movies and we've got to do the same with television. We have a right to produce our own stuff and you will enjoy it, if you really watch it and get the opportunity to watch it.

Hon. Sarmite Bulte: Absolutely.

Mr. Ramsden.

Mr. Don Ramsden: Yes, I think money is a big stick and it is important. I don't know the exact figures, which you folks can find, but if one were to determine that the amount of money the broadcasters spend on purchasing foreign production versus what

they make is about five to one, then force them to change the ratio. For drama and comedy, make them spend dollar for dollar. If they're allowed to purchase second- and third-run shows, or even simulcast shows out of the States, that money is being used to defeat the goal of all of us in making domestic product.

Hon. Sarmite Bulte: But one of the things that we found in the Lincoln report—and perhaps you can correct me if I'm wrong—was that it was a lot cheaper for the private broadcasters to buy a U.S. show than it was to buy Canadian drama. Certainly, the decline of drama is...as priorities change, and the priority decision in 1999 by the CRTC has also had an effect. But when we looked at the figures, the reality was that they were losing by buying Canadian drama, and that was their excuse. I'm not—

Mr. Don Ramsden: No, it's absolutely true, but that's the secondary or tertiary sale for the studio selling it to them. It's like the principal sale. I think 80% of the broadcast licence in the States is paid for by the broadcaster. So if Kiefer Sutherland from *24* spends \$2 million an episode, 80% of that is paid by the broadcaster. They don't have to charge a lot to get it into Canada because it has been 80% paid for. We need to find a way to stop that process.

•(1150)

Hon. Sarmite Bulte: That tertiary sale is very important.

I want to challenge you about one thing, Mr. Ramsden, and that is your recommendations with respect to industry.

Next week, after a long battle with industry, we're going to be tabling copyright legislation. To involve the Department of Industry in our cultural industry makes me very, very nervous. I understand what you're saying, that we also need to concentrate on the profit side, but I just don't believe that industry cares or is even seized with it.

We don't think twice about subsidizing companies such as Bombardier through technology partnerships. They're not the only recipient of the moneys under Technology Partnerships, but it's profit-driven. So subsidies do exist in the industry. I don't have a problem with subsidizing Bombardier, but I think it's important that we continue to foster—I don't mean subsidize—our cultural industries, because it's about defining ourselves nationally and internationally, and it's about jobs, the same way it is for Bombardier.

Could you explain to me what this means: “that we as taxpayers can no longer continue to do so at the expense of the profit driven portion of the production business”?

Mr. Don Ramsden: We have driven the private sector out—full stop. Who in this country makes more than a one-off? There's nobody making.... There is no studio once they close the production arm at Alliance Atlantis. There are people making film, but they tend to be one-offs. They're hand to mouth: let's make a film; it's done; let's go make another one. That has not been proven to be a successful way to actually allow the industry to stand on its own two feet in any other industry I'm aware of.

If one can accept that the significant commercial portion of what we do is going to be subsidized forever, I'm not surprised the broadcasters do what they do, because ultimately they're the people who are getting the largest chunk of the subsidy. They're making millions on this subsidy. They don't have to pay. If they can get the Government of Canada to fund half the film, why would they pay for all of it?

So we have to find another mechanism, and the mechanism is unclear to me because the investigation is unclear to me. That's why I would like to see some strategic planning with all parties. We all have different agendas. We're our own "ox to gore", as they say. We need to find what is the same and what can we in fact support and move forward?

There is no private industry; there's support for a service industry. I've got members who own trucks, but they're not making movies. However, that's not true at Morgan Creek Productions out of Baltimore. They're making movies.

The Chair: I'm going to pass this on to Mr. Silva, if you don't mind, Sam.

Mr. Mario Silva: Thank you.

I really appreciate you coming forward.

You list \$4.9 billion in your report as to the gross domestic product, the film industry and spin-off jobs and everything else. I actually thought it was around \$4 billion. I thought it was either stable or it had declined. So you actually have an almost \$1 billion increase from when I saw the information last year. That wasn't a question; it was more of a statement, but maybe you can clarify that.

The second one has to do with the whole issue of how much of that is actually from American productions.

Mr. Don Ramsden: First of all, I apologize for that number. I plagiarized it straight from the director of Canadian Affairs of IATSE, John Lewis. That was in his representation to you, so you'll have to ask John, but I believe that number was lifted from the CFTPA's report.

Mr. Mario Silva: It could be right. I'm not saying it's wrong; I just want to be clear.

Mr. Don Ramsden: In terms of foreign service production, my members made \$170 million in wages last year, just in this province, and that's cash in the pocket, not production dollars. That's every Thursday, and it was a bad year. It was one of the worst years we've had in a while.

The domestic portion of that is increasing, but the entire domestic production figures given by that same CFTPA report are \$180 million in production. You can't compare the two, because one is cash in pocket and one is production figures, so there's very little domestic production. In my negotiations with the new *Da Vinci's Inquest*, they were quite proud in pointing out to us that they had spent somewhere very close to \$22 million or \$23 million on our membership over the course of the series, which I appreciated, but I had to smugly be quiet to myself, because *Fantastic Four* paid my members \$17 million last year, not over six seasons.

The numbers are humongous, and I think we need to find a way to reverse that trend. I'm happy and supportive of the service production, but—

• (1155)

Mr. Mario Silva: Do you know what the percentage is?

Mr. Don Ramsden: It's minuscule. It's minuscule in this province. It's even less here than it is back east, because back east is still the home of English Canada and the home of French Canada's production arm.

Mr. Mario Silva: But nationally, what would you say would be the figure?

Mr. Don Ramsden: Nationally, I couldn't give you a figure. Here, it's got to be less than 10% of my revenue, domestically.

Mr. Mario Silva: So anywhere between 80% and 90% of it might actually be foreign?

Mr. Don Ramsden: Yes. It's huge out here. When the dollar goes to 85¢, my members have a bad year.

Mr. Brian Gromoff: If the actors' cost in a movie is 5%, I suppose that's what we're getting—5% of it.

Mr. Mario Silva: This is the challenge for the committee. There's no question that we want to foster, support, and encourage an indigenous market and do everything we can to that end.

I come from Toronto. The film industry is over \$1 billion; it is a very important sector in our city. I was on a film committee for many years. We had challenges. We went down to L.A. many times, even to visit some of the costume houses to talk about trying to use some of their costumes. There was no costume house in our city or in our country, so we would try to get those things to our city. It was very difficult.

We have to balance within our policy between encouraging and promoting indigenous markets, but at the same time we don't want to do anything to scare away the maybe 80% or 90% that is the very large American investment in the film industry in the country. How we get that balance, I'm not sure. Maybe you can enlighten me on that.

Mr. Don Ramsden: Under no circumstances is Disney or Warner Brothers afraid of our industry. We're not going to scare them about anything, so I would not fear the production service side at all. There will always be room for it, and we will continue to foster it. What we would like to do is create this parallel issue we can embrace and through which we can produce better, Canadian-style. I don't think the Canadian industry could do a thing that would actually chase away the service industry, except perhaps be greedy and drive it into the ground, but that's true with any other industry. There's no threat. The Canadian industry is not threatened.

Mr. Mario Silva: However, there's a lot of pressure back home—in the U.S., that is—to do their movies in their country, as opposed to going to Canada. There's a huge lobbying effort at this moment by actors, governors, and senators to that effect, so they will try to use any excuse they can not to come to Canada.

Mr. Don Ramsden: We need to be cognizant of it, but my whole life.... When I was a young man living in the States, I remember going to a mall and giving a member of the United Auto Workers \$10 so I could take a hammer and smash a Toyota. Part of the pastiche of America is to be jingoistic about these things. We just have to be careful and mindful, but I don't think it's a very grave risk, because as long as it's more affordable to be here, Paramount will be here.

Mr. Ken Thompson: Mr. Silva, the backlash from the United States is largely from southern California. For years they viewed production outside of the state as bad no matter where it was, whether it was in Alabama or in Texas. It ebbs and flows with the economy in southern California, which over the last couple of years has been very bad.

There's obviously a backlash, but when it comes right down to it, Canada has so much to offer to foreign productions. Apart from the fact that there's a currency advantage, there's a proximity advantage. You can film in Vancouver and make it look like it's in California.

You can film in Toronto and make it indistinguishable from New York. You can film in Montreal and make it look like Boston.

In this country we do have some huge advantages, but what Mr. Ramsden and Mr. Gromoff have said is that you can't rely on that alone; without a domestic industry, we won't have the infrastructure that would attract more foreign investment in films and more foreign service films here. It really goes hand in glove. You have to have the industry domestically sound in order to rely on having those foreign service productions continuing to come here.

● (1200)

Mr. Mario Silva: Good. Thank you.

The Chair: Thank you very much.

We will recess for lunch now. Thank you very much. Again, I apologize for cancelling on you a month or so ago. We appreciate the work you've put into being here and the briefs you've presented. Thank you.

We'll resume at 1 o'clock.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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