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REVIEW OF THE FEATURE FILM INDUSTRY IN CANADA

Report of the Standing Committee on Canadian Heritage

**Gordon Brown
Chair**

JUNE 2015

41st PARLIAMENT, SECOND SESSION

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has the honour to present its

FOURTEENTH REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied the Canadian Feature Film Industry and has agreed to report the following:

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Acronyms

IATSE	International Alliance of Theatrical Stage Employees
ACTRA	Alliance of Canadian Cinema, Television and Radio Artists
APFC	Alliance des producteurs francophones du Canada
AQPM	Association québécoise de production médiatique
CAFDE	Canadian Association of Film Distributors and Exporters
CAVCO	Canadian Audio-Visual Certification Office
CHPC	Standing Committee on Canadian Heritage
CMF	Canada Media Fund
CMPA	Canadian Media Production Association
CPTC	Canadian Film or Video Production Tax Credit
CRA	Canada Revenue Agency
CRTC	Canadian Radio-television and Telecommunications Commission
DFATD	Foreign Affairs, Trade and Development Canada
DGC	Directors Guild of Canada
eOne Canada	Entertainment One Canada
MPPIABC	Motion Picture Production Industry Association of British Columbia

MTAC	Movie Theatre Association of Canada
NFB	National Film Board of Canada
OTT	Over-the-top
PNI	Programs of national interest
PSTC	Film or Video Production Services Tax Credit
RDIFQ	Regroupement des distributeurs indépendants de films du Québec
SODEC	Société de développement des entreprises culturelles
TIFF	Toronto International Film Festival
UDA	Union des artistes
VFX	Visual effects

REVIEW OF THE CANADIAN FEATURE FILM INDUSTRY

Chapter 1: Introduction and Committee mandate

In 2005, the Standing Committee on Canadian Heritage (“the Committee”) conducted a comprehensive study of the feature film industry. In its report entitled, [*Scripts, Screens and Audiences: A New Feature Film Policy for the 21st Century*](#), the Committee stressed that Canada has “the talent and the capacity to build a culturally vibrant and economically viable feature film industry.”¹ The Committee decided to review the progress achieved over the past 10 years and re-examine the issues and challenges facing Canada’s feature film industry. On 16 February 2015, it passed the following motion:

That, pursuant to Standing Order 108(2) the Committee undertake a review of the Canadian feature film industry in order to: a) examine the effectiveness of government funding programs; b) explore ways to promote the value of the industry, the quality production services offered in Canada, and the exceptional content that is created by Canadians; and c) make recommendations to the government regarding support for the Canadian film industry, and report its findings to the House.²

The Committee held a total of 8 meetings on this issue, during which it heard from 51 witnesses and received 10 briefs.

Over the course of the study, the consensus emerged that Canada is now an internationally recognized presence in filmmaking. Our films win awards at festivals, and our producers, directors and screenwriters receive respect worldwide. In addition, Canadian actors are given leading roles in major international productions. It is no exaggeration to say that the Canadian feature film industry is a standard bearer for Canadian culture.

However, the industry faces significant challenges, many of which result from the diversification of distribution platforms, which now include more than just television and movie theaters. The wide range of consumer options has led to a change in behaviour, requiring all industry stakeholders, including funding partners, to redefine their strategies and their individual position in the value chain.

The Committee’s report

The first section of the report provides a brief economic overview of the Canadian feature film industry. The subsequent sections summarize the main issues and challenges noted by representatives from the three principal links in the Canadian feature film

1 House of Commons, Standing Committee on Canadian Heritage [CHPC], [*Scripts, Screens and Audiences: A New Feature Film Policy for the 21st Century*](#), November 2005, p. 3.

2 CHPC, [*Minutes of Proceedings*](#), 2nd Session, 41st Parliament, 16 February 2015.

industry's value chain: production, distribution and exhibition. The report concludes with the Committee's recommendations.

The Committee would like to thank everyone who participated in this study for taking the time to suggest ways to promote the value of the Canadian feature film industry and improve the effectiveness of government assistance programs.

Chapter 2: Overview of the feature film industry

The Canadian Media Production Association (CMPA) defines a feature film as one that is “scripted, developed, produced, and marketed with the intention of being released first in cinemas.”³ A feature film generally runs at least 75 minutes.⁴

Canada's feature film industry is composed of two distinct sectors: films certified as Canadian by the Canadian Audio-Visual Certification Office (CAVCO) and films produced in Canada on behalf of a foreign company.

According to the CMPA, production activity for Canadian content films totalled \$376 million in 2013–2014. This activity supported 8,100 full-time equivalent jobs in Canada. Foreign film production and production services during the same period accounted for \$857 million and supported just over 18,000 full-time equivalent jobs in Canada.⁵ If the two 1.2 billion.⁶

Jean-François Bernier, Director General of Cultural Industries at the Department of Canadian Heritage, described Canadians' movie-watching habits. Television remains the preferred format for viewing films; however, theatre attendance remains steady. The department has noticed that, “DVD sales have declined by 35% since 2009 and DVD rentals by 84% since 2007.”⁷ Mr. Bernier noted that Canadians are increasingly watching movies on their smart phones, tablets and Internet-connected televisions.

The growth in online platforms for film, particularly over-the-top (OTT) services, “is rapid and significant,” according to Mr. Bernier.⁸ The Committee found that all industry players are mindful of this fact.

3 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1530 (Marc Séguin, Senior Vice-President, Policy, Canadian Media Production Association (CMPA)).

4 Telefilm Canada, [Master Glossary](#), p. 5.

5 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1530 (Marc Séguin, CMPA).

6 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1545 (Michael Hennessy, President and Chief Executive Officer, CMPA).

7 Canadian Heritage, *Policy Framework for the Canadian Feature Film Industry*, Standing Committee on Canadian Heritage, 23 February 2015, p. 6.

8 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 February 2015, 1530 (Jean-François Bernier, Director General, Cultural Industries, Department of Canadian Heritage).

The federal government supports the Canadian feature film industry through the legislation, financial assistance, institutions and policies that make up the Policy Framework for Canadian Feature Film:

Legislation

Broadcasting Act:

- It establishes a Canadian broadcasting system which must contribute to the creation and presentation of Canadian content, including a significant contribution from the Canadian independent production sector;
- It sets out regulatory powers of the Canadian Radio-television and Telecommunications Commission (CRTC) and the mandate of CBC/Radio-Canada;
- It recognizes that the English- and French language markets operate under different conditions and may have different requirements.

Investment Canada Act: It ensures foreign investments in Canadian films and video production, distribution, post-production and retail or exhibition sectors are of net benefit to Canada.

Income Tax Act and Regulations: It establishes and sets criteria for the two film and video tax credits.

Copyright Act: It underpins the value chain in the film and TV industries by giving key players control over the use of their creative work.

Financial Support

Canadian Film or Video Production Tax Credit (CPTC): Tax credit for certified Canadian content film and television productions – eligible productions must have a minimum of 6 out of 10 Canadian content points or be a treaty coproduction.

Film or Video Production Services Tax Credit (PSTC): Tax credit used primarily by foreign productions using Canadian labour on productions shot in Canada. There are no Canadian content requirements.

National Institutions

Telefilm Canada: A Crown corporation that funds Canadian feature film development, production, distribution and marketing.

Canadian Radio-television and Telecommunications Commission (CRTC): An administrative tribunal that regulates broadcasting in the public interest, by setting regulatory policy, as well as licensing and ownership decisions. It imposes regulatory measures relating to Canadian audiovisual content, including for feature films.

CBC/Radio-Canada: The national public broadcaster is a Crown corporation which offers predominantly Canadian programming (including feature films) reflecting Canada and its regions to national and regional audiences in English and French.

National Film Board of Canada (NFB): A federal agency, the NFB is public producer and distributor that focus on animation and documentaries, as well as digital innovation through interactive websites.

Canada Council for the Arts: A federal Crown corporation that offers financial assistance to Canadian professional artists and groups that use film, video, new media and audio in their work through.

Library and Archives Canada: A federal institution that acquires and preserves films of national historical significance. It administers legal the deposit of audiovisual products.

National Policies

Canadian Feature Film Policy: A federal policy aimed at the development, production, distribution, marketing and preservation of Canadian feature films.

Film Distribution Policy: A policy established in 1988 that deals with foreign investment in the Canadian film distribution sector.

Canada's Policy on Audiovisual Treaty Coproduction: Treaties with 54 countries that support joint projects between Canadian and foreign producers. Certified projects have national status and are eligible for funding programs, broadcasting quotas, and tax credits.

Mr. Bernier noted that the Policy Framework for Canadian Feature Film has not changed much in 10 years. However, funding agencies have had to adapt their programs to keep pace with the growing use of new distribution platforms.⁹

Chapter 3: Filmmaking in Canada

Canadian film production

Production refers to the activities involved in making a feature film. This stage includes “pre-production, principal photography, and all subsequent shooting, post-production and follow-up once the production has been completed.”¹⁰ Officials from the Department of Canadian Heritage pointed out that filmmaking “requires the most significant initial investment in the cultural sector.”¹¹ The producers who appeared before the Committee all agreed that filmmaking is both costly and risky. They also commented on the fierce level of competition, particularly in the English-language market, which is dominated by big budget U.S. films.¹²

According to Michael Hennessy, President and CEO of the CMPA, industry growth is hampered primarily by a lack of financing. Canada has talented artists, but there is

9 Ibid.

10 Telefilm Canada, [Master Glossary](#), p. 8.

11 Department of Canadian Heritage, *Policy Framework for the Canadian Feature Film Industry*, Standing Committee on Canadian Heritage, 23 February 2015, p. 5.

12 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1530 (Marc Séguin, CMPA).

insufficient financing to “compete with the U.K. and the Americans.”¹³ This situation was confirmed by several witnesses, including Marie Collin, Chief Executive Officer of the Association québécoise de production médiatique (AQPM).¹⁴

Federal support for the Canadian feature film industry is therefore vital. Sarah Gadon, a member of the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA), stated that public funding programs must continue to include Canadian content requirements.¹⁵ She emphasized that CAVCO’s point scale for measuring Canadian content must not be modified, as it is an important part of creating a Canadian star system in the English-language market.¹⁶

Sophie Prigent, President of the Union des artistes (UDA), discussed the dubbing of movies and television programs in French. Artists’ rates have decreased by 15% to 25% as a result of competition from other countries. The dubbing industry has also seen revenues drop because of changing viewing habits and a move toward new distribution platforms. The UDA is of the view that the Canada Media Fund (CMF) program for dubbing and subtitling be enhanced to take into account the market’s evolution and Canadian productions that receive public funding be dubbed in Canada.¹⁷

Foreign production

Foreign film production and production services encompass feature films and television programs made in Canada by foreign producers or by Canadian producers on behalf of a foreign company.

Over the years, British Columbia has become a leader in foreign film production in Canada and is home to a number of post-production and visual effects (VFX) companies. Peter Leitch, Chair of the Motion Picture Production Industry Association of British Columbia (MPPIABC), estimates that service-based foreign content work “accounted for \$857 million and just over 18,000 full-time equivalent jobs.”¹⁸ Shawn Williamson, MPPIABC member and President of Brightlight Pictures, added that the development of the Vancouver industry is “based and driven from Los Angeles.”¹⁹

13 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1550 (Michael Hennessy, CMPA).

14 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1530 (Marie Collin, Chief Executive Officer, Association québécoise de la production médiatique (AQPM)).

15 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1650 (Sarah Gadon, Member, Alliance of Canadian Cinema, Television and Radio Artists (ACTRA)).

16 Ibid.

17 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1545 (Sophie Prigent, President, Union des Artistes).

18 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 25 February 2015, 1540 (Peter Leitch, Chair of MPPIABC, President, North Shore Studios).

19 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 25 February 2015, 1540 (Shawn Williamson, Member of MPPIABC, President, Brightlight Pictures).

Jim Mirkopoulos, Vice-President of Toronto-based Cinespace Film Studios, told Committee members that 90% of the industry's business consists of television series production. His company rents its space to series producers for long periods, which is more profitable than renting to feature film productions.²⁰ It is "no longer economically viable"²¹ for Cinespace to rent its facilities to Canadian feature film producers. By turning away more lucrative foreign production opportunities, his company is indirectly subsidizing Canadian projects. Mr. Mirkopoulos recommended that Telefilm Canada provide financial compensation to companies that rent out their film production facilities at a loss.²²

John Lewis, International Vice-President and Director of Canadian Affairs with the International Alliance of Theatrical Stage Employees (IATSE), described the benefits of filming foreign productions in Canada. These major initiatives "create the infrastructure, create the sound stages, the equipment rental houses, but also create expertise at the crew level."²³ Mr. Lewis added that there was less of a need to use foreign workers, because Canadians have the necessary specialized technical training.

Tax credits

The Canadian Audio-Visual Certification Office within Canadian Heritage is responsible for administering two tax credits:

- the [Film or Video Production Services Tax Credit](#) (PSTC) corresponds to 16% of the qualified Canadian labour expenditures incurred by a taxable Canadian corporation for an accredited production.
- the [Canadian Film or Video Production Tax Credit](#) (CPTC) is a fully refundable tax credit available at a rate of 25% of the qualified labour expenditure by a taxable Canadian corporation for an eligible production.

The PSTC promotes the hiring of Canadian labour for foreign productions made in Canada. Canadian content is not considered in determining eligibility for this tax credit, which is based on Canadian labour expenditures.

The CPTC is also based on Canadian labour expenditures and is the primary tax incentive for Canadian film and television productions. Productions must receive 6 out of 10 points for Canadian content or be a treaty coproduction. The most important key creative positions are those of director and screenwriter, and the lead performer or second lead must also be Canadian.

The industry representatives who appeared before the Committee were generally supportive of the federal tax credits, which were seen as crucial support mechanisms for

20 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1635 (Jim Mirkopoulos, Vice-President, Cinespace Film Studios).

21 Ibid.

22 Ibid., 1715.

23 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1710 (John Lewis, International Vice-President and Director of Canadian Affairs, International Alliance of Theatrical Stage Employees (IATSE)).

the Canadian film industry. Indeed, some witnesses pointed out that the Canadian tax credit system has been so successful that other countries have copied it.

That being said, several concerns were raised regarding the federal tax credit programs. These include their stability and consistency, their interaction with provincial programs, the timing of payments, the verification of companies' records before additional funding is provided, and the increasing of the tax credits.

The first concern was that the tax credits should be stable and predictable. Mr. Lewis of IATSE said, "The stability of the Canadian tax credit has been one of the reasons why we've been able to promote [the Canadian film industry]."²⁴ Dave Forget, Director of Policy with the Directors Guild of Canada, also mentioned that the Canadian industry's partners are looking for predictability and stability.²⁵

This idea was echoed by Michelle Grady, Head of Film for the Moving Picture Company of Vancouver, British Columbia. She talked about the increasingly important that VFX (visual effects) plays in today's films. As a result, the Canadian VFX sector is growing.²⁶ To help promote the value of the industry, she said, the government should ensure that there are supportive policies in the area of tax credits. To quote Ms. Grady:

The VFX work we're talking about is competed for fiercely on an international scale. The work does not have to come to Canada. It can go anywhere at the push of a button. This has led to many jurisdictions offering new and improved tax credits. But one of the towering strengths of any film tax credit system, in my opinion, is consistency and predictability. A federal film tax credit policy and practice that supports the themes of consistency and predictability is a great support.²⁷

In response to questions, Ms. Grady said that Canada's tax credits should be constantly evaluated against competing markets to ensure that the tax credits are competitive.²⁸

The second concern, one that was raised by many industry representatives, is that the amount of the federal tax credit is reduced by the amount of provincial tax credits. They refer to this as "the grind." To quote Mr. Lewis of IATSE:

The problem with the federal tax regulations lay in what the government refers to as "net of assistance" and what the industry refers to as "the grind". The federal program reduces or grinds the amount of the federal credit if the production is also funded by a provincial program. This is counterproductive as the very purpose of these tax credit programs is to encourage defined spending. To compensate for the grind, a producer will typically reduce the production budget, which translates to fewer jobs, fewer equipment rentals,

24 Ibid., 1715.

25 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1625 (Dave Forget, Director of Policy, National Office, Directors Guild of Canada).

26 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1545, (Michelle Grady, Head of Film, Moving Picture Company).

27 Ibid., 1550.

28 Ibid., 1620.

and fewer dollars going into the industries that benefit from ours, such as restaurants and hotels. We do not see the sense in giving with one hand and taking with the other, so when the provinces invest in our industry we do not believe that should have any impact on the level of federal support.²⁹

David Carter, President of Canada Film Capital,³⁰ Carole Vivier, Chief executive officer and Film Commissioner for Manitoba Film & Music³¹ and the Writers Guild of Canada,³² also pointed out that as a result of the grind, the amount of federal tax credits varies from province to province. Mr. Leitch of the MPPIABC said: “Targeted provincial incentives, which may vary from province to province, should not impact different levels of tax credits across provinces, and this would not be the case if the provincial credits were not deducted prior to calculating the federal credits.”³³

Virginia Thompson, President and Executive Producer of Vérité Film Inc., also remarked that the federal tax credit is reduced by new forms of funding, such as Kickstarter. She said, “it’s hardly worth going there, but we did it for marketing purposes.”³⁴

While reducing or eliminating the grind would result in more money for film producers, there are certain risks involved. These include the cost to the federal government and consistency with other tax credit programs. As Lui Petrollini, media and entertainment partner with Ernst & Young, cautioned:

[Y]ou’ve got to be careful about the costs this may add to the federal government in terms of additional tax credits, but you’ve also got to be concerned with the consistency with other industries such as the technology industry where SR&ED [Scientific Research and Experimental Development Tax Incentive Program] calculations also grind federally by provincial assistance programs that are similar in that space.³⁵

Mr. Petrollini estimated that reducing the grind would cost the federal government “about 50% more than what you’d be actually giving up now in the form of tax credits.”³⁶

The third concern raised by witnesses involved the timing of the payment of the tax credits. As explained by Mr. Petrollini: “tax credits are not paid to the producers until the filing of a corporate income tax return and the assessment of those returns by the CRA

29 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1635, (John Lewis, IATSE).

30 Canada Film Capital Corporation, *Written Submission to the Standing Committee on Canadian Heritage*, 11 May 2015, p. 3.

31 Manitoba Film & Music, *Written Submission to the Standing Committee on Canadian Heritage*, p. 8.

32 Writers Guild of Canada, *Written Submission to the Standing Committee on Canadian*, 8 May 2015, p. 1.

33 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 25 February 2015, 1540 (Peter Leitch, MPPIABC, North Shore Studios).

34 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1545 (Virginia Thompson, President and Executive Producer of Vérité Film Inc.).

35 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1545, (Lui Petrollini, Partner, Media and Entertainment, Ernst & Young).

36 *Ibid.*, 1600.

[Canada Revenue Agency].³⁷ Jennifer Jonas, producer with New Real Films and Co-Chair of CMPA's Feature Film Committee, explained the impact this has:

[A] certain portion of the value of the tax credits is being siphoned out as a result of producers having to interim finance those credits through financial institutions until those credit amounts are paid out by the Canada Revenue Agency. Delays in payouts are directly related to the complex process and redundant audits and approvals. On top of the grind, the net value of the credit for producers therefore is effectively further decreased by the set-up fees and interest costs charged by banks for bridge financing these credits. This is an inefficiency in these programs.³⁸

Mr. Leitch of the MPPIABC concurred:

[A]dvances of tax credit funds for qualified productions would be a tremendous benefit to those producers who need to borrow against these funds to support their productions prior to receiving the credits. This would be of minimal cost to government, but would have significant benefits to Canadian producers.³⁹

To reduce the amount producers in interim financing costs until they received payment of the tax credits, Marc Séguin, Senior Vice-President of Policy with the CMPA, suggested that payment could be accelerated:

[W]e could pay 80% or 85% up front, based on some kind of risk audit framework – very easy to do – then have a holdback, let's just say 15%, and then when the project is done, assuming it goes according to plan, file for the remaining 15%. The idea is to accelerate the deployment of the capital so that you decrease interim financing costs. At the end of the day, it means more money on screen, or in companies, to build companies.⁴⁰

In a similar vein, Ms. Collin of the AQPM, suggested that,

30 days after applying for a tax credit, the production company receive payment of 75% of the amount receivable, with the remainder being paid out upon completion of the tax audit. The program would become more efficient and production companies would have greater access to funding.⁴¹

J. Joly, Chief Executive Officer and Founder of CineCoup Media,⁴² and Ken Dhaliwal, a partner with Dentons Canada,⁴³ also felt that it takes too long to receive the federal tax credit.

37 Ibid., 1555.

38 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1540 (Jennifer Jonas, Producer, New Real Films; Co-Chair of Feature Film Committee, CMPA).

39 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 25 February 2015, 1540 (Peter Leitch, MPPIABC, North Shore Studios).

40 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1605 (Marc Séguin, CMPA).

41 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1535 (Marie Collin, AQPM).

42 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1605 (J. Joly, Chief Executive Officer and Founder, CineCoup Media).

43 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1605 (Ken Dhaliwal, Partner, Dentons Canada).

Once again, however, there would be considerations involved in changing the timing of tax credit payments. To quote Mr. Petrollini: “There are risks associated with interim financing, the tax credits, or paying them up front. Some of the risks would involve or include whether or not a company or a production actually meets the CAVCO Canadian certification criteria at the end of the day.”⁴⁴

To address the issue of accelerating the payment of tax credits, Ms. Jonas of the CMPA proposed that the departments of Canadian Heritage and Finance, initiate a consultation “with the specific mandate of finding an effective solution to this issue and implementing that fix as quickly as possible.”⁴⁵

A fourth concern was raised by Mr. Lewis of IATSE. He referred to changes that Alberta made to its grant program to require the verification of companies’ records before additional funding is provided.

Mr. Lewis explained that often, single-purpose companies are set up for each individual production. Sometimes, these companies fail to meet payroll and pay their suppliers. Then, as a new company, they apply for funding again. He gave the following example:

There was a show in Alberta in 2008, *When Calls the Heart*, that left \$1.2 million in unpaid wages and invoices to suppliers. They finished the show in Romania because it blew up in Alberta. They finished the pilot in Romania and came back to British Columbia – the same production company, with the same writers, same directors, same producer – and got access to funding from the federal and provincial government and are in their second season.⁴⁶

Mr. Lewis said, “Alberta – the first province to do this – has said no, we're going to look at your track record and we're going to look at what you've done. If you've defaulted you shouldn't be coming up here for more money.”⁴⁷ He was of the view that the Committee consider the issue of whether companies should be able to apply for additional funding if they have not paid their bills in the past.⁴⁸

Telefilm Canada

Telefilm Canada is a federal Crown corporation mandated to foster and promote the development of the Canadian audiovisual industry. Its programs support the production, marketing and promotion of Canadian feature films. Telefilm Canada participates in industry events such as festivals and markets, and it administers CMF programs and makes recommendations to the Minister of Canadian Heritage on the certification of audiovisual treaty coproductions.

44 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1610 (Lui Petrollini, Ernst & Young).

45 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1540 (Jennifer Jonas, CMPA).

46 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1705 (John Lewis IATSE).

47 Ibid.

48 Ibid.

The vast majority of witnesses readily acknowledged the key role played by Telefilm Canada in developing, producing and marketing feature films in Canada. Many of them raised the issue of the Crown corporation's parliamentary appropriation, pointing out that Telefilm Canada reduced its budget by 10% over three years starting in 2011–2012, as part of the departmental spending review introduced in Budget 2012.⁴⁹ This amount is equivalent to about \$10.6 million annually. Various participants in the Committee's study were of the view that the parliamentary appropriations be restored to pre-2012 levels.

Patrick Roy, President of Entertainment One Films Canada (eOne Canada), said it is important to ensure that Telefilm Canada "has enough resources and support to help market and promote Canadian feature films."⁵⁰ Officials from the CMPA,⁵¹ North Shore Studios,⁵² William F. White International,⁵³ Elevation Pictures,⁵⁴ IATSE,⁵⁵ REEL Canada,⁵⁶ the AQPM,⁵⁷ ACTRA,⁵⁸ the Alliance des producteurs francophones du Canada (APFC)⁵⁹ and Canada Film Capital⁶⁰ were all of the view that Telefilm Canada's parliamentary appropriation be restored to 2012 levels. Tim Southam of the Directors Guild of Canada (DGC) went further and called for the budgets of all federal agencies that support the Canadian audiovisual sector to be restored to 2012 levels.⁶¹

Several witnesses raised the issue of Telefilm Canada's funding criteria. André Provencher, Vice President of Creation and International Development, QMI Content, at Quebecor Media Inc., stated that consumers are the starting point for any transformation of the industry. Mr. Provencher commented that producers should be more

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- 49 Telefilm Canada, [2011-2012 Annual Report](#), p. 8.
- 50 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1645 (Patrick Roy, President, eOne Canada and Les Films Seville).
- 51 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1540 (Jennifer Jonas, CMPA).
- 52 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 25 February 2015, 1540 (Peter Leitch, MPPIABC, North Shore Studios).
- 53 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 25 February 2015, 1610 (Paul Bronfman, Chairman, William F. White International Inc.).
- 54 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1700 (Naveen Prasad, Executive Vice-President, Elevation Pictures).
- 55 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1630 (John Lewis, IATSE).
- 56 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1645 (Jack Blum, Executive Director, REEL Canada).
- 57 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1535 (Marie Collin, AQPM).
- 58 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1645 (Stephen Waddell, National Executive Director, ACTRA).
- 59 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1540 (René Savoie, Administrator, Alliance des producteurs francophones du Canada (APFC)).
- 60 Canada Film Capital, *Written submission to the Standing Committee on Canadian Heritage*, 11 May 2015, p. 3.
- 61 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1535 (Tim Southam, President, National Office, DGC).

concerned “about the commercial success of their work.”⁶² He also suggested that Telefilm Canada review the weighting of financial and qualitative factors in its analysis of the performance of feature films. Quebecor Media Inc. recommends making two changes. Firstly, Telefilm Canada should review the current weighting system for feature film proposals and give significantly more consideration to financial criteria. Secondly, the Crown corporation should pay greater attention to popular cinema, which generates the self-sustaining revenue essential for the film industry’s survival.

Vincenzo Guzzo, President, Association des propriétaires de cinémas du Québec and Vice-President, Cinémas Guzzo, and Raffaele Papalia, Chair of Ciné Entreprises, called on funding agencies to consider box office revenues when allocating funding to producers.⁶³

The APFC asked the government to establish a special program for francophone producers in minority communities. This funding would support the training of screenwriters and help francophone producers in minority communities become involved in feature film production.⁶⁴ The APFC suggested that the program would require a budget of \$700,000 and it could be administered by Telefilm Canada or the Department of Canadian Heritage. The Committee noted that as of January 2015, a new Official Language Minority Communities component has been added to the Telefilm’s Micro-Budget Production Program.

Audiovisual treaty coproduction

Coproductions enable Canadian producers to work on audiovisual projects with producers from outside Canada. These productions are governed by a treaty and are granted national status in their respective countries. They are eligible for Canadian funding and for funding from the other countries involved. Telefilm Canada is responsible for reviewing proposals to determine their eligibility as audiovisual treaty coproductions. It then submits a recommendation to the Department of Canadian Heritage through CAVCO. The Minister of Canadian Heritage makes the final decision on a production’s status as an audiovisual coproduction.

According to Carolle Brabant, Executive Director of Telefilm Canada, coproduction enables the film industry to diversify its sources of funding. It is “a crucial leveraging tool for our industry.”⁶⁵ M. Dhaliwal of Dentons Canada agreed, adding that coproductions improve “the quality of the people that Canadian producers produce with.”⁶⁶ The control guidelines for coproductions are also more relaxed, as is the point system for Canadian

62 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1705 (André Provencher, Vice President, Creation and International Development, QMI Content, Quebecor Media Inc.).

63 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1605 (Vincenzo Guzzo, Vice-president, President, Association des propriétaires de cinémas du Québec, Cinémas Guzzo).

64 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1535 (René Savoie, APFC).

65 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1655 (Carolle Brabant, Executive Director, Telefilm Canada).

66 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1615 (Ken Dhaliwal, Dentons Canada).

content administered by CAVCO. Officials representing SODEC,⁶⁷ Cinespace Film Studio⁶⁸ and Quebecor Media Inc.⁶⁹ also praised coproductions as a means of increasing film budgets.

Lui Petrollini of Ernst & Young stated that it is sometimes difficult to work with a country that has not signed a treaty with Canada (such as the United States⁷⁰). Marc Séguin of the CMPA stated that existing treaties can be updated to be consistent with the current framework:

[T]he other 49 treaties that we have were negotiated under the old framework. I do know that the Department of Canadian Heritage is working hard to try to update those treaties. The sooner we update those treaties to fall under the framework the better, because the new framework makes it easier to package films. Of course, it takes two to dance. When you try to negotiate a bilateral treaty, the other country has to be willing to do it too.⁷¹

Development of new talent

Simon Brault, Director and Chief Executive Officer of the Canada Council for the Arts (“the Canada Council”), explained how that Crown corporation has been helping to develop the feature film industry since its inception. He pointed out that many famous names in Canadian film got their start with Canada Council support.

Mr. Brault added that the contribution made by other artistic disciplines in the media arts creative process must not be overlooked. Public investment in creation is the key to being able “to shine in a competitive environment.”⁷² Artistic disciplines such as “theatre, dance, choreography, writing and literature”⁷³ contribute indirectly to the development of the film industry. The Canada Council’s Media Arts Section continues to support emerging talent in the industry. Lately, the Canada Council has been “particularly concerned with supporting the work of independent aboriginal filmmakers.”⁷⁴

67 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1540 (Monique Simard, President and Chief Executive Officer, Société de développement des entreprises culturelles (SODEC)).

68 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1710 (Jim Mirkopoulos, Cinespace Film Studios).

69 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1640 (André Provencher, Quebecor Media Inc.).

70 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1545 (Lui Petrollini, Ernst & Young).

71 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1615 (Marc Séguin, CMPA).

72 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1715 (Simon Brault, Director and Chief Executive Officer, Director’s Office, Canada Council for the Arts).

73 Ibid., 1635.

74 Ibid., 1640.

As for the NFB, it was behind the first fiction feature films produced in Canada. Even today, the NFB works with emerging filmmakers.⁷⁵

Ms. Brabant from Telefilm Canada highlighted the role of production companies in developing new talent. They are the ones “that recognize them, that encourage them and that give them the funding to develop.”⁷⁶

John Helliker, Director of the Screen Industries Research and Training Centre at Sheridan College, pointed out that the screen-based industry involves feature film, television, interactive media, and gaming. There is “cross-fertilization”⁷⁷ among sectors that fosters innovation. Part of this workforce specializes in digital technologies. These are freelancers who move from one job to the next.⁷⁸

The representatives from CineCoup Media,⁷⁹ Vérité Film Inc.⁸⁰ and ACTRA⁸¹ said that new technologies have democratized access to audiovisual production. It is now possible for young filmmakers to produce their first good-quality film using basic tools. The communications company TELUS is also involved in this area through its program Storyhive, a platform “that empowers audiences to move from being passive viewers to becoming active catalysts in creating, building, and supporting content creators in our communities.”⁸² Content creators ask for votes to show community support for the content they want and they get funded and produced.

Piers Handling, Chief Executive Officer of the Toronto International Film Festival (TIFF), told the Committee that each year the Festival organizes training programs to “develop and mentor the finest young new talent we have in Canada: filmmakers, writers, producers, and actors.”⁸³

Representatives from IATSE, Cinespace Film Studios and ACTRA⁸⁴ told the Committee that it was important to continue investing in emerging artists. They praised [Telefilm Canada’s Micro-Budget Production Program](#), which targets emerging filmmakers. However, IATSE and Cinespace Studios expressed some concerns about the program.

75 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1700 (Claude Joli-Cœur, Government Film Commissioner and Chair, National Film Board of Canada).

76 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1720 (Carolle Brabant, Telefilm Canada).

77 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1650 (John Helliker, Director, Screen Industries Research and Training Centre, Sheridan College).

78 Ibid., 1650.

79 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1530 (J. Joly, CineCoup Media).

80 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1625 (Virginia Thompson, Vérité Film Inc.).

81 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1655 (Stephen Waddell, ACTRA).

82 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1630 (Prem Gill, Director, Content Programming, TELUS).

83 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1645 (Piers Handling, Chief Executive Officer, Toronto International Film Festival (TIFF)).

84 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1705 (Sarah Gadon, ACTRA).

Mr. Lewis from IATSE believes that the small budgets provided to recipients are creating “film hobbyists, at the expense of good jobs, and more importantly, safety.”⁸⁵ For Mr. Mirkopoulos from Cinespace, it is vitally important that Telefilm Canada closely analyze proposals submitted by emerging filmmakers:

My second recommendation is specific to the group of emerging film producers that Telefilm is aiming to assist. These are the young cultural leaders of Canada who have inspiring ideas and visions, but limited resources.... Telefilm should consider supporting fewer overall Canadian film projects, but do a more careful analysis of the commercial viability of these projects ahead of selection, and then increase the funding amounts to produce and market each of these projects.⁸⁶

Foreign workers

In recent years, growth in the Canadian feature film industry has developed a truly Canadian workforce to meet the demand from production companies. Union representatives and employer groups in the Canadian feature film industry are working together closely to be able to compete internationally. According to David Hardy, Vice-President of William F. White International, the film and television sector is a model for cooperation⁸⁷ in this regard.

Mr. Williamson from Brightlight Pictures believes that the need to recruit from abroad has diminished over the years as Canadian workers are “better and better trained.”⁸⁸ Ms. Grady from Moving Picture Company said that the post-production services and visual effects industry has created jobs that are “highly skilled, highly paid, and in high demand.”⁸⁹ However, these companies must sometimes bring in foreign workers to meet specific requirements. Ms. Grady expects to see federal immigration policies that allow her to act quickly when required: “Immigration policy and practice that strengthens our ability to offer jobs and offer work permits quickly and consistently is a great advantage.”⁹⁰

Mr. Leitch from the MPPIABC explained that his company is “hiring as many trained students as we can, but we’re still trying to attract that world-class talent.”⁹¹ According to him, two immigration issues are still a concern for the industry. The first issue has to do with the rule limiting the number of years a temporary foreign worker can work in Canada to four. The second pertains to transition plans – how companies are looking to replace

85 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1635 (John Lewis, IATSE).

86 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1640 (Jim Mirkopoulos, Cinespace Film Studios).

87 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 25 February 2015, 1620 (David Hardy, Vice-President, William F. White International Inc.).

88 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 25 February 2015, 1605 (Shawn Williamson, Brightlight Pictures).

89 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1545 (Michelle Grady, Moving Picture Company).

90 Ibid., 1550.

91 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 25 February 2015, 1605 (Peter Leitch, MPPIABC, North Shore Studios).

temporary foreign workers with Canadians. For Mr. Leitch, it is not always possible to transition “those jobs into Canadian jobs.”⁹²

Chapter 4: Distribution and Marketing

The distribution sector covers all feature films and television programming for which distributors have conventional media rights and new digital platform rights. Distributors acquire distribution rights from the producers and handle marketing and promotion for them.

The 1988 policy

For many years, Canadian feature films were notably absent from cinemas in our country. As stated by Richard Rapkowski of the Canadian Association of Film Distributors and Exporters (CAFDE), “[t]his was largely due to the unfettered domination of the major U.S. studios that paternalistically viewed Canada as an extension of the American domestic market.”⁹³ In 1988, to remedy this situation, the federal government implemented the *Policy on Foreign Investment in the Canadian Film Distribution Sector*. Generally speaking, the 1988 policy stipulates that:

- takeovers of Canadian owned and controlled distribution businesses will not be allowed;
- investments to establish new distribution businesses in Canada will only be allowed for importation and distribution activities related to proprietary products (the importer owns world rights or is a major investor);
- indirect and direct takeovers of foreign distribution businesses operating in Canada will be allowed only if the investor undertakes to reinvest a portion of its Canadian earnings in accordance with national and cultural policies; and
- all applications to Investment Canada made after February 13, 1987, will be subject to the new policy.⁹⁴

According to a study conducted on behalf of the Department of Canadian Heritage by Nordicity in 2011, this policy helped create a “reasonably strong domestic distribution sector.”⁹⁵ Nonetheless, Mr. Rapkowski mentioned that “recent developments [are] signalling a disturbing erosion of the policy and its intent.”⁹⁶ According to the CAFDE

92 Ibid.

93 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1645 (Richard Rapkowski, President, Canadian Association of Film Distributors and Exporters (CAFDE)).

94 Department of Canadian Heritage, [Investment Canada Policy on Foreign Investment in the Canadian Film Distribution Sector](#).

95 Nordicity, [Study of the Audiovisual Distribution Sector in Canada](#), Canadian Heritage, 31 March 2011, p. 6.

96 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1650 (Richard Rapkowski, CAFDE).

representative, U.S. studios have, in recent years, been ignoring the spirit and intent of the policy.

[W]e've been seeing the major U.S. studios using this position they have as grandfathered to take advantage of these smaller independent films, and to take these films that would otherwise be distributed by Canadian distributors and use their system to distribute them.⁹⁷

Issues surrounding the marketing of Canadian feature films

Several witnesses sought the federal government's direct involvement in supporting the marketing of feature films. TIFF,⁹⁸ Serendipity Point Films,⁹⁹ ACTRA,¹⁰⁰ the DGC¹⁰¹ and Canada Film Capital¹⁰² all made suggestions in this regard. Mr. Roy of eOne Canada expressed his expectations of Telefilm Canada:

The government can play an important role by ensuring that Telefilm Canada has enough resources and support to help market and promote Canadian feature films. This would increase the demand, initiate more production, and ultimately create more jobs in our sector.¹⁰³

Cinema owners who participated in the study concurred that there should be an actual commitment to marketing feature films. According to Mr. Guzzo, Telefilm Canada could provide greater direction regarding how its marketing and promotional budgets are used:

I'm saying that Telefilm could very well impose in its budgets, that when it approves a movie that it has to be more stringent, more direct, and more clear that before x amount of money goes out to pay for everything under the sun for production, maybe a certain amount of budget has to go to promoting that movie.¹⁰⁴

Ms. Brabant of Telefilm Canada acknowledged the need to promote the excellence of Canadian content by effectively promoting the industry and its successes directly to consumers.¹⁰⁵

Representing Vérité Films, Ms. Thompson said that there are very few film distributors in English Canada. For the release of *Corner Gas: The Movie* in

97 Ibid., 1720.

98 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1715 (Piers Handling, TIFF).

99 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1710, (Robert Lantos, Owner, Serendipity Point Films).

100 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1650 (Stephen Waddell ACTRA).

101 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1530 (Tim Southam, DGC).

102 Canada Film Capital, *Written submission to the Standing Committee on Canadian Heritage*, 11 May 2015, p. 5.

103 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1645 (Patrick Roy, eOne Canada).

104 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1610 (Vincenzo Guzzo, Cinémas Guzzo).

105 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1655 (Carolle Brabant, Telefilm Canada).

December 2014, Vérité Films had to innovate and choose an independent distribution model. This decision to release the movie on multiple platforms made it possible to create an event and reach audiences through social media. The strategy was a resounding success: seven million viewers saw the movie.¹⁰⁶ According to Ms. Thompson, Telefilm Canada should innovate further by supporting producers who do not have a distributor:

Producers who have been turned down or are unable to access adequate funding from Canadian distributors but can demonstrate bona fide market support and credible financing for their films should be able to access Telefilm funding. We did that and it worked. It would be a huge help for producers if Telefilm had a small department to follow the cradle to grave creative financing, marketing, and distribution.¹⁰⁷

Mr. Joly of CineCoup Media explained that distribution and marketing can be challenging for producers:

[F]or me, making the movie is one thing, but unless you can market it, that's the real challenge. For me the focus has always been, how do we get more money for our innovative printing and advertising activities.¹⁰⁸

It is especially difficult for independent Canadian producers to compete with major American productions that have large advertising and promotion budgets. Mr. Joly believes that the new platforms make it possible to “get rid of the middlemen,”¹⁰⁹ connect directly with audiences and interact with them.

Representing Music & Film Manitoba, Ms. Vivier said it is time to rethink film:

[T]he government could expand the market potential for Canadian Content by broadening the definition of distribution. In this scenario, producers could utilize more forms of distribution and attract greater competition.¹¹⁰

Monique Simard, President and Chief Executive Officer of SODEC, and Ms. Collin of the AQPM, also requested a review of the role of distributors in the value chain. Ms. Collin suggested to examining “movie theatre viewing – the role of conventional distribution in movie theatres versus distribution via other platforms – funding sources and so forth.”¹¹¹ According to Ms. Simard, the distribution strategy “does not encourage our national cinema, be it from Quebec or the rest of Canada.”¹¹²

Mr. Petrollini from Ernst & Young pointed out that the money raised by producers goes primarily into production, “and not into P and A. By P and A, I'm referring to prints

106 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1540 (Virginia Thompson, Vérité Film Inc.).

107 Ibid., 1545.

108 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1610 (J. Joly, CineCoup Media Inc.).

109 Ibid., 1550.

110 Manitoba Music & Film, *Written submission to the Standing Committee on Canadian Heritage*, p. 6.

111 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1555 (Marie Collin, AQPM).

112 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1620 (Monique Simard, SODEC).

and advertising, which are costs incurred in the distribution of film.”¹¹³ He said that it is rare to see excess tax credits generated by production companies reinvested in advertising for the promotion of their films. Mr. Petrollini suggested that there be a program for film distributors “to help them gain access to reduced taxes on sales of Canadian feature films.”¹¹⁴ That would go a long way to promoting the distribution industry here in Canada. As mentioned earlier, Robert Lantos, Owner of Serendipity Point Films made a similar suggestion, namely, that the money spent on the marketing of Canadian films “be eligible for the same tax credits as the production of Canadian films.”¹¹⁵

During the study, a consensus emerged that Canadians have limited or poor knowledge of Canadian feature films. Jack Blum, Executive Director of REEL Canada, made an eloquent observation in this regard:

There is very little awareness of Canadian film among the students and new Canadians we speak to. Not only is there little awareness among the students, but their teachers, principals, coaches, guidance counsellors and, frankly, parents have very little awareness of Canadian feature film. The hill we're climbing to raise awareness about Canadian feature film is extremely steep.¹¹⁶

REEL Canada is attempting to remedy the situation by organizing screenings across the country to promote Canadian films. In addition, Mr. Blum believes a step in the right direction was made a few years ago, when Telefilm Canada decided to “include international celebration”¹¹⁷ of these movies as a project evaluation criterion.

The Québec Cinema Foundation has a similar mission to that of REEL Canada. It is dedicated to showcasing Quebec films, artists, craftspeople and professionals in Quebec and across Canada. The Foundation organizes the annual Tournée du cinéma québécois film festival to promote Quebec films in schools in Quebec and in Canada’s francophone communities. According to its director, François Lemieux, there is still more work to be done to promote Quebec films in some provinces.¹¹⁸

According to Mr. Hennessy of the CMPA, greater promotion of Canadian films in Canada and abroad would attract foreign capital, create jobs and enhance Canadians’ sense of pride in films produced in Canada. Mr. Hennessy believes that the Department of Canadian Heritage and the Department of Foreign Affairs, Trade and Development Canada (DFATD) could work together to develop “an international promotion, trade, and export strategy.”¹¹⁹ He pointed out that DFATD, through the Canadian consulate in Berlin,

113 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1540 (Lui Petrollini, Ernst & Young).

114 Ibid., 1545.

115 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1650 (Robert Lantos, Serendipity Points Films).

116 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1640 (Jack Blum, Reel Canada).

117 Ibid., 1645.

118 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1615 (François Lemieux, Director, Tournée du cinéma québécois, Québec Cinema Foundation).

119 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1545 (Michael Hennessy, CMPA).

assisted a trade delegation visiting the Berlin film festival.¹²⁰ Mr. Handling of TIFF, also urged the federal government to promote the export of Canadian cultural industries – including the Canadian film industry – abroad:

A funding program to develop international markets, one that allows Canadian filmmakers, artists, and arts organizations to promote Canadian cultural industries abroad, would have significant impact. Every other major film industry is now extremely aware of the international marketplace.¹²¹

Ms. Collin of the AQPM also believes that funding for the marketing of Quebec and Canadian films is inadequate. Issues surrounding availability, accessibility, development and promotion of Canadian films should be referred to an advisory group on feature film that brings together stakeholders from across the industry.¹²²

A number of witnesses voiced concerns about consolidation of the market in the hands of the major distribution companies in Canada. Louis Dussault, secretary of the Regroupement des distributeurs indépendants de films du Québec (RDIFQ) expressed concerns following the merger of eOne and Alliance Films in 2012.

It is in fact fairly ironic to see that Entertainment One, which merged three Quebec and Ontario film companies, controls 90% of public money, in addition to being a tax shelter. That company evades taxes.¹²³

This consolidation phenomenon in the distribution sector is leaving “less and less room for independent films.”¹²⁴ Andrew Noble, President of the RDIFQ, wants distribution companies to be financially involved in the development of independent film in Quebec. Mr. Noble also told the Committee members that, because of Telefilm Canada’s rules, it is impossible for independent distributors from Quebec to access the English market in Canada.¹²⁵

Mr. Provencher of Quebecor Media Inc. made a similar comment regarding concentration in the distribution sector in the francophone market. Mr. Provencher is of the opinion that “the requirement for theatre showings”¹²⁶ should be progressively eliminated so that audiences can be reached on new platforms. He also believes it is necessary to

120 Ibid., 1600.

121 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1645 (Piers Handling, TIFF).

122 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1535 (Marie Collin, AQPM).

123 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1535 (Louis Dussault, Secretary, Regroupement des distributeurs indépendants de films du Québec (RDIFQ)).

124 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1535 (Andrew Noble, President, Regroupement des distributeurs indépendants de films du Québec (RDIFQ)).

125 Ibid., 1620.

126 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1640 (André Provencher, Quebecor Media Inc.).

review the allocation of the risk among distributors and producers. Distributors are always financially exposed, while producers “have to take very few risks.”¹²⁷

Chapter 5: Exhibition

Exhibition is the presentation of audiovisual products to consumers. This can be divided into four windows: theatres, television, video on demand, and over-the-top services.

Theatres

For many years, theatres were the primary exhibition window for watching films. Over the years, film exhibitors have been facing increased competition from new distribution platforms. Nuria Bronfman, Executive Director of the Movie Theatre Association of Canada (MTAC), said that in recent years, theatres have invested close to \$400 million switching to digital projection technology, which allows them to deliver an outstanding audiovisual experience. Neil Campbell, President and Chief Executive Officer of Landmark Cinemas of Canada, summed up competition and industry issues this way:

Competitive pressures increase daily, with the hard-hitting impact of low-cost retail price DVDs, increasing video rentals, the prevalence of home theatre systems, pay-per-view, and satellite, in addition to a prolific number of new cable channels and out-of-home entertainment options, such as sporting events, concerts, and clubs, as well as the unfortunate continuation of international film theft known as piracy.¹²⁸

Mr. Campbell said that there is a direct relationship between a film’s success in theatres and on other platforms. The main challenge facing theatre owners is maintaining the theatrical window, during which they have exclusive exhibition rights. Anne Fitzgerald, Director of MTAC and Chief Legal Officer of Cineplex Entertainment, told the Committee that preserving this window is absolutely essential to the survival of theatres.¹²⁹

Ms. Bronfman of MTAC said that film exhibitors have “no control or impact on the quality of the films produced.”¹³⁰ Mr. Guzzo of Cinémas Guzzo and Mr. Papalia of Cinémas Ciné Entreprises demonstrated a cause and effect relationship between the kinds of films produced in Canada and movie attendance. They pointed out that the main goal is to provide consumers with an entertaining product and to produce films that attract wide audiences.

Some producers said they are having some difficulty getting their films in theatres. For Ms. Jonas of New Real Films, film exhibitors tend to focus on big American

127 Ibid., 1635.

128 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1535 (Neil Campbell, Director, MTAC, and President and Chief Executive Officer, Landmark Cinemas of Canada).

129 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1540 (Anne Fitzgerald, Director, MTAC, and Chief Legal Officer, Cineplex Entertainment).

130 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1530 (Nuria Bronfman, Executive Director, MTAC).

productions. In those circumstances, it is “hard for Canadian features to access screens, big and small.”¹³¹ For Ms. Brabant of Telefilm Canada, independent films clearly “occupy less screen time and fewer screens in mainstream cinemas.”¹³² This was confirmed by the representatives from eOne Canada,¹³³ CAFDE and the RDIFQ.¹³⁴ Mr. Roy of eOne Canada pointed out that the box office in Canada largely belongs to American films.¹³⁵ Consolidation in broadcast and exhibition, combined with concentrated theatre ownership, “has limited our options for delivering Canadian films to Canadian audiences.”¹³⁶

MTAC members addressed the concerns raised by producers and distributors. Ms. Fitzgerald of MTAC stated that theatres provide extended screen time¹³⁷ to Canadian films. She added that contributions by theatre owners also come in the form of “marketing and promotional support, membership on various Canadian film boards, and community investment and involvement.”¹³⁸

Television

Private and public broadcasters faced criticism about their genuine interest in supporting the Canadian feature film industry. Paul Pope, Producer and Co-Chair of the Feature Film Committee of the CMPA, called for a stronger commitment from broadcasters to support Canadian feature films in terms of production, exhibition and promotion:

There is a pressing need to find effective ways in our policy tool kit to encourage Canadian television broadcasters, both the private sector services and the CBC, to participate more fully in the financing of Canadian films, scheduling them when Canadians are most likely to watch, and actively promoting them.¹³⁹

This opinion was echoed by the representatives from New Real Films¹⁴⁰ and ACTRA.¹⁴¹ According to Mr. Roy of eOne Canada and Mr. Lewis of IATSE,¹⁴² private

131 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1550 (Jennifer Jonas, CMPA).

132 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1655 (Carolle Brabant, Telefilm Canada).

133 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1635 (Patrick Roy, eOne Canada).

134 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1630 (Andrew Noble, RDIFQ).

135 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1635 (Patrick Roy, eOne Canada).

136 Ibid., 1640.

137 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1545 (Anne Fitzgerald, Cineplex Entertainment).

138 Ibid.

139 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1535 (Paul Pope, Producer, Pope Productions; Co-Chair of Feature Film Committee, CMPA).

140 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1540 (Jennifer Jonas, CMPA).

141 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1700 (Stephen Waddell, ACTRA).

142 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1710 (Mr. John Lewis, International Vice-President and Director of Canadian Affairs, International Alliance of Theatrical Stage Employees (IATSE)).

broadcasters would rather focus on “series and low-cost reality television”¹⁴³ He said that they could do more, especially for English-language feature films:

In English Canada the increasing investment in, and popularity of, television content made film even less of a priority for broadcasters who remain privileged and protected, but are not living up to their requirements when it comes to film production¹⁴⁴

Several witnesses called on CBC/Radio-Canada, as the national public broadcaster, to do more. Mr. Roy of eOne Canada believes that the Corporation must become “the home of Canadian films.”¹⁴⁵ The CMPA representative spoke about how differently CBC/Radio-Canada’s English-language and French-language networks treat Canadian feature films. While Radio-Canada provides adequate support to French-language films, support from the CBC is another matter. The RDIFQ¹⁴⁶, CMPA¹⁴⁷ and DGC¹⁴⁸ recommended that the Corporation be given additional resources “to help develop, produce, and showcase Canadian films, especially English-language films.”¹⁴⁹

The witnesses urged the CRTC to review some of its policies and conditions of licence for broadcasters to ensure greater support for Canada’s film industry. There were calls for expenditure and programming requirements for Canadian productions. Several witnesses recommended that the CRTC create a separate category for feature films as programs of national interest (PNI)¹⁵⁰ to guarantee that broadcasters will appropriately fund and promote Canadian feature films. This recommendation was made by the CMPA,¹⁵¹ CAFDE, eOne Canada, Elevation Pictures¹⁵² and ACTRA.¹⁵³

The DGC and the Association des réalisateurs et réalisatrices du Québec¹⁵⁴ went further, calling on broadcasters to set aside 1% of their revenues to support the creation of Canadian feature films. This increase would exceed the current group PNI expenditure

143 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1640 (Patrick Roy, eOne Canada).

144 Ibid.

145 Ibid.

146 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1615 (Andrew Noble, RDIFQ).

147 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1535 (Paul Pope, CMPA).

148 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1530 (Tim Southam, DGC).

149 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1535 (Paul Pope, CMPA).

150 Programs of national interest, as defined by the CRTC, include drama and comedy, long-form documentary, and specific Canadian award shows that celebrate Canadian creators and artists. Feature films are included in this category.

151 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1535 (Paul Pope, CMPA).

152 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1700 (Naveen Prasad, Elevation Pictures).

153 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1650 (Stephen Waddell, ACTRA).

154 Association canadienne de réalisateurs et réalisatrices du Québec, *Written submission to the Standing Committee on Canadian Heritage*, 5 May 2015, p. 2.

requirement of 5%.¹⁵⁵ However, Quebecor Media Inc. opposes additional rules being imposed on Canadian broadcasters.¹⁵⁶

The CMPA submitted a three-year pilot project to the CMF in order to encourage broadcasters to contribute more funding to Canadian feature films. The project has two components: the first involves adjusting the licence fee threshold, and the second makes minor changes to the way performance envelopes are calculated. Both projects focus mostly on English-language Canadian films.¹⁵⁷

Video-on-demand and over-the-top services

Canadian Heritage officials said it is now common for films to go straight to digital platforms.¹⁵⁸ Audiences are now looking to watch films from different countries, on a wide variety of new platforms, from the comfort of their living rooms. Video-on-demand is an increasingly popular way to watch films. It allows consumers to watch what they want, when they want, from a broadcaster's catalogue.

Under the CRTC's 2012 Broadcasting Regulatory Policy for pay-per-view services,

licensees of English-language, general interest pay-per-view (PPV) services are required, by condition of licence, to provide (...) a minimum of twelve English-language Canadian feature films (including all new Canadian feature films suitable for PPV exhibition that meet the provisions of the Code).¹⁵⁹

Mr. Southam from the DGC asked the CRTC to clarify what "suitable" means in its decision.¹⁶⁰

Over-the-top services

OTT services include television programs and films delivered directly to consumers over the Internet. OTT service providers include iTunes and Netflix. The representatives of CAFDE,¹⁶¹ Elevations Pictures¹⁶² and the DGC¹⁶³ pointed out that OTT services are not covered by Canadian regulations, "undermining many of the tenets that the film and

155 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1530 (Tim Southam, DGC).

156 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1635 (André Provencher, Quebecor Media Inc.).

157 Canadian Media Production Association, *Proposal to the Canada Media Fund*, January 2015, p. 1.

158 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 February 2015, 1545 (Jean-François Bernier, Department of Canadian Heritage).

159 CRTC, [Broadcasting Regulatory Policy CRTC 2013-561: Regulatory Framework for Pay-Per-View Services](#), 23 October 2013, para. 14.

160 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1530 (Tim Southam, DGC).

161 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1700 (Richard Rapkowski, CAFDE).

162 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1730 (Naveen Prasad, Elevation Pictures).

163 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1530 (Tim Southam, DGC).

television industries are based on.”¹⁶⁴ However, most of the witnesses agreed that the situation is complex.

For Mr. Brault of the Canada Council and Mr. Noble of the RDIFQ,¹⁶⁵ questions remain as to how these services support Canadian content:

It’s interesting to realize that a lot of Canadians are watching it, but it doesn’t reinvest a dollar in the creative capacity of Canada. The big question for us is that if the money doesn’t come from networks like that, we need to make sure that public funders and private funders are more aware that every investment is key to make sure there will be capacity to create Canadian content.¹⁶⁶

Mr. Bernier from Canadian Heritage believes that one of the challenges facing public organizations is having “available, reliable and reasonable statistics”¹⁶⁷ on watching films online and the revenues generated on these platforms. The representatives from Telefilm Canada, the AQPM¹⁶⁸ and the DGC¹⁶⁹ shared Mr. Bernier’s view. Ms. Brabant from Telefilm Canada believes that access to information about viewing on OTT services would “enable us to know what more we could do to reach Canadians.”¹⁷⁰

Festivals

Various film festivals are held around the world to promote films, generate interest and identify prospective buyers. It is not uncommon for Canadian films to be selected for screening at these events and win awards. For example, three Canadian films were nominated at the 2014 Cannes International Film Festival. As part of its programs, Telefilm Canada supports Canadian festivals and the participation of Canadian films in foreign markets and film festivals. As well, MTAC-member theatres support a number of festivals across Canada:

We’ve provided theatre access, screen time, and marketing support to the Toronto International Film Festival, the Canadian Film Circuit, the Montreal World Film Festival, the Montreal Jewish Film Festival, the Toronto Jewish Film Festival, the Vancouver International Film Festival, and the Calgary International Film Festival, to name only a handful of the hundreds of film festivals that our members support.¹⁷¹

164 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 9 March 2015, 1700 (Richard Rapkowski, CAFDE).

165 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 6 May 2015, 1530 (Andrew Noble, RDIFQ).

166 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1730 (Simon Brault, Canada Council).

167 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 February 2015, 1530 (Jean-François Bernier, Department of Canadian Heritage).

168 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1600 (Marie Collin, AQPM).

169 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 11 May 2015, 1530 (Tim Southam, DGC).

170 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 23 March 2015, 1720 (Carolle Brabant, Telefilm Canada).

171 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 27 April 2015, 1545 (Anne Fitzgerald, Cineplex Entertainment).

In Canada, TIFF has become a must-attend event on the festival circuit. Mr. Williamson of Brightlight Pictures relies on TIFF to package and sell his films.¹⁷²

Mr. Handling of TIFF said that the festival is the “leading global launch pad for Canadian films.”¹⁷³ Since its inception in 1976, TIFF has expanded to become a Canada-wide event:

We also bring films to over 152 communities in every province of Canada, and we’ve been doing this for over 20 years. This unique film circuit, a model that other countries have studied, includes film clubs, community-run film festivals, schools, art galleries, and even libraries.¹⁷⁴

Mr. Leitch of the MPPIABC explained there are similarities between the feature film industry and the tourism industry, especially regarding the benefits for the local economy:

I look at it as being very similar to tourism, especially on the amount of U.S.-based money coming up here to do the service work. But when we’re talking about Canadian feature films and Canadian television, that applies to that also. We’re certainly supporting hundreds and thousands of vendors in a community. It’s a huge stimulator in the community, not only from a financial standpoint but also from a cultural standpoint.¹⁷⁵

In the future, the MPPIABC would like to cooperate more closely with the tourism industry.

172 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 25 February 2015, 1540 (Shawn Williamson, Brightlight Pictures).

173 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 29 April 2015, 1645 (Piers Handling, TIFF).

174 Ibid.

175 CHPC, [Evidence](#), 2nd Session, 41st Parliament, 25 February 2015, 1540 (Peter Leitch, MPPIABC, North Shore Studios).

LIST OF RECOMMENDATIONS

Recommendation 1

The Committee recommends that the federal government continue its overall support for the Canadian feature film industry.

Recommendation 2

The Committee recommends that the Department of Canadian Heritage study and review with stakeholders the Canadian feature film industry and look into the problem of federal tax credit dilution (often referred to as “the grind”) and the administrative burden involved in claiming these credits.

Recommendation 3

The Committee encourages the Department of Canadian Heritage to consult with the various funders and recipients of feature films subsidies, to consolidate and simplify current administrative processes and other red tape burdens for industry stakeholders.

Recommendation 4

The Committee recommends that the Department of Canadian Heritage work with the Canadian Audio-Visual Certification Office, the Canada Revenue Agency and Telefilm Canada to develop mechanisms to help ensure that recipients of federal government funding for feature films are in good standing and have no outstanding legal disputes in any other jurisdiction within Canada.

Recommendation 5

The Committee recommends that the Canadian Radio-television and Telecommunications Commission consider creating a special category for Canadian feature films as programs of national interest in order to guarantee appropriate exhibition, funding and promotion.

Recommendation 6

The Committee recommends that the Canadian Radio-television and Telecommunications Commission consider reviewing its program of national interest policy with a view to preserving and promoting specifically the production of Canadian feature films and documentaries.

Recommendation 7

The Committee recommends that the Department of Canadian Heritage support the marketing efforts of Canadian film producers in Canada and abroad.

Recommendation 8

The Committee recommends that the federal government confirm its commitment to audiovisual training and that it support training programs in the audiovisual sector in collaboration with the provinces.

Recommendation 9

Noting the decrease in films dubbed in Canada, the Committee recommends that support organizations such as Telefilm Canada and the Canada Media Fund recognize the increased competition in dubbing films in French and update their support programs to address the erosion of dubbing in Canada.

Recommendation 10

The Committee recommends that CBC/Radio-Canada consider enhancing its ability to broadcast Canadian productions and to support Canadian talent that Canadians want to watch in English and in French, including Canadian content on new digital platforms.

Recommendation 11

The Committee recommends that the Canada Council for the Arts encourage even more experimentation and creativity over various media platforms.

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<p>Department of Canadian Heritage</p> <p>Jean-François Bernier, Director General Cultural Industries</p> <p>Johanne Mennie, Director Canadian Audio-Visual Certification Office - CAVCO</p> <p>Scott White, Director Film and Video Policy and Programs</p>	2015/02/23	34
<p>Brightlight Pictures</p> <p>Shawn Williamson, President Member of Motion Picture Production Industry Association of British Columbia</p> <p>North Shore Studios</p> <p>Peter Leitch, President Chair of Motion Picture Production Industry Association of British Columbia</p> <p>William F. White International Inc.</p> <p>Paul Bronfman, Chairman and Chief Executive Officer</p> <p>David Hardy, Vice-President Industry and Government Relations</p>	2015/02/25	35
<p>Canadian Association of Film Distributors and Exporters</p> <p>Richard Rapkowski</p> <p>CineCoup Media Inc.</p> <p>J. Joly, Chief Executive Officer and Founder</p> <p>Dentons Canada</p> <p>Ken Dhaliwal, Partner</p> <p>Elevation Pictures</p> <p>Naveen Prasad, Executive Vice-President and General Manager</p> <p>Entertainment One</p> <p>Patrick Roy, President Entertainment One Films Canada and Les Films Seville</p> <p>Ernst & Young</p> <p>Lui Petrollini, Partner Media and Entertainment</p>	2015/03/09	36
<p>Canada Council for the Arts</p> <p>Simon Brault, Director and Chief Executive Officer Director's Office</p>	2015/03/23	37

Organizations and Individuals	Date	Meeting
<p>Canada Council for the Arts</p> <p>Youssef EL Jai, Head Media Arts Section</p> <p>Canadian Media Production Association</p> <p>Michael Hennessy, President and Chief Executive Officer Marc Séguin, Senior Vice-President Policy</p> <p>National Film Board of Canada</p> <p>Claude Joli-Coeur, Government Film Commissioner and Chair</p> <p>New Real Films</p> <p>Jennifer Jonas, Producer Co-Chair of Feature Film Committee, Canadian Media Production Association</p> <p>Pope Productions</p> <p>Paul Pope, Producer Co-Chair of Feature Film Committee, Canadian Media Production Association</p> <p>Telefilm Canada</p> <p>Carolle Brabant, Executive Director Michel Pradier, Director Project Financing</p>	2015/03/23	37
<p>Cinémas Guzzo</p> <p>Vincenzo Guzzo, Vice-president President, Association des propriétaires de cinémas du Québec</p> <p>Cineplex Entertainment LP</p> <p>Anne Fitzgerald, Chief Legal Officer Director, Movie Theatre Association of Canada</p> <p>International Alliance of Theatrical Stage Employees</p> <p>John Lewis, International Vice-President and Director of Canadian Affairs</p> <p>Landmark Cinemas of Canada</p> <p>Neil Campbell, President and Chief Executive Officer Director, Movie Theatre Association of Canada</p> <p>Movie Theatre Association of Canada</p> <p>Nuria Bronfman, Executive Director Raffaele Papalia, Chair Chief Executive Officer, Ciné Entreprise</p> <p>REEL CANADA</p> <p>Jack Blum, Executive Director</p>	2015/04/27	42

Organizations and Individuals	Date	Meeting
Screen Industries Research and Training Centre, Sheridan College John Helliker, Director	2015/04/27	42
Association québécoise de la production médiatique Marie Collin, Chief Executive Officer Brigitte Doucet, Assistant general director	2015/04/29	43
Québec Cinema Foundation François Lemieux, Director Tournée du cinéma québécois		
Serendipity Point Films Robert Lantos, Owner		
Société de développement des entreprises culturelles Monique Simard, President and Chief Executive Officer		
Toronto International Film Festival Inc. Piers Handling, Chief Executive Officer		
Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) Sarah Gadon, Member Stephen Waddell, National Executive Director	2015/05/06	45
Cinespace Film Studios Jim Mirkopoulos, Vice-President		
Regroupement des distributeurs indépendants de films du Québec Louis Dussault, Secretary Andrew Noble, President		
Union des Artistes Daniel Charron Sophie Prigent, President		
Vérité Film Inc. Virginia Thompson, President and Executive Producer		
Alliance des producteurs francophones du Canada René Savoie, Administrator	2015/05/11	46
Directors Guild of Canada Dave Forget, Director of Policy National Office Tim Southam, President National Office		

Organizations and Individuals	Date	Meeting
Moving Picture Company	2015/05/11	46
Michelle Grady, Head of Film		
Quebecor Media Inc.		
André Provencher, Vice President Creation & International Development, QMI Content		
TELUS		
Prem Gill, Director Content Programming		
Ann Mainville-Neeson, Vice President Broadcasting Policy and Regulatory Affairs		

APPENDIX B LIST OF BRIEFS

Organizations and Individuals

Association des propriétaires de cinémas du Québec (APCQ)

Association des réalisateurs et réalisatrices du Québec

Canada Council for the Arts

Canada Film Capital

Dentons Canada

FilmOntario

Manitoba Film and Music

Regroupement des distributeurs indépendants de films du Québec

Union des Artistes

Writers Guild of Canada

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 34 to 37, 42, 43, 45, 46, 49 and 50](#)) is tabled.

Respectfully submitted,

Gordon Brown

Chair

SUPPLEMENTARY OPINION - NEW DEMOCRATIC PARTY OF CANADA

The New Democratic Party of Canada (NDP) would like to begin by expressing its strong appreciation and sincere thanks to all of the witnesses who gave of their precious time to make this study possible. There is no doubt that it is a significant and essential milestone in parliamentarians' reflections on Canada's film industry. The technologies that Quebecers and Canadians more generally have been using to access the movies they watch has been changing very quickly since the previous study on this subject during the 38th Parliament.

There could not be a more critical time to maintain the Government of Canada's support for the film industry, both in Quebec and in the rest of Canada. Global competition can be exceptionally harsh. For that reason, with the international success experienced by many Canadian directors – Atom Egoyan, Xavier Dolan, David Cronenberg, Denis Villeneuve and Jean-Marc Vallée among them – public support for this industry is more important than ever. The same holds true for our artists who work behind the camera. Canadian technical expertise is recognized around the world, and we can take great pride in this.

We wish to recall that the substance of the NDP's supplementary opinion builds on this major study carried out during the 38th Parliament.

A. Telefilm Canada

Many witnesses took the opportunity to draw attention to the important work that Telefilm Canada is doing to support our creative people and to ensure they have the support they need to bring their ideas to fruition. The NDP is in full agreement with this line of thinking, and we salute the entire Telefilm Canada team for their unceasing efforts to promote our culture.

A number of witnesses recommended that the budget cuts to Telefilm Canada be reversed and that its parliamentary appropriations be restored to the level they were at in 2012.

With the rapid changes in the digital world, it is reassuring and exciting to see that our public agencies, such as Telefilm Canada, are able to reinvent themselves and create innovative avenues for the production, distribution and dissemination of Canadian works in a context of budget cuts, as Marie Collin of the AQPM pointed out.

The NDP therefore feels strongly that the virtually unanimous opinion of the witnesses regarding Telefilm Canada should be reflected in this report.

B. Over-the-top platforms

The NDP would also like to raise a systemic issue that is closely tied to the proliferation of new dissemination platforms.

The Canadian public and parliamentarians know that, in order for public policy to be effective and well thought out, it needs to be developed on the basis of the most up-to-date and complete facts, data and statistics.

For this reason, the NDP fully supports the recommendation made by Carolle Brabant of Telefilm Canada, who argued that it is vital for over-the-top services to be able to do what traditional platforms and media do, namely, provide government authorities with detailed information about their services, such as consumers' habits, the Canadian films available, the revenues generated and the costs associated with such services.

This information is essential if we are to have a better idea of the dissemination landscape in Canada. It can also be helpful in shaping public policy to better reflect this new environment.

C. Dubbing industry in Quebec

The NDP has been very sensitive to the position set forth by the Union des Artistes (UDA) with regard to the critical situation that the dubbing industry is facing in Quebec.

The NDP commends the important and meaningful efforts that UDA members have been obliged to make in agreeing to a substantial decrease in their fees in order to remain competitive in the global French-language dubbing market. This clearly extraordinary situation should not diminish or obscure the fact that public stakeholders must keep a close watch on this segment of the film industry.

The NDP is therefore pleased that the report refers to the UDA's position in the recommendations made in this report.

D. CBC/Radio-Canada

Beyond a shadow of a doubt, the public broadcaster plays a central role in efforts to make the public aware of all that Quebec and Canadian films have to offer. Its role is essential. CBC/Radio-Canada must receive the resources it needs to fulfil its mandate under the *Broadcasting Act*.

The NDP would like the public broadcaster to have sufficient resources to continue and expand its vital role as the preferred distributor for Canadian films. The CBC should serve as a showcase of excellence for our talent,

both in front of and behind the camera, in both official languages, and maintain its position as a true leader in the integration of Canadian content into the new digital platforms.

REVIEW OF THE CANADIAN FEATURE FILM INDUSTRY
BY THE STANDING COMMITTEE ON CANADIAN HERITAGE

LIBERAL SUPPLEMENTARY OPINION

Stéphane Dion
Liberal Critic for Canadian Heritage
June 5, 2015

On behalf of the Liberal Caucus, I give my support to the Committee Report and urge the government to follow through on its recommendations. Although the Report comes up short of tackling all the issues adequately, implementing it would contribute to improving the conditions under which Canadian feature films are produced, promoted and distributed in francophone and anglophone, domestic and international markets.

I would like to begin by thanking all those who took the time to share their views with the Committee by appearing in person and/or submitting a brief. I also thank the Parliament staff for their outstanding support, and wish to acknowledge the cordiality that prevailed between the Committee members.

The Committee Report leaves out several crucial aspects of the Canadian feature film industry. Thus the Committee partially failed to fulfill its mandate, which was to take stock of the progress made since its 2005 Report, *"Scripts, Screens and Audiences: a New Feature Film Policy for the 21st Century"*, and to make recommendations to the government regarding the financial assistance given to the Canadian film industry.

Based on the evidence heard at Committee, the Liberal Caucus considers it necessary to add four recommendations to the Report in order to meet the following needs:

- *We must recognize Telefilm Canada's crucial role in any Canadian film policy for the 21st century;*
- *We must study the possibility of moving ahead the payment date of tax credits to facilitate the closing of financing arrangements and improve the quality of government-assisted films;*
- *We must explore ways to foster the promotion of Canadian films;*
- *Given the important changes in the way feature films are "consumed" nowadays, it is imperative that reliable data be available regarding film distribution via over-the-top services.*

1. Restoring Telefilm Canada's budget to its 2011-2012 level

As mentioned in the Committee Report, *"the vast majority of witnesses readily acknowledged the key role played by Telefilm Canada in developing, producing and marketing feature films in Canada. Many of them raised the issue of the Crown corporation's parliamentary appropriation, pointing out that Telefilm Canada reduced its budget by 10% over three years starting in 2011–2012."* (Para. 46).

Among other witnesses, AQPM President Marie Collin praised the work of the Telefilm Canada leadership who, despite the government-imposed cuts, *"attempted to touch the core of their operations as little as possible"*.¹

Several witnesses from the distribution, production and investment communities² stressed the importance of reinvesting in Telefilm Canada, given its key role in the production and distribution of Canadian content.

The first Liberal Caucus recommendation reflects our agreement with the witnesses' views on the crucial role played by Telefilm Canada in the Canadian feature film ecology:

It is recommended that the government reinvest in Telefilm Canada.

2. Moving ahead the payment date of tax credits

Further to the central role played by Telefilm Canada's financial support of feature film production, many witnesses identified federal tax credits as the other priority instrument available to government to encourage the production of Canadian films and foreign films shot on location in Canada, which contributes to the sector's health, our artists' and technicians' competence and the retention of thousands of jobs.

The Committee report deals with one of the main preoccupations raised by several witnesses – the dilution of tax credits when provincial tax credits are taken into account (recommendation 2) – but it totally ignores another aspect of the issue that was raised by those same witnesses: the timing of tax credit payments. The payments are only released after the Canada Revenue Agency has received and examined the income tax returns. The delay reduces the value of the credits since until these are released, producers must borrow from financial institutions to fund their films. Since interests accrue on borrowed funds, there is less money for production, which can affect film quality.

¹ House of Commons, Standing Committee on Canadian Heritage, Testimonies, 2nd session, 41st legislature, April 29, 2015, 1535.

² Peter Leitch, Motion Picture Production Industry Association of British Columbia; Patrick Roy, Entertainment One Films Canada and Les Films Séville; Naveed Prasad, Elevation Pictures; Michael Hennessy, CMPA; Sarah Ker-Hornell, Film Ontario; Carolle Brabant, Telefilm Canada; John Lewis, IATSE; Jack Blum, REEL CANADA; Marie Collin, AQPM; Piers Handling, Toronto International Film Festival Inc. (TIFF); Virginia Thompson, Vérité Films Inc.; Steve Waddell, ACTRA; René Savoie, APFC; David Carter, Capital Film Canada; Sophie Prigent, UDA; François Lemieux, Fondation Québec Cinéma.

That is why some witnesses³ recommended that a portion of the payment be released right from the start and the balance after the final closure of accounts. The Liberal Caucus appreciates their arguments and therefore:

It is recommended that the Department of Canadian Heritage, in partnership with the Department of Finance, consider moving ahead the payment of 75 to 85 percent of the tax credits meant to support the production of Canadian feature films.

3. Promotion and marketing

Several witnesses⁴ pointed out that one of the main impediments to the success of Canadian films is the lack of promotion and marketing resources. They asked the government to support commercialization activities on diversified platforms – including digital platforms – domestically and abroad. It was mentioned that the marketing budgets for US productions are often larger than Canadian film production budgets. Indeed, how can Canadians access the films that the government supports and that are internationally recognized for their quality if they have never heard about them?

It is worth noting that this theme had been discussed during the 2005 hearings of the Committee on Canadian Heritage and was the subject of a specific recommendation. Ten years later, and in the absence of any government action, the problem is exacerbated by the changes in the public's film consumption modes resulting from technological change.

Several solutions have been proposed. Some witnesses invited Telefilm Canada to include the availability of sufficient promotion and marketing budgets to its selection criteria. Several intervenors emphasized the important role the broadcasters have to play in that regard – particularly our national public broadcaster – given that Canadian films generally have very limited access to movie theatres.

Further to the fifth general recommendation included in the Committee Report, regarding the support the government must give to the marketing of those Canadian films it partly finances, one suggestion caught our particular attention: expanding the tax credit system to include marketing expenditures. Should this measure be adopted, it should be made to apply to innovative initiatives to promote Canadian films and woo the public. Therefore,

It is recommended that the Department of Canadian Heritage and the Department of Finance study the feasibility of making certain Canadian feature film

³ Peter Leitch, Motion Picture Production Industry Association of British Columbia; Michael Hennessy, CMPA; Sarah Ker-Hornell, Film Ontario; Marie Collin, AQPM; The Writers' Guild of Canada (WGC).

⁴ Luigi Petrollini, Ernst & Young; Patrick Roy, Entertainment One Films Canada and Les Films Séville; Carolle Brabant, Téléfilm Canada; Nuria Bronfman, Movie Theatre Association of Canada; Neil Campbell, Landmark Cinemas of Canada; Anne Fitzgerald, Cineplex Entertainment; Vincenzo Guzzo, Association des propriétaires de cinémas et cinéparcs du Québec, Cinémas Guzzo; John Lewis, IATSE; Robert Lantos, Serendipity Point Films; Virginia Thompson, Vérité Films Inc.; Stephen Waddell, ACTRA; Tim Southam, DGC; David Carter, Canada Film Capital; M. Joly, CineCoup Media; Marie Collin, AQPM; Monique Simard, SODEC; Piers Handling, TIFF; Jack Blum, REEL Canada.

commercialization activities eligible for the Canadian Film or Video Production Tax Credit.

4. Access to reliable audience data

Our ability to establish policies and programs that are relevant to current issues and cultural objectives relies on access to reliable and up to date audience data. Almost all of the witnesses we heard and briefs that were filed insisted that this is even more important now as new technologies have totally upset the way the public hears about film productions and consumes them.

It is essential to have hard data on new consumer habits with respect to the new distribution platforms. As mentioned by the Canadian Heritage representative himself at the beginning of the hearings, one of the challenges facing government institutions is to acquire "*available, reliable and reasonable statistics*" regarding online film viewing and the revenues generated on these platforms.⁵ According to Telefilm Canada's Carolle Brabant, access to data on feature film viewing via over-the-top services "*would enable us to know what more we could do to reach Canadians*". The Liberal Caucus agrees with this opinion and therefore,

It is recommended that the Department of Canadian Heritage and the (CRTC) gather data on over-the-top services, with particular focus on consumer habits, availability of Canadian films, and revenues and expenses associated with these services.

Conclusion

The Standing Committee on Canadian Heritage Report on the Review of the Canadian Feature Film Industry results from a consultation that without being as comprehensive as the 2005 study, identified several issues of importance for the anglophone and francophone markets, and generated a number of very interesting recommendations made by interveners. It must therefore be thoroughly examined by the government.

The Liberal Caucus agrees with the Report but proposes to add four essential recommendations to it:

- *Recognize Telefilm Canada's key role in any Canadian film policy for the 21st century, by reinvesting in its capacity to fulfill its mandate and meet its objectives;*
- *Study the possibility of moving ahead the payment date of tax credits to facilitate the closing of financing arrangements;*
- *Explore ways to foster the promotion and marketing of Canadian films;*
- *Acquire reliable data regarding feature film consumption via over-the-top services.*

Implementing the Report, thus amended, would foster the creation, promotion and distribution of Canadian feature films and help the whole industry tackle the challenges

⁵ See para. 103 of the Committee Report

exacerbated by the digital era. Thus, the Government of Canada would be better able to support an industry that is important not only for our culture but also for our economy and our nation's international stature.

We strongly urge the government to take all the measures required to implement the Committee Report and Liberal Caucus Supplementary Opinion.

