



Introductory remarks delivered by

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GOOD MORNING, LADIES AND GENTLEMEN OF THE COMMITTEE. THANK YOU FOR INVITING US BACK.

FIRST OF ALL, I WOULD LIKE TO INTRODUCE MY TELEFILM COLLEAGUES WHO ARE JOINING US TODAY.

CHARLES BÉLANGER IS CHAIRMAN OF THE TELEFILM BOARD.

RALPH HOLT IS SECTOR HEAD OF ENGLISH LANGUAGE FEATURE FILMS.

AND MICHEL PRADIER IS DIRECTOR OF THE QUEBEC OFFICE AND FRENCH OPERATIONS.

ON THE UPSIDE: OUR NEWS IS GOOD. WE HAVE A GROWTH SUCCESS STORY TO REPORT.

BUT NOT ALL THE NEWS IS GOOD. THERE ARE PROBLEMS AND CHALLENGES CREATED IN PART BY THE VERY SAME SUCCESS I HAVE JUST MENTIONED. BUT THEY ARE PROBLEMS THAT WE CAN FIX – WITH YOUR HELP.

THE GOAL OF THE CANADA FEATURE FILM FUND IS TO SUPPORT CANADIAN FILMMAKERS AND HELP THEM ACHIEVE A 5% DOMESTIC SHARE BY 2006.

I AM DELIGHTED TO BE ABLE TO REPORT THAT, AS OF JUNE 2005, WE HAVE ALREADY WON – AND MAINTAINED – AT LEAST A 5% MARKET SHARE. AND THIS HAS BEEN ACHIEVED AT A TIME WHEN OVERALL MOVIE ATTENDANCE IS IN DECLINE. IN 2004, THE TOTAL BOX OFFICE TAKINGS IN CANADA SHRANK BY 4% ON THE 2003 FIGURES. NEVERTHELESS, DURING THE SAME PERIOD, BOX OFFICE RETURNS FOR CANADIAN FILMS WENT IN THE OPPOSITE DIRECTION AND GREW BY 20%.

DESPITE SHOWING ON ONE SCREEN TO EVERY FOURTEEN SCREENS SHOWING HOLLYWOOD PRODUCTIONS, AND DESPITE HAVING LIMITED MARKETING AND PROMOTIONAL BUDGETS – COMPARATIVELY, CANADIAN FILMS ARE DOING A BETTER

JOB OF ATTRACTING AUDIENCES THAN THE COMPETITION. THE MESSAGE IS THAT CANADIANS WANT TO SEE THEMSELVES ON SCREEN!

I WOULD LIKE TO TAKE A CLOSER LOOK AT THE 5% FIGURE AND SHOW YOU EXACTLY WHAT IT MEANS IN TERMS OF AUDIENCE GROWTH IN OUR TWO UNIQUE MARKETS.

CANADIAN CINEMA HAS TWO DISTINCT MARKETS: NAMELY, ENGLISH LANGUAGE AND FRENCH LANGUAGE PRODUCTIONS. EACH MARKET FACES DIFFERENT CHALLENGES WITH RESPECT TO GROWING AUDIENCES. FOR EXAMPLE, ENGLISH LANGUAGE FILMS ARE, OBVIOUSLY, MORE DIRECTLY IN COMPETITION WITH HOLLYWOOD PRODUCTS.

IN THE FRENCH LANGUAGE MARKET, A 1% INCREASE IN BOX OFFICE TICKET SALES IS EQUIVALENT TO APPROXIMATELY \$1.5 MILLION.

IN THE ENGLISH LANGUAGE MARKET, THAT SAME 1% INCREASE IS ABOUT \$7 MILLION IN TICKET SALES.

SINCE 2001, THE FRENCH LANGUAGE MARKET HAS MORE THAN DOUBLED FROM \$12 MILLION TO \$29 MILLION, CAPTURING 21.2% IN 2004.

SINCE 2001, THE ENGLISH LANGUAGE MARKET HAS INCREASED 600% FROM \$2 MILLION TO \$12 MILLION BY CAPTURING A 1.6% MARKET SHARE IN 2004.

SO THE TREND IS AN UPWARDS ONE IN BOTH MARKETS. BUT SUCCESS COMES AT A PRICE: THE GROWTH HAS CREATED ITS OWN PROBLEMS.

FOR EXAMPLE, IN THE FRENCH CANADIAN MARKET, AUDIENCE SUCCESS PRESENTS US WITH TWO INSEPARABLE CONSEQUENCES. FIRST, THERE IS A GROWING DEMAND FOR QUEBEC MOVIES – WHOSE PRODUCTION COSTS, BY THE WAY, ARE INCREASING EACH YEAR. THE SECOND CONSEQUENCE IS THAT TELEFILM NOW RECEIVES EVEN MORE REQUESTS THAN IT CAN MEET FOR PRODUCTION FINANCING AND, THEREFORE, FUNDS FEWER AND FEWER FILMS.

THE FIXED AMOUNT OF DOLLARS AVAILABLE TO THE CANADA FEATURE FILM FUND SINCE 2001 MEANS THAT WE FUND FEWER AND FEWER FILMS.

AND HEREIN LIES A DANGER THAT IS OF CONCERN TO US: WITH FEWER FILMS BEING MADE, THE FRENCH CANADIAN BOX OFFICE WILL DECLINE. WE WILL LOSE THE MOMENTUM THAT TELEFILM AND THE QUEBEC INDUSTRY HAVE WORKED SO HARD TO CREATE.

IN THE ENGLISH LANGUAGE MARKET, THE CHALLENGES ARE CONSIDERABLE AND THERE IS NO SINGLE SILVER BULLET THAT WILL FIX THEM ALL. TELEFILM, PRODUCERS, DISTRIBUTORS AND CINEMA OWNERS NEED TO **ALL** WORK TOGETHER TO ACHIEVE SUCCESS, MINIMIZE AND SHARE THE RISKS, AND SHARE THE REWARDS OF AND ACCOUNTABILITY FOR A FILM'S PERFORMANCE.

THE PARTICULAR PROBLEMS WE'VE IDENTIFIED ARE AS FOLLOWS:

THE EXISTING MARKETING AND PROMOTIONAL SUPPORT FOR ENGLISH LANGUAGE FILMS IS INSUFFICIENT TO BREAK THROUGH THE CLUTTER OF ENTERTAINMENT OPTIONS. ENGLISH CANADIAN AUDIENCES WILL NOT BE ATTRACTED TO FILMS THAT AREN'T COMPETITIVELY PROMOTED TO THEM OR ACCESSIBLE TO THEM IN THEIR LOCAL THEATRES.

BECAUSE OF THE BROADCAST AGREEMENTS AVAILABLE TO THEM, DISTRIBUTORS ARE ABLE TO ACHIEVE FINANCIAL GAIN EVEN WITH A LIMITED THEATRICAL RELEASE. THE MOTIVATION TO DO MORE, TO TAKE GREATER RISK, IS JUST NOT THERE.

IN ADDITION , THERE IS A NEED FOR A SIGNIFICANT INCREASE IN BROADCASTER SUPPORT FOR CANADIAN FILMS, BOTH IN PROMOTION AND ACQUISITION.

THE BUILDING AND SUSTAINING OF A SUCCESSFUL FEATURE FILM INDUSTRY – IN BOTH MARKETS – REQUIRES THE SYNERGY OF ESSENTIAL ELEMENTS:

- SOPHISTICATED PRODUCERS/PRODUCTION COMPANIES
- QUALITY SCRIPTS
- TALENTED CREATORS AND CREWS
- STAR SYSTEM
- SIGNIFICANT BROADCASTER SUPPORT
- DEDICATED CANADIAN DISTRIBUTORS
- ENTHUSIASTIC CINEMA OWNERS

WHEN THESE ELEMENTS ARE IN PLACE THERE IS A CRITICAL MASS OF FILMS BEING DEVELOPED AND PRODUCED: FILMS THAT THE INDUSTRY STAKEHOLDERS BELIEVE IN AND PROMOTE, AND THAT AUDIENCES WANT TO SEE.

THE COMBINED FORCE OF ALL THESE ELEMENTS ALSO MEANS THAT THERE IS STRONG MARKETING AND PROMOTIONAL SUPPORT BEHIND A FILM ACROSS ALL MARKETS INVOLVED IN ITS LIFE CYCLE: NAMELY, CINEMA SCREENING, DVD AND TV.

MORE CANADIAN FILMS BEING SEEN BY MORE CANADIANS IN THEATRES OR IN THE COMFORT OF THEIR HOME.

AS I MENTIONED AT THE VERY BEGINNING OUR PROBLEMS ARE DAUNTING BUT I AM CONFIDENT THEY CAN AND WILL BE FIXED.

THERE ARE THREE IMMEDIATE THINGS WE ARE GOING TO DO:

FIRST OF ALL WE WILL ONLY MOVE FORWARD IN CONCERT WITH THE INDUSTRY.

TO THIS END, WE ARE CREATING A FOCUS GROUP IN JANUARY MADE UP OF PRODUCERS, DISTRIBUTORS AND CINEMA OWNERS. THIS WILL OPEN THE DIALOGUE NECESSARY FOR TACKLING VARIOUS ISSUES. THAT, IN TURN, WILL HELP US TO BUILD A CONSENSUS AND FIND SOLUTIONS ON HOW TO EFFECTIVELY REACH MOVIE AUDIENCES.

QUEBEC HAS ACHIEVED CONSENSUS, COMMITMENT AND STRATEGIC PARTNERSHIPS: AND THIS IS A LARGE PART OF THE SUCCESS STORY BECAUSE EVERYONE IS MOVING IN THE SAME DIRECTION.

WHEN WE APPLY THIS SAME PRINCIPLE OF KEY PLAYERS WORKING CLOSELY TOGETHER – WITH SHARED OBJECTIVES – THE **WHOLE** CANADIAN FILM BUSINESS WILL BENEFIT ENORMOUSLY.

THE WORK BEGUN BY THE FOCUS GROUP WILL BE CONTINUED WITH THE REINSTATEMENT, IN FEBRUARY 2006, OF A FORMAL FEATURE FILM ADVISORY COMMITTEE. THIS COMMITTEE WILL BE KEEPING US ON TRACK AND REINFORCING EVERYTHING WE WILL HAVE LEARNED FROM THE FOCUS GROUP.

I SEE ONE OF MY PRINCIPAL ROLES AT TELEFILM AS A BRIDGE-BUILDER BECAUSE ALL BUSINESS IS ABOUT RELATIONSHIPS: AND THE TIGHTER THE RELATIONSHIP, THE BETTER THE BUSINESS.

THE SECOND IMMEDIATE OBJECTIVE IS THE INTRODUCTION OF NEW FINANCIAL TOOLS. THE PUBLIC PURSE CAN ONLY DO SO MUCH. PARTNERSHIPS ARE PART OF THE ANSWER. FOR EXAMPLE, THIS YEAR WE LAUNCHED THE *THEATRICAL FEATURE-LENGTH DOCUMENTARY PILOT PROGRAM* WITH CBC AND THE ROGERS GROUP OF FUNDS.

MY THIRD POINT IS INCREASED EFFORT BY TELEFILM HAND-IN-HAND WITH DISTRIBUTORS, CINEMA OWNERS AND PRODUCTION COMPANIES TO BETTER MARKET AND PROMOTE OUR FILMS.

WE HAVE ALREADY MADE GREATER RESOURCES AVAILABLE TO MARKETING CAMPAIGNS. BUT WE CAN DO MORE. MORE TRAILERS OF CANADIAN FEATURES, RUN MORE OF THEM IN ADVANCE OF THE FILM'S RELEASE. PROMOTIONAL TOURS WITH THE CAST TO MAJOR URBAN MARKETS.

SHOW CANADA IS THE PRINCIPAL, ANNUAL MEETING POINT FOR DISTRIBUTORS AND CINEMA OWNERS.

WE LOVE WHAT *SHOW CANADA* IS ABOUT AND THE OPPORTUNITIES IT OFFERS TO SHOW OUR FILMS. IN THE TWO YEARS THAT WE'VE BEEN ATTENDING, WE HAVE MADE INROADS INTO THE VERY NEXUS OF THE CINEMA OWNER/DISTRIBUTOR CULTURE AND ESTABLISHED A BASE FOR THE RELATIONSHIPS THAT ARE HELPING US TO GET IT RIGHT AND GET CLOSER TO THE AUDIENCES.

WE ARE RELYING ON DISTRIBUTORS AND CINEMA OWNERS TO DEVELOP INNOVATIVE PROMOTIONAL, MARKETING CAMPAIGNS – WITH TELEFILM'S PARTICIPATION ALONG THE WAY.

I HAVE A GOOD EXAMPLE OF SOMETHING THAT IS HAPPENING RIGHT NOW. THE FILM **WATER** HAS JUST BEEN RELEASED IN A LIMITED NUMBER OF CITIES TO GREAT CRITICAL ACCLAIM AND WONDERFUL WEEKEND BOX OFFICE NUMBERS.

WE HAVE A HIT ON OUR HANDS! WITH MORE HITS TO COME – MAURICE RICHARD, TRAILER PARK BOYS, BON COP/BAD COP.

A VIABLE, COMPETITIVE NATIONAL MOVIE INDUSTRY IS MEANINGLESS WITHOUT A DEPTH OF HIGH CALIBRE SKILLS RIGHT ACROSS THE BOARD.

WE NOW HAVE A POWERHOUSE OF DIVERSE TALENTS – WITH JUSTLY DESERVED INTERNATIONAL REPUTATIONS – THAT ATTRACT FOREIGN PRODUCTIONS TO COME AND FILM IN CANADA. THE TAX BREAKS HELP, CERTAINLY: BUT, WERE THE TALENT NOT THERE, TAX BREAKS ALONE WOULD NOT BRING THEM – AND THEIR MILLIONS OF DOLLARS – TO CANADA.

WHICH BRINGS ME TO ANOTHER POTENTIAL CONCERN TO US. THIS LOSS OF MOMENTUM THREATENS ANOTHER AREA OF SUBSTANTIAL INVESTMENT BY TELEFILM IN **BOTH** LANGUAGE MARKETS: THE TRAINING AND DEVELOPMENT OF TECHNICAL AND CREATIVE CANADIAN TALENT.

LACK OF NEW SCRIPTS AND FILMS MEANS LACK OF WORK AND THE TALENT-DRAIN HEADING SOUTH OF THE BORDER COULD BECOME A SERIOUS ISSUE. WE CANNOT AFFORD TO LOSE OUR TALENTS AND THE REVENUES THEY CAN GENERATE HERE. AND, MOST CERTAINLY, CANADA CANNOT AFFORD TO LOSE ITS DISTINCT CULTURAL EXPRESSION.

HERE'S THE CHOICE THAT TELEFILM AND THE INDUSTRY FACES: TO ADDRESS ANY ONE OF THE CHALLENGES IN THESE AREAS WITHOUT ADDITIONAL DOLLARS MEANS THAT THOSE DOLLARS CAN ONLY COME FROM ANOTHER PROGRAM – WE'D BE ROBBING PETER TO PAY PAUL. ONLY NEW MONIES WILL ENABLE US TO MORE PRODUCTIVELY ADDRESS INCREASING PRESSURES.

TELEFILM IS INVESTING IN THE CINEMA OF TOMORROW, IN THE RICH CULTURAL DIVERSITY OF CANADIAN VOICES. WE HAVE ALREADY SEEN SOME OF OUR STORIES REACH OUT AND ENGAGE AUDIENCES ALL OVER THE WORLD. AND THERE ARE **SO** MANY MORE TO COME!

THANK YOU.