

# **Standing Committee on Canadian Heritage Feature Film Review**

## **Phase II Consultations**

### **WGC responses to June 2005 Interim Report**

#### **Appendix B — Questions For Consideration**

##### **Creation and Production**

##### **1. The 2000 feature film policy places an emphasis on support for the front-end phases of filmmaking such as scriptwriting and project development.**

##### **a. What can be done to reallocate resources for scriptwriting?**

The WGC believes that government resources for script development and writing should be increased, and we call for additional funding for this important stage of production. However the WGC does not advocate that public funds be reallocated or diverted away from other phases of production to provide much needed additional funding for script development. The fact of the matter is that all phases of Canadian indigenous film production need additional funding. For this reason the WGC has consistently sought increased funding for Telefilm Canada and the Canadian Television Fund and other agencies to support the film and television sector. We also advocate a rate increase to the Canadian Film or Video Production Tax Credit to increase support for Canadian content film production.

The WGC urges the Committee to recommend that development funding provided by Telefilm's production fund and the Screenwriters Assistance Program are maintained and strengthened. It is equally important that private investment is encouraged to the largest extent possible. Private investment by broadcasters and distributors in development financing will help increase resources for the crucial script development stage, giving our films the very best chance of attracting audiences.

The WGC also recommends that current Telefilm guidelines be revised to make maximum use of overstretched public funds earmarked for development. While the WGC fully supports government programs to bolster the Canadian production community, we believe the limited development funding should be used only to develop scripts, not to fund other production expenses such as the acquisition of rights, budget preparation, market analysis and producer's fees. The WGC recommends that Telefilm guidelines be revised to disallow the use of "development financing" to fund non-screenwriting expenses.

This will help ensure that much-needed funding is not being diverted away from script and concept development to finance other production expenses. For example, Telefilm's development financing program funds development through the producer, to a maximum amount of \$150,000 per project. Producers receive "development funding"

to engage a screenwriter to write the feature film script in various stages – treatment, drafts, polishes. But the guidelines also permit producers to use the monies received to finance a long list of "related" company administration costs.

It is also important that funding agencies ensure that publicly funded feature film projects are only entrusted to experienced professional Canadian screenwriters. By experienced professional Canadian screenwriters, we mean those writers with produced screen credits for writing television drama and long form projects. While investing in script development is the single best way to increase a film's chances of success at the box office, we must also harness the talent of our experienced television screenwriters to pen our feature films. This is the secret to Quebec's success and it is time that we also invest in professional screenwriters to develop and write our stories.

### Screenwriter Assistance Program (SAP)

SAP is used to finance a second development stream in which a screenwriter typically works for free or "on spec" to provide a producer with a first draft script to jump start a project. The speculative nature of the work means that there is no concrete project and therefore no production development financing available.

The WGC has long advocated a development fund targeted directly to screenwriters and was instrumental in working with Canadian Heritage to introduce the SAP in October 2000. SAP's main objective is to develop and retain a pool of experienced screenwriters and create a bank of feature film screenplays with box office potential. SAP has an annual budget of \$2.3 million with 2/3 of the funding going to English language projects and the remaining 1/3 to French language projects. Funding is available for two development writing phases and two application rounds are held annually.

SAP is still in its infancy given that film scripts take a long time to be developed and this means it is too early to gauge the program's overall success. However the numbers show that SAP has filled an important gap. A January 2005 Telefilm survey of 256 SAP-supported projects shows that at least seventeen English language projects were optioned with three produced<sup>1</sup>. This means that about 6.5% of funded projects piqued the interest of a producer – a huge success by our industry's standards. To put this into perspective, in Hollywood the number optioned is closer to 1% -- it is not uncommon for a single studio to receive 10,000 film proposals annually, with about 100 going into development and only twelve produced<sup>2</sup>.

The WGC fully supports continuation of the SAP and recommends that program funding be increased to ensure higher levels of script and concept development. The WGC is also working with Telefilm to improve SAP's effectiveness by ensuring that only experienced, professional writers are eligible for funding. By using professional screenwriters, SAP will benefit from higher quality scripts that have a better chance of

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<sup>1</sup> Telefilm Canada statistics, January 25<sup>th</sup>, 2005 show that 256 English language projects received funding.

<sup>2</sup> Peter Grant and Chris Wood, *Blockbusters and Trade Wars*, (Vancouver, Douglas & McIntyre, 2004), p. 63.

making it into production and attracting audiences. These odds will also improve through more comprehensive marketing of the scripts to producers and distributors.

**b. What can be done to increase resources for project development?**

See answer 1.a above.

**c. Should support for script development and marketing be offset by a reduction in the number of films that receive support?**

While increased support for script development and marketing are crucial to the future success of English language films, we also need to increase the volume of our film output to offer a choice of projects to Canadian audiences. Increased volume is also key to competing with Hollywood films that easily outnumber Canadian films.

As cited in the WGC's February 2005 submission to the Standing Committee on this issue, English Canada's production volume is also far below Hollywood's as well as our other foreign competitors. In 2003/04 there were 26 CAVCO-certified English language films, with 21 receiving Telefilm support. Meanwhile Hollywood studios released 135 films in 2003 and another 141 in 2004<sup>3</sup>. France distributed 330 films internationally, Mexico 37, and the U.K. 45 in 2003 alone.<sup>4</sup> With foreign markets releasing up to 12 times as many films, it is more than difficult for our English language features to expand their market share.

It is essential that the Canadian Feature Film Fund increase support for development, marketing and production. It is equally important that the volume of English language Canadian films grow. By providing crucial Telefilm Canada support for a wide range of genres and a mix of commercial and auteur films, Canadian audiences are provided with the choice to watch home-grown films rather than imported fare.

## **Marketing**

**2. Commercially successful filmmakers often spend as much marketing a film as making a film. Canada's feature film policy suggests that the average marketing budget for a \$5M film should be approximately \$500,000. Is this sufficient?**

Although the 2000 Script to Screen Policy successfully increased the funds available for marketing Canadian films, they remain too low to give English Canadian films the best chance of attracting audiences when competing with Hollywood fare.

In order to attract audiences, audiences need to know that our films are being shown. This requires significant investment in print and ad campaigns as well as other marketing expenses. It is important that both government and private investment be increased to expand current marketing budgets to give our films the best chance of competing with well financed and marketed U.S. films.

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<sup>3</sup> Telefilm 2003/04 Annual report and Brian Fuson, "2004 Box office wrap," *Hollywood Reporter*, January 3, 2005.

<sup>4</sup> Data from the following websites: [www.unifrance.org](http://www.unifrance.org), [www.wam.umd.edu](http://www.wam.umd.edu), [www.film.guardian.co.uk](http://www.film.guardian.co.uk)

The WGC supports Telefilm policy to ensure that Canadian films are backed by a viable distribution sector that effectively releases and markets domestic films. In turn, the WGC believes that Canadian distributors should demonstrate a real commitment to the development, production and distribution of Canadian films to qualify for public support.

However, while Telefilm provides distribution and marketing assistance to well-financed and profitable Canadian distributors, statistics show that the distribution sector has steadily decreased its commitment to Canadian feature film production.

Since 2000, distributors have reduced their financial contribution to CAVCO-certified theatrical production by 14%. While in 2000/01 distributors financed 24% of the total for CAVCO films, while in 2003/04 their contribution dropped to only 10%. Telefilm figures for 2003/04 show that distributors contributed only 4.5% of production budgets for supported English language films. The WGC recommends that this is unacceptable and that all public support for distributors should be made contingent on their increased investment in the production of Canadian theatrical features.

### **3. Are new financial instruments required to support the marketing of Canadian films?**

In Phase 1 of these consultations, the WGC and Directors Guild of Canada proposed that a 5% federal tax be charged on the revenues of all film and video distribution, with proceeds used to support the production and distribution of Canadian feature films. This tax would apply to both Canadian and foreign distributors. Currently, certain foreign, namely U.S. distributors, are permitted under the Canadian Investment Act to market films for which they hold acquired rights in the Canadian market. The proposed tax would help increase crucial funding for Canadian feature films.

This tax on the exhibition or distribution of films should be levied equally on Canadian and non-Canadian films as required by the provisions of Article III of the GATT. We also note that WTO jurisprudence confirms that revenues derived from such a tax could be earmarked solely to subsidize the production and distribution of Canadian feature films.

### **4. To what extent is the difference between the levels of success in Canadian French-language and English-language feature films due to differences in marketing budgets?**

While the WGC is not expert in marketing and advertising financing, and we cannot comment on the size of French language budgets, we do know that Quebec's films often benefit from more extensive local marketing campaigns.

In addition to any direct marketing expenses, unlike English language films, French Canadian films are indirectly marketed by other media. Using an established 50-year old star system, Quebec films are fiercely promoted via local TV entertainment

magazine shows, the local press, including cinema magazines, and local talk-shows. The star system has been a key factor in Quebec's success by raising the profile of home-grown talent and persuading audiences that their films and television shows are worth watching.

Conversely, in English Canada, our local star system is non-existent. Virtually all English Canadian entertainment press and television shows are devoted almost exclusively to promoting Hollywood's not Canada's stars.

As we mention in our earlier written submission, in 1999 the CRTC sought to rectify this problem by allowing Canadian conventional broadcasters to count Canadian entertainment magazine programs as priority programming when meeting their CRTC conditions of license. In order to qualify, entertainment magazine shows should devote at least 2/3 of their running time to promoting Canadian film and television shows and personalities. According to WGC research, entertainment magazine shows aired by English language conventional broadcasters Global, CTV, and CHUM are dominated by Hollywood fare with little promotion of Canadian stars. The CRTC is currently examining a complaint submitted by the WGC about this lack of Canadian content on shows counted as "priority programming" for broadcast purposes.

#### **5. What specific public and private incentives can be put in place to encourage the exhibition of trailers for Canadian films?**

The WGC believes that all Canadian films should benefit from the exhibition of trailers to help build audiences. Currently trailers are only made for a handful of Canadian films and are rarely exhibited in cinemas or used as advertising tools on television. In order to increase the number of trailers made and encourage their exhibition in Canadian theatres, the WGC proposes that all distributors receiving public support (from Telefilm Canada for example) be required to make trailers for Canadian films. Exhibitors, through either federal or provincial regulation, should also be required to ensure that the trailers will be shown for all Canadian projects screened.

It is also crucial that Canadian public and private broadcasters air advertising and provide promotional spots, including exhibition of trailers, to support Canadian films. The WGC urges the Committee to recommend that the CRTC impose such support for Canadian films as a condition of licence on all Canadian broadcasters.

#### **Existing Support Mechanisms**

#### **6. How well are the existing funding support agencies (Telefilm Canada, Canadian Television Fund, National Film Board, Canada Council) working?**

Telefilm Canada, the Canadian Television Fund (CTF), the CBC and the National Film Board are all essential support mechanisms for Canadian film and television production.

Telefilm Canada provides much-needed support for Canadian feature films and indigenous television production through equity investment. The WGC recommends that Telefilm receive a five year funding commitment at the current \$244 million annual level from government. This should include Screenwriters Assistance Program funding to support script development for feature film projects.

CTF contributes generously to the production of Canadian programming written, directed and performed by Canadians. Dramatic series and television movies, documentaries, and variety programs all benefit from CTF support which “triggers” other funding sources including broadcaster license fees and distributor investments. A clear government commitment to Canadian programming must start with long term and stable funding to the CTF of at least \$100 million annually. This will allow the indigenous film and television sector to plan ahead, increase development time and ultimately improve the quality of programming offered to Canadians.

The *Broadcasting Act* obliges the CBC to provide radio and television programming that is predominantly and distinctively Canadian. However budgetary cuts have impaired the CBC’s ability to fulfill its mandate. The WGC urges the government to adopt recommendations made by both the Standing Committee on Canadian Heritage and the Finance Committee in its pre-budget report, to provide increased and stable funding for the public broadcaster.

The National Film Board (NFB) is a leader in producing and distributing Canadian documentary, short-film and animation productions. The WGC recommends that the government maintains and increases its support to the NFB to allow it to continue to make productions that reflect Canada to domestic audiences and abroad.

**a. Are all of these agencies required?**

Yes, see answer to question 6 above.

**b. To what extent is there a duplication of service?**

While there may be duplication between CTF and Telefilm support for long-form television/feature film projects, this aspect is currently being addressed by the Department of Canadian Heritage in a CTF governance review. See response to question 7 below.

**c. How could these organizations be improved?**

More government financing is crucial to the effectiveness of these organizations. See our response to question 6 above.

The WGC also strongly believes that government has a responsibility to Canadian taxpayers to ensure that there is balanced representation on all public boards. In our industry, the Telefilm and CTF boards are the key decision making bodies, however, the voice of Canadian screenwriters and other artists is virtually silenced by their lack of

direct participation. It is imperative that creators and artists are directly represented on the CTF and Telefilm boards, as well as Telefilm's Canadian Feature Film Advisory Group (CFFAG). This is essential to ensure that all components of the collaborative audiovisual industry are represented in discussions that will impact how Canadian film and television projects will be made in future.

In this submission we discuss the importance of artist representation on the CTF board in response to question 7 above. We also refer the committee to the WGC response to question 6.c) and 24. It is equally important that experienced screenwriters and other artists participate on the Telefilm Board and the CFFAG. It is imperative to giving our films the best shot at audience success, since for example, a WGC screenwriter representative on the Advisory Group can bring critical first-hand expertise to the re-examination of Telefilm's English-language film policies. The WGC has written to both Canadian Heritage and Telefilm Canada urging them to include Canadian screenwriters and other artists on these bodies as well as offering to work together to appoint an appropriate representative.

**d. Should any steps be taken to harmonize or integrate the work of existing agencies?**

The WGC supports Canadian Heritage's work to revise the CTF governance structure, as discussed in our response to question 7 below. We also recommend that any savings on administrative costs arising from the amalgamation of the CTF/Telefilm Canada boards to oversee television financing should be directed to script and concept development.

**7. What should be done about specific film financing issues (e.g., the application process, the control of a film's copyright, clawbacks, the grind, the Telefilm decision-making process, performance envelopes, etc)?**

While WGC is not expert on the specifics of film financing, such as the administrative requirements of filing an application, we would like to address two specific issues that impact financing for Canadian projects: the current CTF governance review, and CAVCO consultation 2005-0001 on proposed amendments to the *Income Tax Act*.

CTF Governance

Speaking at Banff in June, Heritage Minister Frulla formally announced a CTF governance review that will create a single CTF board, with all administration coming under Telefilm, and public policy under Heritage.

The Department of Canadian Heritage is currently working to revise the contribution agreement between the department and the CTF. The WGC has written to Canadian Heritage to raise some issues that screenwriters would like to see addressed in a revised agreement. These issues include:

### Creator representation on the CTF Board

- While Minister Frulla has confirmed that creators will be represented on the CTF board, it is not clear how many seats will be allocated to the artists and creators who are responsible for making the projects. So far, Canadian Heritage has confirmed a single seat, although the final decision is pending.
- Canadian screenwriters strongly believe that the government has a responsibility to Canadian taxpayers to ensure that there is balanced representation on all public boards. It is unacceptable that all the government is proposing that all 50,000 French and English language Canadian artists be represented by a single seat, given that the business elements of our industry, such as broadcasters and producers, enjoy at least 13 CTF board seats.
- The WGC and the Canadian Coalition of Audiovisual Unions have written to Canadian Heritage to request at least two CTF board seats for Canadian artists.

### Maintaining the CTF focus on 10-point production

- Public monies should be used to fund Canadian content productions that reflect Canada to Canadians. This means that productions that are filmed here, but have little or no Canadian creative input, should benefit from the foreign service tax credit, not the CTF.
- The WGC has written to Canadian Heritage to ensure that only projects that meet the current CTF essential requirements should qualify for funding. In particular, all CTF-funded projects must score 10/10 (ten out of ten) points on the Canadian Audio-Visual Certification Office (CAVCO) scale, the project's underlying rights must be owned by Canadians, and Canadian creators must have significant and meaningful involvement in the project, from concept to final script. Projects not meeting this set criteria should not have access to CTF.

### Ensuring programming choice for Canadians

- The CTF must continue to support the full range of Canadian content genres and projects with quality dramas and bigger budget one-hour series dramas forming part of the mix.

### Marketing and scheduling

- In order to ensure the most effective use of CTF funds, the contribution agreement should guarantee that broadcasters licensing funded projects adequately promote and advantageously schedule CTF-supported shows. This must include effective marketing through print advertising and television promotion, and scheduling the show in peak viewing periods (Sunday – Thursday, 8-11 pm) in order to attract Canadian audiences to indigenous programming.

### Increased private investment in Canadian productions

- Given the finite nature of public funding for English-language programming and drama in particular, the CTF should encourage higher levels of private investment through enhanced broadcaster license fees.

### CAVCO consultation 2005-0001 on proposed amendments to the *Income Tax Act*

The Department of Canadian Heritage, through CAVCO, is consulting with interested parties on the adoption of guidelines to implement the November 14, 2003 changes to the Canadian Production Tax Credit (CPTC) and corresponding amendments to the Act. The main objective of the CAVCO 2005-1 consultation is to clarify the amount of Canadian control, both in terms of copyright ownership and creative participation, required for a project to be certified by CAVCO to receive (1) financial investment by way of the CPTC and (2) CRTC Canadian content classification for broadcast purposes.

The WGC participated in this review in order to ensure that taxpayers are assured that creative control and copyright ownership are in Canadian hands for projects that enjoy Canadian content status on our airwaves and access to the CPTC.

As discussed in the WGC response to question 21 below, the WGC strongly believes that the CAVCO system is essential to fostering Canadian content projects written and made by Canadians. By ensuring that only films employing a high level of Canadian creative talent are granted access to the Canadian film or Video production Tax Credit and Canadian content certification for broadcast purposes, the CAVCO system provides a real incentive to use Canadian creative talent.

Furthermore, the primary objective of Canadian content policy must be to encourage the production of Canadian content created by Canadians. While government policy goals may include building a production infrastructure and expanding our market share internationally, Canadian tax payers must be assured that public funds and airwaves primarily support the production of Canadian stories with a distinct Canadian voice.

For this reason, CAVCO must ensure that for Canadian-certified productions, creative control is firmly in Canadian hands. This means that only shows created and/or written by Canadians should qualify as Canadian content; productions created by foreigners should not be certified as Canadian.

It is also important that Canadian airwaves and cinemas are not filled with “Canadian content” with little or no Canadian creative input. CAVCO-certified productions are not purely financial transactions – they should have cultural merit and reflect Canada to Canadians. Canadians must occupy the key creative positions including screenwriter and director in order for these productions to have a Canadian voice. Otherwise, CAVCO-certified productions are no different from foreign-service production created elsewhere but using Canada as a shooting location. These productions should not be classified as “Canadian” for broadcast and distribution purposes but may benefit from the federal Production Services Tax Credit (PSTC) and similar provincial credits.

Therefore the WGC opposes any dilution of current CAVCO criteria. Canadians must occupy the key creative positions, including screenwriter and director, in order for these productions to have a Canadian voice. The real investors in these productions are

Canadian taxpayers, and they should reap the benefits. Programs created by foreigners for foreign audiences – void of a Canadian voice – should not be permitted to masquerade as Canadian content solely for financial reasons.

With regards to copyright, the WGC believes that Canadians should hold copyright control for all CAVCO-certified productions. Copyright affords Canadian producers with rights over a production and the ability to economically exploit the project. The WGC continues to support the current 25-year copyright term and believes that Canadians should retain copyright over government supported projects.

**8. Existing support mechanisms award funds for the production of specific film projects. Little or no funding support exists to help sustain production companies (i.e., the film production infrastructure). This is in contrast to federal programs in other areas (e.g., book publishing).**

**a. Should a separate mechanism to support production companies be developed?**

No, the current focus on production financing is appropriate. Limited government resources should be spent on developing and making tangible film projects. While we believe that viable production companies are an essential component of building a successful indigenous audiovisual industry, the WGC believes that the government can best support the production sector through programs providing project financing.

**b. If yes, who should manage such a program?**

Not applicable.

**9. Are existing federal tax credit incentives (The Canadian Film or Video Production Tax Credit (CPTC) and the Production Services Tax Credit (PSTC)) sufficiently flexible?**

The WGC believes that federal tax credit schemes are sufficiently flexible and the criteria for the CPTC in particular must be maintained or strengthened to ensure that the Canadian tax credit benefits Canadian content productions created by Canadians.

As discussed in our responses to questions 7 and 21, the WGC believes that CPTC criteria should ensure that only films employing a high level of Canadian creative talent are granted access to the Canadian film or Video production Tax Credit and Canadian content certification for broadcast purposes.

It is crucial that the primary objective of Canadian content policy and the CPTC is to encourage the production of Canadian content created by Canadians. While government policy goals may include building a production infrastructure and expanding our market share internationally, Canadian tax payers must be assured that

public funds and airwaves primarily support the production of Canadian stories with a distinct Canadian voice.

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#### **10. Should the CPTC be increased to reward the use of a greater number of Canadians?**

The WGC recommends that the government increase the rate of the Canadian Film or Video Production Tax Credit (CPTC) to at least 30%.

The CPTC supports productions using Canadian talent, thus providing an incentive for the production of Canadian content film and television programming. Despite assurances from the Finance department that the CPTC would be increased following the 2003 budget, we are still waiting for this important change.

While the WGC recognizes the need to support the industrial sector, it urges the government to ensure that public funds support homegrown talent first and foremost. We must ensure that there is not a shift away from productions using Canadian creative talent towards those benefiting from the enhanced PSTC. The WGC recommends that the rate of the CPTC (currently set at 25%) be increased to at least 30%. It is imperative that the spread is maintained between the CPTC and the PSTC to preserve a clear financial incentive to undertake Canadian productions.

#### **11. What can be done to encourage greater private investment in Canadian feature films?**

Private investment in Canadian films is lacking and our success can benefit greatly from increased private broadcaster and distributor support. With regards to distributor support, we address this issue in our response to question 3 above.

The following section discusses proposed regulatory instruments to increase private broadcaster support for Canadian dramatic programs and feature films.

The WGC recommends that private conventional broadcasters be directed by the CRTC to more fully support Canadian features by providing first and second windows for domestic films on their networks. This type of support is crucial to the future

success of the Canadian indigenous film sector – it will provide not only more private investment through the licence fees paid for Canadian films, but also wider audiences for films aired on television.

However, broadcasters seem only to support Canadian dramatic projects when regulations oblige them too.

In June 2005, the Canadian Coalition of Audiovisual Unions (CCAU) of which the WGC is a founding member released its latest report on the Canadian broadcasting system. The “Need for a Regulatory Safety Net” report examined broadcaster support for Canadian drama and the ability of private networks to increase spending on this genre in future.

The report found that spending on Canadian drama by the private broadcast sector hit a seven-year low in 2004, dipping to only \$53.6 million from a high of \$73.0 million in 1998. In the same period, spending on foreign, mainly U.S. shows also rose more quickly than expenditures on home-grown programming. From 1998 – 2003, the percentage of advertising revenue that broadcasters spent on eligible Canadian programming stayed at about 27% from year to year, but spending on American programming rose from 27% of revenue to an all-time high of 34%.

The report concluded that this on-going decline in the development, production and broadcast of original Canadian drama is a serious problem that must be addressed. Since dramatic programming and films are expensive to produce, support from the private broadcast sector is essential. In order to gauge the broadcasters’ future financial capacity to support Canadian drama, the CCAU retained Nordicity Group Ltd. to validate projections for the advertising revenue likely to be generated by the private broadcast sector. Working with estimates from PricewaterhouseCoopers LLP, Nordicity concluded that ad revenue for the private conventional TV station groups is likely to increase over the next four years to between \$1.8 and \$1.9 billion in 2008 – an increase of over \$200 million from 2004.

Although fragmentation did erode audience share, the audience share of the conventional TV broadcasters has stabilized at 40% over the last four years. And instead of declining, the broadcasters’ ad revenue rose by almost 35% in that time. The report also found that the introduction of borderless technologies like satellites and the Internet will have little effect. In other words, conventional television will continue to be a lucrative business, despite the broadcasters’ fears that audience fragmentation caused by pay and specialty services would hurt revenues.

But despite increasing revenues, the CCAU concluded that private broadcasters would not likely increase support for Canadian drama in future. The broadcasters track records has amply shown that unless there is a regulatory requirement -- or the imminent threat of one – broadcasters will do what is in their best financial interest. That means broadcasting the cheapest form of priority programming they can produce or acquire in order to meet their priority program scheduling requirement.

That means that even if there is an increase in Canadian drama spending in the next two years, it will not be a reliable indicator of increased future spending. CCAU research indicates that the broadcasters are required to spend almost as much on Canadian drama in 2005 as they did in 2004 just by virtue of transfer and new licence benefits alone. Broadcasters will also have a powerful regulatory incentive to spend more on drama in 2005 and 2006 since their licences come up for review or renewal in the next two years, and they will want to put the best face on their performance. Once renewal licences are issued, and the transfer and new licence benefits come to an end, the fate of Canadian drama will hang in the balance.

Therefore, the CCAU concluded that it is crucial that the CRTC put a long-term regulatory “safety net” in place to ensure that Canadian drama levels do not fall below an acceptable level in English Canada.

The two main components of the regulatory safety are expenditure and exhibition requirements on private broadcasters to support Canadian drama. The first component would be a requirement that private conventional TV broadcasters spend a minimum of 7% of their gross ad revenue on Canadian drama. This minimum level can be complemented by incentives that will reward broadcasters that meet or exceed that level. The second component relates to the amount of new, original Canadian drama production being commissioned by the conventional broadcasters. The CCAU believes that each private station group should be required to commission at least two hours of original 10-point Canadian drama per week. These two requirements would increase support for Canadian drama from \$53.6 million in 2004 to \$129-131 million in 2008.

Over the next few years, pay and specialty revenues are expected to increase faster than that for conventional television. Therefore, it will be also important to ensure that their contributions to Canadian drama increase as well. In that regard, this report has a number of recommendations to increase the transparency and integrity of their support.

### **Distribution and Exhibition**

#### **12. Do current ownership rules for film distributors inhibit access to Canadian feature films? If yes, what can be done?**

Not applicable.

#### **13. Does the ownership of film exhibitors inhibit access to Canadian feature films? If yes, what can be done?**

Not applicable.

#### **14. Are new financial instruments required to support the distribution and exhibition of Canadian films?**

Please refer to our response to question 3 above where we discuss a proposal to increase distributor support for Canadian feature films.

**15. The licensing of films for distribution and exhibition in Canada is a matter of property and civil rights and as such falls wholly within provincial jurisdiction under section 92(13) of the *Constitution Act, 1867*. With this in mind, how can the federal government work with the provinces to encourage the distribution and exhibition of Canadian feature films?**

While the WGC is not expert in the contractual relationship between Canadian exhibitors and the US studios, a quick perusal of the movie listings in any Canadian newspaper illustrates the dominance of US films in our market. It is no secret that since English language Canadian films benefit from very limited exhibition in Canadian cinemas, they are severely handicapped in attracting audiences. In order to counterbalance the economic might of the US studios over Canadian exhibitors, Canadian film quotas are necessary to ensure fair play for home-grown features.

Although film quotas and all film distribution and exhibition matters fall under provincial jurisdiction, we believe that the federal government has a role to play in encouraging all Canadian provinces and territories to implement measures to ensure Canadians can see Canadian films in their local cinemas. The WGC recommends that at the very least, the federal government should increase funding support for Telefilm Canada to finance development and effective marketing campaigns to encourage maximum exposure for Canadian films.

**16. Are there any specific exhibition strategies (e.g., in schools, First Weekend Clubs, etc.) that could be used to develop audiences for Canadian films? What role could the federal government play?**

The recently launched REEL Canada program is one example of an exhibition strategy that would benefit from federal support to build audiences for Canadian films.

It is a program initiated by the film and the television industry in Toronto to raise awareness among the city's high school population about Canadian films. Under the active patronage of Mayor David Miller, REEL Canada is a traveling film festival that brings a day-long event from school to school with a program of feature films, documentaries, animated programs and short films. It is aimed at encouraging young people to identify with Canada and its stories by creating future audiences for Canadian cinema.

Telefilm Canada has been a significant supporter of the program, which also benefits from provincial, municipal and private funding. The WGC recommends on going federal support for the program through Telefilm Canada to help build audiences for Canadian films in future.

## Training

### **17. What specific improvements need to be made to the education and training programs for those aspiring to work in the feature film industry?**

Screenwriters do not need more training programs, but they do need more work opportunities. Practice makes perfect, so it would be most effective to invest in more script development and film and television production to allow screenwriters to hone their craft. WGC has also suggested that the Federal government, through HRDC, help fund internships for professional writers to gain experience in dramatic series writing. The WGC has suggested that the federal government fund internships to include one new writer on the story department of each television drama series.

### **18. Are there any ongoing training needs required for those who are currently working in the feature film industry? How might this be done?**

See response to question 17 above.

## Preservation

### **19. The Auditor General's November 2003 report notes that the preservation of Canada's cultural heritage, including feature films, is at risk. What measures are required to ensure the preservation of Canada's feature film heritage?**

Not applicable.

## Governance

### **20. Is the current organization and governance of the institutions directly and indirectly involved in the support of Canadian feature film appropriate? What specific changes in governance are required?**

The WGC strongly believes that government has a responsibility to Canadian taxpayers to ensure that there is balanced representation on all public boards. In our industry, the Telefilm and CTF boards are the key decision making bodies, however, the voice of Canadian screenwriters and other artists is virtually silenced by their lack of direct participation. It is imperative that creators and artists are directly represented on the CTF and Telefilm boards, as well as Telefilm's Canadian Feature Film Advisory Group (CFFAG). This is essential to ensure that all components of the collaborative audiovisual industry are represented in discussions that will impact how Canadian film and television projects will be made in future.

In this submission we discuss the importance of artist representation on the CTF board in response to question 7 above. We also refer the committee to the WGC response to question 6.c) and 24. It is equally important that experienced screenwriters and other artists participate on the Telefilm Board and the CFFAG. It is imperative to giving our films the best shot at audience success, since for example, a WGC screenwriter representative on the Advisory Group can bring critical first-hand expertise to the re-

examination of Telefilm's English-language film policies. The WGC has written to both Canadian Heritage and Telefilm Canada urging them to include Canadian screenwriters and other artists on these bodies as well as offering to work together to appoint an appropriate representative.

**21. Does the Canadian content certification system (CAVCO) help foster, or hinder, the creative process that underlies the production of Canadian feature films?**

The WGC strongly believes that the CAVCO system is essential to fostering Canadian content projects written and made by Canadians. By ensuring that only films employing a high level of Canadian creative talent are granted access to the Canadian film or Video production Tax Credit and Canadian content certification for broadcast purposes, the CAVCO system provides a real incentive to use Canadian creative talent.

The primary objective of Canadian content policy must be to encourage the production of Canadian content created by Canadians. While government policy goals may include building a production infrastructure and expanding our market share internationally, Canadian tax payers must be assured that public funds and airwaves primarily support the production of Canadian stories with a distinct Canadian voice.

For this reason, CAVCO must ensure that for Canadian-certified productions, creative control is firmly in Canadian hands. This means that only shows created and/or written by Canadians should qualify as Canadian content; productions created by foreigners should not be certified as Canadian.

It is also important that Canadian airwaves and cinemas are not filled with "Canadian content" with little or no Canadian creative input. CAVCO-certified productions are not purely financial transactions – they should have cultural merit and reflect Canada to Canadians. Canadians must occupy the key creative positions including screenwriter and director in order for these productions to have a Canadian voice. Otherwise, CAVCO-certified productions are no different from foreign-service production created elsewhere but using Canada as a shooting location. These productions should not be classified as "Canadian" for broadcast and distribution purposes but may benefit from the federal Production Services Tax Credit (PSTC) and similar provincial credits.

Therefore the WGC opposes any dilution of current CAVCO criteria. Canadians must occupy the key creative positions, including screenwriter and director, in order for these productions to have a Canadian voice. The real investors in these productions are Canadian taxpayers, and they should reap the benefits. Programs created by foreigners for foreign audiences – void of a Canadian voice – should not be permitted to masquerade as Canadian content solely for financial reasons.

**22. The CRTC and CAVCO do not use the same criteria to certify Canadian content. Recent reports have suggested that one arm's-length organization**

**should be responsible for the certification of Canadian content. Would this help the Canadian feature film industry?**

As explained above, it is important that Canadian content criteria not be diluted and the WGC fully supports the continued use of CAVCO criteria to determine whether projects qualify for the Canadian tax credit and as Canadian content for broadcast purposes. We do not support any move towards dismantling the current system to create a new Canadian content certification office. Simply put, Canadian screenwriters believe that the government would be best advised to allocate public monies to making more Canadian content productions, rather than funding a new agency.

There is also little difference in the way the CRTC and CAVCO certify Canadian content feature films. It is our understanding that the differences between the two bodies mainly impact television series. While CAVCO certifies television series projects on an episode-by-episode basis, the CRTC certifies an entire television series as long as 60% of the episodes are CAVCO certified. Meanwhile feature films are assessed by the same criteria by both agencies.

**23. Telefilm's equity recoupment process involves ongoing costs for producers. Should equity recoupment be limited to a fixed period after a film is released (e.g., for three years)?**

Not applicable.

**24. The 2000 feature film policy made permanent a panel comprised of industry representatives, known as the Canadian Feature Film Advisory Group. The purpose of this panel was to provide advice to Telefilm Canada on how best to achieve the objectives of the policy. In April 2005 the Minister of Canadian Heritage dissolved the Advisory Group.**

**a. Was the Canadian Feature Film Advisory Group an effective policy oversight instrument?**

The WGC supported the 2000 Script to Screen policy to establish the Canadian Feature Film Advisory Group (CFFAG). The group's mandate was to "advise Telefilm Canada on how best to achieve the new policy goals while remaining flexible to changing conditions, responsive to film creators and entrepreneurs and accountable to Parliament." It is important that both the creative and business elements involved in feature film production input into Telefilm Policy. Establishing a permanent advisory group structure is a good way of ensuring on-going consultation.

However the effectiveness of the CFFAG was determined by its membership. While the CFFAG was a positive initiative to consult with the main stakeholders, Canadian screenwriters were frustrated by the CFFAG governance structure which excluded their direct representatives from the board. The WGC was not invited to participate and a screenwriter who was not accountable to the full body of members was appointed to the group. The CFFAG can only be effective if it includes screenwriter representatives

who are both accountable to their colleagues and knowledgeable of the issues at hand. While the CFFAG should be maintained, the WGC calls on Telefilm to work with creators' organizations to appoint appropriate representatives.

**b. What were its strengths and weaknesses?**

Please see response to 24 a) above.

**c. Is an advisory group still needed? If yes, please provide details on its potential membership and mandate. If no, please explain why the group is not necessary.**

Yes, the WGC believes that the CFFAG is still needed.

In terms of membership, in order to give our films the best chance at box office success, professional screenwriters' input into Telefilm's policy reviews is essential. Screenwriters are the primary creative force behind every film production. Often working as writer/directors, they start with a blank page and work a germ of an idea into a script that eventually becomes a film. However, it is equally important that a screenwriter representative on the CFFAG should represent the views of all Canadian screenwriters. Rather than serving as an "independent" advisor, we recommend that the CFFAG participant be a WGC representative accountable to professional screenwriters. The WGC has written to Telefilm Canada to offer to work together to appoint a screenwriter representative who is fully versed in policy and backed by the WGC's support mechanisms.

We believe that the original CFFAG mandate to "advise Telefilm Canada on how best to achieve the new policy goals while remaining flexible to changing conditions, responsive to film creators and entrepreneurs and accountable to Parliament" is still valid. The expertise of the CCFAG should be used to make recommendations to help increase audience success for English language feature films. This may include input into the overall policy governing Canadian feature films and the guidelines used to award public funding.

## **Film Policy Questions**

### **25. How should the policy define feature films?**

The WGC believes that feature films should be those that benefit from theatrical release in cinemas or theatres where admission is charged and/or those that benefit from retail sale to the general public for any compact device (including DVD or video sales or rental).

**26. How should “Canadian content” be defined for the purposes of the feature film industry?**

In order to reclaim creative control of Canadian content productions, the WGC recommends that the use of a Canadian screenwriter be made mandatory for Canadian-certified productions. The WGC also strongly suggests that all Canadian content certified productions also have a Canadian director attached to the production.

The objective of Canadian content certification, and the CAVCO scale, is to create Canadian feature film and television content, and not foreign content created outside of Canada. However there are many examples of Canadian content certified content that is void of a Canadian voice. For example, recent features *Resident Evil* and *White Noise* both benefited from Canadian content certification and public financing although they were stories written by non-Canadian screenwriters. As a result, these films lacked a Canadian voice and had virtually no recognizable Canadian content. This fact is that this type of production is essentially U.S. content, created by U.S. screenwriters for U.S. audiences, but subsidized by Canadian taxpayers.

At a minimum, “Canadian content” certified productions must earn a minimum 8 out of 10 points on the CAVCO scale. In order to ensure that “Canadian content” projects certified for public funding and broadcast purposes will reflect Canada back to Canadians, it is crucial that the use of a Canadian screenwriter is established as a mandatory element for Canadian-certification, as is the case for Canadian producers. This would not only restore a Canadian voice to Canadian content projects, it would also recognize the fundamentally writer-driven nature of film and television production and the role of the screenwriter as the project’s voice.

**27. What could be done to harmonize, modernize or simplify existing definitions of Canadian content?**

Canadian industry has matured since the time that CAVCO rules were first implemented. We also have the creative talent in Canada to make excellent projects. It may be time to raise the bar for Canadian content productions to include maximum Canadian creative input in Canadian certified projects. By this we mean, revising CAVCO rules to ensure that only projects earning a minimum of 8 out of 10 points on the CAVCO scale be designated as Canadian content productions.

**28. Should the feature film policy support the production of long form documentaries?**

Yes, the WGC believes that the feature film policy should support the production of long-form documentaries as well as dramatic films. Canadian documentaries have attracted much box-office success at home and abroad and should be supported as a feature film genre by Telefilm Canada.

**29. An objective of the current feature film policy is to foster the quality and diversity of Canadian feature films. How should diversity be defined and measured?**

Not applicable.

**30. The feature film policy does not mention the creation or preservation of jobs made possible by foreign location shooting in Canada. Should industrial objectives be an element of the feature film policy?**

The WGC supports the 2000 policy's focus on fostering the success of the indigenous feature film production sector. As stated earlier, the primary objective of our government's cultural policy must be to encourage the production of Canadian content created by Canadians. Therefore we do not recommend that industrial objectives be addressed in the feature film policy. While government policy goals may include building a production infrastructure and expanding our market share internationally, Canadian tax payers must be assured that public funds and airwaves primarily support the production of Canadian stories with a distinct Canadian voice.

Furthermore, our sector still has a way to go in meeting the 2000 policy's objective for English language feature films. While the policy has made strides towards reaching its objectives, English language films continue to face significant challenges in reaching audiences and attracting private investment.

In terms of building our domestic industry, recent history has demonstrated that Canadians can only count on what they build themselves. Only a robust and active indigenous production sector can provide sustainable work opportunities for our creators and other talent. Foreign service production on the other hand will always be responsive to currency fluctuations. The rising loonie, combined with new U.S. state incentives to lure production back south, leaves Canadian policy makers with few policy options to entice service producers back. Industrial production, or foreign-service production created elsewhere but using Canada as a shooting location, already benefits from the federal Production Services Tax Credit (PSTC) and similar provincial credits. The fact of the matter is that we cannot build a sustainable Canadian industry by servicing other countries' projects.

Therefore the WGC does not support inclusion of industrial objectives in Canada's film policy. The original purpose of the Canadian feature film policy -- to give Canadian audiences access to Canadian voices telling filmed stories from a Canadian perspective -- should form the basis of any future policy.

**31. Should different objectives, targets and measures be developed for the French- and English-language markets?**

In Canada, the English language and French language markets operate under a different set of production climates and with disparate challenges. The policy must

recognize and address the different nature of the two markets in order to provide English language films with the right set of tools to attract wider audiences.

Although the policy has managed to increase both average production and marketing budgets for Canadian features, in English Canada our films are still not able to compete with higher volume, better financed and better promoted US and other foreign fare.

Although English Canadian talent is up to the challenge, in order to increase box office share, we need production volumes and budgets that exceed the objectives set out in the 2000 policy. By increasing volume, we will be able to offer Canadians choice of genres, while higher budgets will afford our films more script development, experienced talent and much-needed promotion and marketing. Lower Canadian budgets mean that scripts with complex story lines, multiple characters, and special effects are too expensive to shoot; it also means we cannot afford recognizable stars and effective promotion campaigns.

**32. Data on Canadian film audiences (e.g., age, sex, language) and their viewing preferences (e.g., theatrical, television, DVD, etc.) are difficult to obtain. Should a revised policy place a stronger emphasis on measurement?**

Not applicable.

**33. Since 1967, Canadian feature film policy, and the programs designed to support it, has assumed that Canadian feature films should be promoted and distributed within the existing framework designed for Hollywood films. Given the limited levels of success in reaching audiences in this manner in the English-language market (and the costs involved), should this assumption be reconsidered?**

Not applicable.

**34. Witnesses have suggested the development of an alternate distribution system using new exhibition methods such as e-cinema and d-cinema.**

**a. Is this feasible?**

Not applicable.

**b. What would be the likely costs?**

Not applicable.

**c. How could such a system be developed?**

Not applicable.

**35. Looking ahead five years, what targets should a revised policy set for the Canadian feature film industry? What would be required to bring these about?**

The WGC supports a 5% box office target for English language films.

In order to attain this level of box office success, it is crucial that both public and private investment is increased for script development, production budgets, and marketing, as well as increased volumes of English language films.

As recognized by the Committee's interim report, investing in script development is the single best way to increase a film's chances of success at the box office. While in the successful U.S. industry, ten scripts are developed for each film produced, and most U.S. studios strive to operate at twice this level to increase their odds of making a hit, in Canada we do not even do half this level.

As we cite in our February 18, 2005 paper, script development is akin to research and development for our industry and can take years to complete before production begins. In development, the screenwriter starts with the germ of an idea, working it into a script with a full story structure and fleshed-out characters. The development stages allow screenwriters to find the right balance between plot and character to create a story that will move audiences. More development funding is needed in our system to hire professional screenwriters to create Canadian films with the best odds of winning audiences at the box office.

It is also crucial that the English language Canadian industry only entrust publicly-funded projects to professional screenwriters. Although it seems only logical that producers working with multi-million dollar budgets would engage experienced screenwriters, that is not the case in English Canada. While Telefilm Canada funded 21 English language features in 2003, only twelve full contracts were signed with experienced, professional screenwriters with at least 60 minutes of produced film or television credits (as required for WGC membership). In 2004 only six English language features were written by WGC professional screenwriters.

In Quebec, and in the U.S., experienced television screenwriters are used to pen feature films. Screenwriters who have experience working on television movies or one-hour dramas, are better equipped to write long-form projects with multi-million dollar budgets, various shooting locations, and multiple characters, than a screenwriter whose only training came from writing a short film.

Professional screenwriters also enhance the quality of the project through their proven ability to write scripts that work on screen. They have experience adapting to budget constraints and know-how in working with directors and actors. If we want to attract audiences we must only shoot what works on paper, and the ability to ascertain what is working comes with time and experience.

## Related Policy Questions

### **36. What specific changes, if any, need to be made to CRTC policies?**

CRTC should ensure that broadcasters are supporting the Canadian feature film industry through increased support for the Television drama sector. This is discussed in answer 11 above.

We also recommend that the CRTC reverse its licence fee top-up policy. The practice of allowing pay and specialty broadcasters to claim CTF funding received by the producer as broadcaster expenditures not only undermines the integrity of the reporting system, it hoodwinks the audio-visual sector as a whole by reducing the overall dollar support for Canadian dramatic and documentary programming.

This practice is particularly problematic given the financing challenges of indigenous dramatic and long-form documentary projects. The June 2005 CCAU report found that based on CRTC statistics, the five English-language general interest pay television licensees spent \$31.5 million on Canadian drama in 2003, while the CRTC top-up policy excused them from spending \$5.8 million more.

The licence fee top-up policy has a significant negative impact on the funding for Canadian programming. In order to afford the system more integrity, and to clarify what is actually being spent, the WGC recommends that the CRTC immediately cease to allow licence fee top-ups to count as broadcaster expenditures.

### **37. What specific policies or practices do the CBC and Radio-Canada need to put in place to enhance the viewing of Canadian feature films?**

The *Broadcasting Act* obliges the CBC to provide radio and television programming that is predominantly and distinctively Canadian. However budgetary cuts have impaired the CBC's ability to fulfill its mandate. The WGC urges the government to adopt recommendations made by both the Standing Committee on Canadian Heritage and the Finance Committee in its pre-budget report, to provide increased and stable funding for the public broadcaster.

### **38. Do treaty co-productions have a positive or negative impact on the creation of Canadian feature films?**

Treaty co-productions are an important component to the Canadian feature film production sector. However, in our view, publicly supported co-productions should not be purely financial transactions – they should have cultural merit and reflect Canada to Canadians. Canadian co-productions benefit from both public financing and access to Canadian airwaves through certification as Canadian content for broadcasting purposes. In order for official treaty co-productions to have a Canadian voice, at a minimum Canadians must occupy one of the key creative positions of screenwriter or director. Unless this minimum requirement is met, co-productions are no different than foreign-service production created elsewhere but using Canada as a shooting location.

Therefore the WGC does not support any flexibility in official treaty co-production rules to allow third country participation. All Canadian certified co-productions should be made using creative and technical talent exclusively from co-production partners.

### **39. Are any specific changes to copyright law or policy required?**

It is crucial that the government address the issue of authorship of the audiovisual work as one of the “mid-term” issues set out in the Government of Canada’s October 2003 report: *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act*. These include issues relating to digital and new technologies not dealt with in the first grouping, the protection of right in visual and audiovisual works; term of protection and the private copying regime.

Currently, Canada’s Copyright Act is silent on the definition of the author of the audiovisual work and it has been over a decade since the Department of Canadian Heritage considered the issue. The Guild has consistently called for an authorship definition, advocating that screenwriters should be recognized as authors in order to gain moral rights in their work and secure their claim to authors’ levies at home and abroad.

The Canadian government is behind in defining these important rights for Canadian authors. The trend towards increased personal and non-authorized commercial copying of copyrighted works will not stop. It is time that our government act in the short term to prioritize this issue to ensure that Canadian screenwriters can collect authors’ levies in the Canadian market.

### **Measurement**

#### **40. Canada’s feature film policy sets an annual target of 5% for the viewing of Canadian films in theatrical release.**

##### **a. Is this a reasonable target?**

Yes the 5% box office goal is reasonable for Canadian English language films.

##### **b. Is this a useful way to measure the extent to which Canadian films are reaching audiences?**

Domestic box office comparisons can be misleading and there are simply not enough Canadian films produced to make them meaningful. It may be more appropriate to gauge Canadian English language films success against US and other foreign independently produced films with comparable production and marketing budgets.

For example, our production volume is far lower than Hollywood and other foreign competitors. In 2003/04 there were 26 CAVCO-certified English language films, with 21 receiving Telefilm support. Meanwhile Hollywood studios released 135 films in 2003 and another 141 in 2004 . France distributed 330 films internationally, Mexico 37, and

the U.K. 45 in 2003 alone. With foreign markets releasing up to 12 times as many films, it is more than difficult for our English language features to expand their market share.

**c. Should there be separate targets for the English and French-language markets?**

The very different English and French-language feature film markets should benefit from separate audience targets and different sets of policy to achieve those targets.

While Quebec's distinct language translates into a captive audience for domestic productions, English language films must compete head-to-head with better financed and promoted U.S. films. Unlike English Canada, Quebec also has a strong star system to promote their films, and they use experienced TV writers to create their films. These are just some of the reasons that English Canada needs more support for script development, higher production budgets, more volume and promotion of the finished product. It is the only way to build our domestic market and finally give our films a chance to win against mega-financed Hollywood fare.

It is undeniable that the English and French-language feature film markets in Canada face unique challenges and have different levels of success in attracting audiences. While Quebec's French language audiences seek out productions in their mother tongue, English-language feature films must compete with the Hollywood behemoth to attract audiences. However linguistic differences are only part of the reason for Quebec's success. In English Canada we have failed to follow the Quebec model which uses an experienced, professional talent pool working in both film and television to make feature films. Our small population, further divided into two linguistic markets, makes it very difficult to make feature films with healthy budgets without government support. However it is important that government support is used effectively by engaging professional talent to write our feature film scripts.

In addition to using experienced professionals, in order to compete with well financed and promoted Hollywood films, Canadian English language features must benefit from higher production budgets, more development and increased marketing. These are the real keys to attracting higher audiences for publicly supported feature films.

**41. The 2000 feature film policy does not take into account other ways that Canadian feature films may reach audiences (e.g., conventional broadcasting, pay-per-view, specialty and digital services, PVRs, DVDs, video-on-demand, peer-to-peer file-sharing).**

**a. What are the most appropriate performance measures for Canada's feature film policy?**

The definition of box office has changed with more and more audiences watching films on DVD and video. DVD and video rentals should also be included in box office data.

For example, recent Statistics Canada data shows that while movie theatre ticket sales are at their lowest levels in a decade, down to 4.6%, DVD sales topped previous years in 2004/04. DVDs accounted for 71% of combined VHS and DVD sales in Canada, while 36% more households purchased DVD players that year. (Playback, August 15, 2005, page. 9)

**b. Should a revised policy recognize non-theatrical distribution and exhibition methods?**

Yes see above.

**c. Should a revised policy place a stronger emphasis on support for non-theatrical distribution and exhibition methods.**

It is important that a revised policy include federal funding support for marketing of Canadian video and DVD sales and rentals. This is a growing market for all feature films and it does not make sense to deny this access to Canadian audiences for home-grown films.

**d. Should performance measures include the viewing of feature films on television and through video sales and rentals?**

Yes.

**42. Rather than measuring the success of Canadian films against Hollywood blockbusters, should performance measures focus on how well Canadian films compete with films made by foreign independent filmmakers?**

Yes, see response to question 40 b).

**43. Who should be responsible for gathering and reporting on performance measures?**

Exhibitors should be required to release box office data to the government in order to better understand the performance of Canadian films. In turn, the Department of Canadian Heritage and Telefilm Canada are the most appropriate agencies to gather and report on performance measures for Canadian feature film. We recommend that government release this information to stakeholders and the general public in order for all Canadian taxpayers to have access to the data.