

## Executive Summary

The current review is both timely and necessary. The 2000 Script to Screen Feature Film Policy demonstrated our government's commitment to the Canadian film industry and it must be renewed to continue this essential partnership between the industry and government.

The Canadian feature film policy has made strides towards reaching its objectives; however, English language films continue to face significant challenges in reaching audiences and attracting private investment. In future, the policy must recognize the different nature of the French and English language film sectors by providing market-specific support that will give English language films the right set of tools to attract wider audiences.

English language films compete directly with mega-financed Hollywood fare and our battle is frankly still an uphill one. Nonetheless, all Canadians deserve to see their own hopes, dreams and stories told on the big screen. To achieve this, we must build on the foundation of the policy by maintaining and augmenting government support, but we must also introduce new measures to increase private investment by broadcasters and distributors in English-language film production. This review provides an ideal opportunity to set the right priorities going forward, which should include:

- Use a Professional - Experienced, professional screenwriters should be engaged to write our theatrical features to give them the best chance of attracting wider audiences.
- English language films should be backed by more script and concept development - Development funding provided by Telefilm's production fund and the Screenwriters Assistance Program should be maintained and strengthened and broadcasters and distributors should be required to increase their investment in development financing.
- English language films should be promoted by a star system.
- Feature film budgets and production volumes should be increased – This should include more funding for Telefilm and a meaningful financial commitment from distributors and Canadian broadcasters who benefit from the protected domestic market.

## Introduction

The Writers Guild of Canada (WGC) welcomes the opportunity to participate in the House of Commons' Standing Committee on Canadian Heritage review of the Canadian Feature Film policy.

The WGC is the national association representing more than eighteen hundred (1,800) screenwriters working in English-language film, television, radio and multimedia production in Canada. WGC members are the creators of Canadian stories including feature films like *Mambo Italiano*, *Being Julia*, *The Sweet Hereafter*, and *Childstar*, dramatic series such as *DaVinci's Inquest*, and *Corner Gas*, and popular mini-series *Trudeau* and *Lives of Saints*.

For over sixty years, the WGC and its predecessor has negotiated collective agreements setting out minimum rates and terms for screenwriters with independent producers and broadcasters. The WGC has negotiated separate Independent Production Agreements with the Canadian Film and Television Production Association (CFTPA) and the Association des producteurs de films et de télévision du Québec (APFTQ), as well as agreements with CBC Radio, CBC-TV, CTV, the NFB and TVOntario.

## **2000 Script to Screen Feature Film Policy**

The 2000 Script to Screen Feature Film Policy (referred to herein as “the policy”) was introduced to support the Canadian creative talent that gives life to our feature films as well as the business elements that finance, market and distribute them. The policy set a target of reaching five percent of national box office and increasing audiences abroad for Canadian films within five years, or by 2006.

The Department of Canadian Heritage established the Canadian Feature Film Fund (CFFF), administered by Telefilm Canada to achieve its goals. The CFFF includes the Screenwriting Assistance Program (SAP), programs for Complimentary Activities, the Low Budget Independent Feature Film Assistance Program and the Development, Production and Marketing Programs. The Canadian Feature Film Advisory Group was also established within Telefilm to consult with stakeholders.

The policy doubled the government's annual investment in the feature film industry to \$100 million. CFFF funding includes \$85 million annually for project development, production and marketing and \$2.3 million annually for script development under the SAP, with a two-thirds and one-third split for English and French markets respectively.

## Overall Success of the 2000 Policy

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. This submission discusses the importance of a continued partnership with government to tell Canadian stories to moviegoers. Canadian audiences deserve the opportunity to see their own hopes, dreams, and history told on the big screen. We must build on the foundation set by the policy by maintaining and augmenting government

support and by introducing new measures that will increase private investment by broadcasters and distributors in English-language film production.

Government support for the domestic film sector is not unique to Canada. South Korean films dominate forty percent of domestic market share largely due to film screen quotas, France provides subsidies and charges an eleven percent foreign film tax on all theatre admissions, while the U.K. and many U.S. states offer tax incentives to encourage home-grown films.

In terms of overall box office, Canadian films are well on their way to reaching the 5% box office target. In 2004, domestic films attracted 4.8% of box office, with Quebec's films accounting for the lion's share. In 2003, Canadian films generated 3.5% of domestic box office while Quebec attracted 2.5% – accounting for 74% of the total revenue for Canadian films. English-language Canadian films attracted only one percent of total box office, while U.S. films took 90.5% and other foreign films received 6% in 2003<sup>1</sup>.

#### Need to separate the two Canadian markets

In Canada, the English language and French language markets operate unrelated to each other, and under a different set of production climates and with disparate challenges. The CFFF 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.

#### How successful has the policy been for English language films?

##### Production and marketing budgets

The 2000 policy sought to increase production and marketing budgets for Canadian films to render them more competitive with U.S. blockbusters for audience share. The policy stated that “average production budgets are too small to sustain the more expensive genres of story telling,” and that “average marketing budgets are also inadequate in the face of the well-financed and heavily-promoted competition from Hollywood.”

Telefilm's 2003/04 Annual Report shows that the average budget for features was \$6.9 million,<sup>2</sup> up from \$2.5 million in 1999, and exceeding the \$5 million production budget threshold set by the policy. Likewise, marketing budgets for Telefilm-supported English-language features topped \$421,000 in 2003/04, just short of the \$500,000 target<sup>3</sup>.

##### Production volume

Our market is making fewer English language theatrical features today than when the policy was being drafted. CAVCO statistics demonstrate that in 2003/04 we made 26 or less than

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<sup>1</sup> *Profile 2005*, 4.8% total box office figures for first nine months of 2004, page 40.

<sup>2</sup> Telefilm Annual Report 2003-2004, page 21 and table: Canadian Feature Film Fund: Geographic Breakdown of Projects. In 2003/04 Telefilm funded 40 projects with total production budgets of \$252,358,000 with an average production budget of \$6.3 million.

<sup>3</sup> Telefilm Annual Report 2003-2004, page 21.

half the number of English language theatrical features made in 1997/98 when we had 54. The chart below further shows that although we have averaged about 45 films annually over the last five years, we have yet to reach the 1997/98 peak.

1997/98	1998/99	1999/2000	2001/02	2002/03	2003/04
54	45	49	42	50	26

#### Production budgets and volumes are still too low

Five years later, although the policy has managed to increase both average production and marketing budgets for Canadian features, we are making fewer English language films and those that do get made face the same challenges identified in 2000. Put simply, our films are not able to compete with higher volume, better financed and better promoted foreign fare.

U.S. blockbusters with production budgets in excess of \$100 million and print and advertising campaigns topping \$30 million have become the norm, and foreign films are often fuelled by higher production budgets than the English Canadian film average. For example, *About a Boy* had a \$33.4 million budget, *Chocolat* cost \$31 million, *Amelie* cost \$13 million and *Vera Drake* was made for \$9.9 million<sup>4</sup>.

Our production volume is also far below both 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<sup>5</sup>. France distributed 330 films internationally, Mexico 37, and the U.K. 45 in 2003 alone.<sup>6</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 CFFF be renewed for at least five more years to give our films the best chance to widen their audiences. Our continued partnership with government will help provide screenwriters and other creative talent with much-needed resources to tell compelling stories to Canadians. Telefilm must also support a wide range of genres and a mix of commercial and auteur films to grow our audiences by providing choice.

#### What can we learn from the Quebec experience?

Quebec's success is largely attributed to the undeniable fact that its films are protected by a language barrier against the tide of U.S. competition. But this is only part of the story.

#### Practice Makes Perfect

Practice makes perfect and in Quebec the majority of feature films are written by professional, experienced screenwriters. This is not the case in English Canada.

<sup>4</sup> Figures quoted in Canadian dollars, data compiled from [www.the-numbers.com/movies](http://www.the-numbers.com/movies) and press reports.

<sup>5</sup> Telefilm 2003/04 Annual report and Brian Fuson, "2004 Box office wrap," *Hollywood Reporter*, January 3, 2005.

<sup>6</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)

Television provides the perfect training ground for screenwriters to learn how to write popular and accessible works. In Quebec they understand this. Their screenwriters cut their teeth in a vibrant television drama sector that produces high volumes of series with long runs. For example, the *Watatatow* series surpassed its 1000<sup>th</sup> episode, while *Virginie*, *Marilyn* and *La Maison Deschenes* clocked 839, 300 and 289 hours respectively<sup>7</sup>.

In English Canada, however, television drama production has plummeted and there are fewer and fewer work creative opportunities for screenwriters and other talent. The 1999 CRTC Television policy removed drama-specific spending and exhibition requirements from our private conventional broadcasters, allowing Global, CTV and CHUM to fulfill their licences without doing any original drama. Although these broadcasters are strong earners, doubling their net profits from \$95.6 million to \$189.8 million from 2003-2002, they are spending less than 4% of revenues on indigenous drama while spending four times as much buying U.S. shows.

The WGC urges the government to direct the CRTC to review the 1999 TV Policy, as recommended by the Heritage Committee in its Broadcasting Report. A revised Canadian Television Policy must include drama-specific expenditure and exhibition requirements to ensure broadcasters fully support the sector by investing in high-quality drama.

#### Star systems build audiences

Quebec's screenwriters, directors and performers also have become household names through a well-developed 50 year-old star system. Every Quebec television network has its own magazine show to promote its personalities, and print magazines and newspapers feature their own celebrities at the supermarket checkout. 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.

In English Canada, our star system is non-existent with any and all entertainment press and television shows devoted almost exclusively to Hollywood stars. 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 had to devote a minimum 2/3 of the show to promoting Canadian film and television shows and personalities. Although English language conventional broadcasters Global, CTV, and CHUM, currently air their own entertainment magazine shows, they are dominated by Hollywood fare with little promotion of Canadian stars.

#### Finding the right measure for success

While there is room for improvement for English language films, the current measure of success might not be the most appropriate. Domestic box office comparisons can be misleading and there are simply not enough Canadian films produced to make them meaningful. Canadian English language films can also hold their own against foreign

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<sup>7</sup> Guy Fournier, *What About Tomorrow? A report on Canadian French-language drama*, Prepared for the CRTC and Telefilm Canada, May 2003.

independent films in similar genres although this is not reflected in their share of domestic box office figures. For example, Canadian film goes looking for a sports-theme chose Canada's *Men with Brooms* over the U.K.'s *Bend it like Beckham*, and those looking for darker subject matter opted for Canada's *Spider* more often than *21 Grams*.<sup>8</sup> A more meaningful yardstick may be to gauge Canadian films' success against foreign independently produced films with comparable production and marketing budgets.

### **CFFF Development, Production and Marketing Programs**

Telefilm's CFFF supports Canadian feature films from project development to domestic market launch. Eligible projects must achieve a minimum 8 out of 10 Canadian content points pursuant to the Canadian Audio-visual Certification Office (CAVCO) criteria. It is crucial that Canadian content criteria are maintained to ensure that taxpayers support Canadian culture. Only those projects written by a Canadian screenwriter and employing the highest level of Canadian creative participation should be eligible for public funding.

#### Development

In the film and television industry, it all starts with the script. In the words of Robert Towne, screenwriter of *Chinatown*, "until the screenwriter does his job, nobody else has a job." The script is interpreted by the director, performers, cinematographer, designers, editor and composer to become a completed audiovisual work.

Investing in script development is the single best way to increase a film's chances of success at the box office. In Hollywood, the ratio of scripts developed is about ten scripts for each film produced, while most studios strive to operate at twice this level to increase their odds of making a hit.

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.

#### Use a Professional Screenwriter

Most of the WGC's eighteen hundred members work in television – very few professional writers are engaged to work on Canadian feature films. It seems only logical that producers working with multi-million dollar budgets would engage experienced screenwriters, but that is not the case. In 2003, out of a total of 21 English language Telefilm-funded features, only twelve full contracts were signed with WGC members; in 2004 only six English language features were written by WGC professional screenwriters.

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<sup>8</sup> CFTPA Prime Time conference, Ottawa, ON, February 4, 2005, panel: *The Comeback of Features*.

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 enhance the quality of the project through their proven ability to write scripts that work on screen. They also 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. Paul Haggis, the Canadian screenwriter of the feature film *Million Dollar Baby* and a veteran television writer is quoted as saying “We just get one step better by making ten mistakes and television allows you to make so many mistakes and write so much...”

### More Money for Development

Part of a professional screenwriters’ reluctance to move to feature film is that few are willing to make the financial sacrifices required. WGC statistics show a decrease in the number of new feature film projects developed by professional writers with at least 60 minutes of produced film or television credits – decreasing 29% from 53 in 2002 to 38 in 2003.

Under Telefilm’s development financing program, producers engage a screenwriter to write the feature film script in various stages – treatment, drafts, polishes. This program funds development through the producer, to a maximum amount of \$150,000 per project, for scriptwriting and related expenses. Eligible related expenses include rights option or acquisition, story editor and research fees, budget preparation, market analysis and producer’s fees.

Under the WGC’s collective agreement, the minimum script fee for a feature film is \$47,286 dollars. According to the WGC database, in Canada the average length of time a script is in development is three years. If we divide \$47,286 over three years, a screenwriter receives \$15,762 for each year the script is in development. This is less than the \$19,656 annual minimum wage based on the 2005 general hourly wage of \$7.45, and clearly not much money for a professional.

Telefilm’s own guidelines entitled the “Producers’ Handbook” state that the WGC’s minimum script fee is a lot of money, thereby implying that a producer should think twice before paying the sum and certainly think again before paying more than the minimum. The handbook correctly advises that there are usually multiple drafts of a script before it is ready for production. The guidelines suggest that a producer may want to request a “few sets of revisions” in the writer’s contract but of course there is no mention of the accompanying payment.

The problem is obvious – there is not enough money available at this crucial stage of development. The solution may be to increase the \$150,000 or to limit the “related expenses” eligible for this financing.

### 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 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>9</sup>. This means that about 6.5% of funded projects piqued the interest of a producer – a huge success by our curious 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>10</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 making it into production and attracting audiences. These odds will also improve through more comprehensive marketing of the scripts to producers and distributors.

### Production Financing

The WGC fully supports maintaining and increasing production financing for Canadian feature films. WGC also believes that screenwriters and directors should be eligible for Telefilm’s performance bonuses. In this way, Telefilm will more fully support the fundamental contribution of screenwriters and directors to the creation and success of feature films in Canada.

### Distribution Financing

Telefilm requires all productions with budgets exceeding \$1 million to have a Canadian distribution company on board. The distribution agreement must guarantee the project’s

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<sup>9</sup> Telefilm Canada statistics, January 25<sup>th</sup>, 2005 show that 256 English language projects received funding.

<sup>10</sup> Peter Grant and Chris Wood, *Blockbusters and Trade Wars*, (Vancouver, Douglas & McIntyre, 2004), p. 63.

Canadian theatrical release within one year of its delivery, and provide for appropriate print and advertising expenditures for marketing purposes.

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.

Increasing private investment through distributor support

Although Telefilm provides distribution and marketing assistance to well-financed and profitable Canadian distributors including Alliance, Equinox, Mongrel and ThinkFilm, distributors are steadily decreasing their commitment to Canadian feature film production.

Since the policy was implemented, distributors have reduced their financial contribution to CAVCO-certified theatrical production by 14%. 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. This is unacceptable and all public support for distributors should be made contingent on their increased investment in the production of Canadian theatrical features.

The Canadian Investment Act also continues to allow a number of U.S. distributors to market films for which they hold acquired rights. These include Buena Vista, Dreamworks, Twentieth Century Fox, MGM/United Artists, Paramount, Sony, Universal and Warner Brothers. The WGC believes this provides an opportunity to increase available funding for Canadian feature films by charging a 5% tax on the revenues of all film and video distribution, with proceeds used to support the production and distribution of Canadian feature films.

Feature Film Advisory Group

The policy also established the Canadian Feature Film Advisory Group (CFFAG) with a 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.”

While this was a positive initiative to consult with the main stakeholders, Canadian screenwriters have been 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.

**Other direct and indirect support mechanisms**

### Telefilm

Telefilm is an essential component of the support structure in place 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.

### Canadian Television Fund (CTF)

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.

### CBC

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.

### National Film Board

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.

### Canadian Film and Video Production Tax Credit

The Canadian Film or Video Production Tax Credit (CFVPTC), administered by CAVCO, provides Canadian film and television projects with much-needed tax credit support. The WGC urges the government to adopt recommendations made by both the Standing Committee on Canadian Heritage and the Finance Committee in its 2004 pre-budget report to increase the CFVPTC to 30%.

### CRTC - Conventional Broadcaster Support for Canadian Feature Films

Private investment in Canadian films is lacking and our success can benefit greatly from increased private broadcaster support. 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 can be modelled on systems in place in other countries. For example, in the U.K., FilmFour, a division of Channel Four Television, has financed and broadcast about 300 films to date, averaging 20 feature films annually. This will provide both increased private investment through the licence fees paid for Canadian films, but also wider audiences for films aired on television.

The WGC urges the government to direct the CRTC to review its 1999 Television policy which removed requirements from private conventional broadcasters to support dramatic features and television series. A new Canadian Television Policy must include drama-specific expenditure and exhibition requirements to ensure private broadcaster investment in the development and production of high-quality drama.

### **Conclusion**

While the Canadian feature film policy set the foundation for increasing audiences, English language films continue to face significant challenges in attracting box office share and private investment. It is essential that the policy be renewed and that government support be augmented. However private investment should also grow to ensure that private broadcasters and distributors more fully support English language Canadian dramas and film production. Canadian distributors and broadcasters benefit from regulatory protection and can afford to provide more financial support for Canadian features.

The feature film policy must also recognize the different nature of the French and English language film sectors by providing market-specific support that will give English language films the right set of tools to attract wider audiences.

Experienced, professional screenwriters should be engaged to write our theatrical features to give them the best chance of attracting wider audiences and more script and concept development is necessary. Development funding provided by Telefilm and its Screenwriters Assistance Program should be enhanced, while broadcasters and distributors should be required to increase their investment. Finally, our feature films and television programs also need a real Canadian star system to promote Canadian screenwriters, directors and performers and build audiences for their works.