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TELEFILM
C A N A D A

FOSTERING CULTURAL SUCCESS

TELEFILM CANADA'S CORPORATE PLAN
2011-2012 | 2014-2015

FOSTERING CULTURAL SUCCESS

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FOSTERING CULTURAL SUCCESS

TELEFILM CANADA'S VISION

Telefilm Canada's mandate "to foster and promote the development of the audiovisual industry in Canada" remains as relevant today as it was when it was initially put into place. In fact, Telefilm has a more crucial role to play today: supporting this industry as it transforms its traditional business models to include digital platforms that give consumers much greater freedom of choice.

Since 1967, Telefilm has helped the industry develop its capacity for excellence in production by providing, among other things, project financing and training. Our input has contributed to a Canadian audiovisual industry that is now world renowned not only for its production quality, but also for its outstanding talent.

Great strides have been made toward achieving Telefilm's long-held mission to elevate the industry's production capability. The time has now come to address the next big challenge in the evolution of the industry. We must focus on stimulating audience demand in an increasingly competitive environment for consumer time, interest and money.

Government policies over four decades have contributed to steady progress for Canada's audiovisual industry:

- **1960s-1980s: Laying the foundations for an independent film industry**
- **1980s-1990s: Building production capacity in television and film**
- **1990s: Dawn of the Internet and digital media; diversification, expansion and reinvention of the audiovisual industry as a whole**
- **2000s: Emergence of the multiplatform era; a priority on building audiences**
- **2010s: Increasing access to Canadian content and stimulating demand**

A FOCUS ON STIMULATING DEMAND

One in two Canadians believe it's important for Canadian movies to be accessible in movie theatres in Canada.

One in three Canadians believes that our films are as good as those produced in other countries.

While building audiences has been among Telefilm's strategic goals, this corporate plan will need to make it the top priority. Telefilm and the industry are in agreement on this point. Statistics show that from 2001 to 2009 (the first nine years of the Canada Feature Film Fund), Hollywood blockbusters dominated 89% of the Canadian box office.

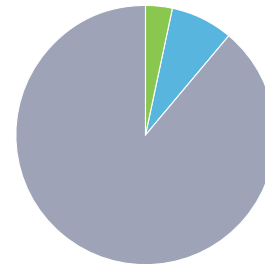
No matter how much effort and money are invested in developing talent and producing world-class content, Canada's audiovisual industry must make an adjustment to enter the next major phase of its development. The industry must balance its historic focus on production with an equally robust approach to ensuring that its productions stimulate audience demand.

Telefilm also has a responsibility to ensure that the works we fund have all the winning conditions – cultural and industrial, as well as commercial. Telefilm intends to focus a significant part of its energy on promoting Canadian talent and products through various events and distribution channels, ensuring the presence of Canadian content on all platforms.

SOURCE: RESEARCH NOW, AUGUST 2010

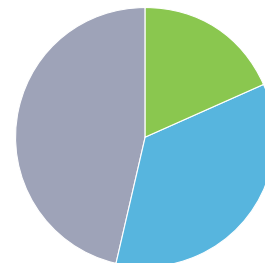
NO ONE
IS EVER GOING TO TAKE THE PLACE
OF HOLLYWOOD, NO ONE IN THE
WORLD CAN DO THAT. WHAT
WE CAN DO
IS ACTUALLY OFFER ALTERNATIVES
TO IT.

SIR ALAN PARKER, BRITISH DIRECTOR, PRODUCER, WRITER AND ACTOR, *BRITAIN: THE BIG PICTURE* (2000). DVD PRODUCED BY THE UK DEPARTMENT OF TRADE AND INDUSTRY AND THE UK DEPARTMENT OF CULTURE, MEDIA & SPORTS.



Canadian box office from 2001 to 2009

- Canadian films **3.5%**
- Foreign films **7.6%**
- American films **89.0%**



Number of films shown in Canadian movie theatres from 2001 to 2009

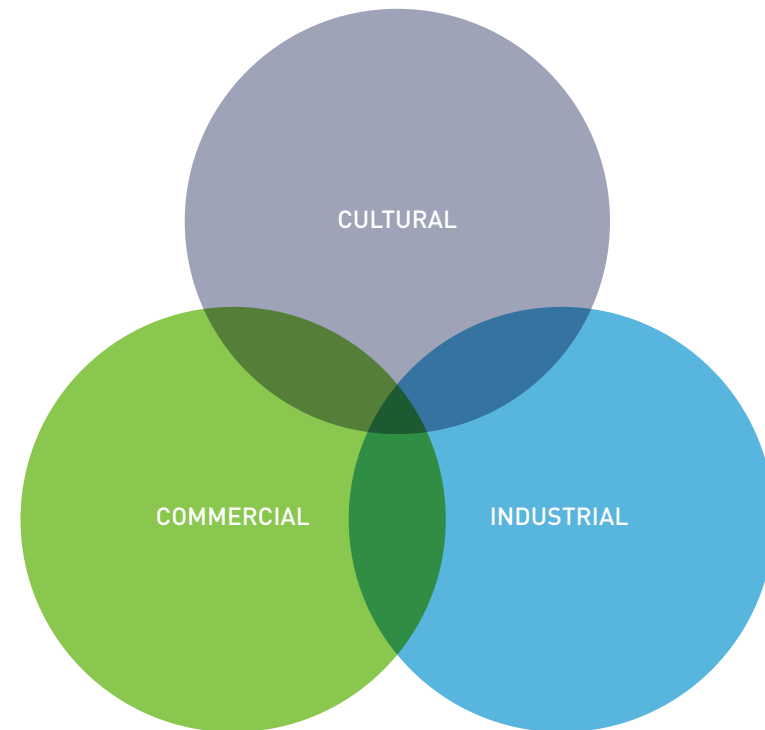
- Canadian films (764 films) **18.6%**
- Foreign films (1441 films) **35.1%**
- American films (1901 films) **46.3%**

SOURCE: MOTION PICTURE THEATRE ASSOCIATIONS OF CANADA (MPTAC)
NUMBERS DO NOT ALWAYS ADD UP DUE TO ROUNDING.

FROM FINANCIAL LEVER TO LEVER OF SUCCESS

Telefilm Canada is fundamentally a cultural agency, yet our cultural obligation is inextricably linked to our mandate of helping to develop a strong domestic audiovisual industry in Canada. As we place a higher priority on ensuring that the content we invest in meets a demand, Telefilm will insist on greater assurance of success in three fundamental areas: cultural, industrial and commercial.

Success Measurement Framework

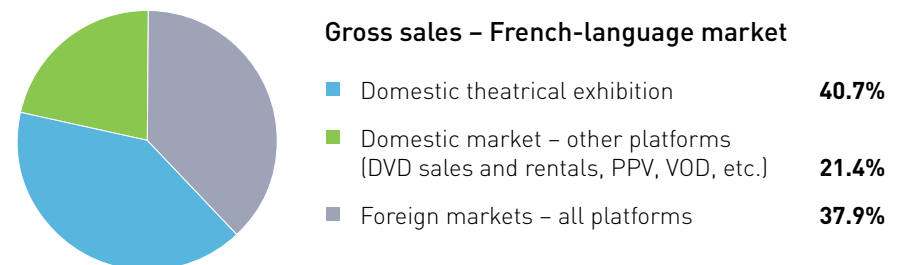
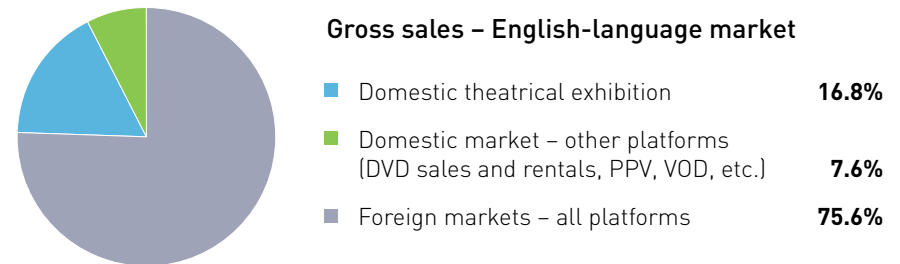


A BROADER MEASURE OF SUCCESS

Over the past 10 years, experience has taught us that box office figures simply don't tell the entire story. While box office continues to be an important measure of success, it must be looked at in conjunction with other factors. For example, overall success should also consider alternative viewings such as DVD and video on demand, and other factors such as critical acclaim, recognition at national and international festivals, and contribution to Canada's economy.

In fact, this issue is the same all over the world. In the U.S. film industry, 90% of films produced would not be considered successful if they were judged only on what they took in at the box office. In Europe, it is rare for a film to recover the cost of its release at the box office – an amount that doesn't even begin to address its cost of production.¹

In this context, the higher priority Telefilm will place on stimulating audience demand now requires a broader measure of success – a measure that will also include the commercial, cultural and industry value that a project can deliver. For this reason, Telefilm will pursue discussions with the industry and Canadian Heritage to create a new framework for measuring the industry's important contribution.



SOURCE: TELEFILM CANADA, FISCAL 2010

1. PETER S. GRANT & MICHEL HOULE, *BROADCASTER SUPPORT FOR CANADIAN FEATURE FILM EXPANDING THE AUDIENCE WITH TELEVISION PLATFORMS* (2009).

THE INDUSTRY PERSPECTIVE

In 2009-2010, at the outset of Telefilm's corporate planning process, the Board of Directors mandated the newly appointed Executive Director and management to embark on an in-depth analysis of the state of the industry. This analysis included a review of trends and issues, with original research as well as an extensive consultation process with all stakeholders – industry, government and Telefilm employees.

In this process, Telefilm learned a great deal that would eventually help us to shape our vision for the future. In addition, and perhaps more importantly, these consultations demonstrated that Telefilm and industry stakeholders agree on what is needed to ensure the long-term viability of the Canadian audiovisual industry. This augurs well for the collaboration that will be needed to plan and execute the concrete steps to realize Telefilm's new corporate vision.

Specifically, the industry wants us to:

- Play an active role in stimulating demand for its productions
- Provide market intelligence and generate innovative ideas for reaching out to markets
- Assist with financing not only through traditional programs, but also by finding and developing new financing sources
- Be a strong leader in the industry

SNAPSHOT OF THE INDUSTRY

- The film and television sector now directly employs more than 117,000 individuals on a full-time basis (i.e., full-time equivalent jobs [FTEs]) across Canada, including 46,100 FTEs in film and television production, and a further 71,100 spin-off FTEs in other industries.²
- The direct GDP generated by film and television production in Canada was \$2.8 billion in 2009/10. The spin-off GDP was an estimated \$4.0 billion. In total, film and television production in Canada generated just over \$6.8 billion in GDP in the Canadian economy in 2009/10.³
- Although production capability is now well developed in Canada, the industry still holds a small share of domestic market – 3.2% in 2010.⁴
- Consumption patterns for screen-based content are shifting toward interactive digital platforms:
 - Canada has a true broadband penetration rate of close to 70% of households.⁵
 - According to Ipsos Reid, weekly hours spent online (18.1) surpassed the number of hours spent watching television (16.9). Younger adults (18-34) are spending 20 hours a week online, compared to 18 hours for those over the age of 35. “The data indicates that not only are people of all ages spending more and more time online, but it also points to a shift in how online Canadians are consuming media and where they are spending their free time. Today, online Canadians are finding a myriad of entertainment options available to them within the walls of their homes. While some entertainment content has simply shifted from television to online, the Internet is also providing new content to Canadians.”⁶
 - Proportionally, Canada is the world’s top online video viewing country.⁷
- Overall in North America, 20% of all Internet downstream traffic at peak periods is from Netflix. Netflix launched in September 2010 in Canada.⁸
- Even though the impact of new non-traditional players is ramping up, old business models for feature film and television still predominate.
- Public money is still central to funding the development of Canadian content, and innovative programs are needed to attract private funds.

2. *AN ECONOMIC REPORT ON THE SCREEN-BASED PRODUCTION INDUSTRY IN CANADA*, PRODUCED BY THE CANADIAN MEDIA PRODUCTION ASSOCIATION IN CONJUNCTION WITH THE DEPARTMENT OF CANADIAN HERITAGE AND L’ASSOCIATION DES PRODUCTEURS DE FILM ET DE TÉLÉVISION DU QUÉBEC (2010).

3. *IBID.*

4. MPTAC; SHARE OF BOX OFFICE REVENUES.

5. LEONARD WAVERMAN AND KALYAN DASGUPTA, “CANADA AND BROADBAND: WHEN ‘BEHIND’ IS ACTUALLY AHEAD,” *THE GLOBE AND MAIL* (MARCH 5, 2010).

6. MARK LAVER, *INTER@CTIVE REID REPORT* (MARCH 22, 2010).

7. COMSCORE, *REPORT ON THE CANADIAN ONLINE VIDEO MARKET* (FEBRUARY 2009).

8. STEVEN J. VAUGHAN-NICHOLS, “THE INTERNET BELONGS TO NETFLIX,” *ZDNET.COM* (OCTOBER 22, 2010).

Achieving our vision

A NEW STRATEGIC DIRECTION

Telefilm’s new corporate vision embraces both building production capacity and stimulating demand for Canadian screen-based content. The industry and Telefilm agree that in order to have a strong and vibrant industry, audience development must be a strong component of the corporate plan.

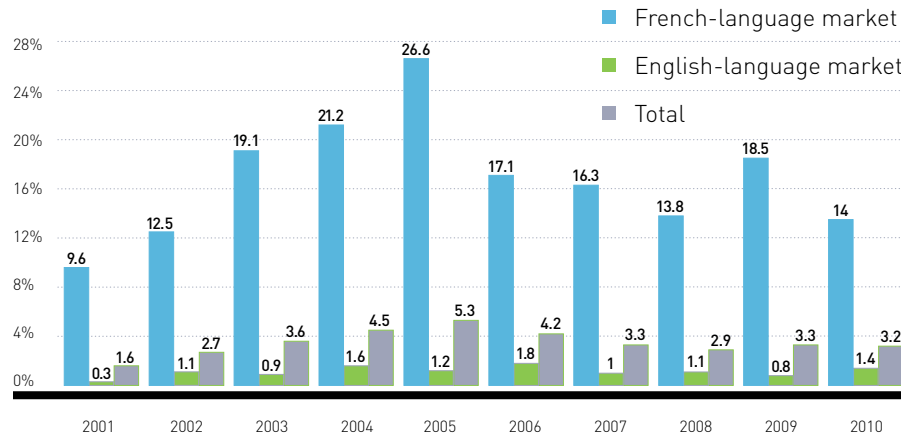
This shift is the next logical step in the evolution of our audiovisual industry, particularly in the ultra-competitive market of English Canada (see table below). In foreign markets as well, important opportunities exist for Canadian creators to reach new international audiences.

Our new corporate plan is built on the existing dynamic partnerships between industry representatives and Telefilm. By working together and finding synergies, we will ensure that Canadian screen-based content is accessible to the audiences it deserves – anywhere, any-time and on any platform.

Telefilm’s actions will be structured around four strategic pillars that are mutually supportive.

1. Maintain and expand Telefilm’s core role of funder
2. Develop our role as promoter
3. Provide thought leadership by developing and sharing industry intelligence
4. Reinforce Telefilm’s organizational excellence

Market share of Canadian films since 2001



SOURCE: MPTAC

FILMMAKERS SHOULD BE ASKING THEMSELVES:

- 1 WHAT AM I DOING TO MAKE MY AUDIENCE AWARE OF MY WORK?
- 2 WHAT HAVE I PROVIDED TO THAT AUDIENCE THAT ENGAGES THEM, OR INSPIRES THEM TO PAY ATTENTION AND THEN TAKE ACTION?
- 3 HOW AM I ACQUIRING DIRECT CONNECTIONS WITH MY AUDIENCE?
- 4 WHAT AMAZING, NON-COMMODITY PRODUCT CAN I OFFER THESE FANS WHO HAVE GONE ON THIS JOURNEY WITH ME?

BOB MOCZYDŁOWSKY, TOPSPIN MEDIA
 MICROFILMMAKER MAGAZINE (NOVEMBER 1, 2010)

Strategic Pillar no. 1:

MAINTAIN AND EXPAND OUR CORE ROLE OF FUNDER

Telefilm, best known as a source of public funding for Canada's audiovisual industry, allocates this funding through a series of structured programs. However, in a period of economic restraint and limited resources, we must expand our traditional funding approach to embrace innovation and advocacy.

- Telefilm will encourage the industry to diversify its funding sources. At the same time, we will investigate new sources on the industry's behalf.
- Telefilm will encourage the industry to take on more financial risk and be rewarded for it. For example, Telefilm will ensure that performance measures such as recoupment are better aligned with a risk/return business model.
- Telefilm will continue to develop coproduction as both a funding option and an important source of new audiences. Pooled budgets enable productions to be bigger and potentially more competitive in global markets, particularly when a foreign government's incentives and subsidies are included. A partner can provide access to its own market, and improve access to third-country markets. Since the inception of the CFFF, official international coproductions were responsible for approximately 47% of

NOT MAKING THE FILMS YOU WANT TO MAKE IS AWFUL,
**BUT MAKING THEM
 AND NOT HAVING
 THEM SHOWN
 IS WORSE.**

the total production budget, including foreign contributions to minority coproductions.

- Conditions will be simplified to obtain financial support. Currently, there are over 30 sets of guidelines for funding applications; we want to simplify and streamline this existing program structure to better serve our clients. The processes behind decision-making, contracting and disbursement will also be reviewed.

CLAUDE JUTRA, QUEBEC ACTOR, FILM DIRECTOR AND WRITER
LE CANADA AU GRAND ÉCRAN, MOUNT ALLISON
 UNIVERSITY (1994)

Strategic Pillar no. 2:

DEVELOP OUR ROLE AS PROMOTER

The competitive playing field for Canadian audiovisual production – particularly feature film – is extraordinarily challenging. With annual population growth of 1.1%, Canada is not likely to see its internal market grow significantly in the coming years.⁹ What's more, Canada is the only country outside of the U.S. that is considered part of the domestic market by the Hollywood studio system, and receives the full force of its marketing.

Canadian producers, broadcasters and distributors need to work together to ensure that content is properly showcased, viewed and sold. The emerging new media and distribution landscape is beginning to create opportunities to be more competitive. These exciting new platforms enable consumers to engage with the work of Canadian creators in new ways.

Telefilm will take on a more active role in the promotion of Canadian screen-based content by helping the industry further develop its capacity to promote productions in innovative ways; and by complementing this effort by using the resources and partnerships Telefilm has at our disposal.

- Telefilm maintains a presence across the country through its regional offices. We will leverage that presence to boost promotion efforts through targeted activities, networking and partnerships.
- Through decades of working abroad, Telefilm has built a reputation and an international brand. We will leverage our presence abroad to raise the profile of Canadian talent and content among foreign buyers, investors and audiences.
- Telefilm will leverage existing communication channels and activities (website, social media, speaking platforms, screenings, proactive public relations, etc.), and create

new ones to actively promote Canadian talent and the industry's success stories.

- On an operational level, Telefilm believes its funding decisions should require producers to demonstrate clear and innovative approaches for reaching audiences, and maximizing the appeal of the finished production.
- Telefilm will continue to promote emerging talent and creators from official language minorities and aboriginal communities. Promoting diversity is not only consistent with a healthy industry, it also encourages works truly representative of Canadian culture.

WRITING AND PUBLISHING A BOOK ON MARKETING MOVIES

MEANS ACKNOWLEDGING THAT THE SEVENTH ART IS ALSO A PRODUCT, THAT IT BELONGS TO A COMPLEX, RISKY ECONOMY, AND THAT WELL-THOUGHT OUT, WELL-PLANNED COMMUNICATION HAS BECOME NECESSARY, BUT RARELY SUFFICIENT. IN A WAY, IT MEANS BREAKING A TABOO, THE TABOO OF A RELATIONSHIP BETWEEN ART AND MONEY, BETWEEN ARTIST AND PROMOTION.

JEAN-FRANÇOIS CAMILLERI, *LE MARKETING DU CINÉMA* (2006)

9. STATISTICS CANADA, 2010

Strategic Pillar no. 3:

PROVIDE THOUGHT LEADERSHIP BY DEVELOPING AND SHARING INDUSTRY INTELLIGENCE

Canada's audiovisual industry is composed mainly of small to medium-sized production companies with limited resources. In this industry environment, Telefilm has a valuable role to play in gathering, analyzing and disseminating business intelligence that would otherwise not be produced and available.

- Currently, Telefilm compiles statistics in key areas such as Canadian box office, Canadian share of box office, audiences, production costs, etc. Telefilm will expand that function into an industry-wide bureau for monitoring and communicating market intelligence that will follow trends, identify market opportunities, report on best practices, etc.
- Telefilm is well positioned to become a catalyst for industry innovation. We will develop and support innovative thinking in areas that apply to the entire industry, such as new approaches to content creation, business models and marketing strategies.

- By monitoring and analyzing global market trends and outlooks, Telefilm will help identify opportunities to develop international markets.

- Gathering intelligence for the industry will also become a source of ideas for Telefilm in our pursuit of innovative funding and promotion alternatives.

PROFESSIONAL ARTISTS ARE INNOVATORS;

LIKE ANY OTHER INNOVATOR, WE NEED TO KNOW THAT OUR WORK – WHEN IT'S GOOD, WHEN IT'S ENJOYED – WILL HAVE VALUE... IF WE DON'T HAVE THIS INCENTIVE TO CREATE, WE WILL BECOME HOBBYISTS, AND CONSUMERS WON'T HAVE THE CONTENT CHOICE THEY ENJOY AND DEMAND. THEY WILL, INSTEAD, HAVE TO TURN TO CONTENT FROM OTHER COUNTRIES, THEREBY DESTROYING A BIG CHUNK OF OUR ECONOMY, THOUSANDS OF JOBS, NOT TO MENTION OUR NATIONAL VOICE AND IDENTITY. THAT HURTS ALL OF US.

CAROLE POPE, CANADIAN ROCK SINGER/SONGWRITER
PUTTING A VALUE ON CREATION, *THE GLOBE AND MAIL*
 (SEPTEMBER 2010)

Strategic Pillar no. 4:

REINFORCE TELEFILM'S ORGANIZATIONAL EXCELLENCE

Telefilm's effectiveness as an organization has a profound impact on our ability to lead the industry in its efforts to stimulate audience demand, and deliver more value.

Telefilm has been recognized by independent sources as a model of organizational excellence. A Special Examination Report from the Auditor General of Canada gave Telefilm positive reviews for our administration of funding projects, management of human resources, and for its strategic planning process.

Administrative costs are kept to a minimum, thereby maximizing financial resources devoted to developing and promoting the industry. However, Telefilm will always seek areas to make further gains in efficiency and effectiveness.

- Although Telefilm has made great strides in "de-bureaucratizing" operations, we believe we must further simplify programs and related guidelines while maintaining high performance standards and strong accountability for the public funds we manage. Our objective is to achieve a balance between appropriate due diligence and simplified processes. Efficiency gains will allow us to pursue other strategic goals.
- Becoming a flexible and agile administrator is an important priority for Telefilm. In a rapidly changing environment, due in large part to digital convergence, a simpler and more flexible approach to doing business will allow Telefilm to adjust rapidly to changes that have a material impact on our mandate, or on the industry's working environment.
- The Canada Media Fund relies on Telefilm's organizational skills to efficiently administer all its funding programs on its behalf.

STRUCTURALLY, THE BIGGEST ISSUE FACING INDEPENDENT FILM IS THE THEATRICAL DISTRIBUTION BOTTLENECK.

AS LONG AS THEATRICAL EXPOSURE IS THE DRIVING FORCE TO A FILM'S REVENUE STREAMS IN THE SO-CALLED ANCILLARY MARKETS, VIDEO/DVD, PAY CABLE, ETC., THEN THE EXPENSE OF THAT THEATRICAL RELEASE, THE CROWDED MARKETPLACE AND THE COMPETITION WITH STUDIO AND SPECIALIZED DIVISIONS OF STUDIOS FOR THAT SAME FILMGOER, CREATES A UNIQUE CHALLENGE."

GEOFF GILMORE, DIRECTOR OF THE SUNDANCE FILM FESTIVAL
 "THE STATE OF INDEPENDENT FILM," INDIEWIRE.COM (JANUARY, 2009)

MEASURING SUCCESS

The strategic imperative of stimulating audience demand calls for changes in the way we define and measure success.

Under our previous corporate plan, Telefilm’s success, and that of the industry, was measured by our share of the Canadian feature film box office. Today, this purely commercial definition of success has become unrealistically narrow not only in Canada, but also around the world.

It is, therefore, Telefilm’s belief that the definition of success must be expanded to include cultural, industrial, and commercial considerations. In consultation with key industry stakeholders and the Department of Canadian Heritage, Telefilm will look at developing criteria to measure a broader definition of success. Telefilm sees these more comprehensive measures being developed along three axes:

1. The inclusion of cultural, commercial and industrial value.
2. The inclusion of relevant platforms.
3. The inclusion of international markets.

Broadening the measure of success – Starting Hypothesis

■ CURRENTLY MEASURED → ■ POTENTIAL INDICATOR

	COMMERCIAL	CULTURAL	INDUSTRIAL
NATIONAL	Domestic box office	Awards, prizes	Jobs
	Domestic audiences on all relevant platforms		Contribution to GDP Private financing
INTERNATIONAL	Foreign audiences	Selection at festivals	Volume of coproductions
		Prizes	Foreign financing

CONCLUSION

Throughout our history, Telefilm has played an important role in building the Canadian audiovisual industry's capacity for production excellence. We have made great strides toward meeting that challenge. Today, Telefilm must become a broader catalyst for success by refocusing our efforts and resources on stimulating audience demand. This new goal re-energizes our mandate, and aligns our activities more closely with industry needs.

- This four-year corporate plan will be based on Telefilm's fundamental belief that a robust and disciplined approach to stimulating audience demand for Canadian screen-based content is the next logical step in the evolution of the Canadian audiovisual industry. Successfully executed, this vision will deliver more balanced cultural, commercial and industry value and, further, help ensure the long-term viability of the industry.
 - Consultations have shown that the industry wants many of the same things for itself that Telefilm wants for the industry. Accountability for public funds and flexibility in approach to business models are two of the most encouraging findings.
 - Stimulating audience demand will require a dynamic partnership between Telefilm and the industry to find more effective and efficient ways of promoting individual productions at a grassroots level, while also promoting the industry at a higher level. Telefilm has a leadership role to play in refocusing industry attention on stimulating demand, and instilling a culture of success.
 - Telefilm's vision for the future will be transformed into a new direction that is structured around four mutually supportive strategic pillars: maintain and expand our core role of funder; develop our role as promoter; provide thought leadership by developing and sharing industry intelligence; and reinforce our organizational excellence.
 - Our new strategic direction will require a broader definition of success. This will represent a departure from commercial value (i.e. box office) as the sole measure of success, and entrench the importance of audience demand as the common thread connecting all forms of success. A combination of commercial value, artistic/cultural impact and industry benefits will be used to develop specific measures in cooperation with the Department of Canadian Heritage and industry partners.
- This corporate plan signifies Telefilm's enhanced focus on stimulating audience demand. To achieve this goal, Telefilm has adopted the following principles to guide the decisions we will make in the months and years ahead:
- Actively **champion** a sustainable Canadian audiovisual culture
 - Redefine the **measure of success**
 - Reward **performance** and encourage **new thinking**
 - Promote **diversity** in all its forms in programs and policies
 - Be **open, transparent** and **accessible** to stakeholders, the industry and the public
 - Deliver **best value** to Canadians
- Telefilm will continue to consult with and work with the industry on the overall strategies that will help us to fulfill this corporate plan. Together, we will ensure that our industry remains strong, vibrant, and a source of pride for Canadians.

THE FOUNDATION OF TELEFILM CANADA

MANDATE

To foster and promote the development of the audiovisual industry in Canada.

VISION

Audiences everywhere demanding screen-based content created by Canadians – accessible anywhere, anytime and on any platform.

MISSION

To foster and promote the development of the Canadian audiovisual industry by playing a **leadership role** through **financial support** and **initiatives that contribute to its success**.

VALUES

Respect – Commitment – Client focus – Openness

GUIDING PRINCIPLES

- Actively **champion** a sustainable Canadian audiovisual culture
- Redefine the **measure of success**
- Reward **performance** and encourage **new thinking**
- Promote **diversity** in all its forms in programs and policies
- Be **open, transparent** and **accessible** to stakeholders, the industry and the public
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