

TELEFILM CANADA CORPORATE PLAN

2006-2007 | 2010-2011

PRIORITIES

2008-2009

**FROM CINEMAS
TO CELL PHONES**

**TELEFILM CANADA
RESPONDS TO THE
MULTIPLATFORM
CHALLENGE**

TELEFILM

C A N A D A

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1.0 | LETTER TO OUR STAKEHOLDERS

Many successes defined Telefilm's 40th anniversary year. We made fiscal 2007-2008 a year of innovation in policies, programs and administrative practices. As we enter our fifth decade, an unprecedented technological revolution is unfolding, offering us the chance to make the most of Canadians' entrepreneurial energy, creating new growth opportunities, and increasing economic returns in our industry.

Telefilm is reaching the midway point in its current five-year Corporate Plan, *From cinemas to cell phones* (2006-2007 to 2010-2011), and we are pleased to present this addendum – addressed to our stakeholders in government, the audiovisual industry, and the Canadian public – which takes stock of the challenges and opportunities we face and outlines the directions we will take in the remaining years of this plan.

Telefilm manages almost \$400 million a year in the promotion and support of the Canadian audiovisual industry, of which \$265 million is administered on behalf of the Canadian Television Fund (CTF). We also administer the Canada Feature Film Fund (CFFF) and the Canada New Media Fund (CNMF). In 2006-2007, we signed \$112 million in production contracts for Canadian feature films and interactive media. Each dollar generates about four dollars in production value, for a total of \$584 million.

Our strategic objectives are to build audiences for distinctively Canadian content; to help build the industry to meet its full potential; and to build value by efficiently administering our funds for the benefit of the industry we serve and the public to which we are accountable.

1.1 | Transforming culture

Beyond all else, we support talented Canadians in creating content that succeeds with audiences at home and competes around the world. One of our greatest challenges in the coming year is to ensure Canadians take full advantage of the multiplatform revolution as it transforms the production, distribution, marketing and, of course, consumption of audiovisual content.

There has never been such a huge shift in media habits as the one we've witnessed over the past decade. In 2006, total box-office sales in Canada amounted to about \$857 million, the bulk of it earned by foreign films. In the same period, interactive media content producers and enablers in Canada realized about \$5 billion in revenues. **The interactive media industry's most lucrative component is interactive entertainment. However, Canadian interactive entertainment companies are, for the most part, earning their revenues by developing intellectual property (IP) that is optioned to publishers and distributors through licensing – mostly to foreign-owned companies.** If we are to effectively continue investing in this sector we need to focus on building the industry's capacity so that burgeoning Canadian interactive companies can retain their IP. To do this, focused public policy initiatives need to direct investment to strengthening the business infrastructure of the dynamic interactive media industry. This strategy will be vital to positioning the overall audiovisual industry as a pillar of the Canadian economy.

1.2 | Looking forward @ Telefilm

These changes in technology and shifts in our cultural landscape mean that we must be prepared to adapt programs and processes in order to be more effective as the government's audiovisual cultural agency. We need to explore the idea of a single content creation fund responding to the needs of both traditional and interactive media content creators in this multiplatform environment

One content creation fund, regardless of platform, would increase the opportunities and efficiencies for expressing Canadian stories in traditional and new ways, maximizing audiences on existing and new platforms. One fund to support content creation would streamline and simplify the administrative process

while increasing the opportunity for multiplatform measurement and audience intelligence gathering. With the agility of an investor, the content fund would be able to respond rapidly in an environment that is continually influenced and affected by changes in technology and the habits of diverse niche audiences.

It is critical that the audiovisual industry remain committed to exploiting the growing multiplatform capacities that continue to open new windows of opportunity. To create a sustainable industry, the final product must be considered as a cluster of products designed for multiplatform distribution, rather than a single product designed for distribution on a single platform. Traditional television programs and feature films may generate creative concepts for games development, interactive Websites and mobisodes; or content initially designed for a console platform may be turned into a movie; we are now telling our stories on multiple platforms.

Telefilm must be a visionary and responsive leader. We understand that today's multitasking creators cannot afford to be working in silos – they need to share information and ideas. And while they focus on creating, Telefilm takes the lead in working with the industry and providing leading-edge business affairs practices and market intelligence.

1.3 | Modernizing the audiovisual tool kit

We are encouraged by the number of policy and regulatory reviews under way. We believe they will lead to a more modern regulatory structure that will reflect today's interactive media environment and enable Canadian companies to compete successfully tomorrow.

Telefilm will refine its strategies according to the recommendations of the Canadian Radio-television and Telecommunications Commission (CRTC) set forth, for instance, in its review of the CTF. One important aspect of all our plans will be to ensure that producers and creators reach the widest possible audiences through multiplatform delivery. Also, the findings of the Commission's New Media Project Initiative may provoke further strategic adjustments if the Commission concludes that it needs to regulate interactive media to meet the objectives of the *Broadcasting Act* and the *Telecommunications Act*.

To ensure effective leadership and guidance for the New Media Project Initiative, the CRTC established the New Media Advisory Committee, composed of senior representatives of Industry Canada, the Department of Canadian Heritage, the CRTC, the Competition Bureau of Canada and Telefilm. Telefilm is privileged to be a member of this forward-thinking policy forum, which will suggest ways to make the Corporation's multiplatform strategies more effective within the bounds of its budget.

In addition, Telefilm will continue to stress to the CRTC that its regulatory reviews must not erode the financing and promotional resources currently available to Canadian content from the broadcasting sector, and that the availability of shelf space for uniquely Canadian stories must be ensured.

1.4 | An internationally competitive industry

In the past year, the Department of Canadian Heritage has also been developing a new policy framework for international certified co-productions. A primary goal is to attract greater foreign investment to the Canadian audiovisual industry.

This is welcome! Canada needs to update its international co-production strategy to respond to new market forces, including the squeeze on investment sources; the dramatic drop in Canadian co-production activity since 2000; notable decreases in foreign-location shooting; the increasing popularity of indigenous content around the world; and the growing strength of Europe's production industries, which compete with Canadian producers for many of the same foreign investment sources.

Canadian co-productions have the advantage of showcasing Canada to the world, benefiting tourism and building on our foreign relationships. Boosting the made-in-Canada brand internationally will enhance Canada's business relations with our traditional partners and open the door to emerging trading partners. At home, co-

productions make Canada's feature film industry less vulnerable to fluctuations in the U.S. dollar, and additionally support the development of a highly skilled, knowledge-based work force.

1.5 | Renewing for the future

On a parallel track to these reviews by government, Telefilm will work closely in 2008-2009 with the Department of Canadian Heritage to renew the Canada New Media Fund. Canada's public investment in the interactive media industry must increase if we are to create new growth opportunities and greater economic returns for all sectors of the industry. But we also have to consider redesigning the CNMF in order to best serve this increasingly important industry. The value of ownership and control of intellectual properties is well demonstrated, and Telefilm is committed to increasing Canadian IP advantages in the global interactive media industry.

The National Training Program in the Film and Video Sector (NTPFVS) is also coming up for renewal in 2008-2009. As our country ages, it is important to replenish the Canadian talent pool, but in today's environment it is also important to retool our future workforce with the skills and approaches needed for creating content in a multiplatform universe. The audiovisual industry is no longer limited to film and video, and so we must consider additional resources for the NTPFVS, as well as funding to explore other initiatives that can provide mentoring and training.

Given Canada's rich history and experience, it is our obligation to help prepare future generations of content creators. We have proven to be a nation of skilled programmers who have attracted international recognition as the best in the world. The response to Telefilm's 2007 Great Canadian Video Game Competition certainly demonstrated our strong technical capabilities and story line capacity. Telefilm will evaluate the impact of this initiative and explore how it can be extended to other platforms to ensure that Canadian creators can continue to develop Canadian content and preserve their IP.

1.6 | Formula for success

Our definition of success in the interactive media industry will include growing capacities for multiplatform distribution, increased Canadian-owned IP and a strengthened business infrastructure that can compete on the world stage. By this we mean strong companies able to retain ownership in their content; mid-career professional development geared to regional, Aboriginal and multi-ethnic cultures; a creative, skilled labour force that includes the new generation of workers; and access to shelf space to reach Canadian audiences.

This approach, which has the potential to become a real Canadian success story, requires new investment, both private and public.

These elements will encourage Canadian talent to stay in Canada and contribute to our dynamic culture and a robust economy.

Telefilm's team remains committed to supporting Canadian talent creating Canadian content that engages Canadian audiences and the world.

This addendum to Telefilm Canada's Corporate Plan (2006-2007 to 2010-2011) details how we intend to move forward on these strategies.

A handwritten signature in black ink, appearing to read "S. Wayne Clarkson".

S. Wayne Clarkson
Executive Director

2.0 | BUILDING AUDIENCES FOR CANADIAN CONTENT

2.1 | Content on the move: audience success in the multiplatform universe

Telefilm must provide visionary leadership if the industry is to maximize its opportunities for success in the multiplatform universe. Determined to understand and read audiences, we are also now internally prepared to conduct business in a way that keeps step with the best-practice needs of multiplatform content creation.

As we establish new and more effective ways of working in this environment, we believe we will encourage industry members to do the same. Telefilm has already taken an innovative operational approach to achieve its objective of finding and nurturing better scripts.

We have created a Creative Content Group to allow our content analysts to be more proactive in developing scripts. Freed from past obligations to handle contracts and business affairs, content analysts help feed the creative pipeline with more scripts, which ultimately will have a better chance at succeeding because they've been nurtured by the focused attention of an expert devoted solely to development. Feature film executives in each office of Telefilm are responsible for green lighting projects at a local level. They also bring forward recommendations to the National Feature Film Executive for consideration at the national level.

But contracts and business affairs remain crucial for Telefilm and the industry, of course, which is why we have formed a Business Affairs Group to establish consistent practices for business analysts across all Telefilm programs and offices. Films, documentaries, new media, and training and development will all benefit from innovative best practices as Telefilm experts explore and adapt the most effective policies for financing and investing in multiplatform projects as well as traditional vehicles.

We need to encourage knowledge and information sharing. A feature film now has a life cycle that extends far beyond the box office. This means marketers must consider DVD and other digital distribution channels as integral parts of the business plan for any audiovisual project whose goal is to generate profits with a wide audience. The federal government film policy, *From Script to Screen*, requires Telefilm to measure audiences through box-office receipts, but the immense reach of ancillary markets is expanding the definition of audience success. The overall 5% objective of the Canada Feature Film Fund (CFFF) remains our ultimate goal; however, both Telefilm and the CFFF Working Groups recognize that performance targets must try to gauge the possible audience across multiple platforms.

The Department of Canadian Heritage also recognizes the need to develop technology that more accurately measures total viewership, so as to reflect the true box-office success of Canadian films. It is also studying ways to measure audiences on other platforms within the framework of the Canadian Feature Film Policy. Telefilm will continue to work with the Department to identify appropriate strategies for new audience measurement tools, and we will integrate non-theatrical audience data into our operations as it becomes available. A more comprehensive audience measurement formula will give us a truer sense of the fate of individual titles. For example, a film that has not succeeded in theatres may have a longer lifespan, and attract larger audiences, on other platforms.

By 2010, Telefilm hopes to be tracking audiences for Telefilm-financed projects on all platforms. This data will give us a more accurate reading and may also provide information that will help set public policy to effectively value interactive media content. We need to do this because projects have already evolved outside of our traditional film and video platforms. The sci-fi television series *ReGenesis* picked up a 2007 International Interactive Emmy for its interactive *ReGenesis Extended Reality Game*. *Rapspace.tv* is an online broadband hangout for the hip hop community. And *cafesonique.com* is an online social networking site for people in the music industry.

2.2 | English-language films: working together from pitch to market

In 2006, the feature film box office in Canada amounted to some \$857 million, up slightly from \$846 million in 2005. Canadian films accounted for 17.1% of the French-language box office but just 1.7% of the English-language box office. Given the differences between these two markets, Telefilm and the CFFF Working Groups have recommended to the Department of Canadian Heritage that realistic performance targets be set to reflect and acknowledge the distinct challenges.

The 1.7% share of the English-language box office in 2006 was an improvement from the previous year, which closed at 1.1%. The successful high-quality crop of English-language films released in 2007 – *Eastern Promises*, *Away from Her*, *Shake Hands with the Devil*, etc. – as well as the strong product to be released in the next 12-24 months should further this upward trend in the box-office share of English-language films produced in Canada.

The proposed objective for the English-language market is to build on the cumulative yearly average box-office revenues of \$7.5 million (over the last five years) to reach a new target of \$12.5 million by 2011. This target, if achieved, would represent a total growth of 67% over five years. Recent hits indicate that a goal of increasing English-language market revenue by increments of \$1 million per year is attainable.

Telefilm has set three priorities for film in the English-language market:

- Improve the quality of scripts, through professional development and increased funding at the development stage of production;
- Increase diversity of production, by supporting more genres in the portfolio and increasing support to underrepresented film production communities – regional, aboriginal, and multicultural; and
- Improve audience development and marketing strategies.

1. Stronger scripts

No one can deny the great importance of the development stage to later success at the box office. The right creative mix can make all the difference, from a compelling script, stellar casting and the best director for the job to the market experience of the project's principal investors. Beginning in 2004, Telefilm introduced a number of measures to strengthen the later stages of development by creating a new "packaging" stage in collaboration with directors and distributors and then a "green light" stage providing much-needed time and resources for the attachment of marquee cast and script polishing prior to pre-production. The hits we have seen recently are the result of these success-oriented strategies.

Encouraged by these results, as previously mentioned, Telefilm has restructured its operations so that local feature film executives in each office of Telefilm are responsible for making creative content decisions. Meanwhile a newly formed Business Affairs Unit helps close the deals for Canadian productions. A team of creative specialists, along with a higher ratio of development to production investment, will result in better quality scripts, greater diversity (including genre and cultural diversity), and more scripts to choose from to take to the

production stage. The goal: make higher quality films that will attract more audiences and generate interest in Canadian production.

In August 2007, Telefilm launched the Slate Development Pilot Program for the English-language market. Designed to help achieve the CFFF's primary objective of increasing Canadian audiences in theatres for Canadian feature films, this program requires the financial involvement of an eligible distributor at the development stage. One of the two objectives for the program is to invest, at the development stage, in slates of development projects for Canadian feature films with high box-office potential, in a range of genres.

2. Rejuvenated genre mix

English-language production in Canada is not well diversified by genre – we produce a great deal of adult drama, which attracts a certain audience profile, while we lose out on attracting family and children's audiences or those seeking more comedy, horror, documentary or science fiction.

Telefilm has launched several new initiatives to increase the diversity of production. We are broadening portfolio investments.

Telefilm will launch the Enhanced Development Program in the spring of 2008. Through a mix of project financing and creative mentoring by established writers, this program will support the development of market-savvy comedy scripts.

Building on the success of Canadian-produced feature-length documentaries launched in the past several years, such as *Les Voleurs d'enfance*, *The Corporation* and *Manufactured Landscapes*, Telefilm has confirmed its continued investment in the documentary genre through an enhanced performance envelope, and through the Theatrical Documentary Pilot Program. Telefilm will be evaluating this pilot program with its partners and the Working Group in 2008-2009.

3. Smarter marketing to targeted audiences

To help increase Canadian audiences for Canadian films, a second objective of both the Slate Development Pilot Program and the Enhanced Development Program is to strengthen the working relationship between producers, distributors and experienced creative mentors that will see the market involved earlier in the development process. We will continue to expand opportunities to improve the access of Canadian posters, trailers and feature films to theatres with the active participation of exhibitors in the CFFF Working Group and by promoting our slate of films to exhibitors at various venues including Show Canada and alternative film circuits.

Other priorities to strengthen the marketing of Canadian films include our focus on best practices: we need to produce better theatrical trailers and more of them; broadcasters need to be more involved in the promotion of new titles; conducting test screenings and focus group research during the production phase are essential; more precise audience targeting and identification; improved marketing training for the industry; and better collaboration between distributors, exhibitors and producers.

Over the coming year, Telefilm and the CFFF Working Groups will review the Marketing Program to ensure the program guidelines appropriately reward risk-taking in the market place and that the right balance of resources is allocated to achieve success.

Finally, Telefilm will continue to offer programs that support audience growth and increased awareness of high-quality Canadian films at Canadian festivals, film circuits and awards shows.

2.3 | French-language films: A critical mass of new titles

Film consumers in the French-language market continue to enjoy a high level of quality and polish in their homegrown cinema, and individual titles are making box-office records. *Nitro*, *Les 3 p'tits cochons* and *Ma fille, mon ange* are just a few of many French-language box-office hits in 2007. The drop in the French-language box-office share in 2006 (down to 17.1%, from 26.6% in 2005) is best understood as a consequence of the drop in the number of titles produced over the past two years – from 47 original titles in 2004, to 32 titles in 2006.

With fixed resources and ever-rising production and marketing costs the supply of French-language films is losing pace. At the same time, the box-office success of individual titles is leading to more ambitious and expensive projects. These factors mean fewer films are being financed and produced, which directly contradicts the Canada Feature Film Fund's objective for building a critical mass of productions for this thriving market.

The CFFF's French-language market goal is to maintain its current success levels by continuing to achieve average annual box-office revenues of \$22.5 million over the next five years. With resources at a standstill, this market clearly must innovate to continue to achieve performance, and that is part of Telefilm's strategy.

Telefilm has set three strategic priorities to continue to reach audiences in the French-language market:

- Increase access to alternative sources of financing, particularly from international territories;
- Extend the audience reach of successful French-language films into international markets; and
- Encourage the development and growth of French-language film production outside of Montreal and outside the province of Quebec.

Telefilm is also maintaining its International Marketing Program, a three-year initiative to encourage sales and pre-sales internationally. This program is especially needed in the French-language market, where success at home has not yet translated into success abroad.

Telefilm will pursue other initiatives aimed at giving Canadian producers and distributors a competitive edge in the international marketplace, an edge that opens doors for all segments of the industry, including sellers, buyers and investors.

To further encourage success abroad, resources are being set aside to support the development of projects intended as international co-productions. Analysis shows that international collaboration at the development stage greatly increases chances of significant market penetration in partnering territories.

These commitments, while having a positive impact for 2006-2007, will not lessen financial pressures in subsequent years. To move forward, Telefilm is developing new strategies in collaboration with the Department of Canadian Heritage, which are outlined in Section 3.

To facilitate the ongoing development of the industry for future generations and wherever French-language communities exist, Telefilm is also providing opportunities for emerging companies located outside Montreal and outside the province of Quebec to develop projects that benefit from the support of experienced mentors and writers.

3.0 BUILDING A ROBUST INDUSTRY

Telefilm's 40-year partnership with Canada's audiovisual industry has helped create an environment conducive to growth and success, initially for feature film and TV production and more recently for interactive media.

We know Telefilm's support of Canadian companies in international markets leverages international partnerships and strengthens the domestic industry. In 2006-2007, companies concluded more than \$100 million in sales internationally. An analysis of Telefilm's training and professional development programs, measured for their impact in 2006-2007, revealed that directors, creators and writers found some of the programs contributed significantly to improving their careers.

Sustainable and growth-oriented businesses depend on several key factors: fully exploiting the value of intellectual property for the benefit of the producer; accessing international financing; and developing high-level technical and market-savvy skills to function competitively in a multiplatform environment. In 2007, seven in 10 Canadians identified themselves as regular Internet users, a dramatic increase of more than 70% from 2000. Market expectations for new cultural experiences on a range of platforms will be a driver for innovation, and for attracting new audiences and revenues.

3.1 | The importance of international co-production

The business model of the Canadian film industry (a largely SME industry) is characterized by difficulties in securing private investment, a lack of participation from financial institutions due to market specialization, and concerns of perceived risks for financial partners, especially in the development and production phases. Random, hard-to-predict factors such as audience reception also increase the risks for small, financially limited productions and their investors.

Ideally, public funds should be used to leverage investment from private-sector partners. Government support for programs should reduce the level of perceived risk within the industry while stimulating private capital investment.

Canadian international co-productions bring off-shore investments to the Canadian industry. Canadian certified co-productions have been in serious decline since 2000, with co-production volume falling from a high of \$925 million in 2000 to \$349 million in 2005. Historically, most Canadian co-productions have been with European Union (EU) partners. However, new EU rules have led to an increase in intra-European co-productions that exclude Canadian partners. Today, Canada's co-production treaties with international partners are essentially outdated and less competitive. Our funding and policy initiatives for Canadian co-productions must play catch-up if we want our feature film industry to regain its position internationally.

One of Telefilm's key priorities over the next two years will be to collaborate with the Department of Canadian Heritage to modernize its co-production policies and ensure Canada's co-production treaties remain competitive in attracting international financing to Canadian films.

Telefilm's International Marketing Program supports Canadian companies in their efforts to increase foreign sales and to identify financing opportunities for production, distribution and sales companies. For the French-language market, which needs to sustain production of a critical volume of feature films, this program has developed asymmetrical industry development initiatives.

In collaboration with other industry partners, Telefilm offers a range of services and initiatives at international festivals and markets designed to help producers and distributors meet their international counterparts to discuss and conclude business deals; raise the profile of domestic

productions with Canadian and world audiences, as well as with national and foreign media; and offer the industry professional opportunities to develop business networks.

A survey conducted in 2006-2007 to measure the effectiveness of these initiatives found a strong return on investment for Telefilm dollars. Overall, for every dollar Telefilm committed in support at festivals and markets, Canadian companies reported five dollars in sales.

3.2 | Business development of Canada's interactive media industry

Interactive media is now firmly rooted in daily Canadian life – from work, entertainment and learning, to social networking and individual creativity. Given the pace of change and growth in the interactive media environment, the government and regulatory reviews currently underway are critically important. We have also gathered our own key findings by monitoring the success of our Great Canadian Video Game Competition. That initiative has shown us how valuable mentorship is to young companies. The competition was launched to create meaningful opportunities for Canadian firms to develop business skills while developing new, innovative game concepts. It pooled public- and private-sector resources and accessed highly valued private-sector mentoring. To build on this positive experience and to emphasize the importance of Canadian-owned IP, we will be rolling out a new multiplatform initiative in the coming year.

A key report published in 2006, the *Canadian Interactive Industry Profile*, reveals that despite having a more direct connection to the end user than the traditional filmmaker or television producer might have, Canadian interactive entertainment companies are largely developing intellectual property that is optioned to publishers, distributors or through licensing. Less than a third of all sales are direct. Moreover, about 70% of all business is specifically developed or produced for export.

Another key finding of the *Profile* is the lack of available sources of financing for the development of Canadian-owned IP. Content creators report cash flow and bank financing as their number one-ranked resource. The CNMF administered by Telefilm is ranked second, followed by friends and family.

The value of ownership and control of intellectual properties is well demonstrated, and Telefilm is committed to increasing Canadian IP advantages in the global interactive media industry.

Resources from business, the CNMF and Telefilm provide limited support to small and mid-sized companies to create made-in-Canada interactive media projects that entertain Canadians and the world. With only \$14.5 million in total annual resources dedicated to the CNMF in 2007-2008 and 2008-2009, Telefilm has realigned the Fund's objective to match our corporate objective of developing a robust, competitive infrastructure in the interactive media industry. We will aim to stimulate, leverage and bolster the ability of this emerging industry to go beyond the development stage to build capacity for more Canadian-owned production.

Last year, the Department of Canadian Heritage amended the terms and conditions of the CNMF, making the Fund more responsive to market forces and providing Telefilm with greater flexibility to administer it. Following consultation with the members of the Canadian Interactive Alliance in March 2007, Telefilm designed a new program aimed at enhancing the quality of product and events/initiatives supported by the Fund and attracting more third-party financing for the industry.

Within the upcoming year, Telefilm, in partnership with the Department, will host a series of meetings across the country with participants from all sectors of the interactive media industry. The objective of these meetings is to inform policy work designed to address the recommendation of the summative evaluation of the CNMF and to help guide Telefilm in the development of future actions related to its corporate plan.

3.3 | Encouraging a diversity of voices through career development

The industry's growth and success depends in large part on new talent carving out its place in a demanding, fast-changing environment. In the long term, Telefilm recognizes that talented creative people are the most critical contributors to a successful national audiovisual industry. And we need to act now on ways to properly replenish our talent pool, since funding for the NTPFVS is set to expire in 2007-2008. But we need to do more than renew it. We need to refurbish it and realign it to be in step with the industry's needs and priorities.

To prepare for the multiplatform environment, increased resources will be required. The audiovisual industry is growing and changing. Today's audiences want it all: from television, film, DVDs, and video-on-demand to online communities and programming and games for mobile devices. They are demanding more content delivered in different ways.

One of the ways to create strong, compelling Canadian content is to encourage a diversity of voices in the industry. Following the successful Spark Plug Program, which took emerging writer-producer teams from the development process through to the commercial pitch, Telefilm is updating its strategy to encourage the inclusion of Aboriginal creators in the industry. In 2008-2009, in consultation with the Aboriginal communities, Telefilm will develop a new strategy for emerging and mid-career Aboriginal professionals.

Telefilm is also updating its strategy to support creators from official-language communities in minority situations. Telefilm's newly branded Official Languages Activities Program will support events and training initiatives that assist content creators from official-language communities to hone their talents and skills and thus enjoy greater access to the CFFF and CNMF. Telefilm acknowledges the partial support of the Department of Canadian Heritage for this program through the renewal of Telefilm's Memorandum of Understanding with the Interdepartmental Partnership with Official-Language Communities (I POLC).

These programs will help develop new talent and diverse voices that enrich the production of Canadian content.

4.0 BUILDING VALUE FOR INDUSTRY AND PUBLIC

Telefilm celebrated 40 years of partnership with the industry in 2007 and words of congratulation flowed in from creators, producers, distributors and other partners across the country. Many saluted the Corporation's ability to adapt to the industry's changing needs – critically important today as basic technological infrastructures continue to advance.

Building on its strength as an efficient, results-oriented manager, Telefilm will address four new financial and administrative priorities in 2008-2009:

- renewing our service agreement with the Canadian Television Fund;
- updating and expanding our risk management plan;
- rolling out a new Human Resources Master Plan for the Corporation; and
- simplifying and improving our procedures to track client satisfaction.

4.1 | Our service agreement with the Canadian Television Fund

The first service agreement with the CTF ends in 2008-2009. The agreement foresees its renewal for another three-year period. Under the terms of the agreement, Telefilm is responsible for administering the CTF's Broadcaster Performance Envelopes and the Special Initiatives Stream. Telefilm has successfully delivered the program agreement below the 3% allotted for administrative costs. Having cut the cost of administering these programs by an impressive \$5 million annually since 2006, Telefilm will continue to use its strategy for success by streamlining administration, reinvesting the savings in the industry, and communicating these successes to our clients. Our pledge of performance using best management practices will continue in the coming year through regular outreach initiatives, client surveys and responsive regional offices as we work toward renewing our service agreement with the CTF.

In its 2006 *Report on the Future Environment Facing the Canadian Broadcasting System*, the CRTC noted that new technologies will have a greater impact on broadcasting and that public policy action will need to be taken within the next three to seven years to ensure the system remains relevant in a global interactive media environment. Telefilm will follow with interest the CRTC's current consultation process as it considers Canadian broadcast policy options.

4.2 | An effective manager: a new Risk Management Plan

Telefilm administers its operations according to sound management principles of transparency, accountability, efficiency and results. Telefilm brings its risk management strategy to bear in each division of the organization.

In 2008, Telefilm will update and expand its Risk Management Plan, beginning with a thorough assessment of potential risks and appropriate measures for control in mitigating the risks. This will be followed by the development of a schedule for implementing the updated plan. The plan will provide the Corporation with a sound basis for its operations, particularly important in today's climate of rapid technological change and expectations of responsible management.

4.3 | A new Human Resources Master Plan: a competitive advantage

A well-balanced, talented workforce is needed to ensure innovation and excellence, particularly with changing demographics, globalization and the rapid technology changes in our industry.

Our new HR Master Plan, *A Shared Project*, will put Telefilm ahead of the curve in its human resources management. This plan addresses the need to attract, integrate and retain a new generation of workers – coming from culturally and ethnically diverse backgrounds – who will eventually replace the retiring baby boom generation.

As the Corporation takes into consideration the new views of its broadened talent pool, along with the expertise of our older workers, we will challenge our traditional approach to human resource management.

Telefilm's new HR Master Plan addresses succession planning, mentoring, motivation and relationships, workplace environments, teamwork and collaboration, work and life balance, training, salary and benefits, and job satisfaction.

The implementation of this plan will require setting clear, well-aimed goals and linking these goals to performance objectives in our work.

Over the long term, Telefilm's renewal of its talent base will strengthen the Corporation's competitive advantage and assist it in successfully meeting its strategic objectives.

4.4 | Internal administrative processes linked to performance objectives

In 2008-2009, Telefilm will continue to implement accountability measures that are linked to its strategic objectives. We will simplify and improve our internal administrative processes to ensure they are linked to performance objectives and results-based management activities. We have already reviewed individual roles and responsibilities and introduced new reporting capabilities to link our stated work objectives directly to the corporation's everyday operations.

Ongoing enhancements to our internal IT systems will see more strategic linking of information – from individual managers' performance objectives, to the business processes of program and project lines, and to Telefilm's corporate objectives of increasing audiences, developing a robust industrial infrastructure, and efficiently administering our funds.

These simplified internal administrative systems will result in more effective ways to demonstrate that our staff is focusing on the right projects at the right time, and more efficiently. This alignment of our business plans and business processes through our internal information systems will provide a seamless system to monitor Telefilm's administrative performance objectives. This is an essential approach to managing the constant changes taking place in the industry, technically, culturally and economically.

Client satisfaction is a basic definition of success for Telefilm's operations. A client survey undertaken in 2006-2007 showed our clients want more transparency, accessibility and speediness in the area of services. Targeted actions specific to client feedback has already translated into positive results, as seen in the interim survey conducted in the Ontario region where overall client satisfaction rose from 6.68 in 2006-2007 to 7.31 in 2007-2008. In 2008-2009 we will publish our updated Client Service Charter to communicate our new promises of performance resulting from changes to our internal structure, procedures and programs. .

Telefilm's commitment to eTelefilm, its e-business tool for clients to submit applications and track the status of current and past projects online, will continue building on the successful results of last year's promotional campaign: 581 companies are now registered across the country, a 90% increase since March 31, 2007.

5.0 CONCLUSION

As Telefilm moves into its fifth decade, it is living in exciting and challenging times.

The multiplatform revolution is a major lever of change, as is the changing face of the Canadian population and the resulting shift in our workforce, from the retiring baby boom generation to more culturally and ethnically diverse workers.

This addendum outlines a strategic approach aligned to our corporate objectives, as set out in corporate plan, *From cinemas to cell phones* (2006-2007 to 2010-2011).

The last word in this report goes to thank the women and men who work at Telefilm – professionals all, who, with vision, commitment and energy serve the audiovisual industry and the Canadian public.