



National Film Board

For the
period ending
March 31, 1997



Improved Reporting to Parliament —
Pilot Document

Canada

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Foreword

On April 24, 1997, the House of Commons passed a motion dividing what was known as the *Part III of the Estimates* document for each department or agency into two documents, a *Report on Plans and Priorities* and a *Departmental Performance Report*. It also required 78 departments and agencies to table these reports on a pilot basis.

This decision grew out of work by Treasury Board Secretariat and 16 pilot departments to fulfil the government's commitments to improve the expenditure management information provided to Parliament and to modernize the preparation of this information. These undertakings, aimed at sharpening the focus on results and increasing the transparency of information provided to Parliament, are part of a broader initiative known as "Getting Government Right".

This *Departmental Performance Report* responds to the government's commitments and reflects the goals set by Parliament to improve accountability for results. It covers the period ending March 31, 1997 and reports performance against the plans presented in the department's *Part III of the Main Estimates* for 1996-97.

Accounting and managing for results will involve sustained work across government. Fulfilling the various requirements of results-based management – specifying expected program outcomes, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and report on achievements – is a building block process. Government programs operate in continually changing environments. With the increase in partnering, third party delivery of services and other alliances, challenges of attribution in reporting results will have to be addressed. The performance reports and their preparation must be monitored to make sure that they remain credible and useful.

This report represents one more step in this continuing process. The government intends to refine and develop both managing for results and the reporting of the results. The refinement will come from the experience acquired over the next few years and as users make their information needs more precisely known. For example, the capacity to report results against costs is limited at this time; but doing this remains a goal.

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Comments or questions can be directed to the TBS Internet site or to:

Government Review and Quality Services
Treasury Board Secretariat
L'Esplanade Laurier
Ottawa, Ontario, Canada
K1A 0R5
Tel: (613) 957-7042
Fax (613) 957-7044

National Film Board

Performance Report

**For the period
ending
March 31, 1997**

Sheila Copps
Minister of Canadian Heritage

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Section I: The Message

A. Minister of Canadian Heritage

The Canadian Heritage Portfolio Strengthening and Celebrating Canada

The National Film Board of Canada is a key component of the Canadian Heritage Portfolio. The National Film Board of Canada's main objective is to produce and distribute films and other audiovisual works which reflect Canada to Canadians and the rest of the world.

The Canadian Heritage Portfolio was created in June 1993 to consolidate national policies and programs that maintain Canada's cultural sovereignty and promote Canadian identity.

All Canadians are affected, directly or indirectly, by the efforts of the Canadian Heritage Portfolio. The department, agencies and Crown corporations contribute to the growth and development of Canadian cultural life, the promotion of a fairer, more equitable society, the nation's linguistic duality and multicultural character, and the preservation of Canada's national parks, national historic sites and heritage.

With its wide range of activities and responsibilities, the Canadian Heritage Portfolio contributes significantly to Canada's economic growth and prosperity, as well as to the enhancement of the values that bind us together as a unique society. Indeed, the United Nations Development Program has recognized Canada, for the third consecutive year, as the best country in which to live.

As Minister responsible for this important Portfolio, my work is to foster a strengthened sense of what it means to be part of the Canadian community. This includes enhancing pride in our country; encouraging participation in, and contribution to, our society; ensuring access to Canadian voices and spaces; and protecting our heritage. I am very proud and honored to have been entrusted with a mission so important for Canada's vitality, now and in the future. I trust that this report will help you appreciate the National Film Board of Canada and the Portfolio's contribution to these goals.

Sheila Copps
Minister of Canadian Heritage

The Canadian Heritage Portfolio includes:

- the **Department of Canadian Heritage**, responsible for broadcasting policy, cultural industries, arts policy, heritage, Canadian identity, multiculturalism, official languages, sport and national parks and national historic sites; as well as the Canadian Conservation Institute, the Canadian Heritage Information Network, the Cultural Property Export Review Board and the Historic Sites and Monuments Board of Canada.
- **six departmental agencies**: the Canada Information Office, the National Archives of Canada, the National Battlefields Commission, the National Film Board of Canada, the National Library of Canada and Status of Women Canada.
- **one independent regulatory agency**: the Canadian Radio-television and Telecommunications Commission.
- **ten Crown corporations**: the Canada Council, the Canadian Broadcasting Corporation, the Canadian Film Development Corporation (Telefilm Canada), the Canadian Museum of Civilization, the Canadian Museum of Nature, the Canadian Race Relations Foundation, the National Gallery of Canada, the National Arts Centre, the National Capital Commission and the National Museum of Science and Technology.
- As well, the Public Service Commission reports to Parliament through the Minister of Canadian Heritage.

B. Government Film Commissioner

The National Film Board of Canada was created in 1939 with the goal of putting the power of the moving image at the service of Canadians. This service has taken many forms over the years; newsreels before the days of television, sponsored films for government departments; innovative film installations for world's fairs; technical advances in film equipment, processes and media, and above all, giving Canadians of all ages and origins, but especially children in school, a sense of their country, their place in it and its place in the world.

Although we know anecdotally that the service we have provided over the years has had many beneficial results, our agency, like many others, has not in the past been particularly systematic or rigorous about evaluating our results. In part this has been because our work involves producing and distributing unique audio-visual works, making evaluation of results very difficult.

We welcome the new priority which the Government of Canada is placing on performance evaluation. It has prompted us to formalize our internal planning and reporting activities, and to rise to the challenge of finding ways to assess our performance, not just on straightforward matters like administrative efficiency, but also on more subjective matters like film quality.

This document reflects some of the efforts we have made toward improved performance reporting. We expect that next year's report will offer additional breadth and depth, as tools we are presently developing begin to bear fruit.

Sandra Macdonald
Government Film Commissioner
and Chairperson of the National Film Board of Canada

Section II: Overview of the National Film Board

The National Film Board of Canada (NFB) reports to the Minister of Canadian Heritage, who has the authority to administer the legislation governing this public film production and distribution agency.

Mandate, Roles and Responsibilities

Pursuant to section 9 of the *National Film Act*, 1950, the National Film Board of Canada “*is established to initiate and promote the production and distribution of films in the national interest and, in particular: to produce and distribute and to promote the production and distribution of films designed to interpret Canada to Canadians and to other nations; to represent the Government of Canada in its relations with persons engaged in commercial motion picture film activity in connection with motion picture films for the Government or any department thereof; to engage in research in film activity and to make available the results thereof to persons engaged in the production of films; to advise the Governor in Council in connection with film activities; to discharge such other duties relating to film activity as the Governor in Council may direct the Board to undertake.*”

To satisfy the social, cultural and technological changes that are occurring in Canadian society and which are inevitably affecting filmmaking, the NFB's mandate has been regularly reviewed since the adoption of the *National Film Act* in 1950. The Mandate Review Committee conducted the most recent review in 1995. It reconfirms the institution's value and role in Canadian society and filmmaking.

General and Operational Objectives

The National Film Board of Canada enriches Canadian society through the production and distribution of audiovisual works which provoke discussion and debate on important subjects; explore the creative potential of the audiovisual media; and achieve recognition by Canadians and others for excellence, relevance and innovation.

To achieve this objective, the NFB has adopted five operational objectives. Specifically, it seeks to:

- produce audiovisual works which are exceptional in terms of relevance, excellence and innovation;
- build and serve Canadian audiences and foreign markets efficiently and effectively;
- make the production process modern and effective;
- position the NFB at the leading edge of filmmaking;
- ensure efficient and responsible administrative management.

Strategic Priorities

The NFB intends to pursue the implementation of the *NFB 2000* plan of action, adopted in the wake of a strategic planning initiative and the re-engineering of the institution's business processes in 1995-1996. This initiative was partly in response to a projected 30% reduction in Parliamentary appropriation over a 3-year period. The key strategic priorities of the plan are listed below.

1. Give Priority to Film Production

- Maintain production capacity and quality
- Gradually replace permanent creative positions and rely on freelancers and in-house contract filmmakers
- Reorganize production infrastructure
- Digitize and make profitable technical services

2. Promote and Make Accessible NFB Film Productions

- Emphasize television as a means of dissemination
- Establish partnerships with public organizations and private distribution companies
- Facilitate access to the entire NFB film collection through new technology
- Reorganize marketing and distribution services and operations to ensure their cost-effectiveness

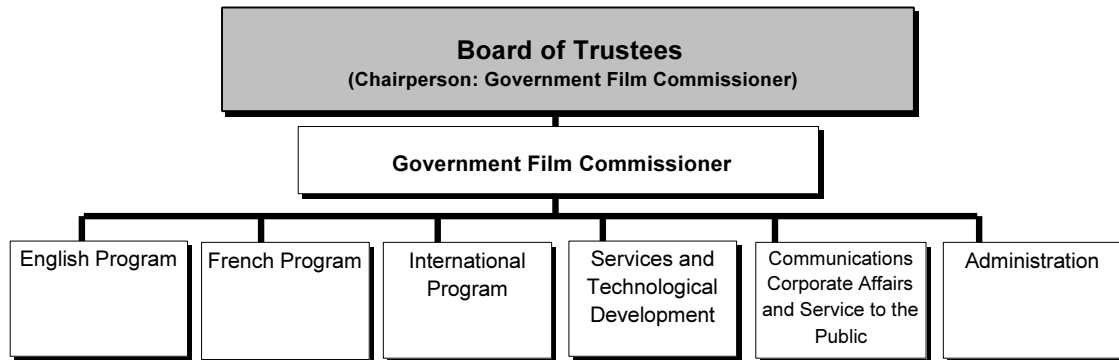
3. Ensure the Development of Filmmaking

- Explore new production approaches made possible by new technologies
- Test new digital and interactive production and distribution tools

4. Reduce Operating and Administrative Infrastructure to a Strict Minimum

- Eliminate peripheral operations
- Rely on computerization and new information systems
- Implement programs to reduce continuous staff
- Reorganize administrative processes

Organization Composition



Activity Structure

The NFB has only one activity, which is synonymous with its Program and currently consists of the following sub-activities: programming, distribution, technical research, training and administration.

Areas of Responsibility

The Program is directed by the Commissioner and is divided into six major areas of responsibility:

English Program, which manages production and Canadian marketing activities in the English language;

French Program, which manages production and Canadian marketing activities in the French language;

International Program, which is responsible for international sales and marketing activities and managing the NFB's participation in Canadian and foreign festivals;

Services and Technological Development, which comprises Technical Services, Informatics, and Research and Technological Development;

Communications, Corporate Affairs and Service to the Public, which comprises Communications, Corporate Affairs, Customer Services, the Stock Shot Library, collection and information management, and the various distribution support services;

Administration, which comprises the Commissioner's Office, the Planning, Program Evaluation and Audit Branch, the Administration Branch (Finance, Accommodations, Material Management) and the Human Resources Branch.

Section III: Performance of the National Film Board

A. Performance Expectations

The first year of the implementation of the *NFB 2000* plan of action has resulted in appreciable spending cuts, administrative streamlining and the re-engineering of processes.

Table 1: Resource Needs by Sector of Responsibility and Sub-Activity
(millions of dollars)

Sector of responsibility	Sub-Activity					TOTAL
	Programming	Distribution	Technical research	Training	Administration	
English Program	27.4	-	-	0.5	-	27.9
	30.1	-	-	0.9	-	31.0
French Program	15.6	-	-	0.8	-	16.4
	15.3	-	-	0.6	-	15.9
International Program	(0.3)	-	-	-	-	(0.3)
	(0.5)	-	-	-	-	(0.5)
Technological services and development	6.2	-	0.8	0.6	1.3	8.9
	11.6	-	0.8	0.1	0.4	12.9
Corporate Affairs and collection management	-	5.5	-	-	0.8	6.3
	-	5.4	-	-	0.9	6.3
Administration	-	-	-	-	6.0	6.0
	-	-	-	-	7.1	7.1
TOTAL	48.9	5.5	0.8	1.9	8.1	65.2
	56.5	5.4	0.8	1.6	8.4	72.7
% of total	76 %	8 %	1 %	2 %	13 %	100 %

Note: The shaded sections indicate net actual expenditures in 1996-1997, while the white areas indicate the main estimates figures.

Variance:

The principal variances between the Main Estimates and Actual come from Vote 5 allocation for severance pay and maternity leave (T.B. 825375-5) and from the funding of the workforce adjustment resulting from the Program Review (T.B.S 6/7 14)

Table 2: Comparison of total planned and actual expenditures, 1996-1997, by sector

(millions of dollars)

Activity	FTEs	Operating expenses (1)	Grants and voted contributions	Subtotal : Gross voted expenditures	Total gross expenditures	Less: Revenue credited to the vote	Total net expenditures
NFB operations	650	73.7	0.3	74.0	74.0	8.8	65.2
	582	81.7	0.3	82.0	82.0	9.3	72.7
Totals		73.7	0.3	74.0	74.0	8.8	65.2
		81.7	0.3	82.0	82.0	9.3	72.7
Cost of services provided by other government departments							0.1
							--
Net cost of program							65.3
							72.7

Note: The shaded areas indicate actual expenditures and revenues in 1996-1997.

(1) Includes contributions to employee fringe benefits, severance pay and the funding of the workforce adjustments.

Table 3: Planned and actual net expenditures by sub-activity

(millions of dollars)

Sub-activity	Actual 1993-1994	Actual 1994-1995	Actual 1995-1996	Total planned 1996-1997	Actual 1996-1997
Programming	58.973	61.880	57.312	48.610	56.525
Distribution	8.870	7.483	6.563	5.412	5.322
Technical Research	1.138	0.993	0.893	0.837	0.853
Training	2.926	1.826	2.400	1.850	1.600
Administration	11.520	9.891	10.089	8.100	8.489
Sub-total	83.427	82.073	77.257	64.809	72.789
Working Capital Required	(2.661)	2.901	(1.847)	0.375	(0.096)
Total	80.766	84.974	75.410	65.184	72.693

Variance:

The principal variances between the Main Estimates and Actual are come from Vote 5 allocation for severance pay and maternity leave (T.B. 825375-5) and from the funding of the workforce adjustment resulting from the Program Review (T.B. 6/7 14).

Summary of Performance Expectations

For 1996-1997, the NFB has committed itself in the *NFB 2000* plan of action to reorganizing its operations in order to better carry out its mission. Given the scope of these changes, we believe it is essential to examine separately performance expectations from the standpoint of operations and the Program.

Expectations in the Realm of Management

Offer Canadians:	To be demonstrated by:
the efficient, effective management of its activities and resources	<ul style="list-style-type: none">• major structural changes adopted in all sectors of NFB operations;• the implementation and results of the workforce adjustment program;• the implementation of a new information system;• the implementation and results of cost-recovery programs

Expectations concerning Program Results

Offer Canadians:	To be demonstrated by:
the production of audiovisual works that reflect life in Canada and Canadian perspectives in order to heighten a knowledge and understanding of Canada	<ul style="list-style-type: none">• the volume of production• the diversity of creative perspectives• the quality of production
the effective distribution of these audiovisual works in various circuits and exhibition markets with a view to reaching audiences	<ul style="list-style-type: none">• the development of markets and audiences in Canada• the development of markets and the broadening of the NFB's influence abroad
access to a genuinely Canadian audiovisual heritage	<ul style="list-style-type: none">• access to greater numbers of audiovisual products• improved information, consultation and film delivery systems
a creative environment that contributes to the advancement and development of Canadian filmmaking	<ul style="list-style-type: none">• innovative, experimental works from an artistic and technical standpoint• testing of new production and distribution technologies

B. Performance Accomplishments

1. The Efficient, Effective Management of its Activities and Resources

The multi-year NFB plan of action approved by the Board of Trustees at the beginning of the 1996-1997 fiscal year contains major changes that will enable the institution to maintain production capacity and quality despite significant cuts in its operating budget. The NFB sought to implement most of the changes in 1996-1997 to ensure that it was able as soon as possible to devote all of its energies to carrying out its mandate and basic operations.

1.1 Structural Changes

The reorganization of structures for managing production and marketing operations in each of the two Programs has basically been completed. All production offices have been maintained across the country, the management of the Programs has been streamlined and personnel adjustments have essentially been completed. The International Program has completed its reorganization in accordance with the new marketing methods observed in the different foreign markets.

In the area of collection management, the distribution system has been rationalized, principally through the closure of NFB owned audiovisual libraries and transfer of the collections to public libraries. All aspects of collection management, including vaults, stock shots, rights and audiovisual references, have been brought together in a single section to facilitate coordination of these activities. Moreover, FORMAT, (the NFB's film cataloging system) documentary archives, phototheque, reference library and preview library services should all be integrated this year into a Audiovisual reference - Services unit.

In Technical Services, the Laboratory, Graphic Services, Printing, Engineering and Technical Coordination have been closed and the Shooting Stage has been taken over as a private enterprise by a former employee. The Location Equipment, Editing, Picture Post-production (Visual Effects), Picture Post-production (Video) and Sound Post-production sectors have been restructured so as to better adapt them to the production volume and needs of the two Programs. The latter services have been evaluated and recovery rates have been set in light of their true cost. The rates are reviewed and adjusted regularly to ensure that they meet the objectives of cost-effectiveness and customer satisfaction.

Changes have been made in senior management, Administration and Human Resources. Only a handful of positions remain to be abolished once the Oracle financial system and the PeopleSoft human resources system are fully operational.

In Informatics, all microcomputer coordinators have been brought together in the central Informatics section. Restructuring of this section will be finalized once implementation of the new information systems has been completed.

The NFB's administrative infrastructure is now basic and flexible enabling it to devote a maximum of resources to film production and distribution.

1.2 Staff Reductions

The staff reduction plan implemented during previous budget cuts was stepped up with the introduction of the *NFB 2000* plan of action. The following table indicates the number of staff at the end of each of the last three fiscal years and reveals the extent of staff reductions.

Table 4: Staff Reductions

	Continuous employees	Temporary employees Three months or more	Total
March 31, 1995	624	154	778
March 31, 1996	521	139	660
March 31, 1997	361	128	489

It should be noted that the NFB reduced the number of continuous employees by 30% in 1996-1997. Other positions will be abolished in 1997-1998. In most cases, the employees occupying these positions have already been notified. This human resources reorganization plan was developed in consultation with the unions and in accordance with the collective agreements and letters of agreement, while ensuring the maintenance of key skills in the different areas of the organization.

1.3 New Information Systems

The new Oracle financial software went into service last December. This system has seven fully integrated modules: General Ledger, Accounts Receivable, Accounts Payable, Inventory, Purchasing, Project Accounting and Order Entry. An eighth module, Sales and Marketing, will be installed in 1997-1998. The PeopleSoft human resources software will be implemented toward the end of the year. Once these systems are fully operational, the staff cuts associated with their introduction will take effect for continuous employees in administrative support and informatics.

An internal audit of the implementation of the new system was undertaken during the year and confirmed the maintenance of the integrity of data and compliance with control measures. In the short term, intensified training efforts and the strategic support of system administrators should round out the consolidation of the new system.

1.4 Cost-Recovery Programs

The NFB has adopted cost-recovery objectives in domestic Marketing and the International Program, the Stock Shot Library, and internal Technical Services in respect of NFB productions and co-productions.

The cost-recovery programs in Marketing are being implemented on a 3-year plan. The International Program is already a profit centre, while the two domestic Marketing sectors have reorganized their infrastructure, reduced costs and maintained revenues at the same level.

Table 5: Cost Recovery - Marketing

(millions of dollars)

		1995-96	1996-97
Operational Costs			
	English	7.562	3.644
	French	4.096	2.170
	International	2.395	2.131
		14.053	7.945
Revenues			
	Distribution	6.288	5.455
	Pre-sales	0.563	0.607
		6.851	6.062
Net amount		(7.202)	(1.883)

While considerable progress has been made with respect to cost-recovery in the Canadian marketing sector, the remaining shortfall may take a bit longer and be a bit harder to overcome than was initially thought.

The Stock Shot Library is already making a profit and seems to have the potential for increasing its revenues.

Technical Services, which have the objective of providing services on a cost-recovery basis through a system of rates based on true costs, expects to balance its budget this year for all of its services but will have to adjust operating costs in each of its components to ensure that only services that are competitive in terms of cost and quality continue to be offered internally. Internal services now represent an average 25% saving over comparable services purchased externally.

The NFB believes that it has, with the support of the institution overall, met the challenge of organizational change and that the key facets of its renewal and vitality are now in place. During the coming years, the NFB will consolidate these changes and mobilize its staff to attain its objectives and fulfill its mandate.

2. The Production of Audiovisual Works that Reflect Canadian Perspectives for the Purpose of Broadening a Knowledge and Understanding of Canada

In order for NFB films to have the desired impact on Canadian and foreign audiences, it is essential to maintain a sufficient number of relevant, quality productions displaying a wide array of creative outlooks. The NFB believes that it made giant strides in implementing these conditions in 1996-1997.

2.1 Maintenance of Production Capacity and Volume

As the following table shows, the financial resources spent in film production have remained stable although the overall net cost of the program has decreased.

Table 6: Maintenance of production resources

(in millions of dollars)

	Actual 1995-1996	Actual 1996-1997
Production	45,659	45,630
Net cost of program	77,257	72,789

This can be explained by the NFB's objective of maintaining film production and achieving reductions, first and foremost, in other areas. While the reductions are spread over three years, the NFB's own reduction program was achieved largely during 1996-1997.

As the following table reveals, the volume of output was maintained above the objective of 85 productions that the NFB set in its long-term plan of action.

Table 7: Original Productions

	NFB Productions	Co-productions	Total
Original films in French	8	2	10
Original films in English	15	1	16
Original films - multilingual	5	3	8
French original videos	15	8	23
English original videos	26	15	41
Original videos - multilingual	1	--	1
Multimedia productions	1	2	3
Total	71	31	102

In light of the production cycle, which extends over more than one year, the number of productions completed in 1996-1997 is more a reflection of prior investments than the attainment of long-term objectives. The reduction in the number of co-productions partly reflects the NFB's intention to invest a larger proportion in each co-production but in fewer of them, to ensure that the institution maintains a high level of creation impact and control in its co-productions.

2.2 Diversity of Creative Outlooks

It is important for the NFB to rely on the broadest possible pool of filmmakers to allow for the expression of a wide range of perspectives on Canadian life. For this reason, the NFB adopted a series of measures to ensure that it has access to all Canadian filmmakers. Permanent filmmakers' positions were reduced by 17% in 1996-1997, which means that the Board can call upon greater numbers of freelance filmmakers and in-house contract filmmakers.

Goals were established, and in certain cases specific programs or mandates created to ensure that the diversity of the NFB's creators mirrors the diversity of Canadian society. In 1996-1997, nearly half of the films were directed or co-directed by women, the result of a plan adopted several years ago to broaden access by women filmmakers to production. In 1996-1997, the English Program set up a decentralized Aboriginal Filmmaking Program across Canada, which has made it possible to launch a significant number of film projects. The French Program is relying on the "Cinéastes autochtones" project to offer Native peoples an opportunity to express their concerns through the film medium. Certain producers have been given a special mandate to cultivate new filmmakers from under-represented communities.

The NFB has maintained its general support for upcoming filmmakers through its assistance to emerging independent filmmakers. As the following table shows, 262 projects have benefited from NFB support across the country.

Table 8: Number of Projects Supported

	1994-1995	1995-1996	1996-1997
Aide au cinéma indépendant Program (ACIC)	82	32	77
Filmmaker Assistance Program (FAP)	197	207	185
Total	279	239	262

These two programs defray the costs of certain filmmaking equipment and services that are provided by private technical service providers or the NFB. The NFB seeks no control of these projects; the assistance programs are aimed at encouraging experimentation and professional development by new filmmakers.

2.3 Quality of Production

The interest of Canadian and foreign viewers in NFB audiovisual productions is largely the result of the latter's quality in a world where the quantity, quality and diversity of audiovisual products are growing. In this first report on its performance, the NFB has decided to use as a yardstick of the quality of its films the recognition they receive at home and abroad, as indicated by the number of awards won at various film festivals.

Table 9: Awards won by NFB Productions

	Average, 1993-1996	1996-1997
Canadian awards	25	43
Foreign awards	69	61
Total	94	104

It should be noted that, in 1996-1997, the number of awards won by NFB productions increased in relation to the average of the three preceding years because of a strong showing in Canadian festivals. These awards cover production in recent years. As for production launched in 1996-1997, it is still too early to assess the situation since it usually takes two or three years for the distribution cycle to peak.

Major **Canadian** honours were given to several NFB productions and co-productions.

- ***Place of the Boss: Utshimassits*** won the Academy of Canadian Cinema and Television's Donald Brittain Award for Best Documentary Program;
- ***The Mind of a Child*** won the Academy's Canada Award, which celebrates productions promoting multiculturalism;
- ***La Plante humaine***, the first feature-length animation film produced by the NFB, was awarded the prize for Best Feature Film by the Quebec film critic's association and Québec's cultural development agency at Rendez-vous ducinéma québécois;
- ***The Lost Garden - the Life and Cinema of Alice Guy-Blaché***, won the Géméaux prize for best documentary;
- ***Le Sort de l'Amérique***, Jacques Godbout collected the Hot Docs! (Toronto) award for Best Direction of a Documentary;
- ***Dinner For Two/Diner intime***, took the Grand prix des Amériques for Best Short Film at Montréal's World Film Festival;
- ***Toutatis***, captured the Ministry of Culture and Communications Prize awarded to Québec's Best Science Film at the TéléScience Festival;

- ***In My Own Time - Diary of a Cancer Patient***, won a Gemini award for best direction for a documentary and the special jury award at the Yorkton Festival;
- ***The Legend of the Flying Canoe***, won the Viacom Canada Prize for Best Canadian Production at the Ottawa International Animation Festival;
- ***Lodola***, won the following this year: special mention by the NFB John Sprotton Award jury selecting the Best Short Film at the Toronto International Film Festival; Award of Excellence for the Best Film or Video Under 60 minutes at the Atlantic Film Festival in Halifax; award for Best Choreography for the camera at the Moving Pictures Festival in Toronto; award for Best Canadian Film at the International Art Film Festival in Montréal; Best Short Film prize from the Canadian Independent Film Caucus' Hot Docs! awards;

Of the many honours awarded to NFB films and filmmakers on the international scene, the following prizes need to be mentioned:

- ***La Salla*** was nominated for an Oscar from the Academy of Motion Picture Arts and Sciences in the category of best animation film, the NFB's 61st nomination;
- ***The Boys of St-Vincent*** won a Peabody Award in New York. The Peabody is considered to be the most prestigious prize offered by the American Broadcast and Cable industry;
- ***Épopée*** collected the prize for Best Documentary at the Festival de Namur in Belgium;
- ***Bob's Birthday*** was awarded the First Prize in the Animation Short Film Category at the South Beach Film Festival in Miami, U.S.A.; a Diploma of Honour, at the International Short Film Festival, in Sukagama, Japan; the jury award at the Gravity Free Film Festival, in Jamestown, U.S.A.;
- ***Dinner For Two/Dîner intime***, was awarded the Unicef Prize for Best Short Film at the 20th Children's Film Festival, Berlin, Germany;
- ***The End of the World in Four Seasons/La fin du monde en quatre saisons*** won the Best film in competition at the International Short Film Festival, Portugal; The Prix de la Critique internationale at the International Short Film Festival, Cracovie, Poland;
- ***In My Own Time - Diary of a Cancer Patient*** won the Gold Award in the Biographical Film Productions Category at the Houston International Film Festival - WorldFest, Houston, U.S.A. and received also the CHRIS Statuette Award at the 44th Columbus International Film and Video Festival, Columbus, U.S.A.;
- Native filmmaker Loretta Todd won the Best Short Documentary Program prize for ***Forgotten Warriors*** at the American Indian Film Festival in San Francisco and, for ***Hands of History***, Todd won a Gold Apple Award from the National Educational Media Network Competition in Oakland, California;

- Les Journées cinématographiques d'Orléans (France) paid tribute to the filmmaking career of **Pierre Perrault**. Several of his films were screened. In addition, the Musée du Jeu de Paume (France) also organized a retrospective of Perrault's work.

3. The Efficient Distribution of such Productions in Exhibition Networks and Markets in order to Reach Audiences

3.1 Market and Audience Development in Canada

- **Television Market:** Considerable effort focused this year again on the distribution of NFB films through major public networks and specialized networks, in order to reach a wide audience and specialized viewers at the lowest cost.

Table 10: Number of Telecasts

	1994-1995	1995-1996	1996-1997
French-language TV broadcasts	262	339	513
English-language TV broadcasts	3,573	4,743	3,454
Total	3,835	5,082	3,967

While 1994-1995 was an outstanding year because of the start up of numerous new networks that drew on the NFB's extensive collection, 1996-1997 was more stable in relation to previous years. NFB productions should enjoy an ongoing, significant presence on Canadian television. It should be noted that new French-language specialized channels are now offering new niches for NFB films.

Table 11: Television Revenues

(in millions of dollars)

	1994-1995	1995-1996	1996-1997
Royalties	1.433	0.678	0.543

The good performance of 1994-95 is essentially due to the major sales of NFB films to the new specialty services, as explained above. The decrease in royalties for 1996-97 is due to an abrupt drop in the prices paid by networks and specialized services for the acquisition of outside productions (the drop in prices is blamed on the fragmentation of markets and audiences, budget cuts at the CBC, and the effect of the CTCPPF, which offers a license top-up to independent producers, but for which the NFB, as a government agency, is not eligible). It is also due to the focus that the NFB has put on television presales rather than on the sale of finished products. Pre-sales are accounted for in production budgets, rather than revenue.

According to the Nielsen reports, the NFB estimates that a minimum of 40 million viewers watched NFB films last year. This figure underestimates the NFB's actual television audience since it excludes one-third of the broadcasts, presented on the specialized channels, which are not reflected in the Nielsen statistics.

- **Theatrical Market:** This market is made up essentially of animated films that complement commercially exhibited feature films. During the year, four NFB short films were paired with American or foreign feature films under an agreement with Famous Players. This led to a significant increase in the number of showings in commercial cinemas.

Table 12: Theatrical Bookings

	1994-1995	1995-1996	1996-1997
NFB film theatres	75	141	6
Commercial cinemas	27	86	437
Imax cinemas	5	5	5

The NFB closed its remaining film theatres during the year in conjunction with the measures adopted to deal with budget reductions.

An estimated 3 million viewers saw NFB films exhibited in commercial cinemas this year.

- **Non-Commercial Distribution Market** The NFB bolstered its partnership program with public libraries and now enjoys a solid network across the country. As a result, it shut down its own film rental service during the year.

Table 13: Film Rentals and Loans

	1994-1995	1995-1996	1996-1997
Rentals - NFB	119,793	61,498	17,669
Loans – partners	161,997	130,862	216,931

The establishment of a 1-800 call centre offering extended operating hours is enabling the public to purchase films and to find out about the nearest libraries from which they can rent or borrow films.

The increase in the number of films loaned by partner libraries reflects customer satisfaction with this change in the organization of NFB film lending and rental services.

- **Sales Market:** Sales of videocassettes, 16-mm films and multimedia products are the NFB's key market in terms of sales. They account for 62% of distribution revenues in Canada and cover the institutional and educational sectors and, to a lesser extent, the consumer market.

Table 14: Sales of NFB Products

	1994-1995	1995-1996	1996-1997
Videocassettes – NFB	78,963	76,129	79,911
Videocassettes – Distributors	47,725	10,301	21,447
16-mm films	53	12	43
Multimedia products	1,363	267	835

NFB videocassette sales remained steady despite the difficult economic conditions facing the Board's main customers in the education system and public institutions, where substantial budget cuts have occurred. Through the sustained efforts of staff in NFB Marketing Services, the number of products sold and the revenues generated have remained at the same level as in previous years. Fluctuations in sales of videocassettes by distributors and wholesalers stems from the profitability of certain films in this market and the number of agreements that the NFB can conclude with these intermediaries. For example, in French marketing, an agreement with Dimédia has resulted in the sale of 7,700 videocassettes of three films. Under an agreement with Reader's Digest, there is a block purchase of 4,000 videocassettes per film selected sold. In English marketing, partnerships have been established with McLelland & Stewart, Reader's Digest, Best Catalogue, CHV and Morningstar. Agreements have been reached with new partners such as Nimbus Publishing, Virgin Megastores and the Museum Association of Canada.

3.2 Market Development and Influence Abroad

The fragmentation of markets combined with the proliferation of satellites and specialized networks in Europe, Asia and the United States has altered the market and compelled the NFB to call into question its traditional marketing methods. New distribution technologies and the information superhighway, along with commercial considerations and budget cutbacks, have encouraged the NFB's International Program to develop other markets and partnerships. During the year, several new agreements were concluded, notably with the Cartoon Network (US), Planète Cible (France), Taurus (Germany), Channel 4 (UK), Arts and Entertainment (US), AD HOC ([Japan]), Olympia Video (Korea), and BBC TV (UK).

Table 15: Foreign Revenues, by Market

(in millions of dollars)			
	1994-1995	1995-1996	1996-1997
Television	1.456	1.322	1.473
Theatres	0.148	0.689	0.507
Non commercial	1.531	1.269	1.007
Total	3.135	3.280	2.987

The very slight drop in revenues reflects the excellent performance of marketing operations against a backdrop of dwindling budgets and changing markets. Moreover, the reduction in fees for broadcast licenses in Canada is part of a trend prevalent on the international market. Greater volumes of products

must be sold to maintain revenues.

While the NFB's efforts abroad focus primarily on marketing its products, the dissemination and distribution of such products the world over helps broaden a knowledge and understanding of Canada. The following table reveals the scope of the distribution of NFB products on foreign markets.

Table 16: Proportion of Total International Distribution Revenue by Territory

Asia/Pacific	13 %
Europe/Africa	35 %
Latin America	3 %
United States	49 %
<hr/>	
Total	100 %

The quality of NFB films also helps gain recognition abroad for the excellence of Canadian filmmaking. The following table indicates NFB participation in international film festivals held outside Canada.

Table 17: Participation in International Festivals

	1994-1995	1995-1996	1996-1997
Festivals participated in	221	215	239
Number of awards	60	60	61

NFB films continue to be widely sought-after and the awards received attest to the quality of NFB films.

(See page 18 of this Report for highlights of this year's international awards)

4. Access to a Genuinely Canadian Audiovisual Heritage

4.1 Access to a Greater Number of Audiovisual Products

To facilitate access to its collection, several years ago the NFB began to transfer its film collection to videodisc, which not only makes retrieval and access easier but also helps to preserve the films. At the end of 1996-1997, 2,200 French-language titles and 2,509 English-language titles were available at the CineRobotheque, for a total of 4,709 titles with a running time of 2,360 hours, a 33.5% increase in the number of titles available.

The Stockshot Library was reorganized in order to emphasize this facet of the NFB's audiovisual heritage. Sales of stock shots and film excerpts rose 35% in relation to the preceding year and generated revenues on the order of \$275,000.

4.2 Improved Information, Consultation and Product Delivery Systems

In order to enhance customer service, the NFB set up a 1-800 callcentre at headquarters, which offers an information service, an order service, and a reference service on partner film libraries offering NFB films. The call centre has extended hours and operates throughout the week. Moreover, it is possible to obtain information on films in the collection through the NFB's Web site, which received the first prize for corporate Web sites in the Montréal area.

CineRoute, a remote video consultation and viewing project developed at the NFB and tested last year under a partnership agreement with Vidéotron, was extended this year to the Université du Québec à Chicoutimi, extending the service already available at the Université du Québec à Montréal and McGill University. Through the Internet, students and lecturers can now study the NFB films available at the CineRobotheque on rue Saint-Denis in Montréal. They can even download them and show them in the university auditorium using the Vidéotron fibre optic network.

The NFB's efforts to preserve, archive and catalogue the thousands of films in its collection has earned it the distinguished Preservation and Scholarships Award, granted by the International Documentary Association (IDA) and presented in Santa Monica, California. The IDA, whose headquarters are in Los Angeles, has roughly 1,500 members the world over.

5. A Creative Environment that Contributes to the Advancement and Development of Canadian Filmmaking

5.1 Innovative, Experimental Works from an Artistic and Technical Standpoint

In keeping with its objective of exploring new media and experimenting with new technologies, the NFB has undertaken several projects. Two highly innovative productions are described below that were launched in 1996-1997 and have already achieved recognition.

As part of its mission to innovate, entertain and educate, the NFB has designed specially for children *The Prince and I*, an interactive Web site. The Prince, who has trouble reading, wants to help young people develop their skills while having a good time. He presents them with all manner of challenges. The project is also available on CD-ROM.

Lodola is an experimental film that combines dancing and film. The image alternates between two viewpoints. The first one shows dance from the exterior, while the second one follows the movement as the dancers experience it. This unusual, subjective viewpoint, has been made possible by the development of a miniature video camera attached to the dancers' bodies. The objective viewpoint has been filmed on 35-mm film. The technical and aesthetic challenge was to combine two image formats into a homogeneous, black-and-white 35-mm film. Visual effects were created using the CINEON digital animation process. Although it was finished only recently, the film has already won eight awards in Canada and abroad.

5.2 Testing New Film Production, Distribution and Preservation Technologies

The NFB has developed and implemented a just-in-time video duplication system called Robocopy. Through the system, consumers can obtain a VHS (NTSC or PAL) copy of any title in the CineRobotheque within 24 hours. The Robocopy system records the videocassette, prints a color label for the case, and the cassette label.

The NFB has continued to develop the CineRoute project, which makes possible the remote consultation and viewing of videos. It is testing the system at the Université du Québec à Chicoutimi and developing new computer tools and software to enable the public to search the catalogue on the Internet. The Vidéotron telecommunications network is delivering the video signal. In conjunction with this research project, students and Chicoutimi residents have been invited to experience remote cinema on a big screen. Film classics and new films are featured on the film club program. The programming schedule is available on the university's Web site and hypertext links have been established with the NFB site to enable users to search for information on each of the films being shown.

The NFB has continued to display leadership among international organizations with respect to the preservation and archiving of various media. The director of research at the NFB is chairing three committees of the Society of Motion Picture and Television Engineers (SMPTE), which are responsible for:

- developing standards governing the preservation of magnetic tapes;
- developing a renewable digital video tape on which to preserve productions;
- ascertaining needs for the consultation and automated archiving of video productions.

These committees are made up of representatives of video tape manufacturers from Japan, Europe and the United States, video equipment manufacturers, magnetic tape restoration firms, and major users such as the Association of Moving Image Archivists, the National Archives, CBS, ABC, CBC and the Library of Congress. The committees' reports will soon be available on the Internet.

In 1996-1997, the NFB published three research reports on its own film preservation research. The first report is devoted to the factors that make it possible to assess the quality of film elements and the quality of restoration. The second one focuses on the assessment of the risk of deterioration of production, printing and projection elements. The third report deals with the evaluation of the risk of deterioration of film elements in relation to the cost of restoring them.

C. Main Reviews

Program Evaluation and Audit

More attention was given to audit projects than program evaluation projects in 1996-1997 owing to the many studies, analyses and evaluations conducted in 1994-95 and 1995-96 and the re-engineering exercise leading to the NFB 2000 long-term renewal plan.

The evaluation sector mainly focused on implementing transition mechanisms and following up the implementation of the strategies for change.

The audit projects focused on several critical change sectors: implementation of a new financial management system (Oracle), management of the workforce adjustment, and administration of copyright and royalties.

Implementation of the Oracle System - The audit concluded that the implementation of the new system maintained the integrity of the data and respected the instruments of control. In the short term, intensified training efforts and the strategic support of system administrators should round out the consolidation of the new system.

Workforce Adjustment Plan - The internal auditor first closely monitored the privatization projects under which former employees took over certain government services, and confirmed that they complied with the Treasury Board policy. An audit of the departure programs is currently under way and Treasury Board will be informed of the results.

Administration of Copyright and Royalties - The internal auditor's report states that controls regarding rights acquisition comply with the policies. However, an institutional strategy regarding the assignment of rights needs to be developed in order to optimize revenues and tighten financial and legal controls.

Material Resources Management - An extensive review of our existing fixed assets has been undertaken to reevaluate the depreciation and the disposal process. This review is key to adjusting our level of capital assets to our reduced operational needs.

Section IV: Supplementary Information

A. Listing of Statutory and Departmental Reports

- NFB annual report 1996-97

B. Contacts for Further Information

- Maryse Charbonneau, Director of Administration
- Claude Parent, Director of Planning and Review

(Those interested in obtaining additional information on the NFB organization and activities may also access the NFB WEB Site (<http://www.nfb.ca>))

C. Financial Summary Tables

Summary of Approved Appropriations

Authorities for 1996-1997 -Part II of the Estimates

Financial Requirements by Authority

(millions of dollars)

Vote / Program		Main Estimates 1996-1997	Actual 1996-1997
105	National Film Board Revolving Fund		
	- Operating loss	64.809	72.789
(L)	National Film Board Revolving Fund	0.375	(0.096)
Total Agency		65.184	72.693

Revenue Credited to the Vote

(millions of dollars)

Activity	Actual 1993-94	Actual 1994-95	Planned 1995-96	Total planned 1996-97	Actual 1996-97
National Film Board Operations	10.1	10.8	9.9	8.8	8.9

Transfer Payments by Sector

(thousands of dollars)

Activity	Actual 1993-94	Actual 1994-95	Actual 1995-96	Total planned 1996-97	Actual 1996-97
GRANTS					
Grants in support of significant film events of national and/or international interest held in Canada, as determined by the Board of Trustees.	0.010	0.008	0.008	0.015	0.012
CONTRIBUTIONS					
To support non-profit organizations engaged in film training programs and to participate in the promotion of Canadian cinematography	0.346	0.353	0.377	0.304	0.263
Total	0.356	0.361	0.385	0.319	0.275

Financial Summary Concerning the Revolving Fund

(millions of dollars)

	Actual 1994-1995	Actual 1995-1996	Total planned 1996-1997	Actual 1996-1997
Balance as of April 1 st	9.4	17.4	16.9	12.0
Net expenditures	82.1	77.3	65.8	72.8
Funding	(82.1)	(77.3)	(65.8)	(72.8)
Profit (loss)	0	0	0	0
Changes in Working Capital	6.1	(4.3)	0.4	0.8
Changes in Net Book Value of Fixed Assets	1.9	(1.1)	(3.0)	(3.4)
Cash Requirement as of March 31 st	17.4	12.0	14.3	9.4
Unused Authority	2.6	12.0	14.3	9.4
Total Authority	20.0	25.0	25.0	25.0

Contingent Liabilities

In the normal course of business, the NFB is the defendant in pending claims and lawsuit. It is the opinion of management that these actions will not result in any substantial liabilities for the Board.

Legislation Administered

- National Film Act, amended in 1995

References

National Film Board Offices

HEAD OFFICE

- Ottawa

OPERATIONAL HEADQUARTERS

- Montreal

CANADIAN DISTRIBUTION

- CinéRobothèque - Montreal
- Call Centre
1 800 267-7710
- Internet site
<http://www.nfb.ca>

INTERNATIONAL DISTRIBUTION

- London
- New York
- Paris

ENGLISH PRODUCTION CENTRES

- Edmonton
- Halifax
- Montreal
- Toronto
- Vancouver
- Winnipeg

FRENCH PRODUCTION CENTRES

- Moncton
- Montreal
- Toronto