



# National Film Board

## Performance Report

For the period ending  
March 31, 1998

Canada

## **Improved Reporting to Parliament Pilot Document**

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

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## Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis what was known as the annual *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*.

This initiative is intended to fulfil the government's commitments to improve the expenditure management information provided to Parliament. This involves sharpening the focus on results, increasing the transparency of information and modernizing its preparation.

This year, the Fall Performance Package is comprised of 80 Departmental Performance Reports and the government's "*Managing For Results*" report.

This ***Departmental Performance Report***, covering the period ending March 31, 1998, provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's *Part III of the Main Estimates* or pilot *Report on Plans and Priorities* for 1997-98. The key result commitments for all departments and agencies are also included in *Managing for Results*.

Results-based management emphasizes specifying expected program results, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and reporting on achievements in a balanced manner. Accounting and managing for results involve sustained work across government

The government continues to refine and develop both managing for and reporting of results. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

This report is accessible electronically from the Treasury Board Secretariat Internet site:  
<http://www.tbs-sct.gc.ca/tb/key.html>

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# **National Film Board**

## **Performance Report**

**For the period  
ending  
March 31, 1998**

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Sheila Copps  
Minister of Canadian Heritage

## **Table of Contents**

### **SECTION I: THE MESSAGE**

A.	Minister of Canadian Heritage	3
B.	Government Film Commissioner	5
C.	Chart of Key Results Commitments	6

### **SECTION II: OVERVIEW OF THE NATIONAL FILM BOARD 7**

A.	Mandate	7
B.	Operating Environment	8
C.	NFB's Organization	10

### **SECTION III: PERFORMANCE OF THE NATIONAL FILM BOARD 12**

A.	Performance Expectations	12
B.	Performance Accomplishments	13
1.	The NFB at the Service of Canadians	13
2.	Internal Performance	21

### **SECTION IV : FINANCIAL PERFORMANCE 26**

### **SECTION V : CONSOLIDATED REPORTING 31**

### **SECTION VI: OTHER INFORMATION 32**

## **Section I: The Message**

### **A. The Minister's Message:**

#### **The Canadian Heritage Portfolio** *Strengthening and Celebrating Canada*

The main objective of the National Film Board 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 culture and promote Canadian identity.

The National Film Board, with its specific mandate, plays an important role in the Canadian Heritage Portfolio's goal of strengthening and celebrating Canada. Working together for Canadians, the Department, agencies and Crown corporations all 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.

As Minister responsible for the Canadian Heritage Portfolio, it is my pleasure to present this report on the accomplishments of the National Film Board: its ongoing and special endeavours are a driving force in helping us build a strong, prosperous Canadian presence and community.

Sheila Copps

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 its results. In part this has been because our work involves producing and distributing unique audiovisual works, making evaluation of results very difficult.

Our first performance report, presented last year, identified a certain number of assessment factors which could be examined annually, and which offer a reasonably objective view of what is, by its very nature, an activity in which results are usually evaluated subjectively. While we identified a number of these factors last year, tools did not exist at the time to measure them all, and we indicated then – as did many of our sister organizations – that evolving a complete and reliable set of indicators was likely to be an iterative process.

During the past year, we have been able to add several new data sets, and to improve the precision and reliability of several others. The results appear in the following pages. More needs to be done, and work continues on refining our evaluation tools, but the picture is beginning to come into focus. In most respects, it is a positive picture.

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



### C. Chart of Key Results Commitments

To provide Canadians with:	To be demonstrated by:	Achievement reported in:
Audio-visual works that help Canadians better understand Canada and the world	<ul style="list-style-type: none"> <li>• The level of satisfaction and interest that the films arouse</li> <li>• The representativeness of the filmmakers</li> <li>• The loyalty of existing audiences and the development of new segments</li> </ul>	<p>DPR, section 1.1.3 p. 14-16</p> <p>DPR, section 2.2 p. 21</p> <p>DPR, section 1.1.2 p. 14</p>
Access to NFB productions and products through various networks and operating markets in order to reach audiences in Canada and abroad	<ul style="list-style-type: none"> <li>• The rate of use of information, communications and delivery systems</li> <li>• The development and diversification of markets</li> </ul>	<p>DPR, section 1.2.3 p. 17-18</p> <p>DPR, section 1.2 p. 16-18</p>
An environment suited to innovation and the advancement and development of the Canadian film industry	<ul style="list-style-type: none"> <li>• The success of its productions and products at home and abroad</li> <li>• The development of new talent and filmmaking skills</li> </ul>	<p>DPR, section 1.1.1 p. 13-14</p> <p>DPR, section 1.3 p. 19-20</p>

## Section II: Overview of the National Film Board

### A. Mandate

Pursuant to the *National Film Act*, the NFB “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 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; and
- to discharge such other duties relating to film activity as the Governor in Council may direct the Board to undertake.<sup>1</sup>

### Mission Statement

In response to ongoing social, cultural and technological changes, the NFB’s mandate has been regularly reviewed since the adoption of the *National Film Act* in 1950. The 1995 report of the Mandate Review Committee, which conducted the most recent review, stated that the NFB is “a unique Canadian institution(...) and acts as a platform for exploring provocative and socially relevant topics, styles and film genres.” In light of the current context, the NFB therefore adopted the following mission statement as the operational interpretation of its mandate:

*The NFB will produce and distribute audiovisual works which provoke discussion and debate on important subjects for Canadian and foreign audiences; explore the creative potential of the audiovisual media; and produce and distribute audiovisual works which achieve recognition by Canadians and others for excellence, relevance and innovation.*

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<sup>1</sup> R.S. ch. N-7, section 9. The Act also states that the NFB is supposed “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” but this responsibility was transferred to the Minister of Supply and Services by Order in Council P.C. 1984-6/2565.

## **B. Operating Environment**

The NFB is a government agency reporting to the Minister of Canadian Heritage, who has the authority to administer the *National Film Act* governing this public producer and distributor of film and other audiovisual media. The NFB is subject to the *Financial Administration Act* but has the status of separate employer.

To carry out its mission, the NFB collaborates with public- and private-sector partners in the production and distribution fields, sometimes working in association with independent Canadian or international coproducers to produce its films or in association with Canadian or international private or public broadcasters to produce and/or broadcast its films. The NFB also sometimes works in conjunction with partners in the public sector (such as public and school libraries) or private sector (distributors, cataloguers, motion picture exhibitors, video retail outlets, etc.) to distribute its films in Canada and abroad.

### **Strategic Objectives**

To fulfil its mission, the NFB has adopted the following strategic objectives:

- To produce audiovisual works that are exceptional in terms of relevance, excellence and innovation and that reflect Canada realities and perspectives so as to contribute to a knowledge and understanding of Canada;
- To promote, distribute and make accessible to Canadian and foreign audiences the NFB's entire collection of audiovisual works; and
- To ensure that these activities are delivered through efficient and responsible administrative management.

### **Strategic Priorities**

The NFB adopted a five-year action plan for 1995-2000 based on a strategic planning initiative and the re-engineering of business processes in the wake of a 30% reduction in its Parliamentary appropriation. These priorities can be summarized as follows:

#### **1. Give priority to production**

- Maintain production capacity and quality
- Gradually replace permanent creative positions and rely on freelancers and in-house contract filmmakers
- Reorganize the production and post-production infrastructure

## **2. Promote and provide access to NFB productions**

- Emphasize television as a means of distribution
- Establish partnerships with public and private distribution entities
- Facilitate access to the entire NFB collection
- Restructure marketing and optimize resources allocated to it

## **3. Promote the development of filmmaking**

- Explore new production media
- Experiment with the new interactive digital production and distribution tools

## **4. Reduce the operational and administrative infrastructure to an absolute minimum**

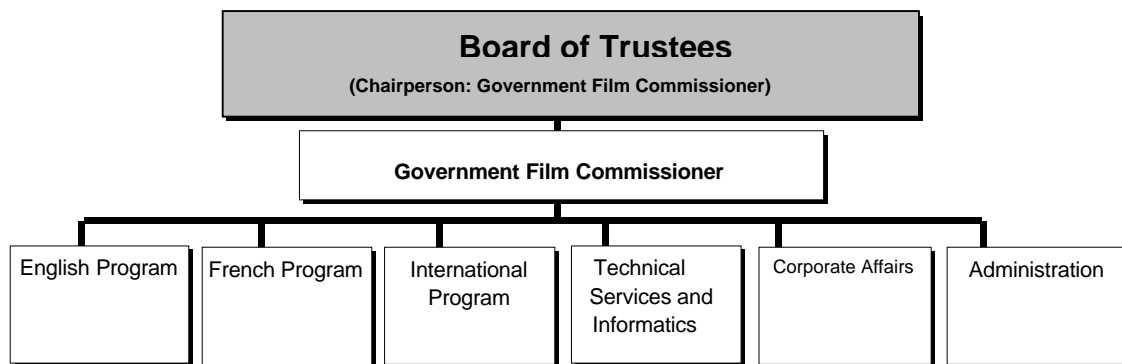
- Eliminate ancillary activities
- Make use of computerization and new information systems
- Implement programs to reduce continuous staff
- Re-engineer administrative processes

The NFB's biggest challenge will be to carry out its ambitious plan in a constantly evolving technological, industrial and cultural environment, and with limited resources.

## C. NFB's Organization

The NFB represents a single program, a single business line, and a single mandate: “to interpret Canada to Canadians and to other nations” through the production of authentically Canadian audiovisual works. It does this through the convergence of three subactivities or service lines: production, distribution and administration.

The following organization chart illustrates the organizational and hierarchical structure by which the NFB ensures the day-to-day management of its service lines to provide optimum performance in terms of efficiency and effectiveness.



### Areas of responsibility

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

**English Program**, which manages English-language production and marketing activities in Canada;

**French Program**, which manages French-language production and marketing activities in Canada;

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

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

**Corporate Affairs**, which comprises Communications, Government Relations, Collection and Information Management, the Stock Shot Library and 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, Customer Services) and the Human Resources Branch.

The organizational and hierarchical structure is the same as that presented in the 1997-1998 Report on Plans and Priorities. In future reports, the NFB's activities will be shown grouped together into three service lines rather than five subactivities.

*Concordance Table*

1997-1998 RPP	Future
Programming <ul style="list-style-type: none"> <li>• Production</li> <li>• Marketing</li> </ul>	Production
Distribution	Distribution (now includes Marketing)
Technical Research*	
Training*	
Administration	Administration

\* *These activities and resources are now included within the three service lines.*

These changes stem from our new Planning, Reporting and Accountability Structure submitted for approval to Treasury Board.

## Section III: Performance of the National Film Board

### A. Performance Expectations

The benefits and services Canadians can expect to receive from the existence of the National Film Board are:

1. production of relevant, high-quality audiovisual works reflecting Canadian realities and perspectives so as to interpret Canada to Canadians and to other nations;
2. increased distribution and use of these productions and products by mass audiences and niche audiences and easier access to the NFB's vast audiovisual holdings;
3. provision of an environment conducive to innovation and the development of new filmmaking skills.

As regards its internal performance, the NFB's 1995-2000 five-year plan proposed various organizational changes and set the following performance objectives:

1. to reduce its workforce;
2. to transform its creative staff;
3. to upgrade its production infrastructure;
4. to maintain its production capacity;
5. to recover marketing costs.

#### *Financial Information*

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<b>National Film Board</b>	
Planned Spending	57,690,000
Total Authorities	61,481,413
<b>Actual Spending in 1997-1998</b>	<b>60,517,020</b>

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*Note: The summary financial data include three figures showing:*

- *the amount planned at the beginning of the fiscal year (Planned Spending);*
- *additional spending which Parliament authorized in light of changing priorities and unexpected activities (Total Authorities);*
- *the amount actually spent (Actual Spending in 1997-1998).*

## **B. Performance Accomplishments**

### **1. The NFB at the Service of Canadians**

#### **1.1 Quality and Relevance of Production**

The NFB produced animated films, documentaries and multimedia products on a variety of topics and themes in order to address interests and concerns shared by large segments of the population or more specific issues emerging from smaller groups.

Since, each year, the NFB produces or coproduces an average of more than a hundred films varying greatly in content, treatment and target audiences, it is obviously impossible to report on the results achieved for each film. We will therefore use certain indicators to show the success of the NFB's overall production with its overall audience or particular audience segments.

##### **1.1.1 Performance in Canadian and International Festivals**

Recognition of the excellence of NFB films by industry peers in Canada and abroad is an objective measure of the competitiveness, quality and relevance of the NFB's production.

The following table shows the number of festival awards won by NFB productions during the 1997-1998 fiscal year, compared with the results of previous years.

*Awards Won by NFB Productions*

	<b>1995-1996</b>	<b>1996-1997</b>	<b>1997-1998</b>
Canadian festivals	25	43	28
International festivals	69	61	116
<b>Total</b>	<b>94</b>	<b>104</b>	<b>144</b>

In all, the NFB participated in 233 events in 1997-1998. It increased its visibility and success in festivals in Canada and abroad, winning a total of 144 awards, 30 more than the previous fiscal year.

NFB animation films were highly acclaimed in several prestigious festivals during the year. *Dinner for Two/Dîner intime* garnered 8 awards, including 1st Prize for best animated film at the Chicago International Film Festival and the Bronze Plaque Award at the 45th Columbus International Film and Video Festival, while *How Wings Are Attached to the Backs of Angels* won a record 9 awards, including the Sparkasse Award at the Leipzig International Film Festival in Germany.

In documentary, the NFB distinguished itself again at this year's Hot Docs! in Toronto with 7 awards. *Rape: A Crime of War* was the big winner, with 9 awards, including a Special Jury Prize in the social and political documentary category at the Banff Television Festival, while *Tu as crié Let Me Go* received both a Genie and the Runner-up Prize at the prestigious Yamagata Documentary Festival.



There were also a number of special tributes to NFB filmmakers and their works this past year. Colin Low received Quebec's prestigious Prix Albert-Tessier; Alanis Obomsawin was recognized with a Lifetime Achievement Award at the Talking Picture Festival in Taos, New Mexico; the Festival International du cinéma documentaire in Marseilles, France acknowledged documentary filmmaker Jacques Godbout's lifelong contribution in the documentary field with the Grand Prix SCAM; and Pierre Hébert received the 1996 Prix OCS - Cinéma for his film *La Plante humaine/The Human Plant*.

### 1.1.2 Audience Size

The most basic condition for fulfilling the NFB's mandate to "*interpret Canada to Canadians*" is that of ensuring that as many Canadians as possible see NFB films. The NFB's performance in this regard must take into account the various ways in which Canadians have access to NFB films; television, theatres, home video, institutional and educational use, public libraries, and now the Internet. The largest and best documented audience is the television audience. The cumulative television audience is measured by the Nielsen ratings. It is estimated that the audience reached by telecasts of NFB films represents over 80% of its total audience. The NFB is working on indicators to enable it to estimate audience sizes in the educational and institutional markets, in the theatrical market and in public libraries and other distribution circuits.

#### *Cumulative Television Audience*

	1996-1997	1997-1998
French Program	5,500,000	37,000,000
English Program	34,500,000	83,000,000
<b>Total</b>	<b>40,000,000</b>	<b>120,000,000</b>

There has been an extraordinary jump in viewership for NFB films over the past two years. One reason is that general interest broadcasters like the CBC/Radio-Canada are showing more NFB films than ever. The increase is also due to the fact that more NFB films are being aired more than once on more speciality channels. Certain of the newly licensed specialty channels (Teletoon, History Channel, etc.) have enabled the NFB to make even greater use of its vast film collection since they are dedicated to program niches for which the Board has impressive inventories of suitable productions. The Nielsen ratings are also becoming more refined and better able to record smaller audiences overlooked in the past.

### 1.1.3 Client Satisfaction in the Educational Market

While trying to reach more Canadians through general-interest television and specialty channels, the NFB is also endeavouring to maintain its close links with the educational sector, which is a very important client for the NFB's type of production.

As part of a study on its overall clientele in the institutional and educational markets (also called “non-theatrical”), the NFB asked Leto Consulting<sup>2</sup> to determine the size of its educational clientele, how NFB productions are used in schools and how well they are received.

The methodological work undertaken in the study for developing audience indicators for this market segment will continue and will in the future enable the NFB to present significant data on the size of its educational clientele.

In the survey of 1,035 educational organizations, the response rate was 51.1%, in itself a very significant result.

Below are the consultant’s main observations and conclusions based on an analysis of the responses received.

***General observation:***

- *“Respondents’ comments were sometimes quite detailed and were all complimentary on the value of NFB productions in an educational setting.”*

***Use of NFB productions:***

- *“NFB productions are used to supplement teaching and enhance the quality of learning.”*
- *“NFB productions are used to reinforce the subject taught and enrich the curriculum.”*
- *“NFB productions are used as a springboard for class discussions and to stimulate further inquiry.”*

***Quality and relevance of NFB productions:***

- *“NFB productions were found to be beneficial in illustrating the issues or concepts associated with a topic being taught.”*
- *“NFB productions were thought to be helpful in clarifying information and well-produced in their presentation of the pros and cons of particularly contentious issues.”*
- *“Several respondents complimented the NFB on the quality of the factual information presented in its productions.”*
- *“NFB productions were used to increase the perspective of students on the world and on Canada’s role within it. Overall, the Canadian content provided by NFB productions was highly valued.”*

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<sup>2</sup> National Study of Viewing Patterns of NFB Video Material, Leto Consulting, July 1998

### ***Access to NFB productions:***

- “There were several distressed comments about the loss of access to NFB productions and the budget cuts to the educational systems.”

Needless to say, with the budget cutbacks it had to absorb, the NFB is no longer able to provide the same level of service as when it operated a network of film and video libraries providing free loans of NFB productions. However, educators can now obtain NFB productions from a broader network of public libraries working in partnership with the NFB. The NFB is also developing a system for remote delivery via the Internet, which will give clients in the educational sector easier access to NFB productions.

## **1.2 Increased Distribution and Use of NFB Films**

Revenues generated in the various distribution and exhibition networks, as well as the NFB's transaction and attendance figures, reflect both the NFB's promotional and marketing efforts and the appeal of NFB productions in these markets.

### **1.2.1 Domestic Market Development**

Revenue is the indicator used for evaluating how well the NFB's performance measures up to the expected results in this regard. The following table summarizes the different markets in Canada.

#### ***Revenues, by Market***

	<b>1996-1997</b>	<b>1997-1998</b>
Royalties		
- television	542,980	1,416,174
- theatrical	172,767	254,595
Sales of prints and videocassettes	1,702,984	1,568,042
Rentals	49,361	20,894
Sales of stock shots	277,140	404,962
<b>Total</b>	<b>2,745,232</b>	<b>3,664,667</b>

Overall revenues were up 33%, thanks mainly to the five-year plan's strategy of focussing on television to increase viewership. Though the number of specialty channels has increased, there has been a significant drop in licence fees paid by these channels both in Canada and internationally. The increased revenues therefore reflect the combined efforts of the producers and marketing officers to have a much greater number of films broadcast.

In the theatrical market, although there was a slight increase this past year, future revenues are expected to decline since, owing to its limited resources, the NFB has had to withdraw from the production of drama and IMAX films.

With regard to sales of prints and videocassettes in the institutional and consumer markets, revenues were down slightly from the previous year as a result of repeated budget cuts suffered by the public sector and educational institutions and the reorganization of staff and readjustment of strategies in the NFB's marketing divisions.

The higher revenues from stock shot sales reflect the efforts made to attract new clients, while the network of partner libraries established by the NFB to replace its own film and video library network continued to boost the number of loans of NFB films to the Canadian public, as can be seen in the following table.

***Film Loans by Partner Libraries***

1995-1996	1996-1997	1997-1998
130,962	216,931	246,219

Growth in this market has been helped by the establishment of a 1-800 Call Centre with extended hours of service along with a multimedia catalogue of the entire NFB collection that can be consulted on the Internet.

**1.2.2 International Market Development**

The international market is undergoing rapid and unprecedented changes affecting television and all other forms of international distribution. In the area of television, alliances between major broadcasters are creating new specialty channels and opening up new markets in as yet untapped territories in Latin America, Asia and the United States.

Furthermore, the broadcasters' need for hundreds of hours of what is commonly referred to as factual programming, or even infotainment series, as well as the demand for rights for a number of territories are adding to the complexity of finalizing sales, which are now often multi-title, multi-territory deals.

Educational and non-theatrical markets are undergoing a similar shift. Revenues in this sector -- traditionally strongest in the United States -- are shrinking, making it difficult for small niche market distributors to survive. The educational market is increasingly intolerant of non-curriculum-specific audiovisual material.

The NFB has therefore started reformatting its existing material, doing thematic repackaging and, where necessary, modifying its productions to fit the specific needs of its clients, broadcasters and educators (without changing the essential nature and character of its production).

Gross revenues from international distribution have fallen slightly but the NFB continues to generate profits in these foreign markets.

### ***Foreign Revenues, by Market***

**(millions of dollars)**

	<b>1995-1996</b>	<b>1996-1997</b>	<b>1997-1998</b>
Television	1.322	1.473	1.313
Theatrical	0.689	0.507	0.243
Non-theatrical	1.269	1.007	1.247
<b>Total</b>	<b>3.280</b>	<b>2.987</b>	<b>2.803</b>

In the television market, the NFB had to negotiate more contracts to maintain its level of revenues since audience fragmentation has pushed down licence fees paid by broadcasters. As expected, new specialty channels boosted the NFB's visibility this year and major contracts in Europe and Latin America generated good revenues.

In the theatrical market, revenues came mainly from IMAX films produced in previous years.

In the institutional and consumer market, which posted higher revenues this year, the NFB concluded an important contract for the series *Mon corps, c'est mon corps* with France's Ministère de l'Éducation nationale, which wanted to ensure that every educational media centre would have at least one copy of the series. In the United States, *Mystery of the Maya*, *The First Emperor of China*, *Who's Counting?* and *Zea* were very successful in the non-theatrical market. In Japan, an agreement for the non-theatrical and home video distribution of 100 hours of NFB programs was concluded with one of the country's largest publishers, Maruzen, generating significant revenues.

Promoting NFB products abroad and distributing them to audiences in many countries on the different continents helps interpret Canada to other nations. The NFB's success in international festivals and participation in various cultural events abroad during the year also enhanced the NFB's traditionally strong international reputation, which should be a source of pride to all Canadians.

### **1.2.3 Access to the NFB's Audiovisual Holdings**

The NFB is continuing to transfer its film collection to laser videodisc so as to ensure its conservation and to provide easier access to more films from the collection. As at the end of fiscal 1997-1998, 2,558 French-language productions and 2,915 English-language productions had been transferred, making a total of 5,473 titles available through the CineRobotheque, up 16% from the previous year.

At the same time, the NFB is also developing an interactive multimedia catalogue that can be consulted through its Website. The catalogue contains, among other things, information on the collection, along with over 50,000 still photos and 10,000 video clips from NFB films. The number of queries of this database from around the world tripled over the previous year's total, as can be seen in the following table.

### *Catalogue Queries*

<b>1996-1997</b>	<b>1997-1998</b>
2,270,990	6,612,665

The combined effect of having more products available and promoting them on the Internet via the multimedia catalogue has been to increase the use of this authentically Canadian audiovisual heritage. The following table indicates the number of different titles sold or rented in 1997-1998 by decade of production.

#### ***Different Titles\* Sold or Rented in Canada and Abroad in 1997-1998, by Decade of Production***

1939-1948	115 titles
1949-1958	260 titles
1959-1968	647 titles
1969-1978	879 titles
1979-1988	1,295 titles
1989-1998	1,473 titles
<b>Total</b>	<b>4,669 titles</b>

*\*English and French versions are counted as different titles.*

This interest in the NFB film collection shows the importance of having a public distributor such as the NFB to ensure the preservation and accessibility of our audiovisual heritage.

### **1.3 Support for the Development of Filmmakers and Filmmaking**

#### **1.3.1 Opportunities for new talent**

The NFB develops new talent in a number of ways, through designated programs, through the hiring of emerging directors to direct films in the NFB regular program, through training and apprenticeship opportunities funded by its Equity program and through production assistance provided by the Filmmaker Assistance Programs. The NFB has made a dedicated effort to ensure that women, Aboriginal people and visible minorities are strongly reflected among its filmmaking personnel.

We estimate that every year 25 % of our productions are directed by filmmakers that had never made a film at the NFB and it usually is a first film. Last year was no exception. The NFB maintained its support for emerging filmmakers (other than those actually making films with the NFB) through its filmmaker assistance programs. A total of 253 non-NFB film projects from across Canada received NFB support.

### ***Projects Supported***

	1995-1996	1996-1997	1997-1998
Aide au cinéma indépendant (ACIC)	32	77	66
Filmmaker Assistance Program (FAP)	207	185	187
<b>Total</b>	<b>239</b>	<b>262</b>	<b>253</b>

These two programs pay the costs of certain film-related services and equipment. Professional advice on the different film trades is also given to filmmakers requesting it.

#### **1.3.2 Contribution to the Development of Filmmaking**

A number of innovative projects in film production, distribution and conservation were continued or completed in 1997-1998.

Two new multimedia productions were launched during the year and their innovative approach attracted immediate interest from the media and the public. The CD-ROM *Making History: Louis Riel and the Rebellion of 1885* received the award for best interface design at the 4th Annual International Digital Media Awards in Toronto, while the Website *Le Prince et moi*, the French adaptation of English Program's *The Prince and I* site, won high praise from media critics and receives an ever-increasing number of hits.

The interactive multimedia catalogue is now available on the NFB Website. The year was also marked by the successful trial of a proposed national cinema-on-demand service for viewing CineRobotheque films via the Internet. New high bandwidth Internet technologies (cable modem, DirecPC) permit the transmission of NFB films with a very acceptable quality level. In 1998-1999, a more extensive trial will make 500 films available on demand to 50 educational and cultural institutions across Canada.

In the area of film conservation, research continued on refining technical specifications and international standards and solving technical problems related to film preservation.

## **2. Internal Performance**

### **2.1 Workforce Reduction**

Among the various organizational changes set forth in its 1995-2000 five-year plan, the downsizing of the NFB's continuous staff was an essential element in the re-engineering required by the significant reduction in its Parliamentary appropriation. Having obtained the status of "most affected department" because of the magnitude of the reduction, the NFB was able to implement an Early Retirement Incentive Program and an Early Departure Incentive Program. Fiscal 1997-1998 was the final year of these programs, which enabled the NFB to achieve the desired results while complying with the collective agreements and letters of understanding and, insofar as possible, maintaining key competencies in the different areas of the institution.

#### ***Workforce Reduction***

	<b>Continuous Employees</b>	<b>3-Months-or-More Temporary Employees</b>	<b>Total*</b>
March 31, 1995	624	154	778
March 31, 1996	521	139	660
March 31, 1997	361	128	489
March 31, 1998	258	158	416

\*Number of employees on strength as at March 31

The NFB thus achieved a 58% reduction in its continuous staff. Ensuring renewal in key positions, sharing the workload equitably and introducing new organizational systems and processes represented a crucial challenge for the NFB.

### **2.2 Transformation of Creative Staff**

Another important objective of the NFB's five-year plan was to renew its film directing staff by making greater use of freelancers and implementing measures to increase the number of films made by members of diversity groups.

In French Program, 79% of all active projects at the end of 1997-1998 had a freelance director, while 92% of films completed by English Program last year were directed by freelancers.

As regards the strategies for increasing the representation of diversity groups, French Program primarily relied on special recruiting and training measures, while English Program invested in production and indicated that 14% of its production was directed by members of these under-represented cultural groups.



## 2.3 Upgrading of Production Infrastructure

Over the past two years, the NFB undertook a major shift toward electronic production. With the closing of a number of film-related sections, the NFB now has an entirely electronic in-house post-production chain. Last year, 52% of films completed by English Program were shot on video, and an estimated 32% of French Program films were shot on video.

In addition, all documentaries completed this past year in French Program were delivered on video, compared with 67% in English Program. The NFB is thus well positioned for digital television, which will become the technological standard soon after the year 2000.

## 2.4 Maintenance of Production Capacity

In its cost-cutting, the NFB above all tried to preserve as much as possible the budgets allocated directly to film production.

### *Production Resources*

*(millions of dollars)*

	<b>Actual 1995-1996</b>	<b>Actual 1996-1997</b>	<b>Actual 1997-1998</b>
Production	45.659	45.630	37.592
Administration of production	4.917	4.808	2.138
Net cost of the NFB Program	77.257	72.789	60.716

It can be seen that the proportion of net production costs remained at last year's level of 62%, while administration costs were cut by more than half.

The 1997-1998 production volume was 117 original productions, once again exceeding the objective of 85 productions established in the five-year plan.

### *Original Productions*

	NFB Productions	Coproductions	Total
French films	1	0	1
English films	6	1	7
Multilingual films	3	3	6
French videos	16	12	28
English videos	25	47	72
Multilingual videos	1	0	1
Multimedia productions	1	1	2
<b>Total</b>	<b>53</b>	<b>64</b>	<b>117</b>

It should be emphasized that since the production cycle extends over more than one year, the recent reduction in resources will affect the NFB's future production.

## **2.5 Recovery of Marketing Costs**

The five-year plan had the objective of balancing marketing costs and revenues within three years. The following table shows that although the NFB has considerably reduced expenses while maintaining revenue levels, there is still a gap that will be extremely hard to narrow if the current market conditions continue.

### *Recovery of Marketing Costs*

(millions of dollars)

		1995-1996	1996-1997	1997-1998
<b>Costs of operations</b>				
	English	7.562	3.644	3.822
	French	4.096	2.170	2.167
	International	2.395	2.131	2.215
		<b>14.053</b>	<b>7.945</b>	<b>8.204</b>
<b>Revenues</b>				
	Distribution	6.288	5.455	6.063
	Pre-sales	0.563	0.607	0.391
		<b>6.851</b>	<b>6.062</b>	<b>6.454</b>
	<b>Net amount</b>	<b>(7.202)</b>	<b>(1.883)</b>	<b>(1.750)</b>

As previously mentioned, the decline in television licence fees, combined with the reduced budgets in the public-sector and educational organizations which form a large part of the NFB's clientele, makes it difficult to increase revenues. It is thus necessary for the NFB to increase its spending on promotion and publicity, at least slightly, since this is a fast-growing sector in which there is increasing competition for attracting media and audience attention.

The NFB will thus continue to work toward the goal of maximum revenue/minimum cost by establishing yearly revenue and expense objectives, but the marketing divisions will not be absolutely required to recover their costs.

## **2.6 Main Studies, Audits and Evaluations**

- **Examination of the impact of re-engineering on the workload of administrative support staff**

This action-research study conducted by an outside consulting firm revealed how the administrative staff perceived their daily workload after the approximately 50% reduction in administrative costs and implementation of new information management systems.

The first conclusion of the study was that everyone was working harder and that there was little capacity to absorb additional tasks or special projects. The study also found a fatigue factor. Approximately 10% of employees had a genuine work overload. Various problems specific to the different tasks were also pointed up. In response to this study, the NFB implemented an action plan to facilitate the integration of the new computerized information systems, to revise work processes and procedures where overloads existed, and to review job descriptions. During the study, a number of measures were taken in response to employees' suggestions. The NFB's willingness to listen to its employees helped considerably to solve problems and reduce stress.

- **Audit of the workforce readjustment**

The objective was to examine the implementation of the government's departure incentive programs at the NFB. The auditor observed that the objectives had been achieved in compliance with the requirements of these policies and that the amounts paid out complied with the rules set forth in this regard.

- **Audit of the physical count of fixed assets**

The objective was to ascertain the existence of the fixed assets recorded on the books and to verify their use. Although the auditor did not observe any breakdown in internal controls, he did recommend conducting a detailed analysis of the use of the assets in order to write off those which were inactive.

- **Audit of the sale of laboratory equipment**

The objective was ascertain the legitimacy of the business plan of a former employee who wanted to purchase the laboratory equipment upon closure of the NFB's in-house film laboratory. The auditor concluded that the conditions of the business proposal complied with the Employee Takeover Policy.

## **2.7 Year 2000 Compliance Project at the NFB**

Although the NFB is not directly responsible for a Government-Wide Mission Critical System, the year 2000 issue has been at the top of its priorities for quite some time as the NFB is highly dependent on computer systems to produce, distribute and administer its film program.

The NFB is therefore evaluating all risks related to its mission-critical applications and is applying the “best practices” method for managing this project.

A general action plan has been completed in view of detailed actions to be taken from all perspectives within the organization. A project team is monitoring the implementation of this action plan.

Among its multiple concerns, the NFB has undertaken to address the following issues in detail:

- Awareness program for all employees;
- Full inventory and compliance check (date sensitive) for hardware, operating systems, third-party vendor software, interfaced systems and facilities;
- Documentation of vendors’ letters, testing performed, software conversions and testing, and decisions on non-compliant components;
- Review of all legal requirements related to external factors and exposures and liabilities;
- Contingency plan for applications that fail on “drop dead” date;
- Monitoring of a detailed scheduling identifying deliverables and schedules.

## Section IV: Financial Performance

### Financial Table 1

#### Summary of Voted Appropriations

##### A. Authorities for 1997-1998 - Part II of the Estimates

##### Financial Requirements by Authority

Vote /	Program	1997-1998 Planned Spending	1997-1998 Total Authorities	1997-1998 Actual Spending
110	National Film Board Revolving Fund			
	- Operating loss	57.3	61.1	60.7
(L)	National Film Board Revolving Fund	0.4	0.4	(0.2)
<b>Total Agency</b>		<b>57.7</b>	<b>61.5</b>	<b>60.5</b>
<p>Note: The summary financial data include three figures showing:</p> <ul style="list-style-type: none"><li>• the amount planned at the beginning of the fiscal year (Planned Spending);</li><li>• additional spending which Parliament decided to grant the departments in light of changing priorities and unexpected activities (Total Authorities);</li><li>• the amount actually spent (Actual Spending 1997-1998).</li></ul>				

## Financial Table 2

### Comparison of Total Planned to Actual Spending

(millions of dollars)

in millions of dollars)

Planned Spending versus Actual Spending									
	FTE	Operations*	Fixed Assets	Voted Grants and Contributions	Sub-total: Gross Voted Expenditures	Statutory Grants and Contributions	Total Gross Expenditures	Less: Revenue Credited to the Vote	Total Net Expenditures
NFB operations									
Planned Spending	570	65.9		0.3	66.2		66.2	(8.9)	57.3
Total Authorities	570	69.7	-	0.3	70.0	-	70.0	(8.9)	61.1
Actuals	510	69.0	-	0.3	69.3	-	69.3	(8.6)	60.7
Total net expenditures									
Planned spending									57.3
Total Authorities									61.1
Actuals	-	-	-	-	-	-	-	-	60.7
Other revenues and expenditures									
Revenue credited to the CRF									
Planned	-	-	-	-	-	-	-	-	0.0
Total Authorities	-	-	-	-	-	-	-	-	0.0)
Actuals	-	-	-	-	-	-	-	-	0.0
Cost of services provided by other departments**									
Planned	-	-	-	-	-	-	-	-	-
Total Authorities	-	-	-	-	-	-	-	-	-
Actuals	-	-	-	-	-	-	-	-	-
Net cost of the Program									
Planned									57.3
Total Authorities	-	-	-	-	-	-	-	-	61.1
Actuals	-	-	-	-	-	-	-	-	60.1
Note: Figures in italics are total authorities for 1997-1998 (Main Estimates, Supplementary Estimates and other authorities).									
Figures in bold are actual expenditures/revenues in 1997-1998.									
* Includes contributions to employee benefit plans, severance pay and departure incentive payments.									
** Cost of services provided by other departments - \$26,000									

### Financial Table 3

#### Historical Comparison of Total Planned to Actual Spending

(millions de dollars)

Planned Spending versus Actual Spending					
	1995-1996 Actual	1996-1997 Actual	1997-1998 Planned Spending	1997-1998 Total Author- ities	1997-1998 Actual
National Film Board operations	77.3	72.7	66.2	70.0	69.3
Total revenue credited to the vote	11.1	10.9	8.9	8.9	8.6

**Financial Table 4 does not apply to the National Film Board.**

**Financial Table 5 does not apply to the National Film Board.**

### Financial Table 6

#### Revenues to the Vote

(millions of dollars)

Business line	1995-1996 Actual	1996-1997 Actual	1997-1998 Planned Spending	1997-1998 Total Authorities	1997-1998 Actual
National Film Board operations	11.1	10.9	8.9	8.9	8.6

**Financial Table 7 does not apply to the National Film Board.**

**Financial Table 8 does not apply to the National Film Board.**

## Financial Table 9

### Transfer Payments

(millions of dollars)

	1995-1996 Actual	1996-1997 Actual	1997-1998 Planned Spending	1997-1998 Total Authorities	1997-1998 Actual
Grants	0.008	0.012	0.012	0.012	0.008
Contributions	0.377	0.263	0.307	0.307	0.282
Total transfer payments	0.385	0.275	0.319	0.319	0.290

Financial Table 10 does not apply to the National Film Board.

Financial Table 11 does not apply to the National Film Board.

Financial Table 12 does not apply to the National Film Board.

Financial Table 13 does not apply to the National Film Board.



## Financial Table 14

### Revolving Fund Financial Summaries

(millions of dollars)

<b>National Film Board Revolving Fund</b>					
	<b>1995-1996 Actual</b>	<b>1996-1997 Actual</b>	<b>1997-1998 Planned Spending</b>	<b>1997-1998 Total Authorities</b>	<b>1997-1998 Actual</b>
Revenues (Parliamentary appropriation)	77.3	72.8	57.3	61.1	60.7
Net expenditures	(77.3)	(72.8)	(57.3)	(61.1)	(60.7)
Profit or (loss)	0	0	0	0	0
Add items not requiring use of funds:					
Depreciation/amortization	(6.2)	(6.1)	(2.0)	(2.0)	(4.6)
Changes In working capital	4.3	(0.1)	0.4	0.4	(0.2)
Investing activities:					
Acquisition of depreciable assets	5.1	2.7	2.0	2.0	1.3
<b>Cash surplus (requirement)</b>	<b>(3.2)</b>	<b>(3.5)</b>	<b>0.4</b>	<b>0.4</b>	<b>(3.5)</b>
<b>Authority: cumulative surplus (drawdown)</b>	<b>20.7</b>	<b>17.2</b>	<b>16.7</b>	<b>16.7</b>	<b>13.7</b>
Note: The National Film Board's Revolving Fund is authorized by the <i>National Film Act</i> for commercial operations related to the production and exploitation of the collection of NFB audiovisual products.					

**Financial Table 15 does not apply to the National Film Board.**

## **Section V: Consolidated Reporting**

### **Statutory Annual Reports**

- National Film Board Annual Report -- 1997-1998

## **Section VI: Other Information**

### **Contacts for further information and Websites**

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

*(Anyone wishing to obtain further information from those in charge of the different areas of responsibility can find the necessary addresses and phone numbers on the NFB Website at <http://www.nfb.ca>.)*

### **Legislation and regulations administered**

- National Film Act, R.S.C. 1985, ch. N-8 (The latest amendment came into effect on November 1, 1995).