

National Film Board of Canada

For the year ended March 31, 2006

Performance Report

Department of Canadian Heritage

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SECTION I – Overview

Minister of Canadian Heritage
and Status of Women



Ministre du Patrimoine canadien
et de la Condition féminine

Ottawa, Canada K1A 0M5



As Minister of Canadian Heritage and Status of Women, I present the National Film Board of Canada's (NFB) 2005-2006 *Departmental Performance Report* (DPR) to Parliament and to Canadians. This report presents a detailed record of the NFB's activities and achievements, as it works towards the realization of its mandate.

The year 2005-2006 was significant for the NFB as it met its objectives as set out in the 2002-2006 Strategic Plan and undertook a new planning cycle to address the challenges of a multiplatform environment. The NFB's ability to attract strategic partnerships over the past year has enabled the agency to pursue its tradition of working with emerging filmmakers and the industry to develop innovative products. These products have taken advantage of new technologies to enhance the accessibility of the NFB's national collection of over 12,000 films to Canadians.

The 2005-2006 *Departmental Performance Report* details the NFB's accomplishments for the year. It also demonstrates the role the NFB plays with other members of the Canadian Heritage Portfolio to ensure the development and promotion of Canadian culture, heritage and inclusion.

Beverley J. Oda

Canada

Government Film Commissioner's Message

At the Leading Edge: An NFB Tradition

Four years ago in 2002, the NFB established an ambitious strategic plan that gave us the means to take up the challenges we faced: the technological challenges of the digital age and the challenges of growing competition in Canada and abroad. The results for 2005-2006 speak for themselves: mission accomplished!

The NFB is at the leading edge in technology and innovation. Within the next twelve months, 65% to 70% of production will be in high definition, helping us maintain our competitiveness and setting us firmly at the forefront of Canada's audiovisual industry. We have taken risks and explored new avenues, for instance in multiplatform distribution, to make products that can be broadcast on television, on the Internet and on mobile telephones. This year, we have a quality crop of 109 documentary and animation productions and co-productions that address emerging and topical issues. In fact, every production made in the year just ended attests to the NFB's commitment to remain in the vanguard.

The Internet, a medium in constant flux, is a huge force that affects art in all its forms. Here again the NFB has shown tremendous creativity in many different ways, sometimes just by screening original works, arousing the interest of students in schools and fostering debate on social issues among Canadians. The NFB creates a film experience unique on the Web, one that entertains and informs Canadians as well as providing food for thought. Once again, the figures say it all: this year, the NFB's Web site received 4.7 million visitors.

The NFB has become an essential partner in Canada's film and television industry. We work in tandem with the industry, and over 45% of our films are co-produced with private-sector partners in Canada and abroad. Our revenues are rising every day, with total sales attaining \$8.8 million this year. That success benefits not only the organization but the industry as a whole: this year, NFB generated some \$1 million in revenues for the industry.

To secure its place in the industry in future years, the NFB is renewing efforts to identify and develop new talent, particularly from cultural and Aboriginal communities. In 2005-2006, works by emerging filmmakers accounted for around 50% of all NFB productions. After these four years of continuous effort, the NFB reflects Canada's diversity and has made a place for itself in the industry.

The NFB's history is incredibly rich and filled with treasures, as its collection of over 12,000 titles eloquently demonstrates. At the end of these four years, the NFB's extraordinary audiovisual legacy, which has marked the history of cinema, is more available to Canadians than ever before. As we digitize and continually restore our collection, the public has a chance to see a growing number of our productions over the Internet. In addition to regular broadcasts of NFB films on a variety of TV channels, audiences can access over 650 films on the Internet. Film

lovers can purchase documentaries, animated films and dramas from our online stores, and have high-quality custom DVDs compiled through our on-demand DVD copy service.

The NFB has signed a series of international agreements to foster international co-productions, projects to enhance stock footage holdings and initiatives providing new international business opportunities for Canadian producers. For example, the NFB has signed an agreement with the New Israeli Foundation for Cinema and Television as well as a co-operation agreement with the Brazilian Ministry of Culture to cover E-cinema, co-productions, distribution, broadcasting, training and research.

In 2005-2006, we are approaching the last implementation year of the 2002-2006 Strategic Plan. We have come a very long way, and Canadians can feel prouder than ever of the National Film Board as it showcases Canada's culture around the world, and the creativity and knowledge of Canada's artists and artisans.

A handwritten signature in black ink, appearing to read 'Jacques Bensimon'. The signature is fluid and cursive, with a large initial 'J' and a long, sweeping tail.

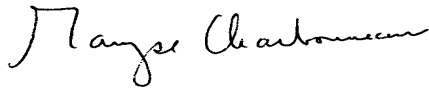
Jacques Bensimon
Government Film Commissioner and
Chairperson of the National Film Board of Canada

Management Representation Statement

I submit, for tabling in Parliament, the 2005-2006 Departmental Performance Report (DPR) for the National Film Board of Canada.

This document has been prepared on the basis of reporting principles contained in the Treasury Board of Canada Secretariat's *Guide to the preparation of Part III of the 2005-2006 Estimates – Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidelines.
- It uses the Department's approved Program Activity Architecture, as set out in the MRRS.
- It provides consistent, comprehensive, balanced and accurate information.
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it.
- It reports finances on the basis of approved numbers from the Estimates and the Public Accounts of Canada in the DPR.



Name: Maryse Charbonneau

Title: Director, Administration Branch

Summary Information

National Film Board's Mandate and Mission

Mandate – The National Film Board of Canada's mandate is *“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 the results available to film producers;*
- *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.”*

Mission – The National Film Board of Canada's mission, as stated in the 2002-2006 Strategic Plan, is *“to produce and distribute distinctive, culturally diverse, challenging and relevant audiovisual works that provide Canada and the world a unique Canadian perspective.”*

The NFB is an integrated production and distribution organization with an extensive film collection, a conservation laboratory, and postproduction and research and development facilities located at its operational headquarters in Montreal. Its Government Relations service operates from Ottawa, while its Marketing and Communications, Distribution, Business Affairs and Legal Services, Planning, Evaluation and Audit, Human Resources, and Administration branches are principally located in Montreal.

The NFB is a unique centre for the creation of audiovisual works. NFB films are produced in both official languages. The NFB maintains production facilities in Vancouver, Edmonton, Winnipeg, Toronto, Montreal, Moncton and Halifax, a production office in Quebec City and two viewing centres, one in Montreal and the other in Toronto.

Benefits to Canadians and to the World

The National Film Board plays as important a role today as it did at its inception in 1939. It continues to inform Canadians and make them think, and is an effective tool for social innovation as it brings individuals in our society together. By integrating the production and distribution of films in the national interest, the NFB advances the ongoing acquisition of knowledge; conveys Canadian values at home and abroad; innovates in the areas of content, form and technology; encourages and assists emerging talent from diverse cultures; and gives Canadians a voice of their own. The NFB is a unique partner, keenly sought after in the Canadian and international film and television industry.

NFB's Total Financial Resources (thousands of dollars)

Planned Spending	Authorities	Actual Spending
62,948	68,222	65,111

NFB's Total Human Resources (thousands of dollars)

Planned	Authority	Actual
500	500	498

National Film Board's Priorities

		2005-2006		
		Planned Spending (\$ thousands)	Actual Spending (\$ thousands)	
<p>Strategic outcome: produce and make available relevant, ambitious and innovative audiovisual works that offer Canadians a deeper understanding of Canada and the world.</p>				
<p>Alignment with Government of Canada Priorities: <i>Building a Stronger Canada</i> "Canada is uniquely blessed in the strength and diversity of its people and regions." "...[Our] country ...is now at the leading edge of science, business, the arts and sport." <i>A Canada that Works for All of Us</i> "...building a better federation in which governments come together to help Canadians realize their potential." <i>Canada - Strong, United, Independent and Free</i> "...it will build stronger multilateral and bilateral relationships, starting with Canada's relationship with the United States ..." "...this Government is committed to supporting Canada's core values of freedom, democracy, the rule of law and human rights around the world."</p>				
<p>Priorities</p> <p>a) Enhance and increase equitable access to the NFB collection through screenings, retrospectives, and so on.</p> <p>b) Achieve greater reach across Canada and into communities.</p> <p>c) Further enhance collection management in a digital universe (conservation, digital evolution and rights).</p> <p>d) Increase NFB visibility in communities, on television and</p>	<p>Program Activity: Production of Audiovisual Works</p> <p><i>Expected Outcomes</i></p> <ul style="list-style-type: none"> ▪ At least 85% of programming involving social issues. ▪ Programming with the focus on point-of-view documentaries, animation, innovative dramas and new media. ▪ Innovative and experimental projects. ▪ High number of co-productions. 	<p>Performance Summary</p> <p>Meets all expectations</p> <p>Meets all expectations</p> <p>Ongoing</p> <p>Meets all expectations</p>	48,707	47,337

<p>in learning channels.</p> <p>e) Increase NFB branding opportunities in Canada and abroad.</p>	<ul style="list-style-type: none"> ▪ Promotion and development of new talent. 	<p>Meets all expectations</p>		
<p>Priorities</p> <p>a) Increase revenue from the NFB's collection and maximize presales and sales.</p> <p>b) Provide access to NFB know-how and distribution networks for the private and public sectors.</p>	<p>Program Activity: Distribution of Audiovisual Works</p> <p><i>Expected Outcomes</i></p> <ul style="list-style-type: none"> ▪ Diversified markets and strong revenue. ▪ E-commerce through online stores. ▪ Frequent sales, representing significant amounts, to broadcasters. ▪ Strong presence of NFB productions in distribution networks. 	<p>Performance Summary</p> <p>Meets all expectations</p> <p>Meets all expectations</p> <p>Ongoing</p> <p>Ongoing</p>	<p>440</p>	<p>1,171</p>
<p>Priorities</p> <p>a) Enhance and increase equitable access to the NFB collection through screenings, retrospectives, and so on.</p> <p>b) Achieve greater reach across Canada and into communities.</p> <p>c) Further enhance collection management in a digital universe (conservation, digital evolution and rights).</p>	<p>Program Activity: Access to Audiovisual Works and Outreach Development</p> <p><i>Expected Outcomes</i></p> <ul style="list-style-type: none"> ▪ Growth in access to the collection, resulting in increased ownership by Canadians of the NFB, its collection, the Mediatheque, CineRobotheque and other offerings. ▪ A solid program of citizen participation through public screenings, workshops, master classes, and so on. 	<p>Performance Summary</p> <p>Meets all expectations</p> <p>Meets all expectations</p>	<p>11,172</p>	<p>12,660</p>

<p>d) Increase NFB visibility in communities, on television and in learning channels.</p> <p>e) Increase NFB branding opportunities in Canada and abroad.</p>	<ul style="list-style-type: none"> ▪ Quality visibility for the NFB and its productions on television, in festivals and schools, at industry events and with the federal government. ▪ Better NFB branding on television broadcasts and recognition by co-producers of the NFB's role. ▪ A valued and highly recognized brand. ▪ Further digitization of the NFB collection. ▪ Strong presence of NFB productions in distribution networks. ▪ Excellent press coverage and higher NFB visibility in the media. 	<p>Ongoing</p> <p>Ongoing</p> <p>Meets all expectations</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>		
<p>Priorities</p> <p>a) Conduct and participate in research projects in areas like E-cinema and the social repercussions of documentary films, and review policies governing documentary films.</p> <p>b) Work more extensively with the government and other organizations.</p>	<p>Program Activity: Research and Advisory Services</p> <p><i>Expected Outcomes</i></p> <ul style="list-style-type: none"> ▪ Significant research and development in the technical and technological audiovisual fields. <ul style="list-style-type: none"> • The NFB as a benchmark in filmmaking. 	<p>Performance Summary</p> <p>Meets all expectations</p> <p>Ongoing</p>	<p>2,629</p>	<p>3,943</p>

Background: National Film Board of Canada

Description of National Film Board activities

The National Film Board of Canada (NFB) is a government agency active in the cultural sphere that reports to Parliament through the Minister of Canadian Heritage.

The NFB operates in a number of areas: production, distribution, collection enhancement and broadcasting, outreach development, and research and advisory services.

Program Activity 1: Production of audiovisual works

Production: Build social capital by encouraging citizen participation

The NFB's chief mandate is to conceptualize, develop, produce and distribute relevant and distinctive audiovisual works that address major social issues in Canada and abroad. Documentary and animated films produced by the National Film Board of Canada employ innovative technologies, including high-definition (HD) and 3-D animation, and a variety of production formats, such as short, medium-length and long-length films, all of which are tools for advancing knowledge, education, social innovation and citizen participation. The NFB also plays an important role in discovering, training and guiding talented creative artists.

Marketing: Motivating Canadians to get involved

Through the marketing of its productions, the NFB wishes to play a key role in promoting citizen participation and making its productions known to the widest possible audiences; reaching Canadian communities and inviting them to attend openings where they can view and discuss NFB films.

Filmmaker support: Nurture existing and promising talent

By implementing and developing programs and projects, the NFB discovers and nurtures talent, consolidates the Canadian film industry and promotes experimentation. Its support for Canadian filmmakers translates into a full range of activities offered across the country.

Technology and innovation: Recognized know-how and constant striving for excellence

Since its inception, the NFB has contributed to the development of new audiovisual technologies. The widely recognized know-how of its technical staff is the envy of our partners in Canada and abroad. Because of its excellence in this area, the NFB can work with a wide range of partners in film research, be it in production, distribution or collection accessibility, as well as help emerging artists acquire the lasting expertise that is essential to their development. The NFB also works with research agencies to advance the art and science of filmmaking.

International market: Opening up to the world

To make the most of international creativity and know-how, the NFB regularly produces films with Canadian and foreign partners; co-productions that enable us to expand our audiences. NFB productions and acquisitions are distributed in numerous markets and territories. To maximize business opportunities, the NFB develops mutually beneficial partnerships with a range of organizations, including owners of major archives libraries, and works with major international film festivals to ensure its productions enjoy pre-eminent showcases both in Canada and abroad.

Program Activity 2: Distribution of audiovisual works

Distribution: An expanding collection available to all Canadians

Containing over 12,000 titles, the NFB film collection is distributed through appropriate distribution channels to reach a variety of target audiences in Canada and abroad. Distribution activities include direct sales of the collection through sales agents in Canada, the U.S. and Europe, online stores and a call centre, as well as the acquisition of complementary productions. The NFB sells stock footage and film clips to film and television industry partners, while its distribution activities help the organization develop strategic co-operative relationships.

Program Activity 3: Access to audiovisual works and outreach development

Communications and outreach: Increased visibility, a recognized brand and enduring influence

Communications and outreach activities make relevant media resources available to Canadians, fostering citizen participation and lifelong learning. Some visibility and access activities involve providing permanent access to the NFB collection and making it more available to future generations. The NFB is taking the necessary measures to preserve its collection. Access is provided through the NFB's Web site, viewing centres in Montreal and Toronto and the online film library. Activities serve to establish and maintain deep and lasting relationships within Canadian communities, relationships that also involve the educational sector. The NFB invests considerable time and effort in providing access to educational resources in the form of training workshops and study aids.

Program Activity 4: Research and advisory services

As part of its research activities, the NFB conducts and commissions studies, advises the government, offers consulting services, shares knowledge and prototyping, and helps beta test creative outputs and technologies. These activities are intended to advance the art and science of filmmaking.

A changing environment for documentaries

In Canada, as in other parts of the world, the production, and especially the funding and distribution of documentary films are under significant pressure despite the genre's resurgent

popularity, particularly in theatres. According to *Profile 2005*¹, documentary films accounted for 17% of CAVCO-certified productions (\$293 million), a drop of 13% from the year before.

Point-of-view documentaries address crucial social issues, but unfortunately do not receive the attention they deserve from television broadcasters. The number of documentary television hours decreased by 11% compared to the previous year², and producers are increasingly turning to public funding, especially for documentaries. Average public funding now hovers around 34%³.

Given the difficulty of funding documentary projects, private producers are either giving up on them or entering into partnerships with the NFB, which plays an important stabilizing role in a business environment of this nature. The Government of Canada's second response to the report of the Standing Committee on Canadian Heritage states: "The NFB has been a key agency for the production and distribution of films and other audiovisual works that reflect the cultural and social realities of Canada⁴."

The NFB has made point-of-view documentaries a priority because Canadians want to see films that contribute to a greater understanding of issues and varied perspectives⁵.

Reaching audiences in their preferred format: An ongoing challenge

The ever-increasing choices available to audiences are making the NFB's task more difficult than ever. The NFB competes directly with a wide variety of cultural and educational products, particularly in the Canadian television market. Audience fragmentation has been pervasive for several years, and a crowded market provides an extensive and appealing supply of content to broadcasters eager to boost their audience ratings. These issues are affecting the entire industry, including producers, distributors and broadcasters.

Nonetheless, the NFB is successfully reaching audiences through increased public screenings across Canada, higher NFB Web site traffic and the development of new broadcasting channels, such as mobile telephones.

Major partners

Partnerships at all levels: Synergy, creativity and optimization

The NFB continues to forge strategic partnerships with Canadian private-sector production and distribution companies and public broadcasters to co-produce, broadcast and distribute NFB films. Internationally, the NFB will continue to form alliances to maximize potential synergies and increase sales and revenues. It has taken the same approach within Canada by signing a series of agreements, including one with the Canadian Film and Television Production

¹ Nordicity Group, *Profile 2005: An Economic Report on the Canadian Film and Television Production Industry*, Ottawa, February 2005, p. 21.

² *Ibid*, p. 22

³ *Ibid*, p. 22. Funding from public broadcasters is not included. When it is included, direct and indirect public funding amount to 43% of the documentary production budget in 2004-2005.

⁴ Canadian Heritage, *Reinforcing Our Cultural Sovereignty—Setting Priorities for the Canadian Broadcasting System*, Ottawa, 2005, p. 18.

⁵ Canadian Media Research Inc., *TV Audiences and the NFB*.

Association (CFTPA) and one with the Association des producteurs de films and de télévision du Québec (APFTQ). The agreements set out the business practices that the NFB and its partners apply in the development, co-production and distribution of audiovisual works.

The NFB also takes part in many festivals, not only by submitting films but also by co-operating in efforts to ensure the festivals' success.

Further on in this report, we will provide more details on the partnerships, agreements and joint ventures that marked 2005-2006. These include agreements with NHK in Japan, Film Australia, Discovery Canada and the New Israeli Foundation for Cinema and Television (NFCT).

Educational partners

The NFB promotes close ties with educational channels, educators, teaching and research institutions and libraries. It has made a special effort to forge closer relationships with school systems, providing teaching materials, organizing workshops at numerous regional and provincial teachers' conferences, and offering teacher training activities in universities.

Working with the Government of Canada

The NFB relies on the Department of Canadian Heritage and its agencies to co-ordinate heritage activities and apply Government-wide priorities. Along with other agencies and Crown corporations under Canadian Heritage, the NFB sits on a number of committees and task forces, including the Canadian Heritage Portfolio Shadow Committee, which discusses common issues.

The NFB often works with federal government cultural agencies to align its policies with those of Telefilm Canada and the Canada Council for the Arts, while seeking production and broadcasting opportunities with the CBC and Radio-Canada. It has prepared a number of briefs for Parliamentary committees, notably the brief entitled *The NFB in the Digital, High-Definition Age: Prospects and Challenges*, presented to the House of Commons Standing Committee on Canadian Heritage in April 2005.

Additional efforts include the Spark Initiative, under which internships and training are made available to artists and artisans from cultural and Aboriginal communities, and the Interdepartmental Partnership with Official-Language Communities (IPOLC), a program that fosters the development of official-language minority communities by strengthening the support of federal cultural agencies.

The NFB also receives support under the Canadian Memory Fund, which is primarily intended to connect all Canadians with the riches of Canada's legacy by making key Canadian cultural collections available free of charge over the Internet.

Internal and external factors

The last phase of the 2002-2006 Strategic Plan ends in 2007, and the NFB will have consolidated the changes made over the past four years. The organization's objectives were to:

- Define and position the NFB in its essential role in the Canadian audiovisual landscape in

the context of a new global reality

- Connect Canadians with the NFB of today and their audiovisual legacy
- Make the NFB a better and more relevant reflection of Canadian society
- Confirm the NFB's role as an incubator of creative excellence and innovation
- Maintain and nurture the NFB's human capital
- Demonstrably increase the NFB's return on investment

Risks, challenges and opportunities associated with internal and external factors and their impact on the NFB

Risks

External risks include insufficient direct access to distribution and broadcasting channels for NFB films. Due to limited documentary and animation slots in broadcasters' programming schedules, Canadians cannot always view NFB films. Moreover, even when NFB films air on television, viewers are frequently unaware they are seeing an NFB film unless they read the credits carefully.

Fortunately, changes in audience viewing habits and longer times spent surfing the Web, especially by young people, along with the ever-increasing success of documentaries released in theatres, combine to provide new opportunities for the NFB to reach Canadians and engage them in dialogue.

Challenges

Funding

In this period, one of the major challenges facing the NFB continued to be a decline in financial resources. With additional funding, the NFB could successfully take up many challenges of the digital age. The NFB has been seeking a more substantial injection of funds for a number of years so that it can continue to play its many essential roles in preserving, producing and distributing films.

Maximizing revenues in a rapidly changing market

The NFB has one of the world's largest audiovisual catalogues as well as a stock footage library. Licensing more programming, repackaging for specific markets and customizing products for the educational system are among the means the NFB can use to increase revenues. However, the NFB operates in an industry that is undergoing dramatic changes, making it very difficult to establish precise forecasts. The NFB's core values can never be compromised, and its goal of maximizing revenues must be balanced against its cultural and outreach goals, which are not primarily commercial in nature.

Rights

The NFB cannot buy short-term single-use rights like a TV broadcaster does. Moreover, it is obliged to buy rights to historically significant films to ensure that they remain available to

Canadians. This is a responsibility of the NFB in its role as a public producer. The rising cost of acquiring rights directly affects the cost of productions and represents a growing challenge.

Restructuring

The NFB is continuing to restructure its marketing activities, which used to be decentralized among a number of NFB branches. It has now brought them together in a single Marketing and Communications Branch. Information Management and Corporate Affairs have been centralized within Planning.

Opportunities

Documentary distribution

A few private-sector companies remain key distributors of documentaries, but those players most often focus on series or documentaries intended primarily to entertain. Given the prevailing context, the NFB plays a unique and essential role in the distribution of documentaries, for example by distributing the films it produces, co-produces and acquires directly from private-sector producers.

Applying new digital distribution technologies

The pace of technological change and Canadians' demand for greater diversity in films provide extraordinary opportunities, not just for the NFB but also for Canadian films in general. For example, E-cinema, high definition and multiplatform distribution all constitute promising avenues for the future.

Those new opportunities also involve significant risks of obsolescence, and the NFB will have to adapt new technologies quickly to ensure that its production, distribution and access capacity does not become less relevant to its partners and to all Canadians. The organization has already initiated the shift towards greater use of new technologies; however, that shift requires substantial capital investment and the NFB may be faced with difficult choices as it adjusts to the digital environment.

To reduce the risks of providing productions in formats that are losing ground among Canadians, the NFB has already digitized over 25% of the collection in digital files. These make it possible to deliver in a wide range of formats, including MPEG-4, QuickTime, RealPlayer, Windows media and Flash. The NFB will continue to digitize the collection, with the support of the Government of Canada's Memory Fund.

The NFB's contribution to Government of Canada priorities

The NFB contributes directly to the achievement of Government of Canada priorities through the Department of Canadian Heritage. These priorities are identified in the Speech from the Throne made in April 2006. The table on Page 10 sets out the NFB's alignment with the priorities to which it can directly contribute.

- a. Tackling crime: The government will take measures to prevent criminal behaviour and will work with the provinces and territories to help communities, provide hope and opportunity for Canada's youth, and end the cycle of violence that can lead to broken communities and broken lives. The NFB produces, in both official languages, Canadian audiovisual content addressing social issues that affect communities across Canada and that focus, among other things, on the roots of violence in our society. Furthermore, initiatives such as Wapikoni Mobile and Video Paradiso successfully engage, youth at risk in using media as a tool for self-expression.
- b. Canada – strong, united, independent and free: The Government will work co-operatively with Canada's friends and allies to advance common values and interests. More broadly, the Government is committed to supporting Canada's core values of freedom, democracy, the rule of law and human rights around the world. The NFB produces, in both official languages, Canadian audiovisual content addressing social issues that affect communities across Canada and that convey Canadian values within Canada and around the world.
- c. Immigrants and Aboriginal people: The Government will seek to improve opportunity for all Canadians, including Aboriginal peoples and new immigrants. The NFB plays a unique role in the production and distribution of audiovisual works by members of cultural and Aboriginal communities.
- d. Managing the environment: The Government will take measures to achieve tangible improvements in Canada's environment, including reductions in pollution and greenhouse gas emissions. The NFB produces audiovisual works that provide food for thought and generate debate on the issue.

Canada's performance in 2005

Canada's Performance: Annual Report to Parliament, 2005 states that the NFB contributes to a vibrant Canadian culture and heritage, and summarizes the contribution made by cultural organizations as follows:

“Participating in cultural and heritage activities broadens people's experiences by exposing them to the diverse social, historical, and cultural aspects of their communities, introducing new and different ideas, and encouraging greater understanding across social and cultural groups. Cultural expression reflects what it means to be Canadian and articulates the shared values that distinguish Canada from other nations.”

**SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY
STRATEGIC OUTCOME**

Strategic Outcome

The NFB's strategic outcome is to produce and make available relevant, ambitious and innovative audiovisual works that give Canadians a deeper understanding of Canada and the world.

Program Activity 1: Production of audiovisual works

The NFB's principal mandate is to produce relevant and distinctive audiovisual works that address major social issues in Canada and abroad and attest to the diversity and richness of Canada's communities, for the greater benefit of Canadians. Documentaries and animated films produced by the NFB use innovative technologies and are delivered in a variety of production formats, helping to foster knowledge, education, social innovation and citizen participation.

2005-2006 DPR (according to PAA)	
Program Activity 1	Priorities
Production: Overall programming slate of distinctive, challenging and relevant audiovisual productions.	<ol style="list-style-type: none">1. Maintain an overall programming slate of distinctive, challenging and relevant audiovisual productions.2. Strengthen the NFB's ability to identify and encourage leading talent, championing emerging, culturally diverse and Aboriginal talent.3. Encourage partnerships through co-productions.4. Strengthen innovation in content, form and technology.5. Maintain the development of international co-productions.

Financial resources in thousands of dollars

Planned Spending	Total Authorities	Actual Spending
48,707	52,738	47,337

Human Resources

Planned	Authority	Actual
275	275	265

Expected outcomes for Program Activity

- At least 85% of programming involving social issues
- Programming with the focus on point-of-view documentaries, animation, innovative dramas and new media
- Innovative and experimental projects
- High number of co-productions
- Promotion and development of new talent

Indicators used to assess Program Activity

The NFB assesses its program activity performance by the following indicators:

- Diversity of genres and subject matter in NFB productions
- Audience reach and interest in films, including television and non-television audiences, Web site traffic and viewers at community theatre screenings
- Recognition in the form of awards at festivals in Canada and abroad
- Number of innovative applications
- Engagement of Canadians
- Diversity on and off the screen
- Increase in number of co-productions

Priorities

- 1. Maintain an overall programming slate of distinctive, challenging and relevant audiovisual productions**

Indicators

- **Diversity of genres and subject matter in NFB productions**

As a public producer, the NFB has a programming slate that embraces diversity in both genre and subject matter. Fortunately, it is able to produce widely varied audiovisual works because of

Canadians' great curiosity and eagerness to know more about the world around us, and the high calibre of NFB filmmakers drawn from all parts of Canada.

In 2005-2006, the NFB produced and co-produced 73 documentaries, 22 animated films and to a lesser extent 2 dramas. It encourages the production of documentaries and animation for television and feature films for theatres, as well as short films that, through their great creativity open the door to exploring possibilities for multiplatform and mobile telephone distribution. The sections below outline the feature-length and short-film initiatives taken by the NFB.

This year's crop addresses a wide variety of topics, while the individual works themselves are set apart by their original approach. Over 85% of the films produced address social issues. NFB filmmakers focused on violence against children, youth on the streets, women in Canadian mosques, farming in Canada, Aboriginal identity, popular culture, the seal hunt and issues in other countries, such as continuing violence in Colombia.

To illustrate the diversity of genres and subject matters addressed, below are several examples of documentaries and animated films that gave Canadians food for thought and encouraged them to become involved.

Every Canadian has heard stories and views about the seal hunt. In the documentary *My Ancestors Were Rogues and Murderers*, Anne Troake takes a fresh look at the seal hunt and its history. Probing beyond the headlines and media attacks all-too-often dominated by environmentalists and celebrities, Troake's film portrays the other side of the coin, giving a voice to the seal hunters themselves and celebrating the unique culture of Newfoundland's outports.

In the Shadow of Gold Mountain, directed and written by Montreal director Karen Cho, relates the stories of the last living survivors of the Chinese Head Tax and Exclusion Act, which was Canadian law from 1885 to 1947. For over 62 years, the Act forced Canada's Chinese community to live under an unfair and exclusionary regime. Through a series of touching personal accounts, the film sheds light on an era that shaped the identity of generations of Chinese Canadians.

Qui a tiré sur mon frère (Who Shot My Brother?), a documentary co-produced with Argus Films and directed by Germán Gutiérrez, investigates the assassination attempt on Gutiérrez's brother, a left-wing political activist in Colombia. Using a personal drama, Gutiérrez depicts the civil war, corruption, drug trafficking, guerrilla warfare and hostage-taking that combine to make Colombia one of the most violent countries on earth today.

Country is a multifaceted portrayal of the Quebec country and western festival circuit. As she accompanies the artists, director Carole Laganière discovers a culture marked by its human warmth, and reveals the passion of enthusiasts who move from town to town in pursuit of their dream. The documentary *Les enfants de la Couronne (Wards of the Crown)* tells the disturbing stories of young people who have grown up in – and survived – the foster care system.

In addition, the NFB runs two programs, Aide au cinéma indépendant du Canada (ACIC) and the Filmmakers Assistance Program (FAP), to assist both experienced and emerging filmmakers, providing support for the production of documentaries, animated films and dramas in the form of equipment loans and technical services for production and postproduction. This year, the programs provided support for 183 projects, 53 through ACIC and 130 through FAP.

- **Audience reach and interest in films**
- **Engagement of Canadians**

The NFB reaches Canadians of all ages and every origin through a variety of distribution and broadcasting channels. Television remains the primary medium through which the NFB reaches the public, though the Web is becoming increasingly significant, particularly among young people. The public also views NFB films in film theatres, at festivals and public screenings, and through video-on-demand sales to consumers, schools, and cultural and social organizations.

Television audiences

NFB films are a major source of distinctive, relevant Canadian content for the Canadian broadcasting system and are viewed on a wide variety of general, specialty and digital television channels. The NFB (along with the CBC, which is now a major shareholder) has been a partner in the digital Documentary Channel since the channel was launched in 2001.

This year, most NFB films aired on the Documentary Channel, accounting for 50% of 1,484 broadcasts. Next in line were broadcasts on the Independent Film Channel, Aboriginal Peoples Television Network, Knowledge Network and CBC Newsworld (it should be noted that audience ratings for those channels are not available from Nielsen, which otherwise provides them to the NFB). Total audience reach decreased this year, now standing at 5.9 million viewers compared to 8.5 million last year. Audience ratings naturally vary enormously from year to year, depending as they do on acquisitions as well as on broadcasters' programming schedules. The drop can also be explained by continuing audience fragmentation, a consequence of the ever-increasing number of specialty channels available. As we noted in previous pages, the proliferation of choices for NFB audiences makes our task more difficult because we are in direct competition with a wide range of cultural and educational products, especially in the Canadian television market. The impact affects all industry players, including producers, distributors and broadcasters.

To combat the trend, the NFB has developed a strategy involving public screenings across Canada, our increased Web site presence and the development of new distribution channels, such as mobile telephones, to reach the public.

In spite of the drop in reach, NFB films have been extremely successful in prime-time slots on a number of general channels, such as Société Radio-Canada (SRC), CBC and CTV. Examples attesting to public interest in the documentary genre are numerous, including *Histoire d'être humain* on SRC's *Enjeux* program, which reached a broad audience of 803,000 viewers. The film *When Hockey Came to Belfast* drew 323,000 viewers on CBC, while the documentary *Being Caribou*, which aired on the CBC's *The Nature of Things*, drew 168,000 viewers the first time it

aired and 144,000 viewers the second time. On CTV, the documentary *Men of the Deeps* drew 160,000 viewers. French titles are also very popular and arouse a great deal of interest. In addition, the NFB has been very successful on specialty channels like Discovery Canada, where the first episode of *Miracle Planet* drew 162,000 viewers.

Web site development and traffic

Web audiences are growing, making it possible to reach young people who spend more and more time in front of their computer screens. The NFB Web site, www.nfb.ca, attracted approximately 5 million visitors this year, while the Parole citoyenne and CitizenShift Web spaces attracted much higher traffic than last year, receiving 300,000 visitors. The NFB is currently revamping its Web site, making it difficult to compare the number of visitors to the site for comparison with last year's figures.

Audiences at public screenings

This year, the NFB again stepped up public screenings across Canada. In 2005-2006, the NFB held 2,500 public screenings attended by 154,653 people, a significant increase attesting to growing public interest in the documentary genre. Last year, the NFB organized some 1,000 public screenings; this year it more than doubled that figure, and demand continues to grow. Audience reach is also significant, showing a 180% increase compared to the preceding year's figure of 55,116.

The number of visitors to the NFB's two viewing centres, the CineRobotheque in Montreal and Mediatheque in Toronto, is also on the rise. Over the course of the year, the Mediatheque welcomed over 100,000 visitors and over 200 school groups, totalling some 5,000 young people in all. The CineRobotheque also welcomed over 100,000 visitors, while about 3,000 young people enjoyed the opportunity to be entertained. The number of school groups visiting the CineRobotheque declined somewhat this year, because the Quebec teachers' union boycotted extracurricular activities as part of measures applied to pressure the Quebec government.

Increased sales in home video and non-theatrical markets

The NFB's resounding success in the home video and non-theatrical markets attests to the popularity of NFB productions. Total sales this year amounted to \$8.105 million, a substantial increase over the previous year's sales of \$6.945 million. Details on successful NFB sales are provided in the section entitled Program Activity: Distribution of audiovisual works.

▪ **Recognition in the form of awards at festivals in Canada and abroad**

Recognition of NFB films' excellence by the Canadian and foreign industry is a testament of the competitiveness – that is, the quality, relevance and innovation – of NFB productions. The number of awards garnered by the NFB at various festivals in 2005-2006, compared to the year before, is shown in the table below.

Awards

	2004-2005	2005-2006
Total	204	143

In 2005-2006, the works of NFB filmmakers and artisans made their mark on both the Canadian and the international scene. For the second year running, an NFB production carried off the prestigious Canada Award, which is presented at the Gemini Awards ceremony. This year's winner - *Two Worlds Colliding* - a first work by Tasha Hubbard chronicles the tragic story of Native people abandoned by the police in a barren field on the outskirts of Saskatoon, in -20°C temperatures. On the same evening, Derek Rogers' *Shipbreakers* won the Gemini Award for Best Photography. Velcrow Ripper's *Scared Sacred* garnered the Genie for Best Documentary, while *cNote*, a film by Christopher Hinton, won the Genie for Best Animated Short. The film *Ryan*, which won an Oscar® in early 2005, continues to garner honours around the world.

The NFB's Web site won Grand Prize at the InfoPresse Boomerang Awards for best corporate site on the Net, while the *CitizenShift* Web space received Webby Worthy distinction at the prestigious Webby Awards in New York.

2. Strengthen the NFB's ability to identify and encourage leading talent, championing emerging, culturally diverse and Aboriginal talent

Indicator

▪ Diversity on and off the screen

In the four years since initiating its 2002-2006 Strategic Plan, the NFB has incorporated Canada's cultural diversity and the international promotion of that diversity, into its activities and actions. It has also made development and support of the next generation of filmmakers a pillar of the Strategic Plan. We are continuing our efforts by maintaining existing programs and establishing new initiatives. In 2005-2006, emerging filmmakers are flourishing, with 50% of films made by new talent.. Works by emerging filmmakers include *Mohawk Girls*, a documentary by Tracey Deer that presents a remarkable portrayal of young Aboriginal culture, probing the questions and doubts that beset three teenage girls as they try to find their identity. The film won an award at the 2005 imagineNATIVE Film + Media Arts Festival. Another eloquent example is Gail Maurice's short film *Smudge*, which was selected and presented at the prestigious Sundance Film Festival in the United States. The film, produced as part of the Momentum Program that provides assistance to emerging filmmakers, shows how a small group of Aboriginal women exercise and celebrate their right to worship in the city, their way.

A number of new cultural diversity initiatives illustrate the NFB's approach. In November 2005, the NFB and Yukon Film and Sound Commission launched the Northern Sights competition, designed to provide opportunities for professional development in areas of creative filmmaking

for Northern filmmakers, through an intensive training workshop. Marten Beckman's project, Adrenaline Bach, won the competition and will therefore move on to the production phase.

In addition to the long-standing Aboriginal Filmmakers Program, the NFB established First Stories, a program initiated in March 2005 with the NFB, CBC Manitoba, Manitoba Film & Sound and Telefilm Canada. Aspiring Aboriginal filmmakers attend documentary workshops led by teams of professionals and then produce their films. So far, fourteen Aboriginal filmmakers have taken part. When the workshops ended, five filmmakers were selected to make their films with an NFB producer.

For the fourth year in a row, the NFB's Reel Diversity competition, intended for emerging filmmakers from visible minority communities, ran across Canada. The competition gives three filmmakers a chance to make their documentaries at the NFB, for broadcast on CBC Newsworld. Since the inception of Reel Diversity, over twenty films have been produced and a number of them have won awards.

Once again this year, in co-operation with the NFB and Productions Les Beaux Jours, the Wapikoni Mobile project travelled from one Aboriginal community to another, helping young people learn about and make audiovisual works and music. Over fifteen films have already been produced by young Aboriginal filmmakers, while over 30 original musical works have been recorded. Over 350 young people from Aboriginal communities took part, and the film *La Lettre*, made by the Wapikoni team with cameraman Shanouk Newashish, garnered several honours. This year marked the launch of the first permanent studio flowing from the Wapikoni project.

Because of its ongoing concern for equity, the NFB and the Picture this...Film Festival in Calgary have developed an initiative entitled Days to Minutes, to help disabled persons produce a short documentary. Eight disabled people from Calgary and southern Alberta received advice and assistance from a team of professionals to select a short film idea, made the film during the festival and presented it at the festival's closing.

The NFB has a series of programs to develop, encourage and assist the emerging filmmaker. This year, TV Ontario (TVO) and the NFB launched the Calling Card Program to help teams – each comprising a director and producer – from Ontario make their first half-hour documentary for television. The two teams selected this year received a total \$45,000 (\$30,000 from the co-production agreement with the NFB and \$15,000 from TVO's broadcasting rights).

Another project, Voices from the Hood, gave a voice to youth from English-speaking minority communities in Montreal. Young people aged 15 to 29 made short videos celebrating life in their communities. The program is a joint initiative of the NFB and e-Mage Jeunesse, a non-profit organization dedicated to fostering young peoples' independence through multimedia.

Momentum, which focuses on documentary filmmakers. The two programs, both designed to identify and nurture talent, help emerging filmmakers produce short documentary and animation films.

The NFB also continues to take part in two federal government initiatives: the Spark Initiative

and IPOLC. The Spark Initiative is a Department of Canadian Heritage partnership with Telefilm Canada and the Canada Council for the Arts, helping filmmakers and producers from culturally diverse communities find their place in the Canadian audiovisual industry. The NFB has been involved in the programs for three years, providing filmmakers from culturally diverse communities with development opportunities in production and directing, while improving their access to Canadian audiences. IPOLC, the Interdepartmental Partnership with the Official-Language Communities, is a Canadian Heritage initiative to give French-speaking producers, auteur filmmakers and directors working outside Quebec a chance to develop their skills.

3. Encourage partnerships through co-productions

Indicator

- **Increase in number of co-productions**

The NFB regularly co-produces films with domestic and foreign partners to take advantage of Canadian and international creativity and know-how. The partnerships also help us increase our business opportunities for the mutual benefit of the NFB and its partners. This year, the NFB co-produced 51 films with the industry.

Recently, the NFB announced the co-production with Galafilm of a documentary series on Paris 1919, based on the book by Margaret MacMillan that won the Governor General's Award. The co-production, to be directed by Academy Award nominee Paul Cowan, will focus on the six months after World War I, a period that shaped the world as we know it and that had repercussions we can still observe today.

The NFB is a major player in the feature-length documentary industry. It has renewed its commitment to the genre by establishing a fund of \$800,000, in partnership with the Documentary Channel, to co-produce feature-length documentaries for the theatrical market.

4. Strengthen innovation in content, form and technology

Indicator

- **Number of innovative applications**

The NFB is maintaining its focus on creativity, innovation and experimentation in form and content, and its varied short film initiatives encourage creativity and experimentation in both content and form. A number of those initiatives, including the Momentum and Hothouse programs, have already been cited in previous sections.

We would like to highlight several initiatives that either have led to the production of highly original works or focus on innovation. One is Shorts in Motion, a project to make short films for mobile telephones, television and the Internet. This is a joint effort by several partners, including Marblemedia, a co-producer with the NFB; Chum Television's Bravo!Fact; Ericsson, the cellular telephone company; Telefilm Canada's New Media Fund; the Ontario Media Development

Corporation's interactive media program and the Sundance Channel. Among the shorts resulting from this initiative, two – *I'm Sorry* and *Phone Call from Imaginary Girlfriends* – were the only Canadian official nominees for Best Made for Mobile TV Content/Format Category at the MIPCOM 2005 Mobile TV Awards. Films made as part of the Shorts in Motion are now available on mobile phones across Canada.

In the same vein, the NFB, as a producer of internationally renowned animated films, assured the leadership of the animation component of *Content 360* at MIPTV featuring MILIA held in Cannes in April 2006. This initiative is designed to exploit the potential of new digital platforms and foster interactions between the audience and television creative channels. The winning producer will be offered a co-production agreement with the NFB to develop a project. Other partners associated with the project are the British Broadcasting Corporation and Korean Broadcasting Commission.

The two projects described above demonstrate how NFB support for documentary and animated shorts is an important element in the organization's innovation strategy. Short films constitute a unique niche that allows the NFB to explore the potential for multiplatform distribution.

In addition to productions for multiplatform distribution, the National Film Board and its filmmakers are innovating on the Web. Almost two years ago, the NFB launched the bilingual Web space *Parole citoyenne/CitizenShift*, a forum where film and citizen participation come together. The space is an innovative tool for social transformation that allows filmmakers, artists, academics and ordinary citizens to exchange information and debate a variety of social issues. *Parole citoyenne/CitizenShift* is at the leading edge in content and form, providing space for blogs, audio clips and thematic files on a range of social issues. For example, the NFB launched a short film competition on the theme "Free Us from Racism" during the Action Week against Racism as part of the Montreal Human Rights Film Festival.

This year again, the NFB continued its efforts to develop and promote an independent digital film theatre network, in co-operation with partners that include Telefilm Canada and SODEC, the Société de développement des entreprises culturelles du gouvernement du Québec. A digital film theatre network, otherwise known as E-cinema, would involve a revolutionary distribution process making it possible to establish an independent distribution network through which Canadian films could be seen by audiences across Canada in major cities and in remote regions.

5. Maintain the development of international co-productions

Indicator

▪ Increase in number of international co-productions

The NFB enjoys an excellent international reputation, which help us to establish new partnerships that benefit the Canadian industry as a whole. Since 2002, the first year of the Strategic Plan, the NFB has continued to strengthen its international presence. The year 2005-2006 was especially productive for the NFB in prestigious markets like MIPCOM and is the establishment of co-production agreements.

This year, the NFB made 12 international co-productions, an increase of 71% (7 international co-productions) over the previous year. International co-productions frequently open the door to new partnerships. One example is the resounding success of *Miracle Planet*, an HD documentary series co-produced with Japan's NHK, which opened the door to an agreement between the NFB and Discovery Channel Canada, a prestigious documentary broadcaster. Under the agreement, the NFB and Discovery Channel will contribute to new co-productions, particularly in HD, and pool their stock footage.

Over the past few years, the NFB has developed and concluded agreements with organizations like NHK in Japan, ARTE and Film Australia, with a view to establishing consortia to foster international co-productions as well as projects to enhance stock footage and provide Canadian producers with new international business opportunities. This year, the NFB signed an agreement with the New Israeli Foundation for Cinema and Television (NFCT), providing funds for the development of five feature-length documentary proposals. This pilot project involves an investment of CAD \$60,000. The NFB has also signed an agreement with NHK, Discovery Canada and Film Australia to develop films based on the organizations' stock footage. The new agreement will make it possible to exploit the potential of new platforms, such as mobile telephones and iPods, for the educational market.

In addition, the NFB has signed a co-operation agreement with the Brazilian Ministry of Culture covering E-cinema, co-production, distribution, broadcasting, training and research. The new program will make it possible to explore co-production opportunities in the documentary, animation and experimental fields, as well as exchange training and distribution know-how.

The organization's efforts do not stop there, however. To advance our international co-productions, the NFB appointed Maurice Paleau Chief of International Relations. Mr. Paleau was previously Vice-President of Creative Development at Discovery Networks International. At the NFB, his responsibilities will include presales of NFB productions to international broadcasters, as well as the search for production opportunities.

The NFB's international presence benefits not only the organization itself but also NFB co-producers and independent producers. To help the independents fine-tune their project pitches, the NFB established a €2,000 prize for best pitch at the 2nd MIPDOC Co-production Challenge.

Program Activity 2: Distribution of audiovisual works

The NFB's collection, impressive in size and diversity, is distributed through appropriate distribution channels to reach a variety of client groups in Canada and abroad. Distribution activities include direct sales of the NFB collection through sales agents in Canada, the United States and Europe, online stores and a call centre. They also include the acquisition of complementary productions, as well as the sale of NFB stock footage and film clips to partners in the film and television industry. The NFB develops strategic co-operative relationships through its distribution activities.

2005-2006 DPR (according to PAA)	
Program Activity 2	Priorities
Distribution of audiovisual works.	<ol style="list-style-type: none"> 1. Increase revenue from the NFB's collection and maximize presales and sales. 2. Provide access to NFB know-how and distribution networks for the private and public sectors.

Financial Resources (thousands of dollars)

Planned Spending	Total Authorities	Actual Spending
440	498	1,171

The difference between total net spending for the fiscal year (Actual) and net planned spending is attributed to an increased investment of distribution rights. The difference between actual spending and planned spending is also attributed to a reduction in revenue. The planned revenue (reducing the planned spending) has been forecasted at \$7,519,000, while results reached \$7,173,000.

Human Resources

Planned	Authority	Actual
45	45	47

Expected outcomes for Program Activity

- Diversified markets and strong revenue
- E-commerce through online stores
- Frequent sales, representing significant amounts, to broadcasters
- Strong presence of NFB productions in distribution networks

Indicators used to assess Program Activity

To assess this program activity, the NFB will track the following indicators:

- Market development and diversification (Canadian and foreign markets)
- Revenue and sales

Priorities

- 1. Increase revenue from the NFB's collection and maximize presales and sales**

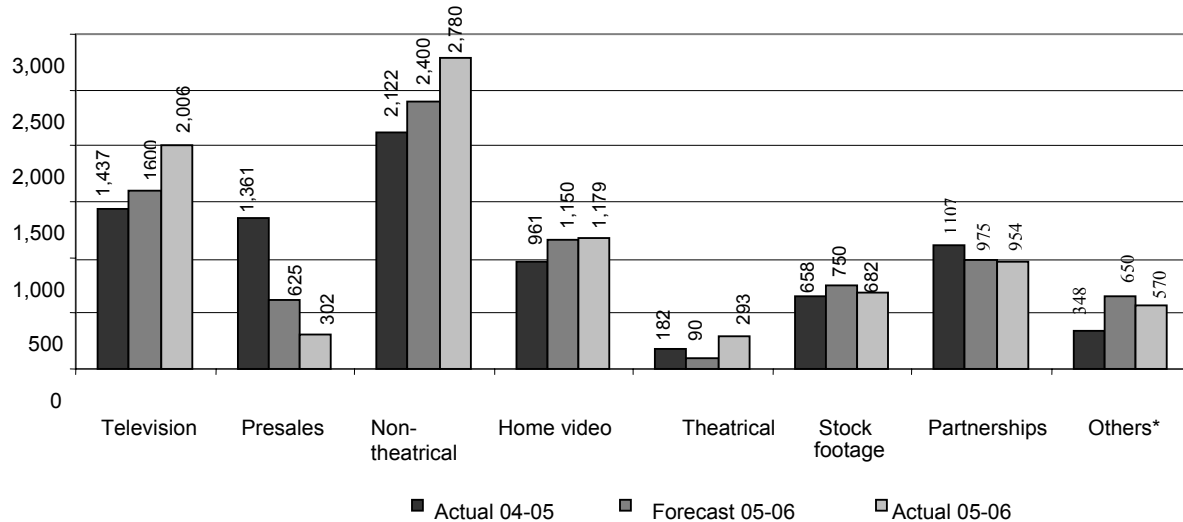
Indicators:

- Market development and diversification (Canadian and foreign markets)
- Revenue and sales

This year, NFB distribution sales amounted total \$7.246 million. Each year, the NFB has been successfully increasing revenues by diversifying its markets and activities in a variety of territories. This year, revenues increased by 9%. The non-theatrical market – including schools, professional and health institutions as well as social and cultural organizations – is the NFB's largest, in 2005-2006 accounting for 44% of the organization's revenues, primarily (91%) from Canadian and US territories. The home video market accounts for 19% of NFB revenues, 84% of which comes from Canada and the United States. The television market accounts for 32% of revenues; 54% of it from Canada and the United States and the remainder from Europe and Asia. The table below summarizes NFB revenues for the year, showing both actual revenues and annual forecasts.

NFB Revenues
All territories and revenues sources
And types of revenues

(thousands of dollars)



This year, the NFB again concluded a number of agreements promoting the broadcast of its own productions and those of its partners and formed a consortium of major stock footage collections with NHK, Film Australia and Discovery Canada. The consortium will draw on the collections to create audiovisual material for new platforms.

Canadian non-theatrical and home video markets

At year-end, 2005-2006 revenues from the Canadian non-theatrical market amounted to \$1.88 million, a 38% (\$514,000) increase over last year's figure of \$1.366 million. The increase was made possible by an approach that integrates all the organization's marketing and sales activities.

The Canadian home video market also had an excellent year, with revenues reaching \$701,000, compared to \$529,000 at the end of last year. This year's figure represents a 33% (\$172,000) increase over the figure for 2004-2005.

The on-demand DVD copy service is making a significant contribution to the NFB's performance in the Canadian home video and non-theatrical markets. To serve clients more effectively, the NFB is continuing to innovate in this area: within a few years, clients will be able to create custom DVD compilations from digitized titles in the collection.

US non-theatrical and home video markets

The NFB's efforts in the US non-theatrical and home video markets have paid off this year. Non-theatrical market revenues amounted to \$647,000, a 21% (\$112,000) increase over \$535,000 in 2004-2005. The home video market did just as well, with revenues attaining \$288,000, a 33% (\$72,000) increase over the figure for 2004-2005. The excellent performance was due among others to the NFB's agreement with Image Entertainment for the McLaren box set.

Canadian and world television markets

NFB television market revenues have been rising, in 2005-2006 attaining \$2.005 million, a 40% increase over the 2004-2005 figure of \$1.436 million. In the coming year, the NFB will nonetheless have to make additional efforts to increase television presales.

This year, the NFB signed an important agreement with independent music publisher OLE in Toronto, which will manage the musical rights to the NFB's catalogue of over 12,000 production hours.

2. Provide access to NFB know-how and distribution networks for the private and public sectors

Indicator:

- Market development and diversification (Canadian and foreign markets)

Two years ago, the NFB implemented a number of policies to offer distribution and marketing know-how to the public and private sectors in Canada and other countries. In this regard, the NFB has made efforts to round out its collection with films that are more commercial in nature. Over the course of the year, the NFB acquired 55 works by other producers for distribution. These acquisitions and commissions generated total gross sales of \$1.070 million in 2005-2006.

The NFB's distribution activities benefit not only the organization but the film industry as a whole. In 2005-2006, the NFB's distribution activities generated \$1.070 million in revenues for its partners through acquisitions and co-production agreements.

Program Activity 3: Access to audiovisual works and outreach development

Access and outreach activities connect Canadians with relevant media resources, promoting citizen engagement and lifelong learning. Access and outreach activities ensure ongoing access to the NFB collection, making it more available to future generations. The NFB is also taking steps to preserve its collection and make it available to all Canadians. Access is provided through the NFB’s Web site, its viewing centres in Montreal and Toronto, agreements with partner libraries, the membership program, the NFB’s online film library and the screenings the NFB organizes across Canada. These activities help build and sustain profound and enduring relationships with Canadians. A series of activities also target the educational sector: the organization invests time and effort in providing teaching materials in various forms, such as workshops and study aids.

2005-2006 DPR (according to PAA)	
Program Activity 3	Priorities
Access to audiovisual works and outreach development.	<ol style="list-style-type: none"> 1. Enhance and increase equitable access to the NFB collection through screenings, retrospectives, and so on. 2. Achieve greater reach across Canada and into communities. 3. Further enhance collection management in a digital universe (conservation, digital evolution and rights). 4. Increase NFB visibility in communities, on television and in learning channels. 5. Increase branding opportunities in Canada and abroad.

Financial resources in thousands of dollars

Planned Spending	Total Authorities	Actual Spending
11,172	12,146	12,660

Human Resources

Planned	Authority	Actual
110	110	114

Expected outcomes for Program Activity

- Increased access to the collection, fostering greater ownership of the NFB by Canadians, its collection, the Mediatheque, the CineRobotheque and other resources
- A sound program of citizen participation through public screenings, workshops, master classes, and so on
- Quality visibility for the NFB and its productions on television, in festivals, schools, industry events and with the federal government
- Better branding on television broadcasts and recognition by co-producers of the NFB's role
- A valued and highly recognized brand
- Further digitization of the NFB collection
- Strong presence of NFB productions in distribution networks
- Positive and increased media coverage

Indicators used for Program Activity

To assess this program activity, the NFB will track the following indicators:

- Access to the NFB's audiovisual holdings (film loans by partner libraries and utilization of the collection)
- Social impact
- Membership
- Attendance at NFB film screenings and retrospectives

Priorities

1. Enhance and increase equitable access to the NFB collection through screenings, retrospectives, and so on

In its 2002-2006 Strategic Plan, the NFB set the goal of rekindling relations with Canadians. To achieve this goal, the organization has strengthened its presence across Canada each year. Below are a number of examples illustrating our efforts to reach the Canadian public in all provinces and territories, through partnerships, new technologies and various other ways.

Partnerships with a cultural organizations and educational institutions help the NFB to reach Canadians while promoting the broadcast and distribution of the NFB collection. The NFB has also boosted the number of public screenings it organizes, offering programming of its collection in many public libraries. To strengthen its presence across Canada, the NFB also organizes film tours, presenting new releases and retrospectives at festivals across Canada. For eight years now, the NFB has been organizing free screenings of its recent productions in the presence of filmmakers, artisans and experts in many of Quebec's cultural centres.

New technologies and experimentation are crucial to fostering better access to the NFB collection. The NFB considers digitization of its collection a useful and effective way of reaching large numbers of Canadians, particularly the younger ones. This is why the NFB has invested a great deal of effort in developing relevant, original projects with the support of the Canadian Memory Fund. The Fund is part of the Department of Canadian Heritage's Canadian Culture Online strategy, which aims to digitize major Canadian collections – including films, photos, documents and stock footage – and make them available on the Internet. This year, the NFB added 150 new titles to CineRoute, its online film library. CineRoute is available free of charge to all members of the NFB Film Club who request a subscription and have a broadband Internet connection.

Many additional productions have been digitized for projects to be released next year, such as the Aboriginal Perspectives module on the Documentary Lens educational site, and the Focus on Animation site. Documentary Lens is an educational resource on the documentary genre available free of charge to the educational sector. The site provides a series of audiovisual learning projects and contains 100 clips in English and French, as well as 86 films. The purpose of the new Aboriginal Perspectives module is to help students learn more about Aboriginal cinema, showcase Aboriginal filmmakers and give teachers the opportunity to introduce First Nations issues in a dynamic fashion. The Focus on Animation site provides 70 animated films and is aimed at primary-school students.

This year, the NFB established a pilot video description project as part of several Memory Fund initiatives. Video description provides a verbal description of a film's key visual elements to give vision-impaired people a mental image of the film and help them follow the story. The NFB now has 86 such titles available online through CineRoute. The animated film *Neighbours*, by renowned filmmaker Norman McLaren, is available with video description. For many years, hearing-impaired people have had the opportunity to enjoy NFB films with the help of closed-captioning; in the future, more NFB films will be accessible to vision-impaired people as well because of video description.

2. Achieve greater reach in communities across Canada

The NFB is well rooted in communities in all parts of Canada, a goal its has achieved through various means such as public screenings, a presence at festivals and in schools, and its two viewing centres, the CineRobotheque in Montreal and the Mediatheque in Toronto.

This year, a major Canada-wide tour was arranged as part of the 2006 Rendez-vous de la Francophonie. Between March 10 and 26, 2006, the NFB presented three film programs to a broad array of communities across all of Canada's provinces and territories, ranging from large cities to small towns. This first tour was a resounding success and will become a regular NFB event.

In addition, we will maintain the NFB Film Club as a vehicle to communicate with the public. The Film Club now has 32,120 members, who regularly receive information about NFB-organized activities and events.

Over the years, the NFB has established partnerships with 50 public and university libraries across Canada. The libraries buy NFB films at reduced rates and receive free copies of new releases; in turn, they keep a significant number of NFB films in stock, in both official languages, for clients to borrow or rent.

Number of films borrowed through partner libraries

2002-2003	2003-2004	2004-2005	2005-2006
222,827	207,246	197,248	149,665

3. Further enhance collection management in a digital universe (conservation, digital evolution and rights)

This priority centres on enhancing the management, conservation, restoration, indexing and cataloguing of the NFB's 12,000-strong collection. As indicated earlier, the NFB has continued digitizing its collection with support from the Canadian Memory Fund.

The NFB's digitization efforts also continue outside the ambit of the Memory Fund. The organization conducts digitization research and digitizes works for its Web sites, the DVD copy service and its two viewing centres, the CineRobotheque and Mediatheque. Because of considerable growth in all the activities involved, digitization operations have been reorganized and centralized in a single location – the E-vault – for greater efficiency.

The NFB is a world leader in the meta-tagging, treatment and enhancement of films in the digital transfer and encoding process.

4. Increase NFB visibility in communities, on television and in learning channels

To strengthen its alliance with school systems, the NFB is enriching its teaching resources, giving workshops at regional and provincial teachers' conferences and organizing teacher training activities in universities, in co-operation with educational experts and learning centres.

In addition to establishing educational Web sites, such as the Documentary Lens space described earlier, the NFB has taken an innovative approach with a unique anti-obesity campaign aimed at young people. The campaign is an initiative of the NFB and CBC in co-operation with the Heart and Stroke Foundation of Canada and Canadian Association for Health, Physical Education, Recreation and Dance, and is based on the documentary *The Weight of the World*. Co-produced by the NFB and CBC, the documentary illustrates the hazards of poor nutrition and encourages viewers to change their eating habits and adopt a healthy lifestyle. As part of the campaign, an interactive Web site provides an awareness-raising kit for schools, community groups, libraries and families, promoting the benefits of healthy eating and physical fitness. The kit includes the film and is free of charge. The Weight of the World campaign has been enormously successful: 3,700 schools across Canada participated, and over 630,000 students took up the challenge of suggesting healthy lifestyle changes.

Another example of productive co-operation with schools is *I Can Make Art*, a series comprising six short films that deconstruct the creative techniques of renowned Canadians artists such as Emily Carr, Marcelle Ferron and Ron Noganosh. The series, which was very enthusiastically received, is aimed at students age 9-12 and their teachers, as well as their parents, who can visit the NFB site (www.nfb.ca/webextension/icanmakeart/fr) for activities to help young students learn about the artists' techniques.

Our partnerships are not limited to the educational sector; the NFB is working on activities with a variety of social organizations. For example, as part of 2006 ABC Canada Family Literacy Day, the National Film Board distributed French and English reading kits – *Let's All Read Together/Lisons en chœur* – in selected libraries across Canada. Each kit contains a DVD with four films inspired by tales from children's books by well-known Canadian authors, as well as an activity guide. This initiative is a joint venture with the National Literacy Secretariat of Human Resources and Skills Development Canada.

Another example is the NFB's partnership with the Institut du Nouveau Monde in Montreal, with whom the NFB organizes screenings of its films followed by a discussion with the filmmakers.

5. Increase branding opportunities in Canada and abroad

The National Film Board is already a world-renowned player in animation and documentary filmmaking and in technological innovation. Canadians are very proud of the NFB and seek out its productions. Each year, we provide more branding opportunities for the NFB in Canada and internationally, because we live in a highly competitive world.

This year, the NFB screened the documentary *The Peacekeepers* at the UN Headquarters in New York, in the presence of Secretary-General Kofi Annan and UN Headquarters personnel. The documentary was also shown to UN representatives at the Geneva International Model United Nations conference, in Switzerland.

At the United Nations Climate Change Conference held in Montreal, the NFB launched *Arctic Mission: The Interactive Adventure*, a new educational DVD game that illustrates the repercussions of global warming in the Far North.

Program Activity 4: Research and advisory services

Under the heading of research, the NFB undertakes and commissions studies, advises the government, provides consulting services, shares knowledge and prototyping, and helps beta test creative outputs and technologies. The aim of these activities is to advance the art and science of filmmaking.

2004-2005 DPR (according to PAA)	
Program Activity 4	Priorities
Research and advisory services.	<ol style="list-style-type: none"> 1. Conduct and participate in research projects in areas like E-cinema and the social repercussions of documentary films, and review policies governing documentary films. 2. Work more extensively with the government and other organizations.

Financial resources in thousands of dollars

Planned Spending	Total Authorities	Actual Spending
2,629	2,840	3,943

Note: The summary financial information includes three figures showing:

- Net spending planned for the fiscal year (Planned)
- Net spending planned for the fiscal year, plus additional funding that Parliament decided to grant the NFB in light of changing priorities and unexpected activities (Authorities)
- Total net spending for the fiscal year (Actual)

This program activity generated revenue of approximately \$215,000.

Human Resources

Planned	Authority	Actual
70	70	72

Expected outcomes for Program Activity:

- Significant research and development in technical and technological aspects of the audiovisual field
- The NFB as a benchmark in filmmaking

Indicators used for Program Activity:

1. Development and implementation of a research plan
2. Dissemination and use of research findings
3. Type and impact of the NFB's R&D efforts
4. Type and significance of requests to work with the NFB as a test site and R&D incubator
5. Type and impact of joint ventures (e.g., with Canadian Heritage portfolio organizations, public-private partnerships)

Priorities

- 1. Conduct and participate in research projects in areas like E-cinema and the social repercussions of documentary films, and review policies governing documentary films**

The NFB is continuously innovating, often serving as a test bench for new technologies. On the creative side, the NFB has worked on developing and adapting a system known as the Stereoscopic Viewing Environment, which makes it possible to screen 3-D productions with light, easily movable equipment in small theatres. The goal of the research is to make 3-D screenings more accessible by adapting 3-D projectors.

Still on the creative side, the NFB is exploring the potential of new technologies. For example, the NFB has developed a process to exploit the potential of DVD storage. The process is being used in *Alphabet*, a project aimed at improving literacy among young people. It provides exercises in which viewers write each letter of the alphabet with the assistance of animated films. The project requires enormous amounts of storage space as well as sophisticated programming.

The NFB is also continuing research to improve closed captioning for the hearing impaired. The project, entitled C3 Grid, is improving the quality of automatic closed captioning.

To improve customer service, the NFB has been improving the on-demand DVD copy service. It is now developing a unique method to offer customers personalized DVD compilations, which will become available in the next few years. Moreover, as part of its ongoing effort to make state-of-the-art technology available to its clientele, the NFB has put in place the processes needed to provide high-definition DVD products – Blu-ray and HD DVD – that will soon be on the market.

In partnership with Algolith and within the framework of the Programme de soutien aux vitrines technologiques, established by the Quebec's Ministère du Développement économique et régional et de la Recherche, the NFB has been testing and using algorithms developed by its partner to optimize and resize video images, preserve image quality and reduce bandwidth. The

testing will be done on video material from various sources in different formats, using the real-time techniques developed by the NFB.

2. Work more extensively with the government and other organizations

In April 2005, the National Film Board of Canada, in collaboration with Telefilm Canada and the Canadian Television Fund, organized the second Documentary Policy Summit at the Hot Docs Festival in Toronto. The event drew 110 documentary filmmakers, public policy makers, broadcasters and distributors. Consensus emerged in a number of areas, including support for a fund dedicated to the production and distribution of feature-length documentaries for theatrical release. In addition, an advisory group comprising representatives of the documentary industry, broadcasters, funding organizations, the CRTC and Canadian Heritage was established to discuss an action plan aimed at harmonizing public policy in the documentary sector. At the Summit, the NFB tabled a highly significant study on the social impact of documentaries, and ways to quantify it.

The NFB also takes part in other studies with the industry and shares its views with Parliamentary committees. For instance, the NFB is preparing a study of children's productions in co-operation with CFTPA, and is also working on a report outlining its commitments and actions in the short-film industry in Canada and abroad. In addition, this year the NFB presented a brief on feature-length documentaries and E-cinema.

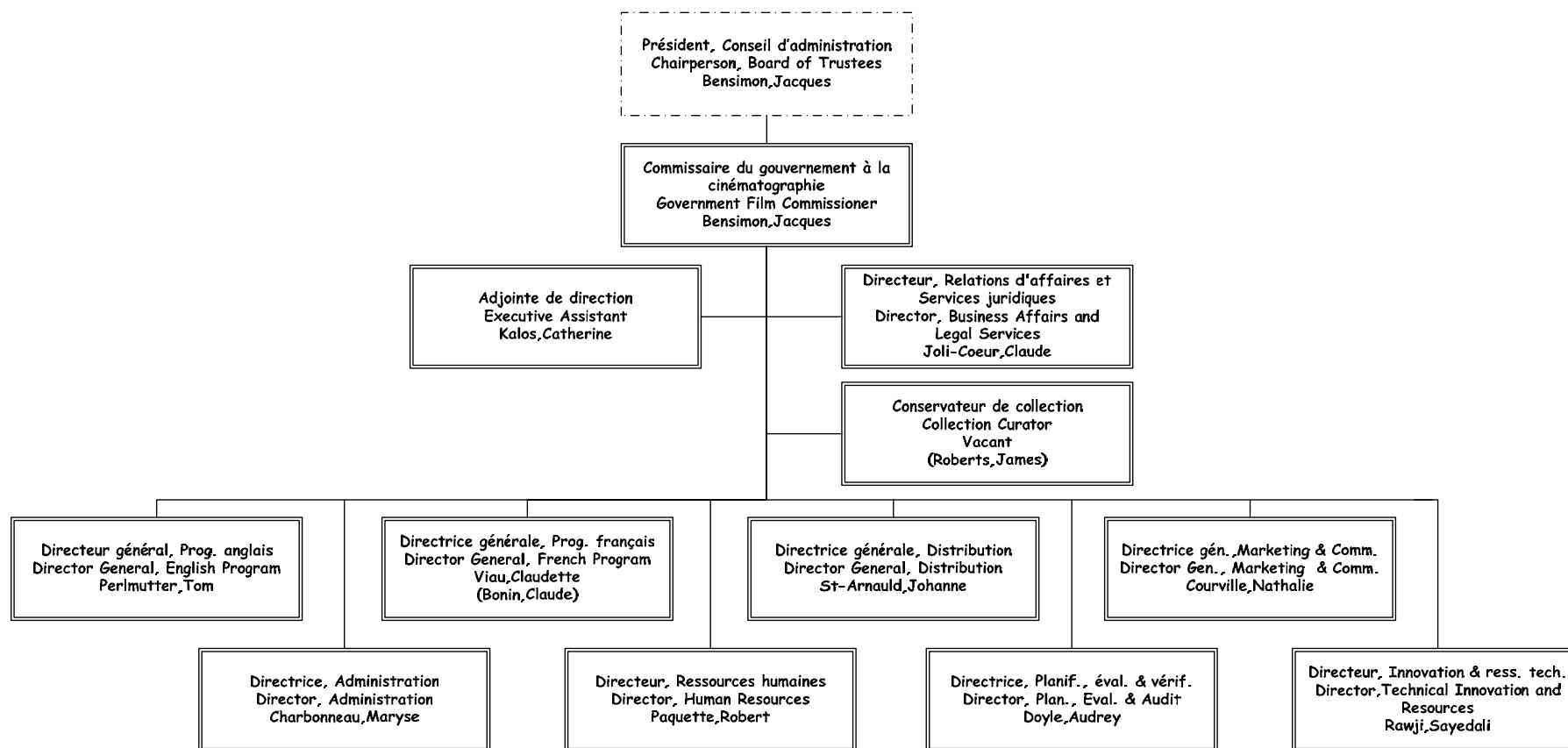
SECTION III – SUPPLEMENTARY INFORMATION

Organizational Information

The NFB reports to Parliament through the Minister of Canadian Heritage.

Organizational Structure

OFFICE NATIONAL DU FILM DU CANADA / NATIONAL FILM BOARD OF CANADA



Management, administration and accountability

Priorities

The NFB engages in business practices that foster good governance and accountability and forge a bond of trust with Canadians. The NFB will ensure that all its activities meet or exceed the highest governance and accountability standards. To achieve that goal, the NFB's two highest-level priorities will be to:

- a) Manage resources efficiently and effectively, making appropriate assessments and audits.
- b) Enhance accountability, business practices and information systems.

The NFB has established a modern corporate culture in which transparency, good governance, responsibility and accountability in all sectors of the organization are essential to efficient and effective management.

As a producer and distributor of cultural content involving substantial amounts in royalties and copyright, the NFB has established the Electronic Rights Management Database (ERMD), which was initiated in 2003-2004 and is now operational. We are continuously adding to it by incorporating our historical databases.

We have also enhanced the production, distribution and administration systems to meet the organization's goals, which are to produce high-quality audiovisual works and make them available to the widest possible audiences. For example:

- The NFB is continuously improving Synchrone, its integrated information and knowledge management system. The position of Information Manager was created in 2005-2006 to promote more effective collection and better use of information available at the NFB.
- Two years ago, the NFB developed new performance indicators to monitor and assess its performance in all activities. In 2005-2006, the organization finalized the financial aspects and in the coming year will be implementing a series of indicators to track audiences.
- The NFB has also established a new Internal Audit Plan, as well as an integrated risk and personal information management framework. For example, the organization has reviewed the procedures governing delegation of authority, particularly in distribution, and has completed an audit of international co-productions.
- This year, the NFB also completed a series of assessments and reviews in the areas of partnerships and short-film activities.

The NFB is making every effort to keep administrative costs as low as possible. In recent years, those costs have successfully been maintained at some 10% of the total budget.

This year again, the NFB used public funds conscientiously, in line with the highest standards of transparency, good governance and accountability. The organization ensured that its activities generated maximum value for Canadians.

Table 1: Comparison of Planned Spending and Full-Time Equivalents

(\$ thousands)	2003-04 Actual	2004-05 Actual	2005-2006		
			Planned Spending	Total Authorities	Actual
1. Production	50 048	46 891	48 707	52 738	47 337
2. Distribution	1 705	1 913	440	498	1 171
3. Accessibility	11 691	12 325	11 172	12 146	12 660
4. Research	3 869	3 781	2 629	2 840	3 943
Total	67 313	64 910	62 948	68 222	65 111
Less: Non-Respendable revenue	-	-	-	-	-
Plus: Services rec'd without charge	-	-	-	-	-
Net cost of Department	67 313	64 910	62 948	68 222	65 111
Full-Time Equivalents	498	507	500	500	498

Table 2: Use of Resources by Program Activities

2005–2006				
(\$ thousands)	Operating	Grants & contributions	Less: Respendable Revenue	Total
1. Production				
Planned Spending	49 561	152	- 1 006	48 707
Total Authorities	53 622	122	- 1 006	52 738
Actual Spending	48 177	120	- 960	47 337
2. Distribution				
Planned Spending	7 959	-	- 7 519	440
Total Authorities	8 012	5	- 7 519	498
Actual Spending	8 339	5	- 7 173	1 171
3. Accessibility				
Planned Spending	11 349	98	- 275	11 172
Total Authorities	12 298	123	- 275	12 146
Actual Spending	13 032	162	- 534	12 660
4. Research				
Planned Spending	2 729	-	- 100	2 629
Total Authorities	2 940	-	- 100	2 840
Actual Spending	4 158	-	- 215	3 943
Total				
Planned Spending	71 598	250	- 8 900	62 948
Total Authorities	76 872	250	- 8 900	68 222
Actual Spending	73 706	287	- 8 882	65 111

Table 3: Votes and Statutory Items

Vote or Statutory item	(\$ thousands)	2005-2006		
		Planned Spending	Total Authorities	Actual
75	National Film Board Revolving Fund - Operating expenditures	62 948	68 222	65 111
	Total	62 948	68 222	65 111

Table 6: Sources of Respendable Revenues

(\$ thousands)	2003-04 Actual	2004-05 Actual	2005-2006		
			Planned Revenue	Total Authorities	Actual
National Film Board Operations					
1. Production	1 540	2 467	1 006	1 006	960
2. Distribution	6 278	5 260	7 519	7 519	7 173
3. Accessibility	675	321	275	275	534
4. Research	248	189	100	100	215
Total - Respendable Revenues	8 741	8 237	8 900	8 900	8 882

Table 7: Revolving Fund - Statement of Cash Flows

(\$ thousands)	2003-04 Actual	2004-05 Actual	2005-2006		
			Planned Revenue	Total Authorities	Actual
Revenues (Parliamentary appropriation)	67 313	64 910	62 948	68 222	65 111
Net expenditures	- 67 313	- 64 910	- 62 948	- 68 222	- 65 111
Surplus (Deficit)	-	-	-	-	-
Add non-cash items:					
Depreciation/amortization	- 3 591	- 3 541	- 2 000	- 2 000	- 3 021
Investing activities:					
Acquisition of depreciable assets	3 794	1 856	2 000	2 000	2 018
Cash surplus (requirement)	203	- 1 685			- 1 003
Authority:cumulative (drawdown)	13 622	11 937	13 800	13 800	10 934

Table 13: Details on Transfer Payments Programs

(\$ thousands)	2003-04 Actual	2004-05 Actual	2005-2006			
			Planned Spending	Total Authorities	Actual	Variance Planned vs Actual
Total Grants and Contributions						
1. Production	176	145	152	122	120	32
2. Distribution	-	-	-	5	5	- 5
3. Accessibility	118	149	98	123	162	- 64
4. Research	1	1	-	-	-	-
Total	295	295	250	250	287	- 37

Table 17: Financial Statements of Departments and Agencies (including Agents of Parliament)

The NFB prepares an annual report that is tabled in Parliament and includes financial statements that are available electronically by the time the DPR's are tabled in the House of Commons: www.onf.ca/publications/en/annualreports/rep2005-2006/ONF_AnnualR_05-06.pdf