FROM CINEMAS TO CELL PHONES

TELEFILM CANADA RESPONDS TO THE MULTIPLATFORM CHALLENGE
FROM CINEMAS TO CELL PHONES

TELEFILM CANADA responds to the multiplatform challenge
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TO OUR FRIENDS AND COLLABORATORS

Over four decades, Telefilm Canada has progressed far beyond its funding agency roots and offers programs to support a range of creative personnel, along with producers, broadcasters and distributors. In addition, our agency developed strong industry partnerships. In 2006, it’s responding to the disparate impacts of advancing technology on the art of making pictures move and on the science that enables multiplatform delivery of those pictures. It’s about getting Canadian creative content to its markets.

Video cell phones and MP3 players are not likely the last new wireless wonders. Business models that began changing with the advent of the Internet are still changing; Telefilm is ready to adapt policies accordingly in its principle domains—film, television and new media—with a new strategic course that strengthens audiences for Canadian content in all segments of the Canadian audiovisual industry.

This emerging marketplace and the recent proliferation of distribution platforms present significant opportunities to producers, creators and distributors of Canadian stories. It’s too soon to tell whether rights holders will receive any significant revenue from the new platforms. But the possibility of a little help will buoy producers coping with a downturn in international co-production, foreign sales and total production volume. Telefilm’s Plan encourages the industry to try alternate partnerships or co-ventures, and to cooperate across sectors to generate the best results for all. That, combined with renewed emphasis on high-calibre skills training programs, will help assure that graduates are well prepared to meet tomorrow’s challenges.

Canadians are eager to build an audiovisual industry strong enough to compete for international audiences and investment dollars. This is Telefilm’s core strategy, a collaborative blueprint for a financially robust and artistically successful audiovisual industry.

Charles Bélanger
Chairman of the Board

S. Wayne Clarkson
Executive Director
1.0 NEW REALITIES FOR THE INDUSTRY AND TELEFILM

Telefilm Canada believes that the country needs companies that can take risks on Canadian content; invest in the next generation of producers, writers, directors and distributors; and at the same time achieve long-term financial stability. These are the building blocks of what is considered a “sustainable” industry. In the new multiplatform marketplace, this kind of success will depend very much on the industry’s skills in pre-selling, selling and promoting content.

SHAKING UP ESTABLISHED BUSINESS MODELS

The business of making and selling Canadian audiovisual content is a high-risk endeavour. It depends on a number of complex, interrelated activities, each of which must be well executed to ensure some chance for audience success. The process begins with story and script development, or proof of concept and prototyping, then runs through securing investment financing, to production, marketing and distribution. The producer, or content developer, is the project leader through all steps of this value chain, responsible for both the creative and commercial success of the project.

Turning these professional steps into a viable project for film or TV has always been difficult and financially risky. Recently, however, the emergence of digital technologies has created an environment that may give Canadians an unprecedented opportunity to break through the traditional barriers to developing and selling Canadian content.

PRODUCTION TRENDS

The Canadian audiovisual industry is a flourishing component of the national economy. Between 1994-95 and 2003-04, the total annual volume of domestic film and television production increased by more than 100%. Yet these encouraging figures do not tell the whole story.

A certain amount of industry growth over that period came from foreign-location shooting and in-house broadcaster production. By contrast, the volume of Canadian content made by independent producers actually declined by 10% since 2003-04. That setback is associated with the increasing popularity of indigenous content in all territories and growing strength in Europe’s production industries, which means Canadians have less access to investment from international co-producers. Although the volume of feature film production in Canada declined in 2004-05, to $253 million, the four-year average since the launch of the Canada Feature Film Fund in 2001 exceeds $319 million.

In television, where totals in Canadian production volume rose 3% compared with 2003-04, opportunities for content creators grow as digital video content platforms multiply. From Cinemas to Cell Phones is not just a catchy title. It actually reflects the progress of Canadian production over more than 100 years, from big to giant theatre screens and from the smaller black-and-white television screens to the tiny colour image on a video cell phone or MP3 player.
As a direct result of these technologies, many conventional media such as TV have seen the new platforms drive audiences back to the television “parent” program and vice versa. Telefilm recognizes that the advent of new digital devices and services is a source of concern to Canadian content providers—especially those who have operated successfully for decades by sticking to one tried-and-true formula such as network television. Nevertheless, it is our firm conviction that these very advances may be part of a long-term Canadian solution to the problems of high production costs, tightly controlled distribution channels and the fierce battle for audience share around the globe.

NEW PATHS TO SUCCESS: THE MULTIPLATFORM APPROACH

Telefilm believes that in the continuing transition to a world of digital media, certain opportunities are now on the horizon that must be examined carefully.

These opportunities revolve largely though not exclusively around distribution platforms and the fact that they continue to proliferate. A distribution platform is the means by which content providers connect with their audience and deliver the content they have bought or made. In the era of conventional media, these included radio and TV channels, cable systems, movie theatres, newspaper chains and a handful of other vehicles. These media generally shared two attributes: one, the barriers to entry were very high, which kept out new entrants, especially those that were not well capitalized; two, anyone who wanted to sell content into this closed system had very few choices among potential customers. In the regulated industries like TV, incumbents were especially well-protected from wide-open competition. Moreover, a producer of TV programming, for example, was pretty much confined to one set of customers (though perhaps spread across several countries), namely, TV broadcasters. Adaptations between media—books into films, novelizations of films, movies turned into TV series and so on—were not uncommon. But for the vast majority of those working in a tiny market such as Canada, producers either sold their TV show to the TV network or moved on to the next project.

THE NEW PLATFORMS

The most visible of the new communications technologies is the remarkable content platform known as the World Wide Web. The Web, an application developed beginning in 1989, has been a mainstay in Canadian homes since the early years of this decade. Once available mainly through desktop computers, the Web now operates through a host of consumer devices—some still “tethered,” like the new videogame consoles, others that can roam almost anywhere on wireless networks. One of the most dramatic technical and business developments involves the migration of cell phones away from the original function of carrying voice traffic, to becoming platforms for the delivery of audio and visual content. The list of content types is growing, but can include motion video and broadcast TV. Still other devices, standing alone or unconnected to a network, have also made deep inroads into consumer buying habits and media consumption behaviours.

One of the most talked about is the iPod, which, in conjunction with Apple’s iTunes online store, has revolutionized the music industry. It is now on the verge of creating a similar shake-up in broadcast and non-broadcast video. Meanwhile, in the living rooms of the nation, falling prices and continual technical improvements have created a boom in large-format plasma and LCD TV sets, ready to shine with high definition programming.

Most of these platforms and devices share two attributes. First, their common digital heritage means that particular functions are no longer tied to particular reception or playback devices. Convergence is finally having its day in the sun, as broadcast TV escapes the TV set, radio moves to the Web, movies move to new videogame consoles like the Xbox, voicemail shares the same handheld with email. The effect has blurred traditional business boundaries: while the phone companies move into the cable-TV sphere, cable operators move into the phone business.
The “new realities” alluded to in this plan have reoriented business strategies for many. But for those who make audiovisual content in Canada, the real problem under the old regime was not just getting the videogame or movie made, it was, and still is, getting it in front of an audience. Public subsidies have certainly made a difference to the quality and quantity of Canadian films, TV shows and new media projects. But the whole point of producing something is showing it to an audience—and getting paid. Until now, that has been an often-vexing problem: how to reach the audience when there are so few gates, each with its percentage-hungry gatekeeper.

Telefilm is keenly aware of the significant costs of developing and deploying a multiplatform strategy, as well as repurposing content for different platforms and distribution partners. Telefilm and the industry’s corporate business plan must evolve from a sector-based approach in television and feature film to a multiplatform strategy.

ONE OF THE HALLMARKS OF THIS VOLATILE ENVIRONMENT IS ON-DEMAND CONTENT SERVICES

These allow end-users to request delivery of their programming in real time. Ironically, this service feature began years ago on cable-TV in the form of pay-per-view and near video-on-demand (NVoD). It was eclipsed for a while by the Web, whose whole design was premised on interactive access to many different forms of content.

The larger North American cable companies, with the largest share of the residential ISP market, have been developing VoD services, which have the advantage of being viewed on conventional TV sets. Not to be outdone, the once-stodgy telephone companies are developing their own interactive video services, as well as a broad array of both TV and Web-based content.

The simple concept behind on-demand services has roiled the old media, undermining such basic attributes of network television as appointment scheduling, counter-programming and even the 30-second spot—all by ceding more control to the end-user. At the supplier end, another change once considered highly improbable has added to these worries: it is increasingly likely that more and more products will launch in multiple windows simultaneously, instead of being released in a carefully ordered fashion designed to maximize marginal returns. This is an especially well-entrenched formula in the movie business. First, you have the theatrical release, then the various other timed-release windows, including home video, pay-TV and broadcast TV. Last year Robert Iger, the new head of Disney, turned a lot of heads when he suggested it might be better for the business to release DVD versions of movies as they open in theatres.

THE ROLE OF PARTNERSHIPS

In this promising but highly competitive environment, Telefilm sees substantial benefits flowing from a concerted effort to build better relationships among the roster of players in the industry. Business models that used to change little for years at a time are now being modified every few months. Otherwise, many companies would be unable to keep pace with new technologies offering expanded functionality and consumer markets with increasingly high expectations. The opportunities are there. But if Canadians are to seize them, Telefilm believes that the various industry sectors must function together as partners, and overcome the constraints of the simple buyer-seller relationship.

As part of its five-year plan, Telefilm will promote greater collaboration among producers, distributors, exhibitors and retailers. Many of those involved will be new to the industry or playing new roles in an environment shaped by digital technologies. Telefilm will collaborate closely with all these stakeholders to facilitate improved relationships, and to help the industry take advantage of the opportunities created by new technologies, new value chains and new relationships with Canadian audiences.

Telefilm also intends to lead the way in tracking and analyzing the emerging digital marketplace. We must learn how to approach the on-demand consumer model, as well as the long-term trend to user-pays models. Despite the difficulties involved in migrating to new business models, the on-demand relationship
between content provider and end-user could well make it easier for Canadians to access distinctively Canadian content. Nevertheless, the industry will have to work hard on innovative strategies for marketing and audience development. The days of “Build it and they will come” are now ancient history. Today’s mantra would be closer to, “Build it on many levels and they will visit them all.”

**WHAT IS A MULTIPLATFORM STRATEGY?**

It is first and foremost an approach to sales and marketing that acknowledges a radical departure from past practice. Broadcast television worked brilliantly because the audience came to the programs, on a certain day, at a certain time, via the usual living room easy chair.

In the multiplatform environment, media operators must do a U-turn. They must now do the hard work of finding their audiences as many of them leave the living room. And they must do so via whatever platform makes sense — recognizing that their audience is no longer planning the evening around a favourite 8 pm show. If certain audience segments are forsaking the TV or movie theatres to spend more time on the Web or playing video games, the industry must be prepared to adapt to such changes, as many are already doing.

Second, a multiplatform strategy must be coordinated to build a total audience that satisfies a project’s business goals, even though the contribution from any one — say, those who download TV shows to cell phones — may be very small. Other platforms, such as the Web, may provide little or no revenue but build audience loyalty for a content franchise. For the Canadian audiovisual industry, there is a huge potential benefit here. Whereas many producers formerly faced an all-or-nothing battle in selling their wares, the multiplatform environment has opened the door to opportunities that seemed like science fiction a mere decade ago.

Producers and developers will have to consider multiplatform strategies in the earliest creative stages, as cornerstones to successful content exploitation. It cannot be effective if it’s an afterthought. The new environment also calls for new tools to measure end-user audiences and the economic impact of new media content. Accordingly, another priority in this plan is the creation at Telefilm of an enhanced research and statistics unit, dedicated to the collection and analysis of data on the audience performance of our investments.

**THE ROLE OF GOVERNMENT**

The changing media environment is challenging not only the industry, but also the federal government and the public servants responsible for supporting it. Many of the policies and funding mechanisms in place reflect a conventional environment, in which the notion of distributing content across an array of digital platforms was completely alien to the available technology, business and regulation. Today, the fascinating phenomenon known as convergence and the changes it has brought about require government to respond quickly with a futuristic vision for the audiovisual industry.

The evolving relationship between the demand for and supply of Canadian audiovisual content will have to be monitored closely. New technologies always pose a special problem for regulators as well as policymakers. The task before government is to bring coherence and flexibility to the legal, policy and regulatory framework so it can be applied effectively across new platforms, media and markets. A good illustration would be the film policy framework From Script to Screen, which when originally drafted did not anticipate the immense audience reach of ancillary markets for feature films. In this particular case, DVD distribution and broadcasting must now be considered an integral part of the business plan for any project whose goal is to connect profitably with a wide audience. The field of new media, where technology and content are even more malleable, poses a still greater challenge to policymakers.
RECENT POLICY REVIEWS

The Government undertook a number of policy reviews in 2005; their results will influence the Telefilm goals described in this plan. A number of other studies have recently been conducted that will lead to changes in the Canadian Feature Film Policy. The Department of Canadian Heritage has launched a five-year review of From Script to Screen. The Department completed an evaluation of the Canadian Feature Film Fund in September 2005. The Standing Committee on Canadian Heritage examined the effectiveness of the government’s six-year-old feature film policy, as well as the structure and effectiveness of the existing support mechanisms, including Telefilm, the National Film Board, the Canadian Television Fund and tax credits. Telefilm is looking closely at the Committee’s recommendations.

Canada’s international co-production policy also needs to keep pace with developments such as the squeeze on investment sources, the drop in Canadian production activity, and notable decreases in foreign-location shooting. The increasing popularity of indigenous content around the world and the growing strength of Europe’s production industries, which are competing for many of the same foreign investment sources, are intensifying the financial pressures on Canadian audiovisual producers.

The Government, with support from Telefilm, is therefore developing a new co-production policy, with clear objectives and measurable targets. The Government is also centralizing the certification of Canadian content to eliminate unnecessary duplication, and reviewing the Federal Tax Credit that supports the production of Canadian film and television programming, to make it simpler and more effective.

Telefilm will work in conjunction with the Department of Canadian Heritage and industry stakeholders in the development of an overarching audiovisual strategy. Telefilm is pleased that the Government of Canada is committed to the development of a multiplatform vision and a comprehensive strategy for the audiovisual industry.
Telefilm Canada has long been described as an important—indeed, the most important—instrument for fostering Canadian creative expression in audiovisual media. For 40 years our challenge has been to build Canada’s film, television and more recently, new media industries. That challenge is just as real today. Our principal role is to champion popular audiovisual culture, comprising distinctively Canadian film, television and new media products in all of Canada’s regions. Canadians help pay for these products, but do they receive good value? Here’s a look at the measures of our success. (A more detailed description can be found in Annex 4.)

INVESTING IN CANADIAN CULTURE: A PORTFOLIO APPROACH

In the previous section, we argued that many of the new technologies pervading the industry will offer Canadians a chance to improvise their future plans. For all that the industry has changed in recent years, Telefilm’s basic goals have remained variations on a consistent theme.

In our current vision statement, we stress that we are “creating an environment in which the industry can best create the Canadian projects that will succeed at reaching first and foremost Canadian audiences.”

The changes in the environment described above are creating new delivery platforms, offering unprecedented ways of putting Canadian content producers in touch with their Canadian audiences. There is, however, no magic formula behind the multiplatform approach. On the contrary, success will go to those who assemble portfolios of enabling technologies and delivery systems that address the needs of each project and the expectations of its target audience. This approach will require: a new kind of decision-making and the involvement of collaborators with specialized skills in promotion; parallel and complementary distribution opportunities; and, content repurposing and reuse. Increasingly, investment decisions—including those made by Telefilm—will have to balance artistic and entertainment values against the costs and usefulness of particular technology and platform choices. A crucial factor affecting these strategies will be the growing influence of the transactional (user-pay) revenue model, as opposed to traditional advertising, which in itself is undergoing radical changes.

Telefilm will apply a “portfolio approach” to its decision-making, as is done on investments by the private sector. The core principle is to diversify Telefilm’s resources and planning priorities so as to meet several objectives that serve both its policy assumptions and the needs of its private-sector partners.

In helping the Canadian industry achieve long-term sustainability, Telefilm works on the international scene to help open doors, providing financial support for Canadian companies in collaboration with the industry and other public agencies. This support allows them to sell their productions at seven markets covering the feature film, television and new media sectors.
HOW WE MEASURE OUR SUCCESS

CANADIANS ENJOY DISTINCTIVE FILM, TELEVISION AND INTERACTIVE ENTERTAINMENT

AUDIENCES THROUGH CANADIAN STORIES
- Greater numbers of Canadians enjoy distinctive Canadian film in their local theatres
- Canadians enjoy distinctive Canadian shows across the expanding range of audio-visual broadcast platforms: television, video-on-demand, cell phones, DVDs, the world-wide-web etc.
- Greater numbers of Canadian find Canadian games and cultural experiences on the internet and digital offline platforms such as DVD-ROMs

Measure of success: Market shares of audiences

INVEST STRATEGICALLY
- in a portfolio of projects to minimize risk while maximizing potential reward
- in audio-visual projects that enable Canadian companies to attract other sources of financing

Measure of success: Level of portfolio diversification and leverage effect on private sector funds

HELP INDUSTRY SEIZE OPPORTUNITIES...
- Skills development
- Innovative strategies that:
  - expand financing
  - increase sales
  - create awareness and appreciation of Canadian audio-visual productions

Measure of success: Level of sales and prizes earned

ACHIEVE VALUE AND IMPACT...
- by efficient and effective program administration
- by providing regionally-based services
- by instilling a culture of performance
- by forging strategic partnerships to attract additional market expertise and risk capital

Measure of success: Overhead percentages and client satisfaction
While international success is the ultimate goal for many in the industry, Telefilm is also committed to ensuring that local stories can be told from all of Canada’s major regions. Telefilm has been successful at signing contracts for local productions with both new and established companies, thanks to regional expenditure targets and decentralized decision-making.

One of the great policy challenges in this industry concerns the rightful place of cultural diversity behind and in front of the cameras. Telefilm supports diversity through the Spark Plug Program, created under the Department of Canadian Heritage’s Spark Initiative. The program provides TV drama development, training, professional development and networking workshops. Rarely has a program of this kind shown such rapid results.

This approach to diversity serves two purposes: support for a variety of voices, formats and genres that has proven effective in reaching Canadian audiences; at the same time, it encourages a range of voices, regional expression and emerging talent that reflect the makeup of the country itself.

A diverse portfolio is a good way to protect the investments Telefilm makes on behalf of Canadians in audiovisual production and industry development. Public taste in movies is particularly fickle and difficult to predict, even for Hollywood veterans. Telefilm prepares for this risk by acknowledging that hits can emerge from any number of genres, including those using relatively unknown talent. A portfolio approach is well suited to the multiplatform environment as it supports a wide range of software formats, and encourages innovative approaches to packaging, repackaging and distribution of content.

HELPING OUR INDUSTRY IDENTIFY NEW OPPORTUNITIES

In the Government’s Second Response to the Lincoln Report, Telefilm is described as best positioned among the cultural agencies to help build the industry’s audiovisual capacity and ensure its long-term viability. Given the developments noted above, Telefilm expects that in the next five years, the Canadian industry will experience an unprecedented series of transformations. While new and unpredictable, the technologies and business models that triggered these changes should be welcomed, not feared, by Canadian producers and developers. Nevertheless, getting from here to there will require new skills, new sources of capital and a new kind of relationship with Canadian audiences, as well as much more detailed information about the attitudes and behaviours of those audiences—or “end-users” as they say in new media.
Telefilm intends to ramp up its support to industry in a series of initiatives designed to ease the transition to a fully digital, multiplatform marketplace. Our support will fall into three main categories: professional development, audience development and building capacity. They’re described in more detail in Section 5. Each goes far beyond providing financial support and informal advice. They represent an attempt, on one hand, to pay closer attention to audiences, and on the other, to work directly with our industry partners to change how companies are run.

While Telefilm has worked in all these areas in the past, these initiatives represent a more ambitious and targeted set of strategic objectives. We recognize that money alone cannot build a sustainable industry in today’s market. These objectives reflect a better understanding of the long-term effects of convergence, and especially the transformation of a linear distribution infrastructure into the multiplatform marketplace we’ve been describing. And they acknowledge that the industry has an impressive degree of marketing expertise at its disposal, but needs a much more sophisticated approach to develop, and then connect with, Canadian audiences.

Well-targeted assistance to skills development, as well as innovative strategies that expand the pool of financing and increase sales opportunities, are at the heart of making more popular and profitable audiovisual product. Canadians must be made more aware of the Canadian options at their disposal in film, TV and new media—an objective that requires increased investment in market research and innovative audience development initiatives.
Public policy needs to keep up with the times—an understatement as far as the new media field is concerned. There are many reasons for this: the ease of adapting digital technologies for new uses; the growing importance of the Web in everyday life; the abrupt decline of traditional business models in old media such as network television, newspaper chains and the film industry; and, as discussed above, the growing number of delivery platforms connecting content providers with their audiences. Last but not least of these reasons is the growing dominance of interactive games in the worldwide entertainment market.

New media content covers a wide range of products. But the revenue potential and high visibility of “videogames” have made them the most attractive and profitable product type for mass market distribution.

Pricewaterhouse Coopers projected the worldwide game industry revenue to increase from $25.4 billion in 2004, to $54.6 billion in 2009. But why is this happening? The figures demonstrate that games are an entertainment force that has claimed its place by virtue of extraordinary creativity, innovation and cultural relevance. Game developers tell stories, they provide content. And they do it in a most compelling manner that is capturing the imaginations of Canadians young and young at heart.

A game is a fundamentally more engaging experience than traditional media. Books tell you something, movies show you something, but games let you do something. Games give a player some of the responsibility that the director used to take. In fact, we are now seeing the movie versions of games, books and other products inspired by games.

There is another side to this rosy picture: the barriers to entering the games market are formidable. Like most hit movies, the top-selling video games have become very expensive to develop and market. Production and marketing costs rise easily into the tens of millions for hit titles. Like the worldwide movie business, the games industry is dominated by a few very large companies, which sit atop a pyramid of much smaller companies that simply cannot afford to compete with the dominant developers of best-selling games.

Since 2001, the Canada New Media Fund (CNMF) has allowed Telefilm Canada to support innovative Canadian interactive media products aimed at niche markets with lower barriers to entry than games. Canadian Websites, and learning games have done well in helping a small number of companies to grow. However, given the potential of this industry, these gains are a drop in the bucket.

With total resources equalling $14 million, the Canada New Media Fund cannot provide enough support in its present form to individual projects and companies to make a real difference in this market. It will require far greater resources to help build a sustainable Canadian-owned games industry.

It’s not surprising, then, that a number of independently commissioned reports have recommended a fundamental overhaul of the Canada New Media Fund. The report Making New Media Work For Canadians, commissioned from Omnia Communications by Telefilm in 2002, argued that the underlying assumptions and the explicit rules of the funding framework do not reflect the real markets and working conditions of Canada’s digital content producers. What were some concerns? Funding caps are too low to support competitive projects, fund-
ing instruments are too restrictive and, most importantly, there is simply far too little money in the Fund. In practical terms, this means the Fund cannot achieve the Government’s own objective—namely, as in other media, ensuring that domestic new media content reaches a significant number of Canadian end-users. The final report of the Canadian Culture Online National Advisory Board, chaired by Senator Laurier Lapierre, agreed. The report recommended that greater resources be allocated to original content production within the family of Canadian Culture Online programs.

The CNMF program is currently being evaluated by the Department of Canadian Heritage. The evaluation, set for completion in April 2006, will include an examination of the overall design of the program and its economic impact on new media companies.

Telefilm will seek ways to stimulate the production of Canadian content in the games industry, and collaborate with the Department in the design and implementation of a new program better aligned with the industry’s needs and opportunities.

Telefilm will continue to work with the industry to develop and implement audience measurement tools for the products supported by the CNMF. The establishment of baseline data that began in 2004-05 will continue through 2006-07, and the information gathered will be used to identify and implement appropriate performance targets.

Telefilm is encouraged by recent developments that indicate the sector is maturing, such as the creation of a national alliance of provincial industry associations. Telefilm is pleased to collaborate with an industry that boasts some of the country’s finest artistic and technical talent.

CHANGING DEFINITIONS OF NEW MEDIA

New media content covers a wide range of products and the term itself leaves room for debate. But the revenue potential and high visibility of “videogames” — content based on the simulation of human characters and actions, typically involving various forms of competitive play — have made them the most attractive and profitable product type for mass market distribution. This visibility has been greatly heightened in recent months by the publicity surrounding the release of sophisticated game consoles — Microsoft’s Xbox and Sony’s PlayStation. However, the success enjoyed by games has come at a price, in two ways.

First, the best-selling games — like most hit movies — have become very expensive to develop and market. The development costs for a single title from the world’s largest games developer, Electronic Arts, may now equal the Fund’s entire yearly budget! Marketing expenditures can easily add millions more to the overall cost. The second pattern is typical in mainstream, mass market entertainment: the industry is dominated by a few very large companies, which sit atop a pyramid of much smaller companies that simply cannot afford to compete with the dominant developers.
Five years after the launch of the federal government’s feature film policy, *From Script to Screen*, in 2000, Canadian films overcame pessimism and marketplace setbacks to reach record highs in their box office performance. It was, in fact, the best performance for domestic film production in 20 years. Canadian films generated more than $44 million in box office receipts in 2005, to attain a national market share of 5.3%.

This unprecedented success is all the more remarkable given the decline in North American box office receipts. In part, the good news reflects a certain amount of success in predicting what domestic audiences want to see. Building audiences for Canadian films is a high-priority objective, notwithstanding that much work remains to be done in such areas as skills training. Telefilm Canada’s approach can be summed up as supporting a balanced portfolio of diverse films for Canadian audiences.

**DISTINCT BOX OFFICE TARGETS FOR TWO DISTINCT MARKETS**

The English- and French-language feature film markets could hardly be more different. These contrasts stem from fundamental historical and cultural differences, and have significant implications for the cultural industries. In setting policy, however, we need to stop comparing these markets and concentrate on what is best for each. This approach will produce two sets of measurable targets, one for each language market. Telefilm will collaborate with the Department of Canadian Heritage and its industry partners to develop realistic targets to be met by the year 2010.

Given the marketplace realities, it’s not surprising that each needs its own targets and yardsticks for measuring progress. Recent developments, however, have forced the stakeholders to re-examine what needs to be measured and how. Central among these developments is a change that illustrates how the multiplatform environment emerged and how it has changed the ground rules. In the film sector, the evolution began when there was only one platform for first-run theatrical releases—movie theatres—and only one measure that mattered, box office receipts. Other release windows, such as home video and TV, were well established, but performance in theatres was considered the real benchmark.

Two things have happened since. One, the industry as a whole has been earning more revenues from home video than box office. Two, the venerable system of release windows is going to go through a major upheaval. The first milestone is the shrinking gap between first-run theatrical release and release of the DVD.

As a result, Telefilm will evaluate the potential to expand its targets, initially confined to box office measures, to include DVD sales and rentals and such other platforms as TV and the Web. Achieving this goal will require a greater level of effort and more sophisticated tools for measurement and analysis. But the data collected will afford a more comprehensive picture of how well Canadians liked our productions. This approach will cast a new light on the fate of many films, particularly those that did well on
television. TV can still draw a much larger audience for a modestly produced film, compared to the near impossibility of gaining screen time at Canadian movie theatres.

CANADIAN CONTENT, INTERNATIONAL FINANCING AND CO-PRODUCTION

Telefilm’s current strategy for audience success is to firstly focus on local stories for the local market and then abroad.

Telefilm will give pride of place to films that reflect the Canadian experience for Canadian audiences. These films will gain priority access to public funding through the Canada Feature Film Fund (CFFF). At the same time, Telefilm acknowledges that Canadian content definitions need to be revisited. We agree with the recommendation proposed in the report prepared by the Standing Committee on Canadian Heritage (Scripts, Screens, Audiences: A New Feature Film Policy for the 21st Century) that the criteria need to be standardized, simplified and made more flexible.

It is important to emphasize that this strategy does not detract from the importance of international sales and financing for Canadian projects. Telefilm will review its own Canadian content rules to ensure that distinctively Canadian projects intended primarily for Canadian audiences have the necessary flexibility to complete financing through co-production and international sources.

This framework is complementary and supports the international agreements governing official co-productions (which Telefilm administers on behalf of the Department of Canadian Heritage). These arrangements enable Canadian and foreign producers to pool resources in co-producing film and television programs. International co-productions attract investment which, in turn, helps sustain growth and stability.

Priorities for the English-Language Market

Forging New Partnerships

In 2005, English-language films achieved a modest market share of 1.1% in their market. It should be noted that this relatively modest share for the English-language market —1.1%—rose from an even more modest 0.3% in 2001. In dollar terms, this represents an increase from $2.1 million to $7.7 million, down from a high of $12 million in 2004. These gains are all the more impressive as the overall box office in Canada has been declining at an annual rate of 14% since 2002.

Telefilm must immediately address a number of challenges in Canada’s English-language feature film industry. Performance has improved but much more is required.

Telefilm believes the English-language market has fallen short in part because all sectors have failed to work together cooperatively.

The business relationships between producers, distributors and exhibitors need to be strengthened in the English-language market.

Telefilm is employing the Canada Feature Film Fund Working Group to improve industry and stakeholder relations around the production, promotion and distribution of English-language feature films. Made up of producers, distributors and exhibitors, the Group will advise Telefilm on changes to the CFFF and monitor their implementation. One of the Working Group’s key priorities will be to instil greater confidence in English-Canadian features, encourage relationships of trust, and underline the need for sharing risks and rewards.

As a first step towards strengthening relationships, Telefilm hosted an English-Language Market Focus Group in January 2006. The Focus Group brought together the expertise of executives from production, distribution, exhibition and broadcasting as well as Telefilm, with a focus on how public policies in support of the business and economic transactions by which Canadian feature films are triggered, financed and marketed in Canada can be improved.

The recommendations made by the Focus Group are being brought forward to the Canada Feature Film Fund Working Group for further consideration.

Increased Resources for Development and Marketing

Canadian English-language films are typically good enough to perform in major television markets. Yet these same films seldom appeal to theatrical exhibitors. This problem must be addressed from several different angles by the industry, with script development being perhaps the most crucial element of any comprehensive solution.
As a follow-up to the English-Language Market Focus Group, Telefilm will be hosting two other industry meetings in 2006. Each meeting will focus on a unique element that is critical to the success of Canadian feature films, beginning with a Creative Summit, where the process by which feature films are developed and produced will be explored. This will be followed by a Marketing Summit, where the challenges of how to effectively compete in a market so heavily dominated by foreign films will be looked at.

Telefilm will transfer increased resources to development and marketing behind feature films supported by the CFFF. It will work to improve Canadian content at ShowCanada, the most important industry event for bringing distributors together with exhibitors. Telefilm will also continue to work with film distributors and exhibitors on new approaches to development Canadian audiences and marketing Canadian audiovisual content.

**PRIORITY FOR THE FRENCH-LANGUAGE MARKET**

In 2005, Canadian French-language films tallied a 26.6% market share. A combination of factors have come together to position the French-language market to be better able to benefit from the Government’s *From Script to Screen* policy and score impressive box office numbers in recent years:

- Quebec has for many years supported a robust and highly visible star system across all media, especially television;
- Box office success has resulted in highly motivated producers, distributors and exhibitors who work collaboratively together throughout all stages from development to distribution;
- Financing a project is easier in the French-language market due to the greater availability of provincial resources (tax credits and provincial sources of financing).

In Quebec, even modestly budgeted films focussed on local stories can attract good media coverage and reviews, and box office success. In so doing, they build up a large and loyal audience base.

In the French-language market, it’s not broken, so there’s no need to fix it: Telefilm will pursue a proven programming strategy, telling local stories in movies with moderate budgets and reinforcing the tradition of cooperation among producers, distributors and exhibitors. Still, the French-speaking industry faces one difficult challenge—maintaining a sufficiently high volume of production to sustain audience interest. Similarly, work needs to be done to attract international investment and co-production financing, in order to sustain this volume.

Telefilm intends to address a further issue in close collaboration with the French-language industry: audience development in the rest of Canada and internationally. Such initiatives remain a priority, along with French-language production in minority settings outside Quebec.

Anglophone and francophone producers are united on one major issue: the need for program support for theatrical documentaries, which have recently drawn a good deal of interest. Telefilm and the industry will work to win long-term, stable funding for a theatrical documentary fund.

At the operational level, one of the risks associated with the status quo is the availability of funding adequate to sustain the success of the French-language feature film market. The timeframe of this plan is set within the Government’s timetable for renewal of Telefilm’s two main funds—the Canada Feature Film Fund and the Canada New Media Fund. Telefilm will work with the Government to ensure that adequate levels of funding can be attained.

Telefilm recognizes that the most prudent and realistic way to find adequate resources for all these initiatives, both French and English language, is through strategic partnerships. Telefilm will use the Canadian Feature Film Fund to help finance the development of market expertise and to attract incremental risk capital from investors. A number of potential partnerships are currently being discussed.
As we noted in Section 1, Telefilm Canada has planned a series of initiatives that will contribute to industry development by identifying the pillars of sustainable and growth-oriented businesses and the skills required by executives and creators to take projects from script to screens. Developing an industry involves three related activities: audience development, professional development and building capacity.

While every industry charts success based on analysis of such tangible measures as inventory moved, cultural industries are linked to an invisible dimension that also needs measuring: audience appreciation for not only the product but also its component parts (cast, director, writer, etc.) and national identity.

Who really knows what drives Canadian viewers to look at Corner Gas, C.R.A.Z.Y or cbc.ca the first time, instead of a rival? Measuring what works in a television show, film or Website is not entirely a scientific pursuit, but producers and distributors can look at such performance indicators as acceptance at public events, media attention, ratings, box office, domestic and foreign sales in primary and auxiliary markets, and ability to attract future financing.

Under this corporate plan, Telefilm intends to focus in on how to identify and develop target audiences. It will look at Canada’s professional and skills development programs and how graduates’ careers are progressing. And it will consider how audience and talent development initiatives, in combination, can help increase development, production, marketing and distribution of distinctively Canadian projects that reach audiences at home and abroad.

AUDIENCE DEVELOPMENT

Over the years, Telefilm and its sister agencies have paid increasingly close attention to the needs of Canadian audiences. It is self-evident that success in this industry is a matter of audience reactions, not production achievements—though it is of course an achievement just to get a large audiovisual project financed and completed.

The main audience development objective is to support initiatives that provide increased accessibility for Canadians particularly living in underserved areas to a broad range of Canadian films, TV programs and new media products, as well as to introduce Canada’s youth to Canadian audiovisual productions. This ambitious program will depend on the cooperation of a number of partners.

In a separate but related initiative, Telefilm will take a systematic and carefully documented approach to helping its clients design strategies for participating in festivals and markets, in order to create awareness for their product and the Canadian industry as a whole.

In order to provide clients with a worthwhile and measurable return on this resource investment, Telefilm will provide detailed, actionable information to its clients. We will do so not only before the fact, when they are deciding how to allocate scarce resources to festivals, but also afterwards, measuring such performance markers as the value of sales and business developed as a result of markets, as well as the number of Canadian films screened at particular events.

Although most of the more popular international festivals are restricted to movies, many...
now cater to other platforms, including new media in particular. While for the time being the festival strategy will be aimed primarily at film and the film industry, it will eventually be extended to other events featuring other audiovisual media.

Telefilm will perform a major evaluation of the Canada Showcase program, which provides support to Canadian film, television and new media festivals, in the coming year. It’s expected this process will produce a more efficient and effective program.

TALENT DEVELOPMENT

Telefilm is committed to excellence in professional education and development for the audiovisual industry. It supports national training schools and numerous other professional development initiatives. Many such initiatives, both public and private sector, have been launched over the years and new ones are being developed all the time.

It seems safe to assume that more training capacity is better than less. What has happened, however, is that this spontaneous, unplanned growth has worked against the creation of structured educational and career paths. Both emerging and established Canadian creators are at a disadvantage in deciding wisely how to enter and progress through the industry. What’s more, there’s no consensus on establishing quality-control systems to ensure that high-calibre training programs are in place to meet the industry’s needs. This skills development issue touches most levels of the industry, including management expertise in film, television and interactive production, particularly in the areas of business and financial planning.

Telefilm intends to work diligently to find solutions. It plans to work with other interested parties in addressing a recent recommendation of the Standing Committee on Canadian Heritage, which calls for a coordinated and robust training strategy for the audiovisual sector. Specific actions will include:

- Continuing to utilize limited training resources to support targeted, high-calibre initiatives for above-the-line creative personnel (producers, writers and directors).

- Continuing to work closely with the Cultural Human Resources Council on a training map for each of the key creative positions of producer, writer and director, in order to assess available training options (post-university onwards) and any gaps in training.

- Reviewing industry and Telefilm best practices in support of training and development for media professionals, and developing criteria for identifying courses that meet the highest standards in the delivery of training. In so doing, we will assure that the support we provide is complementary to existing university programs.

As for the television industry, Telefilm will shape its policies to ensure development of new and diverse voices. Within the framework of the Interdepartmental Partnership with Official-Language Communities (IPOLC), Telefilm has established an initiative to support French-language production companies outside Quebec seeking access to development funds. In administering its component of the Spark Initiative, the Spark Plug Program, Telefilm aims to strengthen the abilities of talented, visible-minority and Aboriginal producers with established careers, who are interested in developing dramatic television programming for broadcast in Canada. Spark Plug includes funds for Banff fellowships, professional development, project development and audience development.

FINANCING AND SALES

Telefilm’s support to Canadian companies seeking to benefit from domestic and international markets and festivals has helped ensure that:

- Creators, producers and distributors are able to meet and discuss business deals, in Canada and around the world;
- Film-goers have the opportunity to see Canadian films; and,
- Canadian films get much needed visibility in the national and foreign media.

Participation in major festivals and markets can be highly beneficial to Canadian producers because all segments of the industry—sellers, buyers and financial intermediaries—congregate at festivals to see new faces and discover new product. This is especially important since access to sources of investment, enhanced distribution and marketing initiatives, and greater opportu-
nities in international markets, are all critically important to the future of the Canadian industry.

Telefilm will therefore continue to offer a range of initiatives to improve the market preparedness of producers and distributors, and to increase the visibility of Canadian producers by providing networking opportunities at international markets and festivals. Specific actions will include:

- Providing support to the international launch of select Canadian productions with special marketing initiatives at festivals identified as priority opportunities;

- Bolstering the sales efforts of producers and distributors at international markets and festivals with initiatives directed at investors and buyers;

In order to ensure it targets the most promising events, Telefilm will carefully monitor the success of Canadian producers at each international market and festival.
6.0 STRENGTHENING RELATIONSHIPS WITH OUR CLIENTS AND PARTNERS

The goals in this plan reflect our commitment to exemplary public service values, a results-based management culture, and delivering programs cost-effectively. Telefilm Canada would very much like the Government to overhaul the Telefilm Canada Act and looks forward to this review so it can better meet its responsibilities.

TELEVISION: A NEW COLLABORATION FOR MORE EFFICIENT PROGRAM DELIVERY

In June 2005, the federal government announced the creation of a “one board, one administration” structure for the governance of the Canadian Television Fund. In recognition of Telefilm’s record, a new arrangement was announced for the delivery of television programs. Telefilm will provide administrative services on behalf of the Canadian Television Fund Corporation, representing the most important fund in the television sector. The new relationship clarifies the roles and responsibilities of both organizations, streamlines the administrative process, establishes service standards and generates savings. Under the new arrangement, the CTF retains governance of the Fund and is responsible for developing the policies, while Telefilm administers the program.

This new arrangement has been fully operational since April 1st, 2006. Telefilm completed an administrative redesign resulting in streamlined business processes and new business support tools.

The Auditor General’s November 2005 report expresses concern that in this relationship, the CTF is the only body accountable for the implementation of the CTF program, while Telefilm is simply an executing agency for the CTF. Canadian Heritage responded to this recommendation by stating it will make proposals to improve the governance of the CTF as a public-private partnership in which Telefilm’s role will be clarified. The service agreement with the CTF Corporation is for a three-year renewable term.

A CULTURE OF ACCOUNTABILITY

Results-based management is now embedded in the culture of the organization. Roles and responsibilities have been redefined, and accountability for Telefilm’s corporate objectives is constantly being improved.

For English-language feature film producers, Telefilm will ensure that when projects are ready to proceed they will receive transparent and accountable decision-making at Telefilm. A feature film executive will be responsible for decision-making for major investments. Deadlines will be removed.

Telefilm continues to develop a comprehensive performance measurement framework, which includes annual targets for a set of performance indicators. The suite of surveys to measure client satisfaction and the economic impacts of Telefilm’s funded programs is also growing. This plan includes a series of goals and targets and, as part of our activities, we will monitor and measure the impact of our work, the better to use public dollars wisely.

To support management accountability, Telefilm provides regular performance reports to its managers and staff. We’ve made significant progress in developing “dashboards” that measure our progress towards increased audience
market share. Our feature film dashboard is updated weekly and annual industry analyses are now prepared for feature film and television. A pilot program for tracking online audiences for Canadian Websites has now developed into a new dashboard initiative. Quarterly market share analyses will begin in the coming fiscal year.

Telefilm will continue to provide research and statistical analysis on audiences, expanding its efforts to include all genres broadcast in primetime, as well as calculations of market share. Telefilm has also been developing a standardized survey methodology to measure the performance of major domestic and international festivals and markets.

Telefilm and its provincial funding partners represented on the International Initiatives Advisory Committee have developed a standardized online survey tool to assess the financial impact on Canadian companies of participation in major festivals and markets. This will help ensure our funding dollars are targeted to the events that provide the greatest return on investment to Canadian companies. The first of these surveys was launched in winter 2006.

Telefilm will develop survey tools to collect data on the satisfaction level of participants in Telefilm-supported training programs, and the impact of this participation on careers.

Finally, Telefilm needs legislation that reflects the full range of its responsibilities, as well as improved governance arrangements. For example, good governance requires a strengthened board composed of nine to 11 members possessing significant expertise in their area of responsibility, so that the Board can competently and efficiently discharge its duties regarding auditing, human resource management, and ethics and accountability. Telefilm agrees with the recommendation of the recent Standing Committee on Canadian Heritage Report that the Telefilm Canada Act be amended to remove the restriction on the appointment of board members with a financial interest in the audiovisual industry, so it can more effectively implement its corporate plan.

**IMPROVED ADMINISTRATION**

Telefilm wants to react more quickly to changes in the cultural marketplace that affect its mandate. It hopes to gain this advantage through a further revision of the Telefilm Canada Act. Under the current arrangement involving multiple contribution agreements between the Department of Canadian Heritage and Telefilm, the Corporation has limited flexibility to adapt to developments in the cultural industries. We agree with the Auditor General’s recent questioning of the appropriateness of using contribution agreements to supply resources to us. Telefilm needs a revolving fund structure that allows it to carry its financial resources across the government’s fiscal year-ends.

In addition, our ability to achieve our objectives continues to be compromised by annual fiscal constraints that do not mirror the financing cycle of audiovisual production. In the feature film sector, for example, Telefilm, and by extension producers, must commit and spend funds within a 12-month period. This is at odds with the reality of the feature film production cycle, which operates on a three- to five-year timeline from development to production. Telefilm looks forward to resolution of this issue as part of an overhaul of its mandate and responsibilities, to be undertaken by the federal government at a later date.

**OUR COMMITMENT TO SERVICE**

Telefilm’s previous corporate plan presented its multi-year strategy for becoming an efficient, client-oriented and commercially sophisticated organization. In recent years, Telefilm has made use of technology to improve its information management system so it can meet the service expectations and requirements of all its stakeholders. Considerable progress has been made but more work needs to be done. Priorities include: updating the client service charter and publishing standards of service; extending the client extranet to continue the shift to online program delivery; enhancing Telefilm’s data warehouse through greater functionality and efficiency to improve responsiveness to information requests (internal and external); and better tracking of activity-based costing to enhance decision-making and meet performance reporting requirements.

In line with the objectives set forth in the Corporation’s client service charter, Telefilm is developing better service delivery mechanisms for its clients. Following a comprehensive client survey, Telefilm became the first cultural agency to publish a client service charter in 2003. Now, three years later, Telefilm has launched a broad, national survey of its clients, and will renew its commitment to ensuring excellent standards of service.
CONCLUSION

It’s obvious, from the subtitle of this document onward, that Telefilm Canada believes that the key to the future lies in reaching audiences, wherever they are. There’s no single path to the audience, but a range of different combinations, each one tailored to the project in question. We call this new era the “multiplatform environment.” We must make the most of it by developing multi-layered marketing and distribution strategies.

Telefilm has worked closely with industry stakeholders for many years and well understands the barriers that stand between good, home-grown content and domestic audiences. As we said as we started this plan, the long-term trends have not all been bad news—far from it. In addition, the new opportunities for digital content dissemination, open trade borders and an audience that can make its own distribution choices may point the way to making more of our own content available to more of our citizens.

There are no facts in the future and few certainties about what will happen even a few months from now. But if we are on the right track, the plethora of networks and digital devices that have overturned so many of our assumptions can be made to work for us, rather than against us.

Content will still have to have its own appeal: the multiplatform opportunity may replace outmoded practices, but it cannot replace talent. By combining options, digital and non-digital, in-home and mobile, along with suitable reception devices, the Canadian industry may be free as never before to find a loyal audience for its wares and to follow them, not through a single gateway, but along multiple paths of their own choosing.
1. OUR CORPORATE PROFILE

Telefilm Canada is a Crown Corporation reporting to Parliament through the Minister of Canadian Heritage. Headquartered in Montréal, Telefilm provides its services to the Canadian audiovisual industries through four Canadian offices, in Vancouver, Toronto, Montréal and Halifax.

OUR MANDATE

As an instrument of government policy, Telefilm provides support to Canada’s audiovisual industries to create cultural programs and products that reflect the diversity of Canada, for the benefit of Canadian audiences. Through its programs, Telefilm serves three sectors of the Canadian industry: feature film, television and new media.

OUR VISION

Telefilm strives to finance the highest quality works that have the best chance of reaching Canadian audiences, while at the same time fostering the long-term sustainability of the Canadian industry. Our vision is to assure a thriving Canadian audiovisual culture, produced by Canadian creators and production companies, and disseminated through Canadian distribution companies, broadcasters, Web operators and local festivals. Telefilm’s participation ensures the renewal of the Canadian industry and the creative expression of talented Canadians.

Telefilm believes that the extent to which Canadians watch and use the products it helps finance is the key measure of success in meeting its mandate. A secondary measure of success is a strong and vibrant industry capable of developing, producing, distributing and exhibiting the cultural creations that it helps to finance.

OUR VALUES

As a public sector agency and a partner to the industry, Telefilm upholds six core values:
- Celebrate the telling of unique Canadian stories;
- Actively champion a sustainable Canadian audiovisual culture;
- Reward performance and encourage new thinking;
- Promote diversity in all its forms in programs and policies;
- Be open, transparent and accessible to stakeholders, the industry and the public; and,
- Deliver best value to Parliament and to the Canadian public.

OUR HUMAN RESOURCES

Our ability to meet our objectives depends on the quality of our human resources. Thus, Telefilm’s staff complement of 180 employees includes a large number of professionals with extensive industry experience, as well as legal, economic, communications and policy experts. Industry expertise is an essential requirement of all individuals who make decisions on projects. Of this highly educated group (59% have university degrees), 8.3% belong to visible minorities, while more than half of all female employees hold professional or executive positions.
**OUR BOARD**

Telefilm’s Board of Directors is composed of a Chair and six members. It has three working groups, the Audit and Finance Committee, the Cultural and Linguistic Diversity Committee, and, since the summer of 2004, the Selection Committee. The Board works in partnership with management to define Telefilm’s strategic directions, and to ensure that every effort is made to achieve the Corporation’s objectives. The Board sees to it that management practices, and information and audit systems, meet the organization’s needs and generate trustworthy results.

**2. VALUE OF FUNDS ADMINISTERED BY TELEFILM CANADA**

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>M$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Television Fund</td>
<td>272</td>
<td>69.7%</td>
</tr>
<tr>
<td>Canada Feature Film Fund</td>
<td>81</td>
<td>20.8%</td>
</tr>
<tr>
<td>Canada New Media Fund</td>
<td>14</td>
<td>3.6%</td>
</tr>
<tr>
<td>National Training Schools</td>
<td>2</td>
<td>0.5%</td>
</tr>
<tr>
<td>Industry Development</td>
<td>5</td>
<td>1.3%</td>
</tr>
<tr>
<td>Corporate Management</td>
<td>16</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>390</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
3. HOW WE WORK

TELEFILM CANADA

Executive Director

Operations

Finance and Administration

English-Language Operations

French-Language Operations

Industry Development

Canada Feature Film Fund

Canada New Media Fund

Canadian Television Fund

Industry Development Programs

International Co-production Certification Office
## 4. OUR PERFORMANCE MEASUREMENT FRAMEWORK

<table>
<thead>
<tr>
<th>STRATEGIC OBJECTIVES</th>
<th>KEY PERFORMANCE INDICATORS</th>
<th>2004-05 ACTUAL LEVELS</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUILDING AUDIENCES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Film:</strong> Greater numbers of Canadians enjoy distinctive Canadians films in Canadian theatres</td>
<td>Market box office share</td>
<td>4.6% (December 2004)</td>
<td>Previous target of 5% was achieved in advance of the target date of April 2006</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5.3% (December 2005)</td>
<td>New targets for each language market to be determined as part of the renewal of the Canadian feature film policy</td>
</tr>
<tr>
<td><strong>New Media:</strong> Greater numbers of Canadians find Canadian games and cultural experiences on the internet and digital offline platforms such as DVD-ROMs</td>
<td>Number of unique visitors for on-line products</td>
<td>Pilot project to measure online audiences launched</td>
<td>Establish baseline data for online audiences</td>
</tr>
<tr>
<td></td>
<td>Sales revenues for off-line products</td>
<td>Pilot project to measure offline sales launched and ongoing</td>
<td>Determine appropriate approach and methodology for measurement</td>
</tr>
<tr>
<td><strong>Festivals and Awards:</strong> Canadian cultural products are promoted to audiences in Canada</td>
<td>Size of television audience for Canadian awards shows</td>
<td>Baseline data to be determined in 2006-2007</td>
<td>Maintain or increase current levels</td>
</tr>
<tr>
<td></td>
<td>Prizes earned at major Canadian and international festivals</td>
<td>10 feature film awards, 10 TV awards, five new media awards</td>
<td>Maintain or increase current levels</td>
</tr>
<tr>
<td></td>
<td>Percentage of Canadian content and box office at major Canadian festivals</td>
<td></td>
<td></td>
</tr>
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</table>

28 FROM CINEMAS TO CELL PHONES
4. OUR PERFORMANCE MEASUREMENT FRAMEWORK—CONTINUED

<table>
<thead>
<tr>
<th>STRATEGIC OBJECTIVES</th>
<th>KEY PERFORMANCE INDICATORS</th>
<th>2004-05 ACTUAL LEVELS</th>
<th>TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUILDING THE INDUSTRY</strong></td>
<td>% overall financing from other sources</td>
<td>78% of total budgets was financed from other sources</td>
<td>Tracked and analysed but no target set</td>
</tr>
<tr>
<td></td>
<td>Level of foreign financing in financial structures</td>
<td>25% of financing in CFFF project budgets was from foreign sources. (0% for CNMF project budgets)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Baseline data to be determined in 2006-2007</td>
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<td></td>
<td>Baseline data to be determined in 2006-2007</td>
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<tr>
<td></td>
<td>Level of sales and business development achieved at markets through Telefilm- sponsored activities</td>
<td></td>
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<tr>
<td></td>
<td>Level of client satisfaction with Telefilm training initiatives</td>
<td>Baseline to be determined in 2006</td>
<td>TBD</td>
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<tr>
<td></td>
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<td></td>
<td>Level of resources committed to initiatives and programs designed to promote the professional development of culturally diverse and Aboriginal members of the industry</td>
<td>$1,245,497 allocated to programs aimed at culturally diverse and/or Aboriginal professionals</td>
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<th>2004-05 ACTUAL LEVELS</th>
<th>TARGETS</th>
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<tbody>
<tr>
<td><strong>STRENGTHENING RELATIONSHIPS WITH OUR CLIENTS AND PARTNERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>■ An efficient program administrator</td>
<td>■ Overhead percentages for CFFF, CTF and CNMF</td>
<td>■ Total administration and operating costs were 11% of total funding expenditures in 2004-05</td>
<td>■ Maintain or reduce overhead percentages</td>
</tr>
<tr>
<td>■ Client-oriented, regionally-based services</td>
<td>■ Level of client satisfaction of funding recipients with Telefilm’s administration</td>
<td>■ Baseline to be calculated in 2006-2007 based on the 2002 survey</td>
<td>■ TBD: e.g., Achieve average rating of 3.8/5.0 on satisfaction rating scale for 2007</td>
</tr>
<tr>
<td>■ Performance measurement culture</td>
<td>■ Performance indicators, targets and data collection system in place for all results</td>
<td>■ Logic model for all programs completed. 90% of indicators identified and data is available for 60% of indicators</td>
<td>■ Generate data for 75% of all indicators (2006)</td>
</tr>
</tbody>
</table>

| STRATEGIC OUTPUTS | | | |
|■ All Sectors: Invest strategically in a portfolio of projects | ■ For all programs governed by Telefilm: Total commitments (production and development) and number of projects signed, by region, language, genre, size of budget and cultural diversity of content | ■ For all programs governed by Telefilm: 2004 commitment levels (production and development) and number of projects signed, by region, language, genre, size of budget and cultural diversity of content | ■ Maintain or improve diversification of portfolio |