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Mr. Gordon Brown

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• (1530)

[English]

The Chair (Mr. Gordon Brown (Leeds—Grenville, CPC)):
Good afternoon, everyone.

We are going to call to order meeting number 43 of the Standing Committee on Canadian Heritage.

Today we are continuing our study on the Canadian feature film industry. For the first hour we have with us from the Association québécoise de la production médiatique, Marie Collin, chief executive officer, and Brigitte Doucet, assistant general director; from the Quebec Cinema Foundation, François Lemieux, director of the Tournée du cinéma québécois; and by teleconference from Montreal, from the Société de développement des entreprises culturelles, Monique Simard, president and chief executive officer.

Each of the three groups will have up to eight minutes. We will start with Marie Collin and Brigitte Doucet from the Association Québécoise de la production médiatique.

You have the floor for up to eight minutes.

[Translation]

Ms. Marie Collin (Chief Executive Officer, Association québécoise de la production médiatique): Mr. Chair, members of the Standing Committee on Canadian Heritage, thank you for inviting the Association québécoise de la production médiatique, or AQPM, to take part in your review of the Canadian feature film industry.

My name is Marie Collin, and I am the president and CEO of the AQPM. Joining me today is Brigitte Doucet, Deputy General Director.

The AQPM is proud to appear today to discuss Canadian film, more specifically, Quebec's French-language film industry. Our productions are known the world over, receiving an enviable number of accolades and awards, from *Incendies* and *Mommy* to *Gabrielle* and *Monsieur Lazhar*, just to name a few. Films like these have positioned Quebec, and Canada, as formidable players in the industry.

Without government support and commitment, this level of exposure and success would not be possible. The Government of Canada has previously demonstrated its commitment to cinema through funding support, as well as through the Canadian feature film policy. The Standing Committee on Canadian Heritage reaffirmed that commitment in 2005 and now, 10 years later, is reviewing the Canadian feature film industry to determine how to

achieve the objectives set out in 2005, in light of the changes the industry has undergone since then. Today, we will talk to you about the new challenges facing the film industry and the tools it needs to overcome them.

In 2000, the federal government refocused its support for the industry, announcing a new feature film policy. Under the policy, public investment in the industry should help build larger audiences for Canadian films and make them more accessible to Canadians. The challenge of meeting those objectives today is not what it was back then. No one thought at the time that the digital revolution would replace the silver screen experience. Today, however, it is clear that movie watching is happening less and less in movie theatres and more and more on other distribution platforms, mainly television.

According to a recent Telefilm Canada survey, 84% of films aren't viewed at the movie theatre, and a Department of Canadian Heritage study, released just this week, pegs that number at close to 97%. The Telefilm Canada study provides an overview of the changes in Canadians' film selection habits. The study also shows that Canadians are interested in watching Canadian films, as long as they are just as good as foreign ones.

I'm going to digress for a moment. It's important to make something absolutely clear: French-language films in Canada face just as much competition as their English-language counterparts. Francophone viewers, too, have access to the full range of foreign films, often choosing to watch the original or French dubbed versions, especially American ones, which are extremely popular. What that means, then, is that the challenge facing our industry in 2015 is not just to produce high-quality films that will appeal to audiences, but also to make them accessible to viewers on all distribution platforms.

If we are to make high-quality films on a par with our foreign competitors, the government must continue to fund film production and, ideally, enhance that funding. In 2000, the Canadian feature film policy pegged the average production budget of a Canadian film at \$2.5 million. It sought to increase that budget to \$5 million to improve the quality of Canadian feature films, in an effort to meet policy targets. And yet, in 2014, the average production budget of a Canadian fictional film funded through the Canada feature film fund was just \$3.4 million.

Keep in mind that the tax credit is based on eligible labour expenses and that enhancing the tax credit would mean not just more funding for Canadian films, but also more jobs in Canada's film industry.

In our industry, tax credits are an integral part of production funding. Because of that, production companies have to borrow the money they will receive through tax credits from financial institutions before they can start production. They incur bridge financing costs until the Canada Revenue Agency pays out the tax credits. And those costs keep going up because of tax audit timeframes.

• (1535)

Consistent with our recommendation to the government of Quebec, which is currently considering its feasibility, the AQPM is proposing that, 30 days after applying for a tax credit, the production company receive payment of 75% of the amount receivable, with the remainder being paid out upon completion of the tax audit. The program would become more efficient and production companies would have greater access to funding.

The AQPM would like to highlight the great job that Telefilm Canada does administering programs. With a pulse on the industry's needs, the organization has ensured that programs and the success index have adapted. Despite budget cuts in recent years, Telefilm Canada continues to invest more or less the same amount in the development and production of Canadian films, roughly \$75 million a year since 2006.

Ms. Brigitte Doucet (Assistant general director, Association québécoise de la production médiatique): You skipped a page, but you can keep going.

Ms. Marie Collin: Since 2006, our costs have gone up and the production budgets of our foreign competitors have skyrocketed. With more funding at its disposal, Telefilm Canada would be better equipped to fund Canadian film production. We firmly believe that the roughly \$10 million cut from Telefilm Canada's budget should be restored.

In order to promote Canadian films and make them accessible to audiences on all platforms, the government must adapt how it approaches the availability, accessibility, development and promotion of Canadian films to accommodate new industry realities. To that end, we recommend that the advisory group on feature film—which brings together stakeholders from across the industry—be mandated to review the new industry landscape in order to provide appropriate recommendations to Telefilm Canada. In the document we submitted to the clerk, you will find some suggested issues for the advisory group's consideration.

In conclusion, I'd like to leave you with some food for thought, a few considerations for the audiovisual industry that would have a significant impact on film and television production in Canada.

First of all, should foreign groups that make content available on websites with domain names ending in ".ca" be charged GST, companies such as Netflix and iTunes? Currently, foreign content has an advantage over Canadian content, when it comes to availability.

Second of all, should Internet service providers and wireless providers, who are largely responsible for transmitting film and television content, be charged some sort of royalty? This revenue could be used to help fund Canadian audiovisual production tailored to the new viewing habits of Canadians.

Thank you. We would now be happy to answer any questions you have.

The Chair: Thank you.

We will now move on to Fondation Québec Cinéma. François Lemieux, Director, Tournée du cinéma québécois, now has the floor for eight minutes.

Mr. François Lemieux (Director, Tournée du cinéma québécois, Québec Cinema Foundation): Thank you very much, Mr. Chair.

Thank you to the committee members, as well.

I'd like to start by telling you a bit about our organization. Fondation Québec Cinéma emerged from the Quebec film community's need to pool its resources in order to promote its works. We are dedicated to promoting Quebec film, artists, craftspeople and professionals, and to building our national film heritage.

Our major areas of focus have always been access to content, education and outreach. Each and every year, the foundation's activities reach more than one million people at home and abroad, through the Jutra awards, and the Rendez-vous du cinéma québécois and Tournée du cinéma québécois film festivals. In fact, I was invited to appear before the committee today to talk to you about the Tournée du cinéma québécois festival.

The festival goes to the heart of the foundation's mission, which is to promote Quebec's films, facilitating access to content and showcasing Quebec's film artists and craftspeople across the country. The foundation is thankful to its institutional partners—Telefilm Canada, SODEC, the Secrétariat aux affaires intergouvernementales canadiennes and the Canada Council for the Arts—for enabling it to continue its work as a cultural mediator, facilitating access to content and bringing works to Canadian audiences.

Furthermore, we are extremely proud of the fact that the Tournée festival helps satisfy the needs and expectations of Canada's francophone community, by making French-language works accessible. The festival is a major event in every community it stops in, bringing festival audiences new films and putting on special activities in schools, featuring film artists, craftspeople and professionals. They are really the ones who bring the festival to life. By supporting the tour and introducing their films, they enhance the highly valued synergy of the festival showcase.

Quickly, I'd like to give you a few statistics on the 2014-15 festival. Already this year, we've seen a 34% increase in the festival participation rate. More than 20 guests and artists from Quebec's film community are touring with the festival. We've reached more than 7,000 Canadians, both francophones and francophiles, members of the general public and students alike. One indicator, in particular, is significant because it speaks to the committee's efforts to promote exceptional Canadian content. We noted that 48% of young participants had never seen a Quebec film before. We are also pleased to note that, thanks to festival stops in these communities, theatrical films are enjoying a second wind, as are more specialty films that either weren't released or distributed or were subject to limited Canadian release.

We would like to make a few recommendations. Greater funding would, of course, be welcome, as always. But we also believe that working with partners to integrate measures into certain settings would make it possible for projects like the Tournée festival, as well as other promotion and outreach projects focused on Canadian film, to reach the public. Such an initiative would better position us to access the audiences we seek at specific times throughout the year.

The purpose of the Tournée festival is certainly not to make money but, rather, to build Canadians' knowledge and recognition of our cinematographic production and the vast landscape it represents.

In conclusion, I'd like to point out that audience fragmentation is a very real issue for us. In our view, there is no such thing as a bad place to promote film, be it in commercial movie theatres, libraries or art cinemas. Our goal is to stay in step with the audiences we serve, audiences with different views and beliefs.

• (1540)

[English]

The Chair: Thank you very much.

Now we're going to go to Montreal by phone.

Ms. Simard, can you hear us okay?

[Translation]

Ms. Monique Simard (President and Chief Executive Officer, Société de développement des entreprises culturelles): Yes, I can hear you just fine.

[English]

The Chair: Thank you.

When we get to the questions, everyone, please remember that Ms. Monique Simard is with us.

Ms. Simard, you're from the Société de développement des entreprises culturelles, and you are the president and chief executive officer. You have the floor for up to eight minutes.

[Translation]

Ms. Monique Simard: Thank you kindly, Mr. Brown. I'd also like to thank the committee members for inviting us to appear today. I'll try to keep my remarks brief. Just a note for the interpreters: I won't be presenting my brief in full, so as not to go over my eight minutes.

Joining me are Marie Brazeau, SODEC's Director of Hospitality and Film Operations; and Fannie Sénéchal, Director of Communications.

I'd like to give you an overview of Quebec's film sector and a few of the key challenges it faces.

But first, I should point out that SODEC, or the Société de développement des entreprises culturelles, has been around for 20 years now. It's a crown corporation governed by various Quebec laws. Over 100 employees, a board of directors and several advisory committees guide SODEC's work in a number of areas.

We are active in the film sector, but we are also involved in books, music, television, and arts and crafts. Our job is to promote all of those cultural exports and to enhance their international visibility. That makes SODEC the single government agency dedicated to supporting Quebec's cultural businesses, both in Canada and around the world.

And we do that through assistance programs, providing some \$39 million in funding support to Quebec's film industry. We operate a merchant bank, and provide bridge financing for tax credits and other tax measures. Through these activities, SODEC is responsible for a significant number of productions every year. Just to give you an idea, in 2013-14, we reviewed 1,144 funding applications, approving 405 and financing 28 fictional feature films in Quebec.

Looking at the figures for the Canadian film industry, you will see that a very high proportion of Canadian content comes from Quebec. And, of course, the bulk of those productions also receive support from Telefilm Canada, the Canada media fund and other federal programs.

The witnesses who appeared before me talked about the popularity of Quebec cinema on the world stage. I won't start listing film titles, but as everyone knows, for the past four or five years, Quebec films have received acclaim at the Cannes and Berlin film festivals as well as nominations for best foreign language film at the Oscars. This year, Denis Villeneuve has been selected for the official competition at Cannes. Even though the film wasn't produced in Quebec or Canada, he is still a French-Canadian filmmaker from Quebec who made his first films here. We have been supporting him since he began his career.

Quebec's film and television industry generates more than 16,000 full-time jobs, according to a recent study.

When Telefilm Canada officials appeared before the committee just over a month ago, they underscored the importance of co-production, and we share that view. In addition to the financial networks possible between Quebec and Canadian institutions, co-production is a critically important way for us to increase the production budgets of films made here, films that will bring us international exposure. Clearly, we promote co-productions by participating in all international markets, supporting our producers and arranging missions. Last year, we had seven Quebec-Canadian majority co-productions and ten minority co-productions, increasing the number of films we can make.

SODEC places tremendous importance on its initiative to bring together francophone co-production stakeholders. We have made working in francophone markets a priority for our film companies. Every year, 250 professionals gather for three days to discuss feature film projects. In the winter, we organize scriptwriting workshops in Quebec. The resulting production volume has been 40% of reviewed projects over 12 years, which is huge.

Now it is time to discuss the real issues. The previous witnesses talked about them.

● (1545)

We are seeing a literal shift in film and TV audiences. The results of our joint studies with the Canada media fund and Telefilm Canada make that perfectly clear. And when we look at trends in other countries, be it the U.S. or in Europe, we see the same thing. What that underscores is the need to strengthen certain tools in order for Canadian cinema to survive and be accessible and to provide for new funding sources. We still have a long way to go when it comes to distribution, which we talked about a little bit. Perhaps I could touch on that during the question period.

I'd like to use the little bit of time I have left to talk to you about funding sources.

Films are usually financed through parliamentary funding allocated to SODEC, on one hand, or Telefilm Canada, on the other. Both sides have tax credit systems, and feature films are often based on TV shows. For the most part, they receive support from Radio-Canada.

All of these funding envelopes are dwindling. Distributors, who play a role in the financing scheme, are scaling back their contributions as well. And because other funding sources are drying up, SODEC and Telefilm Canada are under more and more pressure. Here, feature film production budgets hover between \$4 million and \$4.5 million, which is modest.

That brings me back to what was said previously. We have to find new sources of funding for the culture and film industry and, incidentally, for Canada's and Quebec's cultural heritage. In fact, the report put out by the task force mandated to examine issues in the film sector and chaired by my predecessor, Mr. Macerola, talks about that. According to the report, it is crucial that the CRTC require foreign companies to contribute to the funding of authentic cultural productions in order to keep the nation's cultural production from diminishing.

The review panel established by Mr. Couillard's government to examine Quebec's tax system recently released the Godbout report, which was also very clear on the subject. The report urged the government to review its fiscal spending in order to find funding sources for the cultural sector. The panel recommended that the government consider taxing residential Internet service in order to revitalize the cultural sector and put new resources at its disposal. These are extremely important issues.

The Canada media fund, formerly known as the Canada television and cable production fund, has been in existence for 20 years, put in place to fund national TV production and foster the development of production companies in Quebec and Canada. The fund was jointly financed by cable companies, satellite owners and the federal

government, with the contribution ratio varying over the years. The fund was an incredible tool to support and develop production companies across the country, in every province, while giving them the resources to produce high-quality films and television series. Without the fund, I don't think we'd have those high-quality productions today.

Technology has changed and so have the issues. The methods people use to access cultural products are much different than they used to be. For those reasons, we recommend bringing the fund in line with current realities through support mechanisms based on the same philosophy as those established in 1993-94.

I am very proud of Quebec film, and equally proud of SODEC's support for short feature films. As virtually the only organization providing real assistance for short feature filmmaking, SODEC has helped many of our great filmmakers get their start.

● (1550)

SODEC also administers a program targeting young people, to cultivate the next generation of filmmakers. In most cases, people like Denis Villeneuve and Philippe Falardeau, whose names are now well-known and who are at the top of their field, have humble beginnings here, in Quebec, starting out with short films that have taken them far. We want to be there for them when they start their careers, but also later on, when they have made it to the top.

Thank you very much.

The Chair: Thank you.

[*English*]

Now we'll go to the questions.

Mr. Yurdiga, you have seven minutes.

Mr. David Yurdiga (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair.

I'd like to thank the witnesses for participating in this important study of film, because it's truly what makes Canada unique.

The first question I have is for Ms. Collin. Quebec cinema has traditionally been stronger than films in other parts of the country. What's the state of the Quebec cinema now compared to 10 years ago?

[*Translation*]

Ms. Marie Collin: In our brief, we talk about the fact that the methods people use to consume cinematographic products have changed, both in Quebec and in the rest of the country. People go to the movie theatre much less than they used to; movie viewing is much more concentrated on conventional TV, pay TV, specialty TV and video on demand platforms. DVDs represent another, although less popular, viewing platform. The model is changing gradually. There are also all the other services for which we, unfortunately, have no data. For instance, we don't have any information on the use of non-CRTC-regulated services, even though we know they represent a growing trend among consumers.

According to the Heritage Canada study that came out this week, TV-based movie viewing has decreased slightly, both on conventional and pay TV platforms. My feeling is that, if we meet in another five years, or perhaps even sooner, we will likely see an even greater shift towards Internet-based and on-demand viewing.

One thing is certain: Quebecers still have an appetite for Quebec films; they merely consume them differently. It is crucial, in my view, to bring funding mechanisms in line with the current viewing landscape and to accommodate consumers' new viewing habits. As I see it, with this new context come new opportunities to deliver our cinematographic products to consumers.

Furthermore, as both we and Ms. Simard pointed out, Quebec is home to a wealth of cinematographic expertise. And despite language and cultural differences, the province's filmmakers are being recruited elsewhere, including Hollywood. Just think of Denis Villeneuve. They have succeeded in making films that have gained international popularity. In other words, not only have our funding and support programs made it possible to satisfy consumers' needs, but they have also enriched our market with tremendous expertise. Our industry has built a high-calibre workforce.

In that respect, and in terms of viewing habits, I would say that Quebec's market and Canada's English-language market are not all that different. We have a very successful star system, which is a tremendous asset. But, as I said, it doesn't protect us from our U.S. competitors. Audiences don't care about a film's budget; all that matters to them is its quality. From a consumer's standpoint, all movies are equal. That means that, beyond the distinctly Canadian and Quebec identities of their productions, our filmmakers have to set themselves apart from their international competitors, making consumers want to opt for homegrown films over foreign ones.

• (1555)

[English]

Mr. David Yurdiga: Thank you.

To go along in the same sort of area and talk about revenue streams, the digital platform offers new revenue streams to Canadian producers. How well do you think Canadians are taking advantage of this?

[Translation]

Ms. Marie Collin: If I understand your question correctly, you're asking whether the availability of products on digital platforms makes them more accessible to Canadians.

[English]

Mr. David Yurdiga: Yes. Before now, most films were seen on the big screen. Now people are using their laptops, their home computers, or their TVs. We're seeing a big transition over time. The opportunities are there. How do we capitalize on that to ensure there's a successful film industry that has transitioned from one sector to another?

[Translation]

Ms. Marie Collin: I think we are taking advantage. But I also think we can work with task forces to re-examine movie theatre viewing—the role of conventional distribution in movie theatres versus distribution via other platforms—funding sources and so forth.

Right now, we're partnering with Telefilm Canada on a few pilot projects. We've proposed new funding schemes tailored to current viewing habits. As we indicated, Telefilm Canada should probably head up a task force to examine that, the idea being to bring together all the players in the film industry to define the new reality and, as you said, capitalize on Canadians' access to content and available funding.

[English]

Mr. David Yurdiga: Thank you.

My next question is for Mr. Lemieux.

Have I pronounced your name correctly? Am I close?

[Translation]

Mr. François Lemieux: Yes, that's correct.

• (1600)

[English]

Mr. David Yurdiga: In the context of this study, a number of film producers have mentioned that there's extensive paperwork involved in applying for grants or tax credits. Is this a big issue? Would you like to see a single-desk sort of application?

[Translation]

Mr. François Lemieux: I am not an expert in this area, but as a broadcaster I think that adapting certain rules to facilitate things could be an incentive. I'm thinking of the projects we defend throughout Canada and about everything producers and distributors submit to us. There will never be enough money to act on all of the products that are available. The budgets vary, but the artistic quality is always interesting. This may be where Telefilm Canada's study groups could take the relay.

I mentioned integration in my presentation. On our side the distribution-related integration refers to schools, community associations, the distributor and so on. All of the forces lined up and paddling the same canoe would allow dissemination on a broader scale, and allow us to reach as many people as possible wherever they may be.

As a producer, as I said, I am not a tax credit expert, but I am inclined to think that some things could be reviewed and modified in order to allow better use of all of the resources.

[English]

The Chair: Thank you very much.

Monsieur Nantel, vous disposez de sept minutes.

[Translation]

Mr. Pierre Nantel (Longueuil—Pierre-Boucher, NDP): Thank you, Mr. Chair.

I thank the witnesses for being here with us today.

Your testimony is very precious. It allows us to understand the issues today's film industry—our cinema—is up against in 2015. Indeed, the previous study goes back to 2005. Another study on that sector was way past due.

I often say that when we were elected, in the last elections in 2011, almost no one had an iPad. Today, almost everyone has one. Viewing habits have of course changed. Most of us, when we do not go back to our ridings, and if we are not working, probably watch a film on Netflix. So we are sinners too.

First of all, I want to thank Mr. Lemieux. Honestly, in my opinion, your organization is at the heart of francophone music. Your mission is to distribute and to raise awareness about the product, to make it known. That is terrific. It brings us back to this notion of cultural events bringing a lot of people together, which is gradually becoming an anachronism. We heard this in fact from the managers of performance venues two days ago.

I thank the AQPM people, because you have repeatedly met these challenges and technological changes, especially as concerns the accessibility of culture. Among other things, you contributed to the report produced by Canadian Heritage, which you mentioned earlier.

There's something specific I would like to hear your opinion on. At the very end of the report on pages 101 and 102, viewership is discussed, and the sources television viewers now have access to, to view content. They talk about on-demand television, specialty tv channels and cable. Can we have some information on broadcasters such as Netflix? There are no statistics to do the market analyses that are so important for movies. Our cinema has to be supported by the state if we want it to keep its place and role.

Ms. Marie Collin: Canadian Heritage tried very hard to find parameters to measure viewership across all of the platforms. It is a complex task because the information providers are very diverse. However, several of them fall under the CRTC's purview, which helps the department have access to data before preparing its annual report.

The method developed by Canadian Heritage seems to be the closest to reality. However, in the study entitled *Seen on Screens: Viewing Canadian Feature Films on Multiple Platforms 2007 to 2013*, released this week by that department, there is a footnote which, unfortunately, we are going to see increasingly often, because we are going to have more and more trouble having access to that information. The problem is that the VOD, video on demand data only comes from businesses that have a CRTC licence. There are many businesses, and new ones are being created every day both in Canada and abroad that provide services that consumers adopt. We have no information on those businesses.

Last fall during its hearings, the CRTC tried as best it could to obtain information on Netflix, for example, but it was unable to do so. In the course of the "Let's Talk TV" review last March 14, hybrid VOD services were exempted from the policy. It is reasonable to think consequently that we will not have access to that information, and that is worrisome for you as decision makers, and for stakeholders like ourselves, who must direct policy and understand how consumers are going to act in this very fluid, constantly evolving environment.

Things used to evolve quite slowly before this. Now there is an extremely rapid evolution in consumption because of the rapid development of technology. Unfortunately, it will be increasingly difficult to know where Canadians are getting their films and videos.

• (1605)

Mr. Pierre Nantel: Thank you, Ms. Collin.

I was referring to the importance of information sharing with your producers. I will always remember one occasion, when I met Ms. Simard.

Ms. Simard, are you still on line with us?

Ms. Monique Simard: Yes.

Mr. Pierre Nantel: You were speaking to your members.

Ms. Simard, you were once in politics, but mostly you have produced documentaries. You had worked at the NFB where you contributed to setting up the famous NFB app for smart phones. Putting its catalogue online, where everyone can have access to it, as is the case for heritage archives, is a great achievement for the National Film Board.

Today you are with SODEC. As such, at the AQPM meeting I attended, you said to the producers there that even though it is now more complex to produce films or television programs, it was not the right time for them to retire or to sell their production houses, because we need them to stay to help us cross this river that is the new broadcasting universe.

You alluded to the Godbout Commission report. In addition to funding, is the visibility of films that are produced here an issue? In the past, we had control over the visibility of our cultural production. Today, control is in the hands of international players who are not regulated, such as Netflix, even though they may have a .ca address. If everyone turns to these platforms to consume cultural products, are we not going to face a visibility issue for our own products?

Ms. Monique Simard: As a producer, I made over 150 films. I was then the executive director of the National Film Board of Canada's French Program during five years, and I took part in the great digital shift at the NFB, by opening interactive production studios, among other things.

Today, there is indeed an issue with visibility, since the offer is overabundant. There are no more borders. The concepts of time and space are now entirely relative, and as Ms. Collin was saying earlier, everything is changing extremely quickly.

During the few years I spent at the NFB, I had to change our technology three or four times to adapt the productions. If we want to be visible, the real challenge today is to continue to support the works that are written, produced and filmed by Canadians and Quebecers, in our case, in Quebec. We have to find the necessary means and resources. The Canada Media Fund is one of the models we had; I mentioned it previously.

The discussion we are having here today is also being held in all of the European countries, be it in France, Germany, England or elsewhere, because all of us are grappling with the invasion of an extremely abundant offer on our territories. How can we establish our own offer in our own country? That is the big issue. To be able to do it, we have to have the necessary means. I think we have to support creation and production, but I also think that we have to be able to support what I call the development of the works, that is to say the marketing, the commercialization, the distribution, and we must do that with all of the means at our disposal, including social networks.

I think that the Internet and cell phone technology are basically the two big “highways” through which today's culture will be consumed, not only film, but also music. This is the case everywhere in the world. We should in some modest way put these two highways to work to ensure that the producers have the resources they need. I say —

•(1610)

The Chair: Thank you. I must interrupt you because the time is up.

Mr. Dion, you have the floor for seven minutes.

Hon. Stéphane Dion (Saint-Laurent—Cartierville, Lib.): Thank you very much, Mr. Chair.

I want to thank all of our witnesses, whether here with us in the room, or with us through teleconferencing.

Good afternoon, Ms. Simard.

Ms. Monique Simard: Good afternoon.

Hon. Stéphane Dion: I believe it was Ms. Collin who suggested a measure. It had already been proposed here in the course of the work of the committee. The point is to prevent the tax credit from being made available only at the end, which forces people to borrow money and generates costs. Ms. Collin, I think you had recommended that 75% of the amount be provided. That could be debated. A part of the credit could be provided in advance and the rest of it at the end, once everything has been done.

Does that seem doable to you?

Ms. Monique Simard: It is quite doable if the regulations concerning fiscal assistance are amended. Ms. Collin is correct. First, we wait for the money. While waiting for the funds, interim funding is very costly. We could say that that is a perverse collateral effect of the system. The tax credit formula as such is terrific. We invented this in Canada and Quebec, and people have imitated the formula throughout the world. The system has been in effect for a little more than 30 years, about 35 years, and it can certainly be improved.

With people in producers' associations, we constantly discuss the need to reduce cumbersome administrative procedures. This would facilitate the work of most producers. Most production houses have very few employees. I would, for my part, be entirely favourable to any measure that would curtail the bureaucratic aspects.

Hon. Stéphane Dion: Fine.

From what I hear, you have no problem with this reform.

Ms. Monique Simard: I see disadvantages to the extent that some could oppose it, but that will not be the case for SODEC.

Hon. Stéphane Dion: Very well.

Ms. Monique Simard: We manage the seven tax credits for culture. We submitted a certain number of improvements to the system to the government. We think that in a lot of cases certain steps could be eliminated and this would not cause problems. There are often two opposing philosophies when it comes to tax assistance. The first is to not advance a penny before a quadruple verification has been done and before several years go by after the production. According to the other philosophy, funds are advanced, as is done for subsidies, once the files are complete and once the business's credibility and soundness have been verified.

Hon. Stéphane Dion: Thank you.

Almost all of the stakeholders—Mr. Lemieux, Ms. Collin and Ms. Doucet—mentioned the importance of beefing up funding for Telefilm Canada.

You also insisted on the need to update support systems. Before increasing funding for Telefilm Canada, we need to agree on whether that is to have it continue to do the same things, as though the world had not changed, or whether it is to adjust federal aid to the new environment in light of all the challenges you mentioned.

I would like to hear your opinion.

Ms. Marie Collin: With your permission I will answer that question, Mr. Dion. First of all, I would be remiss if I did not point out two things.

Concerning the tax credit, I spoke about increasing effectiveness thanks to the 75% you have just spoken about. However, I forgot a very important point. Provincial aid such as the tax credit, and any form of aid, reduce the federal tax credit. This means that on the average, feature films in Quebec—or French-language films—only receive 3% of the federal tax credit, whereas the maximum is 15%.

If we could work on eliminating those reductive effects, that would be one way of helping to fund producers. It would be very simple to apply.

Hon. Stéphane Dion: Regarding the cut from the federal tax credit when there is a provincial tax credit, would you say that this affects Quebec more than other provinces because the Quebec provincial tax credit is more generous?

Ms. Marie Collin: I'm going to ask Ms. Doucet, who is a tax credit specialist, to reply to your question.

Ms. Brigitte Doucet: In fact, the provincial tax credit is a part of these reductive forms of assistance and it is indeed higher. However, there are also other forms of reductive assistance. At the federal level, all of the government assistance is reductive.

In fact, if we compare the situation of French-language films to what happens for English-language films, the difference comes from the fact that English-Canadian films can obtain foreign licences more easily, as well as funds advances for foreign distribution that complete their financial structure. This means that proportionally speaking they may receive less public assistance than Quebec films, because it is more difficult to export French-language films.

•(1615)

Hon. Stéphane Dion: If I understand you correctly, you are saying that when you obtain other forms of assistance, the reduction in the federal income tax credit does not affect Quebec more than the other provinces.

Ms. Brigitte Doucet: In fact, it does, for the reasons I have just explained, since the government aid reduces the tax credit.

Hon. Stéphane Dion: Consequently, if you obtain aid from a private foundation, that is not withdrawn from the other funding.

Ms. Brigitte Doucet: Correct.

Hon. Stéphane Dion: Thank you.

Ms. Brigitte Doucet: Moreover, because of the language of the production, it is easier to have access to that private aid to export an English-language product. In short, things are more difficult for the francophone market.

Hon. Stéphane Dion: That information is important for the committee.

Ms. Marie Collin: Yes.

Hon. Stéphane Dion: Between increasing funding without changing anything at all, and increasing funding once we have a new plan to meet the new challenges, what would you choose?

Ms. Marie Collin: First of all, we have to pay tribute to the work Telefilm Canada has done in the past few years regarding both development and production. The people in that institution put a great deal of work into their projects. They tried to adapt to a reality that is moving at a maddening pace. They worked with partners in the market. They also need to be congratulated because they were dealing with budget cuts, but attempted to touch the core of their operations as little as possible. It is very important for us to point out that the team at Telefilm Canada understood well the work it had to do with its partners.

Moreover, it will no doubt be very important that everyone who works directly or indirectly with the film industry meet at the working group that is sponsored by Telefilm Canada. This will make it possible to analyze the new situation and to examine operational models, distribution windows and marketing.

Earlier, Ms. Simard mentioned that in a universe where we are flooded with content, the marketing of products must go far beyond the marketing for film theatres. Indeed, we know that consumption outside of these venues represents 97% of views. Our models however are still attached to the distribution to movie theatres and that marketing. We know that the marketing and promotion of products is the key component, after we have produced a quality piece of work.

Yes, funding should be increased to support production, but it has to be done in a context where we are also revising the way we do things. That has to be adapted to 2015.

[English]

The Chair: Mr. Hillyer, you have seven minutes.

[Translation]

Mr. Jim Hillyer (Lethbridge, CPC): Thank you, Mr. Chair.

Mr. Lemieux, could you answer Mr. Dion's question?

Mr. François Lemieux: I would like to add something to what Ms. Collin said about whether funding should be increased or reorganized. It is important to understand that tomorrow's viewers— young people—and everything that concerns education is at the heart of our priorities.

Let's talk about touring. There are a lot of areas where we managed to get the viewing public in to view Quebec films. There are still some provinces where we dearly wish to develop with our local partners the project of presenting Quebec films and contributing in our way to greater circulation of these works and to making them more accessible.

That is a priority for us. The taste for things like this is acquired at a young age. In all of the schools we visit in Canada, one student out of two has never seen a Quebec film. I think that that statistic is eloquent and shows that there is still work to be done in showcasing our cultural products.

Mr. Jim Hillyer: In my opinion, there is a problem regarding the number of Canadians who can view Canadian or Quebec films. It is not just a problem involving the production of films. Ms. Simard said that she funded 400 films a year.

Ms. Monique Simard: We received 1,440 applications last year. We were only able to support a little over 400 of those, including short films, documentaries, programs for young filmmakers and feature films. It is true that there are a lot of applications and we can only choose about a third of them.

Mr. Jim Hillyer: More films are produced than are ever seen. I did not know that the film *The F Word* was a Canadian film. I only found out when someone mentioned it at the last meeting of the committee. Personally, I do not go to see a film simply because it is a Canadian or a Quebec film, but I find that a large number of Canadian films, especially Quebec films, are just as good as Hollywood movies. They are certainly of equal quality and the genres are similar. If I have to choose between a Hollywood film and a Canadian film that are equally entertaining, I will choose the Canadian one. However, I don't always know which films are Canadian and where I can find them. The films are not all shown in Cineplex venues or other movie theatres of that type.

Ms. Monique Simard: May I answer, Mr. Hillyer?

•(1620)

Mr. Jim Hillyer: Yes.

Ms. Monique Simard: We have talked very little about the distribution of films; we only alluded to it briefly. Distribution is one of the important issues.

For a fiction feature film to receive funding from SODEC, Telefilm Canada or other Canadian organizations, you need a distributor; however, there are not many distributors in Canada and those that exist are large distributors. They also distribute American films. As you know, Canada is considered a national market for American films. There is a whole distribution strategy that does not encourage our national cinema, be it from Quebec or the rest of Canada.

For movie theatres, there is a system called the booking system. The films have to be popular. If a film has not generated good revenue the first weekend, it is immediately replaced by another. Enormous films are the subject of large publicity campaigns. Take *Fifty Shades of Grey*, for instance. I did not see it, but I read the reviews. The film was the object of a worldwide campaign, and it was first at the box-office everywhere in the world. More money was spent on marketing than on the production of the movie. There was so much publicity that everyone in the world went to see that movie.

It is extremely important that we reestablish a balance. We have to examine the role of distributors and what is required of them. Films that are supported by public funds should rightly be accessible on all platforms. I define myself as an agnostic with regard to platforms. I can view a movie on an iPad, a cinema screen or a television screen. We now have to consider all of these platforms. We have to consider the success of a film according to the number of people who view it on all of these platforms. As long as it is only box-office revenue from the actual theatre that counts, we are always going to have the current problems.

Mr. Jim Hillyer: How much time do I have left, Mr. Chair?

[English]

The Chair: You have 45 seconds.

[Translation]

Mr. Jim Hillyer: Okay.

I simply want to say that if we provide funds for the production of movies

[English]

because it helps culture,

[Translation]

it doesn't make sense if we don't help people to see those movies. We are not contributing to culture if no one sees the films. So my opinion is that we have to find a balance.

Thank you.

Ms. Monique Simard: That is our position. The SODEC position is in the report on film. We will be making changes to our regulations very soon, and to our programs, to take all of this into account.

As we say in English,

[English]

it's the number of eyeballs that count, not the platform.

•(1625)

[Translation]

The Chair: Thank you.

Mr. Nantel, you have four minutes.

Mr. Pierre Nantel: I will be brief.

Thank you, Ms. Simard, for your comments.

I want to make sure the committee understands the stakes very well.

You say that distribution is a key factor in obtaining funding. Perhaps that needs to be reassessed, because the distribution through movie theatres is the main point in the mandate of the distributors, and then they go to the second phase, which is television. That is an important issue.

I see that the people who are here at this committee, including Ms. Collin and Ms. Doucet, are indicating that they agree with this.

Ms. Monique Simard: We agree with that on this side as well.

Voices: Oh, oh!

Mr. Pierre Nantel: That is the noise we heard in the microphone.

My comments are addressed to everyone here.

Among all of the recommendations that came out of your testimony and the testimony of all the other people who came to meet with us, what is the one you would most like to see in our report?

Could we agree that one priority for you would be support for Telefilm Canada, so that that organization can continue to fulfil its mandate, since it adjusts well to the various realities and the evolution of the markets?

Ms. Collin, you talked about this concept of reform, that is to say to provide 75% of the amounts in 30 days and 25% later. This is in keeping with what others said to us, including the CMPA, regarding the phenomenon known as the grind. We all adore that expression, which we learned here.

What other recommendation would you like to see? I'll give you two possibilities. First of all we all know that the CRTC cited a long conversation with the public last fall prior to its decisions on Canadian cultural content. Its decisions displeased a lot of people, and rightly so since they jeopardize a certain number of things.

Is that why you mentioned the idea of mandating a working group to study these issues? Do you want to draw some conclusions regarding these future changes?

Ms. Marie Collin: I think we should not mix up what the CRTC is going to do and what the working group could do. I don't know what the CRTC is going to do, but if I understood correctly, it is really going to examine all of the technological and audiovisual content.

Cinema is not disembodied and cut off from all of the other contents or other genres. It would be very important to group together certain things. Indeed, if we talk about the cinema experience while considering only the operation of movie houses and distribution, we see, as Ms. Simard pointed out earlier, that this is now concentrated in the hands of one or two large players in Canada. That is not exactly the same reality.

These are extremely similar realities, but I think that we have to think of a way of changing the funding. We have to review the distribution methods, review the role of the distributor, review the impact of the platforms and review the way in which success is calculated. Some work has already been done on this at Telefilm Canada, but I think, and allow me to reiterate, that things are moving extremely fast. We absolutely need to take stock of things with all of the players who work in this area.

Mr. Pierre Nantel: Is this the type of topic you would like the working group to discuss, for instance, the role of the distributor in this new ecosystem?

Ms. Marie Collin: Yes, among other things, but our priority is surely the funding of productions and their marketing. I agree with Ms. Simard; the films have to be seen and we have to have the resources to promote them.

There is something quite astounding that we see in this industry. You can have the best film in the world, but if the weather is too nice outside during the weekend of the premiere, it will not do well and it will be withdrawn. That is sad, because if it is too nice outside as is the case today, all of the money injected into marketing for that one weekend is wasted. Today was a beautiful day such as we seldom see in Canada. Everyone was outside. No one wanted to go to the movies, and so the movie was taken out of the cinemas.

Aside from the fact that we can see films on other platforms, all of the marketing is tied to that and the shelf life of the movie in theatres is practically tied to the weather outside.

Mr. Pierre Nantel: Since I only have 15 seconds, I will address Ms. Simard.

Ms. Simard, would your fourth point be to add the the visibility of our films as an issue?

Ms. Monique Simard: That's for sure. However, that visibility will be achieved when we understand that funding has to be modulated and that much more has to be granted for development, distribution and visibility. The constraints have to be removed.

Since you are a federal committee, I think it would be high time to see whether the Broadcasting Act and the Telecommunications Act are up to date and keeping pace with the 21st century. I think there are some important adjustments to be made there.

Mr. Pierre Nantel: We take note of that. Thank you.

[English]

The Chair: Thank you very much.

Thank you, witnesses. If you have any further contributions to our study, please send them in to us. We'll be working on this for a few more weeks.

Thank you.

On that note, we will briefly suspend.

•(1625) _____ (Pause) _____

•(1630)

The Chair: Good afternoon once again.

We will call meeting number 43 of the Standing Committee on Canadian Heritage back to order. We are continuing our study on the Canadian feature film industry.

With us in the second hour today, we have Robert Lantos, who's with us here in Ottawa from Serendipity Point Films. From Toronto, via video conference, we have Piers Handling, who is the chief executive officer of the Toronto International Film Festival.

We'll start here in Ottawa with Mr. Lantos, for eight minutes.

•(1635)

[Translation]

Mr. Robert Lantos (Owner, Serendipity Point Films): Thank you, Mr. Chair.

Thank you for having invited me to appear before the committee today.

I am going to speak in English. Even though I began my career in Quebec and I worked for a long time in both parts of Canada, I now work only in English. I am going to let my Quebec colleagues make their comments in French.

[English]

To do this in eight minutes is going to be a big challenge for me, but I'll try. I've been doing this for 42 years. I began in 1973, when I was still a student at McGill, with my partner Victor Loewy. He and I started a film distribution company. A few years later, in 1977, with another partner, Stephen Roth, he and I produced our first two feature films, which were called *L'Ange et la femme* and *In Praise of Older Women*.

What began as a little company between university students grew into Alliance Communications, of which I was the chairman and chief executive. In 1993 I took the company public on the Toronto Stock Exchange, and in 1998 I sold my controlling interest. For more than 20 years, Alliance was the dominant Canadian film and television distribution and production company. It was also a leading specialty broadcaster until it was resold some years after I sold it and then was split up.

For the last 15 years, I have focused exclusively on producing feature films at my current company, Serendipity Point. Over the course of my career I have produced some 40 films and have financed and distributed many others. I've had the privilege to work with some of the world's greatest stars, such as Dustin Hoffman, Annette Bening, Viggo Mortensen, Michael Caine, Ralph Fiennes, Jeremy Irons, Paul Giamatti, and Rosamund Pike. I've worked with some very distinguished directors, such as David Cronenberg, Denys Arcand, Atom Egoyan, Jean-Claude Lauzon, István Szabó, and Bruce Beresford.

The films we made, such as *Barney's Version*, *Eastern Promises*, *The Sweet Hereafter*, *Sunshine*, and *Being Julia* have been nominated for Academy awards. They have won Golden Globes and prizes at the Cannes film festival, in Venice, and in Berlin. Here in Canada, these films have won the screen award for best picture five times, and they have been selected to open the Toronto International Film Festival on 10 occasions. They have been distributed globally and some, though definitely not all, have made a profit.

Black Robe, *Being Julia*, *Sunshine*, *eXistenZ*, *Barney's Version*, and *Eastern Promises* all grossed in excess of \$20 million worldwide. My production of *Johnny Mnemonic* surpassed \$50 million. Here at home, *Black Robe*, *Johnny Mnemonic*, *Barney's Version*, and *Eastern Promises* all grossed over \$3 million at the box office, and *Men With Brooms* over \$4 million.

That is the good news.

One other piece of good news is that during my watch we have come a long way from when I first started. I'll share with you just one anecdote of how it all was back in 1977 when I produced *In Praise of Older Women*.

We were having a lot of trouble getting the movie theatres to commit to show the film. It had been selected to open the Toronto film festival and had a tremendous amount of publicity around it, so we thought it would be a good idea to open the film right after the festival, but we had a lot of problems getting a commitment from the then theatre circuits. I went to see the man who was then the head booker for what was then the biggest circuit in the country, a company called Famous Players, which at the time was owned by Paramount.

I said to him that for the film to have any chance in the marketplace it needed to have firm commitments with specific firm dates in some of the best theatres across the country. Otherwise, if it was just going to be floating and hoping to get into a theatre some day, we really had no chance. He said, "Why would I do that?" I said, "Well, it's a great film, so why don't you see it?" Because he hadn't. He said, "I don't need to see it: it's Canadian."

Voices: Oh, oh!

Mr. Robert Lantos: That is an exact quote.

● (1640)

We've come a long way. That was in 1978. That wouldn't fly today. Canadian films do get access to theatres, and if they have a distributor who is willing to ante up and spend serious marketing money, which is really what it's all about, then the theatre doors are wide open. In many ways, those tough old days are behind us, but we have many more obstacles and challenges facing us today.

The biggest challenge is really a global showdown between independent films and the Hollywood studios. It isn't that one has declared war on the other; it's just that the studios today have an average budget per film of about \$130 million. That significantly exceeds the total annual expenditure of Telefilm Canada and all Canadian films. That is per film and does not include the marketing budget. They have a typical marketing budget for a big Hollywood so-called tent-pole franchise movie, such as the one that opened this weekend, the new installment of *X-Men*.

The typical marketing budget is about \$150 million. That is for a global launch, and this is a fairly recent idea. This idea of releasing films globally in every country in the world and every theatre on the same day, and backing it with enormous juggernaut marketing budgets, really only developed over the course of the last dozen years. I won't get deeply into a sermon about the digital age here, but that's what the cause of it is, for better or worse. The digital age brought piracy along with it, so the Hollywood studios' approach to beating the pirates is to release their films on the same day in every city in the world, in order to get ahead of the pirates.

Also, in the digital age, the Internet makes that possible, because you can advertise globally, which is something you couldn't have done 15 years ago. If you were to turn back the clock a dozen or 15 years, Hollywood studio movies would be released in America, and by the time they got to places like Japan or Scandinavia, it could be a year later. Today it happens on the same day.

What does that mean to independent films, not just Canadian films? European films and Australian films face the same hurdle. Ours is a little greater because of our geographic proximity to this giant. The hurdle is that you have two, three, and sometimes four of these juggernauts being released every single weekend of the year, with the number of screens they occupy when they open in 10,000 or sometimes 12,000 theatres on the same day, and the cacophony of noise that's made by these massive advertising campaigns is such that the smaller independent voices have a harder and harder time being heard.

I was here a few minutes ago and heard the discussion about getting eyeballs to see Canadian films, about films not being seen or heard from. That is the major challenge here. As I say, it's not specifically a Canadian challenge. It's the challenge of independent film versus the six studios, and it's the challenge of making films that are essentially made for grownups, films that have stories to tell that may be of interest to people who may be over 25, versus the business of the Hollywood studios. They each make their one exception per year, but for the most part their business is to make repeatable franchise movies aimed at the under-25 audience, which rushes to the movies on the opening Friday night. That's the challenge we face. That's the biggest challenge.

Here in Canada, we have a few other issues, such as, for example, the massive talent drain we have, which is incomparable to anywhere else. Most of our stars, our directors, our writers, and some of our producers, when they have the opportunity to go to Los Angeles and work with much bigger budgets, avail themselves of that opportunity. They don't quite share my penchant for masochism, and I don't blame them.

Some of Hollywood's biggest names are Canadian. Directors such as James Cameron, Paul Haggis and, more recently, Jean-Marc Vallée and Denis Villeneuve are also making Hollywood movies. Movie stars like Ryan Gosling, Jim Carrey, and Keanu Reeves are all from here, but they live in L.A. and they work in L.A.

● (1645)

In the face of all these obstacles, here's the question I have for this committee when we get around to switching sides and you speak: what's the importance and value of feature films? Why should they be supported? Why should they be supported at all and why should they be more supported by government? There are several answers to this question.

First, feature films are like cultural flagships. When a Canadian film is in competition at the Cannes film festival or is nominated for an Academy award or a Golden Globe, it's like a Canadian athlete competing at the Olympic Games or world championships. When they get prizes, it's like winning the gold medal. It's an honour to our country. It makes the world take notice of us and our stories. It allows us to take our place in the global cultural mosaic.

Feature films do that better than any other medium today because they have attracted that much more attention. Even though we are in the golden age of television and it is a very effective mass medium, still the greatest attention goes to the biggest award show of all, the Academy awards.

The Chair: Mr. Lantos, I'm going to cut you off there. You've gone well past, but you will get an opportunity to expand on all of this during the questions.

We're now going to go to Toronto and Mr. Handling, who is from the Toronto International Film Festival.

We're going to give you 10 minutes, Mr. Handling.

Mr. Piers Handling (Chief Executive Officer, Toronto International Film Festival Inc.): Thank you, Mr. Chair and members of the committee.

Thank you very much for inviting me to feed into your examination of Canada's feature film industry. Today I'll be giving you a very quick overview of TIFF and our role in supporting the sector, the new direction our organization is taking for the future, and some specific recommendations around our film industry.

TIFF is a not-for-profit charitable organization that transforms the way people see the world through film. You know us best for our flagship event, the annual Toronto International Film Festival. It is one of the two most important film festivals in the world, and it's the largest public film festival anywhere. The festival is also a must-attend event for the international film industry, which comes here to do an enormous amount of business. The festival is global, but it is also the key launch pad for most new Canadian films.

We are now an organization that runs a building showing films on five screens every day of the year for audiences of all ages. We're one of the very few film festivals in the world that actually owns our own infrastructure, a building that acts as a flagship and allows us to interact with our audiences every day of the year. We also bring films to over 152 communities in every province of Canada, and we've been doing this for over 20 years. This unique film circuit, a model that other countries have studied, includes film clubs, community-run film festivals, schools, art galleries, and even libraries.

For the sesquicentennial, we have a very large dream: to identify 150 essential moving-image masterworks from our history, to digitize them, and to make them free to all Canadians in 2017.

Now I have just a few numbers: we have an annual economic impact of \$189 million, and 1.4 million people attend all our activities every year.

Today I'd like to address two areas that I think are key to the success of Canada's film industry: acting globally and talent development.

These days, if you're not a global player, you risk irrelevance. The creative economy is moving at such speed and undergoing so many changes that you must develop international relationships and markets if you want to flourish and indeed survive.

TIFF's strategic direction is to be global: to be the global leader in film culture and set new directions for our audiences and the industry. Starting this year, we will bring Canadian films and

filmmakers to key markets around the world. Our initial focus will be on London, New York, Los Angeles, and Beijing. Our initiatives will promote Canadian cinema and provide opportunities for Canadian talent: a higher profile, more co-productions, access to new funding partnerships, and larger audiences.

We recommend that the federal government take a leading role in growing the export potential of Canadian film. A funding program to develop international markets, one that allows Canadian filmmakers, artists, and arts organizations to promote Canadian cultural industries abroad, would have significant impact. Every other major film industry is now extremely aware of the international marketplace. We must be more aggressive in this area. For Canadian films to succeed, the industry must tap into international audiences, financing, and partnerships.

To be a global player in the entertainment sector requires desirable and competitive content. This comes from creative artists, the people who capture the imagination of audiences. Talent development is an essential part of this process. This is the R and D component of our industry. Our talent needs to be trained, developed, mentored, and given opportunities to work and play in this new global environment. It is not enough to excel nationally. We need to continue to provide as many opportunities as possible for future generations to hone their skills.

The Toronto film festival is the leading global launch pad for Canadian films. We provide Canadian talent the opportunity to rub shoulders with over 5,000 industry professionals from around the world. We have a number of programs, both at the festival and throughout the year, that are designed to develop and mentor the finest young new talent we have in Canada: filmmakers, writers, producers, and actors. Our talent development programs offer increased profile, access to networks, and training, all of which contribute to building careers that can function in a competitive international environment.

We urge the federal government to invest in talent development programs, not just our own but also the fine work done by other film training institutions across the country. This is an essential investment in the future. As technology assumes increasing importance in our world, the one thing technology cannot replicate is human creativity. We must invest in the creativity of future generations of Canadians. Their creativity will build our economy.

•(1650)

I would be remiss if I did not mention the importance of your federal agencies in supporting the sector, particularly Telefilm Canada, which is the essential agency in our feature film sector. Telefilm has been TIFF's long-time partner, and together we will continue to drive a global agenda and support and promote Canada's talented filmmakers, both within Canada and abroad.

In summary, Canadian films need to be championed on the global stage, and Canadian filmmakers need the proper training, professional development, and opportunities to compete internationally.

Thank you very much.

The Chair: Thank you very much.

We'll now go to questions, starting with Mr. Young.

You have seven minutes.

Mr. Terence Young (Oakville, CPC): Thank you, Chair.

Thank you, gentlemen, both of you, for your time today. We very much appreciate it.

Mr. Lantos, before I ask a question, do you want to take a few minutes to finish what you were thinking about in your opening statement?

Mr. Robert Lantos: That's very kind of you. My apologies for being verbose.

I was going to suggest that there are good reasons for supporting feature films beyond the cultural ones, which I think we have discussed and we all know about. If you do a cost-benefit analysis, approximately 70% of the budget of every film is spent on labour, which in turn is taxed at source. The films themselves often find the greater part of their revenues outside Canada, thus generating export revenues. They are a tremendous source of environmentally friendly and well-paid jobs. Finally, Canadian films in Canada provide Canadians with a Canadian option, as opposed to only being exposed to American movies, which, were it not for Canadian films, would definitely be the case.

However, Canadian films are the orphans of a very well-designed system of cultural support for the Canadian media. What I mean by that is this. In television production and in digital production today, there are quotas. Every broadcaster in Canada, whether it's a network or specialty or pay television, has always had and continues to have Canadian content obligations.

There has never been such a thing for feature films. There has never been any quota of any sort, nor am I advocating one today, but the foundation upon which the very prolific Canadian television production industry was built—and I was very much a part of it for a very long time—is based on a series of regulations overseen by the CRTC that are designed to create a marketplace, a domestic marketplace, for Canada to have homegrown productions. There is no such thing for feature films. Even in broadcasting there have never been specific regulations requiring any broadcaster to designate airtime and specific dollars to theatrically released feature films. There are in other countries. Certainly in France there's a great deal of that, but not here, and there never has been.

In the absence of these kinds of regulations and legislated support systems, Canadian films have been on their own. In English Canada, they have a particularly great mountain to climb. The advantage Quebec has is that it has its own language. English Canada shares a language with our neighbour to the south.

I have some concrete suggestions in lieu of regulations and quotas. One of them is that the tax credit that's currently equally available to feature films and to television productions be increased for feature films, so that if a television production is eligible for x percentage of its spend in tax credits, feature films should be eligible for double x , and by feature films I mean specifically films designed for and released in movie theatres.

I will also urge the government to entertain the notion of increasing the budget of Telefilm Canada, which, as I mentioned earlier, is less than the budget of one Hollywood movie. Doubling that budget perhaps would equal close to the budgets of two Hollywood movies. I think it would be a very wise and cost-efficient investment, both commercially and culturally.

Finally, I would also suggest that the money spent on the marketing of Canadian films, especially when spent in Canada marketing Canadian films, be eligible for the same tax credits as the production of Canadian films, because the marketing dollars are just as important as the production dollars in order to actually accomplish the mission and get films to people and people to films.

Those are my specific suggestions. Thank you for giving me the extra time.

•(1655)

Mr. Terence Young: Thank you very much.

How much time do I have for questions, Chair?

The Chair: You have about two and a half minutes.

Mr. Terence Young: Thank you.

Mr. Lantos, what is the most important variable in need of any kind of boost the government can give to grow the film industry in Canada? Is it the two things you just mentioned?

Mr. Robert Lantos: I won't repeat them, but it is exactly what I suggested. In my opinion, they are the increasing of tax credits specifically for feature films, the inclusion of marketing money in those tax credits, and increasing the budget of Telefilm Canada.

Mr. Terence Young: Thank you.

What about developing actors and writers and trying to keep them here? Do you have any other suggestions on how to keep the talent here? You talked about the brain drain or the talent drain as a big issue.

Mr. Robert Lantos: This might sound cynical, but it comes down to dollars.

Mr. Terence Young: No, it doesn't sound cynical. I just wondered if you have any other creative ideas. I have a nephew at the Vancouver Film School right now. I haven't asked him, and I don't know.... He's graduating this week, but he's going to go where the opportunities are, right?

Mr. Robert Lantos: That's right.

Mr. Terence Young: That's what it is. For the artists and the writers, everybody goes where the opportunities are, so we have to create more opportunities here, and those suggestions are the ones that you have. Do you have any others?

Mr. Robert Lantos: Investment is the only way to create opportunity. I don't mean just public dollars. There's a great deal of private dollars have been invested in Canadian film. I certainly have done so over the course of my career, and that needs to continue. It's a partnership. But at this point, the public purse needs to step more than it has.

Mr. Terence Young: What about expanding investment or somehow encouraging it on the private side?

Mr. Robert Lantos: Well, The encouragement on the private side has to do with contemplated return on investment. For feature films, the most logical way to invest in a feature film is to buy shares in a company that produces and distributes them, because in regard to investing in a single film, although it is done, the stakes are high and the risks are high. The truth is—and this is not specific to Canadian films—most films lose money. Only a few break even or make a profit.

Mr. Terence Young: Ontario's 2015 budget was announced 10 days ago and reduced the following credits: the Ontario production services tax credit was reduced from 25% to 21%, as was the Ontario computer animation and special effects tax credit.

• (1700)

The Chair: Mr. Young, I'm going to have to cut you off.

Mr. Terence Young: Could I ask him to comment briefly on how those might affect the industry?

The Chair: You have 10 seconds.

Mr. Robert Lantos: I don't know about the animation reductions. I'm sorry, but I'm not familiar with them.

The production services reduction doesn't apply to Canadian film and television. It applies strictly to American productions that are shot in Canada. It will have a negative impact on employment, but not on Canadian films.

[Translation]

The Chair: Mr. Nantel, you have the floor for seven minutes.

Mr. Pierre Nantel: Thank you, Mr. Chair.

I thank both of you for having come to share your viewpoints with us. It is clear that you are very different actors, but both extremely competent.

I thank the TIFF people for the work they do that brilliantly showcases Canadian cinema on a yearly basis.

[English]

You have been expanding all the time. It became a huge event for Torontonians to embrace their love of that art, and it's a very important one.

[Translation]

My comments are for Mr. Lantos.

[English]

It's clear to me that you've been there for a while. You've been there for all these crusades. That explanation of the 1977 screen space was very eloquent.

I feel that I need to ask you one thing first. Clearly, Canadian cinema is much more involved in the creation of a *cinéma d'auteur*. If I look at your production list, I think you're really into this. Clearly, this is defining Canadian culture.

When I hear people say that Canadian movies aren't good, it's because they compare them to blockbusters like *Transformers* and stuff, but independent movies do happen in the States too. I remember when *Dallas Buyers Club* was a big thing. Right after that, I saw *Mud*, with the same actor, Matthew McConaughey, which an independent film from the States. They do exist.

What has made you so passionate about supporting and producing such movies all the times, movies for grownups, as you've said?

Mr. Robert Lantos: As you correctly mentioned, I've been around for a very long time, and my career has had several stages. For a big chunk of it, I was a jack of all trades. Yes, I produced the auteur films, but we also distributed films, and not just Canadian films, but a lot of American movies. We produced hundreds of hours of television shows and sold them globally. We had offices all over the world. At that point in my life, the *cinéma d'auteur* was really a sideline, a personal passion. It wasn't the basis on which Alliance—which, when I sold it, had a market cap of close to a billion dollars—was built. I'd be fooling you if I said it was.

Afterwards, however, I gave myself permission to make only films that I personally wanted to see, which was not the determining factor up until then because I was building a company. For the last 15 or 16 years, I've made films that I wanted to see.

Mr. Pierre Nantel: I thank you for that, because last month we looked at *The Captive*, the latest one—

Mr. Robert Lantos: That wasn't me.

Mr. Pierre Nantel: Was it Atom Egoyan?

Mr. Robert Lantos: It was Atom Egoyan.

Mr. Pierre Nantel: It wasn't you? I'm sorry about that. But still, the film is truly showing Canadian life on an everyday basis, which to me is totally important as far as defining our culture goes.

When you were speaking in the first eight minutes, you were talking about why we should support Canadian films. You were evoking pride and being part of the cultural mosaic of the world. You won those awards and you were referring to those directors. What is the benefit for us as Canadians? Is it that these producers such as Denis Villeneuve are going to come back to potentially produce big blockbusters here in Canada? Isn't that part of the advantage?

• (1705)

Mr. Robert Lantos: Let me try to understand the question. Do you mean the advantage of them going away?

Mr. Pierre Nantel: Yes. Of course, as you said, they were like Olympic champions. We're proud of knowing that Atom Egoyan won something or that Xavier Dolan won something, but what are the other advantages of that pride, that sense of revelation, that it may give to other young Canadians? What are the other benefits?

Mr. Robert Lantos: Some time back, some years ago, a film that Atom Egoyan directed, which I did produce and was called *The Sweet Hereafter*, won the Cannes *Grand Prix* award. We were surrounded by the whole world of cinema, which in turn was covered by the entire international press, and they were totally focused on a film telling a story clearly set in this country and unique and specific not necessarily to our culture but to an outgrowth of our culture and our way of life. There was a very specific perspective, a point of view that is unique to that filmmaker but is reflective of something that could only come from here. The whole world was focused on it.

There's an Olympic program. I forget what it's called, but it's about the podium. It's "Own the Podium", isn't it? Isn't that the point of owning the podium? To fly our flag before the world?

Mr. Pierre Nantel: That's a good answer. Thank you.

I have a few questions for you, Mr. Handling of TIFF.

Tell me more about these workshops and the talent development you do surrounding the Lightbox.

Mr. Piers Handling: It's very focused. Every year at the festival we actually put very young filmmakers—Canadian and international—together in a very intense five-day seminar to work with some of the key talent in the world. Mike Leigh, one of England's great directors, whose films have many times been in competition in Cannes and who has also been nominated for Oscar awards, was one of the keynote speakers this year.

It's a creative lab. It's not designed for any kind of practical application, in the sense that you're not editing or shooting or learning how to work with items. You're actually sitting and listening to the most prominent actors, producers, directors, and scriptwriters in the world talk about their art.

We also have a program for young Canadian directors. We take two young male actors and two young female actors and try to give them prominence. Canada lacks a star system, as we know. Sarah Gadon was one of the rising stars a couple of years ago. We're trying to give that group of actors increased prominence.

Away from the festival, we also do specific workshops for producers. We're very keen to use our international connections—of course, we have immense international connections to some of the key talent in the world—and to try to use that talent and put them in touch with young and emerging Canadian talent.

[Translation]

The Chair: Thank you.

[English]

Mr. Piers Handling: Could I add something to the debate around international talent? Canadian talent has fled south of the border, as Robert has talked about so eloquently. It's about some of the Canadian names that have gone south of the border and why we can't

reclaim them. I think it's a question for all of us around this table, as well as the culture as a whole.

The British and Australian actors and directors—people such as Russell Crowe, Nicole Kidman, Benedict Cumberbatch, and Eddie Redmayne—flow easily between Hollywood and their home countries. Right now, Russell Crowe has a new film about Gallipoli in the marketplace. He's a proud Australian. I think we need to reach out to the Canadian talent like Ryan Gosling and Rachel McAdams, who are in Los Angeles, and ask them if there are stories they want to tell. I think we have to be very proactive on our part to try to reclaim that talent.

There are people such as Jason Reitman, who is the son of Ivan Reitman, was basically born in the States, and is perceived as an American filmmaker, is also a very proud Canadian. I'm sure that Jason, who has made films like *Juno*, which grossed \$250 million and that much more internationally, would be very interested in the approach of Canadian producers and, I guess, a willingness on the part of government in terms of investment to come here and tell Canadian stories.

I think it's up to us to actually reach out to the James Camerons and the Paul Haggises of this world and bring them back to Canada.

The Chair: Thank you.

We will now go to Monsieur Dion.

[Translation]

Mr. Dion, you have the floor for seven minutes.

Hon. Stéphane Dion: Thank you, Mr. Chair.

[English]

Thank you to both of you. It's very interesting to hear you.

Mr. Handling, you mentioned two goals, I think: acting globally and talent development.

On acting globally, you suggest the creation of a new program, as I understand it, a federal government program to promote international markets. Can you elaborate more about what you have in mind?

• (1710)

Mr. Piers Handling: Telefilm is already investing in some of the key festivals around the world. They have stands and they do a lot of marketing at festivals such as Cannes, Sundance, Berlin's, and also here in Toronto. I think that's obviously a very good step, so I'm not sure that a new program actually needs to be devised.

[Translation]

Hon. Stéphane Dion: Very well.

[English]

Mr. Piers Handling: I think it's really about reinforcing Telefilm's mandate and giving them more resources to do more in key centres as well as to explore emerging markets. I know that Telefilm is very interested in the Chinese market, as is every other country in the world. We should be very aggressive. We have wonderful connections with the Chinese. There are historic connections going back to Norman Bethune. They're very open to Canadians.

I think that if more resources are to be given to a program, we should invest in Telefilm's program of supporting Canadian films in the key marketplaces around the world, as opposed to creating a separate program.

Hon. Stéphane Dion: Okay. That's clear. I thought you were speaking about a new program, but you are saying to give more support to the programs that exist in Telefilm today.

Mr. Piers Handling: As well, Mr. Dion, I think the private sector—and I guess I include myself in that to a certain extent—non-government organizations are beginning to aggressively get out into the world. As I said, we ourselves are focusing on four cities: London, New York, Los Angeles, and Beijing. We're bringing resources to the table from the fundraising efforts on our own part, so those should be supported. There are other organizations such as Hot Docs, etc., which are doing similar things and looking to increase their global footprint.

It could just be a simple matter of seeding those projects and giving us slightly more money to do more of those types of things. I don't think it necessarily has to be entirely the federal government. We're happy to work in partnership with organizations like Telefilm, obviously.

Hon. Stéphane Dion: Okay.

Mr. Piers Handling: But with the clout, size, and impact of a festival like TIFF, our global brand internationally now, is such that we can also make an impact.

Hon. Stéphane Dion: Now, about your second goal, talent development, again I think you want to use Telefilm as a lever to improve the situation.

Mr. Piers Handling: I think there are training institutions already in place, clearly, in Montreal and in Toronto, and with the Canadian Film Centre and the National Screen Institute. I think that a more coordinated policy, perhaps, more resources, and more of an effort need to go into developing new Canadian talent.

I've been very close to this for 30 years, and I've always wondered how certain industries around the world develop through their film schools and their training programs. I think it needs to be concerted. I think it needs to be ongoing. It needs to be very focused. There needs to be a continuity. This is the way that the best talent is brought forward. I don't think it's a separate program. Again, I think it's about investing in those organizations that are doing this work already and actually just giving them more resources.

Hon. Stéphane Dion: Thank you very much. This is very helpful.

Mr. Lantos, you mentioned your idea to extend the tax credit to marketing. Did you suggest that already? What kind of reaction did you receive?

Mr. Robert Lantos: Today is the first time that I've voiced this.

Hon. Stéphane Dion: Okay. It's an idea, then.

Mr. Robert Lantos: I've saved it.

Voices: Oh, oh!

Mr. Robert Lantos: It's an ongoing challenge that has plagued the distribution of Canadian films, because even when there is a film.... The films I produce usually have the benefit of serious marketing budgets, but even then....

Some years ago, I produced a film called *Barney's Version*, which premiered at TIFF and then opened in theatres. It was backed by what in Canada is considered a very major marketing budget of \$2 million for Canada, but the film opened at Christmas, smack against a dozen Hollywood movies. They don't spend more than \$2 million marketing their movies in Canada either. Sometimes they'll spend maybe \$3 million or \$4 million, but that's a reasonable budget. But they'll spend another \$40 million or \$50 million or more marketing their films in the United States, and they open at the same time.

The overflow effect of the American marketing campaign into Canada through television, print media, and the Internet is such that there is a greater impact for those films on the Canadian radar than our own films. Hence, marketing money is essential. That's where that comes from.

• (1715)

Hon. Stéphane Dion: Thank you very much.

I would like to invite Mr. Handling to react to this idea. Do you also think that the tax rate should be expanded to marketing?

Mr. Piers Handling: I support that. I think that's a very good idea. I completely agree with Robert's analysis. We're a very small market. We need more marketing money to create greater awareness of Canadian films in our own marketplace.

Hon. Stéphane Dion: May I ask Mr. Lantos to react to Mr. Handling's suggestions about the way to improve the partnership with Telefilm Canada?

Mr. Robert Lantos: I'm not sure that there is a problem with the partnership with Telefilm Canada—

Hon. Stéphane Dion: No, it's not a problem. It's that Mr. Handling has suggested that there should be more support for the programs about export and training.

Mr. Robert Lantos: Telefilm has been in charge of creating a presence for Canadian film internationally, along with Canadian distributors who sell Canadian films and now TIFF has, I think very correctly, begun to use its brand, which has become global. It is one of the world's greatest festivals and hence has a brand or a currency that can be used abroad.

I think they are both doing the same thing. An orchestrated effort in activities between TIFF and Telefilm Canada is under way, I'm sure, and will emerge. They are in competent hands.

Hon. Stéphane Dion: Thank you very much.

The Chair: Now we will go to Mr. Weston for seven minutes.

Mr. John Weston (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC): Sir, you are an agitator: such were the words spoken to Dustin Hoffman in one of my favourite films, *The Graduate*.

You are one of the few persons I know who has actually worked with him. Can you tell us in a little anecdote, in 30 seconds, about your favourite moment with Dustin Hoffman?

Voices: Oh, oh!

Mr. Robert Lantos: Well....

Mr. John Weston: You look a little bit like Dustin Hoffman.

Mr. Robert Lantos: Really? I'm a lot taller than he is. He's a short guy.

There are so many. It's tough to choose. In *Barney's Version*, we were shooting a scene in a bar in Montreal that used to be Mordecai Richler's favourite watering hole. That's why we were there. It was a scene between Dustin Hoffman and Paul Giamatti, who played his son in the film.

At one point, the director said at the end of a take, as directors do, "Cut." Without turning around, Dustin, who had the back of his head to the camera—the camera was on Paul Giamatti—said, "Just keep rolling." Then he said to Paul Giamatti: "Let's do it again, but this time just let it all go. Do it like a baby. Just let it all go." Giamatti said his lines again. Dustin Hoffman said, "Let's do it again, even younger, like a baby." The scene had to do with Paul Giamatti as a son telling his father that he had fallen in love and wanted to divorce his current wife because he had met the love of his life.

By the fourth or fifth time that Dustin had Paul redo the scene without cutting and without the director having anything further to do with it, Giamatti had tears in his eyes, and his face had completely changed. It became a remarkable take, which is the one that's in the film, and at the end of it was one of my favourite moments. Paul Giamatti went over to Dustin Hoffman and said: "This is why I went to acting school. Thank you."

Mr. John Weston: That's a great story.

Thanks to both of you for being here. I'm the MP for the West Vancouver and Whistler area. We have the Whistler Film Festival, which is a fledgling version of what you do, Mr. Handling.

You're both obviously icons on this scene. As the father of three teenagers, I have a question that is a little different from those of my colleagues. What would you suggest we do in Canada to inspire youth to be involved in this industry in whatever capacity?

Since it's so easy to go to you, Mr. Lantos, I won't. I'll go to Mr. Handling first and then come back to you, if that's okay.

• (1720)

Mr. Piers Handling: I think young Canadians are avid to pick up cameras. They want to play in the medium. I don't think we really need to do anything more to encourage it, because it's self-generating. I think that with film, television cameras, gaming, and all of the visual media, kids and teenagers are naturally attracted to it.

I think it's about providing a context around that, which of course festivals like Whistler and organizations like TIFF can do. It's about taking that avid interest and providing historic context and cultural context, and opening young people to the riches of international cinema, to other ways of speaking and other ways of making movies.

There are so many different avenues that one can take. To me, cinema is a gateway into other cultures. It's one of the most efficient forms of international communication. It builds bridges incredibly efficiently. We have a children's festival that shows largely international foreign language films, because here in Toronto it's a

very multicultural society. A lot of children are seeing films from the cultures from which their parents and grandparents came.

I think kids naturally are gravitating towards moving images. Our role, an institutional role, is to guide that and give them more context, I guess, and give them more opportunities.

Mr. John Weston: How about you, Mr. Lantos? *We are the World* and the youth of tomorrow, you know.... How do we get them to do what you've done in the movie industry and be totally all in?

Mr. Robert Lantos: Piers has covered most of this.

I'll just add this. There is no shortage of young people who want to make movies, quite the contrary. It is an extremely competitive industry. My own son is in the business, and I certainly spent several years when he was very young trying to persuade him to find something else to do.

I'd recommend the same to you. If you choose this as your career, you had better be so totally committed to it that come hell or high water, in good times and in bad—and the bad times will be more frequent than the good times—you stick with it because it is what you want to devote your life to.

It isn't just an option or one of many jobs that you can have. If you really want to do this, and you want to excel, and you want to make your mark, it is a life commitment. If you want to be an Olympic athlete and win a medal, you're not going to do it by training once or twice a week. It is a life commitment.

Mr. John Weston: If we can go from the general to the specific, you've talked about a calling. That's really what you've just described.

You've just filmed *Remember* in the Sault St. Marie area here in Canada. Was that successful? Did that reflect some of the things you've been talking about that are good about filming in Canada?

Mr. Robert Lantos: Well, it's too early to tell. This is a film that we just finished. On September 12 at 6:30 p.m., I think you could probably see it at the organization... I shouldn't say this here, but there's no press in the room, so I think it's okay. You probably can see it at Piers Handling's place at TIFF, but no one's seen the film yet so it's too early to tell. It is directed by Atom Egoyan and it stars one of our icons, Christopher Plummer. We did shoot most of it in Sault St. Marie, which just happened to be where the locations we needed were. But come September, you'll be the judge.

Mr. John Weston: I was intrigued by what you said, which is that to defeat piracy the best remedy is to release simultaneously around the world. Is that an effective response to piracy or is there more that we could be doing as government?

Mr. Robert Lantos: I don't know how to combat piracy. Minds a lot better versed than mine in technology seem to have a great deal of trouble grappling with it, but if government would make it a priority to battle piracy, that would be helpful, and not only to the Canadian industry. It would be helpful to all the audiovisual arts.

Mr. John Weston: Mr. Handling, on the piracy question...?

Mr. Piers Handling: This is almost an unwinnable battle, to be honest. Even simultaneous releases have not combatted piracy. Most films are pirated before they actually go into commercial release. I think the statistics all show that pirating actually happens in post-production houses. Of course, it's the young generation who are used to seeing and getting everything for free, so this is an immense problem. Again, I think it can only be dealt with through educational initiatives and explaining to people that they're essentially stealing intellectual property from people without paying for it and hurting other artists, other young people.

I think that as more and more young people enter into this arena, they'll be aware of what they're doing to their friends, who are obviously trying to create intellectual property as well, but I think this is an uphill battle, to be honest.

• (1725)

The Chair: Thank you very much.

[Translation]

Mr. Nantel, you have the floor for seven minutes.

Mr. Pierre Nantel: Thank you, Mr. Chair.

[English]

I'll speak English. It's much simpler for your remote location.

On this question precisely, don't you think that easy legal availability is the best answer, such as making sure that you are available on all popular platforms?

Mr. Piers Handling: That's a huge debate at this point in time. It's a complex debate to actually enter into. There are a lot of interests that don't want that to happen. That may well be the way that it actually evolves, but I think it will take a few more years for people to actually get to that position.

Mr. Pierre Nantel: Can I ask you what you mean by saying that some people have another interest?

Mr. Piers Handling: I think that traditional exhibitors certainly don't want films to open day-and-date in every single platform at the same time. They want to have their theatrical window left intact. Also, I think Robert would probably argue that for his films to create that kind of profile, they need that theatrical window.

I think the window between theatrical release and other platforms has shortened. At some point in time they may actually all align, but I think that's a few years away, to be honest.

Mr. Pierre Nantel: Mr. Lantos?

Mr. Robert Lantos: There are different schools of thought about this. The traditional school of thought is that for people to go to the movies, go to the trouble of parking their cars, and pay \$12 or more for a ticket, the film cannot at the same time be available for less at the push of a button in their own living room. That's one school of thought. Today, for example, if a film does go out simultaneously on other platforms, Canada's largest exhibitor, Cineplex, won't play it. They will only play films that delay their digital and television release.

The other school of thought is the more the merrier, and if a film is available in every single way at the same time, they will attract different crowds, different audiences, and different segments of the population, and people who wouldn't go to the theatre anyway would see the film.

I'm probably more in the traditional camp until persuaded otherwise.

Mr. Pierre Nantel: Yes, I understand.

I think everybody would agree that this would be interesting to know. For one of your latest movies, where is the money coming from? Let's say it's a \$12 ticket. What goes to you?

Mr. Robert Lantos: Shockingly little: the math is unappealing. The exhibitor automatically keeps 50%, so that leaves \$6 out of \$12. That goes to the distributor. The distributor will charge a distribution fee. Call it 30%. Sometimes it's less and sometimes it's more. Thirty per cent of \$6 is \$1.80. That leaves \$4.20. Of that \$4.20, then, the distributor uses some, because next comes amortizing his marketing costs, whatever they are. What's left after the marketing costs are paid for comes to the producer, who in turn shares that with his investors and with his talent, with the actors and the director, all of whom participate.

Mr. Pierre Nantel: When you are in a deal with a new platform like Netflix, for example, what do you get?

Mr. Robert Lantos: The math is a little better. For one thing, there are virtually no marketing costs. They're minimal. For the exhibitor, it really varies as to whether it's iTunes, or Netflix, or an app, but they will keep less than 50%.

Mr. Pierre Nantel: Okay.

Mr. Robert Lantos: It could be 30%. It could be 40%. There is more coming to the distributor. The distributor's fee will be the same as it would be if it were in movie theatres, but then there are no marketing costs, so there is significantly more money coming back to the producer and investor from the other media.

However, it's also important to note that the popularity of a film on digital media—on DVD and on the various what we call “ancillary businesses”—is to a very large extent driven by the marketing campaign when a film is released in theatres, by its success in movie theatres, or by the profile it gets through festivals such as the Toronto International Film Festival. That has a long tail, and it lingers throughout the life of the film. It helps to elevate the film onto consumers' radar much later, when it appears in their homes on pay-per-view or VOD.

• (1730)

The Chair: Thank you very much. That will have to be the last word.

Thank you, witnesses, for your contributions. If you have anything more that you'd like to contribute to our study, please send it to us.

On that note, the meeting is adjourned.

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