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Ministère des Communications

AN EVALUATION FRAMEWORK FOR
THE NATIONAL FILM AND VIDEO POLICY

Evaluation Design

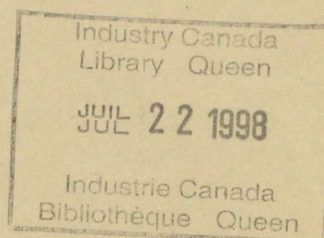
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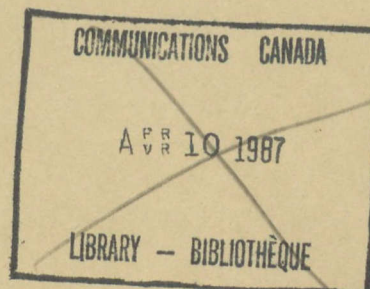
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AN EVALUATION FRAMEWORK FOR
THE NATIONAL FILM AND VIDEO POLICY



FEBRUARY, 1985

DOC
PROGRAM EVALUATION SERIES



This evaluation framework was prepared by the Program Evaluation Division of the Department of Communications, Canada.

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1.5 AN EVALUATION FRAMEWORK FOR
THE NATIONAL FILM AND VIDEO POLICY

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EXECUTIVE SUMMARY

Cabinet has requested DOC to monitor the implementation and effectiveness of the National Film and Video Policy (NFVP) on an ongoing basis, and has requested the Minister of Communications to report formally in 1986-87 on the impact of the programs and activities encompassed by the Policy. This framework document provides a preliminary "map" for evaluation of the NFVP.

1. POLICY CONTEXT

Section 1 describes the policy context for the National Film and Video Policy. It includes a brief discussion of previous evaluations and related research, and concludes that pre-NFVP policy for film and video in Canada attempted to serve two goals, one cultural and the other industrial. While frequently justified in cultural terms, programs were aimed largely at the industrial goal of creating a self-supporting private sector.

Though a considerable amount of production activity did occur before 1984, a self-supporting private sector did not emerge, partly because of the failure to deal effectively with the problem of distribution. Moreover, whatever the quality of the government-supported productions, their cultural impact, if measured in terms of audience size, was very low.

2. OVERVIEW OF THE NATIONAL FILM AND VIDEO POLICY

Section 2 is a profile of the NFVP, structured according to the standard categories of the Office of the Comptroller General's evaluation guidelines: mandate, objectives, description, resources, etc. The Policy comprises some 30 different component activities, and directly involves 8 federal departments and 4 agencies.

It is concluded that the NFVP is not, as claimed, a comprehensive policy for federal involvement in the industry since substantial government resources and activities remain outside its purview. Although it has both a private sector and a public sector thrust, the essential design of the Policy is to encourage the private sector. The NFVP overlaps substantially with the Broadcasting Policy of 1983, particularly in its use of the Canadian Broadcast Program Development Fund (CBPDF) which was created by the earlier policy to stimulate production of programming for television broadcast. The most important new initiative of the NFVP is to authorize the Minister of Communications to negotiate with the US-owned companies (CMPDA) which control much of the film distribution in this country. The central objective of these negotiations is to achieve greater access to theatre screens and revenues for Canadian productions.

3. STRUCTURE AND LOGIC

Section 3 addresses the structure and logic of the Policy. Following brief descriptions of the activities, outputs and direct impacts of the various NFVP components, the expected impacts and effects are discussed. For readability and manageability these have been grouped into five "impact" areas, which reflect the major concerns of the Policy:

1. Increased Domestic Theatrical Audience for Feature Film
2. Increased Foreign Revenue from Film and Video
3. Better Health of Canadian Production Industry
4. Increased Private Investment in Canadian Film and Video
5. Restructuring the NFB

Perceived weaknesses and inconsistencies in the NFVP logic are discussed. These include the difficulty of achieving distribution objectives through negotiation (given historical precedent), and the apparent dependence of private sector production on the Broadcasting Fund and on the CBC's continued participation in the Fund. Little can be said about the Policy's provisions for the National Film Board until its Five-Year Plan is accepted in early 1985.

4. EVALUATION ISSUES AND APPROACHES

Section 4 presents 12 potential major evaluation issues which could be addressed in the 1986-87 report. Each issue is followed by a discussion of evaluation approaches which might be taken to deal with the questions posed. The issues are:

A. Design Issues which could be addressed immediately in order to clarify the intent of the Policy:

1. What size of industry is desired in terms of output?
2. What share of Canadian audiences is desired?
3. What share of foreign revenues is desired?
4. What is meant by a "healthy" industry?
5. What are the NFVP's qualitative objectives?
6. Does the NFVP constitute a plausible strategy for achieving its objectives?

B. Impact Issues to which responses will be required for the Minister's 1986-87 report to Cabinet. Although 1986-87 will be too early for a conclusive evaluation of all aspects of the NFVP it should be possible to indicate:

7. Is the NFVP still appropriate given its environment?
8. Are its objectives being achieved or approached?
9. Has private sector investment in the industry increased?
10. What has been the impact of the CMPDA negotiations?
11. What has been the impact of the NFVP's major programs?
12. What has been the impact of the restructuring of the NFB?

5. DATA SOURCES

Section 6 discusses possible data sources for the evaluation in 1986-87.

ANNEXES

Two annexes to this framework are contained in a separate volume. The first profiles the various components of the NFVP in greater detail than is done within the framework. The second is a more extensive list of evaluation issues and approaches.

SOMMAIRE-RECOMMANDATIONS

Le Cabinet a chargé le MDC de contrôler en permanence la mise en oeuvre et l'exécution efficace de la Politique nationale du film et de la vidéo (PNFV), et a demandé au ministre des Communications de présenter en 1986-1987 un rapport officiel sur les répercussions des programmes et activités entrepris dans le cadre de cette politique. Le présent document fournit un "canévas" provisoire pour l'évaluation de la Politique.

1. CONTEXTE DE LA POLITIQUE

La section 1 décrit le contexte de la Politique nationale du film et de la vidéo. Elle examine sommairement les évaluations et recherches antérieures, et conclut qu'avant la PNFV, la politique canadienne du film et de la vidéo tendait vers deux objectifs, l'un culturel et l'autre industriel. Si les programmes comportaient souvent des justifications d'ordre culturel, ils visaient largement un objectif industriel, celui de créer un secteur privé indépendant de l'aide de l'État.

Or, malgré l'importance de sa production antérieure à 1984, le secteur privé n'a pas acquis l'indépendance visée, en partie à cause des problèmes de la distribution, que l'on n'a pas réussi à régler. En outre, sans égard à la qualité des productions financées par le gouvernement, celles-ci n'ont eu qu'une faible influence sur la culture, si l'on en juge par le nombre de spectateurs qu'elles ont attirés.

2. LA POLITIQUE NATIONALE DU FILM ET DE LA VIDÉO

La section 2 trace le profil de la Politique en fonction des catégories définies par le Bureau du Contrôleur général dans les lignes directrices relatives à l'évaluation, soit : mandat, objectifs, descriptions, ressources, etc. La Politique englobe une trentaine d'activités distinctes, et touche directement huit ministères et quatre organismes fédéraux.

La section conclut que la PNFV n'englobe pas, comme on le prétendait, l'ensemble de la participation du gouvernement fédéral au sein de l'industrie, puisque d'importantes ressources et activités fédérales n'y sont pas rattachées. Malgré sa double orientation, à la fois publique et privée, la Politique est principalement conçue pour encourager le secteur privé. Elle recoupe largement la Politique de la radiodiffusion de 1983, notamment par l'utilisation qu'elle fait du Fonds de développement de la production d'émissions canadiennes (FDPEC), créé en vertu de la politique antérieure pour stimuler la production d'émissions de télévision. La plus importante des nouvelles initiatives de la PNFV consiste à autoriser le ministre des Communications à négocier avec les sociétés à capitaux américains (Association canadienne des distributeurs de films-ACDF) qui contrôlent en grande partie la distribution des films au pays. Ces négociations visent principalement à accroître les recettes et la diffusion des productions canadiennes dans les salles de cinéma.

3. STRUCTURE ET LOGIQUE

La section 3 étudie la structure et la logique de la Politique. Après une brève description des activités, extrants et conséquences directes des diverses composantes de la PNFV, elle examine les répercussions et les effets prévus de la Politique. Pour faciliter la lecture et la consultation du texte, ces prévisions sont réparties en cinq groupes, correspondant aux principaux domaines d'intérêt de la Politique, soit :

1. Élargissement de l'auditoire des longs métrages présentés dans les salles de cinéma canadiennes
2. Accroissement des recettes provenant de l'étranger (film et vidéo)
3. Renforcement de l'industrie canadienne de la production
4. Accroissement de l'investissement privé dans les films et bandes vidéo canadiens
5. Restructuration de l'ONF

La section examine les faiblesses et les contradictions de la PNFV, notamment : la difficulté d'atteindre les objectifs de distribution par la voie de la négociation (étant donné les précédents historiques); et le fait que la production du secteur privé semble dépendre du FDPEC, et de la participation de Radio-Canada à celui-ci. Quant aux dispositions de la Politique applicables à l'ONF, on ne peut guère tirer de conclusions avant que soit approuvé le plan quinquennal de l'Office au début de 1985.

4. QUESTIONS ET MÉTHODES D'ÉVALUATION

La section 4 présente 12 questions d'évaluation que le rapport de 1986-1987 pourrait étudier. Chacune de ces questions est suivie d'une analyse des méthodes d'évaluation possibles dans chaque cas. En voici la liste :

A. Question de conception qui pourraient être traitées immédiatement pour préciser les objectifs de la Politique :

1. Quelle devrait être l'envergure de l'industrie du point de vue des extrants?
2. Quelle proportion des auditoires canadiens cherche-t-on à atteindre?
3. Quelle devrait être la proportion des recettes provenant de l'étranger?
4. Que signifie "renforcement" de l'industrie ("healthy industry")?
5. Quels sont les objectifs qualitatifs de la PNFV?
6. La PNFV offre-t-elle une stratégie adaptée à ses objectifs?

B. Questions relatives aux répercussions, auxquelles le Ministre devra répondre dans le rapport qu'il présentera au Cabinet en 1986-1987. A cette date, il sera trop tôt pour effectuer une évaluation définitive de tous les aspects de la PNFV; toutefois, on pourra sans doute répondre aux questions suivantes :

7. La PNFV demeure-t-elle pertinente dans le contexte actuel?
8. Ses objectifs sont-ils réalisés ou en voie de réalisation?
9. Le secteur privé a-t-il accru ses investissements dans l'industrie?
10. Quelles ont été les répercussions des négociations avec l'ACDF?
11. Quelles ont été les répercussions des grands programmes exécutés dans le cadre de la PNFV?
12. Quelles ont été les répercussions de la restructuration de l'ONF?

5. SOURCES DE DONNÉES

La section 6 examine les sources possibles des données nécessaires pour étayer l'évaluation de 1986-1987

ANNEXES

Le présent document comporte deux annexes détachées. La première définit plus en détail les éléments de la PNFV. La seconde offre une liste plus complète des questions et méthodes d'évaluation.

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ANNEX A: Profiles of NFVP Components

ANNEX B: Issues and Approaches broken down by
Impact Area

* These sections have been severed under the Access to Information Act to protect third party confidentiality.

INTRODUCTION

The National Film and Video Policy (NFVP), announced in May of 1984, is the latest in a series of cultural policy initiatives by the federal government. Cabinet has requested DOC to monitor the implementation and effectiveness of the NFVP on an ongoing basis, and the Minister to report formally in 1986-87 on the impact of the first three years' operation of the programs encompassed by the Policy. Work to monitor the Policy is already going on within DOC's Film, Sound Recording and Publishing Policy Group.

This evaluation framework provides a preliminary "map" for evaluation of the NFVP. It breaks down and discusses the Policy roughly according to the broad categories of the Office of the Comptroller General for program evaluation. However, the fact that the Policy affects many different departments and agencies, and that many of its components or programs are not yet implemented, have forced some divergence from the standard OCG format. For instance, in the interests of readability and coherence, the Policy has not been treated as a whole in the later sections of the framework, but has instead been divided into "impact areas."

This document is not meant to be comprehensive, in the sense that it does not attempt to specify evaluation plans in detail for each NFVP component. Rather, the framework is designed to provide some overall direction to that diverse evaluation activity by giving some sense of where everything fits in the greater context of the Policy. It suggests broader issues and shows where cooperative effort may aid in the evaluation process.

Above all, this framework looks ahead to the requirements of the 1986-87 report. The primary "clients" of that report are first the Minister of Communications and secondly Cabinet. The report must therefore respond to the information needs of Cabinet, which are vastly different than those of program staff or even senior departmental or agency management.

Finally, this framework should be treated as only part of a process which is just beginning. Further discussion and extensive cooperation between DOC and the organizations responsible for implementing the various parts of the Policy will be necessary over the next two years.

Sources

The information sources for this document included conversations with evaluation staff and program managers in various organizations, extensive reading of scholarly and journalistic sources (unavoidable in such a fast-moving industry), and the collection and analysis of relevant policy and program documents. These included submissions by DOC to Cabinet and Treasury Board, internal DOC documents, previous evaluation reports, and the evaluation profiles of the Capital Cost

Allowance (CCA) and the Canadian Broadcast Program Development Fund (CBPDF) recently completed for DOC Program Evaluation Branch.

A Glossary of Acronyms

The following acronyms are used throughout this document:

BMC	- Bureau of Management Consulting
CBPDF	- Canadian Broadcast Program Development Fund (also referred to as "The Broadcast Fund")
CEIC	- Employment and Immigration Canada
CCA	- Capital Cost Allowance
CGPC	- Canadian Government Photo Centre
CMPDA	- Canadian Motion Pictures Distributors Association
DOC	- Department of Communications
DSS	- Department of Supply and Services
NFB	- National Film Board
NFTSA	- National Film, Television and Sound Archives
NFVP	- National Film and Video Policy
OCG	- Office of the Comptroller General
PEMD	- Program for Export Market Development

A Caution

During the writing of this document, a number of important changes to either programs or the policy environment have occurred, most notably a review of the Canadian Broadcast Program Development Fund terms of reference, budget cuts to the CBC and NFB, and a six-month delay in the negotiations with the CMPDA. The outcomes of some of these changes are not yet clear, and there may well be more in store. Consequently, some of the program descriptions or issues discussed in this document may quickly become out of date.

1. THE POLICY CONTEXT

1.1 General Principles

The NFVP is one of a set of policy initiatives sharing the general principles of the cultural policy framework approved by Cabinet on July 12, 1983. In essence, the cultural policy framework calls for cultural policies which will:

1. strengthen Canada's cultural industries in their production and distribution of cultural products
2. aid in preserving the nation's cultural heritage
3. ensure full public access of all Canadians to these products and to their cultural heritage
4. enhance the social and economic well-being of Canadians and the integrity of their national identity
5. enhance cooperation with the private sector

These principles inform a set of inter-related cultural initiatives which include the Broadcasting Strategy for Canada, the new CBC policy, revisions to the Copyright Act, and the NFVP. As a set of principles they are useful in giving a sense of recent cultural policy direction and tone. Of particular note is #1, which places culture in an economic context ("cultural industries") and #5 which underlines the importance of the private sector in the government's thinking about culture.

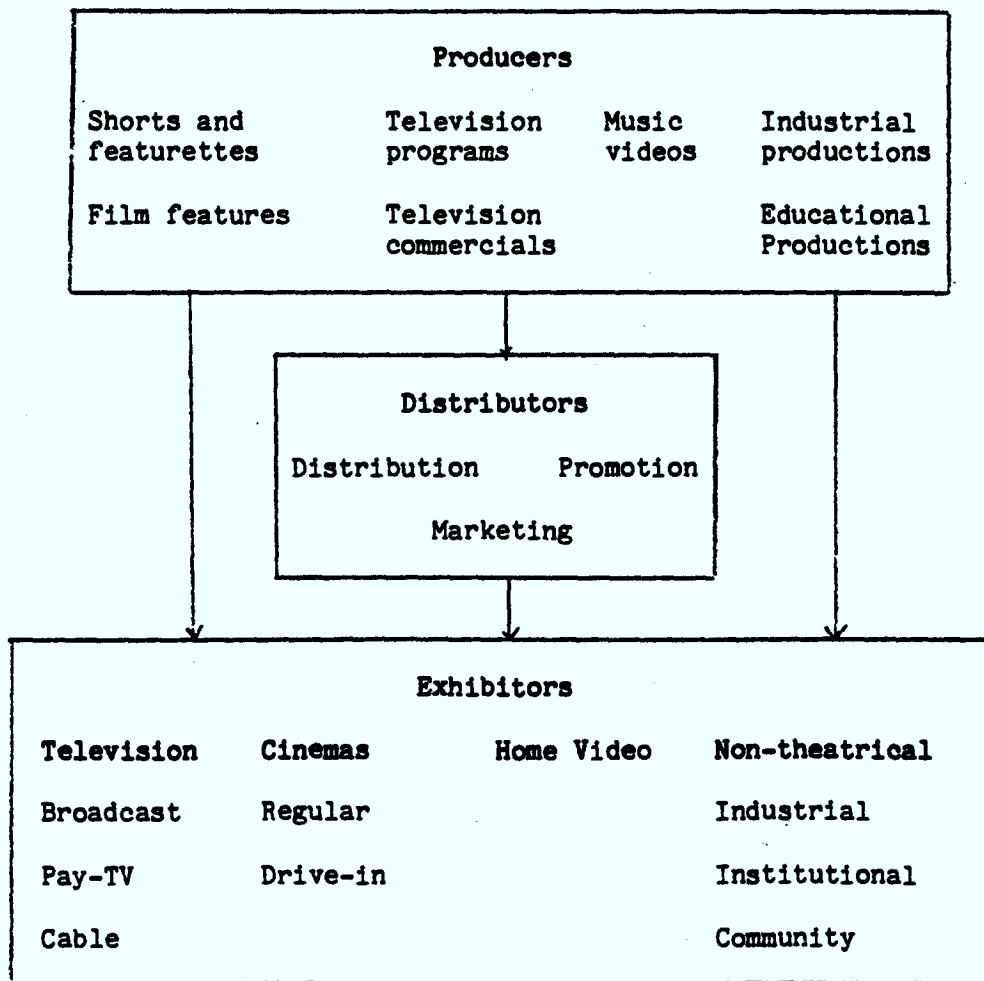
1.2 Description of the Film and Video Industry

Film and videotape are both media for the creation of moving visual images. Videotape is cheaper but gives a lower quality image. It has increasingly replaced film in productions made especially for television. Film remains the medium of productions made for exhibition in movie theatres (cinemas).

The film and video industry is divided into three main sectors - production, distribution and exhibition. The production sector can be broken down further into major categories of output, which are : shorts (less than 30 minutes) and featurettes (30-75 minutes), features (generally defined as being over 75 minutes long), television programs of varying lengths, music videos (a relatively new category), television commercials, and industrial or educational productions (including non-moving filmstrips and audio-visual productions). To a large extent, television commercials and industrial/ educational productions rather than the more high-profile feature or television program, are the "bread and butter" of the Canadian industry.

Distribution is the process of getting productions to exhibition, and includes most promotion and marketing activities. However, some productions are sold directly to exhibitors.

FIGURE 1: THE FILM AND VIDEO INDUSTRY



Exhibition is divided into the categories of theatrical (cinema), non-theatrical (schools, government etc.), television (including broadcast, pay-TV and cable), and home video markets.

Comprehensive recent data is not available regarding the size and financial performance of the industry. Statistics Canada indicates that in 1981 the field contained more than 300 production firms, with a total revenue of \$148 million. Some 28 firms earned over \$1 million, and they accounted for roughly two-thirds of the total revenue. The production sector is characterized by a high dependence on part-time personnel and freelancers; in 1981 there were 6,000 full-time employees, compared to about 10,000 each for part-time and freelancers.

1.3 Rationale for Federal Intervention

That Canada should have a film and video industry is not an issue for most Canadians. Feature films and television programs are the most pervasive and powerful influences in popular culture

today, and the ability to make them seems almost as much a mark of nationhood as maintenance of armed forces. In some ways it serves a similar purpose, proclaiming and enforcing cultural sovereignty in the same way that an army does territorial sovereignty. Most cultural debate and policy in this area focuses on feature films and television programming. (The fact the industry comprises considerably more than these categories is cause for some confusion when trying to make sense of policy measures, which tend to be phrased in general terms that seem to encompass all aspects of the industry but are in fact concerned only with these two controversial ones).

Earlier in this century it was felt sufficient and appropriate that the federal government carry out this activity through its instruments the CBC and NFB (obviously, the CBC has many other roles as well). By the 1960s however it was decided that a sizeable private sector was desirable, and the CFDC (now Telefilm Canada) was created to foster it.

Given the decision that Canada should have an industry, the need for government presence in the field is explained by a set of underlying problems, most of which are shared by other medium-sized countries:

(1)Size of market: the Canadian market (which is further divided into French and English) is not large enough to allow high-budget feature films or television dramatic productions to break even without either foreign sales or government subsidies.

(2)Foreign Competition: the US industry has overwhelming advantages of size and resources, and easy across-the-border access to our television screens. In addition, its product is popular with Canadian audiences. Other countries, particularly France also provide competition for Canadian productions.

(3)Risk: the industry is unpredictable, particularly in the entertainment markets, and is influenced by a variety of complex economic and production factors (particularly technological change, which is discussed below under "Complicating Factors").

(4)Lack of Investment: given the above difficulties, Canadian capital is not strongly attracted to Canadian productions.

1.4 Complicating Factors

The problems mentioned above are not "solvable" in any permanent sense, and require government intervention if they are to be overcome. This is true in other countries as well. Notable cultural successes have been achieved by the state-supported film and video industries in other relatively small countries such as Australia, Sweden and Holland. Like the citizens of those countries, Canadians appear to accept the idea of regulation and continuous expenditure of government funds to sustain a domestic industry (see DOC, "Summary Statistics - Canadian Attitudes on Canadian Film").

Along with the basic structural problems, government intervention in the Canadian film and video industry is complicated by some additional factors, some unique to Canada:

(1) US Control of Film Distribution: distribution of films both to Canadian and many foreign theatres is largely controlled by the American-owned member firms of the Canadian Motion Pictures Distributors Association (CMPDA). Foreign-owned distributors earned 81.5% of all theatrical revenue in 1981, of which less than 1% came from the distribution of Canadian productions.

(2) New Delivery Modes: video cassettes, direct broadcast satellites, cable and pay-TV systems all provide alternative delivery modes and markets for film and video products. This vastly complicates the job of policy creation, and reduces the state's ability to control or influence the industry.

(3) Francophone Market: the continentalist marketing strategy of the US majors ignores the needs of Canadian francophones, who often have no alternative but to see English versions of major releases.

(4) Federal-Provincial Jurisdiction: while broadcasting is in large part in the federal jurisdiction and regulated by the CRTC, the provinces have responsibility for important areas such as licensing of theatres and regulation of investment practices. They also have their own cultural and economic goals, which may conflict with federal objectives.

(5) Existing Instruments: the government agencies created to provide a Canadian film and video industry are now the subject of questions regarding their size, cost and proper role. To take one example, the high cost of Canadian independent productions relative to foreign product (which often has recouped its costs in its home market) catches CBC between its responsibility to provide programming at the lowest possible cost and the policy objective of encouraging the private sector.

(6) Results of Earlier Policies: in fostering a private film industry, the government has created groups whose economic and professional interests have to be balanced among themselves and with other cultural, regional and economic concerns.

1.5 Policy Issues and Responses

Federal policy concerns regarding film and video have remained remarkably consistent over the past decade. This can be confirmed by referring to the massive 1977 study of the Canadian film industry produced by the Bureau of Management Consulting (BMC), whose list of "areas... of most concern to the Client" match very closely those evident in the new National Film and Video Policy.

The central concern continues to be the lack of viability of Canadian private sector productions in the most high-profile sectors of the film and video industry - feature films and prime-time television programming (particularly drama). This central concern can be broken down into five major issues which are presented below along with the policy measures which had been the government's response to each issue before the announcement of the NFVP:

(1) Access of Canadian feature films to Canadian theatres:

Unlike many other countries which have responded to this problem with restrictive legislation and instruments such as quotas, Canada has tried repeatedly, and without notable success to negotiate agreements with the major foreign-owned companies. Little concentrated effort has been given to supporting domestic distributors or exhibitors.

(2) Access to foreign markets:

Foreign markets are necessary for high-budget productions to be profitable. The government has provided export marketing aid to Canadian productions through Telefilm and External Affairs, supported Canadian entries in foreign festivals (DOC), and encouraged co-productions through treaties with other countries.

(3) Investment incentives:

The 100% Capital Cost Allowance for film was introduced in 1975 to attract private funds into the industry. Co-productions have also been encouraged as a way to attract investment from within and outside Canada.

(4) Business and technical skills:

The Canadian industry is often said to require more expertise in order to compete in markets at home and abroad. Traditionally, the CBC and NFB have been the most important sources of training for industry personnel. No national school of cinema or television has been established as in a number of other countries.

(5) Public sector role:

The NFB and CBC are frequently accused of carrying on too much in-house production which might be successfully and profitably carried out by the private sector. Both organizations have made commitments in recent years to increase the use of independent producers. However, the biggest initiative in this area has been the 1983 Broadcasting Policy, which contained incentives to increase private sector access to Canadian television networks, the largest of which is the CBC.

1.6 Previous Evaluations of Film and Video Policy

The 1986-87 report to Cabinet on the progress of the NFVP will be required to deal primarily with broad issues and impacts rather than questions of program efficiency. In the last decade a number of studies of the first sort have been carried out. It is worth noting that all of these studies complain of the lack of data necessary for conclusive evaluation projects, underlining the crucial importance of improved data collection if the 1986-87 report is to be useful.

(1) Film Industry Study, 1976

The Bureau of Management Consulting's 1976 Film Study (Tomkins Report, written for the Department of the Secretary of State) while primarily an industrial profile rather than an evaluation of government intervention, contains a number of insights into the effects and intentions of federal intervention in the film and video industry. A wide range of data were used including interviews, Statistics Canada information, and extensive review of internal and published documents.

An important point made in the study is that federal incentive programs conceived in the 1960s (specifically the CFDC with its mandate to foster the growth of a Canadian private sector) were based on the assumption that total film audiences and admissions would increase in the near future - in effect, that feature films would be a growth industry. This did not prove to be the case, and thus the logic of CFDC activities aimed at creating a healthy private sector film industry in Canada may have been undermined.

Nonetheless, despite the stagnant state of the North American industry in general, the study found evidence that Canadian government policy had resulted in significantly increased activity and output in private sector production, although very little of this was profitable. It was also found that a larger proportion of film revenues (whether from domestic or foreign productions) were flowing to Canadian distributors and exhibitors in 1973 than a decade previously, suggesting some progress in the field of distribution. It was recommended that the government could contribute further to the private sector by reducing competition from the CBC and NFB's in-house production efforts.

(2) Capital Cost Allowance (CCA) Evaluation, 1979

The 1979 study for the Department of the Secretary of State entitled An Evaluation of the Impact on the Canadian Feature Film Industry of the Increase to 100% of the Capital Cost Allowance (ERA Consulting Economists, Ltd.) collected a large base of statistical data on the industry covering the two previous decades. It concluded that the 100% CCA had contributed to a strong increase in activity, output and investment in the industry between its introduction in November 1974 and the last

year covered by the study, 1977. On the basis of the data collected, the study predicted steady growth until at least 1983 (as it turned out, 1979 was the last year of growth in production and investment). The study also noted that the performance of Canadian films in which private investors had participated had been poor.

It was found that the foreign earnings of Canadian films had increased as a proportion of total revenues, but attributed this primarily to CFDC promotional support for Canadian features and the increased orientation of producers towards foreign sales, rather than the CCA. It was also found that francophone productions, with smaller average budgets and more limited export possibilities, made less use of the CCA and more of CFDC direct funding.

The study also suggested that the economic benefits of the CCA "far outweighed" the costs, naming a multiplier effect of 2.5 in employment or wages paid, as well as goods and services purchased. A calculation of employment generated by the CCA during the period under study was attempted, resulting in a figure of 685 person-years.

(3) Co-production Study, 1982

This CFDC study covered 36 international co-productions completed during the years 1963-1981, and was based mainly on information in CFDC files. The co-productions with foreign firms were sanctioned by treaty arrangements with France, Germany, Israel, Italy, and the UK (there is no co-production treaty with the USA). Such treaties are intended to result in a rough balance of benefits to both participating countries over time. They allow for co-productions to be treated as national films in both countries and benefit from any aid schemes in force. In Canada, therefore, such films were eligible for CFDC assistance and the CCA.

Overall, the study concluded that the Canadian film industry had benefited from co-productions, with almost half of the \$100 million in resulting total budgets having been spent in Canada. It was judged that Canadian producers, production managers, camera assistants and others had gained valuable experience from these projects.

The study also noted that there had been "imbalances on the creative side," with little original Canadian material having been chosen for co-production, and few opportunities for Canadian directors, writers, and directors of photography. Policy measures were created by the CFDC to redress these imbalances, but the poor state of the industry in 1981-82 forced the CFDC to consider relaxing these measures in the interests of improving the employment and financing environment.

(4) CCA Evaluation, 1983

The DOC in-house study "An Evaluation of a Tax Incentive for Canadian Film Production" (Kinsley) provides a concise discussion of the objectives of the CCA, and uses statistical data to evaluate the degree to which some of them were achieved. The objectives are identified as:

- (1) the immediate program objective of increasing film production and investment
- (2) an industrial objective of strengthening the industry
- (3) an implicit economic objective aimed at increasing employment and retaining investment in Canada
- (4) a cultural objective to produce distinctive Canadian films with a cultural impact

The study looks most closely at the first objective, partly because lack of data prevented the others from being addressed.

Kinsley's report shows rapid growth in investment from \$17 million in 1975 to \$180 million in 1979, followed by an equally rapid drop to about \$30 million in 1982 (much of which went into television programming rather than feature films). The number of CCA-certified feature films produced in those same years went from 18 to 67 and back down to five. Several factors may have influenced the decline, including inadequate audience appeal of the films themselves and insufficient access to distribution, with resultant low attendance rates and poor returns to investors. It is noted that of 43 films released between 1977 and 1979 only 9 returned revenues over their original investment, and only 33% of total monies invested were made back.

Concentrating on the production objective, Kinsley concludes that "the 100% CCA did attract investment for film production, an intermediate objective of the program. However, it did not result in a sustained growth in the industry and it is difficult to estimate how effective it was in meeting its industrial or cultural objectives." No conclusions could be reached about the CCA's overall economic impact. Finally, Kinsley notes that a cursory examination of data indicates a positive impact of the CCA on growth of the the non-theatrical sectors of the industry.

Other Studies

A number of other studies of major importance, though not strictly speaking evaluations, have been carried out in recent years. Bird, Bucovetsky and Yatchew's Tax Incentives for the Canadian Film Industry (Institute for Policy Analysis, 1981) provides a sophisticated analysis of various incentive options, but concludes somewhat scathingly that federal policy objectives are so vague that it is impossible to design an incentive that will meet them.

Lyon and Trebilcock's Public Policy and Motion Pictures: The Choice of Instruments to Promote the Development of the Canadian Film Production Industry (Ontario Economic Council, 1982) argues that although federal programs are generally justified in terms of cultural necessity, they have essentially served economic rather than cultural goals. Lyon and Trebilcock conclude that individual firms - rather than the general public - have been the primary beneficiaries of past policies. They suggest that this is because programs have been input-oriented (e.g. funding is provided automatically to projects meeting criteria such as Canadian citizenship for key personnel) rather than allocating funds on the basis of quality and content. The articles by Pendakur noted in the bibliography provide an analysis of the political and economic forces which have contributed to the choice of some of these instruments.

The Quebec Ministry of Communications published in 1982 the report of its Commission d'etude sur le cinema et l'audiovisuel (Le Cinema: une question de survie et d'excellence) which contains recommendations for a range of initiatives by the provincial government. Noting the principle that film is both an industry and an art, the report concluded that

"a la lumiere de l'etude des legislations cinematographiques de nombreux pays, que chaque fois que l'Etat est intervenu de facon massive a la faveur de l'un ou l'autre de des termes de cette fragile dialectique [i.e. industry vs. art], cette intervention a conduit, a plus ou moins longue echeance, a une impasse."

The report urges a much greater level of state intervention by both levels of government, including increased regulation and a system of subsidies funded by box office levies.

The Cohen Report for DOC (Report of the Task Force on Film Distribution, Exhibition and Marketing, 1982) focused on theatre exhibition and distribution of features and shorts. Among its conclusions was that federal policy which supported Canadian production through the CCA and CFDC but which did not strengthen Canadian-owned distribution was inconsistent. The Report contains a useful discussion of foreign film policies and of Canadian jurisdictional issues. It also contains a set of recommendations including: federal regulation of all distributors and exhibitors operating interprovincially; a national box office levy and system of ticketing like the French "billetterie nationale;" increased anti-combines attention to the relationship between major distributors and the two dominant theatre chains; and increased support to Canadian distributors by CFDC.

Finally, Tadros' recent comparison for DOC of the Canadian and Australian film industries (A Report on the Canadian and Australian Film Industries, 1982) points out a number of differences between film policy measures in the two countries. Echoing Lyon and Trebilcock, Tadros makes the general conclusion

that Australian policy has put artistic quality and cultural value ("films... of national interest") first, in contrast to Canadian policy whose goals and terms of reference have been largely industrial.

1.7 Conclusions

The conclusions which can be drawn from the preceding section can be summarized as follows:

1. Pre-NFVP policy attempted to serve two goals, one cultural and the other economic, without formally establishing the primacy of one or the other
2. While frequently justified in cultural terms, programs were aimed largely at the industrial goal of creating a viable private sector
3. A viable private sector did not result, partly because of failure to address and deal effectively with the problem of distribution. Nonetheless, a considerable amount of production activity was created
4. Whatever the quality of the government-supported productions, their cultural impact, if measured in terms of audience size, was very low.

While film and video policy concerns were consistent over the years, pre-NFVP policy for film and video can be characterised as having been largely piecemeal and ad hoc. Insofar as a central theme is discernible it was to foster a viable, self-supporting private sector in the hope that this would result in culturally valuable productions supported by the box office and television revenues rather than the state.

Most concrete policy initiatives regarding feature film (CFDC, CCA) were aimed at supporting only one element of the film industry (production) while two other essential elements (distribution and exhibition) were either left to "voluntary agreements" with foreign-owned firms, or avoided. The result has been the creation of a private sector production industry "divorced," as Paul Audley has put it, "from its major home market."

The situation was somewhat different as regards the private sector television video industry. The recent Broadcasting Strategy successfully tied production to exhibition in Canada through the terms of the CBPDF. Yet the latter costs the government approximately \$60 million per year and depends heavily, if its first year of operation is any indication, on the active (and tax supported) participation of the CBC.

There has been continual strain between the cultural and economic goals envisaged for the industry. More precisely, it is

a conflict between the vision of a "national cinema" (with its primary mission to reflect Canada to Canadians themselves and to express Canadian sensibilities and concerns) and that of an export-oriented industry competing on the world market. "National cinema" in this context includes television video productions.

It does not seem to have been possible to fully reconcile the two. However, proponents of a national cinema argue that some measure of international commercial success (though not complete viability) will result from distinctively Canadian films, just as export-oriented proponents argue that a self-supporting industry will likely produce some culturally important films. Given the performance of other countries, there is more evidence for the former than the latter position.

It is generally assumed that a national cinema, like those in countries such as France and Australia, will require continual subsidy and support, while in the long run a successful export-oriented industry would support itself and even contribute to the national balance of payments (as is the case for only the USA and Hong Kong). A national cinema would also require some degree of bureaucratic infrastructure to make choices about how and what to fund, while the export-oriented model envisages a gradual withdrawal of both government funding and bureaucratic involvement. This makes the latter vision highly attractive in times of restraint, but it must be stressed again that it is a long-term strategy which probably requires considerable investment in the early years if it is to have any chance of succeeding. Neither side can be ignored, as each can muster strong political support.

This conflict can be seen in the confusion of goals and the disappointing results of pre-NFVP policy. Because of this it was not possible to set realistic objectives which were translatable into effective programs. It is with the above conclusions in mind that the following sections of this framework examine the National Film and Video Policy.

2. OVERVIEW OF THE NATIONAL FILM AND VIDEO POLICY

2.1 Mandate

The National Film and Video Policy (NFVP) was approved by Cabinet on May 2, 1984.

In addition to these new measures the NFVP encompasses or complements a number of federal programs or policies already in existence. The most important of these are the Broadcasting Strategy for Canada (1983), the Canadian Broadcast Program Development Fund (CBPDF, a major component of the latter policy) and the Capital Cost Allowance for Certified Canadian productions (1974). Because the Fund is essential to the logic of the NFVP, the CBPDF will be treated in most of this document as if it were formally part of it.

2.2 Overall Policy Objectives

The NFVP is based on two policy "thrusts" aimed respectively at the private and public sectors. The objectives of these two thrusts are subsumed in the policy's overall objective:

"Make available to all Canadians in the new environment a solid core of attractive, high-quality Canadian film and video productions through

- the development of a strong Canadian-owned and controlled film and video industry, and
- the establishment of a more focused and more effective role for the public sector in film and video, and in particular for the National Film Board."

The two thrusts are intended to be complementary and comprehensive. The first is aimed at stimulating activity in the nation's private film and video industry. The second places stricter boundaries on the public sector while attempting to enhance its capabilities within those boundaries.

The NFVP is built on the general assumption that the thrusts will to some degree reinforce each other in achieving the overall objective, which is stated to be cultural (page 7 of the Policy document). It is stated that "a financially confident and economically viable Canadian film and video industry with reasonable access to markets and revenues, will be in a much better position to seize the potential commercial benefits in both domestic and international markets from products that are distinctively Canadian, as has been learned by the British, Australian and French industries. In short, the economic development of Canada's private film industry will serve a larger cultural concern (page 19)."

Figure 2 lists a more specific set of objectives within each policy thrust, along with the major programs or initiatives

associated with each. More precise objectives for each individual component are found in Annex A to this report.

2.3 Description

The National Film and Video Policy consolidates several existing programs, reactivates one dormant one, increases resources for five others, re-arranges or re-locates three existing organizations, and creates several new activities aimed at both the private and public sectors. It directly involves 8 federal Departments and four agencies, and will bring the Minister of Communications into negotiation with the multinational companies which dominate the industry in North America and many other parts of the world. Moreover, the environment in which the NFVP operates includes other government programs and organizations including the CBC, the Department of Consumer and Corporate Affairs (regarding copyright), the Canada Council, and various provincial agencies. It is, in short, an extremely complex and far-reaching policy initiative.

That said, it should be noted that outside of the negotiations relatively little new activity is authorized by the NFVP (new resources amount to less than \$10 million). Rather, it attempts to bring together under one coherent Policy a number of activities already under way.

The 30 separate programs or activities (called for simplicity's sake "components") encompassed by the NFVP are listed in Figure 2, grouped according to their broad objectives. Figure 3 re-groups the components according to the Department or agency responsible. Each component is profiled individually in Annex A.

2.4 The Private Sector Thrust

In general terms, the private sector thrust programs are aimed at stimulating and supporting the Canadian industry's production sector. It should be noted that the focus of this thrust (that is the bulk of its resources and programs) is on the production and distribution of those high-profile categories of work mentioned earlier: feature films and television programming.

Three components stand out in importance. First, negotiations with the US-controlled CMPDA are intended to open the CMPDA distribution systems to Canadian productions, allowing the domestic industry greater access to audiences and therefore revenues both in Canada and abroad. Second, the Canadian Broadcast Program Development Fund makes available funds for individual projects providing they can find additional sources of financing and gain an agreement with a broadcaster such as the CBC or private stations. Finally, although a different tax incentive is being studied to replace the current Capital Cost Allowance as a mechanism for encouraging private investment in Canadian productions, the CCA remains a pillar of Canadian film and video policy.

FIGURE 2: COMPONENTS OF THE NATIONAL FILM AND VIDEO POLICY

OBJECTIVES	ACTIVITIES	RESPONSIBILITY	COMMENTS	EVALUATION PLANS
Private Sector Thrust				
A. Increase access of Canadian productions to Canadian theatres	1. negotiation with CMPDA 2. alternative if negotiations fail	DOC (lead) DOC (lead)	-currently ongoing -currently ongoing	
B. Improve marketing/promotion in Canadian markets	3. test-marketing program 4. domestic promotion program	Telefilm Telefilm	-new in 1984-85 -new in 1984-85	
C. Increase access of Canadian productions to foreign markets	1. negotiation with CMPDA	DOC (lead)	-currently ongoing -currently ongoing	
D. Improve marketing/promotion of Canadian productions in foreign markets	5. export promotion (PEMD) 6. domestic film festivals 7. consolidation of DOC, NFB, Telefilm foreign promotion	External (DRIE) Telefilm Telefilm	-new for film, video -increased funds -contributes to -Goal I	-under discussion
E. Improve financial environment for Canadian production industry	8. alternative tax incentive 9. Script Support program 10. Project Development 11. Interim Financing 12. CBPDF	DOC, Revenue Telefilm Telefilm Telefilm Telefilm	-under study -increased funds -increased funds -increased funds -started 1983	-scheduled for 1986-87
F. Improve capabilities of Canadian industry	9. Script Support 13. Interfirm program 14. Skills Upgrading	Telefilm DRIE CEIC	-increased funds -new for film, video -new for film, video	
G. Improve government cooperation with private sector	15. funds for service org's 30. national database	DOC DOC, StatsCan, etc.	-increased funds -under study	
H. Increase dubbing, subtitling of US productions in French	1. negotiation with CMPDA	DOC (lead)	-currently ongoing	

FIGURE 3: COMPONENTS OF THE NATIONAL FILM AND VIDEO POLICY (cont'd)

OBJECTIVES	ACTIVITIES	RESPONSIBILITY	COMMENTS	EVALUATION PLANS
Public Sector Thrust				
I. Focus NFB as producer of culturally important film and video	16. new National Film Act	DOC, Justice	-ongoing	-not applicable
	17. Five-year Plan	NFB	-ready in 1985	-not applicable
	18. Increased contracting-out	NFB	-over five years	
	19. transfer Sponsored Prog's	DSS	-reinforces Goal E	
	7. transfer foreign marketing	Telefilm	-part of Goal D	
	20. transfer Stills Gallery	National Museums		
	21. new distribution modes	Telefilm	-part of Goal L	
	22. transfer of CGPC	DSS		-being planned
	23. consolidate libraries	NFB		
	26. transfer NFB Archives	Public Archives		
J. Enhance NFB training role	24. NFB training programs	NFB		
K. Enhance NFB R&D role	25. NFB R&D programs	NFB		
L. Improve conservation of Canadian film and video heritage	26. Enhance NFTSA	Public Archives	-increased resources	
M. Improve services to the deaf	27. Telefilm captioning 28. NFB captioning	Telefilm NFB		-scheduled
N. Monitor progress of Policy	29. monitoring program 30. national database	DOC Telefilm		

CGPC = Canadian Government Photo Centre
 CMPDA = Canadian Motion Picture Distributors Association
 NFTSA = National Film, Television and Sound Archives
 PEMD = Program for Export Market Development

FIGURE 3: DEPARTMENTS OR AGENCIES DIRECTLY INVOLVED

<u>ORGANIZATION</u>	<u>POLICY COMPONENT</u>
Telefilm	<ul style="list-style-type: none"> 6. domestic film festivals 7. consolidation of DOC, NFB, Telefilm international promotion 9. Script Support 10. Project Development 11. Interim financing 12. Canadian Broadcast Program Development Fund 27. Telefilm captioning
NFB	<ul style="list-style-type: none"> 16. new National Film Act 17. five-year plan 18. increased contracting out 21. new distribution modes 24. NFB training activities 25. NFB R&D activities 28. NFB captioning
DOC	<ul style="list-style-type: none"> 1. negotiation with CMPDA 2. alternative if negotiations fail 3. alternative tax incentive 15. funds for national service organizations 29. monitoring and evaluation (coordination) 30. national film and video database
Supply and Services (DSS)	<ul style="list-style-type: none"> 19. Sponsored Programs (transfer) 22. Canadian Government Photo Centre (transfer)
DRIE	<ul style="list-style-type: none"> 5. export promotion (PEMD) 13. Interfirm program
External Affairs	<ul style="list-style-type: none"> 5. export promotion (PEMD)
Finance	<ul style="list-style-type: none"> 8. alternative tax incentive
Revenue	<ul style="list-style-type: none"> 8. alternative tax incentive
CEIC	<ul style="list-style-type: none"> 14. skills upgrading
Justice	<ul style="list-style-type: none"> 16. new National Film Act
Public Archives	<ul style="list-style-type: none"> 26. enhanced National Film, Television and Sound Archives
National Museums	<ul style="list-style-type: none"> 20. transfer of NFB stills

At time of writing (March, 1985), the negotiations are continuing, with a preliminary report to Cabinet due in April. The terms of reference of the CBPDF have been changed substantially as of March 15, partly to accomodate the effects of the recent budget cuts to CBC, which was a major participant in the Fund.

Other programs aim to improve or increase the promotion and marketing of Canadian productions in both foreign and domestic markets, again with the objectives of increasing audiences and revenues. The Policy also opens existing programs at DRIE and CEIC to film and video personnel with the intent of increasing training opportunities and improving the business skills. However, no new resources accrue to these programs.

A few components are not aimed directly at stimulating private sector activity. These include funding for national service organizations, captioning of Telefilm-funded productions, and a component of the negotiations intended to assure dubbing or sub-titling of first-run US productions into French.

2.5 The Public Sector Thrust

The public sector thrust aims primarily at re-structuring and re-focusing the National Film Board. A number of its functions are to be transfered to other government organizations or contracted out to the private sector in order to free resources at the NFB to concentrate its new role. This will be more precisely defined in its forthcoming Five-Year Plan, expected in the first quarter of 1985. NFB training and R&D activities are to be enhanced, as is its use of new distribution modes.

The film projects for government departments formerly carried out by the NFB under the Sponsored Programs arrangement will transfered to the Department of Supply and Services, which will contract them out to the private sector. Further NFB responsibilities and resources will be transfered to the National Film, Television and Sound Archives, which will also benefit from increased funds for conservation of Canadian cultural heritage. The NFB Stills gallery, which was originally to be closed as a result of the Policy, has been transfered to the National Museums and will continue as a working gallery.

The perennial complaint that good data is lacking on the industry is addressed in two ways. A national film and video industry database, possibly modeled on the NFB's existing FORMAT project, is also to be created and maintained by Telefilm. Additional information will be collected by a monitoring program to be undertaken by DOC.

Finally, the Policy provides for greater NFB efforts to increase the captioning of film and video productions for the benefit of the hearing-impaired.

FIGURE 4: NEW FUNDING

(in millions of current dollars):

	1983-84	1984-85	1985-86	1986-87
<hr/>				
<u>Direct new Expenditures</u> <u>from MSSD Policy Reserve</u>				
Telefilm	4.0	6.9	7.38	7.67
Public Archives	-	0.5	0.53	0.55
Dept. of Communications		0.6	0.63	0.66
<hr/>				
TOTAL	4.0	8.0	8.54	8.88

2.6 Resources

The NFVP incorporates new expenditures from the Social Development Reserve, amounting to approximately \$9 million annually from 1984-85 to 1986-87. Other resources are reallocated between agencies. New expenditures, the bulk of them going to Telefilm Canada, are summarized in Figure 4.

These funds are added to substantial existing resources devoted by the federal government to film and video. The greatest of those which are covered by the Policy come from the budgets of the NFB (approximately \$58 million in 1984-85), and Telefilm Canada (\$59.5 million, of which the Broadcasting Fund will account for \$48.7). In addition, the Capital Cost Allowance constitutes an annual tax expenditure which fluctuates according to the amount of certified productions undertaken (estimated \$12 million in 1982). Thus the total resources allocated by the government of Canada to the various programs and activities covered by the NFVP amounted to approximately \$140 million in 1985. This figure should not be taken as the government's total spending on the film and video industry.

Non-NFVP Film and Video Resources

Despite its claim to be comprehensive, substantial federal expenditures on film and video do not come directly under the Policy. The biggest of these is the programming budget of the CBC, which is by far the biggest single producer of film and

video in Canada. As noted, CBC was an important participant in CBPDF projects, both financially and as an exhibitor, and thus has a strong influence on this important component of the NFVP.

Also important (though on a much smaller scale - about \$2.5 million in 1982-83) are the granting programs of the Canada Council, which provide much support to experimental and non-commercial productions. These programs are important to the industry not only in nurturing its avant-garde but in terms of training for film and video-makers.

A joint federal-provincial initiative with potentially massive implications for the industry is the planned International Film and Television Centre in Montreal. The centre will be a major production and support facility worth a projected \$36 million, and is currently the subject of a \$400,000 feasibility study. It is part of the Economic and Regional Development Agreement signed with the province of Quebec, announced on June 4, 1984. Federal participation in similar, if less ambitious facilities in other parts of the country is also currently under consideration.

While not engaged in providing funds to the industry, the Canadian Radio-Television and Tele-Communications Commission can have a major effect on film and video production through its jurisdiction over broadcasting licenses. This was vividly demonstrated in its recent action of forcing CTV to produce at least a half hour a week of Canadian drama programming.

Two other federal agencies which are able to influence the industry, through regulation of foreign investment and anti-combines action respectively, are FIRA and the Department of Consumer and Corporate Affairs.

Conclusions

The NFVP does not for the most part represent a radical change in approach for federal film and video policy. Most of its components, and the bulk of its resources were already in existence prior to its announcement. Nor is it as comprehensive as is claimed (NFVP, page 7) since considerable federal resources and programs affecting the film and industry remain outside its purview.

In its private sector thrust the Policy continues the previous overall strategy: encouraging the private sector through direct subsidy and tax incentives in hopes that it will meet some unspecified cultural objectives. Telefilm's industry support programs receive the bulk of new expenditures.

As yet there is no clear sense of objectives, nor of the size or shape of the impacts which are intended to result from

the NFVP. Negotiations with the foreign-owned companies is the single major component addressing the key distribution problem.

The one area in which the NFVP represents a clear departure is in its changes to the National Film Board, which has had two new formal roles assigned it (training and R&D) and which will go through a profound restructuring process in the next few years.

3. STRUCTURE AND LOGIC

3.1 Activities, Outputs and Direct Impacts

The following are brief and general descriptions of activities, outputs and direct impacts encompassed by the NFVP. Program outputs are those goods or services which are produced or directly controlled by program personnel (i.e. departmental or agency staff). Direct impacts are those further goods and services which are the immediate intended results of the program outputs. For example, Telefilm's test-marketing support program has direct control over the funds it advances; its direct impacts are the uses to which its clients put these funds such as theatre rentals and advertising. The chain of activities, outputs and impacts (which can be direct or indirect) constitute program "logic."

Indirect impacts are discussed in the following section "Impacts and Effects." More details on each program can be found in Annex A.

3.2 Private Sector Programs

1. Activity: Negotiations with the Canadian Motion Pictures Distributors Association (CMPDA) are to be carried out by the Minister of Communications. The seven CMPDA members are subsidiaries of US companies, and control 80 percent of feature film distribution in Canada.

Outputs: While the exact outputs of the negotiations are not yet known, they may include agreements on (a) numbers of Canadian films to be distributed each year in Canada (b) numbers of Canadian films to be distributed each year in foreign markets controlled by the CMPDA parent organizations, and (c) investment from CMPDA revenues in Canadian productions. Discussions will also cover other issues such as sub-titling and dubbing of US productions for francophone audiences.

Direct Impact: It is intended that the negotiations will result in wider distribution of Canadian films in both Canadian and foreign markets, more spending on promotion of Canadian features, and greater investment by the CMPDA members in Canadian productions.

2. Activity: Alternatives to stimulate domestic distribution if negotiations fail are being explored.

Outputs: still hypothetical

Direct Impacts: still hypothetical

3. Activity: Telefilm support for domestic test-marketing matches funds from other sources for test screenings of features, and related activities.

Outputs: repayable funds of up to \$50,000 per project; up to 20 projects per year

Direct Impacts: theatre rental, prints, advertising, market research, etc.

4. Activity: Telefilm support for domestic promotion matches funds from other sources for advertising and other publicity.

Outputs: repayable funds of up to \$200,000 per project; expected 20 projects per year

Direct Impacts: newspaper, TV or radio ads, cinema trailers, prints, etc.

5. Activity: Export support through External Affairs/DRIE Program for Export Market Development (PEMD).

Outputs: funds for various export-related activities; information support

Direct Impacts: marketing trips by Canadian firms, foreign trade fair participation, better market knowledge, contacts, etc

6. Activity: Support for domestic film festivals by Telefilm

Outputs: funds for (currently) 3 major and 14 regional festivals

Direct Impact: more festival activities including more screenings of foreign and domestic productions; reduced festival deficits

7. Activity: International promotion (includes consolidation of international promotion activities of DOC, NFB and Telefilm)

Outputs: marketing and promotional assistance and information; facilitation of international co-productions

Direct Impacts: more export activity by Canadian firms

8. Activity: Alternative tax incentive being explored to replace Capital Cost Allowance

Outputs: not yet available

Direct Impact: more investment in Canadian firms and productions

9. Activity: Script development supported by Telefilm through matching funds

Outputs: funds advanced for script-writing

Direct Impacts: scripts completed, scriptwriters employed

10. Activity: Project Development supported by Telefilm through matching funds for pre-production tasks.

Outputs: funds for budget development, securing performers and personnel, etc.

Direct Impacts: productions commenced, personnel and performers hired

11. Activity: Interim financing by Telefilm advances funds to producers to help commence production while financing is being finalized.

Outputs: bridging funds for productions

Direct Impacts: productions commenced, personnel hired

12. Activity: Canadian Broadcast Program Development Fund (CBPDF) can contribute up to 49 percent of the funding for productions which have pre-commitments from broadcasters.

Outputs: funds for programs

Direct Impacts: programs produced and broadcast, personnel and performers hired

13. Activity: DRIE's Interfirm Comparison program provides financial and marketing expertise to client firms

Outputs: Consultations, analyses

Direct Impacts: problem diagnosis, marketing plans, improved budgeting, etc.

14. Activity: CEIC's Skills Upgrading program provides training and employment opportunities

Outputs: funds for (a) tuition and part of salaries for people taking courses (b) employment of managers from export target countries (c) part of salaries for new personnel on training programs

Direct Impacts: people employed; courses taken

15. Activity: National service organizations for the film and video industry receive support from DOC

Outputs: funds for organizations such as the Academy of Canadian Cinema and the Canadian Film Institute

Direct Impacts: information exchange, professional development and other activities offered by the organizations

3.3 Public Sector Thrust

16. Activity: New National Film Act to be drafted

Outputs: not available

Direct Impacts not available

17. Activity: Five-Year Implementation Plan to be created by NFB

Outputs: not applicable

Direct Impacts not available

18. Activity: Increasing numbers of NFB productions and technical services are to be contracted out to the private sector over the next five years on an equitable basis between regions

Outputs: contracts, completed productions

Direct Impacts: persons, firms employed in private sector

19. Activity: Responsibility for Sponsored Programs (productions made on behalf of government organizations) will be transferred from NFB to DSS for contracting out to the private sector

Outputs: contracts, completed productions

Direct Impacts persons, firms employed in the private sector

20. Activity: Transfer of NFB Stills Gallery to National Museums

Outputs: showings; acquisitions

Direct Impacts: public served; support to artists

21. Activity: New modes for distribution of NFB productions will be emphasized, particularly for CBC broadcasting

Outputs: productions, versions of productions

Direct Impacts: wider distribution of NFB productions, broadcast of productions on CBC and other TV services

22. Activity: the Canadian Government Photo Centre, which provides photographic services on a cost recovery basis to government organizations, will be transferred from the NFB to DSS

Outputs: developing, printing, photo library service, etc.

Direct Impacts: reduced NFB personnel and fixed costs; client satisfaction

23. Activity: Consolidation of the NFB library distribution system into larger regional centres will take place over five years

Outputs: distribution of NFB products

Direct Impacts: renting and borrowing of productions; viewership of NFB productions

24. Activity: NFB training activities to be increased through freed funds from transfer of other responsibilities

Outputs: students recruited, courses and other activities offered

Direct Impacts: courses and projects completed, graduates

25. Activity: NFB research and development activities are to be increased through freed funds from transfer of other responsibilities

Outputs: projects undertaken, researchers employed

Direct Impacts: new processes, technologies developed; special productions

26. Activity: The National Film, Television and Sound Archives (NFTSA) will receive increased resources and the transfer of the NFB film vault and library

Outputs: acquisitions, services offered

Direct Impacts: use by public and institutions

27. Activity: A program of captioning for the hearing-impaired of productions funded by Telefilm will be commenced

Outputs: captioned productions

Direct Impacts: hearing-impaired audience attendance figures

28. Activity: A program of captioning for the hearing-impaired of productions produced by the NFB will be reactivated

Outputs: captioned productions

Direct Impacts: hearing-impaired audience attendance figures

29. Activity: Monitoring of the film and video industry and an evaluation for Cabinet are to be carried out by DOC

Outputs: database, establishment of performance criteria, reports written

Direct Impacts: use of data by government to make changes

30. Activity: Creation of national film and video database, possibly based on NFB's FORMAT database

Outputs: database holdings; data collection activities

Direct Impacts: use of data by film industry and government

3.4 Expected Impacts and Effects

Indirect impacts and effects are those further along the program logic chain from actual program delivery and outputs. This can be illustrated by the example of the Script Support program. The program's output (funds advanced for script-writing) are intended to result directly in the creation of more scripts than would otherwise have been available. However, this direct result (more scripts) is less valuable in itself than as a link to the desired impacts of

- (a) more productions being undertaken as a result of more scripts to choose from
- (b) better scripts (assuming that increased numbers of scripts will result in a greater number of good scripts)
- (c) more attractive productions resulting from better scripts, and finally
- (d) greater audience attendance figures

The complexity of the NFVP is such that separate programs will inevitably contribute to, or otherwise affect, each other's chains of impacts. In the above example, the impact of "more attractive productions" is intended to result not only from better scripts but from the increased number of productions and better technical skills generated by other programs.

Rather than discuss the expected impacts of each NFVP component separately, this section will examine the relationships of groups of programs in five broad intended impact areas. These impact areas relate closely to the recurring policy issues identified in the "Policy Context" section of this report, and also to the objectives identified in Figure 2. They are:

1. Increased Domestic Theatre Audiences for Canadian Feature Films
2. Increased Foreign Revenue from Canadian Film and Video
3. Improved Health of Canadian Production Firms
4. Increased Private Sector Investment in Canadian Film and Video
5. Restructuring the NFB

The policy issue of increasing skills in the industry has been left out of this discussion of impacts and effects because its program impacts (rather than outputs) are of a long-term variety which will not be measurable in any useful way in 1986-87.

The first four of these impact areas are modelled in Figures 5, 6, 7, and 8. These models are general ones and leave out much

detail (most seriously, the different categories of production) and many intermediate impacts. Nonetheless they serve to show the broad outlines of the policy logic and the inter-relatedness of general policy goals. The "Restructuring the NFB" impact area does not yet lend itself to such modelling, and will not do so until the appearance of the NFB Five-Year Plan.

3.4.1 Increased Domestic Theatre Audiences for Canadian Feature Films

Figure 5 shows the logic by which various components of the private sector thrust are intended to ensure greater cinema audiences in Canada for Canadian feature films. The components include measures to stimulate private investment in production, to improve production capabilities, to increase promotion of Canadian film in Canada, and to guarantee access of productions to Canadian cinemas. It should be noted that the access component is regarded by both policy-makers and those in the industry as a sine qua non of this area of the NFVP.

Starting at the top of the model, the Script Support program is designed to increase the number of scripts available, and may indirectly reinforce the programs aimed at increasing private investment by providing more projects for investors to participate in. Script Support is also intended to contribute to the creation of more attractive films by giving writers more time to work on scripts.

The tax incentive, CBPDF and negotiations with the CMPDA are all intended to bring more investment into the industry. This should result in more production. It may be assumed that both the CMPDA, domestic broadcasters participating in the Fund, and foreign co-producers will inject some degree of expertise into the field, resulting in more attractive productions. More attractive productions should provide an incentive for wider distribution.

The negotiations with the CMPDA are intended to ensure wider distribution of productions, with resulting greater audiences. The negotiations should also increase the distributors' incentive to promote those productions in which they have invested.

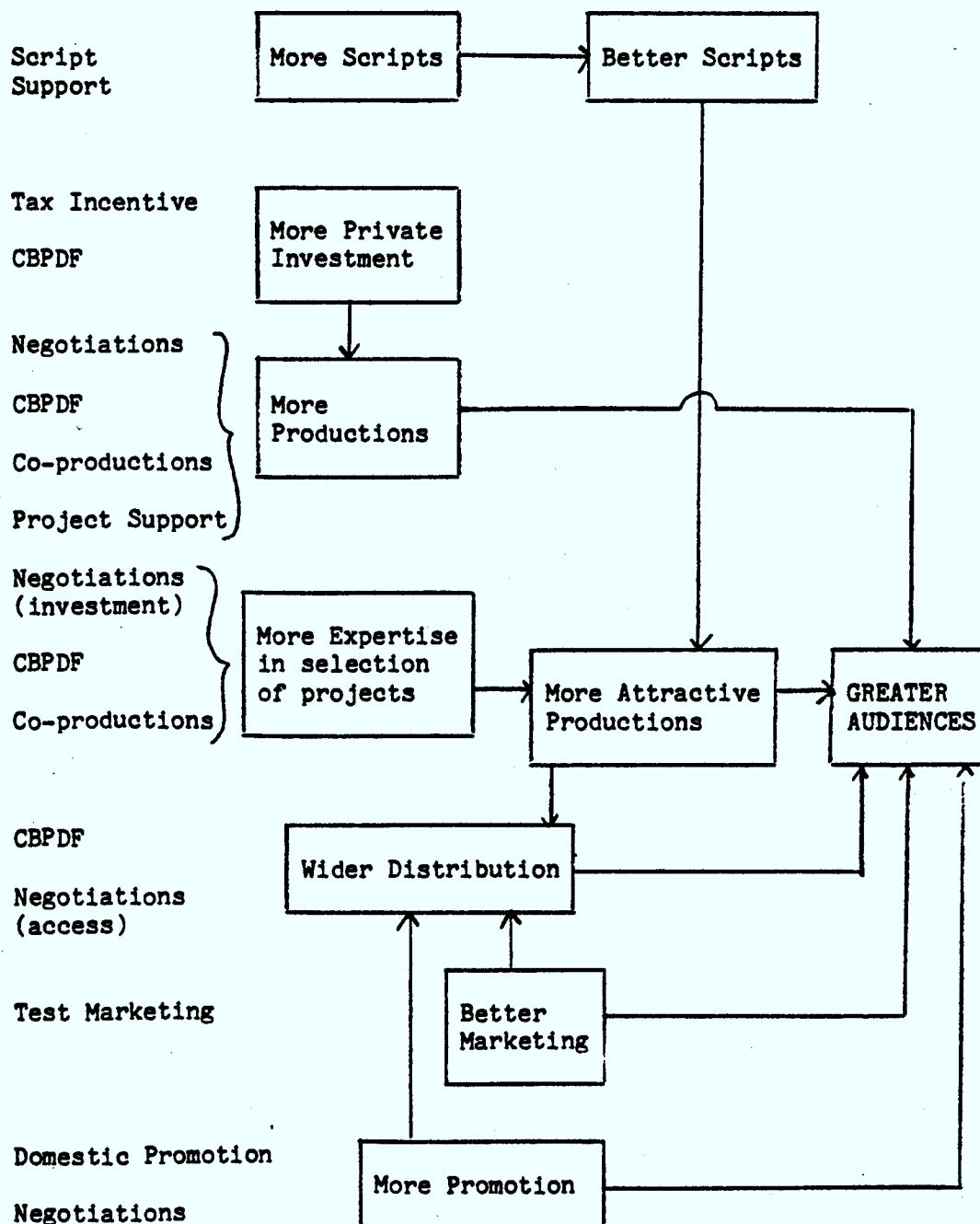
On the marketing and promotion side, Telefilm's Test Marketing program and Domestic Promotion programs are both intended to result directly in the achievement of greater audiences.

Plausibility and Possible Unintended Impacts: the logic of this model depends essentially on the simultaneous achievement of three major intended impacts: increased investment in feature films, increased attractiveness of films, and increased access. Without the first there will be nothing to show; without increased access no one will be able to see the productions created; if the productions are not attractive, no one will want

**FIGURE 5: POLICY LOGIC FOR INCREASING
DOMESTIC THEATRE AUDIENCES FOR CANADIAN FEATURE FILMS**

PROGRAMS

INTENDED CONSEQUENCES OF PROGRAMS



to see them. Currently, the Script Support program appears to be the only program with direct and plausible linkages to increased attractiveness of production.

The greatest unknown in this logic is the negotiations with the CMPDA. Previous voluntary agreements negotiated with the two major exhibition chains did not have any appreciable positive effect on the showing of Canadian films (see Kinsley: "... Indeed, during 1980 Famous Players exhibited a maximum of 48 Canadian movies, the modal screening period being for one day"), and it is difficult to see how the CMPDA will accept terms tough enough to ensure that they distribute films which will almost certainly make them less money than they could realize, on average, from popular American productions.

It is not certain whether funds for promotion and test-marketing will be sufficient to have a significant effect on attracting audiences for Canadian films not distributed by the CMPDA or pre-sold to broadcasters.

It is possible that the CBPDF may work to the detriment of the feature film industry by virtue of its orientation towards television. Made-for-television movies have not been notably successful in theatrical release, and it may be that the demands of the two different media are artistically and commercially irreconcilable in some productions.

The terms of the CBPDF ensure that funded projects will be broadcast, but also lock productions into constraints of television ratings. In its first year of operation the CBPDF appears to have induced a considerable amount of investment from foreign sources such as Home Box Office. Relatively little investment has come from the Canadian private sector, and it remains to be seen the extent to which the fund results in "distinctively Canadian" or "high-quality" productions.

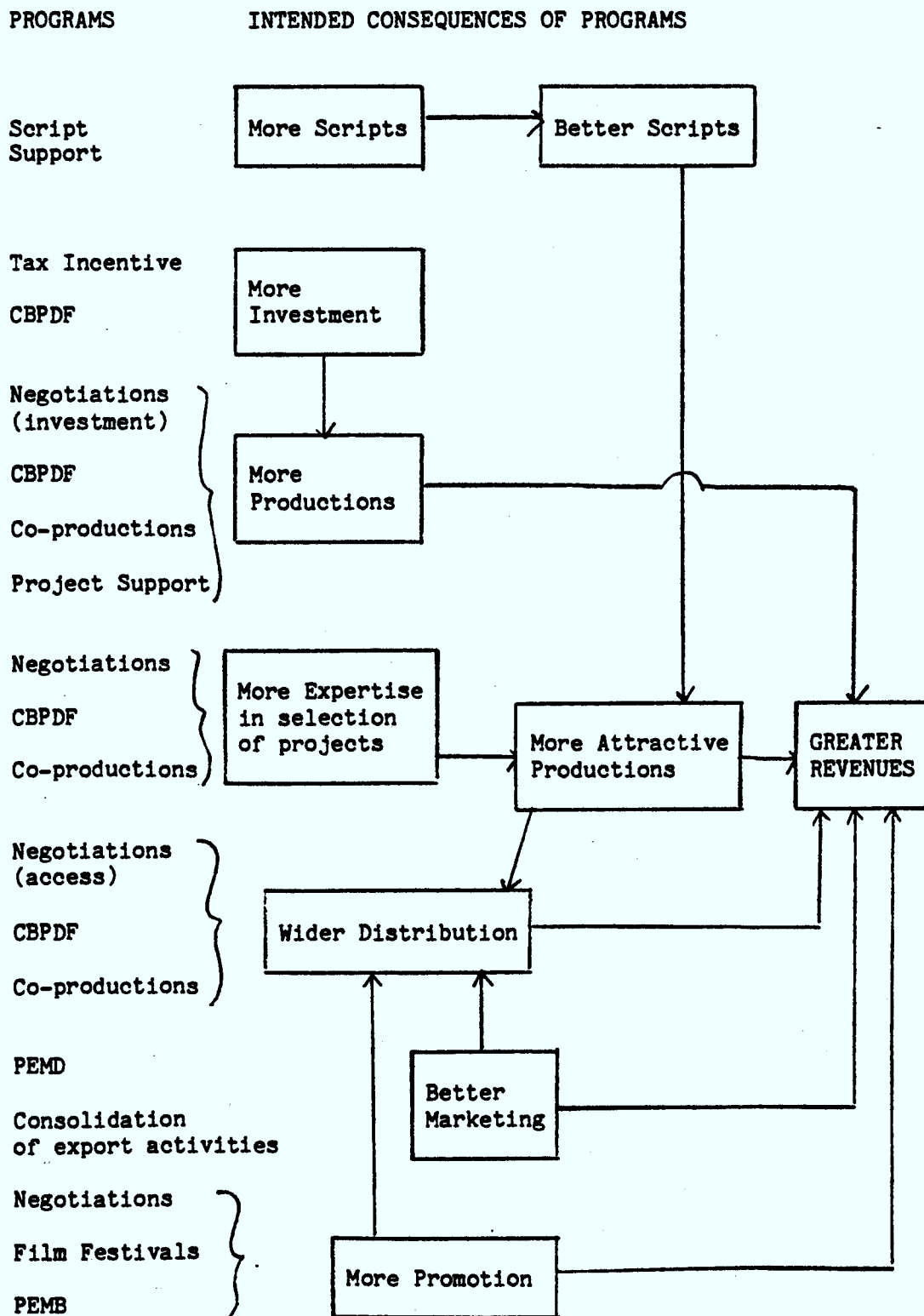
3.4.2 Increasing Foreign Revenues from Film and Video

As shown in Figure 6, the NFVP logic for increasing Canadian productions' share of foreign markets depends on the achievement of many of the impacts modelled in Figure 5.

Differences are the inclusion of Telefilm's Export Promotion activities, which should contribute co-production funds and foreign distribution access to Canadian projects, and the marketing and promotion support offered by PEMD. Further reinforcement of international promotion should come from the support of domestic film festivals, which are understood to be important meeting places for investors, producers and distributors from many countries.

Plausibility and Possible Unintended Impacts: The linkages shown in this model are plausible, but are stronger for television

FIGURE 6: POLICY LOGIC FOR INCREASING FILM AND VIDEO REVENUES FROM FOREIGN MARKETS



video than for film. This is because of the more predictable nature of the television market, which is the major buyer of video productions.

3.4.3 Increasing the Health of Canadian Production Firms

In Figure 7, it can be seen that both of the previous models' logic carry through to the intended impact of healthier firms through the creation of greater revenues and more productions. Unlike their final objectives of increased audiences and greater foreign revenue, both of which are easily quantifiable, this model aims at the more vague goal of "a healthier private sector." A number of criteria may be used to measure the attainment of this goal, including standard business ratios and employment figures.

It should be noted here that the greatest amount of private sector activity in pre-CBPDF Canadian film and video has not been in features or television programming but in television commercials and educational/industrial productions. The new orientation of the CBC and NFB towards independent productions will provide far more work for the private sector (if funding levels remain sufficient). Moreover, the fact that television is a more stable market than the theatrical business may also be a benefit to the health of the industry.

Because of budget cuts at the CBC and NFB, some (many?) highly skilled employees of both organizations will enter the private sector in the next few years, with the possible effect of increasing the quality of productions.

Two components from the public sector thrust are included in this model. Both the Sponsored Programs and NFB contracting-out will transfer work previously done by the public sector to the private sector, contributing more productions and therefore more revenue to the private firms. It should be noted that these initiatives directly benefit only producers for non-theatrical markets.

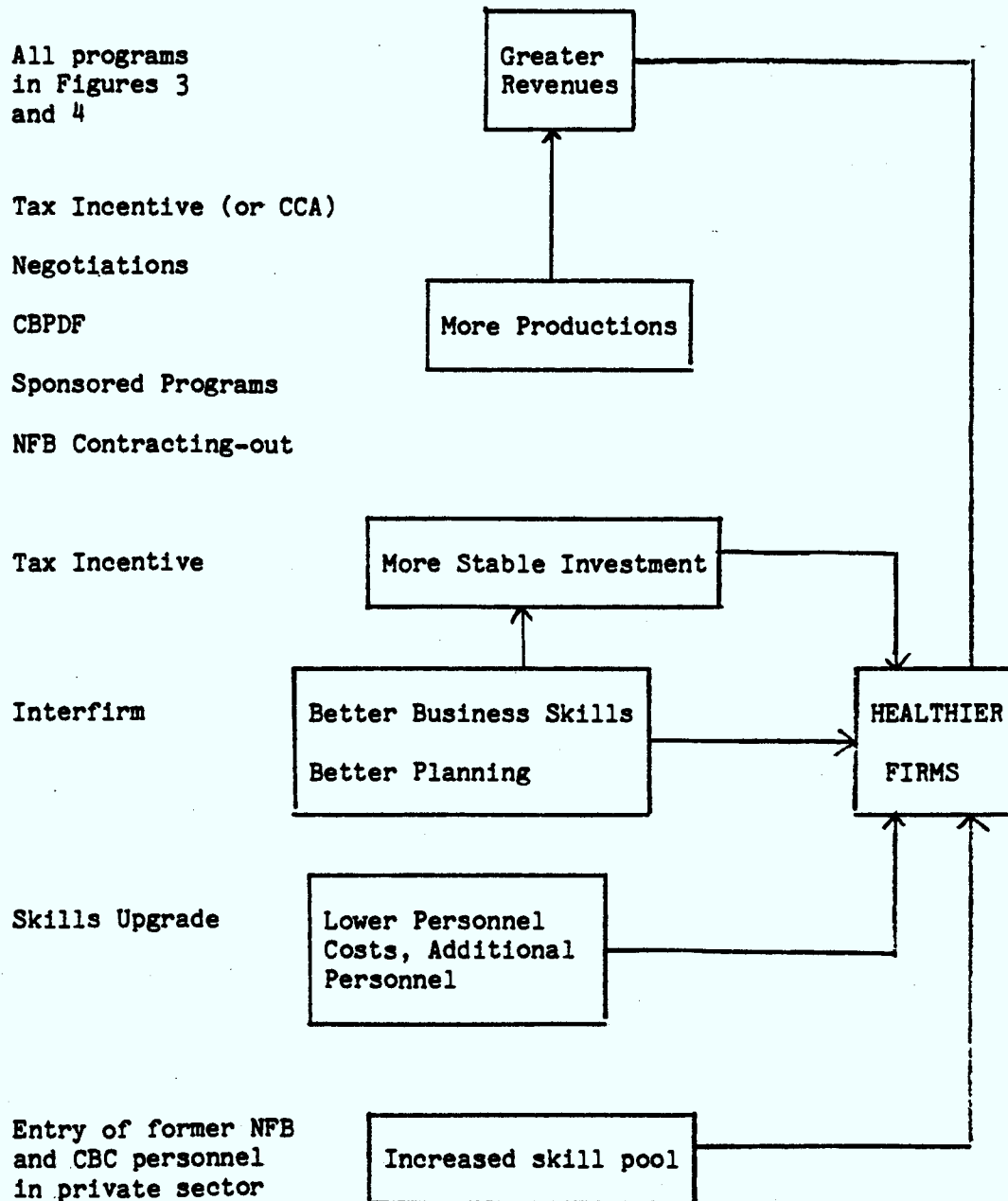
The Interfirm Comparison program is intended to result in better organized and administered firms by providing expert advice and analysis. Finally, CEIC's skills upgrading activities will lower personnel costs in some firms by paying part-salaries for personnel in certain training programs.

Plausibility and Possible Unintended Impacts: a rapid increase in activity such as has been seen since the introduction of the CBPDF may result in rapid wage and cost inflation in the industry (there is already some evidence of this - see Cine Mag, November 1984), possibly reducing the chance of Canadian projects to be made due to competition with foreign-financed projects.

**FIGURE 7: POLICY LOGIC FOR HEALTHIER
DOMESTIC PRODUCTION INDUSTRY**

PROGRAMS

INTENDED CONSEQUENCES OF PROGRAMS



There is always the fear of another "boom and bust" cycle such as the 1976-81 period. Currently the industry seems to be in another boom period, in large part driven by the CBPDF. The short time-frame created by the need to report in 1986-87 makes it unlikely that solid conclusions may be reached about the industry's long-term health by that time.

It should be remembered that the CBPDF is a program with a five-year life. The effects of termination or drastic reduction of the Fund at the end of five years would likely be extremely traumatic for the industry. As it is, there is no certainty what effects the current cuts to CBC programming will have on the industry as a whole and on the CBPDF itself.

There are no measures to support the Canadian-owned distribution or exhibition sectors, omissions which appear to be inconsistent with the objective of strengthening the Canadian industry as a whole. This may be particularly serious in the case of exhibitors, given the large number of independent cinemas which are reported to have been going out of business in the past year.

3.4.4 Increasing Private Sector Investment in Canadian Film and Video

As mentioned previously, one of the important factors in a healthy production industry is a steady source of investment. Under the NFVP, a number of different mixes of investment are possible. These are modelled in Figure 8.

With CBPDF-funded projects, up to one third of the money was intended to come from the Fund, one third from the broadcaster who has guaranteed to broadcast the production, and the last third from other sources. As modelled, this final third could come from foreign sources such as Home Box Office, from domestic private sector sources (Canadian producers, private investors, and distributors), from government or institutional sources such as the NFB, the Quebec Societe Generale, and educational television, and from co-productions with other countries. The revisions of March 15 have loosened these requirements somewhat.

Most domestic investors would presumably benefit from or be attracted by the CCA or its alternative tax incentive. The CCA can also benefit investors in co-productions. For productions (including co-productions) made without broadcast guarantees, investment may be encouraged by the CCA or its alternative alone.

Finally, the negotiations are also intended to bring increased investment by the CMPDA into Canadian projects. However, it is not yet known whether any of this will be specifically directed towards CBPDF productions or if it will take advantage of the CCA.

Plausibility and Possible Unintended Effects: it is not entirely certain how much and what kind of investment can be expected to be encouraged by this group of programs. The CBPDF and CBC have clearly injected a lot of government money into the industry during its first year, but domestic private investment has been lower than expected. It may be plausibly argued that this is temporary, and that potential investors are still wary of repeating the debacle of the late 1970's.

During the CBPDF's first year of operation, some \$43 million of foreign investment came into CBPDF projects, against \$36 million from the Fund (see Telefilm, What Happened in Year One, pp.39-42). This suggests considerable foreign leverage over productions by a notoriously hard-nosed set of players, and may as noted earlier reduce any incentive for productions to be distinctively Canadian. If Canadian private sector investment does not pick up, a worst-case scenario would find the industry creating a lot of American productions for American audiences (American in this sense including the Canadian market) - funded two-thirds by the Canadian government.

A possible effect is to continue to make it difficult for feature film projects, particularly ones by film-makers outside

of Central Canada, to obtain funds if they have to compete for investment with CBPDF productions. It is possible that broadcast guarantees and pre-sales will become obligatory for most film-making in Canada, with resultant negative effects on subject matter and point of view.

3.4.5 The Public Sector Thrust

The public sector initiatives of the NFVP do not, for the most part, entail objectives which allow modelling at this general level. The National Film Board restructuring removes some activities from the NFB, with the stated intention of leaving it better able to pursue the more focused role of "literary and intellectual essayist - an instrument for the high-quality, in-depth, occasionally philosophic exploration of fundamental issues, trends and concerns of importance to Canada and the world" (page 13). This role statement has not yet been translated into objectives precise enough to be captured in a general logic model.

Similarly, the NFB's increased training and R & D activities do not yet allow such modelling. Some linkage may be hypothesized between these activities and the strength of the private sector, depending on the future interaction of the NFB and private firms in such areas as recruitment, technology transfer, and artistic "cross-pollination." However, these linkages do not appear explicitly in any of the program or policy documentation seen so far.

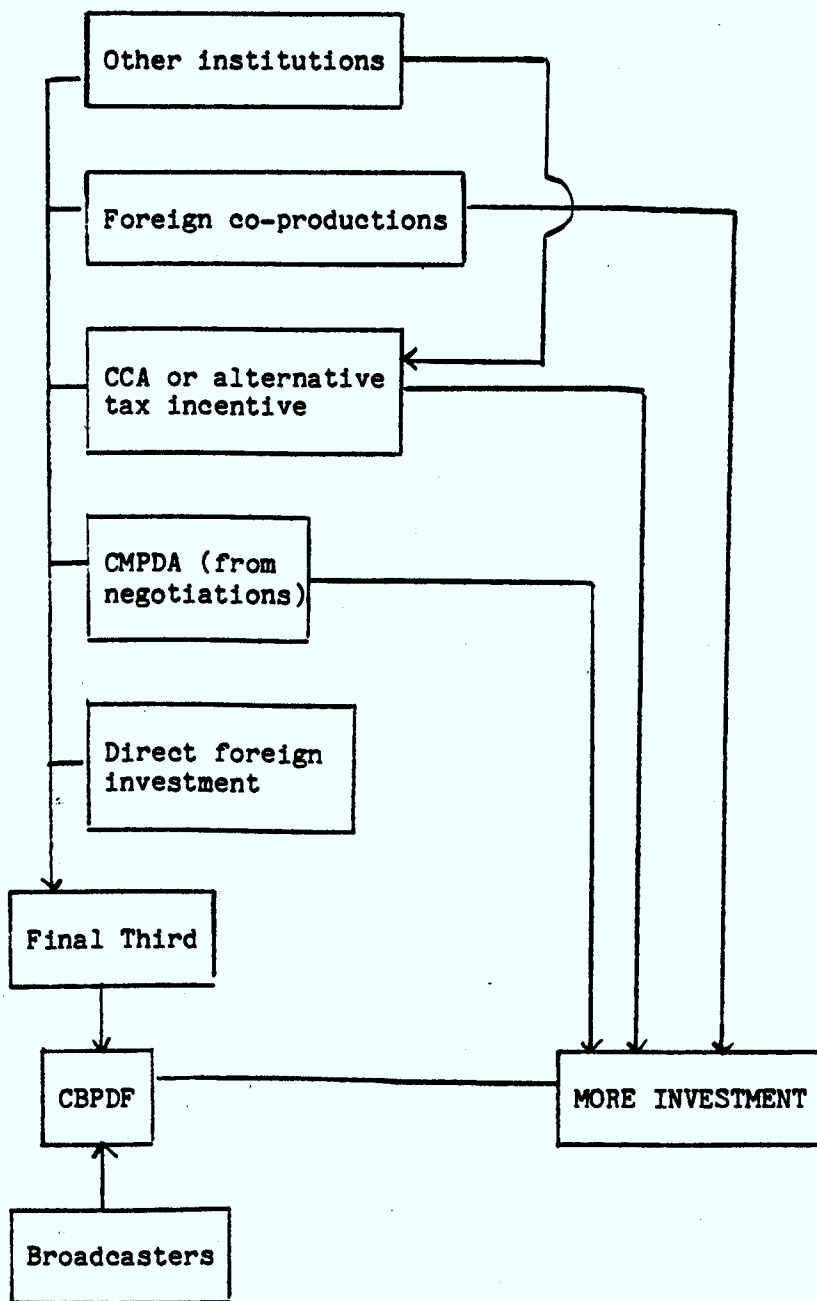
One of the major questions about new role of the NFB is the relationship of the NFB to the CBC. Closer cooperation with the CBC would certainly have the effect of making NFB productions more available to Canadians, but no movement seems yet to have been made in this direction. Little can be said about the NFB's current bid to operate a children's television channel would fit in with the objectives of the NFVP.

The NFB's new Five-Year Plan, expected in the first quarter of 1985, will shed more light on objectives.

Plausibility and Possible Unintended Impacts: Transfer of production activities formerly undertaken in-house at the NFB, with its attendant reduction in person-years may reduce the NFB's potential as a training centre and as a production centre unless new resources are allocated for this purpose. Up till now, most training has occurred in the form of internships, in which relatively advanced trainees come to work with the NFB's production staff. A reduction in production staff will reduce the number of "teachers", while the reduction in activities will reduce the number of possible places for interns and projects on which they can learn. The transfer of Sponsored Programs will entail a revenue loss for the NFB, which may have a further impact on its activities.

Essentially, it is simply hard to know what level of activity constitutes "critical mass" for the NFB, and the consequences of not attaining it.

FIGURE 8: POTENTIAL SOURCES OF
INCREASING PRIVATE SECTOR INVESTMENT



4. CENTRAL EVALUATION ISSUES

Twelve major issues arise from the preceding analysis of the NFVP. They are divided into two groups:

A. Design Issues which should be addressed immediately in order to clarify the intent of the Policy and aid in its implementation. Briefly, they are:

1. What size of industry is desired in terms of output?
2. What share of Canadian audiences is desired?
3. What share of foreign revenue is desired?
4. What is meant by a "healthy" industry?
5. What are the NFVP's qualitative objectives?
6. Does the NFVP constitute a plausible strategy for achieving its objectives?

B. Impact Issues to which responses will be required for the Minister's report to Cabinet in 1986-87. Although 1986-87 will be too early for a conclusive evaluation of objectives achievement, the report should be able to indicate:

7. Is the NFVP still appropriate given its environment?
8. Are its objectives being achieved or approached?
9. What is the state of private sector investment?
10. What has been the impact of the CMPDA negotiations?
11. What has been the impact of the NFVP's major programs?
12. What has been the impact of the restructuring of the NFB?

4.1 Issues as Part of the Evaluation Process

Evaluation "issues" are usually formulated as questions regarding the program being evaluated. Identifying and formulating issues is a crucial step in the evaluation process, for they set the shape of the eventual answers and provide guidelines for data collection and analysis methodologies. In its Principles for the Evaluation of Programs, the Office of the Comptroller General (OCG) proposes a standardized framework which groups issues according to four basic categories. They are:

A. Rationale (does the program make sense?)

B. Impacts and Effects (what has happened as a result of the program?)

C. Objectives Achievement (has the program achieved its objectives?)

D. Alternatives (are there better ways of achieving the desired results?)

A list of 85 detailed evaluation issues can be found in Annex B of this document. They are grouped according to the five impact areas discussed earlier in the section "Expected Impacts

and Effects," and broken down within those groups into the above OCG categories.

However, for the purposes of this framework document it is more useful to focus on the 12 broad issues identified at the beginning of this section. The issues are followed by a discussion of evaluation approaches by which they might be addressed.

4.2 DESIGN ISSUES (for immediate consideration)

(1) Output Objectives What is the desired minimum annual output of the industry for key categories of film and video productions (e.g. feature films, documentaries, drama, children's programs, and variety)? How much of this should be produced by the private sector?

(2) Domestic Audience Objectives What is the desired minimum market share/viewership for the above categories in Canada? Over what period is it to be achieved?

(3) Foreign Market Objectives What is the minimum desired foreign market share or proportion of total revenue from foreign markets for each of these categories?

(4) Industry Health Objectives What is meant by a "healthy" industry? What measures will be used to judge its state of health (e.g. stability, productivity, employment, financial ratios)? What maximum level of government funding is acceptable, over time, in a "healthy" industry?

(5) Qualitative Objectives What is consensus regarding the key qualitative terms of the NFVP? What is meant by the terms "high-quality" and "distinctively Canadian?" By what measures or under what conditions are high quality, distinctively Canadian productions best encouraged?

(6) Rationale Given these clarifications, are the instruments of the NFVP consistent with objectives of creating a healthy domestic industry which will produce a core of culturally valuable film and video that will be seen and enjoyed by large Canadian and foreign audiences? Is it plausible that the objectives of the NFVP can be attained by these instruments within a reasonable time-frame and given its current resources.

4.2.1 Approaches to Design Issues

Addressing Issues 1 - 4 in clear and realistic terms would constitute important steps in formulating an industrial strategy for film and video. The approaches proposed here entail the setting of target minima to be determined through both analysis and a consultative process. Review of the policies and performance of other nations will also be useful.

(1) Output Objectives

(a) Video productions: It may be possible to extrapolate from CRTC Canadian Content regulations and targets for television networks once the current round of discussions is over. (Unfortunately it is not yet certain when that will be). The terms of CRTC licences, which are up for renewal this year, may also provide bases for extrapolation. It may be possible to calculate roughly the amount (i.e hours of programming) and category of output which will be required to fulfill the terms of these regulations and targets. Information regarding the breakdown between in-house and independent production, particularly at CBC/Radio Canada, will be necessary to indicate the magnitude of the private sector share. The revised terms of reference for the Broadcasting Fund must also be considered.

(b) Feature Film: Between 1969-70 and 1979-80 the Canadian industry averaged 53 features per year, of which an average of 22 per year received CFDC financing. By comparison, from 1971-72 to 1979-80 the Australian industry averaged 19 per year (Tadros, table 1). Canada is understood to have sufficient technical resources and expertise to produce over 100 features per year (internal DOC memo), although it is not clear to what extent other types of productions compete for these people and resources.

It might be proposed that the historical average is acceptable and that a minimum output of 40 features per year (averaged over three years to allow for the industry's roller coaster fluctuations) would maintain a sort of "critical mass." Through Telefilm, the government might make provision to participate substantially in at least 20 major films. (In its first year of operation the CBPDF participated in 3 feature films).

(c) Other Categories: It is not yet clear if targets need to be set for other categories such as documentaries, but this should be considered, as should the question of the public sector (NFB)'s share of the total output of the industry.

(2) Domestic Audience Objectives

(a) Video Domestic television audiences come under the purview of the Broadcasting Policy and thus will not be dealt with in the context of the NFVP evaluation. The videocassette market should however be considered for the creation of targets.

(b) Feature Film While the central concern in this area is cultural, the issue is also important economically as royalty payments to foreign producers are substantial - \$140 million in 1982 (NFVP, page 38). Canadian features on average account for only two percent of the box office receipts from the Canadian theatrical market (page 39). These figures are clearly felt to be unacceptable but the Policy gives no guidance as to what would be an acceptable minimum. Matters are complicated further by the fact

that reliable audience information is not available as the public does not have access to official box office figures (Tadros, chapter 5, page 1).

Dealing with this issue would require access to current and historical box office information from exhibitors and distributors, particularly the members of the CMPDA. It would also require comparative information from other countries. For instance, German films get 13 percent of their national screen-time, compared to the Dutch performance of 9 percent (some sources put it between 10 and 15 percent), 8 percent in England, and 7 percent in Sweden (Quebec cinema study, 1982).

From such research, and through consultation with the industry, it should be possible to recommend target figures. For example, five percent of total box office receipts does not seem unrealistic as a medium-term goal (say, by 1987) for Canadian films' share of the total market. More precise goals broken down by region or language will also be necessary.

(3) Foreign Market Objectives This issue calls for a review of existing market research on export opportunities for various categories of film and video, and on the capacity of the Canadian industry to tap these opportunities. More profound studies may be required as a result. Case studies of export marketing efforts for individual productions or by firms may also be undertaken.

(4) Industry Health Objectives This issue will require a profound analysis of the industry, as prescription is no use without thorough diagnosis. In particular, research should identify its differences from other industries, with a view to highlighting its special needs. For instance, the film and video industry is characterized by relatively low numbers of full-time employees compared to part-time and free-lance workers; what does this imply for support programs?

An important sub-issue is investment. The following questions, integral to any discussion of industry health, should be addressed:

1. What are the capital needs of the film and video industry?
2. What patterns can be seen in film and video investment in Canada?
3. What are the impacts of and alternatives to the CCA?

A final task will be to attempt to establish a set of indicators of industry health.

(5) Qualitative Objectives Cultural significance and artistic quality are not issues for standard techniques of program evaluation. If they are to be addressed it is through an arms-length advisory panel of authorities drawn from the industry and from the academic/critical world. Starting with a retrospective

view of Canadian film, and drawing comparisons with foreign works, the panel should report on the following questions:

1. What is it that is judged to be of "high quality" about the best of Canadian productions (and on what criteria is this judged), particularly as regards production values?

2. What is distinctively Canadian about these productions?

3. What conditions tend to contribute to the creation of excellent productions as defined by the two previous questions?

(6) Rationale Once there is clarification of and agreement on the objectives of the NFVP (as explored in the preceding five issues), analysis can be done within the usual evaluation context of trying to match objectives with programs and resources. This will require close examination of the major programs, their activities and resources (and the environment in which they work), to weigh their plausibility.

Of special interest will be analysis of interaction with the Broadcasting Strategy and with provincial film and video initiatives, and of "fit" with other federal policy objectives.

4.3 IMPACT ISSUES (for 1986-87)

(7) Rationale Are the NFVP objectives, instruments and resources still appropriate, given any changes to the industrial or political environment?

(8) Objectives Achievement Has the industry achieved or is it approaching the minima defined in issues 1-5?

(9) Investment Climate Has private sector investment in the industry increased both proportionately and in absolute terms? Has the government's role decreased? Has a core of consistent, knowledgeable private investors in the industry been built up?

(10) Distribution (Assuming an agreement is reached) have the CMPDA members lived up to the terms of the agreement? Did this contribute to achieving the desired minima in issues 1-5 or to the total private sector investment? What has happened to domestically-owned distributors?

(11) Major Program Impacts What were the impacts on private sector activity of (a) the CBPDF (b) tax incentives (c) export promotion (d) Telefilm's non-CBPDF programs and (e) other NFVP programs. Also, what impact did the NFB contracting-out and Sponsored Programs transfer have on the private sector?

(12) Role of the NFB (a) Did the NFB maintain its standards as a producer of film and video productions? (b) Did the NFB expand its role and stature as a centre of training and of R&D? (c) What

were the effects of restructuring on distribution and viewership of NFB productions?

4.3.1 Approaches to Impact Issues

(7) Rationale The industry should be profiled at the time of the 1986-87 report to Cabinet in order to identify changes in the NFVP environment which would affect the appropriateness of its programs. In particular, attention will have to be focused on trends and changes to such variables as distribution and production technology, industrial concentration, business practices, etc.

Major changes are possible by 1986-87 in domains such as home video and pay-TV, with important consequences for other means of exhibition and for public organizations.

(8) Objectives Achievement If clear objectives have been set, monitoring of significant indicators can establish whether success has been attained or approached. The NFVP authorizes DOC to undertake this monitoring function, which is being implemented.

It is unlikely that conclusive evaluative work can be done on the long-term impacts of many of the NFVP programs by 1986-87. For instance, the CBPDF will have only been in operation for three years in the summer of 1986; production and contract data will only be available for productions up to up to 1985-86, and foreign revenue results may not even be available for some 1984-85 films or television programs. The result will be that only one year's worth of complete data will be available to track the complete production-to-exhibition cycle of CBPDF-funded productions.

Nonetheless, some trends may be visible and tentative conclusions drawn. In some cases, enough information will be available for fine-tuning of certain programs.

(9) Investment climate A study carried out to explore the investment issues mentioned in section 4 above could prepare the way for a more focused evaluation project to be carried out for 1986-87. However, it is possible that there will be a new form of tax incentive in place by then, or that the CCA will have changed yet again in some important way. Either of these events will make any conclusive evaluation effort impossible in 1986-87.

10. Distribution Substantial information disclosure by the CMPDA is essential to monitor the impact of the agreement negotiated by the government. Particularly important is information on investment by CMPDA members in Canadian production and promotion, and of course box office figures. Independent sources for verification and for provision of related information are also necessary.

Another evaluative focus in the area of distribution is the Canadian-owned distribution industry, monitoring its health and its contribution to the distribution of Canadian productions.

(11) Major Program Impacts As mentioned earlier, full impact evaluations of many NFVP programs will not be possible in 1986-87. However, limited evaluations of most major programs will be possible, and may prove invaluable in preparing for a full evaluation in 1988-89.

For the 1986-87 report it would be desirable for statistical analysis of individual program impacts to be done using the various film and video databases identified by Statistics Canada's recent survey report.

12. Role of the NFB It will not be possible to evaluate the effects of the restructuring of the NFB by 1986-87. A second-year review of the Five-Year Plan may be appropriate however, as may evaluation assessments of certain aspects of the Plan.

5. DATA SOURCES

A great amount of work is currently underway in various quarters to improve the information available on the film and video industry. For example, the Canadian Film and Video Certification Office (CFVCO) is currently modernizing its in-house database system, which contains a wealth of information on individual projects. Telefilm Canada is also an important source of information on certified Canadian productions.

DOC is currently implementing the industry monitoring program required by the NFVP, and is working closely with Statistics Canada to widen the amount of information collected for the latter's Cultural Statistics surveys of the production and distribution sectors. A new set of forms will be ready for the collection of fiscal 1984 data. These will provide more precise information on the financing, costs and revenues of film and video productions, and a better picture of the business activities of individual firms. Data on distribution firms promises to be considerably improved over previous years.

Current drafts of the new forms do not provide for information on whether firms have participated in government support programs, which reduces their usefulness for program evaluation. However, it may be possible to use StatsCan data in conjunction with other data sources. Although this is a more laborious and costly alternative, experience in DOC Program Evaluation Branch indicates that this provides more accurate data by allowing for cross-checking.

The use of different databanks may be facilitated by two current initiatives. Statistics Canada has just completed a study of film and video databanks in Canada ("Individual Film Titles Research", November 30, 1984), regarding holdings and accessibility. The study complements a DOC contract currently investigating the technical requirements of a National Film and Video Database which might consolidate these disparate sources of data. The latter may be modelled on the NFB's FORMAT system, which functions as a bibliographic reference database. It does not yet appear to be certain whose responsibility this database will eventually be.

In summary, it appears that abundant information from a variety of sources will be available to evaluators. However, there will not be one integrated, comprehensive databank, with the result that cross-matching of data will likely be complicated and time-consuming, reducing its usefulness for quick answers to broad questions. In addition, care will have to be taken to cover private sector activity, both domestic and foreign-financed, which does not tap federal support programs. The best sources for this may be provincial offices and agencies such as the BC Film Promotion Office, which has been notably successful in enticing foreign films to be shot in British Columbia.

There also remains the problem of gaining data from the CMPDA members through the current negotiations. It goes without saying that it will be impossible to police any agreement arrived at by the negotiations without a substantial amount of information disclosure by the companies involved.

Time-Frame

Originally, it was proposed that the evaluation report for the NFVP be readied for 1988-89, a full five years after its announcement. The fact that the report is now scheduled for 1986-87 poses a number of problems for evaluators.

First, some programs or components will simply not have been in existence long enough to allow data collection on their impacts. The most important of these will be the new tax incentive. As yet, only limited preliminary work on formulating this incentive has been carried out at DOC. It may not actually be implemented until late 1985-86, or even later, so it will almost certainly not allow serious evaluation by 1986-87 - there simply won't be enough data available to draw any conclusions, although monitoring may serve to identify some initial trends. The same will be true regarding foreign marketing activities.

For other components, the effects will only make themselves felt over a long period of time, and will again not permit any profound analysis in 1986-87. The most important of these will be the training programs of the NFB and the Skills Upgrading efforts of the CEIC. Monitoring will certainly be able to give some answers regarding throughput of these programs, but analysis of actual effects on the industry will have to wait until graduates and trainees have had a chance to work for some years.

Finally, the industry itself is prone to boom-and-bust cycles of three or four year's duration. This can create misleading information for evaluations which seek to draw conclusions from analyses of two or three years' data. This was illustrated in the case of the 1979 CCA evaluation which, in the last year of a boom period, predicted continued growth in the industry (see page 10 of this document).

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