



SPEECH BY MICHEL ROY

CHAIR OF THE BOARD

TELEFILM CANADA

FOR THE ANNUAL PUBLIC MEETING

AT SIR JAMES DUNN THEATRE, HALIFAX

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Canada

Good afternoon, ladies and gentlemen.

As Chair of the Board of Telefilm Canada, I am pleased to welcome you to our organization's second annual public meeting.

Today we are in Halifax, in front of an audience that, for the most part, represents the audiovisual industry of the creative and dynamic Atlantic region.

But Canadians from all regions of the country are with us as well, attending via the live webcast of this event. I want to greet them and thank them for accepting our invitation.

I have the honour and the real pleasure of chairing a Board of Directors whose duty it is to oversee the activities of a Crown corporation that, in the last year, has reduced its management expense ratio to almost 6 percent, successfully passed a special examination by the Auditor General, revitalized its organizational structure, instigated the signing of an international agreement to assist the development of feature film co-productions, supported foreign sales and agreements valued at more than 150 million dollars, welcomed a new executive director, Ms. Carolle Brabant, not to mention administering the programs of the Canada Media Fund, worth more than 350 million dollars, and managing some 120 million dollars in support of the feature film business, one of the country's most fascinating industries.

Welcome to Telefilm Canada!

Our Board is composed of seven skilled and dedicated members, and I am proud to introduce those who are here with us today.

First, the Vice-Chair of the Board, a specialist in intellectual property law and knowledge management systems: Ms. Elise Orenstein.

A communications and marketing expert, and Managing Partner of Bridge Communications, in Vancouver, she chairs the Planning and Communications Committee: I'm pleased to introduce Ms. Marlie Oden.

The chair of our Audit and Finance Committee brings us expertise gained in a long career in Quebec, where he headed Mallette, a major accounting firm for more than 25 years: Mr. Yvon Bélanger.

The chair of the Governance committee, a well-known lawyer in Halifax and a partner at Stewart McKelvey, is unable to be here today due to professional obligations related to his specialty in labour law: Mr. Grant Machum.

In 2010, the Board welcomed a new member, a pioneer in digital media management in the education market, who taught for 10 years at Dalhousie University, until the mid-1990s. He is the founder and CEO of e-academy Inc. He is in Ottawa today, joining us via the webcast: Mr. Ram Raju.

Ex-officio member of our Board and also with us via the webcast is the Government Film Commissioner and Chair of the National Film Board of Canada, Mr. Tom Perlmutter.

Stimulating Demand

At the beginning of this session, you had the opportunity to see video clips from recent Canadian movies that have triumphed here at home and, in many cases, on the international stage. Films such as *De Père en flic*, *Trailer Park Boys: Countdown to Liquor Day*, a gift from the Atlantic region, *Splice*, which has conquered the American market, *Les Amours imaginaires*, sweeping the international festival circuit, and *Incendies*, which may well be bound for glory at the upcoming Oscars, as the Canadian selection for Best Foreign Language Film.

That is all very good of course; but still not quite good enough. In 2009, Canadian films wrapped up the year with a 3.3 percent domestic market share. That's better than 2008 but still far from the 5 percent goal targeted in the Canadian feature film policy.

Now, this policy has been in place for over ten years, and the situation that prevailed when it was implemented has changed considerably. We now have in Canada producers, directors, screenwriters, actors, directors of photography, technicians, in short, filmmakers who measure up to the best in the world, who can work with the best in the world and who produce films that are among the best in the world. Unfortunately, and inexplicably, a large segment of Canada's moviegoers have yet to recognize this and one of our challenges is now to make them aware of the excellence of Canadian cinema.

Measuring Performance

However, we have to accept that Canada's market is not that of the United States, or of India, or China. Our market is that of a small movie-producing nation, and it is

normal for our audiovisual industry to open up to the rest of the world. This is particularly true for producers of English-language films, which, in 2009-2010, have earned three quarters of their gross revenues from foreign sales, and only 17 percent from the Canadian box office.

It is somewhat different for French-language feature films that drew 40 percent of their gross revenues from domestic theatrical exhibition. But even in that case, one must acknowledge that close to 60 percent of their revenues nonetheless came from foreign markets and other platforms.

These findings have led us to conclude that Canadian box office revenue alone is no longer an adequate means of measuring a film's success. The time has come to develop a composite measure that will take theatrical revenue into account, of course, but also earnings from foreign sales, television, DVDs and digital platforms, as well as cultural and qualitative considerations such as success at festivals and – why not? – critical acclaim.

Diversifying Financing Sources

Another observation is that production costs continue to rise. So it takes more and more money to shoot, distribute and compete with foreign movies. For example, in 2009-2010, when Telefilm supported 43 productions with a total budget of 192 million dollars, we see that ...

- Telefilm Canada provided 37% of the financing
- other government sources, 34%
- broadcasters, 8%
- private investors, 8%

- distributors and exporters, 8%
- and foreign partners, 5%.

When we add Telefilm's investments to those from other governmental sources, Canadian producers have balanced almost $\frac{3}{4}$ of their budgets – 71 percent to be precise – with public funds. More generally, an analysis of the financing sources over the last five years demonstrates that public monies have consistently accounted for between 50 and 75 percent of the production budgets.

Obviously, Canada is far from being the only country that supports its film industry. With the exception of the United States, India and South Korea, I'm told, most nations have to protect their cinema against Hollywood blockbusters.

But the outcome is not hard to imagine: with rising production costs and government participation already at 71percent, we must seriously envisage other sources of financing.

Conclusion

During the past six months, at the request of the Board, Telefilm's management team held wide-reaching consultations with the Canadian audiovisual industry and our stakeholders, all across the country. The findings have been analyzed and are currently serving as the basis for preparing Telefilm's new corporate plan.

A nation's movie industry is important for both its collective memory and its underlying values. In fact, a nation's cinema is too important to leave it to develop on the sidelines. We have so many images to show Canadians and to the whole

world, we have so many emotions to communicate, so many top-notch creative artists, in both technical and artistic domains. The movie industry exists in Canada: it is alive, vibrant, and dynamic. A few adjustments could help it move from the sidelines to centre stage.

This is why our new corporate plan, taking effect on April 1, will dare us to change. Dare us to question the way we do things. Dare us to breathe new life into our film industry. Dare us to embrace a vision of the future in which our cinema will at last take its rightful place in the hearts of Canadian movie lovers, and movie lovers all over the world.

Thank you for your attention.