

Submission by Telefilm Canada

to

**House of Commons
Standing Committee on Canadian
Heritage**

Study on

**The Evolution of the Television Industry in
Canada and its Impact on Local
Communities**

May 4, 2009

Introduction

1. Telefilm Canada thanks the Standing Committee for the invitation to appear before them pursuant to its Study on the Evolution of the Television Industry in Canada and its Impact on Local Communities.
2. Telefilm Canada's mandate is to foster and promote the development of the audiovisual industry in Canada including feature film, television and interactive digital media. In delivering its mandate, Telefilm leverages and supports the private sector as an investor in independently produced Canadian content.
3. Telefilm administers programs worth approximately \$400 million annually –the Canada Feature Film Fund, the Canada New Media Fund and the Canadian Television Fund on behalf of the Board of the CTF. In addition to effectively administering the programs of the CTF, Telefilm is providing ongoing support to the TV industry through training, market preparedness to international festivals and markets, and certification for official international official treaty co-productions. Telefilm also delivers industry development initiatives that improve the feature film and new media industries' capacity to succeed.
4. Telefilm is of the view that this study is timely and applauds the Committee for initiating these proceedings which we hope will keep the Canadian broadcasting system healthy and on a sound footing for the future.

The Health of the Canadian Television Industry is at the Heart of Canadian Content Production

5. We consider the overall health of the Canadian television industry to be at the heart of a robust and vibrant production environment. As an investor on behalf of the Canadian government in independently produced Canadian content, Telefilm Canada has a vested interest in the maintenance of a healthy Canadian content production environment.
6. Fueled by broadcasters, independent producers, Canadian writers, directors and technicians, and other Canadian talent, the Canadian television system has historically been a key engine of Canadian content production. For example Canada's feature film industry relies heavily on creators who in many cases cut their teeth in TV. Television affords more opportunities for talented creators to work, to stay abreast of industry developments and assures a highly skilled creative workforce for the production of feature films. According to the CFTPA Profile, television employed over 30,000 people in 2006-2007, a third of them working on broadcaster in-house productions.
7. As entrepreneurs, independent film, television, and interactive media producers operate small and medium-size businesses located in communities across the country.

8. Hundreds of Canadian companies produce and distribute television programs, feature films, and interactive media products in all regions of Canada. They are significant employers of Canadian creative talent and assume the financial and creative risk of developing original content for Canadian and international audiences.
9. Through the content they produce, Canadian companies help foster Canadian cultural choices and reflect the rich diversity of this country. As such, the independent production sector plays a vital role in the Canadian content production.
10. The independent production sector also encourages diversity and choice in Canadian content for Canadians, a fact recognized by the Canadian government when it created Telefilm Canada more than forty years ago to nurture its growth.
11. As a result of policy and regulation, Canada has built a sector that invests in Canadian content creation through license fees, equity investments, skills development and jobs.
12. Telefilm recognizes that Canadian television broadcasters are important partners and investors in Canadian content, representing 31% of financing to independent and broadcaster affiliated film and television production in 2006-2007, the single largest source of financing.
13. The Committee is also aware of the importance of television as a key platform to support our domestic film industry – including conventional television, pay television, and video on demand.
14. Canadian broadcasters, primarily through local television production, also provide training and direct employment to highly skilled Canadians in all regions of the country. We'd like to state, as others have before us, that Canadian content success has its roots in this local production activity.
15. Broadcasters have been important partners to Telefilm over the years, particularly with respect to the development of talented Canadians. Telefilm Canada and the Rogers Group of Funds are partners in the *Theatrical Documentary Program*, which provides much needed support to promising documentary projects that will be seen by Canadians in theatres and on television. This past year Telefilm and the Aboriginal People's Television Network announced the new *Featuring Aboriginal Stories Program*, a partnership that supports the development of Aboriginal feature film making. To assist producers in developing business skills for multiplatform development, Telefilm will be hosting a multiplatform pitch session to broadcasters at this summer's Banff Television Festival.

16. Together, broadcasters, producers and the government have built a model that has served us well. This economic model for Canadian content creation and distribution has placed a high priority on delivering Canadian content, expressing the diversity of our country and providing access to Canadians.
17. We submit that every reasonable opportunity to strengthen this model must be seriously considered especially at a time when Canadian television is on the cusp of fundamental and permanent change.

A Changing Environment: Canadian Content Production in the Internet Age

18. The business of Canadian content production environment is changing as a result of rapid technological innovation. New online services, such as as Bite TV and Joost, and online retailers such as iTunes, facilitated by Apple TV, compete directly with conventional broadcasting for advertising revenues and audiences.
19. Canada's content silos are giving way to one digital media economy, characterized by multiplatform production and distribution. We are witnessing a fundamental reshaping of our media environment, challenged by the uncertainty of new business models, changing revenue models, fragmentation of audiences, and the need for greater investment to adapt to digital distribution models. These emerging business models are early indicators of the threats and opportunities looming in this new environment.
20. There is recognition that as more channels are added and as audiences become more fragmented, the ability of over-the-air broadcasters in Canada and elsewhere to support high-cost domestic programming is challenged. And to the extent that the current recession results in reduced expenditures on the part of major advertisers, it will also adversely affect the ability of broadcasters to support the production of Canadian content.
21. In spite of these setbacks, Canadian broadcasters must invest in new online content and platforms though at the present time, it is uncertain when these costs will be recovered. The government's recent announcement of the creation of the Canada Media Fund is therefore an encouraging development.
22. A decade ago, Telefilm Canada created the Multimedia Fund, to stimulate the growth of Canadian interactive productions. That program was eventually replaced by the Canada New Media Fund (CNMF), funded by the Department of Canadian Heritage. Since 2001, the world of interactive entertainment has radically evolved.
23. Telefilm is pleased that the Minister of Canadian Heritage, the Honourable James Moore, has committed support to new media content production. Telefilm is especially pleased to see that the mandate of this Fund will ensure the

production of quality content destined for multiple platforms, from a diversity of voices. We are pleased to note that the new Fund will strengthen the Canadian television system as a whole.

24. In creating the Canada Media Fund, Minister Moore made the very wise decision that it should support the production of Canadian content for all platforms, including interactive digital media. There is no doubt that traditional media and new media form a continuum -- supporting both means adapting to the new environment.
25. Canadians today have an unprecedented opportunity to enter the digital space with Canadian content. The impact of digital technologies and multiplatform value chains will therefore continue to be a central theme in Telefilm's strategic actions for the industry's development.
26. Telefilm will continue to administer the CNMF in 2009-2010, and we are confident that we will continue to play this role with the newly created Canada Media Fund. Telefilm will work with the new board of the CMF as well as the Department of Canadian Heritage to ensure a smooth transition for the Canadian audiovisual industry and that the available resources will create a critical mass of economic activity necessary to drive innovation and success.
27. Canada's new media industry is proving more resilient, stronger, and showing more rapid growth than other audiovisual sectors. Canada's interactive industry grew 50% between 2006 and 2008, the second time that the Canadian Interactive Industry Profile reported such encouraging news.
28. Obviously, this is where the future is: for the growth of our industry, and for Canadian audiences. Telefilm welcomes the focus of the new CMF on promoting innovation in Canadian content creation and distribution. In spite of this sector's impressive growth, more resources are needed to stimulate original content creation.
29. Telefilm recognized the opportunities afforded by new digital media in its 2006-2011 Corporate Plan (From Cinemas to Cellphones) and is pleased that the government is providing resources that will help the entire industry take advantage of opportunities in the rapidly growing interactive content sector.

Conclusion

30. While we understand that the issues before the Committee are complex, Telefilm is hopeful that the Committee will make recommendations that safeguard Canadian content so that everything that has been developed over the years will not be compromised, including local expression.

31. We note the CRTC's aim is to establish an overall regulatory framework that provides all broadcast groups with the flexibility to adapt to the rapidly changing communications environment, while ensuring that the Canadian broadcasting system is distinctly Canadian in its content.
32. The government's objectives with respect to Canadian content require a healthy overall environment, in which talented young Canadians can continue to find work and production opportunities in their respective communities, from which some may emerge as leading national and international stars.