



Ontario

**Ontario Media
Development
Corporation**

**Société de
développement
de l'industrie
des médias
de l'Ontario**

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SPEAKING NOTES FOR:

MARCELLE LEAN

CHAIR

ONTARIO MEDIA DEVELOPMENT CORPORATION

STANDING COMMITTEE ON CANADIAN HERITAGE

WEDNESDAY APRIL 6, 2005

TORONTO, ONTARIO

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"Culture is our Business"

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Madam Chair, Members of the Standing Committee, ladies and gentleman, thank you for the opportunity to appear before you today.

I am Marcelle Lean, Chair of Ontario Media Development Corporation. OMDC is an agency of Ontario's Ministry of Culture. Our mandate is to facilitate economic development opportunities for, Ontario's cultural media industries: book publishing, film and television, interactive digital media, magazine publishing and music.

As the catalyst for Ontario's cultural media cluster, we promote, enhance and leverage investment, jobs, and original content creation.

En tant que catalyseurs centraux du groupe des médias culturels de l'Ontario, nos programmes et crédits d'impôt promeuvent, améliorent et stimulent les investissements, la création d'emplois et la conception de contenu original.

The views expressed in our submission and presentation reflect the opinions of OMDC with input from some producers on its advisory committee and others in the industry.

With me today are: Kristine Murphy, Director of Business Affairs and Research and Raina Wells, Manager of Research and Strategic Planning.

The Canadian Feature Film Fund and other initiatives are vital to the industry. OMDC commends the government for its support of the Canadian feature film industry.

Given today's time constraints, I will focus on four key themes:

Integrated Film Policy

The number of agencies with programs that have an impact on feature film, creates a less than ideal operating environment for funders, and taxpayers. Canada's film industry would benefit from a co-ordinated film policy.

Programs often work at cross purposes. For example, the deduction of government investment, from the federal tax credit.

The funding process would be more effective if agency roles and responsibilities were clarified and coordinated.

An integrated policy would include a broadcasting policy that reflects and supports feature film production. Conventional broadcasters and the CRTC, could play an important role, in the broadcast and promotion, of Canadian films.

The CBC could play a much stronger role, in the financing, broadcast and promotion of Canadian films. For example, Britain's Channel Four, was instrumental in their film industry's growth in the eighties.

The 5% Box Office Target

In two thousand, Canadian Heritage's Script to Screen policy set a goal of capturing 5% of the domestic box office over five years.

Reaching audiences is crucial, and a vital measure of success. However, a broader measure of success is needed.

Measuring success should also include a combination of factors:

- performance in ancillary markets such as DVD sales and rentals
- pro-rating box office measures, by taking into account the budget of a film when evaluating return on investment
- Including past critical success and awards as a measure of the potential success for a film

Distribution and Exhibition

A major challenge is that the Policy seeks to increase domestic box office sales, without considering Canada's distribution and exhibition system.

Distributors are unable to compete, when major studios, have tremendous clout with exhibitors. More regulation or incentive programs would assist films that are well-marketed, and showing signs of audience success, in playing for more than a week.

The Toronto International Film Festival's Film Circuit, has demonstrated audiences' appetite for Canadian films. An expanded Film Circuit in Canada, and financial incentives for exhibitors, would assist in this area.

DVD sales, and other revenue streams, are key to reaching audiences, and Canada should develop these markets.

Tax Credits

Tax credits and Telefilm funding are important aspects, of feature film financing.

Government investment in feature films is deducted from the amount of the federal tax credit a producer can access. Removing this deduction from the tax credit legislation, would ensure that producers benefit from the full value of government funding for their project.

CAVCO is consulting on proposed changes, to the Canadian content tax credit regarding, copyright ownership and producer control.

We respectfully suggest that the Feature Film Policy should complement and support this.

The tax credit should allow more private investment in productions, including investment from Canadian and foreign, distributors and broadcasters.

There are sufficient safeguards in place to ensure that there is wealth retention, and ongoing revenue streams for Canadian companies.

Canadian producers would be more competitive internationally, if they could seek financing from foreign sources and match the average budgets of international films.

Some of the most successful Canadian films in recent years, have been international treaty co-productions: Spider, Being Julia, Resident Evil: Apocalypse etc.

International involvement would be further supported, by becoming more flexible on producer control and investment regulations.

Emphasis should be placed on streamlining government programs, international sales opportunities, and encourage more private investment in the feature film industry.

On mettra l'accent sur la simplification des programmes gouvernementaux, le potentiel de ventes internationales et la stimulation ou de plus grandes nombres d'investissements privés au sein du secteur de l'industrie cinématographique.

This will ensure a strong and vibrant Canadian feature film industry for the future.

Thank you for your time. We welcome your questions. Je vous remercie. Vos questions sont les bienvenues.