

Annual Report

2000-01



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Board Members

as at March 31, 2001

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Ottawa, Ontario

Jeanine C. Beaubien, O.C.

Vice-Chair
Montréal, Quebec

Bluma Appel

Member
Toronto, Ontario

Ronald S. Bremner

Member
Calgary, Alberta

Louise Pelletier

Member
Montréal, Quebec

Elvira Sánchez de Malicki

Chair
Audit and Finance Committee
Etobicoke, Ontario

Sandra Macdonald

Member ex officio
Government Film Commissioner
Montréal, Quebec

* Mr. LaPierre left the Board on June 13, 2001.

Senior Management

as at March 31, 2001

François Macerola

Executive Director

Danny Chalifour

Director – Finance and Administration

Danielle Dansereau

Director – Communications and Public Affairs

Guy DeRepentigny

Director – Policy, Planning and Research

Peter Katadotis

Director – Canadian Operations

Stella Riggi

Director – Human Resources

Johanne St-Arnauld

Director – International Relations

John P. Pelletier

General Counsel and
Corporate Secretary

Letter to the Minister

Montréal, June 29, 2001

The Honourable Sheila Copps
Minister of Canadian Heritage
Ottawa, Canada

Dear Madam:

In accordance with the provisions of Section 23 of the *Canadian Film Development Corporation Act*, 1967, I have the honour to present to you, on behalf of the Board members, the 33rd Annual Report of the Canadian Film Development Corporation (now called Telefilm Canada) as well as the financial statements for the year ended March 31, 2001.

Yours very truly,

The Chair,



Jeanine C. Beaubien, O.C.

Management

as at June 29, 2001

François Macerola

Executive Director

CANADIAN OPERATIONS

Peter Katadotis

Director – Canadian Operations

Atlantic Region Office

Ralph Holt

Director – Operations

Atlantic Region

Ontario Office

Karen Franklin

Director – Operations

Ontario

John Fulton

Director – Business Unit –
Feature Film and Multimedia

John Galway

Director – Business Unit
– Television

Quebec Office

Joëlle Levie

Director – Operations

Quebec

Pierre Even

Director – Business Unit

– Feature Film

Michel Pradier

Manager – Business Unit

– Television

Western Region Office

Elizabeth Friesen

Director – Operations

Western Region

John Dippong

Director – Business Unit

– Feature Film

Lauren Davis

Director – Business Unit

– Television

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Director – Communications
and Public Affairs

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Danny Chalifour

Director – Finance and
Administration

Marina Darveau

Controller

Carolle Brabant

Director – Systems,
Technologies and
Contract Management

GENERAL COUNSEL AND CORPORATE SECRETARY

John P. Pelletier

General Counsel and
Corporate Secretary

HUMAN RESOURCES

Stella Riggi

Director – Human Resources

INTERNATIONAL RELATIONS

Johanne St-Arnauld

Director – International Relations

Sheila de La Varende

Director – European Office

POLICY, PLANNING AND RESEARCH

Guy DeRepentigny

Director – Policy,
Planning and Research

Telefilm Canada: A Cultural Investor in Film, Television and New Media

TELEFILM CANADA AT A GLANCE

As an investor in works with substantial Canadian content made for television, movie theatres and the new media, Telefilm Canada responds to the cultural aspirations of Canadians.

The Corporation provides financial support and strategic leverage to the industry for the production of high-quality works – feature films, television drama, documentaries, children's programs, variety shows and new media products – that reflect Canadian society, with its linguistic duality and cultural diversity. In 2000-01, Telefilm Canada funded the development or production of nearly 800 projects.

The Corporation also encourages the widest possible audiences for Canadian titles in Canada and elsewhere through support for distribution, export, versioning and marketing activities, and industry promotion at national and international festivals, markets and other events.

Telefilm assistance is furnished mainly in the form of investments but also as advances, loans, loan guarantees, lines of credit and grants. The recouped amounts are reinvested in the industry.

Telefilm Canada administers Canada's coproduction agreements with 57 countries and provides cultural development expertise at home and abroad.

The Corporation reports to the Department of Canadian Heritage. It maintains five offices, including four in Canada – Montréal, Toronto, Vancouver and Halifax – and a European office in Paris.

In 2000-01, Telefilm Canada's contribution to the film, television and new media industry amounted to \$179.4 million.

MILESTONES IN TELEFILM CANADA'S HISTORY

1967

The government of Canada allocates \$10 million to the new Canadian Film Development Corporation (CFDC), created for the purpose of supporting the feature film industry. This amount fast proves insufficient.

1968

The Corporation opens offices in Montréal and Toronto.

The 70s: Stable, permanent funding at last

1971

The government of Canada allocates an additional \$10 million for the Corporation, bringing the public contribution to \$20 million.

1976

The government raises the CFDC budget by \$5 million and decides to fund the Corporation by means of an annual parliamentary appropriation.

The 80s: The boom years

1983

Creation of the Canadian Broadcast Program Development Fund aimed at revitalizing Canadian television. At the time, 85% of all programs aired in primetime by Canadian broadcasters were imported from other countries.

1984

The CFDC is renamed Telefilm Canada to better reflect the full range of its activities in film and television.

Offices are opened in Vancouver and Halifax. Telefilm Canada also takes charge of the Paris office and the Festivals Bureau previously administered by the Department of Communications. The same year, the Corporation assumes additional responsibilities for project development and domestic and foreign marketing.

1986

Creation of the Feature Film Fund aimed at supporting works by Canadian filmmakers. This fund is to play a decisive role in the growth of Canadian cinema.

1988

Creation of the Feature Film Distribution Fund, which makes credit lines available to Canadian distributors to ensure the widest possible distribution of Canadian films in the various markets.

The 90s: Diversification and growth of national and international partnerships

1996

Creation of the Canada Television and Cable Production Fund (later renamed Canadian Television Fund), an innovative public-private partnership between the government of Canada and the cable industry; its budget is approximately \$215 million. Telefilm Canada administers this fund's Equity Investment Program.

1998

Creation of the Multimedia Fund, with a \$30-million allocation for a five-year period. This fund is designed to support creativity in the digital era and enable the Canadian industry to achieve strong positioning in the new technology arena.

On the rise since 1995, the number of international coproductions increases substantially, with overall budgets up from \$250 million to more than half a billion.

The New Millennium: A long-range perspective

2000

Launch of the new Canadian Feature Film Policy entitled *From Script to Screen*. The new Canada Feature Film Fund is a key element of this policy. The CFFF begins operations on April 1, 2001, with an annual budget of \$100 million, double the resources previously available for feature films.

2001-02

Launch of a five-year business plan that will guide Telefilm Canada's regional, national and international investments and initiatives from fiscal 2001-02 through 2005-06.

For further information: www.telefilm.gc.ca

What looked like a cultural miracle occurred at the 2001 Cannes International Film Festival: the coveted Golden Camera award for a first feature went to Inuit filmmaker Zacharias Kunuk for *Atanarjuat (The Fast Runner)*, a film inspired by an Inuit legend, shot in the Canadian Arctic community of Igloolik, with non-professional Inuit actors.

But the miracle is not that the international award went to a production in Inuktitut from one of the farthest reaches of the planet. The true marvel is that this remarkable film was born of a passion, the passion to tell stories and create images, and of an imperative need to bear witness by recreating an ancestral legend, preciously handed down from generation to generation. Working from the oral tradition of his people, Zacharias Kunuk has fashioned an eminently modern product – a feature film!

He and his team stand as pioneers. They have shown that a film created with total sincerity and simplicity, far from the financing, production and distribution centres, can prove to be a masterpiece, receive the highest accolades and be seen around the globe.

The example of *Atanarjuat* is all the more interesting in that, in a way, it illustrates the heroic history of Canadian cinema. With few means and a limited domestic market – but boundless determination, talent and ambition – Canadian films have gradually gained worldwide recognition for their unique qualities. Every filmmaker, in his or her own way, opens new doors. As do the artists and artisans of Canadian television, and now those of the new media.

Zacharias Kunuk's feature film career is just beginning: his next production will relate the first encounters between the Inuit and the missionaries. A passionate story, one of Canada's many. Some have been told and are enshrined in our cultural heritage, while others, equally fascinating, remain to be discovered. We must ensure that these untold tales are brought to life, in every region, in English, in French, in Aboriginal languages, and perhaps even in other tongues spoken in Canada. For they will attest to the cultural and linguistic diversity that, at last, we have fully embraced.



Vital Government Support

The Canadian government supports Canada's cultural development with great vigour and conviction. And as evidenced by *Atanarjuat* and the 30 or so other international awards garnered each year, its investments pay off.

With respect to feature films, fiscal 2000-01 constitutes a landmark year. Last October, in announcing the new Canadian Feature Film Policy and the creation of the Canada Feature Film Fund with its annual \$100-million budget, Canadian Heritage Minister Sheila Copps delivered a clear message: cinema is more than ever a priority, and its resources must be commensurate with its ambitions. Creating the Fund was a major operation requiring the joint efforts of the Department of Canadian Heritage, Telefilm Canada and the film industry in all regions, whose contribution made during our numerous consultations proved to be very important.

The watchword today is public-private partnerships. Our partnership with the Canadian Television Fund remains highly productive, and just as we have worked with the Multimedia Fund Advisory Committee, we will pursue common goals with the Canada Feature Film Fund's permanent Advisory Group appointed by the Minister of Canadian Heritage. This ongoing dialogue with key representatives of the private sector ensures that we never lose sight of the industry's concrete needs.

An Outstanding Crop

In terms of creativity and fostering audiences for Canadian products, fiscal 2000-01 was exemplary in many ways:

- record number of development and production projects
- record number of productions in the regions, from St. John's, Newfoundland, to Victoria, British Columbia
- numerous hits on television and at the box office
- record-high Canadian participation in international markets
- prominent Canadian presence in major international festivals including Cannes, Berlin, Rotterdam, Annecy and Sundance

Thanks to highly talented writers and directors, Canadian productions continue to illustrate the multiple facets of human experience.

Among this year's many titles for television are dramas *Fortier*, *2 Frères*, *Cold Squad*, *Da Vinci's Inquest*, *Blue Murder*, *Lucky Girl*, *The Sheldon Kennedy Story*, *Made in Canada*; children's programs *Screech Owls*, *Sciences Point Com*, *Incredible Story Studio*, *Eckhart*, *Ollie's Under-the-Bed-Adventures*; documentaries *Jailhouse Romance*, *My Left Breast*, *The Life and Times of Dr. Henry Morgentaler*, *Quiet Places*, *The Disciples*, *Les 30 journées qui ont fait le Québec*, *Une Révolution tranquille – une histoire populaire du Québec* and *T'lina*, *The Rendering of Wealth*; and variety shows such as *Un air de famille* and *Adventures in Comedy*.

The feature film harvest includes *Maelström* by Denis Villeneuve, *waydowntown* by Gary Burns, *The Law of Enclosures* by John Greyson, *Lost and Delirious* by Léa Pool, *Love Come Down* by Clement Virgo, *Hey, Happy!* by Noam Gonick and *La Femme qui boit* by Bernard Émond, all of which earned international praise. France paid well-deserved tribute to David Cronenberg, with a retrospective and exhibition at the Canadian Cultural Centre and Espace Cardin in Paris, a special issue of *Cahiers du cinéma* and more. At home in Canada, we applauded the success of *Hochelaga*, *Les Boys II*, *15 février 1839*, *New Waterford Girl* and *Parsley Days*.

In the new media arena, *The Toy Castle Website*, *Cyber Film School*, *Buddy Brush and the Painted Circus*, *Encyclopedia of British Columbia*, *La Nouvelle-France – Sur la route des explorateurs* and the *Izzigo* website (based on the *Tales for All* collection) provide striking examples of Canadian genius in new creation technologies.

A Long-Range Business Plan

In 2001-02, Telefilm's budget will be close to \$225 million. The Corporation will be more active and more present than ever in all areas of the industry, supporting projects from development through to international promotion and distribution. Our action will be guided by our new long-range business plan, which spans the period from 2001 to 2006.

This plan reflects widespread consensus among the members of the Board and the Telefilm team. It reaffirms and details Telefilm Canada's fundamental mission: to invest in the production of top-quality national content that fulfils the cultural aspirations of all Canadians. Through its support for the film, television and new media industries, Telefilm Canada will encourage and foster increasingly diverse voices and means of expression that reach increasingly large audiences, at home and abroad.

Faced with an environment of constant change, Telefilm Canada will also upgrade its governance practices, infrastructure and management tools; bank on the skills and professional expertise of its team; intensify efforts to develop valuable, lasting international relations; and encourage improved corporate synergy and greater consistency in its institutional communications.

The Business Plan is structured around four key objectives:

- Support high quality original Canadian productions
- Increase the audiences and/or users of Canadian productions in Canada and internationally
- Support and encourage Canada's cultural diversity, linguistic duality, and many voices as they are reflected in a range of genres, formats, companies and regions
- Be a progressive and responsive organization using leading edge business practices.

Committee on Linguistic and Cultural Diversity

Telefilm Canada intends to better reflect Canada's evolving demography and cultural mosaic. The Corporation has formed a committee mandated to revise its program policies and procedures in order to encourage multicultural and ethnic production and distribution, and production and distribution in a language other than English and French. This committee reports to the chair of the Board. The person responsible for concretely achieving its objective will be appointed in 2001-02.

The committee has tabled an action plan and will work with the Department of Canadian Heritage and the Canadian Television Fund (CTF) to facilitate and encourage access to existing resources for Canadian ethnic and minority groups. Telefilm will organize a roundtable on linguistic and cultural diversity in fall 2001. The Corporation would like to see greater openness to linguistic and cultural diversity in the Memoranda of Understanding and agreements governing its various funds, as is the case for the Canada Feature Film Fund. Telefilm and the CTF will study the possible introduction of envelopes and bonuses that would foster enhanced representation of ethnic groups on television and in movie theatres. Telefilm will consult with the ethnic communities to inform them about the Corporation's mandate and programs, and to evaluate their training needs; provisions have already been made for a professional development budget.

In addition, the Corporation will act to ensure that its own team more fully reflects Canadian society as a whole.

An Active Role for Telefilm Canada's Board Members

The Board restated its role in greater detail this year in an official Declaration of Stewardship based on Treasury Board and Department of Finance guidelines published in *Corporate Governance in Crown Corporations and Other Public Enterprises*. Among other things, the Board ensures that Telefilm Canada fully assumes its role with respect to the development of the industry and the cultural interests of the Canadian public.

The Board has created several working committees, including an audit and finance committee that works with management to promote business practices that ensure the transparency and accountability of the Corporation's activities; a committee on cultural diversity, which has tabled an action plan for 2001-02; and a committee on corporate governance, responsible for making sure that Telefilm's operating methods meet the industry's current and future needs.

When meeting in different cities around the country, the Board makes it a point of honour to talk with industry representatives in order to better grasp their concerns and priorities, be they in television, feature films or the new media. Over the past year, in Halifax, Vancouver, Toronto and Montréal, these people have urged us to maintain a variety of funding methods at Telefilm and to encourage pluralism in an environment of industry consolidation, while taking corporate maturity and performance into account. The national consultation on feature films, conducted in November and December 2000, confirmed these concerns.

We have been pleased to observe that Telefilm, as a government agency, is perceived to act as an important catalyst for Canadian talent and to provide essential leverage for Canadian content. The people we met with voiced favour for one-stop service for the industry, and Telefilm is seen to be the instrument of choice for achieving this objective.

Telefilm Canada will continue to be an active, effective force in film, television and the new media, favouring an open approach in partnership with the country's other funding agencies, the private sector and our foreign partners. We will be focusing on convergence and media integration, which will require the capacity to adapt and great flexibility in administering our funds. In this area, we will be particularly attentive to changes in the national and international markets. The industry's international development is on our agenda as never before.

A Thousand Thanks!

We were very sorry to learn that Laurier L. LaPierre, O.C., would be stepping down on June 13, 2001, after nearly three years at the helm of our Board. Mr. LaPierre demonstrated constant leadership and commitment, and we know he will play an important role as a senator.

Sandra Macdonald, who as Government Film Commissioner sat as an ex officio member, has left the Telefilm Board. Her expertise in feature films, television and new technologies has been greatly appreciated. We are pleased to welcome the new Government Film Commissioner, Jacques Bensimon, a seasoned professional who will no doubt make an important contribution to carrying out the Board's responsibilities and our business plan.

On behalf of the Board, I want to thank François Macerola, who is leaving the office of Executive Director of Telefilm after a six-year term. A man of passion and vision, he has brought new momentum to the organization. During his term, the Corporation has seen a considerable increase in its responsibilities and budget, as well as the implementation of new partnerships involving the government, Telefilm and the private sector, among them the Canadian Television Fund. François Macerola has embarked the Corporation on the new technology highway and was a fervent activist in securing the new support framework for feature films. As well, his focus on international relations has helped the Canadian industry to new heights in coproductions and exports. Open to change, ever ready to improve service to the industry, particularly to SMBs, François Macerola leaves behind a proud cultural heritage.

Our thanks are due as well to Peter Katadotis, who is leaving after having met a formidable challenge as Director of Canadian Operations for 13 years. His team has made a significant contribution to the growth and success of public-sector investments in all regions of the country. Peter Katadotis's professionalism, his profound commitment to the industry, his listening ability and his determination to meet regional needs while maintaining an overall view of the Corporation's mandate have been valuable assets for Telefilm, throughout the most difficult and the best of times.

In closing, I lift my hat to the artists and artisans of Canada's cinema, television and new media. Your talent and your energies are a source of pride for all Canadians.



Jeanine C. Beaubien, O.C.

Thank you, Senator LaPierre!

An eminent historian and accomplished communicator, Laurier L. LaPierre, O.C., was appointed to the Board of Telefilm Canada in 1997. He was elected Chair of the Board in 1998 and served with distinction until his appointment to the Canadian Senate in June 2001.

Mr. LaPierre's culture and knowledge of broadcasting were invaluable assets for Telefilm Canada at a time when the Corporation was experiencing unprecedented growth and defining its objectives and strategies for the twenty-first century.

An ardent champion of Canadian culture, Laurier L. LaPierre encouraged meetings between the Board and the industry from coast to coast. His profound admiration for people in film, television and the new media, both behind and in front of the cameras, made him a true inspiration for us all.



Now a Word from Our Board



Bluma Appel

(Toronto)

“It is a privilege to be part of the Telefilm Canada Board, whose members form a highly committed team with strong and creative leadership. Telefilm is playing

a major role in supporting and developing Canadian talent. Its success in these efforts has resulted in recognition and respect for the Corporation that continues to grow. The challenge we face is great – and the demands even greater. This is truly an exciting time for Telefilm.”



Ronald S. Bremner

(Calgary)

“Telefilm Canada and its Board members are meeting a formidable challenge: we have to be able to combine world-class creation with strong financial accountability. This year we have enhanced the

tools needed to develop, produce, market and distribute Canadian feature films. And when Canada’s unique stories take their rightful place on screens of all sorts at home and abroad, we will have reached our goal.”



Louise Pelletier

(Montréal)

“It is important that Telefilm Canada be attentive to the industry, and that the Corporation’s policies reflect respect for and ensure the development of all areas of activity. This, of course, includes the work of the

creators who lay the foundations for every production. The questions of accountability and transparency must also remain on our agenda. The consultations on the implementation of the Canada Feature Film Fund proved vital in that regard. This fund should contribute to the vitality of the film industry in the same way the Canadian Television Fund has played a determining role in creation for television and in drawing larger audiences.”

Elvira Sánchez de Malicki

(Etobicoke)

“I am very pleased to have been able to contribute this year by chairing the Audit and Finance and the Linguistic and Cultural Diversity committees. We have made great strides. Our cultural diversity objective is an integral part of the five-year business plan.

Next year I intend to look more closely at new media. Being a member of Telefilm Canada’s Board is invigorating. The Corporation fosters the emergence of new talent and contributes to the growth of the country’s economy.”



Sandra Macdonald

(Montréal)

“As Government Film Commissioner, I bring to the Board of Telefilm Canada some experience in the development and implementation of film and television policy, and in the challenges of managing a federal

cultural agency. One of my preoccupations is ensuring that the various financing partners in Canadian production are as consistent with one another as possible, so that the focus can be on creation, rather than on the deal.”



On June 21, 2000, the Board of Telefilm Canada adopted a Declaration of Stewardship. This Declaration sets out the Board members' primary role as corporate stewards, and their commitment to the establishment and operation of a corporate governance structure for Telefilm Canada. Central to this exercise is Board and Management working together in close coordination and in an atmosphere of openness and trust. This is especially so with respect to defining their respective roles, responsibilities and accountabilities, and to the processes for establishing Telefilm Canada's strategic direction and corporate plan. Implementation is proceeding on a step-by-step basis, with most elements of the Declaration expected to be in place in a few months.

The goal of the Declaration's framework is to institute structures that will enhance the Board's effectiveness. These include secretariat and budget, information and advice supports, agenda planning and meeting arrangements, and aids to decision-making.

The Declaration sets out 10 Statements of Responsibility, which draw heavily on guidelines issued by the Department of Finance and the Treasury Board (June 1996) in *Corporate Governance in Crown Corporations and Other Public Enterprises*. In summary, they provide for:

I. STEWARDSHIP

The Board is responsible for Telefilm Canada's stewardship. Accordingly, in due consultation and collaboration with management, it will do those things necessary to approve Telefilm Canada's strategic direction and corporate plan, and to ensure appropriate risk management, appropriate management and appropriate management practices and information systems.

2. PUBLIC POLICY OBJECTIVES

The Board is responsible for periodically examining Telefilm Canada's public policy objectives to ensure their continuing relevance.

3. COMMUNICATIONS AND CONSULTATION

The Board is responsible for ensuring that Telefilm Canada communicates and consults appropriately and effectively with the Minister of Canadian Heritage, other stakeholders and the public.

4. THE BOARD AND MANAGEMENT

The Board is responsible for the management of Telefilm Canada, and of its business and affairs, to ensure that it effectively fulfils the performance of its objectives and mandate. Some duties will be performed directly by the Board itself. Some will be performed by the CEO and Management, who themselves (that is, Telefilm Canada's senior management as a whole, headed by, and primarily reporting through, the CEO) are accountable to the Board.

5. THE BOARD AND ITS COMMITTEES AND OTHER PROCESSES

The Board is responsible for putting in place the processes appropriate for performing its own particular duties.

6. ACCOUNTABILITY OF MANAGEMENT

Members of Management, in particular the CEO as head of Management, are responsible to and accountable to the Board for the performance of the duties delegated to them.

7. BOARD RENEWAL

The Board is responsible for assessing its own effectiveness, and for initiating its renewal.

8. EDUCATION OF MEMBERS

The Board is responsible for ensuring that individual members receive orientation and education programs appropriate to their needs.

9. COMPENSATION

The Board is responsible for providing the Crown with advice on adequacy and form of compensation.

10. CORPORATE GOVERNANCE

The Board is responsible for the corporate governance of Telefilm Canada.

The Board will oversee the direction and management of Telefilm through good governance practices; continue with the implementation of the Declaration of Stewardship; and report annually on the Declaration in general and on corporate governance in particular.

Message from the Executive Director

After six years at the helm of Telefilm Canada, I feel I am leaving a sound, modern agency, well rooted in its community, strengthened by numerous regional, national and international partnerships and, indeed, equipped with increasingly effective financial, strategic and promotional tools.

Better still, I believe that Telefilm Canada's current strength lies in its permanent capacity to listen, evolve and adapt to the ever-changing needs of the film, television and multimedia industry. The Corporation's business plan for the next five years, which required a formidable amount of work within the organization, deals with all of the external (environment) and internal (means and instruments) factors that will demand the attention and the commitment of future managers.

For the challenges will be numerous and will emerge on different fronts: the need to produce high-quality Canadian content, expressing the diversity of Canadian realities and experiences; the need to support the growth of an industry almost entirely composed of SMBs in an environment of large company consolidation and market globalization, where competition will be fiercer than ever; the need to solidify effective, lasting regional, national and international partnerships; and, lastly, the need to influence the shaping of policies and structures that favour the development of Canadian cultural content.

Telefilm Canada has evolved considerably in recent years, and today we can speak of true partnership with the private sector. Industry consultation, which used to be ad hoc and sectoral, has become permanent and virtually structural.

The new partnerships are interesting in that they fully recognize the Corporation's spheres of authority and expertise, its unique contribution to the Canadian audiovisual community and its role as a conveyor of key public policy priorities. They also recognize that Telefilm Canada's mandate goes beyond the various interest groups, and that the Corporation is responsible for ensuring an economic and financial equilibrium that encourages the development of the entire industry.

The partnership process began in earnest in 1996 with the creation of the Canadian Television Fund (CTF) – a joint initiative of the government of Canada and the Canadian cable industry – whose Equity Investment Program Telefilm administers. The CTF Board of Directors represents all sectors of the industry. Telefilm sits on the board, where its film and television expertise is well valued.

Public-private partnership next extended to the new media, with the creation of the Multimedia Fund in 1998. Telefilm works with the Fund's advisory committee to ensure that the new media industry benefits from the best financial and promotional instruments, both in Canada and abroad.



As for the creation of the Canada Feature Film Fund (CFFF), this was done in full collegiality through wide-reaching, nationwide consultation followed by sectoral consultations with the principal industry associations. The consultation process, which involved the Department of Canadian Heritage for the first time, served to clearly explain the objectives of the Canadian Feature Film Policy and to reduce the areas of conflict and the gap between industry expectations and what could actually be provided based on the Fund's objectives and new resources.

The new policy is notable for its clarity and scope. It integrates all areas of industry activity, from screenwriting to export. The objectives are clear and their achievement will be measurable. A highly enriching dialogue involving the permanent CFFF Advisory Group, Telefilm Canada and the Department will ensure the Fund's harmonious and constructive evolution.

Convergence = Synergy

As can be seen, advisory groups are multiplying, each with its own sphere of responsibility and expertise. How can one not dream of seeing all this knowledge pooled? In a perspective of convergence and integration, why not envisage the creation of a Superior Media Council encompassing all cultural sector advisory committees? Such a body would constitute a requisite point of reference. It could be mandated to create a new synergy among all stakeholders, and it would stand as a substantial national cultural force in this era of globalization.

Canada's Might on the International Front

The coming years will no doubt see an increase in Canadian federal and provincial partnerships as regards international relations and market participation. We must rationalize our collective market participation and provide the industry with better integrated, more efficient services. Team Canada business experts stationed in eight European countries shared the Telefilm Canada umbrella stand at MILIA 2001. And at the Cannes International Film Festival, Telefilm shared its office with five federal and provincial agencies. The result: enhanced representation of the various industries from all regions of the country and more profitable sharing of expertise. The success of these partnerships encourages more of the same.

These last years, Telefilm Canada's international partnerships have continued to multiply through the signing of coproduction agreements with European Community (EC), Asian and African nations; through mixed commissions, technical commissions, and trade and exploratory missions; and through participation in international forums. There has been an increase in coproductions with several EC countries, including the United Kingdom, and with Asia; and the search for new cultural and financial partnerships will certainly remain on the agenda. As a consultant, Telefilm is widely recognized for its international relations expertise.

New Client Groups

The creation of the television, multimedia and feature film funds has been beneficial for the industry, since the Corporation's investment capacity will exceed \$225 million in 2001-02. By the same token, Telefilm's expertise in cultural matters has grown considerably.

Telefilm's clientele was long composed of producers and distributors. The Canadian Television Fund gave us an opportunity to work more closely with the conventional, educational and specialty service broadcasters – the keepers of the ideal gateway for bringing Canadian cultural content into households across the country. Also through the CTF, we forged valuable links with the Aboriginal production industry, from Labrador to the Yukon. Next came the new media clientele – young and bursting with energy and creativity – whose approach to production is less hierarchical than in the other industries. This was followed in recent years by a rapprochement with communities in linguistic minority situations, which we support by means of investments but also through immersion and training programs. Last, but not least, there is the major national training school clientele, the professionals of tomorrow that Telefilm further encourages through various programs and awards presented at Canadian festivals.

With the new Canada Feature Film Fund, Telefilm now deals directly with two new creator client groups – screenwriters and directors of low budget independent feature films – which entails direct support for writers and peer juries. All told, these are sure signs that Telefilm evolves to adapt to its various and varied clienteles.

Working in collaboration with all links in the industry chain gives Telefilm Canada an overall view of the media sector, allowing it to maintain an enlightened balance among economic interests, which remain important, cultural interests, which require respect for intellectual property and the right to speak out and reach the public and, of course, the Canadian public's right to have access to an assortment of high-quality works that represent its interests, concerns and dreams.

Towards a Dialogue among Cultures, at Home and Abroad

Many feared the worst from corporate consolidation and vertical integration. My view remains positive, insofar as content remains the cornerstone of each new conglomerate. To reach and secure the loyalty of an increasingly solicited clientele, companies will have to bank on original, highly diversified content to which audiences respond. Content is what will distinguish one company from another. I am convinced that increasingly important amounts will be devoted to research and the creation of new concepts for television programs, feature films and new media products. All of which will encourage newcomers to the industry and the emergence of new-generation creators.

Although vigilance is still called for, another area of concern is gradually abating: market globalization, which many said would lead to the homogenization of national character and means of expression. The cultural exception concept, a protectionist notion, was soon replaced by a more inclusive concept, that of cultural diversity. This was followed by a worldwide awakening to the need to affirm the right of peoples to express and promote their culture and to ensure the uninhibited circulation of products of other cultures. And that is why the idea of creating an international cultural instrument is making progress. Our country has shown the way in this area, demonstrating leadership in the development of a new, concrete philosophy of sharing and cooperation.

At the same time, Canada was one of the first countries to invest massively in its culture: the three funds created in the past five years represent an annual investment of more than \$300 million in the media sector. Moreover, creation is not the only goal: training, professional development and product exports have also become priorities. Canada has now fully entered the era of new technology and intends to position itself as a country on the leading edge.

The Francophonie Summit, to be held in Lebanon in fall 2001, suggests a new avenue: a dialogue among cultures. "Living together but different," "living our differences together" – that is a new challenge that Canadians of all languages and all origins will want to meet.

Telefilm Canada will certainly be involved in any Canadian or international initiative concerning the new dialogue among cultures.

Telefilm Canada: Towards One-Stop Service

With its professionalism, expertise and multiple activities, the Corporation has become an essential public agency and one of the most important cultural voices of modern-day Canada. Its mandate – at once regional, national and international – and its sphere of action – represented by more than 15 different funds and programs – make it a prime candidate to become the one-stop service provider for Canadian cultural enterprises.

That is why I hope to see the government assign new responsibilities to Telefilm, including publishing and sound recording. Telefilm's capacity to take up new challenges has been demonstrated again and again.

Telefilm subscribes to continuous improvement in its processes and services to the industry, in all areas of activity. The Telefilm at Work section on the following page shows how this philosophy has translated into concrete action in recent years.

A Considerable Collective Effort

I want to thank the many people who have supported and encouraged me, who have made me take up the challenge of innovation and reflection during these very exciting years at Telefilm.

I thank the Department of Canadian Heritage, especially Minister Sheila Copps. By entrusting Telefilm with ever-growing resources and including us in the process of creating new funds, the Minister has enhanced Telefilm's credibility, at home and abroad and in government and business circles alike.

I also want to thank Telefilm Canada's Board, which, in keeping with its mandate, has overseen compliance with Telefilm's role, Memoranda of Understanding and agreements, and governing Acts and ensured that the Corporation met the standards for an accountable, transparent public agency. The Board played an active role in developing Telefilm's five-year business plan, in which we can all take great pride.

My thanks go as well to the Management Committee and the Telefilm team, colleagues who have always demonstrated outstanding devotion, professionalism and enthusiasm. Without you in Montréal, Toronto, Vancouver, Halifax and Paris, Telefilm would not be what it is today. A special salute to Peter Katadotis, whose enlightened management I have valued both at the National Film Board of Canada, where I first worked with him, and at Telefilm.

Lastly, I thank the industry. Thank you for having understood that Telefilm was there for you and that we had to join ideas and forces in a world where the logic of shortsighted commercial imperatives too often wins out. And thank you for all of the excellent projects that your tireless efforts bring to fruition.

In closing, please allow me to express the hope that Telefilm Canada will remain an organization focused on culture, an organization in which the notion of continuous learning and knowledge is important.



François Macerola

Telefilm at Work

Highlights of the Past Five Years



Canadian Operations

Peter Katadotis, Director
Four years ago, the Canadian Operations division was restructured to integrate all activities related to the writing, production, distribution and marketing of Canadian products, thus providing

one-stop financial support for the industry. Each Canadian office is now more autonomous and prepares an annual business plan that reflects the Corporation's key objectives while responding to the specific needs of its clientele. The division has been active in developing the guidelines for and implementing new funds: the Canadian Television Fund, the Multimedia Fund and the Canada Feature Film Fund. Its support has enabled the industry to undertake a growing number of production and screenwriting projects, reaching a record high of 782 in 2000-01. Telefilm's four Canadian offices have contributed to a considerable upsurge in creative endeavour throughout the country, from St. John's, Newfoundland, to Victoria, British Columbia, and in Labrador, Nunavut and the Yukon. As well, they have funded production in linguistic minority situations, training, and industrial and professional development. Over the years, the division has significantly improved and diversified its support for SMBs, which represent the industry's future. It also works to achieve the cultural diversity objectives of the Corporation's business plan, both within the industry itself and in the conventional and new media.



Communications and Public Affairs

Danielle Dansereau, Director
More and more during the last five years, the division has helped to gain recognition for the industry at home and abroad. Consistent with the rising volume of funded projects,

the number of production catalogues has doubled, providing extensive promotion for Canadian talent at festivals, markets and other venues. The team has contributed to making the Corporation's activities more transparent through the creation of a website that facilitates the circulation of information on decision-making, industry consultations and fund guidelines. The improved information process was also reflected in more news releases, action plans for international festivals and markets, bulletins and guides, including the guide on coproduction with Canada. The division organized film screenings for MPs and Canadian and foreign dignitaries in Ottawa – among them *The Red Violin*, *Dr. Lucille* and *Stardom* – and worked with the industry in organizing gala events and tributes to Canadian professionals. It supports some 30 Canadian festivals in all regions, which serve as excellent showcases for Canadian production. Over the years, the division has been decentralized, and all Canadian offices are now backed by communications specialists who facilitate industry relations and support the regional business plans. Four regional bulletins were created in fall 2000 and serve as valuable links to Telefilm's client groups around the country.

Finance and Administration

Danny Chalifour, Director
The past years have seen Telefilm's administrative practices move towards greater efficiency, transparency and accountability. The Corporation is in the process of upgrading its information and financial systems. The new, better integrated, more powerful systems will enable the Corporation to meet the requirements of the federal government's Financial Information Strategy, provide enhanced client service and more closely monitor investments, box-office receipts and investment recoupment. They will also pave the way for web-based transactional services. The Corporation has established an internal audit plan and put it into effect for all areas of activity. It has implemented activity-based accounting, developed performance measures, created documents serving to standardize its business practices nationwide and built an intranet, which has proven to be an extremely useful management and internal communication tool. It is a member of the System Council, along with the Canadian Television Fund, the Canadian Audio-Visual Certification Office and the Canada Customs and Revenue Agency, which aims to improve planning, coordination and sharing of information within the federal support system. On another note, administrative expenses have been reduced and for some years have stood at about 9% of the Corporation's resources. This is an outstanding performance, given the multitude of funds and programs that Telefilm administers, and the fact that it maintains five offices, including one in Paris. These sound results are in part attributable to the relocation of the Montréal, Vancouver and Halifax offices to less expensive premises.



General Counsel and Corporate Secretary

John Pelletier
These last years have been marked by increasingly close collaboration with the Board, the Executive Director and the Management Committee aimed at facilitating communications and relations between the Board and the other sectors of the Corporation. The primary objective of this effort has been the improvement of corporate governance. To provide a guiding framework for the Board's financial responsibilities, we have created new documents, such as the first mandate of the Audit and Finance Committee. The team has verified the legal foundations of all technological developments as they affect the Corporation, including the Internet and the federal Government On-Line program. In addition, the Board Members and Telefilm employees are now governed by a conflict of interest code. The Corporation's operations are subject to close to a dozen Acts, including the *Canadian Film Development Corporation Act*, the *Financial Administration Act*, the *Access to Information Act* and the *Privacy Act*, and its funds are administered according to memoranda of understanding and agreements signed with the Department of Canadian Heritage.





Human Resources

Stella Riggi, Director
Human resources are among Telefilm's most valuable assets. Accordingly, the Corporation has established a human resources action plan that is now integral to its five-year business plan.

The continuous improvement of industry services is a central concern, and the division supports the pursuit of competency, objectivity and productivity in various ways. It manages the training program that encourages employees in all regions to develop their talents, skills and versatility with a view to the Corporation's current and long-term needs. It helps to ensure that Telefilm respects the linguistic duality requirements of its mandate: more than 40% of employees have had second-language training. And in the area of equity employment, it is leading a comprehensive effort to bring the Telefilm team closer to the diversity of Canadian society. The division is also taking steps in line with the Corporation's concern to preserve the corporate memory, and it is partnering with other federal agencies and departments to facilitate internships and professional exchanges in many different areas, including best practices in human resource development.



International Relations

Johanne St-Arnauld, Director
Created in 1996, Telefilm's International Relations division has seen its volume of activity rise sharply in terms of coproductions, festivals and markets. The demand for its international expertise has

continued to grow, especially among small and medium-size businesses from across the country. In recent years, Telefilm has set its sights on greater synergy in international operations. It has grouped together all international market- and festival-related activities, increased international support for the new media and expanded its market participation (currently ten markets, compared to four in 1996-97), while at the same time stepping up strategic international support through its European office in Paris. It also created the Asia-Pacific Initiative, which has helped to develop valuable business relations with that vast market, particularly in China. In addition, promising ties have been forged with the Spanish-speaking market. The division has administered a growing number of coproduction agreements, and the coproduction sector has soared, rising to \$800 million in 2000 (calendar year), compared to \$250 million five years ago. Last year, in conjunction with the Department of Canadian Heritage and industry associations, Telefilm revised the coproduction guidelines to bring them in line with the evolving marketplace reality. The division also produced several strategic information documents on international markets, for use by the Canadian industry.

Policy, Planning and Research

Guy DeRepentigny, Director
This division ensures Telefilm's voice in all matters concerning government support for the industry and its presence at the forefront of a rapidly changing environment. Since



the advent of new technologies, in particular, this environment requires increasingly attentive monitoring, a wide range of in-depth research and constant collaboration with the Corporation's other divisions, government partners and client groups in all regions. The team has taken part in the consultations and the implementation of guidelines for the new funds assigned to the Corporation, from the Canadian Television Fund to the Canada Feature Film Fund. One of its key mandates, in conjunction with all Telefilm sectors and the Board, was to develop the recent five-year business plan reflecting Telefilm's vision. The introduction of accountability and assessment frameworks for the Corporation's funds and programs was also on the agenda, attesting to the development of closer, more productive relations with our government partners. Throughout the period, the division compiled statistics on the Corporation's commitments, coordinated numerous research projects – among others on cultural diversity, official languages, multiculturalism and the evolution of theatrical revenue and television ratings for Canadian products – and helped to improve the sharing of Canadian expertise in cultural, cultural policy and economic matters.

This annual report deals with commitments made by Telefilm Canada in 2000-01 through contracts signed between the Corporation and Canadian private-sector companies. For the most part, these contracts concern Telefilm's support for screenwriting, production, distribution, marketing, promotion, development and training activities, including the attendant administrative expenses.

These commitments amounted to \$179.4 million, compared to \$160.7 million the previous year. This increase is related chiefly to the new resources for feature films granted as part of Telefilm Canada's parliamentary appropriation.

It should be noted that, depending on project production schedules, the disbursements associated with Telefilm commitments may be spread over more than one fiscal year. Accordingly, \$39.7 million of the \$179.4 million committed during 2000-01 will be paid out during the next fiscal year.

Administrative Expenses

Administrative expenses amounted to 9.1% of the year's commitments, compared to 9.3% last year. This result is particularly good in light of the implementation of the new Canada Feature Film Fund, the installation of new information and financial systems and an increase in the Corporation's contribution to the employee pension plan.

It bears noting that this year Telefilm reaped the full benefit of the rental savings resulting from the relocation of its head office in November 1999. The move allows the Corporation to economize \$700,000 annually for the duration of the current lease.

TELEFILM'S FUNDING SOURCES

Federal Government Contributions

Telefilm Canada's budget is funded in large part by the federal government, through:

- a parliamentary appropriation of \$92.8 million, which includes the new resources granted in 2000-01 within the framework of the new Canada Feature Film Fund
- contributions from the Department of Canadian Heritage totalling \$57.4 million, including \$49.8 million for the Equity Investment Program of the Canadian Television Fund, \$5 million for the Multimedia Fund and \$2.6 million for national training schools

Receipts from the Corporation's Financial Participation

The receipts from Telefilm's financial participation amounted to more than \$23 million this year. These receipts are wholly reinvested in the industry – chiefly in production but also in related activities – which permits Telefilm to make an even greater contribution to the vitality of the film, television and new media industry.

Telefilm's investments serve as strategic leverage for Canadian producers, since each of its dollars generates three investment dollars from other financing sources. It would thus be fair to say that Telefilm's receipts contribute significantly to Canadian productivity.

N.B.

The tables appearing herein refer to commitments made by Telefilm Canada in fiscal 2000-01 through contracts signed by the Corporation.

Figures are rounded to facilitate consultation; however, the totals correspond to the full amounts.

2000-01 Commitments

	Commitments for New Projects In millions of dollars	Commitments from Previous Years* In millions of dollars	Total In millions of dollars
CTF – EQUITY INVESTMENT PROGRAM			
Production	95.6	-0.3	95.3
Development	3.9	0.1	4.0
TOTAL	99.5	-0.2	99.3
FEATURE FILM FUND			
Production	23.7	0.0	23.7
Development	1.8	0.8	2.6
TOTAL	25.6	0.7	26.3
CANADA FEATURE FILM FUND			
Screenwriting Assistance Program	0.7	0.0	0.7
Low Budget Independent Feature Film Assistance Program	1.9	0.0	1.9
TOTAL	2.6	0.0	2.6
FEATURE FILM DISTRIBUTION FUND	12.9	-0.1	12.8
MULTIMEDIA FUND	5.2	0.0	5.1
PRODUCTION REVENUE SHARING PROGRAM	1.2	0.2	1.4
OFFICIAL COPRODUCTIONS (MINI-TREATIES)	1.5	0.0	1.5
VERSIONING ASSISTANCE FUND	1.8	0.0	1.8
OTHER FINANCING ASSISTANCE			
Regular Fund	1.5	0.0	1.6
National Marketing	0.9	0.0	0.8
International Marketing	0.7	0.0	0.7
Participation in Markets	1.0	0.0	1.0
Participation in Foreign Festivals	0.5	0.0	0.5
Grants to Canadian Festivals	1.7	0.5	2.2
Industrial and Professional Development	1.9	0.4	2.3
National Training Program in the Film and Video Sector	0.7	1.6	2.4
Other forms of assistance	0.8	0.0	0.8
TOTAL	9.6	2.6	12.2
ADMINISTRATIVE EXPENSES **	0.0	0.0	16.4
TOTAL	159.8	3.2	179.4

* Includes amendments to commitments from previous years.

** Excludes expenses related to the Canadian Television Fund's Board of Directors.

Note: Results of additions do not always correspond to totals due to rounding

From Coast to Coast



ATLANTIC REGION

Ralph Holt,
Director – Operations
Fiscal 2000-01 has been an extremely successful year in Atlantic Canada, with all genres prominently represented among the region's titles.

Television is at the forefront of Atlantic production. There have been more renewals than ever before, as several series are doing well with domestic audiences and in the international marketplace. With long-running series like *Blackfly* and *Eckhart*; the Canada-Ireland coproduction *Random Passage*, which follows the early 19th-century journey of a young woman from Ireland during the potato famine to the hardship of pioneer existence in outport Newfoundland; and the new series *Trailer Park Boys*, a hilarious look at two loveable social misfits as they guide their trailer park community into and out of trouble, Atlantic television drama productions are forging a niche in the national industry.



Documentaries are a vitally important part of Atlantic storytelling as they convey the region's reality, passion and heart to a national audience and beyond. Included among Atlantic documentaries this year are *Anna Malenfant d'Acadie*, a portrait of one of French Canada's foremost contraltos and an important Acadian historical figure, and the startling honesty of *My Left Breast*, a deeply moving look at one woman's struggle with breast cancer.

Feature films continue as a focus for Atlantic Canadian culture and creativity with productions like *Rare Birds*, based on Newfoundland's Edward Riche's novel of the same name, and the Canada-United Kingdom coproduction *Seats 3A & 3C*, a collection of five feature-length films that explore the elements of chance meetings through seats 3A and 3C on an Airbus 340. Andrea Dorfman's *Parsley Days* (one of the first winners from the Emerging Filmmakers Program in its inaugural year) was a popular box-office attraction at the 20th Atlantic Film Festival; it was also selected

for the Perspective Canada Program at the 25th Toronto International Film Festival and opened for the general public in early May 2001 in selected theatres across Canada.

Multimedia is gaining momentum in the Atlantic region with the assistance of the Baddeck International New Media Festival, held annually in Cape Breton. The festival is critically important, on a national and international level, to the development of products for the new technologies.

ONTARIO

Karen Franklin,
Director – Operations
In 2000-01, a number of feature films supported by the Ontario office met with critical acclaim. Clement Virgo's latest feature *Love Come Down* won three



Genie Awards and went on to open to glowing reviews across Canada in March. *Ginger Snaps* brings a new twist on the traditional werewolf tale: the Canadian suburbs. Directed by John Fawcett, the film drew large audiences when it premiered at the Toronto International Film Festival and hit Canadian screens from coast to coast in May. Director David Weaver's first feature, *Century Hotel*, weaves together seven separate stories that take place in the same Toronto hotel room over the course of the 20th century. *Red Green's Duct Tape Forever!*, before the camera in the spring of 2001, promises the hilarious big-screen debut of Red, Harold and others from the Gemini Award-winning series *The New Red Green Show*.

Many high-calibre television projects hit the small screen this past year. Children's programs included *Screech Owls*, a series based on the popular collection of books by Roy MacGregor, which premiered in the fall of 2000 to rave reviews. Two new drama series *Blue Murder* and *The Associates* had their network telecast premieres in January, and Telefilm renewed its commitment to both series for their second seasons. The documentary *A Sacred Balance*, based on David Suzuki's best-selling



book, and *Hip Stories for Hip Kids* by Genie award-winning documentary filmmaker Ron Mann are two of the promising documentary projects on the slate for this year. The made-for-television feature, *Lucky Girl*, directed by John Fawcett, premiered in April and garnered the attention of audiences and critics alike for its sensitive look at teen gambling.

In the world of multimedia, the many innovative projects financed include *The Toy Castle Website*, based on characters and stories from the charming new television series for preschool children; *The Seen*, an animated interactive comedy web-isodic series about one guy's misadventures in temporary employment; and *Cyber Film School*, an interactive classroom that provides instruction in screenwriting, directing, cinematography and editing. It is the website to visit to learn about the craft of filmmaking.



QUEBEC

Joëlle Levie,
Director – Operations
2000-01 can be seen as a year of conclusions, maturity and fresh starts. Many projects funded in 1999-00 – for movie theatres, television and the new media alike –

found enthusiastic audiences and garnered awards, among them Denis Villeneuve's *Maelström*, Pierre Falardeau's *15 février 1839*, Gabriel Pelletier's *La Vie après l'amour* and Bernard Émond's *La Femme qui boit*, selected for Cannes. On the television front, series such as *Fortier 2*, *La Vie, la Vie* and *2 Frères* saw their ratings rise from week to week and walked off with numerous Gémeaux Awards. The children's series *Macaroni tout garni*, *Cornemuse* and *Une galaxie près de chez vous* met with an equally warm welcome.

The Quebec office again banked on diversity, supporting filmmakers in early career, such as Denis Chouinard (*L'Ange de goudron*), Francis Leclerc (*Une jeune fille à la fenêtre*) and Catherine Martin (*Mariages*), and seasoned veterans like Jean Beaudin (*Le Collectionneur*), Anne Wheeler (*A Wilderness Station*), Léa Pool (*Lost and Delirious*, selected for Sundance and Berlin) and André Melançon (*Le Ciel sur la tête*). New comedies already released or in the line-up include *K2* by Gabriel Pelletier, *Nuit de noces* by Émile Gaudreault and *Les Boys III* by Louis Saia.

For television, this diversity was seen in renewed support for the hit series mentioned above and in new projects such as *Willie*, the Willie Lamothe story, *Le Bunker*, a series by Luc Dionne who penned *Omertà*, and *Zulu.com*, set to replace *Diva*. Diversity for television was manifest in documentaries, with one-offs on social issues (*Le Bien commun*, *La Fiancée de la vie*, *Opération Cobra*, *Coming Out*) rubbing shoulders with biographies (Réal Caouette, Jean-Claude Lauzon, Roussil and others) and general interest series (among them, *Le Dernier des parrains*, *Technopolis*, *Missions secrètes* and *Extremis*).

New media projects are increasingly focused on games, online products and interactive television. The Quebec office kept step with this trend, funding the *Zero-G Marines* game, edutainment websites like *Metro* and *Izzigo*, the *Tales for All* site, and reference works such as *Le Canada, destination d'aventure* and *Spaceville.com*. Working within



the framework of the Interdepartmental Partnership With the Official Language Communities, the office also contributed to the development of French-language production outside Quebec, organizing immersion activities in Montréal as well as training sessions.

WESTERN REGION

Elizabeth Friesen,
Director – Operations
Television and film production from the Western region was extremely well received at home and internationally this year.



The TV movie *Milgaard* and the drama series *Da Vinci's Inquest* garnered Gemini Awards. The latter, English Canada's most popular television series, and documentaries like *The Life and Times of Dr. Henry Morgentaler* drew audiences of over a million viewers.

Also for television, *Nu Shu – A Hidden Language of Women in China* picked up an Audience Favourite award in Milan, Italy, and *Étienne Gaboury, architecte* received the Architectural Education Award at the International Art and Education Film Festival in Paris, while *Legends: The Story of Siwash Rock* received awards from four Aboriginal film festivals in North America and *Singing our Stories* received the Grand Honour 2000 from the EthnoFilm Festival in Berlin.

Among feature films, *waydowntown* scored the City TV – Best Canadian Film Award and the Critics' Choice awards in both Toronto and Vancouver, and won international acclaim. *Low Self Esteem Girl*, *Hey, Happy!*, *No More Monkeys Jumpin' on the Bed* and *Evirati* were invited to Canadian and international festivals. International coproductions in the West included *Almost America*, a partnership between Canada and Italy, which has already found favour in Italy.

On the new media front, it's been an incredible year for *Buddy Brush* and *the Painted Circus*, which won the New Media Invision Award 2000, Dr. Toy's 100 Best Children's Products and Dr. Toy's 10 Best Software/CD-ROM/High Tech



Products 2000. This product is licensed to 10 international distributors and specialty retailers. The interactive *Encyclopedia of British Columbia* was launched with strong sales and critical acclaim. Both the print and CD-ROM editions, published by Harbour Publishing, are supported by additional resources delivered via the online edition. Two award-winning companies, Ingenuity Works of Vancouver and Micro-Intel of Montréal, have partnered to produce *The Learning Window*, a French and English e-commerce site dedicated to distributing their products.

Seven of the sixty producers selected to pitch their projects at the influential International Film Financing Conference in San Francisco were from Western Canada this year. The Asia-Pacific Initiative has continued to create coproduction opportunities, and the February 2001 China mission was a notable success.

Events



LAUNCH OF THE NEW CANADIAN FEATURE FILM POLICY
Laurier L. LaPierre, O.C., Chairman of Telefilm Canada, Sheila Copps, Minister of Canadian Heritage and François Macerola, Executive Director of Telefilm Canada



DAVID CRONENBERG RETROSPECTIVE, PARIS
David Cronenberg and Charles Tesson, editor-in-chief of the *Cahiers du cinéma*, at the opening night festivities of *Créatures et Machines malades*, held at the Espace Cardin



2001 CANNES INTERNATIONAL FILM FESTIVAL
Zacharias Kunuk, director of *Atanarjuat (The Fast Runner)*, winner of the Golden Camera Award for a first feature, Sandra Macdonald, Government Film Commissioner and Board member, Telefilm Canada, and Norman Cohn, the film's producer



Laurier L. LaPierre, O.C., Chairman of Telefilm Canada, Rock Demers, producer, Productions La Fête, and François Macerola, Executive Director of Telefilm Canada



TELEFILM CANADA STAND AT MILIA 2001
Telefilm hosted representatives of Canada's Department of Foreign Affairs and International Trade stationed in eight different countries. From France: John McNab, minister-counselor, his Excellency Raymond Chrétien, Canadian Ambassador to France, and John Broadbent, counselor (Commercial Affairs), High Technology Section



2001 BANFF TELEVISION FESTIVAL
Elvira Sánchez de Malicki, Board member of Telefilm Canada, and Aboriginal Jury members at the ceremony for the Telefilm Canada/APTN awards

Highlights

AN HISTORIC YEAR**New Canadian Feature Film Policy:
From Script to Screen****A look back**

"Despite its many successes and indisputable signs of vitality, Canadian cinema has yet to achieve its rightful place on Canadian screens. Contrary to the television industry, which benefits from important financial resources and regulatory measures governing Canadian content, our films are at the mercy of the laws of the market and remain cruelly deprived of stable, adequate funding. The primary condition for seeing our cinema prevail is the regular production of powerful, original works that are rooted in our reality and transcend the anecdotal to attain the universal. If the public is to develop a taste for movies by Canadian filmmakers, it must have access to them on an ongoing basis. Today more than ever, films are the product of a collective effort."

François Macerola, *La Presse*, Montréal, January 1996

"Canadian filmmakers have many more stories to tell, and they have the skills and the experience to create feature films that the world will want to watch. Significant changes are necessary if our creative talent is to weave new tales and mesmerize cinema and television audiences at home and around the world – as it has for decades."

**Report of the Feature Film Advisory Committee,
March 1999**

"Thanks to the stories they tell, which represent our societies in all their diversity, filmmakers help bring Canadians together while providing us with a window on the world. The new Canadian Feature Film Policy will offer us more homegrown choices in local theatres. The Canada Feature Film Fund is an investment that demonstrates the government's commitment towards an industry that has made – and continues to make – a significant contribution to the cultural life of our country."

**Sheila Copps, Minister of Canadian Heritage,
at the launch of the Canadian Feature Film Policy,
October 2000**

"Mission accomplished! This is the culmination of a process that began with the Canada-wide feature film policy review launched by Sheila Copps, Minister of Canadian Heritage in 1998, and continued until very recently with national consultations on the CFFF guidelines. The industry finally has the policy and resources that it needs in order to grow. Telefilm Canada is proud to have been entrusted with administering the new fund. The Corporation has more than 30 years of expertise in financing high-quality feature films and has played a major role in securing recognition for Canadian cinema at home and abroad."

**Laurier L. LaPierre, O.C., Chairman of the Board,
at the launch of the CFFF guidelines, March 2001**

After several years of preparation, the new Canadian Feature Film Policy was officially launched in Vancouver on October 5, 2000, by the Minister of Canadian Heritage, Sheila Copps. Telefilm Canada played an active role in

establishing this innovative, comprehensive policy, entitled *From Script to Screen*, which comes with an annual budget of \$100 million, double the resources previously allocated to Canadian feature films.

Telefilm Canada administers the Policy's cornerstone, the Canada Feature Film Fund, which began operating on April 1, 2001. The CFFF refocuses government investment by taking an end-to-end approach to funding that covers all aspects of the industry, from the writing of a film to its promotion. Beyond additional funds, though, the new policy introduces a new method of allocating support to the industry, based largely on performance.

Lengthy Gestation, Extensive Consultation

In 1996, Telefilm Canada's Executive Director, François Macerola, sounded the alarm. Speaking on behalf of the audiovisual community, he asked that Canadian feature films be afforded more adequate support.

In 1998, under the direction of the Department of Canadian Heritage, a national feature film policy review was undertaken, prompting close to a hundred briefs and submissions, the organization of regional roundtables and the establishment of a feature film advisory committee. This committee was composed of representatives of the production, distribution and theatrical exhibition sectors from all regions.

Submitted to the Minister of Canadian Heritage in 1999, the committee's report revealed its ambitions in a forceful title: *The Road to Success*. The report demonstrated not only the cultural significance but also the economic role of the audiovisual production industry (30,000 jobs and \$2.8 billion annually for the Canadian economy). It recommended the creation of a new feature film fund to be administered by Telefilm Canada and asserted the need to augment resources for promotion. Among its targeted goals were increased screen time, quality and average budget for Canadian films, and improved distribution and marketing initiatives.

Heartened by the February 2000 budget speech, which promised decisive support for the feature film sector, the Department of Canadian Heritage, Telefilm Canada and the film industry continue to work on this priority matter. A Telefilm working group was mandated to develop a performance-based financing model that would encourage daring and box-office results.

October 2000 to March 2001

- **extensive national consultation**
- **launch of two new programs**
- **development of the Canada Feature Film Fund**

Telefilm and the industry enthusiastically welcomed the launch of the new Canadian Feature Film Policy, the creation of the Canada Feature Film Fund and the proposal to name a permanent CFFF advisory group. The policy stipulated that already in fiscal 2000-01, the Corporation would receive new resources for development, production, distribution, marketing, industrial and professional development, festivals and markets.

On October 23, 2000, Telefilm informed the industry about the process for allocating the additional resources for 2000-01. In November, after consulting with the

professional associations and funding organizations concerned, the Corporation published the guidelines for the two new programs under its responsibility: the Screenwriting Assistance Program and the Low Budget Independent Feature Film Assistance Program.

On November 28, 2000, the Department of Canadian Heritage and Telefilm undertook a series of consultations, begun in Halifax and continued in Montréal, Vancouver and Toronto, for the purpose of presenting the proposed CFFF guidelines. Close to a hundred representatives from the production, distribution and theatrical exhibition sectors and provincial agencies took part in these meetings, enriching them with their particular expertise, comments and suggestions. In late December, Telefilm posted a full summary of the proceeding on its website.

Other sectoral consultations were held in January and February 2001. Finally, in March, Telefilm was able to announce the 2001-02 Canada Feature Film Fund guidelines to all of its partners and clients.

On March 30, 2001, the Minister of Canadian Heritage announced the appointment of Denise Robert



Canadian Feature Film Policy

The consultation process reaffirmed the industry's strong foundation but also the roadblocks to its success.

A first observation: While Canadians are avid moviegoers and attendance continues to grow, Canadian films account for only an average of 2% of Canadian box-office receipts.

The key challenge for the new policy, therefore, is to build Canadian audiences for Canadian films. The overall goal is to capture an average of 5% of the domestic box office.

To this end, the Policy establishes four major objectives:

- To develop and retain talented Canadian creators by investing in screenwriting and professional development for filmmakers
- To foster the quality and diversity of Canadian film by restructuring (production and distribution) support programs to reward ongoing performance and by encouraging an increase in average production budgets
- To build larger audiences at home and abroad through more effective support for marketing and promoting Canadian films
- To preserve and disseminate our collection of Canadian feature films for audiences today and tomorrow

Overview of the New Canada Feature Film Fund

The Canada Feature Film Fund includes a series of programs, which are administered by Telefilm Canada.

DEVELOPMENT, PRODUCTION AND MARKETING PROGRAMS

\$85 million for producers and distributors, to increase production and marketing budgets. Each of these programs has two sections: a performance-based section, which earmarks envelopes for a certain number of producers and distributors, and a selective section, which takes into account creation, audience, financial and corporate development criteria. These programs foster a wide variety of Canadian images and stories from all regions.

SCREENWRITING ASSISTANCE PROGRAM

\$2.3 million annually for screenwriters (who may submit applications directly, without a producer), to develop a pool of experienced screenwriters and a bank of promising scripts. The Corporation welcomes this new addition to its clientele.

LOW BUDGET INDEPENDENT FEATURE FILM ASSISTANCE PROGRAM

\$1.8 million annually to support low budget feature films controlled by the filmmakers and having budgets of between \$300,000 and \$750,000.

COMPLEMENTARY ACTIVITIES PROGRAM

\$4.95 million (an increase of \$1.85 million) for Canadian film festivals, Canadian participation in foreign festivals, parallel distribution networks, awards, ceremonies and other initiatives designed to help raise the national and international profile of Canadian films with moviegoers, critics and the media.

Resources are also allocated to programs and initiatives not administered by Telefilm Canada, such as:

- **Film and video production cooperatives:** annual funding of \$2.9 million for film and video co-ops helps to support filmmakers in early career.
- **Canadian Independent Film and Video Fund:** annual funding of \$1.8 million is allocated to this non-profit organization to enable filmmakers to work on non-theatrical productions.
- **Preservation of the Canadian feature film collection:** \$750,000 to restore, preserve and provide access to Canada's film heritage.

For further information on the Canada Feature Film Fund, visit the Telefilm Canada website:
www.telefilm.gc.ca

(Cinémaginaire, Montréal), Niv Fichman (Rhombus Media, Toronto) and Tom Rowe (Sextant Entertainment Group, Vancouver) as joint chairs of the permanent CFFF Advisory Group. The group, whose members were announced subsequently, advises the Department of Canadian Heritage and Telefilm Canada on the Fund's performance. It serves as a permanent source of expertise and a forum for the discussion of the industry's needs and priorities.

PRODUCTION AND DEVELOPMENT

An All-time High: 782 Production and Development Projects

Due to the exceptional vigour of the Canadian industry, supported by additional resources allocated under the new Canadian Feature Film Policy, fiscal 2000-01 saw the creation of a record number of production and development projects.

The Corporation funded 782 projects (351 in production and 431 in screenwriting and development), up 55% from four years ago.



This increase in projects bears noting, because it ensures a broad diversity of products with Canadian content on television, in theatres and in the new media. Moreover, the 2000-01 projects demonstrate outstanding originality and quality, attesting to unrivalled professionalism and creativity.

The largest increase was in feature films. The Canadian Feature Film Policy provided \$10 million in additional resources for production and development through the Feature Film Fund, and two new programs that began operating in 2000-01, the Screenwriting Assistance Program and the Low Budget Independent Feature Film Assistance Program.

In all, Telefilm supported the production of 64 feature films, compared to 46 in 1999-00, while feature film development and screenwriting projects rose from 102 to 173.

It also should be noted that support for the development and writing of television, film and multimedia projects rose to an unprecedented level this year: \$10.1 million, which compares to an average of \$7.9 million over the three previous years.

Telefilm Canada Assumes 22% of Budgets Totalling \$618 million

Telefilm Canada provided \$136 million through several different funds and programs.

- Equity Investment Program: \$99.3 million
- Feature Film Fund: \$26.3 million
- Canada Feature Film Fund (two new programs): \$2.6 million
- Multimedia Fund (production and development sections): \$3.7 million
- Production Revenue Sharing Program: \$1.4 million
- Official Coproductions (mini-treaties): \$1.5 million
- Regular Fund: \$1.6 million

Separate sections of the annual report deal with the first four of these funds and programs, through which the Corporation allocated 97% of its financial resources.

The three mini-treaties with France facilitate feature film and animation coproductions and television coproduction development. The Regular Fund primarily supports low budget projects. The Production Revenue Sharing Program is reserved exclusively for SMBs and can be accessed for both production and development projects.

Producing such an enormous body of work is a phenomenal undertaking. The combined budgets of this year's 782 new projects total \$618 million, of which the Corporation assumed 22%. Telefilm's partners in financing these projects are the Canadian Television Fund's Licence Fee Program, broadcasting companies, the private sector (producers and producer-related sources, private assistance funds, private investors), distributors, other federal and provincial government sources (principally through tax credits) and foreign participants (coproducers, broadcasters, distributors).

This year saw an upsurge in international coproductions. Telefilm's contribution to these projects amounted to \$18.7 million, an increase of nearly 90% over the previous year attributable chiefly to the television sector. Telefilm supported 32 production projects, including 22 through the Canadian Television Fund's Equity Investment Program. Four development projects received assistance, three with France under the mini-treaties and one with Ireland under the English-Language Cinema Plan (ELCP).

Linguistic Breakdown: Projects in English, French and Aboriginal Languages

Telefilm Canada is mandated to support the creation of films, television programs and multimedia products in all regions of the country in both official languages, including those in minority situations, and in Aboriginal languages.

This year's linguistic and regional results are positive. The linguistic breakdown is as follows:

- 34% for projects in French
- 64% for projects in English
- 2% for projects in Aboriginal languages

Strong Economic Impact

Telefilm's investments provide the Canadian industry with important leverage. Every production dollar from the Corporation attracts an average of three dollars in investments from other financing sources.

Furthermore, the film, television and new media sectors are economic catalysts. This year's projects come from more than 525 companies from across the country, the majority of them SMBs. These projects translated into more than 19,000 diverse job opportunities for both seasoned professionals and young newcomers.

The business community recognizes that the additional economic impact of every dollar invested in production is \$1.10, more than 100%. On that basis, the 2000-01 productions will have served to inject more than a billion dollars into the Canadian economy.

Telefilm fosters the growth of production in Aboriginal languages through a \$2.5-million envelope of the Canadian Television Fund. Stable production, increased project budgets, diversified financing sources: despite a still-precarious environment, Aboriginal producers went to air this year with 15 productions that give voice to the Inuktitut, Cree, Innu, Dene, Lakota, Mohawk, Salish and Ojibway languages. In addition, support was provided for 14 writing and development projects in Aboriginal languages.

The Corporation continues to give special consideration to projects from linguistic minority communities, which contribute to the diversity of Canadian production. In 2000-01, Telefilm devoted more than \$12 million to 68 projects made in English in Montréal and in French in Moncton, Toronto, Ottawa, Grand Digue and Caraque.

Regional Breakdown: New Record

The Corporation allocated 63% of its resources to projects from Montréal and Toronto, and 37% to projects from the Western and Northern region, the Atlantic region and other cities in Quebec and Ontario. This regional record is attributable chiefly to an increase in television production in the

regions, as discussed in the section on the Equity Investment Program. In the previous year, fiscal 1999-00, Telefilm's contribution to regional projects represented 34%.

Vancouver and Halifax maintained their status as major production centres. This year, however, there was a significant increase in commitments in several other provinces. In Alberta, Telefilm's project participation rose by 90%; in Saskatchewan by 146%; in New Brunswick by 100%; and in Newfoundland by more than 300%.

Cinema: Positive Results for the New Canadian Feature Film Policy

64 New Feature Films in Canadian Theatres

Launched in October 2000, the new Canadian Feature Film Policy gave Canadian cinema a substantial boost with an additional budget of \$10 million for production and development, made available in 2000-01.

For the past three years, Telefilm supported an average of 45 feature films. In 2000-01, 64 feature films were made with the Corporation's support. These projects were assisted through various funds and programs, principally the CTF



Equity Investment Program, the Feature Film Fund and the new Low Budget Independent Feature Film Assistance Program, which enabled the financing of 11 features.

Feature film commitments in 2000-01 amounted to \$34.3 million, representing 24% of budgeted costs. During the previous year, Telefilm allocated \$22.6 million to feature film production.

With the exception of the Low Budget Independent Feature Film Assistance Program (for budgets of between \$300,000 and \$750,000), the average production budget this year was \$1.9 million. There was an increase in the average budget of projects supported through the Feature

Film Fund, up from \$1.9 million in 1999-00 to \$2.4 million this year; this is partially attributable to the complementary funding allocated to a number of features in accordance with the new policy.

Taking into account all films, the regional breakdown for commitments is as follows:

- Montréal: 41.4%, including 20% for projects in English
- Toronto: 20.4%
- Atlantic region: 13.5%
- Western region: 22.9%
- Other cities in Ontario and Quebec: 1.8%.

In terms of linguistic breakdown, 61.4% of commitments concern projects in English and 38.6%, projects in French.



RECOGNITION FOR THE CANADIAN INDUSTRY Reaching Audiences

Reaching audiences is a fundamental goal for Telefilm Canada and the Canadian industry. In 2000-01, Telefilm devoted nearly \$22 million to the national and international promotion and distribution of Canadian works through a variety of funds and programs. This is an increase of 10% over the previous year, made possible by the additional funds allocated to distribution, marketing, festivals and markets under the new Canadian Feature Film Policy.

This amount is expected to increase during the coming year consistent with the goal of the Canada Feature Film Fund to build Canadian audiences.

The results for 2000-01 are as follows:

- Feature Film Distribution Fund: \$12.8 million
- Versioning Fund: \$1.8 million
- Canadian Production Marketing Assistance Fund: \$1.5 million
- Multimedia Fund (marketing and online distribution components): \$1.1 million
- Market participation: \$1 million
- Participation in foreign festivals: \$500,000
- Grants to Canadian festivals: \$2.2 million
- Other forms of support: \$800,000

Further details on support for international activities appear in the Highlights section under International Relations. The Feature Film Distribution Fund is covered in the Feature Film section of this annual report.

These are some of the other programs and activities through which Telefilm facilitates access to Canadian creations.

Versioning and Marketing

This year, 42 Canadian productions were versioned into one or other of Canada's official languages: 26 television programs and 16 feature films. Dubbing and subtitling facilitate access to domestic and foreign markets, making the productions more widely accessible.

Marketing assistance is broken down into two sections. The national section is for test marketing and promoting product launches in Canada, among other things. The international section mainly supports promotion for launches abroad and at international markets.

Promotion and Communications

Promoting the Canadian industry is part of Telefilm Canada's mandate. The Corporation has developed a variety of national and international tools for this purpose.

The Corporation orchestrates advertising campaigns for the Canadian industry and its products in trade publications and at festivals and markets. It publishes guides such as the recent 2001 *Coproduction Guide*, bulletins for distribution at international festivals, and annual feature film, television program and multimedia product catalogues. Alone or in conjunction with the industry, it organizes events such as feature film screenings for members of Parliament in Ottawa. In addition, the Corporation regularly sponsors industry events and tributes to Canadian creators.

The Communications and Public Affairs division is decentralized and has representatives in Halifax, Toronto and Vancouver, who assist in implementing the regional business plans, particularly in the key area of Canadian festivals. These communications specialists help to raise the profile of the industry and Canadian creators.



Telefilm has established efficient communication channels with its clients. In October 2000, it launched *Expresso*, an innovative information bulletin that allows the regional directors to address their individual clientele directly and, at the same time, provides pages of national interest. *Zoom International*, published in Paris, continues to furnish up-to-date strategic information on the European Community and events of interest to the Canadian industry.

Telefilm's website (www.telefilm.gc.ca) is an important international promotion tool. It is also an excellent means for communicating with the industry, which was able to access all documents relevant to the implementation of the Canada Feature Film Fund in timely fashion. The site will be undergoing in-depth renovations in 2001-02 to make it more user-friendly, interactive and informative.

Canadian Festivals and Telefilm Canada Awards

Canadian festivals encourage a love for film and serve as outstanding showcases for Canadian production. They continue to grow in popularity, and their Canadian programming systematically proves to be a good drawing card. Each year, these festivals afford Canadians in all regions easy access to the most recent creations of Canadian filmmakers.

In 2000-01, Telefilm Canada supported 33 festivals with funding of \$2.2 million. The largest share of those resources was allocated to the five major Canadian events: the Montreal World Film Festival, the Toronto International Film Festival, the Vancouver International Film Festival, the Banff Television Festival and the Atlantic Film Festival. The Corporation also provided support for regional festivals, from Rouyn-Noranda (Quebec) to Victoria (British Columbia), and for specialized festivals that reach varied audiences by focusing on documentaries, shorts, films on art, animation, children's films, Aboriginal productions, new media, experimental works and other areas.

In Vancouver, Moncton, Edmonton and Winnipeg, there are festivals specifically aimed at Francophone communities in linguistic minority situations that provide audiences with programming in their own language, including many Canadian productions.

Each year, Telefilm presents some 15 awards at Canadian festivals. These prizes, which amounted to more than \$125,000 in 2000-01, help to promote Canadian talent throughout the country.

TRAINING AND PROFESSIONAL DEVELOPMENT

Telefilm Canada is steadfast in its commitment to the future of the Canadian industry, which operates in a fiercely competitive environment and must strive to meet the highest international standards. In 2000-01, the Corporation accordingly allocated nearly \$5 million in support of ongoing learning in the Canadian film, television and new media industry, and for training to ensure skilled recruits in all sectors.

Industrial and Professional Development Fund

Through the Industrial and Professional Development Fund (IPDF), which is administered on a decentralized basis by the Corporation's different Canadian offices, \$2.3 million



was granted to some 75 cultural organizations, associations, festivals and companies for initiatives such as forums, workshops, conferences, research, publications and promotional activities.

Among the beneficiaries were the Academy of Canadian Cinema and Television, Moving Images, the Newfoundland Scriptwriting Workshop, Praxis Centre for Screenwriters, Women in the Director's Chair, the Veille des marchés d'exportation website, Média-Jeunes, Recherche sur le documentaire and the Executive Forum in New Media, as well as Aboriginal community activities such as the Aboriginal Broadcast Training Symposium, Aboriginal Training Research and the First Nations Technical Institute Conference.

French-language Production in Minority Situations

Telefilm Canada continues to be an outstanding partner for official-language communities in linguistic minority situations where the industry is in development. In 2000-01, a second immersion program held in Montréal enabled Francophone producers working in such situations to strengthen their ties with key industry players, funding organizations and the Montréal broadcasting milieu. Producers from these communities also took part in immersion workshops in Europe and attended international markets under the Telefilm Canada umbrella.

In February 2001, the Department of Canadian Heritage approved the first phase of the project submitted by Telefilm and the Alliance des producteurs francophones du Canada within the framework of the Interdepartmental Partnership with Official-Language Communities (IPOLC). This partnership, with which Telefilm Canada has been associated since its inception, is already showing positive results: in March 2001, 13 French-speaking producers from outside Quebec participated in a training workshop on television drama in Winnipeg, conducted in their language. A workshop for screenwriters and directors is scheduled for October 2001.



The IPDF also encourages Canadian festivals to contribute to industry development by means of forums and workshops, market simulations and mentoring activities. In this area, the Corporation supported the New Media Strand at the Banff Television Festival, the first Hot Docs Documentary Forum and Strategic Partners, a meeting of Canadian and British professionals at the Atlantic Film Festival. In addition, the Telefilm Canada Pitch This contest, organized by Telefilm for the 20th anniversary of the Toronto International Film Festival, gave six Canadians the opportunity to pitch and refine ideas for feature films with major players from the international film industry.

National Training Program and Assistance Programs for Emerging Talent

Telefilm Canada encourages newcomers to the industry in many ways, in all regions of the country.

In 1999-00, the Department of Canadian Heritage assigned the Corporation new resources for professional training as part of the National Training Program in the Film and Video Sector. This program is designed to support high-level professional training that prepares graduates for significant careers.

This year, Telefilm allocated \$2.4 million to five training schools: the Institut national de l'image et du son (INIS), in Montréal, the Canadian Film Centre, in Toronto, the National Screen Institute, in Winnipeg and Edmonton, the Banff New Media Institute, in Banff, and the Canadian Screen Training Centre, in Ottawa. Some of these schools also received support through the Industrial and Professional Development Fund for special initiatives aimed at bringing students together with creators and key players from the industry.

Other programs – some jointly funded by provincial organizations – provide direct assistance for young professionals in early career seeking to acquire experience and make a name for themselves in their chosen field.

Among these are Drama Prize and Features First, in the West; the Emerging Filmmakers Program in the Atlantic region; INIS scholarships in Montréal; and sponsorship for the Feature Film Project at the Canadian Film

Centre in Toronto. These programs are extremely popular and very productive, turning out works that go on to appear in Canadian festivals, such as *Parsley Days*, by Andrea Dorfman, and *The Bingo Robbers*, by Lois Brown and Barry Newhook.

INTERNATIONAL RELATIONS

The Canadian film, television and new media industry is attracting ever-greater interest on the international stage. Among its drawing cards are high-quality, diverse production, exceptional know-how and unique international coproduction expertise. The industry also enjoys the solid backing of the Canadian government through both policy and financial resources. As a result, Canadians are regarded as partners of choice for defining forward-looking international policies and creating, financing and distributing successful productions.

In 2000-01, Telefilm Canada continued to refine its strategies in different areas including coproductions, which it administers on behalf of the Canadian government, festivals and markets and its activities in the European office in Paris.

International Coproductions

This year, the international coproduction guidelines were fully reviewed in conjunction with the Department of Canadian Heritage, various professional associations and representatives of the coproduction industry. The revision process extended over several months, and the results were consolidated in the 2001 *Coproduction Guide*, available on the Corporation's website and in print form.



In response to the growing complexity of economic and cultural issues in a context of global change, the new guidelines for coproducing with Canada are more explicit and more detailed than the previous version. They are better adapted to current business realities, and at the same time provide for the rigorous practices, fairness and transparency that must prevail among international partners anxious to protect their respective and collective interests.

Concurrently, the Corporation revised the operating methods of its coproductions department. Analysis procedures have been further standardized, from advance rulings to final certification, and the number of analysts has been increased to ensure closer monitoring of coproduction files.

Certification of Canadian Coproductions

In 2000-01, the Corporation certified 66 coproductions representing total budgets of half a billion dollars. They include 41 projects for television and 25 feature films. The linguistic breakdown is as follows: 44 projects in English, 11 in French and 11 in French and English (essentially children's animation).

France and the United Kingdom remain leading partners for Canadian producers, respectively participating in 20 and 34 coproductions this year. Fourteen other countries took part in coproductions: Germany, Australia, Bulgaria, China (including one project with Hong Kong), Cuba, Denmark, Spain, Italy, Luxembourg, the Philippines, Poland, Senegal, Singapore and Venezuela. The sharpest increase was seen among Asian countries, with a total of six projects.

Readers will note that the overall total is down from the previous year, when Telefilm certified 100 coproductions. The reason is primarily administrative, resulting from a change in Canadian Television Fund practices concerning coproduction applications. Previously, the deadline for advance ruling applications was end January, meaning that applications for 2000-01 were submitted in January 2000 and accounted for in fiscal 1999-00 (hence the phenomenal results for that year). This past year, however, the deadline was eliminated and projects will be submitted throughout 2001-02. Thus despite the difference in year-end numbers, coproduction volume remains stable. Telefilm certified 106 coproductions in the 2000 calendar year, and similar results are expected in 2001.

International Markets

During the past fiscal year, Telefilm undertook discussions with other federal and provincial agencies with a view to rationalizing the Canadian presence at markets. The expanded partnership should result in enhanced support for the Canadian industry and, eventually, lower costs for Canadian SMBs sharing the Telefilm Canada umbrella stand.

A first beneficial experience took place in February 2001, at MILIA in Cannes, where the Telefilm stand hosted representatives of Canada's Department of Foreign Affairs and International Trade stationed in eight different countries (France, Great Britain, Belgium, Denmark, Germany, the Netherlands, Sweden and Finland). Their presence gave Canadian SMBs access to extensive business expertise and facilitated international linking and networking activities.

In preparing for the 2001 Cannes International Film Festival, Telefilm again joined forces with other organizations – Ontario Media Development Corporation, Canadian Film and Television Production Association, British Columbia Film, Manitoba Film and Sound, SaskFilm and Video Development Corporation and the Department of Foreign Affairs and International Trade – to provide the industry and international participants with a still-broader range of expertise in production, coproduction and cultural product promotion at a single address.



Canadian professionals benefit greatly from international markets, which are crucial to selling products, purchasing distribution and broadcast rights, developing or finalizing coproduction projects and finding financial partners. Telefilm's initiatives in this area reflect the industry's evolution and new needs. In 2000-01, the Corporation attended ten markets, one more than in the previous year, allocating \$1 million to support the industry through various logistic and promotional activities. This represents an increase over past years, due chiefly to increased support for multimedia market participation.

The Corporation now attends four markets for new media: MIM in Montréal, MILIA in Cannes, E³ in Los Angeles and ECTS in London, the last having been added in 2000-01 at the request of the Canadian new media industry. For feature films, the Corporation is present at the Cannes International Film Festival, the Berlin International Film Festival and the Independent Feature Film Market in New York. For television, Telefilm attends MIP-TV and MIPCOM in Cannes, and NATPE in Las Vegas.

More than 80 Canadian companies shared the Corporation's umbrella stand at these markets, benefiting from Telefilm's contacts and unique international relations expertise. This was a marked increase compared to 70 companies hosted at the Telefilm stand in 1999-00.

International Festivals

In 2000-01, Telefilm revised and rationalized its support for Canadian productions in international festivals, increasingly taking a qualitative approach to selecting targeted festivals that have a real impact on the international recognition and distribution of Canadian works.

This rationalization has translated into a record number of entries in key festivals, such as Berlin, Clermont-Ferrand, Annecy and Sundance, and enabled the Corporation to provide Canadian productions with improved logistic and promotional service.



In 2000-01, Telefilm entered 750 Canadian works in 65 international festivals, where they garnered 35 highly prized awards. The Corporation facilitated the selection process for the programmers of several important festivals, including Cannes, Venice, Clermont-Ferrand and Biarritz, by hosting them in Montréal and organizing the pre-selection of more than 400 Canadian films, television programs and videos.

With Telefilm's support, 62 prominent filmmakers were able to participate in major festivals, directly helping to promote their works. Among them were Léa Pool (*Lost and Delirious*), Gary Burns (*Waydowntown*), Denis Villeneuve (*Maelström*) and Clement Virgo (*Love Come Down*).

European Office in Paris

The Paris office ensures the Corporation's active presence in Europe and contributes effectively to developing Canada's international partnerships.

In 2000-01, the office helped organize the David Cronenberg retrospective in Paris and attended important meetings, such as the Coproduction Documentary Forum in Israel, the Conference for Large Format Animation Films in Paris, the Amsterdam Documentary Forum and the annual Ibero-American Meeting in Madrid, while maintaining contact with European associations and representatives of Media and Eurimages, European Union and Council of Europe programs.

The Paris office organized the sixth immersion program for Canadian professionals in London, this one dealing with feature films. These workshops have been model public-

private partnerships from the outset, with half the funding coming from the Canadian and British private sectors. Close to 45 Canadian producers, distributors and representatives of broadcasting organizations participated in the weeklong event, which involved key players from the British film industry. With Great Britain currently revising its feature film support system, this was a particularly strategic meeting for Canada's industry.

The office also publishes *Zoom International*, a monthly newsletter distributed to 400 Canadian professionals, guides on different countries, various dossiers and lists of potential coproducers, all of which help Canadian producers in every region of the country to shape more effective international development strategies.

Valuable International Connections

Europe

Coproduction with France remains abundant and fruitful. In accordance with the decision made at the January 2000 Canada-France mixed commission held in Montréal, two technical commissions were held in France in spring 2000. The delegations there expressed a shared desire to revive and promote the development mini-treaties and the twinning of French-language drama projects. The delegates further agreed on the need for more efficient compilation of data on coproduction distribution, including television sales.

Along with France, the United Kingdom is Canada's most important coproduction partner. Since 1997, the number of Canada-UK television and film coproductions has grown steadily. The coproduction agreement with the United Kingdom, signed in 1975 and revised in 1985 and 1991, was updated at a Canada-UK mixed commission held in London in November 2000. The aim of this strategic meeting was to identify ways to encourage lasting partnerships among producers and distributors from both countries. It is planned that a working group will monitor the administrative aspects of the agreement.





The 2000 Banff Television Festival, which featured a Focus on Germany, was the scene of intensive working sessions involving Canadian and German producers. Since the last mixed commission, held in Halifax in 1998 for the purpose of expanding the agreement to include the television sector, some 20 projects have been coproduced with Germany, making it an important partner for Canada's industry. Participants unanimously reiterated a wish for more regularly scheduled meetings, each focusing specifically on a different production genre (drama, documentary, animation, feature films) in order to facilitate cooperation between the two countries.

Asia-Pacific

Through its Asia-Pacific program, Telefilm seeks to consolidate audiovisual relations with a market that is progressively opening up to Canadian culture. A number of events served to make strides in that direction this year.

Several coproduction projects were conceived further to the coproduction agreement signed between Canada and Singapore in 1998. In 2000, professionals from the two countries established productive contacts at the Banff Television Festival and pursued them at the Asia Television Forum in Singapore. Singapore is strongly committed to the new media sector and has invited the collaboration of Canadian producers.

Relations with China continue to expand, as illustrated in recent years by some 20 projects with that country; this includes Hong Kong, with which Canada has a coproduction agreement. Since 1998, a Canada-China advisory committee has encouraged coproduction development and an increase in Canadian television program and film exports to China.

In February 2001, François Macerola and a group of Canadian producers embarked on a Team Canada trade mission to China led by Prime Minister Jean Chrétien. The mission took them to Beijing, Shanghai and Hong Kong and enabled the Canadian delegation to meet government agency officials and key players from the Chinese broadcasting and production industries. Agreements were signed for several major projects, and the coproduction agreement has found renewed vigour.

At the Heart of the Creative Process

Zacharias Kunuk, director, *Atanarjuat*

"I wanted to film my father out hunting. The stories he told me were so fascinating that I simply had to preserve images of him in action. Above all, I made this film to transmit this legendary story to my children, just as it has been transmitted to us down through the generations." *La Presse*, May 2001

Norman Cohn, coproducer, *Atanarjuat*

"The Inuit use television in an original way and they know how to tell a story without turning it into a lesson. Igloolik Isuma Productions was created to make television programs and films whose basic principles are respect for cultural identity and the production of professional films centred on the community." *La Presse*, March 2001

"[The movie is] mostly a Shakespearean love story, with the tension between families spilling over into a violation because there's something wrong in their culture. The culture has broken down. And when things are going wrong, people behave badly. This is about the effort to fix it or die out. It's a very moral story." *Toronto Star*, May 2001

Philippe Baylaucq, *Les Couleurs du sang*

"Film is a complete art form, lacking only the sense of touch. The multiple formats – B/W and colour, Super 8, 35 mm, 16 mm and 8 mm film, plus video – bear witness to my grandfather's life, to be sure, but also to the evolution of technology throughout the century. The digital camera I used for my documentary brought that evolution full circle." *Le Devoir*, March 2001

Jean Beaudin, *Willie*

"It's not always the facts that are most revealing. Our approach was to develop the true essence of the character. We went inside the character of Willie Lamothe. We tried to illustrate the most generous and the most mean-spirited sides of men and women. They go hand in hand, by the way. To be brave, it is sometimes necessary to have been a coward. That was also part of what we also tried to show – that to be great, you sometimes have to be small-minded." *Le Journal de Montréal*, October 2000



Louis Bélanger (co-director), *Lauzon Lauzonne*

"I agreed to work on the project because I liked Isabelle [Hébert]'s script. It opened the door to Lauzon's universe. It went right to the heart of creation, love, fear and madness: all universal themes." *Le Soleil*, March 2001

Bertrand Bonello, *Le Pornographe*

"Pornography let me express my ideas about cinema, politics and lies. It was only when I was editing that I realized it was possible to replace 'pornography' by 'cinéma d'auteur – personal film', which is also marginal and small-scale." *La Presse*, May 2001

Lois Brown (co-director), *The Bingo Robbers*

"We wanted to show two people that, no matter what kind of desperate situation they're in, they wouldn't stop arguing with each other or debating their anxieties. These two characters have kind of found each other. They're two people who allow each other to speak, no matter how ridiculous." *The Telegram*, September 2000

Gary Burns, *waydowntown*

"It all started about two years ago. There was a November 15 deadline for Telefilm submissions, so I knocked off a paragraph on this idea about the Plus 15s [interconnected walkways in a Calgary mall called Plus 15s because they are more than 15 feet above street level], which I've always felt destroyed the downtown of Calgary." *The Globe and Mail*, November 2000

"I started with the character of Tom – he was the one who would have to quit or move on. From there, I made a list of characters. You know, this guy's the sleazeball, this guy's the corporate asshole, this one's the office gal. I don't know that much about corporate culture, but people are pretty much the same whether they work in an office or haul gravel." *Vancouver Sun*, September 2000

Denis Chouinard, *Tar Angel (L'Ange de goudron)*

"I was interested in giving a voice to people that you don't hear from all that often in films and in the media." *The Gazette*, February 2001

"We have to enrich our lives through the history and culture of others. Otherwise, we are going to become more and more isolated, and we will suffocate in our solitude." *La Presse*, March 2001

Rock Demers (producer), *Tales for All*

"The passage from childhood to adulthood is a turning point in life. It's at this age that we choose the values that will follow us throughout our lives. Why not provide children with some food for thought via the big screen?" *Le Soleil*, September 2000

Alain DesRochers, *La Bouteille*

"My main objective with *La Bouteille* is simply to make people think about the fact that we all have to stop at one time or another to ask ourselves whether we have fulfilled our dreams, our goals. Are we the people we wanted to be? Have we done what we wanted to do? Have we reached the point we wanted to reach?" *Le Journal de Montréal*, October 2000



Bernard Émond, *La Femme qui boit*

"We need films that talk about serious problems, films that get to the heart of the matter. Personally, I wanted to explore the depths of despair, and that's what I did."

Le Droit, March 2001

"This film is intended primarily for my compatriots and I am the first to be surprised by its presence [at Cannes]. That proves, though, that you don't have to deliberately set out to make a film 'international' for it to interest foreign audiences." *La Presse*, May 2001

Philippe Falardeau, *The Left Side of the Fridge*
(*La Moitié gauche du frigo*)

"Three years ago, I would have said that it was important to make a serious, committed film about a specific social issue – unemployment. I had a mission. As the project advanced, however, I realized that filmmaking involves telling stories through characters, and that I had to search for my story in their lives." *Le Devoir*, November 2000

"A feature film isn't about ideas. It's about characters and dramatic situations. The question of work is part of my canvas, but there have to be human beings at the centre. You can make mistakes with editing or continuity or anything else and the audience will forgive you. But make a mistake with casting, and you will kill the film." *The Globe and Mail*, March 2001

John Fawcett, *Ginger Snaps*

"When you are thinking of attempting a horror film, one of the first questions you ask yourself is 'What scares you?' To me [it] is the notion that something could get into your body and infect you, something you don't have any control over, something internal you can't actually monitor or see. I certainly would like to see Canadian films head toward slightly more commercial ends. I think, ultimately, trying not to compete with the Americans is a bad idea."

National Post, May 2001

John Greyson, *The Law of Enclosures* (adaptation of a novel by Dale Peck)

"The exercise was not about figuring out the story, because it was already there. It was about telling it best."

Take One, Autumn 2000

"The hook of it for me was this time trick [they are all stuck in 1991, with the Gulf War playing endlessly, if not always clearly, on television], which seemed to me to be a very original metaphor about how couples get stuck, how people get stuck. I think that appeals to everybody."

National Post, March 2001

Sturla Gunnarsson, *Scorn*

"I think it's a good film for people to watch with their kids. There was a sort of 'boy's own world' kind of feeling with them. If you couldn't hear what they were talking about, it would all look so sweet and innocent. There was a kind of unreality about what they were doing."

The Gazette, March 2001

Michel Jetté, *Hochelaga*

"When I first started writing the script, it was about a quest for identity and a sense of belonging. With time, that became an underlying part of the story like its ground water. As it evolved, I realized that it was more of a story about manipulation, confusion and chaos, and also about how, when you enter a world of power and you are at the bottom of the pyramid, you cannot always clearly understand what's at stake." *The Gazette*, September 2000



Robert Lepage, *Possible Worlds*

"My interest lies in making moviegoers think, in forcing them to put the pieces of the puzzle together themselves. Filmmakers cannot avoid reflecting contemporary values and issues. Even though *Possible Worlds* is basically a simple love story, it deals with the multitude of choices that society is faced with today." *Le Journal de Montréal*, September 2000

André Melançon, *Asbestos*

"I want viewers to feel the dignity and solidarity of the workers' movement. Workers were subject to inhumane working conditions marked by disease and starvation wages." *La Presse*, March 2001

George Mihalka, *Dr. Lucille*

"I read the script, and what I found was this incredible visual poetry which all of a sudden made the life that this woman lived so uplifting. With Rob [Forsyth]'s script, I was looking at the picture from the right end of the telescope. It was a movie about generosity of spirit, about dignity, about the nobility of the human animal." *Take One*, Spring 2000

Allan Moyle, *New Waterford Girl*

"These projects come in over the transom in a weird way. They find me. In fact, *New Waterford Girl* arrived in my hands on a day when I was in the mood to get out of L.A. I thought it was a sign. I'm a Pisces. I believe in signs." *Take One*, Spring 2000

Michael Parker, *Lunch with Charles*

"The two couples are kind of reflective of where I am creatively. What has been amazing is the five-year writing process and the evolution of that and seeing how it's gone from paper to unfolding before my eyes. We had dinner with the cast and there was this bizarre feeling of these characters coming off the page and to the table. So it has taken on a life of its own."

Reel West Magazine, October-November 2000

Jeremy Podeswa, *The Five Senses*

"In a way, *The Five Senses* is about following your heart and not your head, or more simply about trusting in life and love. We live in a cynical age, but the natural senses pre-date urbanity, ennui, jadedness. The senses are elemental, and in connecting us to the world, they connect us to others. The idea of people finding love where they didn't expect to find it, or finding some kind of human connection was an inspiration." *Hollywood@home*, December 2000



Léa Pool, *Lost and Delirious*

"This project led me from one surprise to another. Even though this is the first time I've directed a film from a script I didn't write, *Lost and Delirious* resembles me a great deal. I would even go so far as to say it is very close to me, closer than I first believed." *La Presse*, December 2000

Gildor Roy (actor), *K2* by Gabriel Pelletier

"Chabot's [one of the characters] leitmotiv is 'Love is stronger than anything else'."

Le Journal de Montréal, November 2000

John N. Smith, *Random Passage*

"We made a big decision to do everything on location, not to do any studio work and to actually build a living community in an isolated inlet in the shores of Newfoundland. This is one of the most extraordinary film experiences in my life."

Playback International, Autumn 2000

Denis Villeneuve, *Maelström*

"For North Americans, death is a taboo subject. It's strange: I think we should be closer to death, and celebrate it. It should be more a part of life. Perhaps I feel this way because I have kids. The moment I had a child, I felt death was closer to me. Being a father gave me a feeling of serenity toward it." *The Gazette*, September 2000

"I have a vast world to explore. It's unbelievable, all the work that's waiting for me." *La Presse*, February 2001

Clement Virgo, *Love Come Down*

"I want to create characters that are flesh and blood. I want to understand and know their fears and what makes them tick. That's what I'm interested in, black or white."

Take One, Autumn 2000

"It's good to see that the Academy [of Canadian Cinema and Television] and the members are mixing it up a little bit. It shows that the cultural experience of Canada is working. It's wonderful to be recognized as a filmmaker and as a black Canadian." *Toronto Star*, December 2000

"As a filmmaker, I'm always going to explore my soul. That's why my first film was called *Save My Lost Nigga Soul*, I'm always trying to discover a way to 'be' in this world. John Cassavetes said that the only thing really worth making a film about is love. I think he's right."

Toronto Sun, March 2001



Television

Canadian Television Fund
Equity Investment Program
Projects contracted – Production, scriptwriting and development

	Number of Projects [*]	Total Budgets ^{**} In thousands of dollars	Telefilm Canada In thousands of dollars	Linguistic Breakdown %
FRENCH				
Production	84	139,053	30,898	
Amendments – production ^{***}	–	–	-194	
SUBTOTAL	84	139,053	30,705	
Scriptwriting and development	63	3,899	1,288	
Amendments – development ^{***}	–	–	46	
SUBTOTAL	63	3,899	1,334	
SUBTOTAL – FRENCH	147	142,952	32,039	32.3
ENGLISH				
Production	157	332,394	62,381	
Amendments – production ^{***}	–	–	-84	
SUBTOTAL	157	332,394	62,297	
Scriptwriting and development	136	6,407	2,397	
Amendments – development ^{***}	–	–	67	
SUBTOTAL	136	6,407	2,463	
SUBTOTAL – ENGLISH	293	338,801	64,760	65.2
ABORIGINAL LANGUAGES				
Production	15	6,503	2,278	
Amendments – development ^{***}	–	–	-6	
SUBTOTAL	15	6,503	2,271	
Scriptwriting and development	14	580	229	
Amendments – development ^{***}	–	–	–	
SUBTOTAL	14	580	229	
SUBTOTAL – ABORIGINAL LANGUAGES	29	7,083	2,500	2.5
TOTAL	469	488,837	99,299	100.0

* Includes two projects that also received funding through the Feature Film Fund.

** Includes total coproduction budgets.

*** The amendments include decreases in commitments from previous years.

The Canadian Television Fund (CTF) is a public-private partnership initiative launched in 1996 by the Canadian government and the Canadian cable industry. The Fund comprises two programs, the Licence Fee Program (LFP) administered by the CTF and the Equity Investment Program (EIP) administered par Telefilm Canada.

The CTF provides essential financing for Canada's film and television production industry. For creators, producers, distributors, exporters and broadcasters alike, the CTF is a leading partner. In the space of five years, the Fund has made possible the broadcast of more than 10,000 hours of original Canadian television, including drama, documentaries, children's programs, variety programs and feature films.

Thanks to the CTF, the public has access – in prime-time, throughout the country, on a wide variety of public and private networks and specialty services – to hundreds of high-quality shows.



To carry out this year's projects, Canadian producers put together total budgets of \$488.8 million, nearly half a billion dollars. This amount includes the foreign share of coproductions in which Canada is a minority partner: \$22.8 million.

New Record: 1,077.6 Hours of Canadian Production on Canadian Screens

Record production translated into more Canadian stories and images on Canadian screens, in all 1,077.6 hours, an increase of more than 20%, compared to 1999-00. The increase was seen in several program categories: drama, children's programs and documentaries. It should be noted that these results include the broadcast hours of feature films supported by the CTF.

Breakdown of Commitments: Drama, Documentaries, Children's Programs and Variety Shows

In terms of broadcast categories (excluding Aboriginal production and feature films), 64% of EIP investments



CTF Equity Investment Program

The CTF's Equity Investment Program budget is approximately \$100 million. The EIP has a broad mandate, providing support for film and television production and for the development and writing of new broadcast projects.

The EIP further administers the \$2.5-million CTF envelope earmarked for the development and production of projects in Aboriginal languages.

Record Activity: 469 Production and Development Projects

Fiscal 2000-01 saw a bumper crop for the Equity Investment Program, attesting to the vitality and creativity of a rapidly growing industry.

The EIP supported a record 469 projects, up 46% from four years ago. One of the EIP's goals is to ensure the creation of projects that are widely varied in terms of category, budget, subject matter and regional origin. These projects reflect Canada's many rich sources of inspiration and allow numerous screenwriters and directors to express their perspective.





went to drama, 21% to documentaries, 13% to children's programs and 2% to variety and performing arts programs. These very different program categories provide an impressive cultural panorama.

The documentary industry turned in an outstanding performance this year, as a result of new broadcast windows opening up at home and abroad. In all, 151 documentaries were produced, shooting up from 110 the previous year. Total documentary production hours rose by some 40%.

Children's program production maintained its recent-year level and continued to deliver impressive diversity and quality. This sector is especially remarkable for its international coproductions and exports.

Investments remained stable in the variety and performing arts sector, as well, with programs illustrating Canada's arts and artistic talent in many different ways.

Production: A Vast Network of Financial Partnerships

Multiple Canadian, foreign, public and private financing sources contributed to this year's productions.

The EIP's contribution, representing 21% of the budgets, once again provided crucial leverage. The per-project amount was lower than in past years, thus freeing up financial resources that enabled the Program to support more projects than ever before.

The Analysis of Financial Participation table indicates that other Telefilm Canada funds, as well as the CTF Licence Fee Program, helped to finance this year's projects. All told, Telefilm and the Canadian Television Fund provided 36.8% of the budgeted costs.

Broadcaster participation continues to grow, rising progressively from 17.8% in 1997-98 to 23.3% in 2000-01. This year's increase was of particular benefit to drama and documentaries. The EIP allocated 34% of its resources to projects destined for CBC/Radio-Canada and 66% to projects for other broadcasters.

Geographic Breakdown of Projects

According to the location of the companies with which the Corporation signed production contracts through the CTF – Equity Investment Program

Location	Number of Projects*	Hours of Production	Budgets**		Telefilm Canada Contribution %
			In thousands of dollars	In thousands of dollars	
Montréal	83	490.5	150,188	35,084	23
Toronto	52	232.8	118,246	24,100	20
SUBTOTAL	135	723.3	268,434	59,184	22
British Columbia	45	137.3	85,692	14,645	17
Alberta	11	27.5	19,264	5,090	26
Saskatchewan	12	33.5	16,114	3,369	21
Manitoba	11	33.5	8,254	1,991	24
Northern Region	3	8.0	1,030	425	41
Ontario (excluding Toronto)	7	37.5	4,982	1,449	29
Quebec (excluding Montréal)	6	13.0	1,877	421	22
New Brunswick	4	8.0	1,513	235	16
Nova Scotia	14	34.5	19,745	4,442	22
Prince Edward Island	2	8.0	5,056	795	16
Newfoundland	6	13.5	23,209	3,512	15
SUBTOTAL	121	354.3	186,736	36,373	19
TOTAL	256	1,077.6	455,170	95,557	21

* Includes two projects that also received funding through the Feature Film Fund.

** Does not include the foreign share (\$22,781,198) of coproduction budgets in which Canada is an equal or minority partner.

Also of note is an increase in private-sector participation, which rose from a 9.7% share of the budgets in 1999-00 to 12.1% in 2000-01. There was a marked increase in producer and producer-related investments in English-language drama and documentaries.

The contribution of federal and provincial financing agencies remains crucial to television creation, both in the form of tax credits, which accounted for 80% of their support, and through investments. This year, the Newfoundland, Nova Scotia and Alberta financing agencies increased their participation, contributing to a production boom in these provinces.

Production in Aboriginal Languages

To encourage Aboriginal-language production, which has particular development conditions, the Canadian Television Fund exercises flexibility with regard to its investment percentage, broadcast rights, airing schedules and the hiring of trainees.

In 2000-01, 15 Aboriginal productions were funded through the special CTF envelope administered by the Equity Investment Program: eight from the Western and Northern region, five from Quebec and two from Ontario. They tell their stories in eight Aboriginal languages, including Inuktitut in nearly half the productions.

Production budgets rose sharply, averaging \$430,000 in 2000-01 compared to \$270,000 the previous year. Three projects had budgets of less than \$200,000; eight, between \$200,000 and \$500,000; three, between \$500,000 and \$1 million; and one, *Stories From the Seventh Fire: Spring, Summer*, was budgeted at more than \$1 million.

Aboriginal producers diversified their financing sources. On average, the EIP contribution represents 35% of their budgets this year, significantly down from 45% in 1999-00. Individual project contributions range from 7.6% to 63.6%. Of note: three of the projects are coproductions involving more than one Canadian region.

The Aboriginal Peoples Television Network is associated with all of the Aboriginal-language productions, eight of them in conjunction with other broadcasters such as Channel 24 Igloolik, TFO, SCN, CTV Network (Baton), Vision TV and CLC.

The EIP supported an additional 14 Aboriginal-language development and screenwriting projects, investing in the industry's future.



Lastly, due to the many coproductions supported this year, the contribution of international partners soared to a stunning \$52.5 million. This includes the foreign share of coproductions in which Canada is a minority partner.

Regional Breakdown: 38% of Investments Outside Montréal and Toronto

One of the CTF's major objectives is to stimulate regional production so that Canadian television reflects the diversity of Canadian society. In this respect, the EIP can say, "Mission accomplished!"

This year's EIP commitments break down as follows (these percentages include production and development, television programs and feature films):

- 37% to projects from Montréal
- 25% to projects from Toronto
- 26% to projects from the Western and Northern region
- 10% to projects from the Atlantic region
- 2% to projects from Quebec and Ontario cities other than Montréal and Toronto

Support for regional production (originating in cities other than Montréal and Toronto) was very high this year, accounting for 38% of the Program's investments, compared to 36% in 1999-00 and 29% in 1998-99.

Linguistic Breakdown of Projects

Production, scriptwriting, development and amendments

	1996-1997		1997-1998		1998-1999		1999-2000		2000-2001		1996-2000	
	In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%
FRENCH	38,241	31.8	35,410	36.8	35,672	34.0	30,404	31.5	32,039	32.3	171,766	33.2
ENGLISH	82,183	68.2	59,892	62.2	68,235	65.0	64,128	66.4	64,760	65.2	339,198	65.6
ABORIGINAL LANGUAGES	0	0.0	1,000	1.0	1,000	1.0	1,998	2.1	2,500	2.5	6,498	1.3
TOTAL	120,424	100.0	96,302	100.0	104,907	100.0	96,530	100.0	99,299	100.0	517,462	100.0

The industry in the Prairie and Atlantic provinces was particularly active, undertaking a number of major projects. The greatest increase in activity was seen in Alberta, Saskatchewan and Newfoundland.

Linguistic Breakdown of Commitments

In accordance with its mandate, the EIP is obliged to provide equitable support for production in English, French and Aboriginal languages.

In 2000-01, the linguistic breakdown was as follows: 65.2% of EIP commitments went to English-language production, 32.3% to French-language production and 2.5% to production in Aboriginal languages.

During the year, the EIP allocated \$8.1 million to 44 production and development projects from production companies in linguistic minority situations. Twenty-six projects made in English in Montréal received a total of \$6.3 million, while 18 projects in French from Ontario and New Brunswick received \$1.8 million.

Feature Films: Nine Production Projects

The EIP administers half of the CTF feature film envelope, \$7.5 million. In 2000-01, the Equity Investment Program funded the production of nine new feature films, four of which were made in French in Montréal: *L'Amant de ma mère* by Louis Choquette, *Champion* by Sylvain Chomet, *Le Collectionneur* by Jean Beaudin and *Mariages*



by Catherine Martin. Five feature films were made in English: *Last Wedding* by Bruce Sweeney and *Lola* by Carl Bessai, produced in Vancouver, *Almost America* by Andrea and Antonio Frazzi, produced in Calgary,

Analysis of Financial Participation

Production only – New projects contracted

Categories	Number of Projects*	Hours of Production	Total Budgets	Budgets**		Telefilm Canada Other Funds (PRSP)				
				In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%	
FRENCH										
Drama	17	144.0	72,227	72,227	18,089	25.0	–	0.0	109	0.2
Variety	6	16.5	3,668	3,668	1,068	29.1	–	0.0	–	0.0
Children	10	222.3	20,039	20,039	3,267	16.3	–	0.0	–	0.0
Documentary	47	101.9	25,677	23,821	5,949	25.0	–	0.0	9	0.0
Feature Film	4	6.3	17,442	12,178	2,525	20.7	–	0.0	300	2.5
SUBTOTAL	84	490.9	139,053	131,932	30,898	23.4	0	0.0	418	0.3
ENGLISH										
Drama	32	225.0	205,949	205,949	37,151	18.0	–	0.0	157	0.1
Variety	5	4.0	2,569	2,021	631	31.2	–	0.0	–	0.0
Children	11	64.8	46,548	40,886	7,776	19.0	–	0.0	130	0.3
Documentary	104	219.8	53,170	53,170	11,893	22.4	–	0.0	234	0.4
Feature Film	5	8.2	24,158	14,708	4,930	33.5	850	5.8	–	0.0
SUBTOTAL	157	521.7	332,394	316,734	62,381	19.7	850	0.3	522	0.2
ABORIGINAL LANGUAGES	15	65.0	6,503	6,503	2,278	35.0	0	0.0	0	0.0
TOTAL	256	1,077.6	477,951	455,170	95,557	21.0	850	0.2	940	0.2

* Includes two projects that also received funding through the Feature Film Fund.

** Does not include the foreign share (\$22,781,198) of coproduction budgets in which Canada is a minority partner. All percentages are based on these amounts.

Rare Birds by Sturla Gunnarsson, produced in St. John's, Newfoundland, and *A Wilderness Station* by Anne Wheeler, produced in Montréal.

In addition to its participation through the CTF, Telefilm Canada assisted the film industry through the Feature Film Fund – then in its final year, now replaced by the Canada Feature Film Fund – the Regular Fund, which mainly finances low budget projects, and the two programs of the new Canada Feature Film Fund operating in 2000-01: the Screenwriting Assistance Program and the Low Budget Independent Feature Film Assistance Program.

In all, Telefilm Canada supported 64 feature film productions and 173 other feature film projects in development.

Coproduction Growth

In 2000-01, the EIP participated in the financing of 22 coproductions (20 television programs and 2 feature films, *Champion* and *Almost America*), investing a total of \$13.4 million. Fifteen of these works are majority Canadian coproductions; seven are minority Canadian. Their budgets total \$119 million. The Canadian share is \$75 million, of which the EIP provided 18%.

This is a marked increase over the previous year, when the EIP allocated \$4.3 million to 14 coproductions with total budgets of \$43.7 million.



Development: More Screenwriting Projects

In keeping with its mandate to foster new programming for Canadian television, the EIP supported a record number of development and screenwriting projects this year: 213 compared to 180 and 204 in the two previous years. The EIP was a major partner for producers at this stage, contributing 36% of the budgets, up from 35% in 1999-00.

CTF – License Fee Program		Broadcasters		Private Sector		Distributors		Other Government Sources		Foreign Participants	
In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%
14,046	19.4	21,712	30.1	2,091	2.9	270	0.4	15,814	21.9	96	0.1
486	13.2	1,077	29.4	203	5.5	22	0.6	811	22.1	–	0.0
3,691	18.4	7,537	37.6	958	4.8	–	0.0	4,586	22.9	–	0.0
3,937	16.5	5,881	24.7	1,174	4.9	80	0.3	6,355	26.7	437	1.8
900	7.4	547	4.5	891	7.3	915	7.5	4,861	39.9	1,238	10.2
23,059	17.5	36,754	27.9	5,318	4.0	1,287	1.0	32,427	24.6	1,771	1.3
33,392	16.2	43,389	21.1	31,564	15.3	14,100	6.8	25,378	12.3	20,818	10.1
356	17.6	491	24.3	349	17.3	56	2.7	138	6.8	–	0.0
5,498	13.4	7,286	17.8	6,200	15.2	3,837	9.4	4,431	10.8	5,728	14.0
6,489	12.2	15,842	29.8	7,933	14.9	1,018	1.9	8,415	15.8	1,346	2.5
1,230	8.4	828	5.6	1,913	13.0	2,405	16.4	2,552	17.3	–	0.0
46,965	14.8	67,836	21.4	47,959	15.1	21,415	6.8	40,915	12.9	27,891	8.8
0	0.0	1,426	21.9	1,874	28.8	0	0.0	926	14.2	0	0.0
70,025	15.4	106,016	23.3	55,151	12.1	22,701	5.0	74,268	16.3	29,663	6.5



The EIP allocated 61% of its development commitments to projects in English, 33% to projects in French and 6% to projects in Aboriginal languages.

Of those commitments, 52% went to drama programs, 36% to documentaries, 10% to children's programs and 2% to variety programs.

These projects were conceived in all the Canadian regions, and they attest to the many regional sources of inspiration and interests: 19.5% of the EIP commitments went to the Western and Northern region, 12% to the Atlantic region, 34% to Montréal, 31% to Toronto, and 3.5% to Quebec and Ontario cities other than Montréal and Toronto.

Broadcasters

Financial participation – Production only

Categories	Total		CBC/ CBC – Regional	CBC Newsworld	RDI	SRC/ SRC – Regional	Public Sector		Télé- Québec	TVOntario/ TFO	Access, Knowledge, SCN and others
	In thousands of dollars	%					Total	%			
FRENCH											
Drama	21,712	30.1	–	–	–	12,702	12,702	17.6	213	400	–
Variety	1,077	29.4	50	–	–	622	672	18.3	68	191	–
Children	7,537	37.6	–	–	–	1,397	1,397	7.0	3,646	245	–
Documentary	5,881	24.7	176	–	62	1,364	1,602	6.7	1,792	667	4
Feature Film	547	4.5	–	–	–	100	100	0.8	–	–	–
SUBTOTAL	36,754	27.9	226	0	62	16,185	16,473	12.5	5,718	1,503	4
ENGLISH											
Drama	43,389	21.1	14,328	–	–	400	14,728	7.2	–	–	–
Variety	491	24.3	354	–	–	–	354	17.5	–	–	3
Children	7,286	17.8	286	–	–	221	507	1.2	–	161	78
Documentary	15,842	29.8	2,929	584	51	45	3,609	6.8	15	318	543
Feature Film	828	5.6	340	–	–	–	340	2.3	–	–	–
SUBTOTAL	67,836	21.4	18,238	584	51	666	19,539	6.2	15	479	624
ABORIGINAL LANGUAGES											
	1,426	21.9	30	0	0	0	30	0.5	0	20	86
TOTAL	106,016	23.3	18,494	584	113	16,851	36,042	7.9	5,733	2,001	713

A Window on Canadian Society

Our dramas attest to the wealth and diversity of the Canadian experience. Be it in historical series, current events programs, cop shows, romantic comedies or comedy specials, these programs express multiple facets of the human condition.

Canadian television is recognized for the quality of its children's programs, rich with animation, live characters or a mixture of both. These programs take young viewers on travels around the planet, stimulate their imagination and nourish their sense of wonder. They are one of the Canadian industry's most successful exports.

Canadian documentaries mirror the country, reflecting its cultural heritage and the diverse peoples, languages and traditions that make it what it is. They are rooted in Canadian reality but deal with subjects of universal interest: history, politics, religion, Aboriginal cultures, the environment, health issues, criminality, spirituality, globalization, immigration and more.

The variety shows and performing arts programs feature some of Canada's best singers, dancers, comedians and musicians. A world of talent to discover!

Educational Television												Private Sector	
Total		CHUM	WIC	CTV Network	CTV Other Affiliates	Canwest Global	Independents	TVA Group	Télévision Quatre Saisons	Pay Television	Speciality Services	Total	
In thousands of dollars	%	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	%
613	0.8	–	–	–	–	–	–	7,130	966	–	301	8,397	11.6
259	7.1	–	–	–	–	50	6	–	–	–	90	146	4.0
3,891	19.4	–	–	–	–	–	117	–	–	–	2,132	2,249	11.2
2,463	10.3	–	7	–	–	–	24	55	–	70	1,661	1,817	7.6
–	0.0	–	–	–	–	–	–	75	–	172	200	447	3.7
7,225	5.5	0	7	0	0	50	147	7,260	966	242	4,383	13,056	9.9
0	0.0	510	930	11,362	–	9,182	–	–	–	620	6,057	28,661	13.9
3	0.1	–	10	–	–	–	–	–	–	–	124	134	6.6
239	0.6	–	–	80	–	–	–	–	–	2,189	4,272	6,541	16.0
876	1.6	525	14	555	111	433	354	–	–	–	9,365	11,357	21.4
–	0.0	–	–	–	–	–	–	–	–	443	46	488	3.3
1,117	0.4	1,035	954	11,997	111	9,615	354	0	0	3,252	19,862	47,180	14.9
106	1.6	0	0	0	15	0	1,245	0	0	0	30	1,290	19.8
8,448	1.9	1,035	961	11,997	126	9,665	1,746	7,260	966	3,494	24,276	61,526	13.5

Private Sector

Categories	Total		Producers/ Producer-related In thousands of dollars	Private Assistance Funds In thousands of dollars	Sponsors In thousands of dollars	Others In thousands of dollars
	In thousands of dollars	%				
FRENCH						
Drama	2,091	2.9	1,241	850	–	–
Variety	203	5.5	144	50	–	9
Children	958	4.8	658	300	–	–
Documentary	1,174	4.9	797	377	–	–
Feature Film	891	7.3	891	–	–	–
SUBTOTAL	5,318	4.0	3,731	1,577	0	9
ENGLISH						
Drama	31,564	15.3	27,885	3,625	–	54
Variety	349	17.3	166	183	–	–
Children	6,200	15.2	1,557	4,252	–	392
Documentary	7,933	14.9	5,190	2,607	3	133
Feature Film	1,913	13.0	1,608	225	–	80
SUBTOTAL	47,959	15.1	36,406	10,891	3	659
ABORIGINAL LANGUAGES	1,874	28.8	1,128	416	92	238
TOTAL	55,151	12.1	41,265	12,884	95	906

Other Government Sources

Financial participation – Production only

Categories	Total		Federal Agencies			Newfoundland Tax Credit In thousands of dollars	Nova Scotia Tax Credit In thousands of dollars	New Brunswick Tax Credit In thousands of dollars
	In thousands of dollars	%	NFB In thousands of dollars	Federal Tax Credit In thousands of dollars	Others In thousands of dollars			
FRENCH								
Drama	15,814	21.9	–	4 884	–	–	–	–
Variety	811	22.1	–	184	–	–	–	–
Children	4,586	22.9	–	1,527	–	–	–	–
Documentary	6,355	26.7	111	1,301	102	–	–	263
Feature Film	4,861	39.9	–	463	16	–	–	–
SUBTOTAL	32,427	24.6	111	8,360	118	0	0	263
ENGLISH								
Drama	25,378	12.3	–	9,122	–	1,000	2,063	–
Variety	138	6.8	–	41	13	–	–	–
Children	4,431	10.8	–	1,667	–	–	76	–
Documentary	8,415	15.8	221	2,490	1,047	121	535	64
Feature Film	2,552	17.3	–	472	–	437	–	–
SUBTOTAL	40,915	12.9	221	13,792	1,060	1,559	2,674	64
ABORIGINAL LANGUAGES	926	14.2	240	54	57	0	0	0
TOTAL	74,268	16.3	572	22,206	1,234	1,559	2,674	328

Foreign Participants

Financial participation – Production only

Categories	Total		Co-producers In thousands of dollars	Broadcasters In thousands of dollars	Distributors In thousands of dollars	Others In thousands of dollars
	In thousands of dollars	%				
FRENCH						
Drama	96	0.1	96	–	–	–
Variety	0	0.0	–	–	–	–
Children	0	0.0	–	–	–	–
Documentary	437	1.8	237	–	200	–
Feature Film	1,238	10.2	–	1,238	–	–
SUBTOTAL	1,771	1.3	333	1,238	200	0
ENGLISH						
Drama	20,818	10.1	6,423	3,735	8,317	2,343
Variety	0	0.0	–	–	–	–
Children	5,728	14.0	3,430	–	2,298	–
Documentary	1,346	2.5	415	254	626	51
Feature Film	0	0.0	–	–	–	–
SUBTOTAL	27,891	8.8	10,268	3,989	11,240	2,394
ABORIGINAL LANGUAGES	0	0.0	0	0	0	0
TOTAL	29,663	6.5	10,601	5,227	11,440	2,394

Quebec Tax Credit	Ontario Tax Credit	Alberta Tax Credit	Manitoba Tax Credit	British Columbia Tax Credit	SODEC	SaskFilm	Provincial Agencies		
							British Columbia Film	Nova Scotia Film	Others
In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars
10,760	–	–	–	–	170	–	–	–	–
412	5	–	18	–	143	–	–	–	50
3,019	–	–	–	–	–	–	–	–	40
3,280	52	–	54	–	913	–	20	–	257
2,315	–	–	–	–	2,068	–	–	–	–
19,785	56	0	72	0	3,294	0	20	0	347
2,570	5,055	425	371	–	–	–	700	440	3,633
–	34	–	–	–	–	–	50	–	–
394	1,100	–	–	–	–	–	225	49	920
837	1,506	–	115	21	35	14	568	180	661
–	–	–	399	62	–	–	–	–	1,181
3,801	7,695	425	885	83	35	14	1,543	669	6,395
281	0	94	0	70	50	0	0	0	80
23,868	7,752	519	957	153	3,379	14	1,563	669	6,822

Participation of Canadian Broadcasters

Including investments and purchases of broadcast rights

Broadcasters	Drama	Variety	Children	Documentary	Feature Film*	Total
	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars
PRIVATE SECTOR AND EDUCATIONAL TELEVISION						
CONVENTIONAL TELEVISION						
Canwest Global	9,182	50	–	433	–	9,665
CHUM	510	–	–	525	–	1,035
CTV – Network/Other Affiliates	11,362	–	95	666	–	12,123
Aboriginal Peoples Television Network	–	78	131	1,147	–	1,356
Independents	–	137	–	254	–	391
TVA Group	7,130	–	–	55	75	7,260
Télévision Quatre Saisons	966	–	–	–	–	966
WIC	930	10	–	21	–	961
EDUCATIONAL TELEVISION						
Access	–	–	–	122	–	122
Canadian Learning Channel	–	–	50	37	–	87
Knowledge	–	2	–	167	–	169
SCN	–	1	78	257	–	336
Télé-Québec	213	68	3,646	1,807	–	5,733
TVO/TFO	400	191	406	1,005	–	2,001
PAY TELEVISION						
Astral Télé Réseaux	–	–	–	50	437	487
Family Channel	–	–	1,959	–	–	1,959
Movie Network	300	–	–	–	–	300
Movie Pix	125	–	150	–	–	275
Super Channel	150	–	80	–	103	333
Super Écran	120	–	–	20	–	140
SPECIALITY SERVICES						
Bravo!	–	194	–	194	–	388
Canal D	–	–	–	1,119	–	1,119
Canal Vie	–	–	–	43	–	43
Comedy Network	1,084	–	–	–	–	1,084
Discovery Channel (The)	–	–	–	2,862	–	2,862
Historia	–	–	–	244	–	244
History Television	–	–	–	2,598	–	2,598
Life Network (The)	–	–	–	1,446	–	1,446
Séries+	550	–	–	–	200	750
Showcase	3,610	–	–	–	46	3,656
Teletoon	–	–	936	–	–	936
TSN	–	–	–	5	–	5
TV5	–	20	–	135	–	155
Vision TV	–	–	30	1,121	–	1,151
Vrak TV	301	–	2,187	–	–	2,487
WTN	293	–	–	1,194	–	1,486
YTV	520	–	3,281	–	–	3,801
Z	–	–	–	65	–	65
SUBTOTAL	37,745	750	13,028	17,591	860	69,974
PUBLIC SECTOR						
CBC network and regional stations	14,328	729	316	3,105	340	18,819
CBC Newsworld	–	–	–	584	–	584
SRC network and regional stations	13,102	297	1,618	1,409	100	16,526
RDI – le réseau de l'information	–	–	–	113	–	113
SUBTOTAL	27,431	1,026	1,934	5,211	440	36,042
TOTAL	65,176	1,776	14,962	22,801	1,300	106,016

* Because rights for feature films are often included in the distribution advances, they do not all appear in this table.

Viewer Access to Canadian Programs

Broadcasters	Number of Projects				Number of Hours in First-Run Presentation
	In Aboriginal Languages	In French	In English	Total	
PRIVATE SECTOR AND EDUCATIONAL TELEVISION					
CONVENTIONAL TELEVISION					
Canwest Global	–	2	9	11	53.5
CHUM	–	–	3	3	4.3
CTV – Network/Other Affiliates	1	–	21	22	63.5
Aboriginal Peoples Television Network	15	2	6	23	91.5
Independents	3	–	5	8	13.0
TVA Group	–	7	–	7	58.5
Télévision Quatre Saisons	–	1	–	1	5.0
WIC	–	1	5	6	7.5
EDUCATIONAL TELEVISION					
Access	–	–	13	13	22.5
Canadian Learning Channel	1	–	4	5	7.5
Knowledge	–	–	27	27	52.0
SCN	2	2	40	44	96.5
Télé-Québec	–	22	1	23	111.5
TVO/TFO	1	8	9	18	74.0
PAY TELEVISION					
Astral Télé-Réseaux	–	3	2	5	8.0
Family Channel	–	–	2	2	13.0
Movie Network	–	–	1	1	6.5
Movie Pix	–	–	3	3	10.5
Super Channel	–	–	5	5	13.6
Super Écran	–	1	1	2	7.5
SPECIALITY SERVICES					
Bravo!	–	2	11	13	15.0
Canal D	–	9	9	18	54.5
Canal Vie	–	1	–	1	2.0
Comedy Network	–	–	2	2	15.5
Discovery Channel (The)	–	1	9	10	53.0
Historia	–	1	2	3	10.0
History Television	–	1	18	19	47.5
Life Network (The)	–	1	3	4	25.5
Séries+	–	1	1	2	7.5
Showcase	–	–	7	7	49.6
Teletoon	–	–	2	2	7.0
TSN	–	–	1	1	1.0
TV5	–	7	1	8	9.5
Vision TV	1	2	29	32	61.5
Vrak TV	–	4	1	5	102.0
WTN	–	2	14	16	44.0
YTV	–	–	6	6	51.5
Z	–	–	1	1	6.5
SUBTOTAL	24	81	274	379	1283.0
PUBLIC SECTOR					
CBC network and regional services	1	5	62	68	163.7
CBC Newsworld	–	–	12	12	12.0
SRC network and regional services	–	40	5	45	188.1
RDI – le réseau de l'information	–	3	5	8	15.5
SUBTOTAL	1	48	84	133	379.3
TOTAL	25	129	358	512	1662.3

The participation of more than one broadcaster in the same project contributed to increased viewer access to Canadian programming. Thus, in 2000-2001, the 256 financed projects totalled 512 broadcast projects, and the 1077.6 hours of production represented 1662.3 hours of broadcasting.

Feature

Film

Feature Film Fund

Projects contracted – Production, scriptwriting and development

	Number of Projects [*]	Total ^{1**} Budgets In thousands of dollars	Telefilm Canada In thousands of dollars	Linguistic Breakdown %
FRENCH				
Production	12	35,298	9,440	
Amendments – production ^{***}	–	–	19	
SUBTOTAL	12	35,298	9,459	
Scriptwriting and development	34	1,513	587	
Amendments – development ^{***}	–	–	351	
SUBTOTAL	34	1,513	938	
SUBTOTAL – FRENCH	46	36,811	10,397	39.5
ENGLISH				
Production	22	56,244	14,281	
Amendments – production ^{***}	–	–	-59	
SUBTOTAL	22	56,244	14,222	
Scriptwriting and development	87	3,348	1,257	
Amendments – development ^{***}	–	–	438	
SUBTOTAL	87	3,348	1,694	
SUBTOTAL – ENGLISH	109	59,593	15,917	60.5
TOTAL	155	96,403	26,313	100.0

* Includes two projects that also received funding through the CTF – Equity Investment Program.

** Includes all coproduction budgets.

*** The amendments include decreases in commitments from previous years.

Fiscal 2000-01 was the final year for the Feature Film Fund (FFF), which was created in 1986.

Effective April 1, 2001, pursuant to the new Canadian Feature Film Policy entitled *From Script to Screen*, the new Canada Feature Film Fund (CFFF) takes over from the FFF with a variety of programs for production, development, marketing and complementary activities. Two of the Fund's programs began operating in 2000-01: the Screenwriting Assistance Program and the Low Budget Independent Feature Film Assistance Program. They are discussed in the next section.

The new Canadian Feature Film Policy beneficially impacted the investment capacity of the Feature Film Fund in 2000-01, as the FFF was assigned additional funding of \$7.1 million for production and development.



Feature Film Fund: A Positive Outcome

Over the past 15 years, the Feature Film Fund has played a decisive cultural and industrial role by supporting some 350 feature films, in English and in French, stemming from all regions of the country and representing a broad panorama of Canadian realities and viewpoints.

Among the many filmmakers who have received support from the Fund are Denys Arcand, Jean-Claude Lauzon, André Forcier, François Girard, Léa Pool, David Cronenberg, Atom Egoyan, Patricia Rozema, Clement Virgo, Bruce McDonald, Anne Wheeler, Robert Lepage, Jeremy Podeswa, Francis Mankiewicz, Philippe Falardeau, Rodrigue Jean, Louis Bélanger, Denis Villeneuve, John Greyson, Gary Burns, John Fawcett, Rosemary House and Thom Fitzgerald.

The Fund has supported veterans and newcomers and encouraged directors of low budget films and international coproductions alike, from Montréal, Toronto, Moncton, Calgary, Vancouver, Edmonton, Halifax, St. John's and elsewhere.

The FFF delivered particularly strong results in its final year of operation. These results strikingly illustrate the immense creativity of Canadian talent and the need to optimize the government support essential to its growth.

A PRODUCTIVE YEAR

2000-01 Results: Record 155 Projects

For the past three years, Feature Film Fund commitments have been on the rise, attesting to the industry's growing vitality.

1998-99: 21 productions, 81 development projects
 1999-00: 24 productions, 102 development projects
 2000-01: 34 productions, 121 development projects

The 155 production and development projects assisted in fiscal 2000-01 represent budgets of \$96.4 million, counting the foreign share (\$10.2 million) of coproductions in which Canada is a minority partner. Aggregate budgets in the previous year amounted to \$69.6 million.

Telefilm Canada provided support for the film industry through other funds and programs, as well, including the Equity Investment Program of the Canadian Television Fund, the Regular Fund and the two new programs of the Canada Feature Film Fund. Altogether, the Corporation funded 64 feature film productions in 2000-01. Further details on feature films can be found in the Highlights section.

Development and Screenwriting

A good script is the best guarantee of quality and success for a feature film. Accordingly, Telefilm places great emphasis on projects at the writing stage. This year, the Corporation allocated \$2.6 million to project development, an increase of nearly 20% over the previous year.

Telefilm thus proved to be a primary partner for producers, assuming 38% of the budgets, compared to 31% in 1999-00.

The regional breakdown for development commitments is as follows: 39% went to projects from Montréal, 28% to projects from Toronto, 19% to projects from the West, 11% to projects from the Atlantic region and 3% to projects from Quebec and Ontario cities other than Montréal or Toronto. This promises a well-balanced array of regionally diverse productions on Canadian screens in years to come.

All of this year's development projects came from small and medium-size companies, since Telefilm's project development funds are reserved exclusively for SMBs.





Production: FFF Funds Record 34 Features Support from Telefilm Canada and Other Financing Sources

Given the number, quality and budgets of the projects submitted this year, plus the additional resources available under the Canadian Feature Film Policy, FFF participation in feature film production rose by 60% over 1999-00, climbing from \$14.1 million to \$23.7 million.

It bears noting that the additional \$7.1 million granted in mid-year translated into 14 new projects originating in all regions. And in keeping with the intent of the Canadian Feature Film Policy, which aims to encourage more substantial production budgets, Telefilm allocated complementary funding to 10 especially promising feature films that had already received financing. The whole of the new resources was committed in a manner that ensures a balanced production portfolio.

The FFF has always provided crucial leverage for the projects in which it participates. This year was no exception, with the Fund assuming 29% of the budgets.

As seen in the Analysis of Financial Participation table, a number of projects assisted by the FFF received additional support amounting to \$2.6 million through other Telefilm funds and programs, bringing the Corporation's overall contribution to more than 32% of this year's project budgets.

The production of high-quality feature films that can compete in both domestic and international markets

requires the involvement of numerous financing sources. It appears that this year's projects generated strong enthusiasm among public and private investors alike.

Notable among the encouraging signs is the increase and diversification of provincial assistance. This year, Canadian producers accessed eight provincial tax credit programs, compared to three the previous year. A number of provincial governments provided further support through investments or financial contributions in other forms. Telefilm Canada is proud to have joined British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Quebec, Nova Scotia, New Brunswick and Newfoundland in fostering creativity from coast to coast.

The financial contribution of the private sector more than doubled this year, amounting to 18% of budgeted costs. Private assistance funds and producer and producer-related contributions were largely responsible for this increase.

Also of note is the growing interest for Canadian cinema shown by broadcasters, who provided 5.6% of the budgets, up from 2.7% the previous year. Pay television accounted for 48% of this amount.

Linguistic Breakdown

In 2000-01, Telefilm funded 22 production projects in English and 12 in French. However, the overall linguistic breakdown of resources (60.5% for projects in English and 39.5% for projects in French) is somewhat off the mark with respect to the objectives set in the Memorandum of Understanding with the Department of Canadian Heritage: respectively two-thirds and one-third. In the coming years, though, the Corporation should be able to achieve this balance in the Canada Feature Film Fund.

This year's results are partially attributable to the fact that 2000-01 was in some respects a transition year. Half of the projects that received complementary funding from the additional resources were in French. The budgets of the French-language projects were particularly high this year, on average close to \$3 million. Conversely, the average budget of the English-language projects was \$2 million, which explains Telefilm's lesser contribution.

An analysis of the linguistic breakdown of the FFF from April 1996 to March 2001 reveals a balanced performance, with 36.9% of the overall resources going to production in English and 63.1% to production in French.

In 2000-01, the FFF supported 14 feature film projects originating in linguistic minority communities: 11 in English from Montréal and 3 in French from Toronto and New Brunswick. Telefilm allocated \$2.5 million to these

Linguistic Breakdown of Projects

Production, scriptwriting, development and amendments

	1996-1997		1997-1998	
	In thousands of dollars	%	In thousands of dollars	%
FRENCH	7,560	34.8	6,464	39.5
ENGLISH	14,152	65.2	9,921	60.5
TOTAL	21,712	100.0	16,385	100.0

Geographic Breakdown of Projects

According to the location of the companies with which the Corporation signed production contracts through the Feature Film Fund

Location	Number of Projects*	Budgets**		Telefilm Canada Contribution	
		In thousands of dollars		In thousands of dollars	% of budgets
Montréal	11	34,306		8,760	25.5
Toronto	7	16,888		6,338	37.5
SUBTOTAL	18	51,193		15,098	29.5
British Columbia	4	6,861		2,986	43.5
Alberta	2	4,150		646	15.6
Saskatchewan	1	679		225	33.1
Manitoba	3	2,767		1,386	50.1
Ontario (excluding Toronto)	–	–		–	0.0
Quebec (excluding Montréal)	1	2,539		460	18.1
New Brunswick	2	3,949		1,370	34.7
Nova Scotia	2	4,074		1,100	27.0
Prince Edward Island	–	–		–	0.0
Newfoundland	1	5,105		450	8.8
SUBTOTAL	16	30,125		8,623	28.6
TOTAL	34	81,318		23,721	29.2

* Includes two projects that also received funding through the CTF – Equity Investment Program.

** Does not include the foreign share (\$10,223,723) of coproduction budgets in which Canada is a minority partner.



projects, assuming 30% of their combined budgets. They include 12 development projects and 2 production projects (*Lost and Delirious* by Léa Pool and *Max et la Lionne* by Rodrigue Jean. The latter is a coproduction involving companies from Quebec, Manitoba and New Brunswick).

Regional Breakdown: Record Numbers

As a result of the Feature Film Fund's exceptionally high funding budget, the 2000-01 production crop gives voice to more filmmakers from each of the Canadian regions. While the contribution to regional productions (those not from Montréal or Toronto) averaged 23% in recent years, it rose to 36% in 2000-01.

The Feature Film Fund financed the production of five feature films in the Atlantic region, versus none the previous year. In the West, the number of features supported jumped from four to ten.

1998-1999		1999-2000		2000-2001		1996-2000	
In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%
7,139	34.5	5,989	35.9	10,397	39.5	37,548	36.9
13,545	65.5	10,686	64.1	15,917	60.5	64,220	63.1
20,684	100.0	16,675	100.0	26,313	100.0	101,768	100.0

Analysis of Financial Participation

Production only – Projects contracted

	Number of Projects*	Total Budgets In thousands of dollars	Budgets**		Feature Film Fund		CTF – Equity Investment Program		Telefilm Canada Other Funds (Mini-treaties and PRSP)	
			In thousands of dollars	In thousands of dollars	In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%
FRENCH	12	35,298	35,298	9,440	26.7	–	0.0	61	0.2	
ENGLISH	22	56,244	46,021	14,281	31.0	2,460	5.3	64	0.1	
TOTAL	34	91,542	81,318	23,721	29.2	2,460	3.0	125	0.2	

* Includes two projects that also received funding through the CTF – Equity Investment Program.

** Does not include the foreign share (\$10,223,723) of coproduction budgets in which Canada is a minority partner. All percentages are based on these amounts.

Distributors

Financial Participation – Production only

	In thousands of dollars	Total %
FRENCH	3,595	10.2
ENGLISH	5,235	11.4
TOTAL	8,830	10.9

Private Sector

Financial Participation – Production only

	Total		Producers and Producer-related In thousands of dollars	Private Assistance Funds In thousands of dollars	Private Investors In thousands of dollars	Sponsors In thousands of dollars	Others In thousands of dollars
	In thousands of dollars	%					
FRENCH	4,942	14.0	2,824	2,018	–	100	–
ENGLISH	9,704	21.1	5,480	4,104	–	105	15
TOTAL	14,646	18.0	8,304	6,121	0	205	15

Other Government Sources

Financial participation – Production only

	Total		Federal Agencies						
	In thousands of dollars	%	NFB	Canada Council	Federal Tax Credit	British Columbia Tax Credit	Alberta Tax Credit	Manitoba Tax Credit	Quebec Tax Credit
			In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars
FRENCH	15,115	42.8	–	70	1,137	–	–	136	6,834
ENGLISH	8,699	18.9	–	120	1,564	209	73	637	564
TOTAL	23,814	29.3	0	190	2,702	209	73	773	7,398

Distributors		Private Sector		Other Government Sources		Broadcasters		Foreign Participants	
In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%	In thousands of dollars	%
3,595	10.2	4,942	14.0	15,115	42.8	2,145	6.1	–	0.0
5,235	11.4	9,705	21.1	8,699	18.9	2,398	5.2	3,180	6.9
8,830	10.9	14,646	18.0	23,814	29.3	4,543	5.6	3,180	3.9

Broadcasters

Financial participation – Production only

	In thousands of dollars	Total %	Broadcasters In thousands of dollars	Pay Television In thousands of dollars
FRENCH	2,145	6.1	1,495	650
ENGLISH	2,398	5.2	881	1,517
TOTAL	4,543	5.6	2,376	2,167

Foreign Participants

Financial participation – Production only

	In thousands of dollars	Total %	Co-producers In thousands of dollars	Distributors In thousands of dollars	Broadcasters In thousands of dollars	Others In thousands of dollars
FRENCH	254	0.7	–	–	254	0
ENGLISH	3,180	6.9	1,300	1,550	330	0
TOTAL	3,434	4.2	1,300	1,550	584	0

Provincial Agencies									
Ontario Tax Credit	Nova Scotia Tax Credit	New Brunswick Tax Credit	Newfoundland Tax Credit	SODEC	OFDC	Saskfilm	British Columbia Film	Nova Scotia Film	Others
In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars	In thousands of dollars
–	–	264	–	6,210	–	–	–	–	464
745	411	232	437	850	272	115	400	150	1,919
745	411	497	437	7,060	272	115	400	150	2,383

The feature films produced during the past year represent all regions of the country. They tell stories that are as original as they are entertaining, from a perspective unique to Canada.

Canadian films explore our existence in all its complexity. From incisive urban legends to tenderly told coming-of-age stories, from intimate family dramas to rituals of love, from childhood sorrows to the harsh realities of immigrant life, they reveal the multitude of passions, interests and concerns that inhabit Canadian filmmakers.

A number of well-known directors made features this year, among them Léa Pool (*Lost and Delirious*), Sturla Gunnarsson (*Rare Birds*), Anne Wheeler (*Suddenly Naked*), Louis Saia (*Les Boys III*), Gabriel Pelletier (*K2*), Roger Cantin (*La Forteresse suspendue*), Jean-Claude Lord (*Station Nord*) and Rodrigue Jean (*Max et la Lionne*). Among the first-time feature film directors are Émile Gaudreault (*Nuit de nocces*), Andrew Currie (*Mile Zero*), William Phillips (*Treed Murray*) and Robin Schlaht (*Solitude*). Names to watch for in future!

Coproductions

Three coproductions were assisted through the Feature Film Fund, including two minority coproductions and one majority coproduction. The Corporation allocated \$2.6 million to these films, representing 29% of the Canadian portion of the budgets.

FEATURE FILM DISTRIBUTION FUND

Created in 1988, the Feature Film Distribution Fund was designed to support the distribution industry while continuing to make Canadian cinema more accessible to audiences in all regions of the country. Under the new

Canadian Feature Film Policy launched in October 2000, all film-related assistance funds and programs have been integrated in a comprehensive, articulate vision, and the resources formerly assigned to the Feature Film Distribution Fund are included in the new Canada Feature Film Fund, which came into effect April 1, 2001.

Fiscal 2000-01 was thus the final year of operation for the Feature Film Distribution Fund. Under its guidelines, Telefilm Canada provided lines of credit through two sections, the Principal Fund, for recognized companies with a solid commitment to the distribution of Canadian features, and the Contingency Fund, serving to support new companies or those distributing a lesser volume of Canadian features.

2000-01 Results

Over the course of the year, the Fund committed \$12.8 million, compared to \$11 million the previous year. This increase is linked in part to an upswing in the production of feature films in Canada and in part to the \$1.2 million in additional resources assigned to distribution and marketing in 2000-01 under the new Canadian Feature Film Policy.

Disbursements for the new projects amounted to \$10.9 million: \$8.3 million for the acquisition of distribution rights to feature films (minimum guarantees to producers through the Principal and Contingency funds) and \$2.6 million for marketing activities. An additional \$1.9 million was disbursed in relation to commitment changes and payments against previous-year contracts.

In all, the Fund supported the activities of 14 distribution companies, up from 10 in 1999-00.

Feature Film Distribution Fund

Companies that received support

	Principal Fund In thousands of dollars	Contingency Fund In thousands of dollars	Total In thousands of dollars
AVAILABLE FUNDS	11,874	965	12,840
USE OF FUNDS			
Alliance Releasing/Odeon Films	3,493	—	3,493
Aska Film Distribution	—	75	75
Blackwatch Distribution	—	375	375
Christal Films Distribution	2,388	—	2,388
Compagnie France Film	926	—	926
Distribution La Fête	—	75	75
Film Tonic	1,100	7	1,107
Films Seville	2,143	—	2,143
FunFilm Distribution	—	113	113
Mongrel Media	—	45	45
Red Sky Entertainment	346	180	526
Remstar Distribution	707	—	707
TVA International Distribution	771	—	771
Société de distribution Cinéma Libre	—	90	90
TOTAL	11,874	960	12,834



NEW CANADA FEATURE FILM FUND Programs in Effect in 2000-01

In October 2000, the new Canadian Feature Film Policy authorized the immediate implementation of two Canada Feature Film Fund programs: the Screenwriting Assistance Program and the Low Budget Independent Feature Film Assistance Program.

After consulting with the associations concerned, other investment agencies and its new client groups, Telefilm Canada published the guidelines for the two programs in November 2000. Both programs clearly addressed a need, as the Corporation received 242 applications for support from screenwriters and 70 from filmmakers.

Low Budget Independent Feature Film Assistance Program

This program offers independent directors the opportunity to make feature films while maintaining total control of the creative aspects of their work and the final cut. It has two components, Production Support and Post-production/Completion



Several Montréal and Toronto companies accessed the Auxiliary Fund for the first time this year.

The Fund supported the purchase of theatrical distribution rights to 42 new feature films, 33 through the Principal Fund and 9 through the Auxiliary Fund.

It also assisted marketing activities for the theatrical distribution of 19 features. The average contribution for film marketing was \$138,000, in contrast to \$125,000 the previous year. Marketing budgets covered the production of trailers, advertising campaigns, print costs, regional travel by filmmakers and lead performers, the hiring of a media relations agent, test marketing and the creation of websites.

Low Budget Independent Feature Film Assistance Program

Projects contracted in 2000-01

	Number of Projects	Total Budgets <small>In thousands of dollars</small>	Telefilm Canada <small>In thousands of dollars</small>	Linguistic Breakdown %
FRENCH				
Production	2	1,223	369	
Post-production	—	—	—	
SUBTOTAL — FRENCH	2	1,223	369	19.1
ENGLISH				
Production	5	3,023	929	
Post-production	4	1,661	633	
SUBTOTAL — ENGLISH	9	4,684	1,562	80.9
TOTAL	11	5,907	1,931	100.0

Support. The Corporation assists projects with budgets of between \$300,000 and \$750,000. It may contribute up to 65% of the budget, not exceeding \$200,000 per project.

The initial applications in January 2001 were marked by an exceptionally high demand for English-language projects, which were more advanced at the time. In making its investments, Telefilm sought to achieve fair regional representation. It approved four projects from Quebec (including two in English), four from Ontario, two from the Western region and one from the Atlantic region. Less than one-third of the available resources went to French-language production, but the Corporation will see that balance is restored in the next fiscal year.

The principal financing sources for this year's projects were Telefilm, 32.7% of budgets; the private sector (producer and producer-related), 31.1%; the provinces (tax credits and investments), 19.6%; and broadcasters, 7.6%.

The annual budget of this program is \$1.7 million. Due to production schedules, part of this year's commitments will be disbursed in the next fiscal year.



Screenwriting Assistance Program

This program aimed at professional screenwriters was developed in close collaboration with the Société des auteurs de radio, télévision et cinéma (SARTEC) and the Writers Guild of Canada (WGC). Its objective is to foster the creation of a bank of promising scripts. Telefilm will encourage seasoned screenwriters in pursuing their film career, while facilitating the emergence of a new generation of storytellers. This program should also produce more widely diverse projects than ever before.

The Screenwriting Assistance Program supports screenwriting projects at two stages: Outline to Treatment and Treatment to First Draft. The Corporation accepted 52 projects, 35 in English and 17 in French. The regional breakdown was as follows: Quebec, 41.2%; Ontario, 34.3%; Western region, 17.5%; Atlantic region, 7%. Telefilm's maximum participation is \$10,500 for the Outline to Treatment phase and \$14,700 for the Treatment to First Draft phase.

In 2000-01, the budget for this program was \$400,000. Due to screenwriting schedules, some committed amounts will be disbursed next year. As of 2001-02, the Screenwriting Assistance Program budget is \$2.3 million.

The New Canada Feature Film Fund

Full information and the new guidelines for the production, development, distribution and marketing of Canadian feature films are available on our website. See "Canada Feature Film Fund" under *Financing* (www.telefilm.gc.ca).

Screenwriting Assistance Program

Projects contracted in 2000-01

	Number of Projects	Total Budgets In thousands of dollars	Telefilm Canada In thousands of dollars	Linguistic Breakdown %
FRENCH				
Outline to Treatment	3	47	47	
Treatment to First Draft	14	159	159	
SUBTOTAL - FRENCH	17	206	206	31.4
ENGLISH				
Outline to Treatment	9	150	150	
Treatment to First Draft	26	299	299	
SUBTOTAL - ENGLISH	35	449	449	68.6
TOTAL	52	655	655	100.0

New

Media

Multimedia Fund

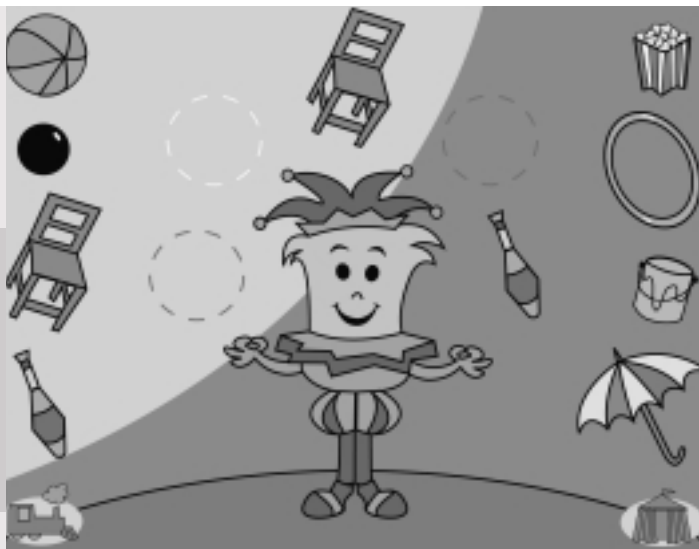
Project breakdown by component – Includes amendments to previous years' commitments

	Number of Projects	Budgets In thousands of dollars	Telefilm Canada Contribution	
			In thousands of dollars	% of budgets
DEVELOPMENT				
French	8	1,061	490	46.2
English	28	4,712	1,676	35.6
SUBTOTAL – DEVELOPMENT	36	5,772	2,166	37.5
PRODUCTION				
French	6	2,697	778	28.8
English	10	3,050	743	24.4
SUBTOTAL – PRODUCTION	16	5,747	1,520	26.5
MARKETING				
French	5	753	327	43.4
English	4	722	293	40.5
SUBTOTAL – MARKETING	9	1,475	619	42.0
DISTRIBUTION				
French	0	0	0	0.0
English	1	1,073	450	42.0
SUBTOTAL DISTRIBUTION	1	1,073	450	42.0
SECTORAL DEVELOPMENT				
French	1	900	300	33.3
English	2	75	75	100.0
SUBTOTAL – SECTORAL DEVELOPMENT	3	975	375	38.5
TOTAL	65	15,042	5,130	34.1

Multimedia Fund

Taking over from an experimental program established in 1996, Telefilm Canada's Multimedia Fund was created in 1998 to foster the growth of Canadian content in the new media sector by means of support for development, production and marketing activities. The Fund was granted an initial budget of \$30 million for a five-year period. In 2000-01, its budget was \$5.3 million.

Late in fiscal 2000-01, the Fund was granted additional resources of \$1.4 million through the New Media Assistance component of the Department of Canadian Heritage's Canadian Digital Cultural Content Initiative (CDCCI). This amount is earmarked to support online distribution and the growth of the new media sector. It is ensured for a minimum of three years.



Thus in 2000-01, the Multimedia Fund enabled Telefilm to assist the industry in a more comprehensive manner, from product creation to professional development and the promotion of Canadian companies. Altogether, the Multimedia Fund participated in 65 projects with budgets amounting to \$15 million, roughly the same results as in 1999-00.

The Corporation allocated 42% of the Fund's commitments to development projects, 30% to production projects, 12% to marketing projects, 9% to online distribution projects and 7% to sectoral development initiatives.

An evaluation of the Fund, commissioned from the firm of Ernst & Young in fall 2000 and received in February 2001, demonstrated the need to change the means of funding – fully reimbursable loans – used by the Fund.

The Corporation undertook a review of the Fund's guidelines in conjunction with the Department of Canadian Heritage, the Fund's Advisory Committee and its multimedia industry clients. The review considered the Fund's results since inception, as well as changes in the industry and the environment in which it is evolving. The new guidelines should provide multiple application deadlines and facilitate funding with financial instruments better suited to a high-risk sector.

In fiscal 2001-02, Telefilm will receive additional amounts for the creation of multimedia content through the Canadian Digital Cultural Content Initiative. These

resources will be administered according to the new Multimedia Fund guidelines concerning production and development.

Results for 2000-01

Development, Production and Marketing

Through its development, production and marketing assistance sections, Telefilm Canada supported a variety of original, interactive works designed for general audiences. This year's products include documentaries, reference works, educational and edutainment works, action and strategy games and websites.

Many of these projects have strong Canadian content, among them *Wow Canada*, *La Nouvelle-France, Canada: Confederation to Present*, *Electric Living in Canada*, *Le Canada, destination d'aventure* and *Izzigo*, a website based on the famous children's film collection *Tales for All*, from producer Rock Demers.

The Corporation funded 61 projects through these three programs with allocations totalling \$4.3 million, compared to \$5.9 million in 1999-00. These results are explained by a decrease of 42% in overall production budgets and a corresponding decrease in the amounts requested from Telefilm. In addition, the number of marketing projects dropped sharply, from 15 to 9.

New media is a high-risk sector that operates in a highly competitive environment. These factors were exacerbated during the year by the chronic undercapitalization of this industry's SMBs, a debt load linked in part to the available financial instruments – reimbursable loans – and a general climate of uncertainty and change, including the declining popularity of CD-ROMs and the new media market shakeout. All this suggests that, while remaining very active, the industry exercised prudence during the year.

It should be noted, however, that the Corporation's participation in development projects increased, along with the number of projects. Improved financial instruments for the industry should result in more multimedia projects going into production in the coming years, which in turn should result in increased demand for product marketing support.





During the year, 63% of the Fund's resources went to projects in English and 37% to projects in French. Montréal and Vancouver remain at the forefront of the country's multimedia centres, while projects from Ottawa, Rouyn-Noranda, Providence Bay, Regina, Québec City, Edmonton, Burnaby and Halifax confirm nationwide interest in the new media.

The Fund helps to finance projects from linguistic minority situations. Support totalling \$375,000 was allocated to four English-language development and marketing projects from Montréal companies.

Analysis of the financial structure of the 16 production projects shows that the Fund financed 26% of the budgets; the private sector (producers and producer-related sources), 41.1%; private assistance funds, 13.9%; federal and provincial tax credits, 13.8%; federal and provincial agencies, 2.7%; and foreign participants, 2.5%. One of this year's

projects, the game *Tread Marks PS2*, received programming financing from a British company.

Online Distribution

In the area of online distribution, the new resources were aimed at supporting partnerships and joint initiatives like portals, the marketing of multimedia cultural content by companies or consortiums and participation in Canadian and international markets.

The Fund supported the English and French production of a major project for children, an original initiative from Ingenuity Works Inc. (Vancouver) and Micro-Intel (Montréal). *Learning Window* will make the products from the catalogues of these two companies widely available by putting them on the Internet. Having originated in Vancouver, it is counted as an English-language project for the purposes of this annual report.

Sectoral Development

In the area of sectoral development, the objectives were to support initiatives that encourage industrial and professional development and promote the multimedia industry to the Canadian public. Through this program, the Fund provided support for a new media mentoring program at the Banff New Media Institute, multimedia training at the Institut national de l'image et du son (INIS) in Montréal and the infrastructure upgrade of the Baddeck International New Media Festival, in Cape Breton, Nova Scotia.

It should be noted that the new online distribution and sectoral development resources were not fully allocated

Geographic Breakdown of Projects

According to the location of the companies with which the Corporation signed development, production, marketing, distribution and sectoral development contracts (includes amendments to previous years' commitments)

Location	Number of Projects	Budgets In thousands of dollars	Telefilm Canada Contribution	
			In thousands of dollars	% of budgets
Montréal	22	6,265	2,168	34.6
Toronto	12	1,883	689	36.6
SUBTOTAL	34	8,148	2,857	35.1
British Columbia	14	3,605	1,337	37.1
Alberta	4	612	273	44.6
Saskatchewan	1	183	75	40.9
Manitoba	1	20	10	50.0
Ontario (excluding Toronto)	4	1,373	305	22.2
Quebec (excluding Montréal)	2	202	101	50.0
New Brunswick	—	—	0	0.0
Nova Scotia	5	898	172	19.1
Prince Edward Island	—	—	0	0.0
Newfoundland	—	—	0	0.0
SUBTOTAL	31	6,893	2,273	33.0
TOTAL	65	15,042	5,130	34.1

this year, since they became available only at year-end. By all indications, though, we can expect high demand for both programs in 2001-02.

Focus on International Development

In accordance with the Memorandum of Understanding for the Multimedia Fund signed with the Department of Canadian Heritage in 1998, Telefilm Canada invested an additional amount of \$250,000 in 2000-01 in support of the industry's various international activities.

For some years now, Telefilm has actively supported the international development of Canadian multimedia companies at MILIA in Cannes, E³ in Los Angeles and MIM in Montréal. A fourth market was added to the list in September 2001, the Electronic Consumer Trade Show (ECTS) in London, which deals primarily with games.

While promoting the Canadian industry and its products, Telefilm also acts as a consultant on international matters for the companies that share its umbrella stand at some of these markets. Last year the Corporation hosted some 30 SMBs from across the country.

More and more, Telefilm Canada is encouraging the sharing of international expertise on new media.

To this end, it funded a series of conferences on online games and digital cinema at MIM in the fall of 2000. In addition, a Team Canada delegation shared the Corporation's stand at MILIA 2001, in Cannes. Team Canada was composed of representatives of the Department of Foreign Affairs and International Trade stationed in eight European countries. This initiative facilitated international linking and networking activities.

The Corporation has thus laid the groundwork for a lasting partnership that should extend to other federal and provincial departments and agencies in future and prove rewarding for the industry. It is important that Canada's new media industry establish a tradition of public, private, Canadian and international partnerships, as the film and television industry has done.



Other Industry Support

Telefilm Canada fosters the growth of the new media industry through other funds and programs such as the Industrial and Professional Development Fund and the Canada Showcase program.

Each year, the Corporation takes part in the Baddeck Festival, where it sponsors one of the new media sector's most highly regarded awards, accompanied by a \$5,000 grant. This award is presented to an original multimedia entertainment product created by a company with 250 employees or less. In 2001, the Telefilm Canada Award went to Gillian Jackson of Decode Entertainment Inc. (Toronto) for *Angela Anaconda On-Line*.

The Corporation further supports training, research, promotion and publication initiatives by new media professionals in all regions of the country. Several industry magazines and guides (national and provincial) have been published, helping to promote Canada's resources and achievements in this area.

Financial

Statements

Management Report

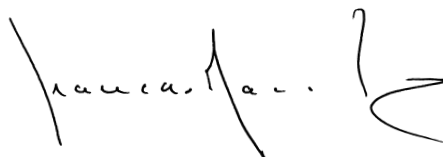
The financial statements of the Canadian Film Development Corporation are the responsibility of management and have been approved by the Board of Directors of the Corporation. The financial statements have been prepared in accordance with generally accepted accounting principles and, where appropriate, include estimates based on the experience and judgment of management. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent with the financial statements.

Management maintains books of account, financial and management control, and information systems, together with management practices designed to provide reasonable assurance that reliable and relevant information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate objectives, and that operations are carried out effectively. These systems and practices are also designed to provide reasonable assurance that transactions


are in accordance with the *Financial Administration Act* and its regulations, the *Canadian Film Development Corporation Act*, and the by-laws and policies of the Corporation.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting as stated above. The Board exercises its responsibilities through the Audit and Finance Committee, which consists of directors who are not officers of the Corporation. The Committee reviews the quarterly financial statements, as well as the annual financial statements and related reports; the Committee meets with the external auditors annually and may make recommendations to the Board of Directors with respect to these and/or related matters.

The external auditor, the Auditor General of Canada, conducts an independent examination of the financial statements, and reports to the Corporation and to the designated Minister of Canadian Heritage.



François Macerola
Executive Director



Danny Chalifour
Director – Finance and Administration

Montréal, Canada
June 15, 2001

Auditor's Report

To the Minister of Canadian Heritage

I have audited the balance sheet of the Canadian Film Development Corporation as at March 31, 2001, and the statements of operations and equity of Canada and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and

significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Canadian Film Development Corporation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Canadian Film Development Corporation Act* and the by-laws of the Corporation.



Richard Flageole, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 15, 2001


Balance Sheet

As at March 31, 2001

	2001 In thousands of dollars	2000 In thousands of dollars
ASSETS		
CURRENT ASSETS		
Receivable from Canada (note 3)	37,308	31,454
Contributions receivable from the Department of Canadian Heritage	4,490	-
Loans (note 4)	1,601	1,348
Accounts receivable	12,930	4,090
Prepaid expenses	866	540
	57,195	37,432
<hr/>		
ACCOUNTS RECEIVABLE	2,049	-
LOANS (note 4)	2,062	4,399
INVESTMENTS	109	109
CAPITAL ASSETS (note 5)	4,322	2,113
	65,737	44,053
<hr/>		

See accompanying notes to financial statements.

Approved by the Board:



Jeanine C. Beaubien
Chairman

	2001 In thousands of dollars	2000 In thousands of dollars
LIABILITIES AND EQUITY OF CANADA		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	22,664	7,339
LONG-TERM LIABILITIES		
Provision for employees' future benefits	518	440
Deferred lease inducements	1,069	879
Deferred capital funding (note 6)	4,322	2,113
Obligation under operating lease (note 7)	498	996
	6,407	4,428
EQUITY OF CANADA	36,666	32,286
COMMITMENTS (note 12)		
CONTINGENCIES (note 14)		
	65,737	44,053

See accompanying notes to financial statements.

Approved by Management:



François Macerola
Executive Director

Statement of Operations and Equity of Canada

Year ended March 31, 2001

	Investments	Recoveries on investments	2001 Net amount In thousands of dollars	2000 Net amount In thousands of dollars
ASSISTANCE EXPENSES				
PRODUCTION AND DEVELOPMENT				
Canadian television fund (note 10)	97,121	(13,778)	83,343	84,239
Feature film fund	23,272	(2,297)	20,975	14,472
Multimedia	7,246	(200)	7,046	5,421
Production revenue sharing program	1,308	(618)	690	1,226
Official co-productions	1,400	(413)	987	849
Commercial production fund	39	(1,118)	(1,079)	(773)
Other	447	(78)	369	322
	130,833	(18,502)	112,331	105,756
DISTRIBUTION AND MARKETING				
Feature film distribution fund	12,209	(4,597)	7,612	3,670
National and international marketing	1,557	(105)	1,452	1,073
	13,766	(4,702)	9,064	4,743
VERSIONING AND SUBTITLING				
	1,255	(1,116)	139	871
COMPLEMENTARY ACTIVITIES				
Pre-professional development	2,470	–	2,470	2,285
Industrial and professional development	2,337	–	2,337	1,957
Grants to Canadian festivals	2,259	–	2,259	1,908
Participation in foreign markets	1,018	–	1,018	842
Advertising, promotion and publications	540	–	540	547
Participation in foreign festivals	512	–	512	485
Other	161	–	161	170
	9,297	–	9,297	8,194
	155,151	(24,320)	130,831	119,564
OPERATING EXPENSES (note 11)			16,773	17,436
COST OF OPERATIONS FOR THE YEAR			147,604	137,000
REVENUE				
Interest on loans			(36)	(26)
Other interest			(1,227)	(326)
Management fees			(5)	(9)
Other contribution (note 9)			(2,850)	(1,000)
			(4,118)	(1,361)
NET COST OF OPERATIONS FOR THE YEAR BEFORE GOVERNMENT ASSISTANCE			143,486	135,639
GOVERNMENT ASSISTANCE				
Parliamentary appropriation for operations			90,015	77,605
Contributions from the Department of Canadian Heritage (note 8)			57,350	58,099
Amortization of deferred capital funding (note 6)			501	998
			147,866	136,702
NET PROFIT FROM OPERATIONS			4,380	1,063
EQUITY OF CANADA AT THE BEGINNING			32,286	31,223
EQUITY OF CANADA AT THE END			36,666	32,286

See accompanying notes to financial statements.

Cash Flow Statement

Year ended March 31, 2001

	2001 In thousands of dollars	2000 In thousands of dollars
OPERATING ACTIVITIES		
Net profit from operations	4,380	1,063
Adjustments for		
Increase in long-term accounts receivable	(2,049)	-
Increase in the allowance for loan impairment	4,534	3,756
Amortization of capital assets	438	446
Loss on disposal of capital assets	63	541
Increase (decrease) in the provision for employees' future benefits	78	(333)
Increase in deferred lease inducements	190	796
Amortization of deferred capital funding	(501)	(998)
Increase (decrease) of obligation under operating lease	(498)	996
	6,635	6,267
Variations in non-working capital cash items		
Decrease (increase) in accounts receivable	(8,840)	1,152
Increase in contributions receivable from the Department of Canadian Heritage	(4,490)	-
Decrease (increase) in prepaid expenses	(326)	141
Increase (decrease) in accounts payable and accrued liabilities	15,325	(806)
	8,304	6,754
FINANCING ACTIVITIES		
Parliamentary appropriation for capital funding	2,710	1,295
INVESTING ACTIVITIES		
Loans	(3,956)	(4,649)
Repayments of loans	1,506	1,561
Acquisition of capital assets	(2,710)	(1,295)
Proceeds from disposal of capital assets	-	11
	(5,160)	(4,372)
INCREASE IN LIQUIDITY	5,854	3,677
RECEIVABLE FROM CANADA AT THE BEGINNING (note 3)	31,454	27,777
RECEIVABLE FROM CANADA AT THE END (note 3)	37,308	31,454

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended March 31, 2001

1. Authority and activities

The Corporation was established in 1967 by the *Canadian Film Development Corporation Act* with the objective of fostering and promoting the development of a feature film industry in Canada. The Corporation has since been charged with the administration of the Canadian Broadcast Program Development Fund (Television Fund) established on July 1, 1983 within the framework of the Broadcasting Strategy for Canada as well as with the management of various new programs established under the National Film and Video Policy of May 1984. The Act was amended in June 1994 to grant the Corporation the authority to guarantee loans.

In September 1996, the Minister of Canadian Heritage created the Canadian Television Fund (CTF). Created to foster a partnership between the government and the industry, this new fund brings together the Corporation's television fund and the cable distributors production fund. Two financial assistance programs constitute the CTF: the Equity Investment Program and the Licence Fee Program. The Corporation was given responsibility for the management of the Equity Investment Program.

In July 1997, the Corporation was given responsibility for the administration of the funding program in support of pre-professional development and in July 1998, the management of the Multimedia Fund.

The Corporation is a Crown corporation subject *inter alia* to the provisions of Part VIII of the *Financial Administration Act* as it read before its repeal in 1984 and as if it continued to be named in Schedule C of the Act.

2. Significant accounting policies

a) Financing sources of the Corporation

The Corporation obtains its funds mainly from the Government of Canada by means of the parliamentary appropriation and the contributions from the Department of Canadian Heritage. The portion of the parliamentary appropriation used to finance the acquisition of depreciable capital assets is recorded as deferred capital funding on the balance sheet and amortized on the same basis as the related capital assets. The other portion of the parliamentary appropriation and the contributions from the Department of Canadian Heritage are recorded on the Statement of Operations and Equity of Canada.

b) Liquidity and amount receivable from Canada

The financial operations of the Corporation are processed through the Consolidated Revenue Fund of Canada, thus the absence of bank accounts. For the purposes of the financial statements, its liquidity consists of a receivable from Canada. The amount receivable from Canada is composed of the unused cumulative receipts and the disbursements made after year end and related to current year operations.

c) Investments and allowance for losses

Investments include all forms of assistance granted for feature films and Canadian programming, excluding loans. Investments are accounted for as follows:

- Investments granted in return for a share in operating revenues and accompanied by pre-established obligations to reimburse on a term generally not exceeding three years are shown on the balance sheet at their face value, less an allowance for losses. The allowance for losses is determined by examining each investment and is charged to operations as assistance expenses.

- Investments granted in return for a share in operating revenues, other than those accompanied by pre-established obligations to reimburse, as well as non-recoverable investments are charged to operations as assistance expenses. These expenses are charged to operations in the year in which the funds are paid or have become payable.
- Recoveries on investments, other than those recognized on the balance sheet, are credited to operations as a reduction of assistance expenses in the year in which the funds are received or have become receivable. Any proceeds in excess of the related investment are accounted for as revenues.

d) Loans and allowance for losses

The Corporation grants loans for the financing of Canadian programming, feature films and new media. Loans are shown on the balance sheet at the principal amount increased by accrued interest receivable, net of an allowance for impairment. The allowance for losses is charged to operations as assistance expenses.

A loan is considered impaired as a result of a deterioration in credit quality to the extent that the Corporation no longer has reasonable assurance that the full amount of principal and interest will be collected in accordance with the terms of the loan agreement.

The allowance for credit losses includes specific and general allowances.

Specific allowances are established for each impaired loan. The evaluation is based on the receivables taken as security and the borrower's financial situation. The carrying amount of an impaired loan is reduced to its estimated realizable value by discounting the expected future cash flows at the effective interest rate inherent in the loan.

The general allowance represents the best estimate of probable impairment attributable to the deterioration of credit quality in the remaining portfolio for which specific allowances cannot yet be determined. The amount is estimated on previous losses and management's assessment of trends in the credit quality of the loan portfolio.

e) Interest revenue

Interest on loans is recorded as income on an accrual basis except for loans that are considered impaired. When a loan becomes impaired, recognition of interest in accordance with the terms of the original loan agreement ceases.

f) Other interest revenue

Other interest revenue is recognized on an accrual basis and represents the amounts charged on all amounts, other than loans, due to the Corporation, less an allowance for losses. This allowance for losses is determined by examining each amount.

g) Capital assets

Capital assets are recorded at cost. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Computer installations	Diminishing balance	20%
Software	Straight-line	5 years
Furniture and equipment	Diminishing balance	20%
Leasehold improvements	Straight-line	Terms of the leases

Amounts included in work in progress are transferred to the appropriate capital asset classification upon completion and are then amortized according to the Corporation's policy.

h) Employees' future benefits

The Corporation is required to recognize certain non-pension post-employment benefits over the periods which employees render services to the Corporation. Employees are entitled to specified benefits on termination as provided for under conditions of employment, through a severance benefit plan. The Corporation recognizes the cost of future severance benefits over the periods in which the employees render services to the entity and the liability for these benefits is recorded in the accounts as the benefits accrue to employees.

i) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Until March 31, 2000, the Corporation's contributions to the Plan were limited to an amount equal to the employees' contributions on account of current services. Effective April 1, 2000 the Corporation's contributions increased to an amount reflecting the full cost of the employer contributions. This amount, expressed as a percentage of employee contributions, will fluctuate from year to year depending on the experience of the Plan. The Corporation's contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account. The corporation's current year's pension expense is \$878,718 (\$486,298 in 2000).

j) Measurement uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. The allowance for losses on impaired loans, employee future benefits and contingencies are the most significant items where estimates are used. Actual results could differ from those estimates.

3. Receivable from Canada

The receivable from Canada includes the following amounts presented on the balance sheet:

	2001 In thousands of dollars	2000 In thousands of dollars
Unused cumulative receipts	15,550	25,019
Disbursements made after year end and related to current year operations	21,758	6,435
	37,308	31,454

4. Loans and allowance for losses

Loans with a carrying value of \$10,117,350 (\$8,394,852 in 2000) granted for production and marketing projects in the Multimedia Fund are interest-free loans. Generally these loans are repayable in twelve consecutive equal monthly instalments beginning twelve to twenty-four months after the agreed completion date of the project. For other loans, interest charged does not exceed the prime rate plus 2 percent. The loans have a term generally not exceeding three years.

As at March 31, the loans are detailed as follows:

	Amount	Allowance for losses	2001 Net amount In thousands of dollars	2000 Net amount In thousands of dollars
Loans	5,584	(1,921)	3,663	5,747
Impaired loans	6,774	(6,774)	-	-
	12,358	(8,695)	3,663	5,747
Less current portion	5,631	(4,030)	1,601	1,348
Long-term portion	6,727	(4,665)	2,062	4,399

The allowance for losses is detailed as follows:

	2001 In thousands of dollars	2000 In thousands of dollars
Balance at beginning	4,161	525
Write-offs	–	(120)
Recoveries	(7)	(272)
Allowance	4,541	4,028
BALANCE AT END	8,695	4,161

5. Capital assets

	Cost	Accumulated amortization	2001 Net In thousands of dollars	2000 Net In thousands of dollars
Leasehold improvements	1,474	606	868	873
Software	4,185	3,090	1,095	333
Computer installations	1,582	1,190	392	508
Furniture and equipment	1,098	959	139	59
Work in progress	1,828	–	1,828	340
	10,167	5,845	4,322	2,113

The work in progress, amounting to \$1,828,000 (\$340,000 in 2000) corresponds to software development and to replacement of information system infrastructure.

6. Deferred capital funding

The amount presented on the balance sheet is as follows:

	2001 In thousands of dollars	2000 In thousands of dollars
Balance at beginning	2,113	1,816
Parliamentary appropriation for capital funding	2,710	1,295
Amortization of deferred capital funding	(501)	(998)
BALANCE AT END	4,322	2,113

7. Obligation under operating lease

In the year ended March 31, 2000, the Corporation has ceased using an asset for which a long-term lease was signed. The future net rent payable under this lease has been expensed in the year 2000. The liability appears on the balance sheet.

8. Contributions from the Department of Canadian Heritage

The contributions received from the Department of Canadian Heritage are as follows:

	2001 In thousands of dollars	2000 In thousands of dollars
Canadian Television Fund – Equity Investment Program	49,775	49,775
Multimedia	4,975	5,750
Pre Professional Development	2,600	2,400
Other	–	174
BALANCE AT END	57,350	58,099

9. Other contribution

The Corporation received a contribution of \$2,850,000 (\$1,000,000 in 2000) from the Canadian Television Fund – Licence Fee Program, for the financing of Canadian television programming in Aboriginal languages and drama programs.

10. Canadian Television Fund – Equity Investment Program

The Equity Investment Program is financed by a contribution from the Department of Canadian Heritage and the annual operating budget of the Corporation. The cost of operations for the program excluding operating expenses is as follows:

	Corporation In thousands of dollars	Department In thousands of dollars	2001 Total In thousands of dollars	2000 Total In thousands of dollars
INVESTMENTS				
Canadian programming	46,557	44,214	90,771	87,117
Feature films	–	6,350	6,350	8,646
	46,557	50,564	97,121	95,763
RECOVERIES ON INVESTMENTS				
	(10,342)	(3,436)	(13,778)	(11,524)
	36,215	47,128	83,343	84,239

11. Operating expenses

	2001 In thousands of dollars	2000 In thousands of dollars
Salaries and employee benefits	9,649	8,490
Professional services	1,877	1,428
Rent, taxes, heating and electricity	1,465	1,623
Office expenses	1,460	1,171
Travel	881	695
Amortization	438	446
Telecommunications	213	201
Advertising and publications	160	206
Hospitality	99	80
Relocation	68	231
Loss on assets disposal	63	541
SUB-TOTAL	16,373	15,112
Expenses from the Canadian Television Fund Board	400	366
Loss on operating lease (note 7)	–	1,958
TOTAL	16,773	17,436

12. Commitments

a) Projects

As at March 31, 2001, the Corporation is committed contractually to advance funds as loans and investments:

	Corporation In thousands of dollars	Department In thousands of dollars	Total In thousands of dollars
Canadian Television Fund			
– Equity Investment Program	14,234	9,926	24,160
Other programs	13,226	2,314	15,540
	27,460	12,240	39,700

In addition the Corporation has accepted to finance projects that may call for disbursements totalling \$2,022,065. Under the production revenue sharing program, the Corporation has reserved funds totalling \$1,490,036 as at March 31, 2001 for the financing of projects yet to be submitted under certain conditions.

b) Leases

The Corporation has entered into long-term leases for the rental of office space and equipment used in its operations. The aggregate minimum annual rentals payable during subsequent years are as follows:

	Total In thousands of dollars
2002	2,734
2003	2,433
2004	898
2005	705
2006	589
2007-2015	5,106
	<u>12,465</u>

13. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business. The transactions are recorded at exchange value.

14. Contingencies

The Corporation guarantees the reimbursement of loans or debts incurred by third parties with financial institutions within the loan guarantee program. The total amount of the Corporation's guarantees cannot exceed, at any time, \$25,000,000. The interest rate cannot exceed the lending institutions' prime rate plus 2 percent, and eligible security must be obtained from the borrower. The guarantees as at March 31, 2001 totalled \$920,196 (2000 - \$1,452,379). A provision for losses is recorded when management can estimate that a loss is likely to occur.

In the normal course of business, various claims and lawsuits have been brought against the Corporation. In the opinion of management, the losses, if any, which may result from the settlement of the matters are not likely to be material, and accordingly, no provision has been made in the accounts of the Corporation. In the event that such expenses were to occur, they would be charged to expense when determined.

15. Fair value of financial assets and liabilities

The carrying amounts reported for investments, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

The following table represents the carrying amounts and fair values of the Corporation's other financial instruments:

	Carrying amount In thousands of dollars	2001 Fair value In thousands of dollars	Carrying amount In thousands of dollars	2000 Fair value In thousands of dollars
Short-term loans	1,601	1,572	1,348	1,236
Long-term loans	2,062	1,796	4,399	3,690

The fair values of loans have been established by discounting the future contractual cash flows under current loan arrangements, at discount rates equal to the prevailing market rate of interest for financial instruments having substantially the same terms and characteristics.

16. Comparative figures

Some of the 2000 comparative figures have been reclassified to conform with the presentation adopted for 2001.