



Background Report

Review of the selection criteria and process for a film event in Montreal

Report prepared for
The Honourable Bev Oda, Minister of Canadian Heritage

April 7, 2006

CONFIDENTIAL

360, rue Saint-Jacques, bureau 700 Montréal (Québec) H2Y 4A9	☎ : (514) 283-6363 📠 : (514) 283-0838 1 800 567-0890 📠 : (514) 283-2365
Siège social / Head Office Montréal Toronto Halifax Vancouver Ottawa Paris	
www.telefilm.gc.ca	

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1.0 | Foreword

The matters dealt with in this report are the subject of pending litigation. In December 2004, the *Festival canadien des films du monde* (“WFF” – Canadian World Wide Film Festival) filed suit against Telefilm Canada (“Telefilm”) in the Quebec Superior Court, alleging that its reputation had been unjustly besmirched.¹ In January 2005, the WFF further filed in the Federal Court of Canada for judicial review of the Call for Proposals issued in September 2004 by Telefilm and SODEC.² Telefilm is represented in both cases by the Attorney General of Canada. Telefilm’s written objection denying all responsibility was filed in the Superior Court in March 2005.³ The proceeding before the Federal Court is currently in appeal of the interlocutory order.

In addition, this report contains information drawn from confidential documents belonging to Telefilm, such as the minutes of meetings of the Telefilm Board, publication of which would be detrimental to its activities. Other information concerns third parties, namely the confidential findings of RSM Richter,⁴ which include confidential information pertaining to the Toronto International Film Festival. This confidential information may not be disclosed without the approval of the parties concerned or unless expressly authorized by law.

¹ *Festival canadien des films du monde c. Telefilm Canada*, Superior Court, docket no. 500-17-023547-048, “Requête introductive d’instance en dommages-intérêts, pour jugement déclaratoire et en injonction permanente” [originating application for damages, declaratory judgment and permanent injunction], December 10, 2004.

² *Avis de demande entre Festival canadien des films du monde et Telefilm Canada*, Federal Court, docket no. T-66-05, January 14, 2005.

³ Telefilm’s defence filed in Superior Court, March 31, 2005, docket no. 500-17-023547-048.

⁴ The RSM Richter report may not be distributed, published, reproduced or cited in whole or in part without RSM Richter’s written consent: *Projet de rapport Festival canadien des films du monde et Toronto International Film Festival* [draft report, Canadian World Wide Film Festival and Toronto International Film Festival], RSM Richter, Consultation, Montréal, June 9, 2004, p. 38, “15 Réserves et restrictions” [qualifications and restrictions], and *Révision financière de Festival canadien des films du monde et Toronto International Film Festival, Inc.* [financial review of Canadian World Wide Film Festival and Toronto International Film Festival, Inc.], RSM Richter, Service de la Consultation financière, Montréal, June 9, 2004 (October 27, 2004, for section 14.14 of this report), p. 40, “15 Réserves et restrictions” [qualifications and restrictions].

2.0 | Cooperation between Telefilm and SODEC

Telefilm's enabling Act expressly states that at all relevant times Telefilm "shall, to the greatest possible extent consistent with the performance of its duties ... consult and cooperate with any departments, boards and agencies of the Government of Canada and the governments of the provinces that have a mandate related to the mandate of the Corporation."⁵ In 2003 and 2004, Telefilm's mission was to "foster and promote the development of a feature film industry in Canada."⁶ To this end, Telefilm has worked in concert with numerous cultural institutions and provincial agencies, including SODEC, a key player in Quebec's audio-visual industry. The file concerning the WFF and the Call for Proposals for a major film festival in Montreal must be considered in that context.

3.0 | Chronology of events leading up to the Call for Proposals

For many years the WFF held film festivals in Montreal with limited funding from Telefilm.⁷ Telefilm last supported the WFF in 2004, [REDACTED]

Telefilm's decisions to commission an external audit of the WFF's use of the Telefilm grant received in 2003 and to issue the Call for Proposals stemmed from the following circumstances:

- [REDACTED] the federal and Quebec governments commissioned analyses of the WFF to enable them to make informed decisions regarding future grants.¹⁰

⁵ Prior to March 23, 2005: *Telefilm Canada Act*, R.S. 1985, c. C-16, Section 10(4); since March 23, 2005: Section 10(9)(b).

⁶ Prior to March 23, 2005, *Telefilm Canada Act*, Section 10(1).

⁷ Table "Telefilm Canada Grants to the Festival canadien des films du monde, 1980-2004." Telefilm has been authorized to give grants to festivals since May 31, 1984: Treasury Board decision no. 793537 of May 17, 1984.

⁸ Letter of August 4, 2004, from Telefilm (J.-C. Mahé) to WFF (S. Losique) (without the annexes), accepted by WFF August 5, 2004.

⁹ Memo of March 27, 1991, from J.-P. Paré (Telefilm) to P. Desroches and N. Cormier (Telefilm); [REDACTED]; memo of May 29, 1991, from Department of Communications (D. Perrier) to Telefilm (M. Fortin); letter of January 10, 1992, from Department of Communications (P. Racine), Federal Office of Regional Development (J.-Y. Therrien) and Quebec Ministère des Affaires culturelles (H.-P. Chaput) to WFF (S. Losique); letter of January 15, 1992, from WFF (S. Losique) to Telefilm (P. DesRoches); letter of April 1, 1992, from Department of Communications (P. Racine) to Telefilm (P. DesRoches) and enclosure: *La situation du Festival des films du monde et le marché international du film, de la télévision et de la vidéo de Montréal* [mandate of the ad hoc committee on funding of the Montreal World Film Festival; the situation of the World Film Festival and the Montréal International Film, Television and Video Market], Secor, February 14, 1992; letter of May 7, 1992, from Department of Communications (P. Racine) to WFF (S. Losique); letter of June 4, 1992, from Minister of Communications (P. Beatty) to WFF (S. Losique); letter of June 29, 1992, from Minister of Communications (P. Beatty) to WFF (S. Losique); letter of July 28, 1992, from Minister of Communications (P. Beatty) to WFF

- [Redacted]

- [Redacted]

- In the fall of 2002, Telefilm's management began putting in place new directions for all operations. The WFF cast a shadow across on the national horizon of Canada's major film festivals.¹⁴
- In March 2003, under the authority of its Board,¹⁵ Telefilm established a three-year corporate plan for all areas of activity, including festivals.¹⁶ The plan defined Telefilm's strategic orientations through 2005-2006 with the aim of optimizing the impact of its funding activities; the core objective being to increase audiences for Canadian cultural products, with Telefilm's cultural and industrial objectives were to be closely linked from then on. To increase the transparency and efficiency of its decision making, Telefilm undertook to review and streamline its business policies and procedures. The first focus

(S. Losique); letter of July 31, 1992, from Federal Office of Regional Development-Quebec (G. Bédard) to WFF (S. Losique); letter of August 10, 1992, from Telefilm (P. DesRoches) to WFF (S. Losique), approved August 11, 1992, by S. Losique and D. Cauchard; letter of August 14, 1992, from Telefilm (N. Cormier) to WFF (S. Losique) and letter of December 23, 1992, from (Telefilm) P. DesRoches to WFF (S. Losique).

10 Letter of October 17, 1990, from Department of Communications (P. Racine) to Telefilm (P. DesRoches) and enclosure: *Mandat du comité ad hoc sur le financement du Festival des films du monde de Montréal; La situation du Festival des films du monde et le marché international du film, de la télévision et de la vidéo de Montréal* [mandate of the ad hoc committee on funding of the Montreal World Film Festival; the situation of the World Film Festival and the Montréal International Film, Television and Video Market], Secor, February 14, 1992, p. 1.

11 [Redacted]

12 [Redacted]

13 [Redacted]

14 *La Presse*, August 24, 2002, p. C1: "26^e festival des Films du Monde Montréal ou Toronto?" [26th World Film Festival – Montréal or Toronto?]; *Le Devoir*, August 30, 2002, p. B8: "Record d'ennui" [record boredom]; *Le Devoir*, September 3, 2002, p. A1: "Rarement FFM aura-t-il paru si anémique – Mais le public est demeuré fidèle au poste" [rarely has WFF seemed so anaemic – but audiences turned out]; *Le Devoir*, September 3, 2002, p. B8: "Par ici la sortie" [this way to the exit].

15 Minutes of the 234th meeting of the Telefilm Board held March 25, 2002, p. 3, first and second paragraphs, and p. 5, first paragraph.

16 Telefilm Canada 2002-2003 Annual Report, pp. 11 and 25; Telefilm Corporate Plan 2003-2004 to 2005-2006.

of this overall shift would be television operations, the largest sector in terms of financial resources and application volume. Next, Telefilm's approach to funding feature films would be restructured. Given the audience-building objectives of Telefilm's main programs, it was explicitly stated that *Canada Showcase*, the support program for Canadian cultural festivals, would be reassessed.¹⁷ Although Telefilm announced its plan to introduce performance measurement tools at that point,¹⁸ it did not yet have performance measurement criteria for the *Canada Showcase* program. As noted below in section 4.0, Telefilm commissioned Secor Consulting to develop these criteria in July 2004.

- In 2003, in accordance with the *Canada Showcase* guidelines, funding to festivals was conditional on Telefilm's right to "audit all accounts and records of the applicant to ensure that funds provided were used for the purposes intended."¹⁹
- On July 22, 2003, Telefilm informed the WFF that it intended to evaluate the WFF as part of the overall evaluation of Canadian film festivals planned for the fall.²⁰ The critical evaluation of WFF's 2003 festival was to be conducted after the close of its fiscal year [REDACTED]. This evaluation was integral to the general review, begun in 2002, of all Telefilm activities. The WFF's audited financial statements for 2003 were delivered to Telefilm on or about December 12, 2003.²²
- Under the August 18, 2003 letter of agreement with the WFF, Telefilm specifically reserved the right to examine the WFF's books, files and other documents.²³
- The management,²⁴ programming and organization of the WFF's 2003 festival were strongly criticized by the media, which reported comments from film professionals and

¹⁷ Telefilm Corporate Plan 2003-2004 to 2005-2006, p. 21.

¹⁸ Telefilm Corporate Plan 2003-2004 to 2005-2006, p. 24.

¹⁹ Canada Showcase program, 2002-2003 guidelines, section 8.

²⁰ Letter of July 22, 2003, from Telefilm (J.-C. Mahé) to WFF (S. Losique) (without enclosure).

²¹ WFF's audited financial statements [REDACTED] enclosed with letter of December 12, 2003, from WFF (D. Cauchard) to Telefilm (J.-C. Mahé).

²² Letter of December 12, 2003, from WFF (D. Cauchard) to Telefilm (J.-C. Mahé).

²³ Letter of August 18, 2003, from Telefilm (J.-C. Mahé) to WFF (S. Losique), section 7 (without enclosure).

²⁴ *La Presse*, May 31, 2003, pp. D1 and D5: "Al Capone de Montréal" [Al Capone of Montréal].

others.²⁵ A number of film industry associations felt that the WFF had lost the film community's trust.²⁶

- On November 17, 2003, Telefilm and SODEC jointly asked the WFF to cooperate with an independent evaluation by Secor Consulting ("Secor").²⁷

- [REDACTED]

- In January and February 2004, Telefilm asked the WFF to cooperate with an examination of its books by an independent auditor, Richter & Associés ("Richter").²⁹ The WFF did allow Richter access to its offices in February, but abruptly interrupted Richter's work on February 18, 2004.³⁰
- Discussions ensued between Telefilm, the WFF, their respective counsels and third parties over WFF's cooperation with Richter's examination.³¹ Negotiations with the WFF

²⁵ *La Presse*, August 23, 2003, p. B1: "Le FFM ne tourne pas rond" [trouble at WFF]; *La Presse*, August 27, 2003, p. E1: "Festival Ciné-Quiz" [cine quiz festival]; *Le Devoir*, August 30, 2003, p. A4: "Dans le temps" [back when]; *Le Devoir*, September 4, 2003, p. B8: "Partir" [leaving]; *The Gazette*, September 5, 2003, p. A8: "Without the stars, the sparkle's gone"; *The Gazette*, September 20, 2003, p. D4: "Festival a tragedy of errors".

²⁶ Secor met with representatives of various industry associations in preparing its July 2004 report: see *Analysis of Canada's Major Film Festivals, Summary*, Secor Consulting, July 26, 2004, p. 61.

²⁷ Letter of December 10, 2003, from Telefilm (C. Bélanger) and SODEC (P. Lafleur) to WFF (S. Losique).

²⁸ [REDACTED]

²⁹ Letter of January 23, 2004, from Telefilm (S. Odessa) to WFF (S. Losique); letter of February 6, 2004, from Telefilm (C. Bélanger) to WFF (P. Goyette); fax of February 19, 2004, from Telefilm (C. Brabant) to WFF (S. Losique) and letter of February 23, 2004, from Telefilm (C. Brabant) to WFF (S. Losique).

³⁰ *Projet de rapport Festival canadien des films du monde et Toronto International Film Festival* [draft report, Canadian World Wide Film Festival and Toronto International Film Festival], RSM Richter Consultation, Montréal, June 9, 2004, p. 1, "2.1 FFM", second and fourth paragraphs.

³¹ Letter of February 19, 2004, from WFF (S. Losique) to Telefilm (C. Brabant); letter of February 24, 2004, from WFF (D. Cauchard) to Telefilm (C. Brabant); letter of February 25, 2004, from Robinson Sheppard Shapiro (C.-A. Sheppard) to Telefilm (C. Brabant); letter of March 10, 2004, from Department of Justice (J. Boudreau) to WFF (S. Losique); [REDACTED]

[REDACTED]; letter of March 15, 2004, from Robinson Sheppard Shapiro (C.-A. Sheppard) to Department of Justice (J. Boudreau); letter of March 22, 2004, from WFF (D. Cauchard) to Telefilm (C. Bélanger) with enclosed press clipping and news release; letter of March 22, 2004, from Department of Justice (M. Miller) to Robinson Sheppard Shapiro (C.-A. Sheppard); e-mail of March 24, 2004, from RSM Richter (P. Gaudreault) to Telefilm (J. Lalonde and C. Brabant); letter of March 26, 2004, from Department of Justice (M. Miller) to Robinson Sheppard Shapiro (C.-A. Sheppard); letter of March 30, 2004, from Robinson Sheppard Shapiro (C.-A. Sheppard) to Department of Justice (M. Miller); letter of March 30, 2004, from WFF (S. Losique) to Canadian Heritage (M. Décarie); letter of April 23,

over its cooperation with Secor and Richter considerably delayed both of these projects.³²

- The WFF steadfastly refused to cooperate with Secor³³ [REDACTED]
- In March 2004, the WFF was formally put on notice and advised by Telefilm's counsel that, unless it agreed to an examination of its books, Telefilm would no longer fund the WFF and would be claiming full repayment of its 2003 funding.³⁵
- In May 2004, the WFF finally agreed to a complete examination of its books by Richter.³⁶

[REDACTED]

2004, from WFF (S. Losique) to Telefilm (C. Bélanger); letter of April 30, 2004, from Telefilm (J. Lalonde) to Richter, Usher & Vineberg (M. Durivage); e-mail of April 30, 2004, from WFF (S. Losique) to Telefilm (C. Bélanger); letter of May 3, 2004, from Richter, Usher & Vineberg (M. Durivage) to Telefilm (C. Brabant); letter of May 11, 2004 from Richter, Usher & Vineberg (P. Gaudreault) to WFF (S. Losique and C. Colson); fax of May 12, 2005, from WFF (C. Colson) to Richter, Usher & Vineberg (P. Gaudreault).

³² Letter of July 26, 2004 from Telefilm (J.-C. Mahé) to WFF (P. Goyette) and *Révision financière de Festival canadien des films du monde et Toronto International Film Festival, Inc.* [financial review of Canadian World Wide Film Festival and Toronto International Film Festival, Inc.], RSM Richter, Service de la Consultation financière, Montréal, June 9, 2004 (October 27, 2004, for section 14.14 of this report), p. 1, "2.1 FFM," last paragraph.

³³ Letters of May 7, 2004, from WFF (S. Losique) to Secor (C. Deniger), [REDACTED] and of June 29, 2004, from WFF (D. Cauchard) to Telefilm (C. Bélanger) and SODEC (P. Lafleur) with enclosure.

³⁴ [REDACTED]

³⁵ Letters of March 22 and 26, 2004, from Department of Justice (M. Miller) to WFF's counsel (C.-A. Sheppard).

³⁶ Letter of May 11, 2004, from Richter, Usher & Vineberg (P. Gaudreault) to WFF (S. Losique and C. Colson); fax of May 12, 2005, from WFF (C. Colson) to Richter, Usher & Vineberg (P. Gaudreault).

³⁷ [REDACTED]

³⁸ [REDACTED]



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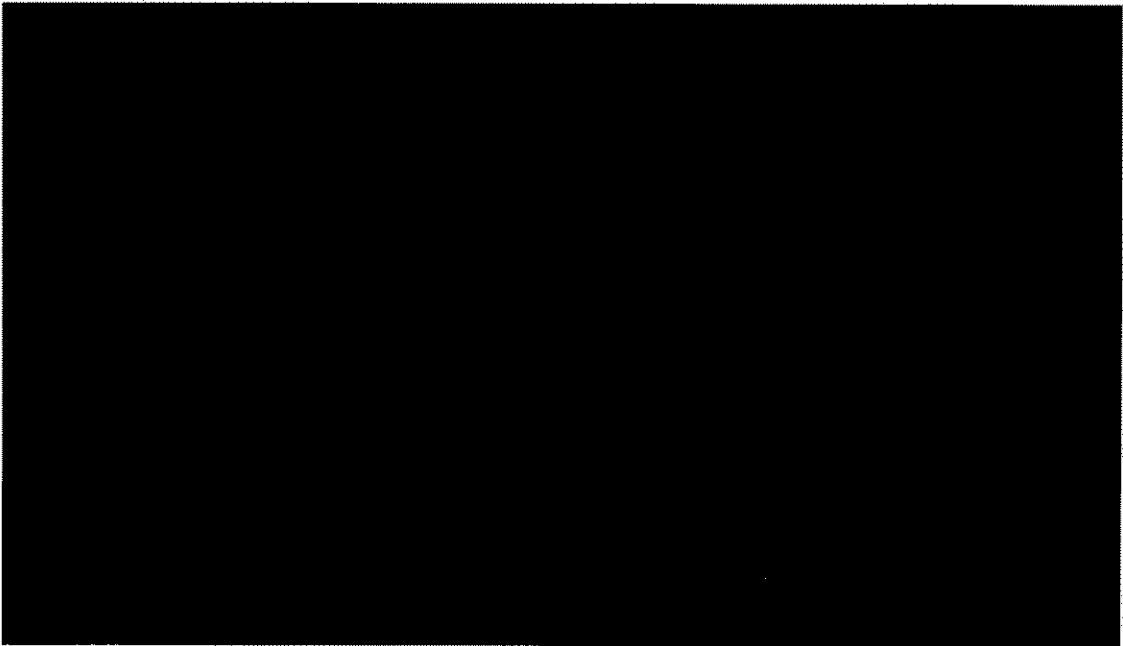
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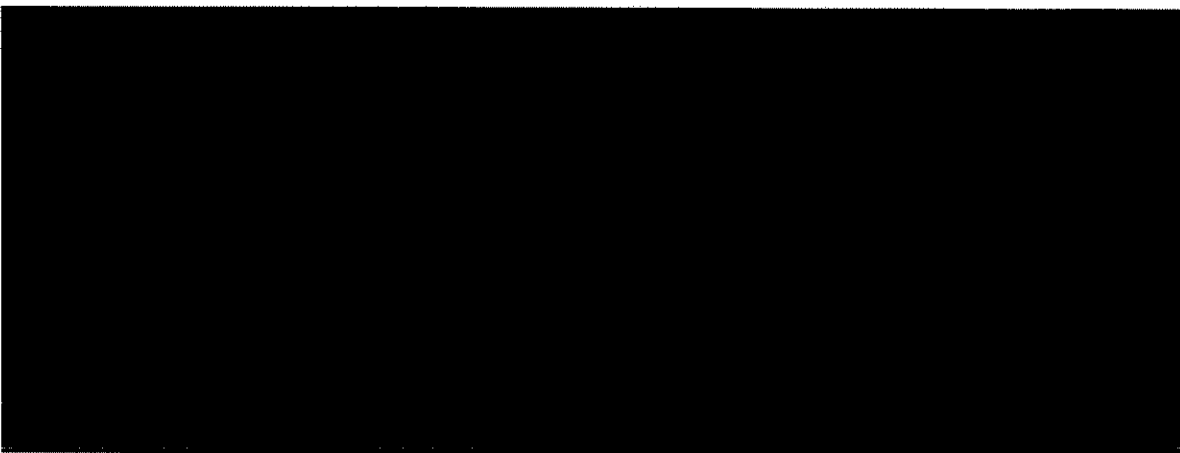
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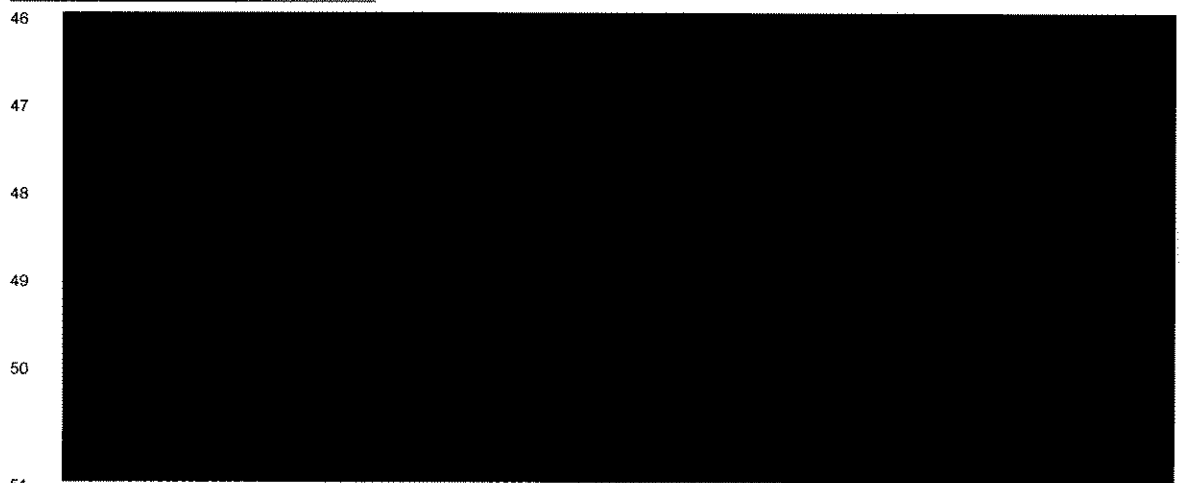




- Richter delivered its final report to Telefilm on October 27, 2004.

- In June 2004, despite the WFF's refusal to cooperate with the Secor study and its prolonged reluctance to allow Richter to audit its books, Telefilm agreed to fund the WFF's 2004 festival subject to certain conditions.⁵¹ This decision was made to allow Telefilm to continue encouraging the development of the Canadian film industry by funding a major film festival in Montréal in accordance with its legislated mandate and to avoid penalizing the Montréal public.⁵²

- On July 2, 2004, following receipt of Richter's preliminary observations, Telefilm demanded that the WFF reimburse \$168,312 with respect to the WFF's 2003 festival and indicated its considerable dissatisfaction concerning the WFF's failure to cooperate. Telefilm also advised that it intended to thoroughly reconsider its funding for the WFF's 2005 festival.⁵³



51 Letter of June 21, 2004, from Telefilm (J.-C. Mahé) to WFF (S. Losique).
52 Letter of July 26, 2004, from Telefilm (J.-C. Mahé) to WFF (S. Losique).
53 Letter of June 18, 2004, from Telefilm (C. Brabant) to WFF (P. Goyette).

- On July 26, 2004, Telefilm reiterated its decision to fund the WFF's 2004 festival, but only on condition that the WFF reimburse the sum of \$127,162.13, the revised amount owing to Telefilm, as stated in its previous letters,⁵⁴ and informed the WFF that while future funding was not excluded, it should no longer be considered a certainty.⁵⁵
- Secor's report on the four major Canadian film festivals was made public on July 27, 2004.⁵⁶ It identified a variety of success factors and assessment measures for major Canadian film festivals, which their public-sector partners could take into account in developing precise evaluation and performance criteria that determine financial support. The introduction of a standard analysis framework and of clear and common measures "would improve the comparability of the different festivals' data and ensure the equitable allocation of public funds."⁵⁷
- Concerning the overall performance of these festivals, Secor reported that the WFF showed comparably poor results, particularly in regard to professional clientele satisfaction, financial performance, and management and governance quality.⁵⁸ In particular, Secor's interviews of film professionals pointed up the WFF's deficient festival organization, inadequate industry hospitality, poorly organized professional events, and problems with information quality and delivery. This dissatisfaction was voiced to Secor by many professionals from Canada and by others from abroad; they suggested that the WFF's activity planning and organization should be rethought with a view to reinvigorating the festival.⁵⁹
- Telefilm's overall participation in the WFF's 2004 festival amounted to \$400,000, plus a sum of \$125,000 for electronic subtitling.⁶⁰ Under protest, the WFF agreed on August 5, 2004, to reimburse Telefilm the amount owing of \$127,162.13 for its 2003 festival,⁶¹ and this sum was withheld from Telefilm's funding for 2004.⁶²

⁵⁴ Letters of July 7, 8 and 13, 2004, from Telefilm (C. Brabant) to WFF (P. Goyette).

⁵⁵ Letter of July 26, 2004, from Telefilm (J.-C. Mahé) to WFF (P. Goyette).

⁵⁶ News release of July 27, 2004, issued by Telefilm and SODEC.

⁵⁷ *Analysis of Canada's Major Film Festivals*, Summary, by Secor Consulting, July 26, 2004, p. 58.

⁵⁸ *Analysis of Canada's Major Film Festivals*, Summary, by Secor Consulting, July 26, 2004, p. 6, section 1.2.

⁵⁹ *Analysis of Canada's Major Film Festivals*, Summary, by Secor Consulting, July 26, 2004, p. 28.

⁶⁰ Letter of agreement of August 4, 2004, from Telefilm (J.-C. Mahé) to WFF (S. Losique), signed by S. Losique August 5, 2004.

⁶¹ Letter of agreement of August 5, 2004, from WFF (S. Losique) to Telefilm (J.-C. Mahé).

⁶² Letter of agreement of August 4, 2004, from Telefilm (J.-C. Mahé) to WFF (S. Losique), signed by S. Losique August 5, 2004, section 3.

- In 1986, the WFF made accusations against Telefilm after once again refusing to allow Telefilm to examine its books.⁶³ [REDACTED] in 1999⁶⁵ it accused SODEC of bad faith, vindictiveness and abuse of power. Telefilm's more recent correspondence file with the WFF contains similar written accusations against Telefilm and SODEC, in particular regarding Telefilm's demands to examine the WFF's books and records.⁶⁶
- The WFF's attitude, categorical refusals and constant reluctance to cooperate with efforts to verify its use of public funds were incompatible with the accountability that accompanies such funds. Therefore, in May 2004, Telefilm considered ways to make its grants available to other corporations apt to be interested in organizing a major film

⁶³ Letter of March 4, 1986, from Telefilm (A. Picard) to WFF (S. Losique); letter of March 16, 1986, from WFF (S. Losique) to Telefilm (P. Pearson) see p.1, third paragraph; letter of March 10, 1986, Arthur Andersen & Cie to Telefilm (Y.J. Beauchesne); letter of March 25, 1986, from Arthur Andersen & Cie (A. Desmarais) to Telefilm (Y.J. Beauchesne); letter of March 26, 1986, from Telefilm (Y.J. Beauchesne) to WFF (S. Losique); letter of March 31, 1986, from WFF (S. Losique) to Telefilm (Y.J. Beauchesne); letter of April 2, 1986, from WFF (S. Losique) to Arthur Andersen & Cie (A. Desmarais); letter of April 3, 1986, from Telefilm (Y.J. Beauchesne) to WFF (S. Losique); letter of April 4, 1986, from Telefilm (Y.J. Beauchesne) to WFF (S. Losique); letter of April 4, 1986, from WFF (P. Goyette and S. Losique) to Telefilm (Y.J. Beauchesne); letter of April 8, 1986, from WFF (S. Losique) to Telefilm (Y.J. Beauchesne); letter of April 9, 1986, from Telefilm (Y.J. Beauchesne) to WFF (S. Losique); letter of April 11, 1986, from Telefilm (Y.J. Beauchesne) to WFF (S. Losique); letter of April 14, 1986, from WFF (S. Losique) to Telefilm (A. Picard); memo of April 21, 1986, from Lafleur, Brown, de Grandpré (C. Joli-Cœur) to Telefilm (P. Pearson); letter of April 23, 1986, from Lafleur, Brown, de Grandpré (M. Frascadore) to Telefilm (Y.J. Beauchesne); letter of April 23, 1986, from Telefilm (P. Pearson) to WFF (P. Goyette); letter of April 25, 1986, from Robinson Sheppard, Borenstein, Shapiro (C.-A. Sheppard) to Telefilm (P. Pearson); letter of April 25, 1986, from Telefilm (J. McCann) to WFF (S. Losique); draft letter of April 25, 1986, from Lafleur, Brown, de Grandpré (B. Amyot) to WFF (S. Losique); typewritten notes of a meeting on April 28, 1986, with Minister Marcel Masse; three memos of April 28, 1986 from Y.J. Beauchesne (Telefilm) to the file; letter of April 28, 1986, from WFF (S. Losique) to Telefilm (J. McCann); draft letter of April 28, 1986, from Lafleur, Brown, de Grandpré (B. Amyot) to WFF (S. Losique and P. Goyette); extract of the minutes of the 126th meeting of the Telefilm Board of April 1986; "A brief chronology of Telefilm's funding of the Festival des films du monde," April 29, 1986, see paragraph 21; letter of May 8, 1986, from Arthur Andersen & Cie (W.R. Laurier) to Telefilm (E. Prévost); memo of May 13, 1986, from P. Pearson (Telefilm) to E. Prévost (Telefilm); letter of May 13, 1986, from Telefilm (P. Pearson) signed May 15, 1986, by WFF (S. Losique); handwritten letter of agreement (and typewritten transcription) signed at Cannes May 15, 1986, between Telefilm (E. Prévost) and WFF (S. Losique); letter of May 16, 1986, from Telefilm (Y.J. Beauchesne) to Arthur Andersen & Cie (R. Laurier); memo of May 23, 1986, from C. Joli-Cœur (Telefilm) to P. Pearson (Telefilm); extract of the minutes of the 127th meeting of the Telefilm Board of May 1986; letter of June 2, 1986, from Telefilm (E. Prévost) to Arthur Andersen & Cie (R. Laurier).

⁶⁴ [REDACTED]

⁶⁵ Open letter from WFF (D. Cauchard) to *La Presse*, July 10, 1999, p. B3: "Sodec, Mensonges et festival" [Sodec, lies and festival].

⁶⁶ See the documents underlined in note 31 above.

festival in Montréal, should the WFF persist in refusing to abide by acceptable standards of accountability.⁶⁷

- Telefilm chose the call for proposals procedure so as to make unequivocally clear to the WFF the criteria it would have to meet if it wanted to continue receiving grants from Telefilm, and to confirm that Telefilm was disposed to consider any other proposal for the staging of a major film event in Montréal that met these criteria.

⁶⁷ Memo of May 26, 2004, from J.-C. Mahé (Telefilm) to C. Bélanger and R. Stursberg (Telefilm).

4.0 | Call for Proposals: criteria and process

- July 12, 2004

Telefilm and SODEC retained the services of Secor to develop future eligibility and performance evaluation criteria for a major film festival in Montreal.⁶⁸

- September 1, 2004

Speculation began as to the outcome of the Call for Proposals. Sparking an immediate denial from one of the two players concerned, a major daily declared “**WFF: Alain Simard and Daniel Langlois to replace Serge Losique**” [tr.], reporting that “among other rumours ... it seems there’s an alliance brewing between Alain Simard’s Spectra group and the group headed by Daniel Langlois, his partner in the future Spectrum complex on St. Catherine Street.”⁶⁹ [tr.]. Alain Simard denied what the paper itself called gossip, said he did not want to be “the vulture that’s going to take Serge Losique’s festival away from him” [tr.] and mentioned his very friendly relationship with Serge Losique.⁷⁰

- September 3, 2004



- September 7, 2004

Based on the criteria developed by Secor, Telefilm and SODEC⁷¹ issued a Call for Proposals with a view to funding a film event in Montréal (“CFP”).⁷² In line with Telefilm’s mandate and vision, the CFP was explicitly worded to ensure Canadian cinema “a national and international platform in Montréal that offers the best in terms of programming, promotion and business development, including sales and coproduction.”⁷³ Among other things, the proposals were required to outline a business strategy, including cooperation with other film events,⁷⁴ and to include “the most detailed possible three-year budget forecasts”⁷⁵

⁶⁸ Letter of June 18, 2004, from Secor (C. Deniger) to Telefilm (J.-C. Mahé), accepted July 12, 2004.

⁶⁹ *La Presse*, September 1, 2004, pp. A1/AS4.

⁷⁰ *La Presse*, September 1, 2004, p. A1, second column, second paragraph.

⁷¹ News release of September 7, 2004, issued by Telefilm and SODEC.

⁷² Call for Proposals for a Film Event in Montréal, September 7, 2004.

⁷³ Call for Proposals for a Film Event in Montréal, September 7, 2004, p. 2.

⁷⁴ Call for Proposals for a Film Event in Montréal, September 7, 2004, p. 5.

⁷⁵ Call for Proposals for a Film Event in Montréal, September 7, 2004, p. 6.

set out according to a pro forma budget appended to the CFP.⁷⁶ The role of the agencies issuing the CFP was clearly stated as being confined to partial funding of the envisaged event, as follows:

“The selected corporation shall be wholly responsible for organizing and staging the event, with the obligations of the public agencies limited to providing contributions, all of which to be set out in specific agreements.”

It was also specified that

“the selected corporation must retain full decisional control over the management, organization and staging of the event.”⁷⁷

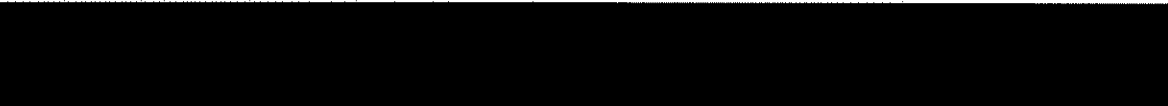
Assessment of the proposals was entrusted to a joint assessment committee composed of Telefilm and SODEC representatives.⁷⁸ The committee held standardized meetings with all applicants for the presentation and discussion of the proposals.⁷⁹ The proposals were scored on a point system relating to the impact of the event, the quality of the organization and the overall merit of the proposal, according to an evaluation grid appended to the CFP.⁸⁰ Telefilm and SODEC reserved the right not to select any proposal⁸¹ and stated that they would announce their decisions by the end of October 2004.⁸²

- September 18, 2004

The WFF posted on its website a legal opinion addressed to the WFF by its counsel, according to which the CFP exceeded Telefilm’s and SODEC’s legal authority.⁸³



- October 4, 2004



⁷⁶ Call for Proposals for a Film Event in Montréal, September 7, 2004, p. 7, section 7.4.
⁷⁷ Call for Proposals for a Film Event in Montréal, September 7, 2004, p. 6.
⁷⁸ Call for Proposals for a Film Event in Montréal, September 7, 2004, p. 8.
⁷⁹ Call for Proposals for a Film Event in Montréal, September 7, 2004, p. 8.
⁸⁰ Call for Proposals for a Film Event in Montréal, September 7, 2004, p. 8.
⁸¹ Call for Proposals for a Film Event in Montréal, September 7, 2004, p. 8.
⁸² Call for Proposals for a Film Event in Montréal, September 7, 2004, p. 8.
⁸³ E-mail of September 18, 2004, from WFF to Telefilm (N. Prud’homme).
⁸⁴



- October 8, 2004

Four proposals were submitted within the allotted timeframe:

- *Comedia*, presented by Gilbert Rozon, Michèle Bazin, Bruce Hills and André Verge;⁸⁶
- *Fantasia*, presented by Pierre Corbeil, François Lefebvre and Roger Page;⁸⁷
- *Festival du nouveau cinéma* ("**FNC**"), presented by Daniel Langlois and Sheila de La Varende,⁸⁸ and
- *Proposition pour un événement cinématographique à Montréal* ("**Regroupement**"), from a group of people having mandated Équipe Spectra to prepare a proposal on their behalf,⁸⁹ which was endorsed by Jacques Bensimon,⁹⁰ Government Film Commissioner and Chair of the National Film Board of Canada and, as such, member of the Telefilm Board.⁹¹

Each of these proposals explicitly mentioned possible alliances:

- *Comedia*: "Very serious and advanced discussions are under way with the genre film festival *Fantasia* for the purpose of creating an alliance. However, we did not have

⁸⁵ The members of the joint assessment committee were: Michel Pradier, Director, French Operations and Quebec Office, Telefilm Canada, Julie St-Pierre, Financial Analyst, Telefilm Canada, Jean-Claude Mahé, Director, Communications and Public Affairs, Telefilm Canada, Joëlle Levie, Director General, Film and Television Production, SODEC, Valeria Moro, Representative, Promotion and Distribution, Film and Television Productions, SODEC and Bernard Boucher, Director General, Policy, Communications and International Relations, SODEC.

⁸⁶ Letter of October 7, 2004, from *Juste pour rire* (M. Bazin) to Telefilm and SODEC, with enclosure: *Projet de développement du festival international de films Comedia* [development plan for the Comedia international film festival], October 7, 2004.

⁸⁷ Letter of October 8, 2004, from *Festival Fantasia* (P. Corbeil and F. Lefebvre) to Telefilm and SODEC, with enclosure: *Proposition faite à la Société de développement des entreprises culturelles, Direction des communications et à Téléfilm Canada, pour la tenue d'un événement cinématographique à Montréal* [proposal to SODEC and Telefilm for the staging of a film event in Montréal], October 6, 2004.

⁸⁸ Letter of October 8, 2004, from *FNC* (D. Langlois and S. de La Varende) to Telefilm and SODEC, with enclosure: *Objectif 2007 Festival nouveau cinéma* [sights on 2007 Festival nouveau cinéma], October 8, 2004.

⁸⁹ Letter of October 8, 2004, from *Regroupement* (the mandate letter being signed by: François Macerola, André Bureau, Pierre Brousseau, Guy Gagnon, Henri Welsh, Patrick Roy, Michel Trudel, Lorraine Richard, Monique Simard, Pierre Lampron, Denise Robert, Christian Larouche, Denis Chouinard, Louis Bélanger, Victor Loewy, Ségolène Roederer, Robert Roy and Pierre Roy) to SODEC and Telefilm, with enclosure: *Proposition pour un événement cinématographique à Montréal* [proposal for a film event in Montréal], October 8, 2004.

⁹⁰ Letter of October 7, 2004, from Jacques Bensimon to *Regroupement*.

⁹¹ *Telefilm Canada Act*, Section 3.

enough time to be able to announce it officially. Consequently, the budgets and some parts of the concept may have to be reworked to reflect this merger;”⁹² [tr.]

- *Fantasia*: “We do not pretend to be THE solution to your call for proposals but to be an integral part of it, either as a member of a federation of other events or by continuing to be autonomous, distinct and complementary to the other Montreal, Canadian and international film festivals;”⁹³ [tr.]
- The *FNC* representatives stated that they would keep their “eyes and mind open to identifying potential alliances ... Furthermore, if the driving forces of the Quebec film community were to come together in a group ... we would be pleased to make our growth vision part of it;”⁹⁴ [tr.]
- *Regroupement* proposed an alliance with Serge Losique (President of the WFF), who would become honorary president and special advisor to the new festival.⁹⁵

- October 20-22, 2004

The joint assessment committee met separately with each applicant. Each applicant raised the possibility of creating alliances.⁹⁶

- October 23-26, 2004

The joint committee assessed and ranked the proposals using the evaluation grid published with the CFP. This grid did not provide for verification of the proposals’ compliance with all of the essential terms of the CFP.

Largely on the strength of the interview, the *FNC* proposal was scored highest overall (71.75).⁹⁷ The committee found that *FNC* “has not submitted an actual proposal” (*FNC*’s cover letter states that its document “does not constitute our entire development plan”⁹⁸), but also that the “orientation plan is sufficiently clear and solid to allow it to be studied along with the other proposals.”⁹⁹ However, the committee’s recommendation in favour of accepting the *FNC* proposal was “conditional on the establishment of a partnership and a way of working

⁹² Letter of October 7, 2004, from *Juste pour rire* (M. Bazin) to Telefilm and SODEC.

⁹³ Letter of October 8, 2004, from *Fantasia* (P. Corbeil and F. Lefebvre) to Telefilm and SODEC.

⁹⁴ Letter of October 8, 2004, from *FNC* (D. Langlois and S. de La Varende) to Telefilm and SODEC, p. 2.

⁹⁵ Letters of October 6, 2004, from *Regroupement* to Serge Losique and of October 8, 2004, from *Regroupement* to Telefilm and SODEC.

⁹⁶ Preliminary score sheet *Comedia* (undated); preliminary score sheet *Fantasia* (undated); preliminary score sheet *FNC* (undated); preliminary score sheet *OSBL* (undated), on or about October 22, 2004.

⁹⁷ *FNC* score sheet/assessment committee (undated), p. 1.

⁹⁸ Letter of October 8, 2004, from *FNC* (D. Langlois and S. de La Varende) to Telefilm and SODEC, p. 2, second paragraph and next-to-last paragraph.

⁹⁹ *FNC* score sheet/assessment committee (undated), “Assessment” [tr.], p.1, second paragraph.

with the industry” and on “submission of the development plan, a budget and a schedule by March 2005.”¹⁰⁰ [all quotations tr.]

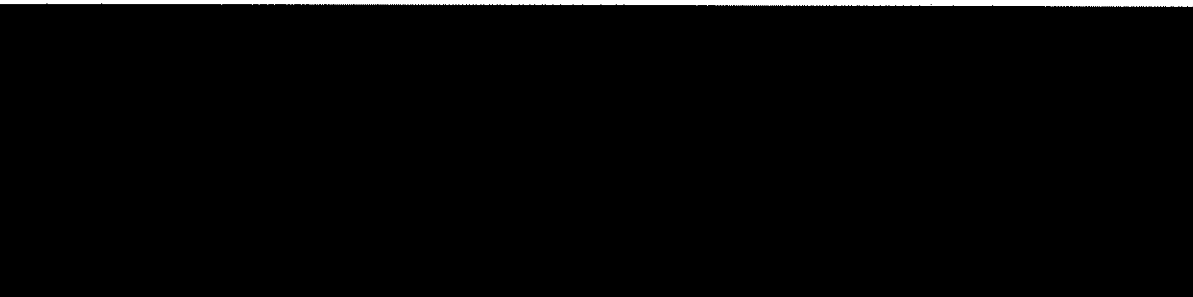
The *Regroupement* proposal was ranked second (61.67).¹⁰¹ The joint committee found that “this proposal relies entirely on Serge Losique’s participation in the project.”¹⁰² [tr.] This was a major flaw in the circumstances, since Mr. Losique had publicly rejected, in no uncertain terms, any cooperation with *Regroupement*.¹⁰³

The other two proposals were also found unacceptable. Both *Comedia*¹⁰⁴ and *Fantasia*¹⁰⁵ were too limited in scope in that they focused on specialized genre films rather than on programming for a general public festival. As a result, their scores were considerably lower (*Comedia* 48.58¹⁰⁶ and *Fantasia* 46.33¹⁰⁷).

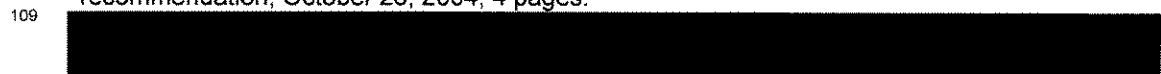
- October 27, 2004

Telefilm sent to the members of its Board the score sheets for the four proposals along with the joint assessment committee’s October 26, 2004, conditional recommendation favouring *FNC*.¹⁰⁸

- October 28, 2004



¹⁰⁰ *FNC* score sheet/assessment committee (undated), “Assessment” [tr.], p. 2, last paragraph.
¹⁰¹ *OSBL* score sheet/assessment committee (undated), p. 1.
¹⁰² *OSBL* score sheet/assessment committee (undated), “Assessment” [tr.], p. 2, third paragraph.
¹⁰³ *La Presse*, October 7, 2004, pp. AS1/AS3.
¹⁰⁴ *Juste pour rire* score sheet/assessment committee (undated), p. 2, last paragraph.
¹⁰⁵ *Fantasia* score sheet/assessment committee (undated), p. 2, fifth, seventh and last paragraphs.
¹⁰⁶ *Juste pour rire* score sheet/assessment committee (undated), p. 1.
¹⁰⁷ *Fantasia* score sheet /assessment committee (undated), p. 1.
¹⁰⁸ E-mail of October 27, 2004, 18:44, from Telefilm (J.-C. Mahé) to Telefilm Board members; *Juste pour rire* score sheet/assessment committee (undated); *Fantasia* score sheet/assessment committee (undated); *FNC* score sheet/assessment committee (undated); *OSBL* score sheet/assessment committee (undated); Telefilm-SODEC assessment committee recommendation, October 26, 2004, 4 pages.



In light [REDACTED] of the explicit mention in the CFP of Telefilm and SODEC's right to reject all proposals and of the possible alliances mentioned by the applicants during the evaluation process,¹¹⁰ including *Comedia* and *Fantasia's* intended merger of their respective events and their willingness to cooperate with other existing events or organizations,¹¹¹ the committee amended its initial recommendation to the Telefilm and SODEC boards. The committee's final recommendations were to "close the Call for Proposals process and not to select any of the proposals as presented to the Committee," and to "invite the applicants to submit reworked, fully developed proposals by December 1, 2004."¹¹² [tr.]

This last recommendation is in line with Telefilm's legislated mission, which Telefilm felt would be better served if it continued to act as a catalyser in bringing about a proposal for a major film festival meeting the criteria developed by Secor to be held in Montréal in 2005. This recommendation was also in the interest of the applicants, in that the initial one-month timeframe for preparing the proposals had been very tight, that pursuing the process was fair for all of the applicants, neither advantaging nor disadvantaging anyone, and that there was nothing to suggest that ending the CFP at that point would favour the staging of a major Montréal film festival with the success factors identified by Secor in 2005; in fact, quite the opposite appeared likely.

¹¹⁰ Final recommendation of the Telefilm-SODEC assessment committee, October 28, 2004 (2 pages), p. 2, "Recommendation" [tr.], second and third paragraphs.

¹¹¹ Final recommendation of the Telefilm-SODEC assessment committee, October 28, 2004, p. 2, "Recommendation" [tr.], third and fourth paragraphs.

¹¹² Final recommendation of the Telefilm-SODEC assessment committee, October 28, 2004 (2 pages), p. 2., "Recommendation" [tr.], fifth and sixth paragraphs.

- October 29, 2004

Meeting of the Telefilm Board.¹¹³ The Chair announced that no decision would be made that day and that the meeting had been called simply to keep the Board informed.¹¹⁴

Prior to the news becoming public, the joint assessment committee met with the applicants to inform them of Telefilm and SODEC's decision to reject all of the proposed projects and close the CFP. The applicants were invited to meet individually with the committee to discuss the strengths and weaknesses of their initial proposal, and were informed that they would shortly receive a detailed analysis framework, which would serve as a scoring grid in assessing the revised projects. They were also informed that the committee reserved the right to request additional information and to meet with them again after evaluating the written proposals.¹¹⁷

- November 5-9, 2004

Distribution to the applicants¹¹⁸ of the analysis framework¹¹⁹ and a budget template by the joint assessment committee.

- December 1, 2004

Submission of an improved project in writing by each of the four initial applicants. The *FNC* proposal specifically mentioned the possibility of partnerships and a strategic alliance with Spectra in barely veiled terms.¹²⁰ The *Regroupement* project explicitly mentioned possible

¹¹³ Board members in attendance were: Chair Charles Bélanger, Jacques Bensimon, Felix Fraser, Trina McQueen and Elvira Sánchez de Malicki.

¹¹⁴ Minutes of the 257th meeting of the Telefilm Board of October 29, 2004, p. 1, "Validity of the Meeting," second paragraph.

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¹¹⁷ "ANALYSIS AND PROCESS FRAMEWORK December 1, 2004 deadline" [tr.], Analysis framework/assessment committee/November 2, 2004.

¹¹⁸ E-mail of November 5, 2004, 15:17, from SODEC (J. Levie) to *FNC* (S. de La Varende); e-mail of November 9, 2004, 11:37, from SODEC (J. Levie) to Spectra (L. Châtelin).

¹¹⁹ "ANALYSIS AND PROCESS FRAMEWORK December 1, 2004 deadline" [tr.], Analysis framework/assessment committee/November 2, 2004.

¹²⁰ *FNC* proposal of December 1, 2004, p. 3, last paragraph, and p. 19, "6.4.3 Potential alliances", last paragraph: "For the staging of the complementary summer event, we are seeking to establish a strategic alliance with a company recognized for its expertise in organizing and promoting major cultural events" [trs.].

alliances: "We have undertaken talks with Daniel Langlois of the Festival du nouveau cinéma et nouveaux média and Mathieu Lefebvre of Festival Fantasia."¹²¹

- December 3-8, 2004

Meetings between the joint assessment committee and each applicant. Each applicant reported on its efforts towards possible alliances with one or more of the other applicants,¹²² since cooperation with stakeholders in the other film events was one of the success factors expressly sought as part of the CFP.¹²³

The committee assessed the improved proposals using an evaluation grid developed from the analysis framework sent to the applicants.¹²⁴ Two complementary proposals clearly stood out and were scored almost identically:

- *Regroupement* (69.8): unrivalled organizational expertise and broad-based support from Montréal's cultural, financial and film communities, including a confirmed sponsor; and
- *FNC* (69.6): original vision and in-depth knowledge of the industry.¹²⁵ [tr.]

- December 10, 2004

The committee met separately with *Regroupement* and *FNC* to enquire whether efforts towards an alliance were continuing. Both *Regroupement* and *FNC* were informed that the committee was having difficulty recommending any proposal for acceptance and that it favoured an alliance. Such an alliance, if any, would determine the committee's recommendation to the Telefilm and SODEC boards.

The WFF filed suit against Telefilm for damages, declaratory judgment and permanent injunction in Quebec Superior Court.

- December 11, 2004

Rejection by the *FNC* Board of Chair Daniel Langlois's proposal for an alliance between *FNC* and *Regroupement*.

¹²¹ *Regroupement* proposal of December 1, 2004, p. 7, last paragraph.

¹²² Interview report, *Festival du nouveau cinéma*, December 8, 2004 (4 pages); Interview report, *Regroupement – F.I.L.M.*, December 8, 2004 (4 pages).

¹²³ Call for Proposals for a Film Event in Montréal, September 7, 2004, p. 5, "Management and Financial Performance," first bullet.

¹²⁴ Evaluation grid (undated).

¹²⁵ Compiled evaluation grids (undated) for *Regroupement – F.I.L.M.* and *FNC*.

- December 13, 2004

After learning that the *FNC* Board had rejected the proposed alliance between *FNC* and *Regroupement*,¹²⁶ the joint assessment committee formulated a recommendation to the Telefilm and SODEC boards.¹²⁷ This recommendation refers to the SODEC Board's October 29, 2004, decision not to support any of the four proposals received in response to the CFP;¹²⁸ to the fact that the applicants were told at the meetings following this decision that the projects were to focus, in particular, on the event's rallying aspects;¹²⁹ to the meetings following assessment of the projects at which the committee asked the representatives of the two finalist proposals (*FNC* and *Regroupement*) to consider the possibility of a collaborative effort that would be temporary for 2005 but effective for 2006;¹³⁰ and to the *FNC* Board's December 11, 2004, decision to reject the proposed alliance.¹³¹ Considering, among other things, Spectra's structural capacity to deliver a major public event, the endorsement and involvement of important audiovisual industry players in the project, an ambitious financing plan made credible by Spectra's experience, and a determination to bring together other film events within its structure or under its umbrella, including ongoing talks with *Fantasia* and *FNC*, the joint assessment committee recommended that the *Regroupement* project be accepted conditional on the hiring of a world-class artistic director by the end of January 2005; at the same time it voiced its conviction that cooperation between *FNC* and *Regroupement* was possible and its keen hope to see their nascent relationship develop further.¹³²

SODEC's Board of Directors decided to reject the joint assessment committee's recommendation to accept the *Regroupement* proposal for funding. [REDACTED]

126 [REDACTED] e-mail of December 12, 2004, 11:24, from SODEC (J. Levie) to Telefilm (J.-C. Mahé) [REDACTED].

127 Assessment committee recommendation of December 13, 2004 (2 pages).

128 Assessment committee recommendation of December 13, 2004, "Background" [tr.], p. 1, first paragraph.

129 Assessment committee recommendation of December 13, 2004, "Background" [tr.], p. 1, second paragraph.

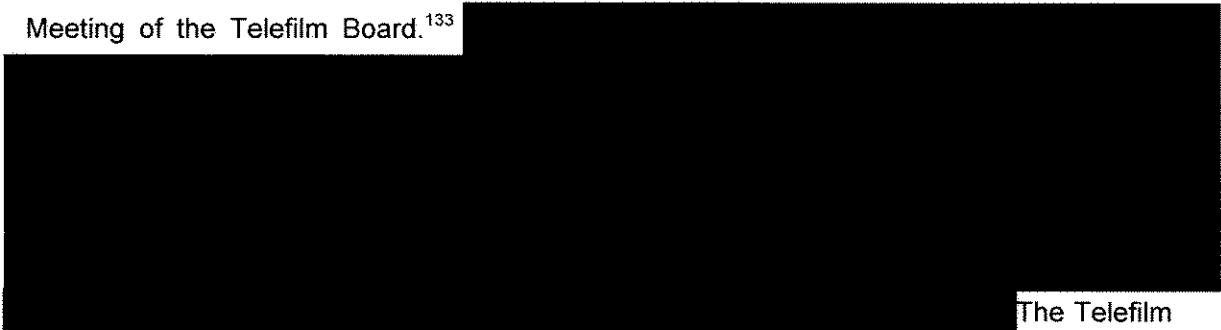
130 Assessment committee recommendation of December 13, 2004, "Background" [tr.], p. 1, next-to-last paragraph.

131 Assessment committee recommendation of December 13, 2004, "Background" [tr.], p. 1, last paragraph.

132 Assessment committee recommendation of December 13, 2004, "Recommendation" [tr.], pp. 1 and 2.

- December 14, 2004

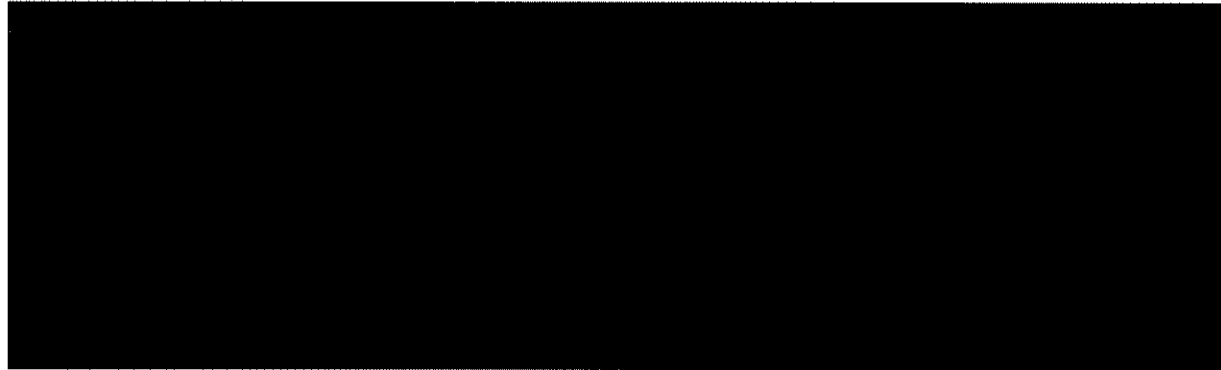
Meeting of the Telefilm Board.¹³³



The Telefilm

Board made no decision concerning the joint assessment committee's December 13, 2004, conditional recommendation to accept the *Regroupement* proposal.¹³⁶

- December 15, 2004



- December 16, 2004



¹³³ Minutes of the 259th meeting of the Telefilm Board. Board members in attendance were: Chair Charles Bélanger, Jacques Bensimon, Felix Fraser, Trina McQueen and Louise Pelletier.





¹³⁶ Minutes of the 259th meeting of the Telefilm Board, pp. 7 and 8, "8. ASSESSMENT OF THE PROPOSAL FOR A FILM FESTIVAL IN MONTRÉAL."





- December 17, 2004

Meeting of the Telefilm Board.¹⁴² In light 
 of the confirmation that Daniel Langlois, Chair of *FNC*'s Board, had agreed to join the *Regroupement* Board, and of the SODEC Board's approval of the *Regroupement* proposal, it was resolved, with Mr. Bensimon abstaining,¹⁴³ "that the recommendation of the assessment committee¹⁴⁴ be approved and that Telefilm Canada financially support and endorse the choice of *Regroupement / Spectra* to organize and hold an international feature film festival in Montréal" and "that Telefilm's Director of Communications and Public Affairs be authorized to take all action necessary to carry out the present resolution."¹⁴⁵



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142 Minutes of the 260th meeting of the Telefilm Board. Board members in attendance were: Chair Charles Bélanger, Jacques Bensimon (who abstained from voting), Felix Fraser, Louise Pelletier and Elvira Sánchez de Malicki.

143 Minutes of the 261st meeting of the Telefilm Board, p. 2, second paragraph.

144 Assessment committee recommendation, as amended December 15, 2004.

145 Minutes of the 260th meeting of the Telefilm Board, p. 2.

5.0 | Supplementary information – Answers to questions concerning financial assistance provided to festivals through the *Canada Showcase Program*.

Question: *The Canada Showcase program components should be more clearly identified (support for major versus smaller festivals).*

Answer:

There are no program components per se in the *Canada Showcase* program. However, assistance is provided to major and smaller festivals, and it is true that in past years some distinction was made in their treatment in the guidelines.

Under the old guidelines (launched in 2002-2003 and amended on September 21, 2004), a distinction was made between major and smaller festivals with respect to maximum allowable financing and Canadian content requirements.

- Telefilm's financing of major festivals could not exceed 10% of their total budget versus 15% for smaller festivals.
- For major festivals, the minimum Canadian content requirement was set at 20% of the total number of titles showcased. For all other applicants, the minimum Canadian content requirement was 25%.

The Atlantic Film Festival, the Toronto International Film Festival and the Vancouver International Film Festival were considered to be major festivals in light of their long-standing success, the number of titles they showcase, their capacity to attract significant levels of private-sector financing and the economic impact on their respective regions.

Since the launch of the 2005-2006 guidelines in July 2005, Telefilm Canada does not make any distinction between major and smaller festivals when evaluating or financially supporting Canadian festivals across the country.

- As a general rule, Telefilm's financial participation, whether the festival is considered major or smaller, does not exceed 15% of the event's approved total budget.
- Canadian content must be significant.

According to the 2005-06 *Canada Showcase* guidelines, which were in effect when the FIFM applied for its funding, all festivals – major or smaller – were subject to the same eligibility criteria and application process. They were required to submit similar documents and evaluated according to the same evaluation grid. (This was the same grid used in the call for proposals.)

Telefilm Canada's Commitments to Canadian Festivals

Name of Festival	2001-2002		2002-2003		2003-2004		2004-2005		2005-2006		Five-year total *	
	Total commitment	Percent of total	Total commitment	Percent of total	Total commitment	Percent of total	Total commitment	Percent of total	Total commitment	Percent of total	Total commitment	Percent of total
Atlantic Film Festival	75 000	3.0%	80 000	3.0%	80 000	3.1%	85 000	3.1%	115 000	3.5%	435 000	3.2%
Banff TV Festival	150 000	6.0%	250 000	9.5%	167 500	6.5%	270 000	9.8%	325 000	9.9%	1 162 500	8.5%
Festival canadien des films du monde	625 000	25.1%	525 000	19.9%	550 000	21.2%	431 977	15.7%		0.0%	2 131 977	15.5%
Festival international de films de Montréal	n/a		n/a		n/a		100 000	3.6%	425 000	13.0%	525 000	3.8%
Toronto International Film Festival	558 000	22.4%	447 000	16.9%	551 000	21.3%	550 000	20.0%	600 000	18.3%	2 706 000	19.7%
Vancouver International Film Festival	195 000	7.8%	187 000	7.1%	187 000	7.2%	192 000	7.0%	325 000	9.9%	1 086 000	7.9%
Smaller Festivals	891 000	35.7%	1 151 716	43.6%	1 053 750	40.7%	1 124 500	40.8%	1 489 500	45.4%	5 710 466	41.5%
Total	2 484 000	100.0%	2 640 716	100.0%	2 589 250	100.0%	2 753 477	100.0%	3 279 500	100.0%	13 756 943	100.0%

* Five-year totals except for the Festival canadien des films du monde (four-year total) and the Festival international de films de Montréal (one-year average including a \$100,000 advance in 2004-2005)

Question: Current performance indicators for Festivals [REDACTED] appear to be superficial. When is the evaluation, including the development of new performance indicators, of the Canada Showcase program expected?

Answer:

It is important to distinguish between evaluation criteria, contained in the evaluation grid of the *Canada Showcase* guidelines, and the performance indicators that are used to measure the success of the program over time. Obviously these are related, but the latter are more general than the former.

In addition, it is important to note that performance indicators used to measure the outcomes associated with individual programs “roll up” to Telefilm’s overall corporate performance indicators.

The specific and more detailed indicators for the *Canada Showcase* program are described below. The evaluation criteria for the program are discussed in relation to the third question, in the final section of this document.

Performance Measurement in the *Canada Showcase* Program

Festivals provide opportunities to showcase, promote and sell distinctively Canadian productions. There is a need for a full range of festivals across Canada, with participants ranging from local to international audiences, providing a menu of screening, networking, business, and professional development opportunities, serving a variety of stakeholders who have overlapping but not identical interests.

Telefilm’s financial support of domestic festivals helps to:

- Ensure that venues are available for the Canadian audiovisual industry to promote and show Canadian works;
- Provide networking, sales and professional development opportunities.

The public seeks an opportunity to view programming to which it would otherwise not necessarily have access, and is concerned with the quality of programming, the organization of an event, the prices charged for access to programming, and infrastructure in terms of transportation and accommodation.

The media are interested in an opportunity to review Canadian works, and to cover the industry for the benefit of their readers, viewers, and listeners, and seek a well-organized event with easy access to content and talent.

Industry professionals, similar to the general public, are interested in the organization and infrastructure supporting a festival and the cost of participation, as well as the opportunities for doing business, press coverage of the event, professional development opportunities and networking opportunities.

Canada Showcase Logic Model – Current

Corporate Objectives	Program Objectives	Level of Strategic Outcome	Strategic Outcome	Current Program Performance Indicators	Target	Link to program evaluation grid
Reaching Canadian Audiences with Canadian Films	Canada Feature Film Fund	Ultimate Outcomes	Reaching Canadian Audiences with Canadian Films	Market share of Canadian films	5% market share for Canadian films	Quality and calibre of programming Importance of Canadian Programming Diversity of programming
	Canada Showcase Program	Intermediate Outcomes	Canadians are aware of Canadian films	Attendance at the major festivals	Maintain or increase current levels	Contribution to development of new audiences for Canadian cinema
		Direct Outcomes	Canadians have access to Canadian films	% Canadian content at festivals	Maintain or increase current levels	Importance of Canadian Programming
		Outputs	Canadian films are promoted to Canadian audiences	Press coverage of Canadian films at festivals	TBD	Presentation and promotion of Canadian program
			n/a	Total commitments and # of festivals, by region and language market, and level of cultural diversity	n/a	n/a

Canada Showcase Logic Model – Current

Corporate Objectives	Program Objectives	Level of Strategic Outcome	Strategic Outcome	Current Program Performance Indicators	Target	Link to program evaluation grid
Help to build capacity in the industry	Canada Showcase Program	Intermediate Outcomes	Canadian production companies develop new business, find project financing and achieve sales at domestic markets	Level of business development and sales effected at markets	Set baseline performance levels	Quality and relevance of activities, services and forums offered to industry participants
				Level of other sources of financing in Canadian films	Maintain or improve current levels of financing from other sources	Quality and relevance of activities, services and forums offered to industry participants
		Direct Outcomes	Canadian companies attend industry events sponsored by Canadian festivals	Level of Client satisfaction with sponsored events	Set baseline performance levels	Quality and relevance of activities, services and forums offered to industry participants
			Canadian professionals gain industry experience through their participation at festivals	Level of satisfaction with festivals	Set baseline performance levels	Quality and relevance of activities, services and forums offered to industry participants
			Career outcomes for professionals as a result of their participation in festivals	Set baseline performance levels	Quality and relevance of activities, services and forums offered to industry participants	

Canada Showcase Logic Model – Current

Corporate Objectives	Program Objectives	Level of Strategic Outcome	Strategic Outcome	Current Program Performance Indicators	Target	Link to program evaluation grid
Efficient, client oriented administration	Canada Showcase Program	Intermediate Outcome	Canadians benefit from an efficient use of public dollars	Overhead percentage	Set baseline as part of re-organisation of Industry Development department	n/a
		Direct Outcomes	Canadian festivals benefit from promised standards of service	Turn-around times on decisions Turn-around times on cheque requisitions	10 weeks from time of application 8 business days	n/a n/a

**Terms of Reference: Evaluation of *Canada Showcase Program*
December 2006**

Telefilm Canada's key strategic objective for the 2006-2010 planning period will continue to be to increase Canadian audiences for Canadian feature films, television programs and interactive entertainment.

In 2003, Telefilm Canada began the process of reviewing and aligning all of its major programs with its objective of building audiences. Each year, Telefilm works with the industry to improve program design to assure success in meeting its stated targets.

In 2005, Telefilm Canada undertook an internal review to profile its support to Canadian film, television and new media festivals. Following this review, Telefilm embarked on a redesign of the *Canada Showcase Program* to better align it with the corporation's strategic objective.

Telefilm is considering a number of program design and accountability issues to bring the *Canada Showcase program* in line with its strategic objective.

The proposed evaluation is intended to test a number of hypotheses with respect to program design. The consultants are asked to propose and test elements of program design against previous applications, and with the industry.

These elements include the following. In addition, others may be proposed by the evaluation team.

- Appropriate criteria for predictable, multi-year funding, based on measurable performance targets
- Appropriate criteria for "tiered" funding, which could be based on factors such as
 - Importance of the event, as defined by factors to be determined, such as:
 - size of overall audience, number of products promoted, size of overall production budget of the event, overall visibility, size of audience for Canadian product, level of promotion of Canadian product to future audiences.
 - Commercial activities, such as markets, included in the event;
 - Importance of the event for the industry;
 - Core operations funding vs. special, time-limited initiatives; and
 - Importance of Telefilm contribution to overall financial structure.
- In addition to the above, propose evaluation criteria for project selection for events not qualifying for performance-based funding (selective funding).
- In the same spirit, propose criteria for annual vs. multi-year funding
- Propose "back-end" evaluation of results (project post mortem process) and link to proposed forms of funding (performance or selective)

- Propose key performance indicators in line with current industry measurement practices and identify sources of data to be collected;
- Test proposed key performance indicators with potential clients and propose appropriate performance targets. These should be identified for the program overall, and incorporated as appropriate to the various types of program financing proposed.

To achieve the desired results, the evaluation team is expected to conduct research as described below.

The study is divided into three individual phases, each of which will be contracted separately.

Phase 1

Review of best practices in festival funding:

Review how other government agencies in Canada and/or abroad deliver festival support programs.

The objective of this component of the evaluation is to propose best practices in program design that will allow the corporation to meet its key strategic objective of reaching audiences. The consultants are to review programs with similar objectives and propose approaches applicable in the Canadian federal context. With respect to Canadian programs that may be reviewed, the consultants are asked to assure that the proposed re-design of the *Canada Showcase* program does not unnecessarily duplicate other available forms of funding. The evaluation team may propose that some types of events currently supported through the *Canada Showcase* program be served through other existing programs, as appropriate.

In reviewing other programs, the evaluation team will consider the following:

- Program objectives
- Criteria upon which funding decisions are based
- The application review and assessment process
- Type(s) and level(s) of assistance provided
- Key performance indicators for the program, including type and source of data tracked
- Evaluation conducted of support provided (post mortems, final reports, etc)

Phase 2:

This phase of the study is focused on key informant interviews with representatives from the production, distribution and festival industries.

Assessing potential for accountability

Assess the current capacity of the industry to track data required for measurement key performance indicators.

This component would involve selecting a strategic sample of different types and sizes of festivals, and assessing their ability to track key performance data. This would involve assessing other data available directly from festival organizers through a series of interviews. Data on a variety of performance indicators, as proposed by the evaluation team in the steps described in the introductory section of the terms of reference would be collected and assessed. These could include, but are not limited to: types of programming, audiences, industry development, networking opportunities, media coverage, sales opportunities, etc.

Data collection would be centred on events occurring in 2005.

Performance Measurement and Impact Assessment

Measure the impact of a strategic sample of festivals through.

This component would involve measuring the impact of a strategic sample of festivals, based on the information collected in the above step, as well as on interviews with a sample of producers and distributors who participated. These discussions would cover a variety of topics, including: the reasons for participating in the festival; how they measure “success” in utilizing the festival; and how they rank the relative importance of the festival compared to other festivals in Canada. They would also be asked to recommend the appropriate role for Telefilm in supporting this and other Canadian festivals. An alternative to one-on-one interviews would be to assemble a group of individuals in each Telefilm office for a half-day workshop.

Phase 3:

Test new program design against a sample of previously-funded events

The final step towards finalising the program design is to test the new proposed program criteria, applicant evaluation criteria and post-event evaluation methodology against the sample of previously supported festivals provided during the course of the funding profiling phase, in order to assess the impact of the new proposed program.

Final Program Design

1. Develop narrower, more precisely defined program objectives and performance targets

Based upon the results of the above investigations, the evaluation team is asked to propose revised, narrower program objectives for Telefilm's support to film festivals. This would require conducting one or more workshops with Telefilm managers to develop the new program objectives.

2. Design an overall accountability framework for measuring the success of the program in meeting its stated objectives.

These objectives should form part of a broader accountability framework, identifying the program's key performance indicators and proposed targets and measurement system. Data collection could involve a combination of final reports, surveys, industry observations and information gathered from festivals.

3. Develop criteria for the evaluation of applications under the new program objectives.

The final program design must include application eligibility and assessment criteria to evaluate applications for funding support, which should take into account the various design elements that have been tested, and may include entry and exit strategies for supporting new and existing festivals.

4. Design post-event evaluation methodology.

In addition to the proposed accountability framework for the program overall, assessment criteria should be proposed for tracking the performance of events benefiting from assistance through the program. The objective would be to develop a methodology for assessing the success of funded events in meeting the new program objectives. As for the overall accountability framework, appropriate data collection methods should be identified.

Question: What performance measurements were used for the evaluation of the 2003 and 2004 editions of the WWF? What performance measurements were used for the evaluation of the 2005 Festival International du Film de Montréal? Do they differ from those relating to performance assessment?

Answer:

The evaluation criteria in effect for the *Canada Showcase* program and used to evaluate festivals over the 2003-2005 period are described in the following tables. These criteria differ from the criteria relating to performance assessment.

<i>Evaluation grid – Canada Showcase program</i> Guidelines in place from 2002-2003 to 2003-2004		
Assessment Criteria	Comments	Weighting
<p>1) Presentation and Promotion of Canadian Content</p> <ul style="list-style-type: none"> • The degree to which the Applicant programs more than its minimum Canadian content requirement. • Whether the Applicant retains a full-time publicist solely for the promotion of Canadian programming and that person's amount of experience as a publicist. • The degree to which the Applicant devotes dedicated categories or programs to Canadian content. • The degree to which the Applicant actively promotes its Canadian content. 	<ul style="list-style-type: none"> • While Telefilm Canada has established minimum Canadian content requirements (i.e., of total titles and screen time), it will give priority to festivals that exceed this minimum. • The majority of the Canadian productions presented must be recent productions (maximum two years old). • Canadian distributors and/or producers must hold the Canadian distribution rights. • Canadian productions must be screened under the best possible conditions available to the festival (e.g. in the best theatres and at times when attendance is likely to be highest). 	30 pts
<p>2) Profile and Financial Track Record</p> <ul style="list-style-type: none"> • The number of consecutive years the Applicant has been in operation carrying on activities that are consistent with the objectives of the <i>Canada Showcase</i> Program. • The degree to which the Applicant has secured diversified sources of funding, including from the private sector. • The degree to which the Applicant's event is recognized as a festival of national or international standing in its area of specialization. 	<ul style="list-style-type: none"> • A festival applying for the first time must demonstrate that the event is unique and does not duplicate an existing event in the same region. • Telefilm Canada will participate only in events that have secured private sector funding in addition to any public sector assistance. 	20 pts

<p>3) Performance Reporting</p> <ul style="list-style-type: none"> • The degree to which the Applicant provides data with respect to: <ul style="list-style-type: none"> ○ Industry Attendance <ul style="list-style-type: none"> -Total number of Canadian delegates -Total number of International delegates ○ Public Attendance <ul style="list-style-type: none"> -Total box office receipts of Canadian works -Total admissions to Canadian works -Total box office of all works -Total admission to all works ○ Media <ul style="list-style-type: none"> - Review by National and International Press (print, radio and television) - Special features 	<ul style="list-style-type: none"> • Depending on the mandate and size of the festival and whether it is international, national or regional in scope, the festival applying should be of sufficient quality, strength and relevance to attract industry professionals, the general public and media coverage, including local, national, international and trade press wherever possible. • Applicants are asked to provide performance statistics in each of the three categories over the last three years. • Telefilm Canada will take into account media coverage by Canadian and foreign electronic and print journalists, including both entertainment and trade press. A detailed list of press representatives must be submitted to Telefilm Canada, together with a press clippings file. Media coverage packages must also be submitted to Telefilm Canada within 6 months subsequent to the event to maintain their priority position. 	<p>20 pts</p>
<p>4) Recognition of Telefilm Canada</p> <ul style="list-style-type: none"> • The degree to which the Applicant recognizes the financial participation of Telefilm Canada during the entire event, as outlined in a visibility plan. 	<ul style="list-style-type: none"> • The final visibility plan must be approved by Telefilm Canada at least 6 weeks prior to the commencement of the event. • In assessing the visibility plan, Telefilm Canada will consider the size, mandate and location of the event. 	<p>10 pts</p>
<p>5) New Initiatives and/or Programs</p> <ul style="list-style-type: none"> • The degree to which the Applicant provides initiatives and/or programs that are unique in its region. • The degree to which the Applicant's event is unique in Canada or to its region in terms of theme and/or subject matter. 	<ul style="list-style-type: none"> • With a view to maximizing the impact on the limited resources available under the <i>Canada Showcase</i> program, Telefilm Canada will only consider supporting initiatives and/or programs that are unique either in a particular region or in terms of the subject matter and/or focus of the event. 	<p>10 pts</p>
<p>6) Reflecting Canada's Cultural Diversity</p> <ul style="list-style-type: none"> • The degree to which the Applicant's event reflects Canada's cultural diversity. • The degree to which the Applicant has adopted special measures to ensure that its event reflects Canada's cultural diversity. 	<ul style="list-style-type: none"> • Telefilm Canada will seek to encourage events that promote and present Canadian works that reflect Canada's cultural diversity. 	<p>10 pts</p>

<i>Evaluation grid – Canada Showcase</i> <i>Guidelines in place from 2004-2005 to 2005-2006</i> <i>and a Call for Proposals for a film event in Montreal</i>	
1. IMPACT OF THE EVENT (40 POINTS)	
Evaluation criteria	Weighting
Cultural impact <ul style="list-style-type: none"> • Program quality and calibre; • Presentation and promotion of national cinema; • Program diversity, particularly in regard to cultural diversity; • Contribution to building audiences and fostering new clientele for film. 	20 points
Professional impact <ul style="list-style-type: none"> • Relevance and interest of the concept for the professional clientele; • Involvement of local professionals in the event; • Quality and pertinence of activities, services and forums for industry participants; • Projected professional impact of the festival and its (promotion of films, "market", deals, meetings...). 	10 points
Community impact <ul style="list-style-type: none"> • Enhancement of the existing local cinematic menu; • Participation and involvement of local communities; • Degree of accessibility of the event (price, location, hospitality...); • Participation and involvement of the business community; • Generation of national and international interest in the event and in Montréal. 	10 points
2. QUALITY OF THE ORGANIZATION (30 POINTS)	
Evaluation criteria	Weighting
Organizational and governance structure <ul style="list-style-type: none"> • Structure of the organization with respect to the nature and scope of the event; • Senior management expertise and diversity and complementarity of management and administrators; 	10 points

<ul style="list-style-type: none"> • Quality of governance, code of ethics, decision-making process, control methods; • Involvement of active industry representatives in organizing the event. 	
<p>Management quality</p> <ul style="list-style-type: none"> • Business strategy; • Film sourcing and selection strategy; • Marketing and promotion strategy; • Management tools. 	10 points
<p>Financial performance</p> <ul style="list-style-type: none"> • Appropriateness of budget to the event's targeted positioning and objectives; • Financing and revenue diversification strategy; • Potential for self-generated revenues, especially private-sector sponsorship. 	10 points
<p>3. OVERALL MERIT OF THE PROPOSAL (30 POINTS)</p>	
<ul style="list-style-type: none"> • Originality and uniqueness of the project, considering existing local, national and international film events; • Complementarity of the event with existing Canadian events, particularly those in Quebec; • Innovative nature and positioning that will help to enhance and diversify the roster of film events; • Overall coherence of the proposal. 	