

CAFDE

Canadian Association of Film
Distributors & Exporters



ACDEF

Association canadienne des distributeurs
et exportateurs de films

**Oral Remarks by Canadian Association of Film Distributors and
Exporters (CAFDE)**

Delivered by Richard Rapkowski

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Let's Talk TV

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Good afternoon Mr. Chairman and Commissioners.

My name is Richard Rapkowski, and I am here today to represent the Canadian Association of Film Distributors and Exporters, otherwise known as CAFDE.

I will address the panel today in English.

CAFDE is a non-profit trade organization that serves to represent the Canadian film distribution industry and its members on matters of national interest. Current membership includes d Films, Elevation Pictures, Entertainment One/Les Films Séville, IndieCan Entertainment, Kinoshm, Métropole Films, Mongrel Media, Pacific Northwest Pictures, and Search Engine Films.

Members of CAFDE are responsible for the vast majority of theatrical releases in Canada, and are actually responsible for two and a half times more theatrical releases in Canada than the six major Hollywood studios combined. Most importantly for present purposes, CAFDE members are responsible for a whopping 70% of the theatrical releases of Canadian films.

We at CAFDE believe that a strong production and broadcast environment is absolutely critical for the continued success of the Canadian film industry. And we believe that the objective of the Commission to support the creation of compelling and diverse Canadian programming must include Canadian film specifically.

We appreciate that this public and industry consultation, and the submissions of most parties appearing before the Commission, is focused on the Canadian broadcast and television ecosystem. I'm appearing here today before the Commission to remind and emphasize that Canadian feature films are an important part of that eco-system – and that the decisions which flow from these consultations may have a profound impact on the production and distribution of Canadian films – and the creation of vital feature length Canadian content.

The regulating bodies and the industry both share the objective of ensuring Canadians have access and exposure to Canadian content. Accordingly, CAFDE welcomes the opportunity to discuss the current and future landscape of the television and broadcast industry, and we support and thank the Commission for its holistic approach and inclusion of a diversity of voices in this consultation process.

CAFDE is particularly encouraged by the Commission's steadfast commitment to ensure the system supports the availability of Canadian programming, including Canadian film, to Canadian consumers, as we believe that film plays a vital and distinct role in Canadian culture and identity.



CAFDE agrees with the Associated Guiding Principles, and commends the Commission for detailing the factors that they believe contribute to the Canadian television system achieving the stated intent of Objective II. Specifically, with respect to:

- The commitment to focusing on the production and availability of high quality Canadian programming;
- The promotion of diverse programming in order to appeal to niche, underserved audiences, as well as large audiences;
- The advancement of Canadian programming at home and abroad; and
- The removal of barriers within the broadcasting system in order to allow a diversity of programming from a wide range of sources, including new and independent sources.

As this Commission knows, Canadian cinema has faced formidable challenges throughout its history. For most of the 20th century, Canadian feature films struggled to get produced, and even when they did, Canadian films faced an uphill battle in order to find a place on our cinema screens.

This was largely due to the unfettered domination of the major US studios, which paternalistically viewed Canada as part of the American domestic market. This changed in 1988, however, as the federal government introduced a new Distribution Policy, which significantly shifted the landscape in building the Canadian owned and controlled feature film distribution sector. This policy was an unequivocal success, resulting in the strengthening of this sector, which was now finally able to invest in new Canadian feature films and have the market strength to market and distribute them properly and sustainably.

Unfortunately, despite these marked advancements, Canadian films still achieve only a minor share of the overall Canadian box-office, and many films struggle to reach audiences across the country.

In order to demonstrate the dominance of the major Hollywood studios, let us consider the most recent complete data set from the Rentrak Box Office Essentials, which shows a total Canadian box office revenues of approximately \$970 million. Of that, 748 million, or 77% of the market share, went to the six major US studios. The independent studios, meanwhile, accounted for 223 million, or 23% of the market share.

Yet while enjoying the dominant share of the market, the major Hollywood studios do not distribute **any** Canadian films.

Canadian distributors, which are largely made up of CAFDE members, are responsible for 100% of the Canadian content films that are enjoyed domestically. CAFDE distributes 70% of that Canadian content, with the remaining 30% distributed by small domestic distribution companies.



In 2011, a mere 3% (or \$37m) of the total box office revenues at Canadian theaters was Canadian content. And in 2012, it actually decreased to 2% (\$25m).

During 2009-2011, recent industry data shows that 87% of theatrical releases in Canada were international content. Consequently, the ability of CAFDE members and other small domestics to provide Canadian content to the Canadian market is directly dependent on the volume of international films that they are able to acquire.

As such, CAFDE members are responsible for two very critical distribution functions. Firstly, in order to achieve the revenue necessary to maintain a viable business, CAFDE members handle the distribution of international content across all platforms and windows in Canada when available, in accordance with the principles set forth in the 1988 Distribution Policy.

Secondly, CAFDE members also provide Canadians with the majority of the domestically produced filmed entertainment. CAFDE's commitment to providing Canadians with quality Canadian content, while sustaining business operations in this competitive marketplace, is largely contingent upon the Hollywood studios abiding by the Canadian Film Distribution policy and having the government enforce the policy when it is breached. It is also contingent on the support of the Canadian funding agencies and broadcast industry.

Canadian film makers and distributors are being faced with undue and unprecedented pressure due to the increasing production and marketing budgets of Hollywood films, and the unfortunate emerging trend of 1988 Distribution Policy violations. CAFDE is eagerly anticipative that through this process, Canadian broadcasters will be given significant encouragement to increase support of Canadian film through license fees and marketing initiatives. Without the support of the Canadian broadcast industry, we will not be able to maintain the current level of Canadian film production. Their support is vital. And we need their continued strength in the face of market challenges so they can continue in their integral role in the eco-system which brings compelling Canadian feature films to Canadian audiences.

The importance of the opportunity for Canadian film to reach Canadians via the broadcasters cannot be understated. Broadcasters airing Canadian film is a competitive advantage that mitigates some portion of the many threats distributors and exporters face from beyond our borders, particularly with respect to the US.

And yet, despite all the challenges and hurdles faced by the Canadian film industry, Canadian talent has never been more visible than it is today. 2014 has been one of the strongest years for critical acclaim of Canadian film in recent history. This past year at the Cannes International film Festival, a record three Canadian films were in Official Competition. There we witnessed a



standing ovation for Atom Egoyan's film, *The Captive*, acting awards for Julianne Moore in David Cronenberg's *Maps to the Stars*, and a jury prize for Xavier Dolan's film *Mommy*.

As the previous examples make clear, there is no question that Canadian talent is recognized and celebrated on the international stage. We believe that this tremendous international success is inherently compelling and that Canadians would benefit from a broadcast system that showcases and supports this remarkable work. What remains to be seen is whether domestic broadcaster support for Canadian feature film will match the international acclaim our industry is receiving.

In order to fully build upon this success and foster a vibrant domestic industry, CAFDE believes that we must act in concert – funders, filmmakers, distributors, and broadcasters – so we can build locally and compete globally.

CAFDE members rely on a continuing ability for Canadian broadcasters to commission and acquire content. This creates new opportunities to meet our own cultural and business objectives and the objectives of our creative partners.

CAFDE members are producers, distributors and exporters of content, and we wholly support maximizing choice for Canadian customers and viewers. CAFDE is hopeful that through this process, broadcasters will be encouraged to put forth meaningful initiatives to Canadian talent, producers and distributors and fulfill their license obligations.

CAFDE supports the laudable objective of the Commission to encourage compelling and diverse Canadian programming. We believe that the inclusion of Canadian feature film is paramount to achieving this identified, public interest outcome.

The members of CAFDE thank the panel for the opportunity to provide these remarks.