INTRO:
We have chosen to reprint here in its entirety CFDC Chairman Gratien Gélinas' report to the Secretary of State, submitted with the Canadian Film Development Corporation's Annual Report, 1971/72. Even though it was released on June 30th, 1972, the report has received extremely limited circulation.

Report of the Chairman
The year 1971-72 marked an important turning point in the continuing growth of the Canadian Film Development Corporation. It was the year in which the Corporation reached the limits of its planned commitments for the first $10 million which the CFDC Act provided for it in 1968. In October 1971, the Corporation issued a press release informing the industry that it was no longer in a position to commit further funds for feature film production. Shortly thereafter, negotiations were undertaken with the Secretary of State's Department and the Treasury Board and a further $10 million was added to the Corporation's appropriation by means of a supplementary estimate in December 1971. Nevertheless, throughout the period of negotiations for additional funds, Canadian feature filmmakers continued with their committed projects and 19 feature films were put into production bringing the annual total of feature films assisted by the CFDC since the Corporation was set up. This figure excludes language versions and short films produced under section 10 (1) (D) of the CFDC Act. Thus, the total investment in feature films assisted by the CFDC increased from $12 million to $17.7 million with the Corporation's contribution increasing from $4 million to $6.7 million in 1971/72. This reflects a growing confidence on the part of Canadian producers and distributors that a feature film industry is viable in Canada. However, the slowdown caused by the temporary inability of the Corporation to make commitments is also an indication of its importance as a funding partner and catalyst.

Following is a brief summary of CFDC activity during the year under review.

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$600,000, a high figure for a Canadian production. However, the film will have to double this figure if the Corporation's investment is to be completely returned. Another important factor influencing the decrease in returns was the drop-off in movie attendance reported by many Canadian distributors and theatre managers in 1971. Furthermore, as box-office receipts continue to decline, the competition for the film product becomes more intense. The successful films have longer runs, thus keeping the less successful films out of circulation.

The foundation of any successful feature film industry rests on the creativity and experience of its producers. Canada must develop its own skilled producers and this takes time and the opportunity to undertake major film productions. We are now witnessing in Canada the emergence of a core of production talent which has the promise of much greater results in the future. There still remains a great need in this country for experienced producers, but it is gratifying to see that the situation is improving year by year. The CFDC has moved firmly in the direction of making certain that all film projects it approves are supported by a solid group of experienced administrators and producers. There may be some criticism that the Corporation applies this principle too rigidly, and indeed it is often tempting to get involved in projects which are strong on the imagination of enthusiasm of beginners but weak in terms of know-how. In the Corporation's experience, it is both artistically and commercially hazardous to invest in such productions except in cases where the budgets are very modest. Not infrequently, the Corporation is called upon to inject additional funds into productions where the producers have exceeded their budget estimates. The Corporation must continue to insist upon realistic production budgets at the outset and will continue to maintain close surveillance during production in order to ensure the efficient management of the Corporation's financial commitments and to maintain the confidence of private investors. It is this stringent controls on budgets and expenditures which will enable the Corporation to limit the amount of investment in a project to the initial commitment. Clearly, to be fair to all applicants, the Corporation should not have to provide extra funds to one producer since this will be primarily to the disadvantage of other producers applying to the Corporation.

As referred to earlier, the growing participation of private investors in the financing of Corporation supported films is most gratifying. This enables the Corporation to increase the number of projects in which it invests and generally to broaden the whole spectrum of feature film production in Canada. It also leads to the development of better film-making facilities and the attraction of talent. Moreover, the increasing availability of risk capital makes the Corporation more and more optimistic that producers will soon be making films which do not involve its financial participation.

The Statistics Canada figures for 1970 attached to this report show an increase in production activity of 30 per cent from 1969 to 1970, reflecting to a considerable extent the results of CFDC investments in 1970. The figures also show that the number of feature films produced and distributed in Canada increased from 10 to 35.

Distribution and Exhibition
This year nine Canadian distribution companies invested in Canadian feature films. Cine-Art Distributing Company Ltd. for example, put money into "Tiens-Toi Bien Après les Oreilles à Papa" and Alliance Film Distribution Ltd. invested in "Face Off", two of the most successful box-office Canadian feature films. Other distribution companies which invested in Canadian films this year include Les Films Mutuels with "Fleur Bleue", La Compagnie France Film of Montreal which participated in the production of "Les Males", Phoenix Films Inc. of Toronto in "Rip Off" and Farouin in "Les Sm Lass", Additional distributors investing in Canadian feature films are Astral Films Ltd., Glen Warren Productions Ltd., Prima Film Inc. and Gendron Films Ltd.

Among the major exhibitors, Famous Players remains the only company so far to participate financially in the production of Canadian films.

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The Corporation remains concerned that films which prove successful in Quebec still tend to be given little attention in theatres in other parts of Canada. However, this problem remains a part of a far larger problem. How are Canadian films going to reach the small but important group of potential viewers which would seem to have not had much of an opportunity to see them to date. By the end of the year, the Secretary of State’s Department had undertaken study of this situation and is planning to encourage the production of more films for the national market.

Several recently released feature films produced with the assistance of the CFDC have received favourable reviews from both Canadian and international film critics. These include Donald Shebib’s “Joppy” for Phoenix Film Productions Ltd., Toronto; “Les Maudits Sauvages” by Jean-Pierre Lebreux for Cmk Compagnie Cinématographique Ltee, Montreal; “Fortune and Men’s Eyes” by Harvey Hart for Cinemart (International) Inc., Toronto; “Noel” for Les Cineastes Associés Inc., Montreal; Peter Rowe’s “The Neon Palace” for Acme Idea & Sale, Toronto; “Crimes of the Future” by David Cronenberg for Emergent Films Ltd., Toronto; and Larry Kent’s “Fleur Bleue” for Potterton Productions Inc., Montreal.

Festivals
Participation of the Corporation in the Cannes Film Festival this year resulted in excellent promotion for the Canadian feature film industry. A total of 16 feature films, most of which had Corporation backing, were screened to potential buyers in a downtown theatre. Some of these films were included in the Xth International French Film Critics’ Week or Director’s Fortnight. Two films, “La Vraie Nature de Bernadette” by Gilles Carle and “A Fan’s Notes” by Eric Till were selected for the main competition. This was the first time that two Canadian feature films had participated on an equal basis with the major international film producers. Canadian feature films were included in the Xth International Film Critics’ Week and “Les Smattes” was shown in the Director’s Fortnight.

The Corporation’s participation at Cannes this year was particularly well supported by an information service directed at film buyers and the attending media. A number of distributors were successful in obtaining foreign sales for Canadian feature films. The industry was well represented by some Canadian distribution companies as well as 21 film critics, 8 directors, 10 actors and actresses and representatives from various government departments in attendance. Collaborating closely with the CFDC in the organization of the Canadian participation this year were the National Film Board, the Department of Industry, Trade and Commerce, the Canadian Government Exhibition Commission, Information Canada, the Department of the Secretary of State, the Department of External Affairs, and the private sector.

In summary, Cannes participation by Canada in 1972 represented a much bigger effort than ever before. There was more and better publicity and information. A catalog of Canadian feature films, which was made possible by a grant of $10,000 from the Department of the Secretary of State, was a vital contribution to the Canadian promotion. Canadian feature films received high recognition from the international press and the professionals in the world film industry. Indeed, the Canadian film industry succeeded in making a major impact at Cannes.

Canada’s participation at Cannes is important from a commercial point of view but the CFDC would like to see more and more of the films it has assisted participate in other world festivals.

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Summary
With theatre attendance dropping and the cinema becoming less and less of a mass entertainment, the future development of the Canadian feature film industry requires greater vigour, determination and flexibility to turn to alternative markets for their products. Feature films now form the bulk of prime time television programming and the potential of cable television as a medium for feature films is of great interest. In the opinion of the CFDC, Canadian producers must look more towards television if they are to prosper.

At the same time, provincial governments which have jurisdiction in the field of motion picture theatres should take a more active part in encouraging the development of Canadian feature films by reinvesting all or part of the taxes they take on Canadian films at the box office in local film production. The Corporation is aware of the interest of government officials in Ontario and Quebec in this subject, which hopefully will lead to greater involvement in the development of the industry by these two provinces. The Corporation has approached British Columbia with similar objectives in mind.

I wish to take this opportunity to thank the members of the Corporation for their great service to the Corporation and the film industry and to express sincere appreciation for the creative and unifying efforts of the staff throughout the year.

The CFDC acts in the best interests of the Canadian film industry, but with greater emphasis on TV production by the film-makers and practical assistance from the provinces, the Corporation is confident that the efforts of its first four years will result in the eventual establishment of a viable and creative permanent film industry in Canada.

Gratien Gélinas
Chairman

Grants
In the course of the year, the Corporation approved grants to groups and individuals totalling $70,000 under Section 10 (1) (d) and (e) of the CFDC Act.

The Association cooperative de productions audio-visuals, a non-profit organization in Montreal which groups some 40 film-makers and technicians working in feature film production within Quebec, received $7,500.

A major effort sponsored this year by the Corporation was a competition for aspiring feature film-makers on the West Coast. These consisted of four grants of $7,500 each and five grants of $4,000 each, to aspirant Canadian producers interested in low-budget, live-action, dramatic films, and the competition represents a major effort by the Corporation to give impetus to film-making on the West Coast. It is the goal of the Corporation to assist in broadening the scope of film-making across Canada. A corps of skilled production personnel together with studios, laboratory facilities and exciting locations make the West Coast particularly attractive to film-makers from within and outside Canada.

A total of $10,000 was also granted to six film-makers in Toronto arising out of a competition for funds to complete dramatic films whose production had been undertaken during the past few months. A jury from the industry viewed edited footage from films submitted by the applicants and examined film-makers’ scenarios before making its recommendations to the Corporation.

Complete lists of these West Coast and Toronto grants appear on pages 16 and 17 of this report. Totalling $10,000 as the balance of a $50,000 grant awarded in the previous year. This money is in support of their continued efforts to acquire, and put to use, more detailed knowledge of the administrative and technical skills required for film production.

Advisory Group
This year the Advisory Group held three regional meetings, in Toronto, Montreal and Vancouver. Four new members were appointed to the group.

At the annual general meeting held in Montreal on March 17, 1971, the Advisory Group assisted the Corporation on such matters as the Canadian film awards, the Corporation’s policies and plans for the 1972 Cannes Festival held in May.
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