

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 to 64 the grand 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 slow-down 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.

Production

This year total investments in Canadian feature films assisted by the CFDC since its inception in 1968 increased from \$12 million to \$17.7 million. The Corporation's own investment in these films now amounts to \$6.7 million, an increase of \$2.7 million over the year.

Private Canadian investors have contributed \$7.3 million and the balance has come from outside the country, mainly major U.S. film companies. Overall, the monies contributed by private investors increased by \$3.3 million during the year under review, although foreign investment decreased by \$300,000. This reflects the results of the Corporation's policy not to involve U.S. distributors as co-producers, since the returns on such investments have proved disappointing.

Of the \$17.7 million invested in feature film-making over the past four years, \$4.2 million went to Canadian laboratories and technical services and \$4 million to film-makers and other creative contributors to the Canadian film industry. The balance has been largely expended in Canada on other aspects of film production. This film-making activity has created 1,574 engagements for actors and actresses, 791 jobs for technicians and about 361 other jobs to date.

Of the 83 films produced since the inception of the Corporation either in production or completed, 41 were originally produced in French and 42 in English. Ten of the English films were produced in Quebec where they made use of French-speaking performers, technicians and creative staff.

At the end of the year, 34 of the 64 CFDC backed feature films were in distribution and represent a total Corporation investment of \$3,384,000. The cumulative return so far on these films has been \$600,000 with 3 of the films recovering their full production costs and reaching profit positions. The amount recovered during the fiscal year of 1971-72 was down \$99,502 from 1970-71. The reasons for this decline are primarily that the new films placed in distribution during the year were less well received by Canadian audiences. In fact, only two films, "Les Mâles" and "Tiens-toi Bien Après les Oreilles à Papa", were outstanding performers although neither film had completely recovered the Corporation's investment by the end of the year. "Face Off" also did well, achieving a gross box-office in Canada of about

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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 doubtless 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, originality and 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 these 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 53.

Distribution and Exhibition

This year nine Canadian distribution companies invested in Canadian feature films. Ciné-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 Mâles", Phoenix Films Inc. of Toronto in "Rip Off" and Faroun in "Les Smattes". Additional distributors investing in Canadian feature films are Astral Films Ltd., Glen Warren Productions Ltd., Prima Film Inc. and Gendon Films Ltd.

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

Cont'd on page 72

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 groups 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 a study of this situation which should lead to effective action in 1972 or 1973.

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 "Rip-Off" for Phoenix Film Productions Ltd., Toronto; "Les Maudits Sauvages" by Jean-Pierre Lefebvre for Cinak Compagnie Cinématographique Ltée, Montreal; "Fortune and Men's Eyes" by Harvey Hart for Cinemax (International) Canada, Toronto; Bernard Gosselin's "Le Martien de Noël" for Les Cinéastes 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 XIth 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 feature film producing nations. "La Maudite Galette" was accepted in the XIth 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 at Cannes with some 30 delegates from production and 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 made a vital contribution to the Canadian promotion. Canadian feature films received high recognition from the world 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.

Film festivals are a very special tool by which our best productions can be promoted, and sometimes sold, to foreign markets. Representing Canada at Venice this year, "Fortune and Men's Eyes" by Harvey Hart was a great success. Moreover, it was chosen last January to represent our country at the Belgrade Film Festival in Yugoslavia.

Aside from festivals, there are other opportunities for showing feature films which serve the interests of Canadians and provide information about Canadian culture in other countries. This year, the CFDC in close relationship with the National Film Board, the Conseil québécois pour la diffusion du cinéma, the Cinéma québécoise, the Department of External Affairs and the Department of the Secretary of State, organized an important retrospective of Canadian films at the Xe Journées cinématographiques de Poitiers. This major cultural event is held in France each year, and its main objective is to feature a country through its best film productions. Canada was the choice in 1972, following such countries as Sweden, Italy and Hungary. The French press remarked on the very special and original qualities of Canadian cinema and also noted significant progress over the last few years. Out of 25 films shown, 14 came from the private industry and 9 were produced with the help of the CFDC.

In February, the Museum of Modern Art in New York organized a Film Week featuring productions from the Province of Quebec. Four out of eleven films chosen for this Week were assisted by the CFDC. We are pleased and proud that the Canadian film industry is attracting interest from foreign countries.

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 coopérative de productions audio-visuelles, a non-profit organization in Montreal which groups some 40 film-makers and technicians working in feature film production within Quebec, received \$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.

A major event 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.

The non-repayable grants were applied to the production of 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 page 14. Needless to say, Montreal, Toronto and Vancouver to a lesser extent continue and likely always will continue, as the focal points for Canadian feature film development. As their resources for film-making in terms of personnel and technical facilities expand and improve in both quantitative and qualitative terms, the importance of these cities as film-making centres on an international level will grow. This does not mean, however, that important feature film-making will be restricted only to those cities in Canada. Aspiring film-makers in other parts of the country will have something to say about this, and it is in the interests of the Canadian film industry that the Corporation do all possible to encourage their efforts as well.

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.

Summary

With theatre attendance dropping and the cinema becoming less and less of a form of mass entertainment, the future development of the Canadian feature film industry requires great 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 untiring efforts of the staff throughout the year.

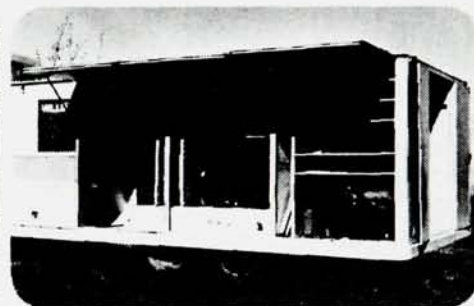
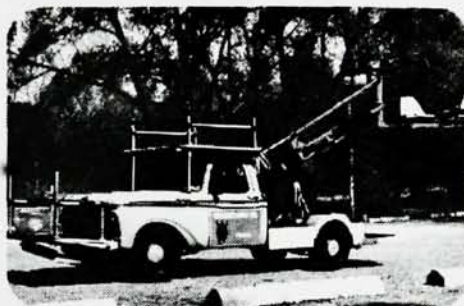
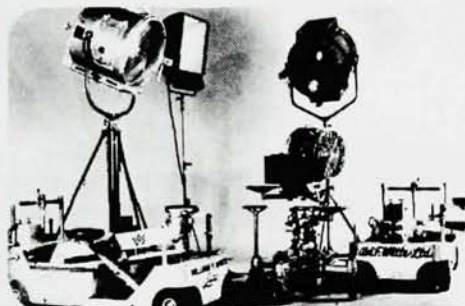
The CFDC is yet a young organization, but with greater emphasis on TV production by the film-makers and practical assistance from the provinces, the Corporation is confident that the efforts of its first four years will result in the eventual establishment of a viable and creative permanent film industry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

Gratien Gélinas
Chairman

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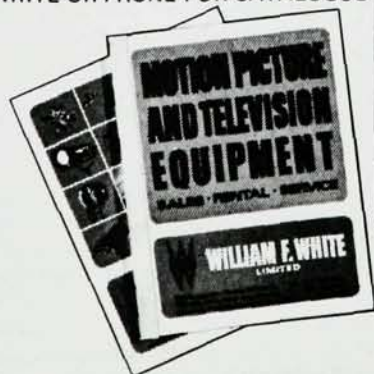
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