Hugh Faulkner, Secretary of State, talks about the evolution of a film policy, the necessary readjustment of the public sector to the new realities of a growing private sector in filming, and the trial balloons which have been floating recently.

Cinema Canada: To begin with, it would be helpful to clarify the role of the Secretary of State department vis-à-vis filming. When Pierre Juneau was appointed minister of communications, it was rumored that the agencies involved in filming would be regrouped under his ministry.

Faulkner: Obviously there wasn’t a great deal of substance in the rumors, judging by events. I think there is a strong argument for retaining the key cultural agencies under a single minister. I suppose it’s certainly possible to consider what relationship should develop between the department of communications and the Secretary of State department. Up to now there has been no problem because with Gérard Pelletier, Pierre Juneau and Mme Sauvé the relations between the two departments have been very good; we cooperate.

Some way down the line there might be a consolidation of all those cultural agencies; that’s obviously not beyond the realm of possibility. This coordination is something that I’m concerned with today, but in terms of moving film out of the Secretary of State, that’s never made any sense to me and, as far as I know, it’s never been seriously considered at all.

Cinema Canada: When he was Secretary of State, Gérard Pelletier announced the beginning of a film policy. A Direction Général de Cinéma was created, and Robert Desjardins attached his work with vigor. There was a consultative committee created which worked for two years to formulate suggestions. These have never been made public, Desjardins has left and the administrative structures have been reorganized in such a way as to diminish the importance of filming as an entity. In fact, things now seem to be moving very slowly.

Faulkner: I find it amusing that you find it slow because I remember the difficulty that Pelletier had getting to the announcement of ’72. It took him virtually four years to get that far, and he encountered tremendous difficulties in that process. From the time of that announcement to the point we’re at today, there has been progress.

The principal area of examination since that time has been around the role of the Canadian Film Development Corporation (CFDC). And that, in the fullness of time, is coming to a head. We are looking at the role of the CFDC in the light of past experience, both in consultation with the staff at the CFDC and, equally important, with its advisory groups, the francophone side and the anglophone side. I have already had meetings with them. And we’re preparing to revise the CFDC’s mandate into the future.

Last year we also made some changes through the capital cost allowance; we added a co-production agreement with Great Britain, and negotiated quotas with Famous Players and Odeon; we also tried to negotiate the establishment of a quota and levy with each province. So there has been development in film policy.

I think that in cultural policy, the notion of a fixed policy is totally unrealistic in terms of the industry. The industry changes every day; it’s evolving in some way and I don’t think we should ever say, “This is our film policy and that’s it.” The film policy for me is something like Somerset Maugham’s movable feast. It’s a change, a change in emphasis, a change in relations; and as the private sector develops in film, I think we should constantly be working on how we can respond. I see cultural policy as a constant evolution. Not a loi-cadre, fixe, fermée, finie pour cinq ans.
The principal element, I think, that characterizes our approach to film policy is our attempt to create an economic climate with some form of government assistance that will enable the film industry itself to develop. And you'll see that we're trying to do the same thing in publishing. We're trying to move away from a cultural sector dependent entirely

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on government handouts to create a combination of economic forces which make it possible for the private sector to develop along with parallel government activity.

The key right now is the future of the CFDC. And we anticipate that the CFDC will continue; but what should its role be? And to determine that, we're working fairly closely with the industry, trying to find out how they perceive their relationship with the CFDC.

I think I can also add that beyond that, in this whole exercise, we're also concerned about the relationship of the National Film Board (NFB) and the private sector, the Canada Council and the private sector, the CBC and the private sector. So it's taking time.

If you're trying to develop a strategy, you first have to understand what's at play in that industry, what are its strengths, what are its weaknesses, what sort of strategy will work? The other thing that you have to bear in mind is that up to now, in film, the principal player has been the public sector; it's been the NFB, the CBC - Radio-Canada and the English network - and the role which the Canada Council plays.

One must ask, "As the private sector develops, how does that affect the rationale for public sector involvement?" That's a difficult question to sort out because you've got the Film Board sitting there and the CBC sitting there, both with fairly large sums of money, and with union contracts; so you discuss with them the possibility of buying rather than making. You immediately have problems with the unions. You're worried about activity out in the private sector, but what about the guys working in the NFB? They have a right to jobs too. So these are some of the problems which are taking time.

Cinema Canada: So it is easier to intervene with the CFDC because it is not hamstrung by the unions?

Faulkner: That's certainly one reason. And the other is that there's a general feeling in the industry that "OK, we've had five years of experience with the CFDC as it was drafted; what are some of the changes which we should be making now for the next five years?" We're very open in our discussions, and there seems to be a fair degree of consensus about the possible changes.

Cinema Canada: The advisory groups have made certain suggestions about the modification of the CFDC: that it become a simple investment bank, that it be allowed to give money directly to companies instead of on a project-by-project basis. These measures seem to reinforce the economic aspect of the industry while giving less weight to the cultural aspect.

Faulkner: I've heard that argument. I'm not sure it's true but I haven't stopped thinking about it. That really is the most difficult question. We're involved in filming for cultural reasons. I know in my own mind that it makes no sense in political terms or in cultural terms to simply look upon cultural activity as a federally subsidized activity per se. I really see the need for a combination of emphases.

I take a look at publishing. Today, it is stronger than it was five years ago. I'm more acquainted with a company like McClellan and Stewart. It's more viable today, and the result is that it's doing more interesting things in cultural terms than it was doing five years ago. If you support the strong sectors, it doesn't necessarily follow that you lose your cultural objectives, though there is that possibility.

Therefore we have to be conscious of the fact that we are trying to develop an industry. And there have to be some sort of cultural parameters - not about what can be produced and what can not be produced - but some sensitivity to our cultural objectives. I'm having difficulty defining them and finding the balance between the industrial and the cultural elements; but I'm looking for that sort of balance.
Faulkner: I'm not ready to agree with that. I think Canadians have been profoundly influenced by the American film industry and so they tend to look for something comparable. Their tastes have been influenced and their television viewing has been influenced. That to me is not a particularly healthy situation. But I'm not sure that it can be turned around.

I believe it can be turned around if we do two things: one is to get the Canadian films out to be seen, and the other is to develop more films that correspond to that reality as it is today, in hopes that the reality can change with time.

I think that you're seeing this approach to a degree with some of the things that the CBC is doing. They started off in the English network with a drama series. And I don't know how many people were watching it, but I don't think they had a great following. But now you're beginning to see it take hold. They persisted. The quality of the programs improved but the genre of programs remained the same. And the audiences became interested in this thing. I think that we've a great deal to do to develop our audiences, but I don't think that we can take an absolutely intransigent line saying, "We're going to produce this kind of film and only this kind of film," and hope that the audiences will go all the way to meet the cinéaste. There's obviously got to be some sort of adjustment there. But not to the point where we're simply rehashing in Canada what has already been done in the States or in France.

Mr. Hugh Faulkner, secretary of state

Faulkner: Not in the case of the CBC, I can't. The budgets come from Parliament but we rarely get into the business of saying, "Here's your $400 million, but 10 million goes here and 15 million goes there." That would really be the beginning of a process of political interference with the Corporation. I respect and believe in the independence of the Corporation. Particularly after watching television in France. You know, during the de Gaulle period, you assumed that the news was written in his private office. It was never critical.

We're working through a process of discussion with the agencies. How far can they go, what should their role be vis-à-vis the private sector. I get the impression that they are reasonably sympathetic to private industry. The general view of the CBC is that we should try to optimize the role of the private sector and the role of the CBC. If you look at that objective you can see it translated into the private sector being more intimately involved with the CBC. But the judgements will have to be made by the CBC if we agree on the broad political objectives. And that's really where we're at.

Mr. André Fortier, under-secretary of state

Fortier: Simply to say that the budget of the NFB is broken down into well-defined sections. That of the CBC is a global...
sum, given with annual increases every year which are based on factors like the gross national product. The increases serve to extend the antenna service or to better the programming.

In discussions with the CBC there are exchanges, and influence is exercised through comprehension of problems and through information. With the NFB, things are more direct — not on the part of the Secretary of State but through the Treasury Board. There, the budget is examined according to section: production, distribution, sponsored film program, etc.

Faulkner: It’s important to recognize that in the past two years, my concern with the CBC has been with the priority of programming versus hardware. I really felt that if the CBC were to serve its purpose effectively, it had to get more money for programming. We’ve achieved that. Now, that we have more money for programming, we can study the relationship between programming done in-house and that done outside.

We must remember that the CBC is the principal cultural instrument in the country. It touches more people than anything else we do. And now it’s competing in a market with CBS, NBC, and ABC, and it’s losing ground. It’s imperative that it regain that ground. And if it’s going to regain that ground, it’s to do it with quality programming.

"Have you ever talked to the provinces?"

Cinema Canada: You spoke of yearly increases. It would seem that if the CBC is to give more work to the private sector, it must cut down on the in-house staff. Is that cut-back possible?

Faulkner: No, but there are some governmental guidelines about making and buying; agencies must buy where they can and avoid making. It’s really in the hands of the Corporation itself to translate these guidelines into reality.

One of the arguments they often develop is that it’s far more costly to do it outside. I think you could challenge them on that, but they say that, in certain areas, there is economy because of their size. One of the things which concerns me about doing a lot of in-house work is that, quite apart from the relationship between the private sector and the public sector, there is the potential for the creative process slowing down. How long can a person continue to be exciting, relevant, contemporary and innovative and still remain on the payroll of the public service? That’s a creative problem they should look at. They can suffer from hardening of the arteries just like any other creative organization.

Cinema Canada: There seems to be a certain tension in the relationships between the CFDC and the NFB — that when the prestige and budgets of one go up, the budgets of the other go down.

Faulkner: They are not competing with each other, and I don’t see one suffering because of the other.

The CFDC is directed towards the private sector. Up to now, it has been to aid feature films. Since the film industry in Canada is more than features, we have to start asking ourselves questions about whether the CFDC shouldn’t be concerned with more than features. There’s some resistance to that idea, especially from feature film producers. My own view is that you cannot isolate the feature film from the rest of the industry. There’s a connection; often
particularly interested in doing it or because it's too expensive to do that sort of thing?

Cinema Canada: Is there any thought of using the NFB distribution system?

Faulkner: Yes, but there you've got the same problem. You have certain people in the distribution business in Canada, but a lot of them are engaged in distributing mostly American films. How do we combine the resources of the private sector with the NFB? Or should the NFB distribution system be restricted to certain kinds of film and be encouraged to be more aggressive? That's another one of the problems we're looking at right now.

Cinema Canada: How are your discussions going with the provinces?

Faulkner: Have you ever talked to the provinces? If we were talking privately, I'd tell you but there are certain areas where I have to work with the provinces, for better or worse. To speak candidly to your question now would not help the exercise.

Cinema Canada: Who is doing the talking?

Faulkner: On the levy and the quota, it was Spencer, Beauchien and Roberts from the Secretary of State. I talked to them myself. Now, in fairness, things are beginning to happen in some parts of the country. For instance, in Saskatchewan, British Columbia and Alberta, there's an interest developing in film. Quebec - I'm not sure where we're at.

"If people want to put up trial balloons, they run their own risks."

Cinema Canada: Someday it will ask you for funds.

Faulkner: The provinces? No. My view has always been the same. We have cultural objectives in the national government. The provinces are welcome to do anything they want to do in film. We both have taxing powers. We feel strongly that on the national level, we have a role to play in support of cultural activity. If the provinces want to get into the cultural field as well, I welcome it. The more the better; I happen to think that it's a very central area to this country. More important than foreign ownership in industry, in fact. But I don't see any reason for one jurisdiction to simply pass its money to someone else. That doesn't bring any money into the pot.

Fortier: That doesn't mean we can't collaborate and also disagree. I think it's healthy to disagree on the perception of a problem. In the creative domain, one mustn't become uniform and monolithic.

The CFDC, for instance, should be in touch with the Institut du cinéma québécois once it's operational. There could be joint financing. There's no problem there. I've seen it work at the Canada Council.

Faulkner: Co-production at the provincial level is an interesting possibility. The CFDC is looking into one project in Alberta and another in Saskatchewan.

Cinema Canada: Can the federal government do nothing without going through the provinces?

Faulkner: My preliminary view is that we should work through the provinces, but I haven't discounted the other possibility. We are looking at other approaches. Levies should come through the provinces because they have control of the theatres, and a levy is imposed at the point where the person walks in to see the film. The province would collect the levy and put it into a pool. If they developed a levy amongst all the provinces, they then could create an independent fund. My point is that the money should go to the cineaste, to the producer of the film. And it should go in proportion, I suppose, to the number of people who went to see a given film. For the moment, the provinces don't want to put the levy on the theatres. We tried to press them to move on the levy because we felt it was a logical way to finance the films; it's a bit like a lottery.

Cinema Canada: Are you satisfied with your agreements with Famous Players and Odeon Theatres? Do you think they will become increasingly involved in production in the future?

Faulkner: That will depend on how our films do and on how the industry develops. When I talked to them, I presented our agreement to them as a base, a point of departure. And, let's be honest, I didn't have a lot of bargaining power. They knew that if they didn't accept my point of view, there was nothing I could do to force them. But I pointed out to them that the industry had developed to the point where this thing could work and could be helpful, and they agreed.

Cinema Canada: In your discussions, were they conscious of the role they had to play in the industry?

Faulkner: Yes, Destounis really is supportive. He really is trying to help. Blumson I don't know as well, so I don't want to make any judgement. But Destounis I've met several times and I think he is fully aware of his responsibilities and obligations here. Some say that he could go further than he does. I'm not disputing that but I'm saying that he's sympathetic.

I think that a legislative quota is still a better system than our understanding. One of the problems we had with the discussions on the legislated quota was that some of the provinces were talking about a legislated quota only for the films produced in their particular province. That could be very dangerous. It doesn't hurt Quebec or Ontario so much but it would seriously hurt some of the others. And at least three provinces talked in those terms.

Cinema Canada: What can we expect from your office in the next few months concerning film policy?

Faulkner: Our major concern is the CFDC. We're also looking at the other cultural agencies and their involvement in film, and there may be a start towards rationalizing that activity. But the principal focus will be on the new mandate for the CFDC.

Maybe there will be another co-production agreement, and maybe a change in the capital cost allowance so that it can be extended to short films.

Cinema Canada: What of those trial balloons which have been going up? Is there no chance that there'll be a new Canadian Film Commission?

Faulkner: I wouldn't say there's no chance. But its creation would be based on evidence that that type of commission is what we need to achieve the kind of objectives I've underlined. Those trial balloons were not flown by me. And I never enquire about who has flown them. If people want to put up trial balloons, they run their own risks.
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