

**The Academy of Canadian Cinema & Television
Speaker Series**

**The *ABC* of
Audience Building in Canada
Film : Can we do it?**

Keynote Address by

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 **Telefilm Canada**

Canada

Thank you for your kind introduction. It is a pleasure for me to be with you today.

I don't have to tell the people gathered here that the business we are in is one of the most exciting and competitive that there is.

Quite simply, film remains the most popular entertainment medium in the world and the most powerful in shaping modern culture.

More eyes may be on the small screens of television than on big screens on any given night in Canada but the truth is that films still drive television, both as a creative trendsetter and as a prime source of broadcast material. After sports, feature films remain the most-watched content on TV.

Canadians are avid movie-watchers. In 2001, the total Canadian box office was around \$800 million – \$700 million in English and \$100 million in French. And the box office is growing.

The contribution of the film and television production industry to the Canadian economy is enormous – nearly \$5 billion annually and 130,000 direct and indirect jobs. According to Statistics Canada, the average Canadian family spends twice as much on movie tickets and video rentals than they do on magazines, books or live performing arts.

CANADIAN FILMS

About two years ago, the federal government announced a new feature film policy entitled *From Script to Screen*

From Script to Screen recognized that we have succeeded in building a creative, competitive production industry in Canada and that we have robust networks of

film distribution and exhibition. But it also identified the key challenge for the future.

In the words of the new policy, “It is now time to refocus efforts from building an industry to building an audience at home and internationally.”

And the federal government put its money where its mouth is by doubling the program resources available to the Canadian film industry to approximately \$100 million annually. But it also put the industry on notice, establishing clear performance objectives in terms of enhanced audiences.

From Script to Screen has set a target of capturing 5% of the domestic box office for Canadian feature films within five years. How reasonable is that goal for the Canadian film industry?

Well, let’s do the math:

Over the last four years, on average, English Canadian films have taken about 1% of the English box office. That’s an average of \$5 million per year in box-office receipts.

Films in French have done considerably better. They totalled roughly 9% of the Canadian French language box office. That’s about \$9 million per year in ticket sales.

To get to our goal of 5% audience for Canadian feature films, we need to grow the French market to 12% and the English market to 4% by 2006. That’s an increase of about 3% in each market.

In ticket sales, that goal means \$28 million for the English market and \$12 million in French. And those numbers assume that overall audience numbers won’t grow over the next four years. We think they will. So we will have to do even better.

But let's work with these 2001 numbers for a moment.

The Math for a Brighter Future for English Feature Films:

Getting to \$28 million in the English market is difficult – I'll admit that right at the outset.

In the last five years, the top grossing English-language film financed by Telefilm Canada was *Men with Brooms*. It grossed \$3.9 million dollars at the box office. *The Red Violin* was second, at \$3.4 million.

To achieve 4% audience in the English market, we have to produce seven or eight films with that kind of success every year.

The next obvious question is, "Can we do it?".

Our answer is yes!

Let me tell you why :

A target of 4% or \$28 million at the box office is ambitious but not impossible. Other countries have succeeded in repatriating their domestic cinemas by encouraging more audience-friendly films and distributing them well.

Australia has a market that is slightly smaller than English Canada's and last year released fewer national films than here. But Australian filmmakers took 8% of their home market, of which 4% was distinctively Australian product. In the UK, British filmmakers have captured 15-20% of box office. France is currently close to 40%.

And here at home, the Quebec market shows us what can be done with Canadian audiences :

Pick up a newspaper in Montreal and look at the movies that French language consumers can choose among. The big American productions are all there, as are the Europeans.

But the Canadian-produced movies include a thriller like *Le Collectionneur*, the popular film for young families *La Mystérieuse Mademoiselle C*, and a very successful dramatic comedy called *L'Odysée d'Alice Tremblay*. A few weeks ago, *Histoire de Pen* opened and was #1 in box office receipts in its first week - beating *The Tuxedo* and *Sweet Home Alabama* in their opening week.

Even a less accessible film like *La Turbulence des fluides* is on screens with a current box office over half a million dollars. Taking into account the relative size of the two markets, that means that *La Turbulence des fluides* has done the English Canadian equivalent of \$3.5 million in ticket sales.

And in English Canada, we take a lot of heart from the success of *Men with Brooms*. That movie's success shows that a good script combined with strong casting, excellent production values, smart promotion, release and distribution can push a Canadian film within reach of \$4 million in box office sales.

Or look at audience reaction to *Atanarjuat*. This is a particularly challenging film – three hours long, in Inuit with only one screening per evening – but it's already gathered \$1 million in box office receipts.

And *Bollywood Hollywood*, a lively and warm-hearted romp through family and cultural pitfalls, has already reached the half million mark at the box-office after only two weekends in theatres. We want more films like *Atanarjuat* and *Bollywood Hollywood* as part of a winning mix.

We're convinced that there's a market for good Canadian feature films and that we have some powerful assets to develop that market for the benefit of the entire industry and of the country

I won't deny, however, that we have our work cut out for us.

4% of the English market is our goal and that has to be translated into a strategy for the use of the dollars that Telefilm is charged with investing in development, production, distribution and promotion.

In a nutshell, we have \$40 million to support the production of English-language Canadian films. We want to get to \$28 million in box office receipts. That means that each dollar invested by Telefilm in a production must generate 70 cents at the box office. That is the hurdle we have to clear.

Put simply, our new policy for investment in feature films is this: we are generally not prepared to invest more than \$1 million in a film if it does not stand a reasonable chance of making more than \$1 million at the box office.

If the film can credibly hit that hurdle, we are prepared to invest from \$1 million to \$3 million in the project this year. Next year we will be prepared to invest up to \$4 million. But if a project stands little or no chance of achieving \$1 million of the box office, then producers should refrain from asking Telefilm to invest more than \$1 million.

This has also meant a shift in focus in the kinds of films we are prepared to support. In the past, we may have allowed ourselves to become too preoccupied with *auteur* filmmaking. That resulted in a period when Canadian films won a lot of prizes but not much commercial success.

Now, we need to support a range of genres with more comedies, more family movies and kids' pictures, more thrillers and romances. Look at any country with a healthy national film industry and that's what you see – a variety of movies and movie genres that connect with theatre audiences on many emotional and intellectual levels.

That's a change in how we do business, but our priority for Canadian feature films is simple – it's all about building audience.

A NEW ERA FOR FILM DISTRIBUTION IN CANADA

Beyond insisting on mere audience based criteria for our investments in production, we have also begun to focus on ensuring that Canadian films get released properly.

It often makes more business sense for film distributors to minimize their investment in theatrical release and to move quickly to video rental and television broadcast of Canadian feature films. That means that the money spent on prints and advertising is very limited.

But an adequate spend on prints and advertising is critical for a successful theatrical release.

Over the last six months we have begun to strengthen our requirements with our distribution partners. We have insisted on hard commitments for minimum levels of investment in P&A (prints and advertising) for any film that is produced with the support of Telefilm.

This new approach met some initial resistance, but distributors have increasingly come on board. All of the English-language film investments we have made in the last six months have these firm release commitments attached to them.

In the end, it's hard to disagree with the basic logic: for a film to be a box office success it has to be released on enough screens for it to be available in an appreciable number of theatres. Then adequate advertising must be bought to promote the film and to direct Canadians to the screens where it is available.

Our strategies for success:

The two pillars of our new approach are to invest in more explicitly commercial films that still reflect distinctively Canadian content and to ensure that these films are therefore properly released.

Our most recent decisions begin to reflect our new approach. They indicate where in general terms we want to go. You see the impact of this focus in recent investments like our support for *Mambo Italiano*, with Mary Walsh, Paul Sorvino and Ginette Reno. It's a romantic comedy about a young gay couple trying to stay in the closet in a tight-knit Italian community. It has a great script and a strong cast. We hope it will become the next *My Big Fat Greek Wedding*.

Falling Angels is a troubling, sometimes funny, story about an unruly and rebellious 17-year-old based on the first novel by Barbara Gowdy – Giller Prize and GG Award finalist. It's a haunting drama with strong characters and numerous plot twists and revelations. Genie Award nominee Scott Smith directs it. *Falling Angels* stars Callum Keith Rennie (who some critics say is “Canada’s answer to Brad Pitt”) and Miranda Richardson who has appeared opposite Mel Gibson, Sylvester Stallone and other box office idols.

Pulitzer Prize and Governor General Award winning author Carol Shields is being lionized for her talent around the world. Now we have a film adaptation of her novel *The Republic of Love* in production with the support of Telefilm. Directed by the fearless and controversial Deepa Mehta who just did *Bollywood/Hollywood*, the film is a contemporary romance set in Winnipeg – that hotbed of torrid love. *The Republic of Love* will star Bruce Greenwood, veteran of such films as *The Sweet Hereafter*.

There's *Eating the Bones*, a risqué urban comedy with an unusual premise – It's a love story about two young black Canadians who are stuck in their own

romantic dead ends until they find each other. The stunning Montreal actress Marlyne Afflack is paired with rising American star Hill Harper, star of Spike Lee's *On the Bus* and *He Got Game*, and a supporting cast of up and coming comedians and performers.

Les Belles-Soeurs , the most popular and frequently produced of Michel Tremblay's plays, is a social comedy about a clueless woman named Geraldine and her domineering sisters. Now an English language movie version it will be directed by critically acclaimed John N. Smith, director of the powerful drama *The Boys of St. Vincent*. *Les Belles Soeurs* promises laughter and pathos amidst a cast of screwball characters.

Intern's Diary, directed by actor, comedian, co-creator of the infamous McKenzie Brothers and quintessential "hoser" Dave Thomas, follows the daily grind of an intern at a fictitious hospital, St. Michael's. Innovative in style, *Intern's Diary* is a comedy, with each scene being an entry in the intern's journal as he manoeuvres through the politics of a big city hospital. Thomas has brought onside the manic energy of many current and past members of the famed Second City Toronto comedy troupe for this project, including Martin Short and others.

From the same team that brought us the breakthrough indie film *Waydowntown*, *Problem With Fear* is the story of Laurie, a young man with more than the usual paranoia about elevators, subways, and intimacy, who has become an unwitting experimental subject for a corporation that makes personal safety devices. The movie is directed by Gary Burns. Critics called his last picture "a deadpan, almost pitch-perfect comedy".

There is also the Canada-UK co-production the *Great Goose Caper*, starring the one and only Chevy Chase and British actress Joan Plowright (*Bringing down the Houze, George and the Dragon*). This family film, directed by Nicholas Kendall, known for *Mr. Rice's Secret* and *Cadillac Girls*, tells the story of a young boy who has withdrawn into a fantasy world following the death of his mother.

All of these films have strong P&A guarantees attached to them. The distributors have undertaken to spend a minimum amount – anywhere from 400 to 750 thousand dollars – releasing them. Films with great box office potential like these need this kind of a guaranteed promotional commitment attached to the project.

It's all about audience.

The Need for Partnership:

Those are the main elements of our plan. We believe that our effort to build audience for Canadian feature films is a win-win proposition for all players.

Our research indicates that Canadian consumers are very interested in Canadian films.

I know that this may seem counter-intuitive when we look at current sales numbers. But our polling and focus group studies show that Canadian movie consumers are well disposed to watching more Canadian films if they are offered a broader array of commercial choices. These Canadian consumers also made it clear that they are interested in identifiably Canadian films as part of the mix.

In the past, tensions may have arisen when we tried to talk about more Canadian content on Canadian movie screens. But with a new emphasis on box office, the interests of producers, distributors and exhibitors should become closely aligned.

Other countries have proven that high quality, indigenous films across a wide variety of genres are good business for all players. But to replicate that economic and cultural success here, we must work together.

CONCLUSION

To accomplish the goal established by Canada's new Feature Film Policy of 5% of box office audience, we must all focus relentlessly on success.

For our part we will continue to push even harder next year for more commercially and better released pictures. We will continue to move away from auteur films to the kind of films that reflect us to ourselves and that Canadians are prepared to pay to see.

We will have to take more risks, be more innovative and keep our sights fixed firmly on our audiences. And at Telefilm, that means working much more closely with essential partners in the industry like you.

If we do, I believe that we will succeed at Audience Building in Canada; we will repatriate for this country the most glamorous and exciting cultural product in the world; and we will create benefits for our entire industry by serving Canadian moviegoers better.

Thank you.