

CMPA

Canadian Media
Production Association



Screen-based entrepreneurs

**Oral Remarks by
Canadian Media Production Association (CMPA)
Broadcasting Notice of Consultation CRTC 2011-728
Review of the Local Programming Improvement Fund**

April 19, 2012

Check against delivery



Jay Thomson

Good morning/afternoon Mr. Chairman, Commissioners, and CRTC staff. My name is Jay Thomson and I'm Vice President, Broadcasting Policy and Regulatory Affairs at the Canadian Media Production Association (CMPA).

Joining me today are:

- To my left, Marc Séguin, the CMPA's Senior Vice President, Policy; and
- To my right, Sandra Cunningham. Sandra is President of Strada Films in Toronto, a partner in the newly-established distribution company, Union Pictures, and Vice-chair of the CMPA's Feature Film Committee.

Mr. Chairman, our two-fold message today is pretty simple and straightforward.

First: Whether or not the BDUs' current LPIF contributions continue to be directed to support the LPIF, however that Fund may be configured going forward, those contributions are still vitally important to the Canadian broadcasting system and should be maintained.

Second: *If* you decide for whatever reason that the LPIF is no longer needed, we ask that all or part of the BDUs' current LPIF contributions be re-directed to support the production, promotion and broadcasting of Canadian feature films.



We recognize that there are a number of different forms of Canadian programming which need and deserve increased financial support, including, for example, regional and minority language programming. Without in any way trying to diminish the value of those areas of programming, however, the CMPA has chosen to focus our comments in this proceeding on another area in need of financial support, namely Canadian feature films.

Sandra...

Sandra Cunningham:

Good morning/afternoon.

Feature films have always been an important and prominent ingredient in the diverse mix of programming in our broadcasting system. And despite what broadcasters might say, films continue to be an important part of the system. Even with all the new and different content platforms, and the opportunities for Canadians to access films from a variety of sources and on different devices, Canadian broadcasters still air movies.

To that end, the CMPA submitted research as part of the Astral licence renewal proceeding last fall which showed that the number of films broadcast on Canadian TV actually increased each year from 2006 to 2010.

The reason for these increases is that broadcasters recognize that Canadians like movies and still want to see movies on TV.

At the same time, however, we must all appreciate that the way in which Canadians access films and other programming content is changing.

In fact, the whole content ecosystem is changing. This is particularly the case right now with respect to feature films. People are not going to see movies in the theatres as they once did. DVD use has plummeted. Blockbuster went bankrupt. And, as you know, Rogers just announced it's shutting down all its remaining video outlets.

Given these developments, I now have to ask myself, as an entrepreneur in the business of making feature films: where are my audiences and how do I reach them?

We now know that, these days, audiences are increasingly turning to in-home, on-demand options to see new films. Some new movies are now being made available on video-on-demand the same day they're released in theatres. It's called "day and date release".

Some new movies are even being made available on VOD *before* their theatrical release! For instance, recent Canadian films such as *Goon*, *The Moth Diaries* and the upcoming Sarah Polley film, *Take This Waltz*, are all being released that way in the US.



We see these trends continuing. We see video-on-demand increasingly becoming the platform of choice for Canadians who want to watch movies, both new releases and older fare, both foreign and Canadian.

Indeed, as noted in the CMPA's written intervention, research shows that viewership of almost all types of VOD programming is growing – led by viewership to movies.

VOD services will continue to grow in popularity as they add more and better programming to their libraries. Including more movies. Including more and better *Canadian* movies.

In Canada, the BDUs control the TV VOD platform. Almost all of them offer a licensed VOD service. More VOD users will mean greater VOD revenues. Accordingly, the BDUs will directly benefit as their VOD services become more popular. They'll also be better able to compete with Broadband TV services, like Netflix.

This is one reason why we see that, if the Commission chooses to discontinue the LPIF, the natural place to re-direct the BDUs' current LPIF contributions would be to support the production, promotion and broadcasting of Canadian feature films. Since the primary platform for broadcasting those Canadian feature films will increasingly be the BDUs' VOD services, our proposal would ensure that the BDUs would benefit directly from their contributions.



Marc Séguin

Mr. Chairman, Commissioners: there is another reason why we believe that, if the LPIF were to be discontinued, the natural place to re-direct the BDUs' contributions would be to support Canadian feature films.

The CRTC created the LPIF because it saw that the future of local programming in smaller markets would be in doubt absent regulatory intervention. As Madame Poirier pointed out yesterday, when TELUS appeared, the Commission created the LPIF to make sure viewers in smaller markets continued to receive good quality local programming, as it was clear at the time that broadcasters in those markets were spending much less on local content than they once did.

Canadian feature films are now in a very similar situation. As we've highlighted in other recent proceedings, broadcasters are spending much less on Canadian feature films than they once did. They continue to show films, as Sandra noted, but their level of support in terms of licence fees and investments has dropped considerably. As a result, Canadian feature films are facing a funding crisis – just like local programming faced in 2008.

Broadcaster support has been, and continues to be, critical for film financing in this country. That support has allowed Canada to produce some great films, such as *Monsieur Lazhar* and *Goon*.

Broadcaster support is critical for film financing in other countries as well. And other countries recognize that reality and are doing something about it. The UK Government, for example, recently released a report it had commissioned on the future of British film. The report devoted a whole chapter to the expanded role UK broadcasters should play in investing in, and showing, British films. Other countries that impose obligations on their broadcasters specifically to support domestic feature films include France, Spain, Germany and Italy.

The UK report made this important observation: it said that the prize for having a successful film sector is not only a vibrant choice of domestic movies for all to watch and enjoy; it's the chance to make a major contribution to the growth of the nation's economy, to the development of attractive and fulfilling careers for young people, and to the creation of job opportunities across the country.

The prize for having a successful film sector in Canada is equally big. But to win that prize, we need more broadcaster support for Canadian films.

Jay Thomson

To conclude Mr. Chairman: One of the questions in the Notice of Consultation asked whether, in the event that the LPIF were discontinued, the BDUs' contribution should be re-allocated. And, if so, how?



In both our written submission and in our remarks today, we have chosen to address that question, and that question alone.

We are not here to argue that the LPIF should or should not be discontinued. Others are making those arguments, and we note there are very strong arguments for its retention. Regardless of how you ultimately rule on that issue, we believe those funds should remain in the system. If you maintain the LPIF, our producer colleagues in the regions argue for its expanded use. We support their arguments.

However, if you determine that BDU contributions to local programming are no longer needed, we ask you to recognize that those contributions are still needed elsewhere – particularly to make sure Canadian viewers will continue to be able to access quality Canadian feature films where they will want to access them the most, namely through the Canadian broadcasting system.

We would be pleased to answer your questions.



CMPA Seating Chart

Sandra Cunningham	Jay Thomson	Marc Séguin
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