

for the development of Canadian film policy.

The Department of Canadian Heritage conducted a film review early in 1998. In the report, the Department states that eighty-seven feature films were produced in 1995. Seventy per cent or 61 of these films were released in theatres. The report states that Canadian average production budgets have decreased since the late 1980s while they have increased in other countries. It also notes that Canadian films, when compared with films in other countries, are not achieving success in their own market. The report contends that there appears to be a correlation between the production budget and a film's ultimate success.

This correlation is not always clear. A representative from Telefilm Canada stated that on a ratio basis of production cost to total sales, *The Sweet Hereafter* did quite well compared to *Titanic*.<sup>40</sup> Clearly, budgets do not mean everything. Lower budget films can have a high return on capital, while higher budget ones can also fail to recover their costs. However, higher budgets certainly can be an asset. They allow for more interesting cinematography, better known actors and more aggressive marketing. They do not ensure, however, a more interesting story.

Again, content is an important theme. Good content will sell. This content need not be homogenized to an aseptic international standard, but it must have salience internationally. Canadian stories will sometimes have this salience and at other times these cultural products will only garner the interest of a domestic audience. This fact makes it even more clear that cultural and industrial policy should be separated where possible. Canada should support Canadian production to tell Canadian stories, but need not support the production industries to produce products tailored for export. Once again, it is these more industrial policies that will most likely be challenged by Canada's trading partners.

### iii) *Distribution*

Film distribution is central to the Canadian film industry. The revenues from film distribution generate the funds for more Canadian production. In Canada, Hollywood has managed to maintain a large degree of control over film distribution revenues. As a result, most of the revenues generated from film distribution have flowed directly to the United States. While foreign film distributors traditionally have represented 15 per cent of all film distributors operating in Canada, they have controlled 85 per cent of the revenue from film.<sup>41</sup> Not only do foreign distributors earn a significant amount of Canadian film revenues, but also the revenues they earn in Canada constitute a significant amount of their own total revenues. Warner Brothers' *Batman Forever* opened on 2,842 screens in North America; 388 of those were in Canada. Canadian cinema goers accounted for \$7 million or 14 per cent of this film's opening

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<sup>40</sup> Arts and Culture Conference Speaker, Department of Foreign Affairs and International Trade, Ottawa, March 1998.

<sup>41</sup> Department of Canadian Heritage, *Discussion Paper, 9*.