

production. Total layout expenditures cannot exceed 48 per cent of the cost of an eligible production. Former Heritage Minister Michel Dupuy stated that "the primary objective of this new credit remains the encouragement of Canadian programming and the development of an active production sector."³¹ In 1997, the Film and Video Production Services Tax Credit was introduced to "encourage Canadian and foreign film-producers to employ Canadians for production services performed in Canada."³²

Direct investment and subsidies also have been an important element of Canada's public policy. Most of the public support for the industry has been received through the National Film Board (NFB), which was created in 1939. Direct financial support was provided through the Government of Canada when it created the Canadian Film Development Corporation (CFDC) in 1967 and allocated \$10 million to this new entity. Over the years, government support to the CFDC has increased. In 1984, the CFDC was renamed Telefilm Canada. This government-sponsored agent administers a range of funds and programs to assist the development of the Canadian film and video industry. Its total annual budget in 1997/1998 is approximately \$175 million. The Canadian view is that "[through Telefilm's] various Funds and Programs, the Corporation fosters the development of an independent Canadian industry that can provide programs and feature films comparable to the best independent productions from around the world."³³

Telefilm oversees the Feature Film Fund, which was created in 1986 with the purpose of supporting Canadian film-makers, and the Feature Film Distribution Fund, which was created in 1988 with the purpose of supporting experienced distribution companies in their marketing, rights acquisition, and corporate development activities. The \$ 200 million joint industry-government Television and Cable Production Fund was announced by the Department of Canadian Heritage in 1996. Telefilm administers the Equity Investment component of the Fund.³⁴ This fund is for the production of feature films that eventually find their way to television.

All companies funded by Telefilm Canada must be Canadian owned and controlled. Ownership is determined according to the criteria established by Investment Canada. Telefilm also requires that more than 50 per cent of the company's shares, on a diluted basis be owned by Canadians and that the company's operations be under their effective control. Generally, eligible Canadian companies must operate in Canada or have a head office in Canada. Telefilm is clear that its goals are both cultural and economic.³⁵ The double-edged objective of Telefilm highlights

³¹ Statement by Canadian Heritage Minister Michel Dupuy on New Film and Video Tax Credit Measures, December 12, 1995.

³² Department of Canadian Heritage, *A Review of Canadian Feature Film Policy-Discussion Paper*, February 1998.

³³ Telefilm, Canada, January 5, 1998, 2.

³⁴ Department of Canadian Heritage, *Discussion Paper*, 5-6.

³⁵ Hoskins and McFayden, 152.