

certain of these offices, such as Washington and Mexico City, N.F.B. officers were responsible to the Head of Mission for local discipline, but communicated direct with the Board at Ottawa. In others, such as London and New York, contact with the Canadian Post concerned was intermittent. In Sydney, the operation was almost entirely independent.

12. As a result of these activities, a world-wide distribution network, commercial and non-commercial, theatrical and non-theatrical, was developed. This distribution network enjoyed a considerable measure of success and was later supplemented by the establishment of film libraries at diplomatic and trade posts abroad. It was thus that the Board came to regard the Department's posts abroad as, in some degree, outlets for its own distribution system.

13. Beginning in 1947, however, a series of drastic budget restrictions made it impossible for the Board to carry on these operations in their entirety. The Washington Office was closed; and the Department was asked if it would assume responsibility for the operation of the Sydney Office. This was done, and in the summer of 1948, the Department became responsible for the distribution of all Canadian Government non-commercial films abroad, save in the offices which remained open (i.e. London, New York, Chicago, and Mexico City), and in certain Trade Commissioner posts.

14. This new relationship has in practice involved certain disadvantages. These may be summarized as follows:

(a) The Department has no effective control over the production of films dealing with international matters. Though the Department is consulted from time to time, such consultation is apt to occur late in the day. The Department has frequently been faced with *faits accomplis*. A recent case in point was the shooting script of the proposed "Human Rights Film".

This state of affairs is, to a certain extent, the result of the Board's peculiar financial structure. Approximately two-thirds of its expenditure is budgeted for in the estimates. The remaining one-third is secured by arranging for departments of governments to sponsor (i.e. pay for) films, in the production and distribution of which they may have a special interest. The Department has never entered this sponsorship field. When, in the fall of 1948, the Department suggested the possibility of a film of the North Atlantic Treaty, the Film Board took the position that it had no funds, but that if the Department would put up the money, it would be prepared to produce such a film. (Correspondence attached III.)†

This situation has, of course, no real bearing on the Department's over-riding responsibility to advise on the content of all films dealing with external matters, and indeed, of all films planned for distribution abroad. The practice of sponsorship may, however, serve to explain in part the reason for the stand taken by the Film Board.

(b) Though the Department distributes films through all its posts abroad, it has, up to the present, exercised no control over the type of film offered for distribution. When the distribution takes place through the National Film Board's own offices abroad, the Department is not normally consulted.