

TELEFILM

C A N A D A

2003-2004

Annual Report

New Focus, New Look

In 2003-2004, Telefilm Canada adopted a new look to underscore its role in helping Canadian cultural products strike a chord with audiences, which is reflected in this annual report.



2003-2004	
Annual Report	

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This annual report is published by Communications and Public Affairs with the participation of Policy, Planning and Research.

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Legal Deposit

Bibliothèque nationale du Québec
National Library of Canada

Graphic Design

Agence Code

Printing

Quebecor World Graphique-Couleur



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Board Members as at March 31, 2004



CHARLES BÉLANGER

Chair
Montréal, Quebec



FELIX (FIL) FRASER

Member
Edmonton, Alberta



TRINA MCQUEEN

Chair
Audit and Finance Committee
Toronto, Ontario



LOUISE PELLETIER

Member
Montréal, Quebec



ELVIRA SÁNCHEZ DE MALICKI

Member
Etobicoke, Ontario



JACQUES BENSIMON

Member ex officio
Government Film Commissioner
Chair
Cultural and Linguistic Diversity Committee
Montréal, Quebec

Letter to the Minister

Montréal, July 19, 2004

The Honourable Liza Frulla
Minister of Canadian Heritage
Ottawa, Canada

Dear Madam:

In accordance with the provisions of Section 23 of the *Telefilm Canada Act*, I have the honour of presenting you, on behalf of the Board of Directors, with Telefilm Canada's 36th annual report and the Corporation's financial statements for the year ended March 31, 2004.

Yours very truly,

The Chair,

A handwritten signature in black ink, reading "Charles Bélanger". The signature is written in a cursive style with a large initial "C".

Charles Bélanger

Richard Stursberg*

Executive Director

POLICY, PLANNING AND RESEARCH

Elizabeth Friesen

Director – Policy, Planning and Research

ENGLISH-LANGUAGE OPERATIONS

Karen Franklin

Director – English Operations

Atlantic Region Office

Ralph Holt

Director – Atlantic Region Office and National Sector Head – Feature Film

Lori McCurdy

Director – Business Unit

Ontario and Nunavut Office

John Galway

Director – Ontario and Nunavut Office and National Sector Head – Television

Dave Forget

Director – Business Unit, Feature Film

Paul Dollar

Director – Business Unit, Television

Western Region Office

Earl Hong Tai

Director – Western Region Office and National Sector Head – New Media

John Dippong

Director – Business Unit, Feature Film

Lauren Davis

Director – Business Unit, Television

FRENCH-LANGUAGE OPERATIONS

Quebec Office

Michel Pradier

Director – French Operations and Quebec Office

Louise Deslauriers

Director – Business Unit, Feature Film

Nancy Roch

Director – Business Unit, Television and French Market

INTERNATIONAL OPERATIONS AND DEVELOPMENT

Danny Chalifour

Director – International Operations and Development

Shelley Stein-Sacks

Director – Music Entrepreneur Program

FINANCE AND ADMINISTRATION

Carolle Brabant

Director – Finance and Administration

Richard Tardif

Controller

Denis Pion

Director – Technology and Information Systems

COMMUNICATIONS AND PUBLIC AFFAIRS

Jean-Claude Mahé

Director – Communications and Public Affairs

HUMAN RESOURCES

Stella Riggi

Director – Human Resources

LEGAL SERVICES AND ACCESS TO INFORMATION

Stéphane Odesse

General Counsel, Corporate Secretary and Access to Information Coordinator

* Richard Stursberg left Telefilm on July 20, 2004.
Carolle Brabant named Executive Director in the interim.

Message from the Chair

In March 2004, when Denys Arcand won the Best Foreign-Language Film Oscar for *Les Invasions barbares (The Barbarian Invasions)*, Canadian culture as a whole was honoured. Reflecting the filmmaker's unique vision, the film raises a number of challenging and relevant questions about family, friendship, today's world and the meaning of life. The recipient of some 40 international awards and nominations, this masterpiece by the Montréal director has moved and thrilled audiences around the world.

Every country expresses the essence of its being through its culture, and a country's creators and artists are its best ambassadors. Denys Arcand's film is connected by an invisible, but robust, thread to everything that constitutes our country's history and heritage. Our culture represents who we were, who we are and where we are going as a society. It is a valuable and indispensable mirror, one that the government of Canada vigorously supports through Telefilm Canada.

Canada's feature film policy, which many deemed to be overly ambitious when launched in October 2000, proves to be visionary. However, in Canada, as elsewhere, success is not something that can simply be invented. It must be nurtured and developed, but only if the talent upon which it depends is supported by enlightened and flexible policies, adequate financial resources, and a wide diversity of public and private financial partnerships.

Innovation and creativity drive our cultural industries – the foundation of Canada's knowledge economy. The sustainability of the industry is highly challenged as a result of the collapse of international television production financing combined with softening demand at home. Our country cannot afford to fall behind the rest of the world in this key knowledge sector. Lauded on the international stage and employing a large workforce of highly skilled personnel, Canada's cultural industries are of strategic importance to the domestic economy. In this light, Telefilm's role is to continue to ensure that competitive Canadian companies have the best chance of success.

A Committed Board of Directors

Since 2002, the members of the Board have identified three key objectives to be achieved in tandem with the Corporation's management team:

- to build audiences
- to help the industry achieve its full potential; and
- to make Telefilm an exemplary organization.



Our corporate plan is based on these objectives and is updated every year.

As we pursue these objectives we strive to integrate the notion of cultural diversity into our daily activities, including the implementation of such vital programs as our contribution to the Spark Initiative, which is aimed at members of culturally diverse and Aboriginal communities.

We also endeavour to link Telefilm with all other audiovisual industry organizations responsible for implementing public policy. We are working hard to strengthen our ties with the Canadian Television Fund, the Canadian Broadcasting Corporation, the National Film Board, and the Canadian Radio-television and Telecommunications Commission. More and more, everyone acknowledges that a link must be forged between the creator, the method of production and broadcasting, and the general public.

To accomplish our goals will require a revision of the *Telefilm Canada Act*. Telefilm's Board and management acknowledge that the government has recognized the importance of modernizing our legislative framework and financial mechanisms. Telefilm would like to operate from a new, long-term financial platform, which would allow the Corporation to act in a more flexible, rigorous and efficient manner.

The Lincoln Report clearly identified the governance problems affecting the Canadian Television Fund, with whom Telefilm is a partner, and the government responded by stating that it wished to put in place a single Board and a single management structure. Telefilm supports this approach. However, we must ensure that existing public and private financial resources destined for television be maintained, and that building new audiences remains as the principal performance indicator for these financial resources.

Making Notable Progress

Telefilm provides the government with valuable expertise in public policy and practical knowledge of the audiovisual landscape, in Canada and on the international scene.

Telefilm's Board works to ensure that the Corporation achieves the best possible return on investment. Administering \$244 million is a responsibility for which we are fully accountable. The activities of a public agency like Telefilm must provide added value for the government and the Canadian public in general. Balance, openness and fairness are permanent requirements.

The Corporation's Board of Directors is very pleased with the progress achieved this year. Telefilm is a more transparent and more efficient organization, and a more customer-focused entity, as evidenced, among other things, by the client service charter and the online business services we launched in December 2003. The new project management system ensures that initiatives tied to the corporate plan are clearly identified and efficiently managed. In addition, we welcomed the report by Telefilm's internal auditors, the firm of Samson Bélair/Deloitte & Touche. Notable progress was made in the areas of coproduction, financial management, project evaluation, information systems, computer security and new media. Action plans were put in place, or corrective measures taken, for sectors that did not perform as well.

The organization's new structure reflects the asymmetry of the English and French markets, with an operations division for each sector. Policies and strategies are based on consultation, statistical data and solid research. We also have a talent for innovation, as you'll see in this annual report.

Taking Important Steps in the Area of Cultural Diversity

Our country is becoming increasingly multicultural – a reality that is not being fully reflected in our films and television programs. To make room for new voices, and different voices, we must ensure that policies, programs and services meet the needs and realities of these voices.

Our model is the Interdepartmental Partnership with the Official-Language Communities (IPOLC). Through immersion programs, training workshops and envelopes for the development of dramas, the IPOLC has made it possible for French-speaking producers from Moncton to Vancouver to better represent the reality of their communities through the medium of television.

Building on the success of its contribution to this program, Telefilm participated in the creation of the Spark Initiative, a three-year program aimed at talented, mid-career producers from culturally diverse and Aboriginal communities.

The component administered by Telefilm, the Spark Plug Program, allocates funds for professional development, project development, audience development and participation in the Banff Television Festival. In March 2004, we were delighted to announce the first 15 recipients of the Spark Plug! And we were also elated to receive the first award of excellence from the Canadian Diversity Producer's Association this year in Banff.

In closing, I would like to thank the members of the Board for their dedicated and conscientious contribution to Telefilm's corporate plan. The Audit and Finance Committee and the Cultural and Linguistic Diversity Committee did a marvellous job.

Trina McQueen and Fil Fraser joined the Board this year. We are indeed privileged to be able to count on the experience and vision of these two remarkable individuals.

My thanks go as well to Richard Stursberg and the entire Telefilm team for a year of exceptional achievements. I would also like to express my admiration for the film, television, new media and music industries, whose creators do so much to enrich our lives with works of quality and imagination.



Charles Bélanger

Message from the Executive Director

When we developed our corporate plan in 2002, *Building Audiences for Canadian Cultural Products*, we wanted to accomplish the following over the next five years: finance audiovisual productions that are distinctively Canadian and popular with audiences, help the industry attain long-term sustainability and modernize Telefilm Canada itself. This report captures the progress we made in delivering on these goals in the last year.

Building Audiences

We are beginning to see the results of our new audience orientation reflected in how well Canadian films are performing at the box office: the market share of Canadian films doubled in 2003¹ from where it was two years ago.

Noteworthy examples include *Les Invasions barbares*, which won an Oscar® for Best Foreign-Language Film of 2004, *Les Triplettes de Belleville (The Triplets of Belleville)* which received two Oscar® nominations, and *Mambo Italiano*, which became the most successful English-language feature in 20 years. One of the most remarkable success stories in 2003-2004 was certainly French-language cinema, which has done extraordinarily well – claiming an unprecedented 19% domestic market share.

This year's progress underlines Telefilm's successful partnership with the industry; together, we account for 96% of the box office earnings of Canadian films screened in 2003.

In television, our greatest accomplishment has been to help reorient the Canadian Television Fund towards a long-term audience strategy. There was also some innovative Canadian television made in the last year. *Fortier* and *Les Bougon – C'est aussi ça la vie!* were huge hits with Quebec audiences, and *Trailer Park Boys* and *Degrassi: The Next Generation* were very successful in English Canada.

Our financing of interactive digital productions is taking place at a time when media choices are increasing and the role of the Internet is growing. Despite critical successes, such as *In Vivo* and *deafplanet.com*, the growth of this industry is directly linked to a significant increase in resources for it to compete. In the meantime, we have reoriented the Canada New Media Fund to finance the productions that have the best chances of reaching audiences.



Creating a Sustainable Industry

We set out in 2003-2004 to help the Canadian audiovisual industry become more focused on long-term sustainability. Healthy companies that can attract private financing, and that have access to new talent, have the best chance of making productions that are a hit with audiences everywhere.

These last 12 months have been challenging. In this report, we provide a look at the financing arrangements of the audiovisual productions we support. We note that the Canadian industry faces a slowing of growth, in large part because of the popularity of domestic television programming in other countries.

Obviously, the task at hand involves many players and a series of linked initiatives to create the healthy and creative environment that we seek for the industry. For our part, we will be tackling the challenge in three ways: by helping Canadian productions more effectively access international financing, by helping to identify a long-term plan for skills development, and by helping companies improve their bottom line through increased retention of producer fees, corporate overhead and recoupment.

The impact of these strategies will be felt over time. Our continuing goal must be a vibrant and financially successful industry.

1. Audiences in feature film are measured on a calendar year basis to allow for benchmarking against other countries.

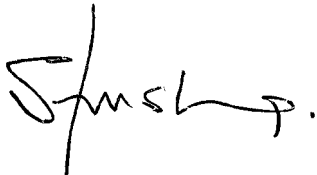
Building a Modern Telefilm

We are particularly proud of the work we have done in moving towards a more contemporary Telefilm. Our efforts have centred on better client service. We said that we would deliver a client service charter – and we did. We have developed clearer service standards, standardized decision-making processes and improved risk management. All this has made us better focused on financing the best projects more quickly. And we are on our way to becoming a leader in service delivery.

One of the biggest challenges that remains, and that will be a key priority for the coming year, is the modernization of the *Telefilm Canada Act*. The government has already indicated the importance of this initiative and we look forward to its implementation.

The public money entrusted to us by the government – which we invest in the production and promotion of Canadian cinema, television, new media and music – leveraged almost \$1 billion of economic activity in the industry last year. This activity makes the Canadian audiovisual industry stronger and an important contributor to the federal government's policy priorities.

In closing, I want to take this opportunity to thank the Board of Directors for their guidance and direction, the employees of Telefilm for their dedication and outstanding job, and the industry for their dynamic partnership.

A handwritten signature in black ink, appearing to read 'R. Stursberg'.

Richard Stursberg

Telefilm Canada's Financial Participation 2003-2004 Signed Contracts

	New Projects In thousands of dollars	Amendments to Previous-Year Contracts In thousands of dollars	Total In thousands of dollars
Canadian Television Fund			
Equity Investment Program			
Production	103,794	(377)	103,417
Development	7,997	1,232	9,229
Distribution	936	-	936
Versioning	1,113	-	1,113
Total	113,839	856	114,695
Canada Feature Film Fund			
Development, Production and Marketing Programs			
Production	59,535	2,046	61,581
Development	4,994	1,237	6,230
Marketing (disbursements)	9,948	3,419	13,366
Official coproductions (mini-treaties)	820	(59)	761
Subtotal	75,297	6,642	81,939
Complementary Activities			
Screenwriting Assistance Program	6,218	536	6,754
Low Budget Independent Feature Film Assistance Program	1,220	(19)	1,201
	1,549	-	1,549
Total	84,283	7,160	91,443
Canada New Media Fund			
Product Assistance	8,870	(257)	8,613
Distribution Assistance	100	-	100
Sectoral Assistance	771	-	771
Total	9,741	(257)	9,484
Canada Music Fund			
Music Entrepreneur Program (disbursements)			
Support for the development of business plans	-	37	37
Support for the implementation of business plans	8,691	-	8,691
Total	8,691	37	8,728
Production Revenue Sharing Program	-	(10)	(10)
Official Coproductions – mini-treaties (television)	334	(46)	288
Versioning (television)	-	(118)	(118)
Other funds and programs			
Regular Fund	204	(14)	189
International Marketing	-	(3)	(3)
Market Participation (television)	696	-	696
Commercial Fund	-	(20)	(20)
Grants to Canadian Festivals (television)	178	112	290
Industrial and Professional Development	503	(74)	430
National Training Program in the Film and Video Sector	2,320	-	2,320
Other forms of support	406	-	406
Total	4,306	1	4,306
Administrative expenses	-	-	22,857
Total	221,194	7,623	251,673

Note: Results of additions do not always correspond to totals due to rounding.

Industry Events



Telefilm's Reception at the 27th World Film Festival, Montréal, August 28, 2003

Directors Louis Bélanger (*Gaz Bar Blues*, *Post Mortem*) and Charles Binamé (*H₂O: The Last Prime Minister*, *Séraphin*, *Un homme et son péché*) with Charles Bélanger, Chair, Telefilm Canada.



Canadian Front: New Films, New York City, March 4, 2004

The Museum of Modern Art, in partnership with Telefilm, inaugurated the first annual showcase of Canadian cinema. The eight-film program, curated by MoMA's Laurence Kardish, opened to a packed house at the Gramercy Theatre with Guy Maddin's *The Saddest Music in the World*, which was a sneak preview leading up to the film's theatrical release by IFC Films in the U.S.

Jonathan Sehring, President, IFC Entertainment; Guy Maddin, director; Niv Fichman, producer and founding partner of Rhombus Media; Pamela Wallin, Canada's Consul General in New York; and Richard Stursberg, past Executive Director, Telefilm Canada.



Hollywood North Launch, Montréal, August 28, 2003

A special evening was held to reunite Telefilm's present and former Chairs and Executive Directors, in conjunction with the national launch of *Hollywood North: Creating the Canadian Motion Picture Industry* by Michael Spencer, the Corporation's first Executive Director, with Suzan Ayscough.

From left to right: Harvey Corn, François Macerola, Robert Dinan, Michel Vennat, Michael Spencer, David Silcox, Richard Stursberg, Pierre DesRoches, Michèle Fortin and Charles Bélanger.



Industry Luncheon at the NSI FilmExchange, Winnipeg, March 4, 2004

Charles Bélanger speaks to the importance of developing Canadian talent. On his left, Jamie Brown, CEO and Executive Producer, Frantic Films, and Chair, Manitoba Motion Picture Industry Association, and on his right, Nicholas Hirst, Editor of the *Winnipeg Free Press*.



Special Screening of *The Barbarian Invasions*, Ottawa, May 6, 2003

Director Denys Arcand autographs a poster during the Ottawa screening of his tour de force *The Barbarian Invasions* – the most honoured Canadian film in history including the Oscar® for Best Foreign-Language Film. The evening, in the presence of Her Excellency Adrienne Clarkson, Governor General of Canada, was a fitting tribute to the success of Canadian cinema.



Special Screening of *The Blue Butterfly*, Ottawa, February 10, 2004

Marc Donato, actor; The Honourable Hélène Chalifour Scherrer, past Minister of Canadian Heritage; Pascale Bussièrès, actor; Léa Pool, director; Patrick Roy, Vice-President, Alliance Atlantis Vivafilm; Georges Brossard, founder of the Montréal Insectarium; Richard Stursberg; and Francine Allaire, producer, Galafilm.

TELEFILM CANADA AT A GLANCE

PROFILE: A CULTURAL INVESTOR

Telefilm Canada is an instrument of government policy with the role of supporting Canada's feature film, television, new media and music industries to create works that reflect the diversity of Canada, and that are widely appreciated by Canadian audiences.

Through four Canadian offices in Vancouver, Toronto, Montréal and Halifax and a European bureau in Paris, Telefilm fulfils its role primarily as an equity investor in individual projects. Revenues from investments are reinvested in new productions, allowing for new voices to be supported and new stories to be told.

Telefilm attempts to finance the highest quality works that have the best chance of reaching Canadian audiences while at the same time fostering the long-term sustainability of the Canadian industry.

Telefilm is a Crown Corporation reporting to Parliament through the Minister of Canadian Heritage. Its activities are administered according to the protocols and contribution agreements that it has signed over the years with the Department.

With an annual budget totalling \$244 million, the major share of Telefilm's resources are committed through four core initiatives. They are: the Canada Feature Film Fund; the Canadian Television Fund, in partnership with the industry; the Canada New Media Fund; and the Music Entrepreneur Program of the Canada Music Fund.

Through its Funds, Telefilm ensures that industry players of all sizes contribute to the expression and promotion of Canadian culture, whether they are small- and medium-sized businesses (SMBs), publicly traded companies or vertically integrated conglomerates. Nearly 1,000 clients, primarily SMBs, receive support each year, ensuring diversity, creating jobs and making a substantial contribution to building Canadian audiences.

Telefilm's success regarding audiences depends to a large extent on its own performance. Standardized and transparent business processes and procedures, advanced information systems, an empowered workforce, and performance evaluation and accountability are all fundamental elements of its business activity.

Mission

Telefilm Canada is a cultural investor committed to supporting Canada's audiovisual industry to create cultural works that reflect and celebrate the diversity of Canada and are widely appreciated in Canada and abroad. Through its investments Telefilm encourages excellence while creating a portfolio of projects that reflect a diversity of format, budget, genre, content and talent.

Vision

Telefilm Canada's vision is to support the development, production, promotion and distribution of popular Canadian television programs, films and new media products that are enjoyed by the largest number of Canadian and international audiences.

Telefilm believes that the extent to which Canadians watch and use the products it helps finance is the key measure of success in meeting its mandate. A secondary measure of success is a strong and vibrant industry capable of developing, producing, distributing and exhibiting the works that it helps to finance.

Values

As a public sector agency and a partner to the industry, Telefilm Canada upholds six core values:

- celebrate the telling of unique Canadian stories;
- actively champion a sustainable Canadian audiovisual culture;
- reward performance and encourage new thinking;
- be open, transparent and accessible to stakeholders, the industry and the public;
- deliver best value to Parliament and to the Canadian public; and
- promote diversity in all its forms in programs and policies.



Les Invasions barbares (The Barbarian Invasions)

Cinémaimage inc. and Pyramide Productions

Rémy, a divorced history professor in his early 50s, is hospitalized with terminal cancer – thus curtailing his hedonism of earlier days. His ex-wife Louise asks their son Sébastien to come home from London. Sébastien hesitates; after all, he and his father haven't been close in years. Friends and lovers also stop by Rémy's bedside to offer their support, settle their accounts... and reflect on their own lives.

The Barbarian Invasions, set 17 years after director Denys Arcand's 1986 masterpiece ***The Decline of the American Empire***, is a cinematic bookend that lives up to the reputation of its predecessor. Arcand's dramatic comedy went to 25 festivals and received over 40 prizes and nominations, along with the Academy Award® for Best Foreign-Language Film – the first Canadian entry to win in this category. Miramax distributed the film across the U.S., while home-turf grosses reached \$7.3 million.

Principal Activities

Through its programs, Telefilm serves four sectors of the audio-visual industries: feature film, television, new media and music.

Telefilm Canada provides a wide variety of support in the four sectors it serves, by way of financial assistance to production, versioning, distribution, marketing, professional development, support for Canadian festivals, and participation at international festivals and markets.

Telefilm's financial participation is provided in various forms: investments, advances, loans, loan guarantees, grants, corporate envelopes and more. The majority of its activities centre on investments in individual projects based on a rigorous selection process. As an investor, the Corporation shares the risks and eventual revenues of the productions it participates in financially.

Partnering for Success on the International Scene

In order to help establish an environment in which sustainable companies and gifted talent can thrive, Telefilm Canada is also an active player in the worldwide market – from promoting Canadian films at major festivals to stimulating new coproduction partnerships through, most notably, its European Immersions and Joint Commissions.

To date, Canada has signed 49 official international agreements covering more than 50 countries; coproductions play a pivotal role in the development of Canada's film and television industry. A total of 95 official coproductions, which received advanced ruling from Telefilm, were produced in 2003, with production budgets totalling \$677 million.

Preparing for the Future

By way of programs specifically designed for emerging talent and underrepresented communities, Telefilm is a catalyst for talent. Its support has made it possible for thousands of Canadian screenwriters, directors, producers, distributors, technicians, performers and new media creators to pursue careers in Canada, working in their region and in the official language of their choice.

Objective #1

Building Audiences for
Canadian Cultural Products

OBJECTIVE #1

BUILDING AUDIENCES FOR CANADIAN CULTURAL PRODUCTS

Telefilm Canada's goal of attracting larger audiences has represented a fundamental shift for both the industry and the Corporation. This change in direction has meant that more attention is being given to making a wider variety of high-quality products that appeal to audiences, and less on encouraging a greater volume of production. In 2003-2004, Telefilm continued to move closer to its objective of building audiences for Canadian cultural products – especially for Canadian cinema.

Operational Review: Business Activities

CANADA FEATURE FILM FUND

In 2000, the federal government announced a new policy for Canadian feature film, entitled *From Script to Screen*. The main objective is to achieve 5% of the domestic box office for Canadian cinema by 2006 by strengthening production and distribution.

Two other objectives, within the new feature film policy for reaching larger audiences, are to increase average production budgets to \$5 million and the average size of marketing budgets to \$500,000.

The primary instrument to achieve these objectives is the Canada Feature Film Fund (CFFF) administered by Telefilm Canada, which provides assistance for screenwriting, project development, production, marketing and complementary activities. To meet its goals, the Fund has resources of approximately \$80 million annually, which are invested in productions most likely to reach Canadian audiences.

Because the Fund is focused on increasing the domestic market share of Canadian films, it must acknowledge the distinctive challenges and opportunities presented by Canada's two linguistic markets. Telefilm therefore pursues an asymmetrical approach to the Canadian feature film market with different operational strategies for the French- and English-language markets.

Staying on Target

Overall, in 2003-2004, Telefilm continued on course with its feature film initiatives implemented in the previous fiscal year, most notably to finance a broader range of high-quality productions, to insist on better releases, and to encourage more effective marketing for all features, including hard commitments from distributors for minimum P&A (print and advertising).

Due to its overwhelming success in 2003-2004, the Corporation made very few changes to its approach for the French-language market. The general feeling is "if it ain't broke, don't fix it."

Telefilm did, however, completely redesign its development financing, primarily for the English-language market, to allow the creative process to be more sensitive to market opportunities. The changes will allow a longer development period, and the involvement of directors and distributors at an earlier stage. A new "green-light" development stage, for projects that have received a production commitment from Telefilm, will allow producers to complete the final key stages of financing and casting without having to begin production prematurely due to cash-flow constraints.



Degrassi: The Next Generation

Epitome Pictures Inc.

Love triangles, broken hearts, deceit and popularity are among the surprises that await students this year at Degrassi Community School. Season three of the international award-winning series *Degrassi: The Next Generation* returned to a new primetime slot in 2003-2004.

Degrassi: The Next Generation has won over a dozen awards since its Canadian launch in 2001. It's American debut was a success, leading to even more awards, including the 2004 Best Family Television Series at the 25th Young Artists Awards in California and the 2003 Award of Excellence (Alliance for Children and Television). Fans frequent the award-winning companion site, www.degrassi.tv, recipient of the Gemini for Most Popular Web Site.

CANADIAN TELEVISION FUND

The Department of Canadian Heritage, the Cable Production Fund (a creation of the Canadian cable industry) and Telefilm Canada joined forces in 1996 to create the Canadian Television Fund (CTF). The Canadian Television Fund is a private-public initiative with an annual budget of \$234 million. Telefilm shares responsibility for administering the Canadian Television Fund with the Canadian Television Fund Corporation.

Rethinking Canadian Television

Canadian television has been the subject of much discussion in 2003-2004, and will continue to be so as the federal government rethinks its policy direction.

At the beginning of 2003-2004, the Canadian Television Fund experienced some difficulty with its funding decisions. The problems arose because of incompatible decision-making systems between the Equity Investment Program (EIP) and the License Fee Program. As a result, both Programs set out to build new working arrangements to more effectively coordinate their funding decisions.

Additionally, in the English-language market, the challenge continues to be to produce programming that Canadians want to watch. This is especially true of English-language drama, where programs rarely rank among the top 20 shows in Canada. By contrast, French-language broadcasters have been very successful in generating audiences for home-grown productions, which consistently dominate the top program lists.

Three major reports on this issue have been released and are being examined by the government. The CRTC and Telefilm jointly commissioned two studies in 2002 examining the state of English- and French-language drama in Canada. The results were published in *Dramatic Choices* by Trina McQueen, who is now a Telefilm Board member, and in *What About Tomorrow?* by Guy Fournier.

Likewise, the Standing Committee on Canadian Heritage's review of Canadian broadcasting culminated in an extensive report in June of 2003, *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*, to which the government issued its Response. Both the study and the Response argued that the Canadian Television Fund should be focused on attracting Canadian audiences to Canadian programming.

Focusing on Audience Success: A New Direction for the Fund

Against this backdrop, Telefilm was a key participant in making fundamental changes to the design of the Canadian Television Fund, most markedly shifting towards an audience objective and away from its previous focus on volume of hours funded.

Historically, the CTF has measured success in this sector in terms of the volume of production supported. In light of the difficulty of the English market to connect with television viewers, a new perspective was needed to prioritize support to projects with audience potential.

While the CTF's guidelines for 2004-2005 reflect this move, the Fund's basic eligibility criteria and the types of eligible programming have not changed.

Establishing a More Streamlined Administration

Telefilm Canada and the Canadian Television Fund Corporation will continue to jointly administer CTF funds, although each agency will have sole responsibility for specific funding streams.

The overhauled CTF consists of three streams of support: a Broadcaster Performance Envelope Stream, administered by the Canadian Television Corporation, and an English-language Drama Stream and a Special Initiatives Stream managed by Telefilm Canada. The Special Initiatives component provides support for development, versioning, Aboriginal-language production, French-language production outside Quebec, special initiatives for English-language drama, and feature film productions with a broadcast window.

These changes have considerably simplified the application process, since producers now need only apply at one location, depending on their language group and genre of programming. There will also be increased predictability for applicants because the introduction of envelopes has meant that broadcasters are aware of the level of funding available to them in order to green light key projects beforehand. The full benefit of these changes will be in place for the 2005-2006 application season following amendments to the CTF contribution agreements.

The Next Step: Setting a Target

The development of performance indicators has been a priority as audience measurement has been incorporated into the calculation and assessment of CTF funding decisions for the 2004-2005 guidelines. Within the English drama component administered by Telefilm, broadcaster track record² and marketing plans were bolstered as central decision-making criteria.

2. Broadcaster track record reflects the degree to which broadcasting outlets had achieved audiences for their CTF-funded drama programs during the broadcast year from Sept 1, 2002 to August 31, 2003, the most recent full broadcast year of audience data available.

CANADA NEW MEDIA FUND

The Canada New Media Fund (CNMF) is one of a number of funds created to meet the objectives of the Canadian Culture Online Program of the Department of Canadian Heritage. The main objectives of the CNMF are to encourage the development, production, marketing and distribution of high-quality, original, interactive digital entertainment products, in both official languages, and to assist in the growth and development of a Canadian new media production industry that is competitive in international markets.

A survey of its new media clients, contracted by Telefilm in 2003, found that despite the production of innovative and compelling Canadian content for both online and offline platforms, producers had difficulty attracting audiences. After consultations with the industry, Telefilm implemented a number of initiatives, including reorienting the Fund's 2003-2004 guidelines towards a greater focus on reaching audiences.



deafplanet.com

marblemedia

It's a live-action television show, it's an animated Web site... **deafplanet.com** is the first television series and Web site in American Sign Language (ASL). Produced by marblemedia in partnership with the Canadian Society of the Deaf, this spirited show is about a boy, Max, who takes an accidental ride in a museum's rocket and lands on Deaf Planet. A deaf teenage girl and her robot help Max learn ASL and make his way.

Web surfers on **deafplanet.com** encounter activities related to each television episode, and video-streamed clips of fun professors who teach ASL, with English and French voiceover. The site was nominated for the IMAT Innovation Award at the 2002 EMMA Awards, and was a finalist in the Software Industry Associations' 2004 Codie Awards for Best Educational Special Needs Solution.

Better Tracking of Online Audiences

The challenge to measuring Canadian audiences for Canadian new media productions is that there is currently no agreed-upon impartial audience measurement system for low-volume, emergent Canadian cultural online content. In 2003-2004, Telefilm Canada purchased available market intelligence to learn more about what Canadians are doing online and collaborated with the Department of Canadian Heritage and other stakeholders to evaluate available online audience measurement systems.

In 2004-2005, Telefilm will subscribe to a Web-based service that will track audience reach for the online projects it invests in, and enhance its data on offline product sales. This will allow it to measure success more effectively in the future.

Introducing a Simplified Application Process

Telefilm reduced the financial burden on its clients by creating a simpler two-step application process, so that only those projects with the best chances of being successful are invited to submit full applications. Applicants are now required to submit proposals that show interest either from broadcasters for convergent Web productions or from publishers for offline products.

SHOWCASING CANADIAN TALENT IN CANADA

Telefilm Canada's support to domestic cultural festivals is also being realigned with the audience-building objective of the core programs. Larger festivals play a role in enhancing the profile of Canadian products while smaller events contribute to increasing audience awareness of Canadian works in the regions.

Telefilm supported 44 Canadian festivals in 2003-2004, allocating \$2.5 million to these events. This program assisted national events – the Toronto International Film Festival, the Montréal World Film Festival, the Vancouver International Film Festival, the Atlantic Film Festival and the Banff Television Festival – and 39 regional or specialized festivals spotlighting documentaries, shorts, arts programming, animation, programs for children, Aboriginal production, new media, experimental works and more.

Telefilm also supported festivals offering programming in the official minority language of the province in which they were held. These included the Rendez-vous du cinéma québécois et francophone de Vancouver (British Columbia), the Festival international du cinéma francophone en Acadie (New Brunswick) and Cinémental (Manitoba), where audiences had the opportunity to screen films to which they otherwise would not have had access.

In addition, the Corporation partnered with Canadian award shows, such as the Genies and the prix Jutra, to enhance the profile of Canadian creators and stars, and thus, contribute to long-term audience development.

Major Canadian Awards Won by Telefilm-Financed Productions in 2003-2004

Feature Film

<i>The Corporation</i>	2003 Vancouver International Film Festival	Federal Express Award for Most Popular Canadian Film
<i>The Delicate Art of Parking</i>	2003 World Film Festival	Golden Zenith for Best Canadian Film
<i>Gaz Bar Blues</i>	2003 World Film Festival 2003 World Film Festival	Special Grand Prix of the Jury Most Popular Canadian Feature Film
<i>La Grande séduction (Seducing Dr. Lewis)</i>	Prix Jutra 2004 2003 Atlantic Film Festival	Billet d'or – Desjardins People's Choice Award for Best Picture
<i>Les Invasions barbares (The Barbarian Invasions)</i>	2003 Toronto International Film Festival Cinémental 2003 Cinéfest Sudbury 2003	Toronto – City Award for Best Canadian Feature Film Gerbe d'or for the Audience Award Bell Canada Best Canadian Film
<i>Love, Sex & Eating The Bones</i>	2003 Toronto International Film Festival	CITYTV Award for Best Canadian First Feature
<i>On The Corner</i>	2003 Vancouver International Film Festival	CITYTV Western Canada Feature Film Award

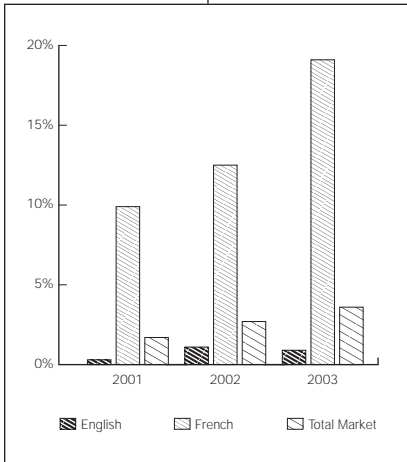
Television

<i>100 Days in the Jungle</i>	18th Annual Gemini Awards	Best TV Movie or Dramatic Mini-Series
<i>24 poses</i>	18 ^e Gala des prix Gémeaux	Best Dramatic Program
<i>Fortier</i>	18 ^e Gala des prix Gémeaux	Best Dramatic Series
<i>Le Monde de Charlotte</i>	18 ^e Gala des prix Gémeaux	Best Mini-Series
<i>Roger Toupin, épicier variété</i>	Prix Jutra 2004	Best Documentary (tie)
<i>Rumeurs</i>	18 ^e Gala des prix Gémeaux	Best Comedy
<i>The Eleventh Hour</i>	18th Annual Gemini Awards	Best Dramatic Series
<i>This Hour Has 22 Minutes</i>	18th Annual Gemini Awards	Best Comedy Program or Series
<i>Trailer Park Boys</i>	18th Annual Gemini Awards	Viewer's Choice Award for Comedy

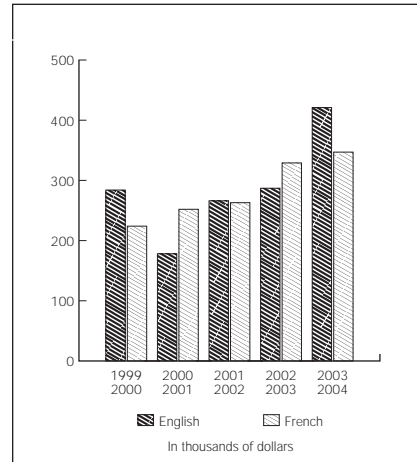
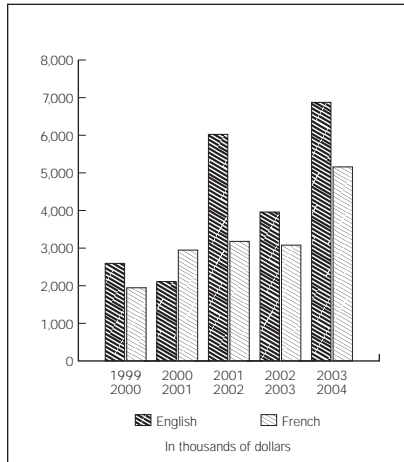
New Media

<i>www.degrassi.tv</i>	18th Annual Gemini Awards	Most Popular Web Site
<i>In Vivo</i>	Concours Boomerang 2003	Grand Prix (CD-ROM/Edutainment)
<i>Juno Beach Virtual Museum</i>	2003 Yorkton Short Film and Video Awards	Golden Sheaf Award for Best Multimedia
<i>www.savedbythebelles.com</i>	Concours Boomerang 2003	Grand Prix (Arts and Culture)
<i>www.wumpa.ca</i>	Concours Boomerang 2003	Grand Prix (Youth) (tie)

Market Share of Canadian Films
(2001, 2002 and 2003)

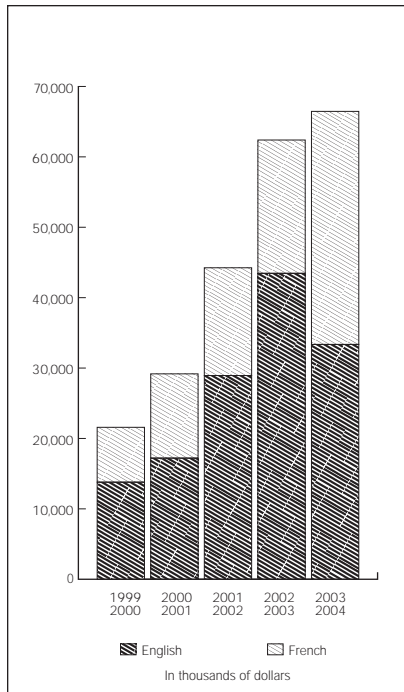


Canada Feature Film Fund and Canadian Television Fund – Equity Investment Program (Feature Film Component) Commitments³



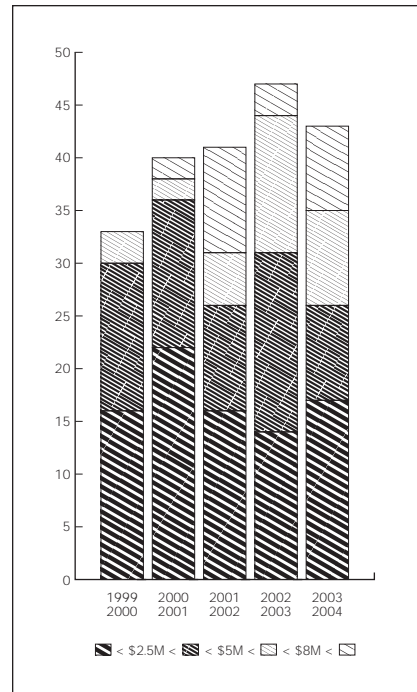
Average Production Budgets

Does not include foreign participation in budgets where Canada is a minority coproducer.



Average Marketing Budgets

(Canada Feature Film Fund Only)



Linguistic Breakdown (Production)

Number of Projects by Budget Level (Production)

Total production budgets

3. All investments made by Telefilm in feature film production have been compiled together, regardless of the fund (the Canada Feature Film Fund or Canadian Television Fund – Equity Investment Program). The amounts presented here may therefore not correspond to data presented in previous years, but are a better reflection of Telefilm's total investments in Canadian feature films.

Performance Review

Objective: Building Audiences for Canadian Cultural Products

Strategy	Target	Result
Canada Feature Film Fund	Audience target: 5% domestic market share.	Achieved a 3.6% theatrical market share in 2003, up from 2.7% in 2002.
Support bigger feature film production and marketing budgets through the Canada Feature Film Fund.	Average production budget: \$5 million.	Average production budgets attained \$6.9 million for English-language projects and \$5.2 million for French-language projects.
	Average marketing budget: \$500,000.	Average marketing budgets attained \$421,000 for English-language projects and \$347,000 for French-language projects.
Reserve portion of the Canada Feature Film Fund for applicants with a performance track record.	75% of funds to the performance component, according to linguistic market.	Allocated 75% of funds, reserved for French-language projects, to producers with performance envelopes and 24% of funds, reserved for English-language projects, to producers with performance envelopes.
Encourage greater exchanges between feature film producers, distributors and exhibitors.	Promote Canadian feature films at key Canadian exhibitor and distributor events.	Sponsored branded events at two key Canadian industry events: ShowCanada and Travelling Quebec.
Canadian Television Fund	Improve the availability of audience data for CTF productions.	Worked with the CTF to enhance data available through BBM and Nielsen.
Revise CTF guidelines in consultation with the Fund's Board.	Orient the Fund towards audience objective, assure greater ease of application and administration.	Reengineered the CTF with emphasis on audience objectives.
		Simplified the application and decision-making process.
Canada New Media Fund	Investigate the potential to establish an audience target.	Acquired market intelligence, and contributed to the Department of Canadian Heritage's study of audience measurement.
Revise Canada New Media Fund guidelines.	Encourage greater focus on audiences, while recognizing challenge of small, undercapitalized companies.	Reoriented the fund guidelines towards audience objective by encouraging more cross-promotion of products.
		Introduced two-step application process to alleviate financial burden on companies with little chance of success.
Improve client audience reporting requirements.	Collect more reliable data on audience reach of projects supported.	Revised fund guidelines and contracts to require enhanced reporting of audience reach.

Feature Film Audiences

Achieving Results in Canadian Cinema

Over the course of the fiscal year, the Canadian film industry continued to make progress towards the 5% market share objective. In fact, the Canadian domestic box office has grown steadily from 1.7% in 2001 before the inception of the Fund, 2.7% in 2002 to 3.6% by the end of 2003.

Much of this progress occurred in the French-language market, which grew spectacularly to 19%, while the English-language market remained at approximately 1%.

Proving that quality and success are compatible, a number of distinctively Canadian works not only did extremely well at the box office but also brought home numerous national and international prizes. Two outstanding examples were Denys Arcand's *Les Invasions barbares*, Canada's most-honoured film ever with more than 40 international awards and nominations including the country's first-ever Oscar® for Best Foreign-Language Film and which took home \$7.3 million, and Jean-François Pouliot's *La Grande séduction (Seducing Dr. Lewis)*, the 2003-2004 box-office champion at \$8.9 million and which received a coveted Audience Award at the 2004 Sundance Film Festival.

This fiscal year, the first wave of English films produced under the new audience-building rules was released. The first, Émile Gaudreault's *Mambo Italiano*, was released on 135 screens across Canada and simultaneously opened in the United States. *Mambo Italiano* brought in more than \$5.1 million across Canada – making it the most successful English-Canadian film in 20 years. And for a few weeks, it also made the U.S. Top 20.

And with success stories such as *The Blue Butterfly (Le Papillon bleu)*, *Le Dernier tunnel*, the documentary feature *The Corporation* and *Dans une galaxie près de chez vous*, the momentum continues. The domestic market share for the first three months of 2004 stood at just over 5% – up from 3.5% the same time the previous year.



La Grande séduction (Seducing Dr. Lewis)

Studio Max Films

Once a thriving fishing port, Sainte-Marie-La-Mauderne has fallen on hard times. *Seducing Dr. Lewis*, by first-time director Jean-François Pouliot, is the heart-warming chronicle of how Germain and 150 villagers court a young physician from Montréal.

Seducing Dr. Lewis took home an impressive \$8.9 million in Quebec and the Maritimes alone. It was the highest grossing film in Quebec in 2003, beating out the English and French versions of blockbusters like *The Lord of the Rings: The Return of the King*. Among its numerous achievements, the film won the World Cinema Dramatic Audience Award at Sundance and attracted 300,000 ticket-holders in France during its first two weeks in theatres.

Les Invasions barbares (The Barbarian Invasions):
Major Canadian and International Awards and Nominations

Oscar®, Academy of Motion Picture Arts and Sciences, 2004	Best Foreign-Language Film
Genie Awards, 2004	Best Motion Picture Achievement in Direction (Denys Arcand) Best Original Screenplay (Denys Arcand) Performance by an Actor in a Leading Role (Rémy Girard) Performance by an Actor in a Supporting Role (Stéphane Rousseau) Performance by an Actress in a Supporting role (Marie-Josée Croze)
César Awards, Paris, 2004	Best French Film of the Year Best Director (Denys Arcand) Best Original Screenplay (Denys Arcand)
Cannes Film Festival, 2003 – Official Competition	Best Screenplay (Denys Arcand) Best Actress (Marie-Josée Croze)
Golden Globe Awards 2004, Hollywood Foreign Press	Nomination – Best Foreign-Language Film
BAFTA Awards, London, 2004	Nomination – Best Film Not in the English Language Nomination – Best Original Screenplay (Denys Arcand)
Toronto International Film Festival – Opening Film	Best Canadian Feature Film
Prix Henri-Jeanson, Paris, 2003	Award given by the Société des auteurs et compositeurs dramatiques for Best Original Screenplay
European Film Awards, European Film Academy, Berlin, 2003	Best Non-European Film
National Board of Review 2004	Best Foreign-Language Film Award
Prix Jutra 2004, Montréal, 2004	Best Picture (Denise Robert, Daniel Louis) Best Director (Denys Arcand) Best Screenplay (Denys Arcand) Best Actress (Marie-Josée Croze) Award for the Quebec film that made the biggest impact outside of Canada – Prix Le Lait
Valladolid International Film Festival	Winner of the Audience Award
Chicago Film Festival 2003	Audience Award – Among the Audience's Top 10 Favourite Films
Prix Lumières, France	Best Francophone Film of 2003

Television Audiences

Measuring Audiences for Canadian Television

As was noted earlier, in order to develop a performance target for the Canadian Television Fund, Telefilm Canada made it a priority, in 2003-2004, to understand the complex field of audience measurement in the television environment.

Encouraged by Telefilm, the CTF improved audience intelligence through its initiative to add genre and country of origin to Canadian audience data tracking systems. This initiative will improve the Corporation's ability to track audience data and begin to build a more comprehensive database to measure the performance of Canadian programming on Canadian television.

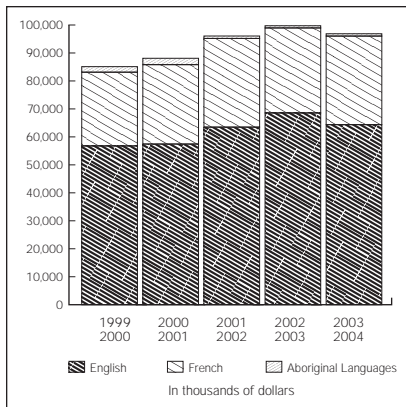
While all of these developments are encouraging, work still needs to be done. A long-term vision is needed to set a target that will align public policy and the administration of public funds for Canadian television programming with the goal of increasing audiences for such programming. Unlike the Canada Feature Film Fund, no clear performance target has yet been identified. Telefilm looks forward to working with the Department of Canadian Heritage and the Canadian Television Fund to determine an appropriate audience target for English-Canadian television drama.

Small Screen Success Stories

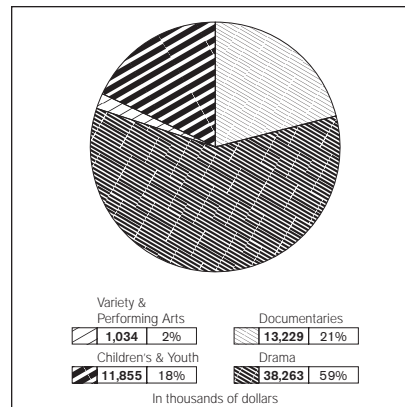
Notwithstanding the need to create a performance target for the CTF, there were still undeniable achievements in Canadian television in 2003-2004. Riveting dramas such as *Fortier*, audacious comedies like *Trailer Park Boys*, pioneering youth programs such as *Degrassi: The Next Generation*, and poignant documentaries like *Roger Toupin, épicier variété* not only connected with audiences but also took home awards.

These and other success stories indicate that home-grown content can work with Canadian audiences. For instance, *Degrassi: The Next Generation* did well for a youth/family drama, capturing half-a-million viewers in repeated airings during this spring, and its companion Web site is also a hit with Canadians with over 100,000 subscribers. Elsewhere, *Trailer Park Boys'* new episodes in 2003-2004 premiered to good numbers (400,000 viewers) on Showcase.

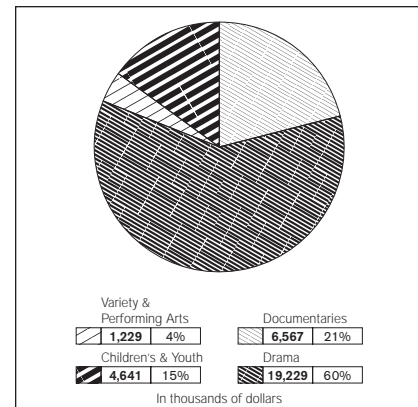
Canadian Television Fund – Equity Investment Program Commitments in Production



Linguistic Breakdown



Genre Breakdown English-Language Productions in 2003-2004



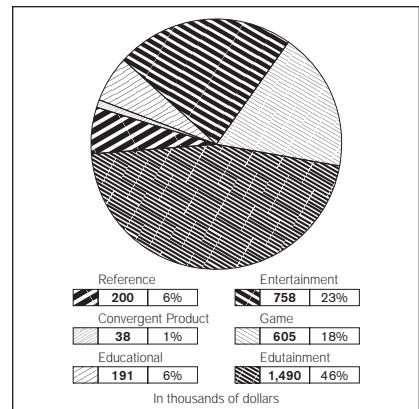
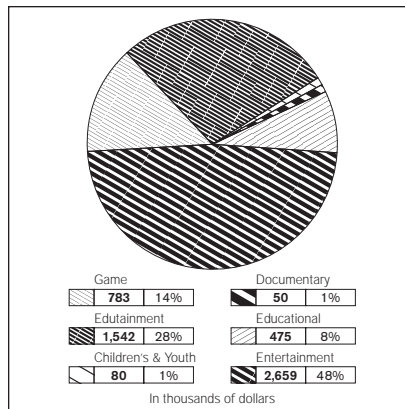
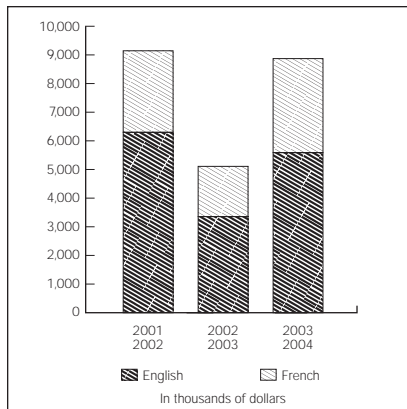
Genre Breakdown French-Language Productions in 2003-2004

New Media Audiences

There is currently no agreed upon impartial audience measurement system for this low-volume, emergent Canadian cultural content industry, a fact that poses a challenge to Telefilm and the government of Canada in their efforts to evaluate and benchmark success. In 2003-2004, Telefilm Canada collaborated with the Department of Canadian Heritage and other stakeholders to evaluate available audience measurement systems for interactive, digital entertainment products, and purchased available market intelligence to learn more about what Canadians are doing online.

Using newly available data, in 2004-2005, Telefilm will develop a database from which to determine appropriate benchmarks and audience performance targets.

Canada New Media Fund Commitments (Product Assistance Component) Commitments



Linguistic Breakdown

Genre Breakdown

English-Language Productions in 2003-2004

Genre Breakdown

French-Language Productions in 2003-2004

Strategic Considerations for 2004-2005

FEATURE FILM

For French-language cinema, the goal will be to maintain what has been achieved and find ways to expand its audience base outside of Canada.

As for the English-language industry, Telefilm Canada will continue to build a wide portfolio of strong releases, at various budget sizes, to create the greatest opportunity for audience success.

TELEVISION

A Two-Year Commitment

With their performance envelopes, broadcasters will have the flexibility to direct CTF funding to productions from dedicated envelopes allotted to them for 2004-05. The size of each broadcaster's envelope will be adjusted in 2005-06 to reflect the degree to which the productions selected by the broadcasters meet the goals of the CTF. They will be adjusted based on the audience success of their programming, the amount of private financing levered and the regional distribution of licences.

The Fund's new direction is fixed for at least two years until 2006-2007.

Develop A Viewership Target

In the long-term, the ability to reach Canadian audiences may become the most important criteria for assessing television projects supported by Telefilm.

While the CTF's initiative to improve audience intelligence by adding genre and country of origin to audience data tracking systems is a step in the right direction, Telefilm still requires better information on the quantity and quality of promotion and scheduling that broadcasters do for Canadian programming. Telefilm will continue to conduct research in this area, with a view to how to best encourage broadcasters to commit to promotion and scheduling in a way that can be measured.

Telefilm expects to be able to provide comprehensive audience data on the English-language projects it finances and comparative data with other genres by 2005-2006.



The Corporation

Invisible Hand Productions Inc.

Lauded as the top-grossing Canadian documentary film ever, *The Corporation* has caused a sensation in boardrooms and beyond. The film explores the pervasive reach of corporations into society, interviewing CEOs, whistle-blowers, brand gurus, corporate spies, pundits and academics.

In addition to grossing over \$1.6 million to date at the box office and garnering 19 awards at 14 festivals – including the World Cinema Documentary Audience Award at Sundance – the film has a successful Web site. Over 50,000 people per month visit the site, which has 12,000 subscribers.

Objective #2

Building the Capacity
of the Canadian Industry

OBJECTIVE #2

BUILDING THE CAPACITY OF THE CANADIAN INDUSTRY

In 2003-2004, Telefilm Canada allocated some \$230 million to Canadian audiovisual production, generating a total overall production volume of almost \$1 billion (\$985 million). Each dollar invested by Telefilm generated upwards of \$3 dollars in additional economic activity in the Canadian industry.

To support its primary goal of building larger audiences for Canadian cultural products, Telefilm has established a second major objective of strengthening human and corporate capacity. The Corporation's success in reaching audiences will be determined by the degree to which it can help improve the corporate health of Canadian companies, attract more international financing and sales and give Canadian talent the tools they need to succeed.

Operational Review: Business Activities

IMPROVING CORPORATE HEALTH

Feature Film

Telefilm commissioned two studies for feature film in 2003-2004: a feasibility study to look at ways of consolidating financial services, and a report on strengthening sales. These studies lay the basis for further work in 2004-2005.

Television

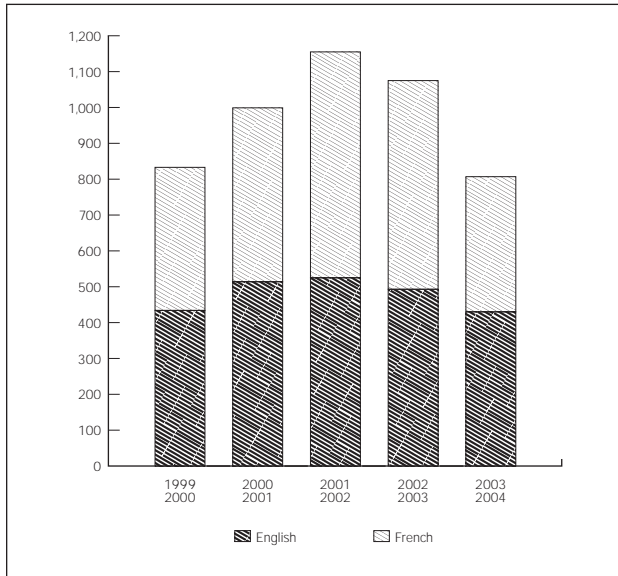
The recent slowing down of growth in television production in Canada has challenged many Canadian producers. Between 1995-1996 and 2000-2001, television production grew by 78%. However, since 2000-2001, that growth has dropped to just over 3%. Among projects financed through the Equity Investment Program in 2003-2004, total production budgets for English-language projects decreased by 6%, and by 12% for French-language projects, over the previous year. The total number of hours produced also fell. Again among projects financed through the EIP in 2003-2004, there were 13% fewer English-language television hours produced and 35% fewer in French over the previous year.

In 2003-2004, the Corporation took some important steps to develop the capitalization of companies via standardized Producer Fee and Corporate Overhead (PFCO), and recoupment policies for the television sector. Telefilm's discussions with SMB clients, regarding their viability and capitalization, have not yet been concluded and are on the agenda for 2004-2005.

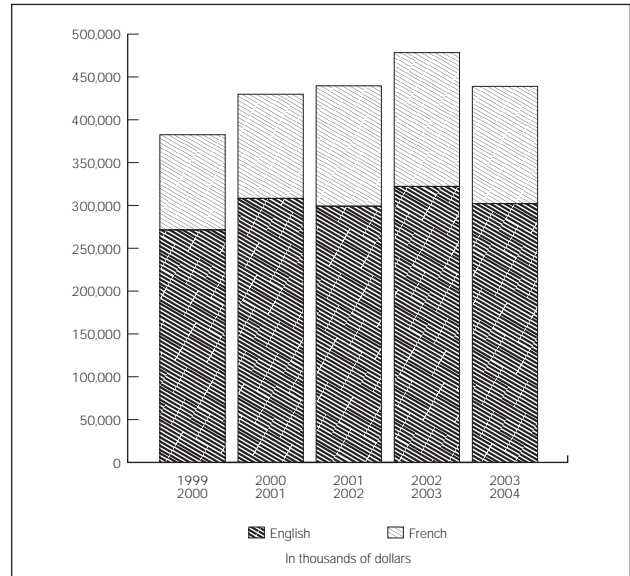
New Media

In the new media industry, close to 10,000 full-time jobs were lost in 2003, according to a recent Canadian Interactive Media Producers Survey, as companies closed or downsized. Producers are taking too much risk, as compared to other sectors, and revenue models are challenging. Elsewhere, Canadian Culture Online's National Advisory Board recently recommended that the Department of Canadian Heritage strengthen the production of new online content through an increase in current funding levels, and shift away from other online funding priorities.

Canadian Television Fund – Equity Investment Program Commitments

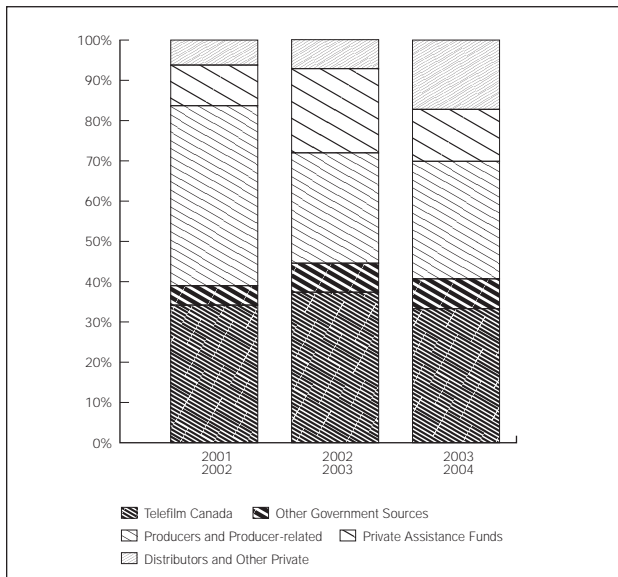


Total Hours
Excluding Aboriginal-language productions

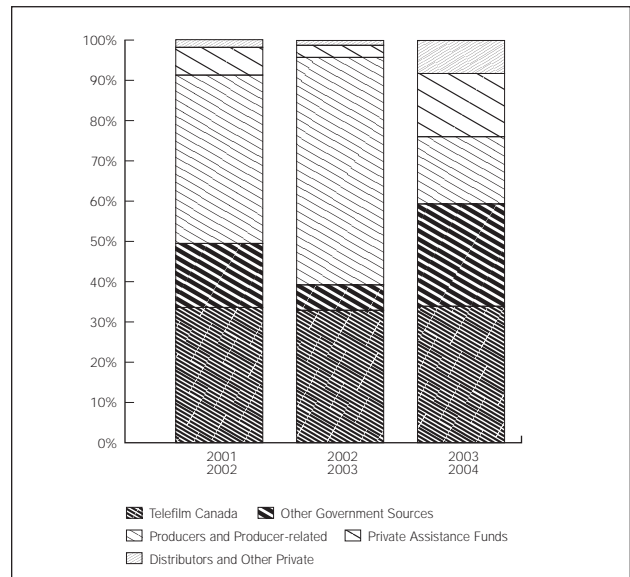


Total Budgets
Excluding Aboriginal-language productions

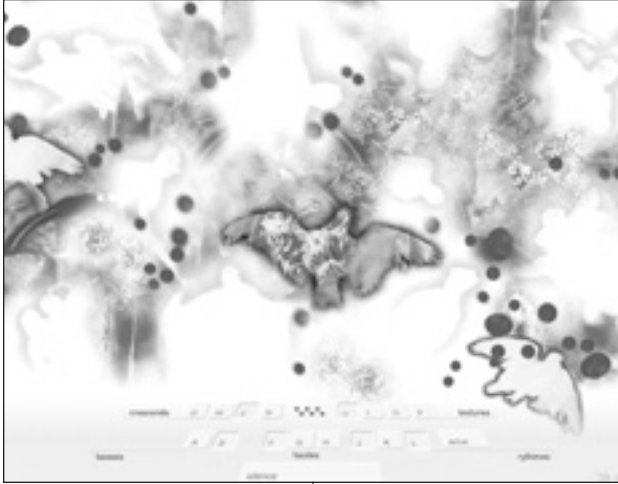
Canada New Media Fund (Product Assistance Component) Commitments – Analysis of Financial Participation



English-Language Productions



French-Language Productions



In Vivo

Freeset Interactive Entertainment

As the world's first interactive music album, *In Vivo* is a bold strategy to give fans of the rap group Loco Locass more intimate and creative access to their musical idols – via a CD-ROM. Based on a fictional narrative, *In Vivo* has over 60 minutes of multimedia content and music specifically created for home computers, plus 10 minutes of interactive music content.

The plot involves the Radical Canadian Mounted Police (RCMP) and its attempt to neutralize Loco Locass, widely revered as the Beastie Boys of Montréal. *In Vivo*, produced by Freeset Interactive Entertainment, won, most notably, the British Design & Art Directors Award (D&AD Award) for Multimedia Sound Design, plus the Grand Prize (Offline) at the Construction New Media Awards in South Africa.

Music

The Music Entrepreneur Program (MEP) was created within the framework of the Department of Canadian Heritage's Canada Music Fund. The ultimate goal of the Program is to ensure that Canadian music entrepreneurs build strong, sustainable businesses. The MEP also contributes to the goal of Canadian Heritage's Sound Recording Policy, which is to provide Canada and the world with a diverse range of music on radios and television sets, in stores, at public venues and on the Internet.

The Program provides corporate assistance to Canadian companies that are actively engaged in developing and promoting Canadian musical content, creators and performers. In 2003-2004, Telefilm disbursed \$8.7 million to 13 sound recording companies, providing support for the implementation of forward-looking business plans. Both established and emerging companies – representing popular music and specialized genres including classical, jazz, Aboriginal and children's – received financing.

Telefilm Canada commissioned a market study that will provide it with a better understanding of the structure of the industry in Canada and detailed statistical information, particularly on the financial health of companies and on sales (both Canadian and foreign) of recordings in Canada and internationally. This information should be of significant value and interest to the industry as a whole. The results of the study will also facilitate and support the evaluation of the effectiveness of corporate support as funded, for example, through the Music Entrepreneur Program.

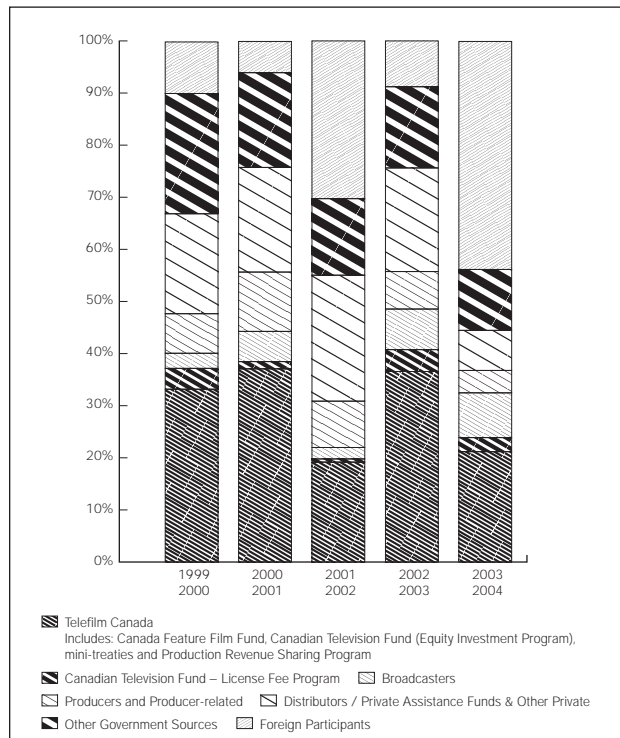
ATTRACTING MORE FOREIGN FINANCING AND SALES

The international marketplace is undergoing significant change because of a downturn in sales and a relative reduction in international coproduction activity.

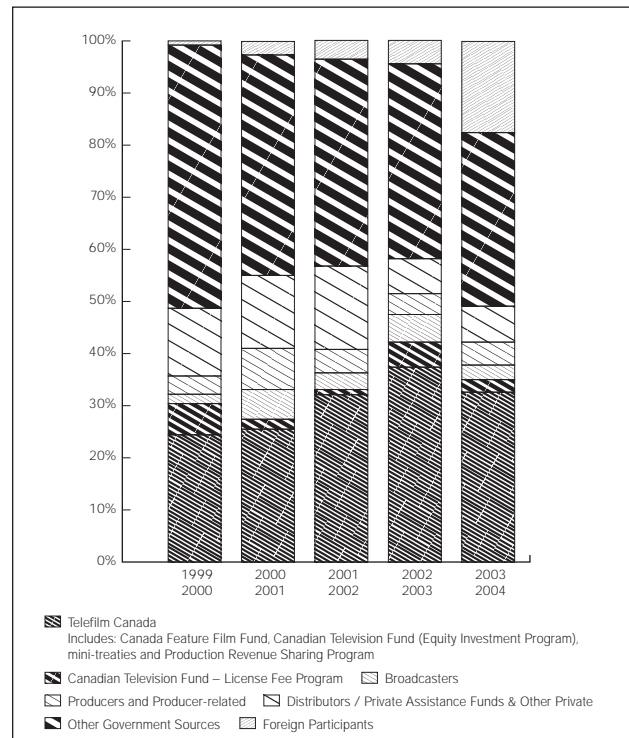
Feature Film

In 2003-2004, feature film coproduction activity, in terms of both numbers of productions and budget levels, continued to rise, partly the result of a few international coproductions with very large budgets. However, regulatory changes brought by the U.K. in 2003 will put an end to the four-year trend of increasing coproduction activity between the two countries and will probably result in a significant drop beginning next year.

Feature Film Analysis of Financial Participation



English-Language Productions

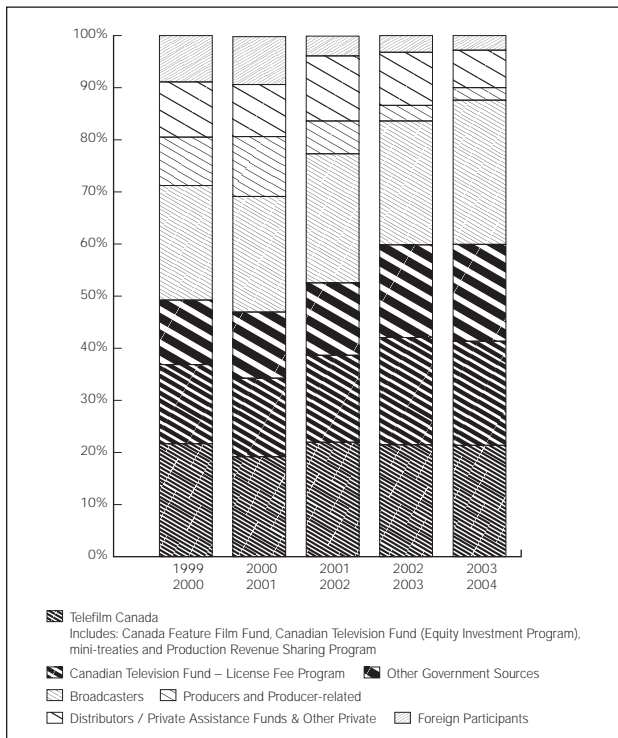


French-Language Productions

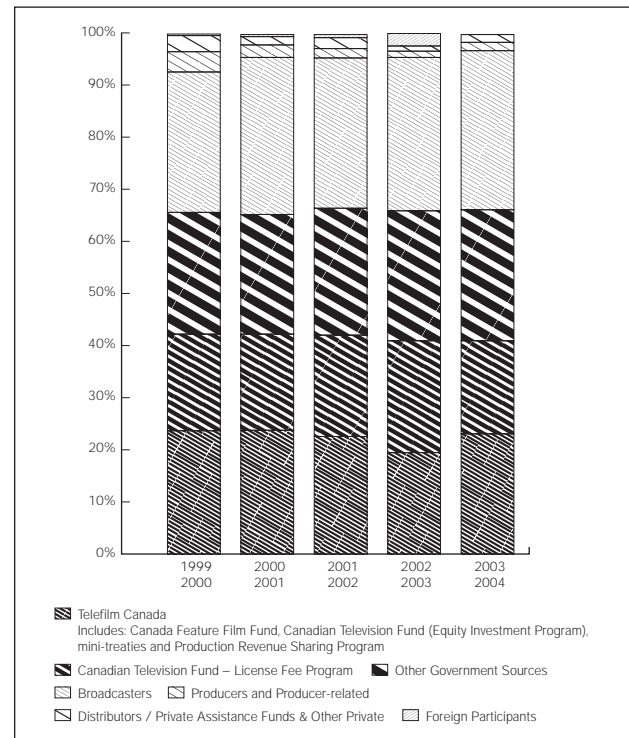
Television

Foreign financing of Canadian television production dropped once again in 2003-2004 to only half of what it was in 1999-2000. As well, international coproduction activity dropped by 20% from 2001-2002, largely the result of the cancellation of the "sales and leaseback program" in the U.K. These trends are expected to continue in the future.

Television Analysis of Financial Participation



English-Language Productions



French-Language Productions

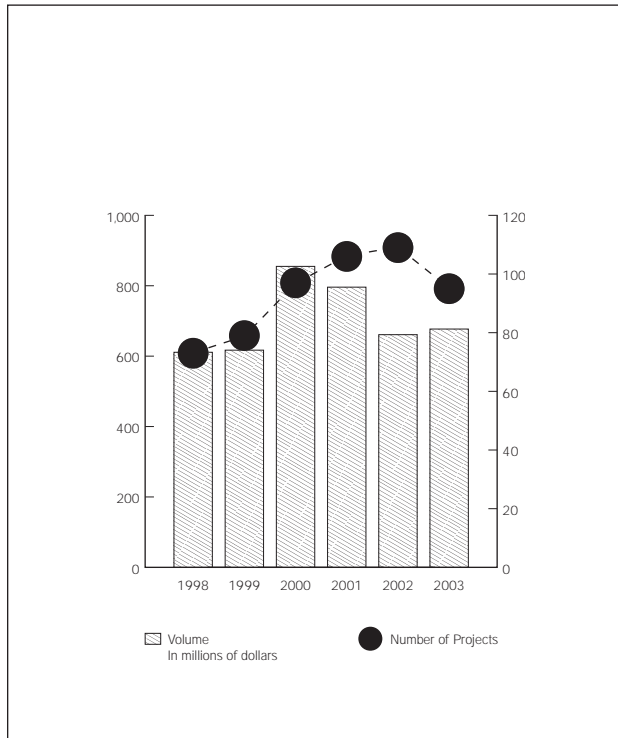
Evaluating Canada's Coproduction Competitiveness

Emerging evidence shows that Canada, a pioneer in the development of international coproduction treaties, has become less competitive than in the past; its ability to attract partners for joint financing is becoming more difficult. Contributing factors include Canada's outdated agreements, and the growing trend towards intra-European Union coproductions due to the EU's more flexible treaties. To best illustrate the situation, Canada, which was once France's third largest coproduction partner, has now dropped to seventh place.

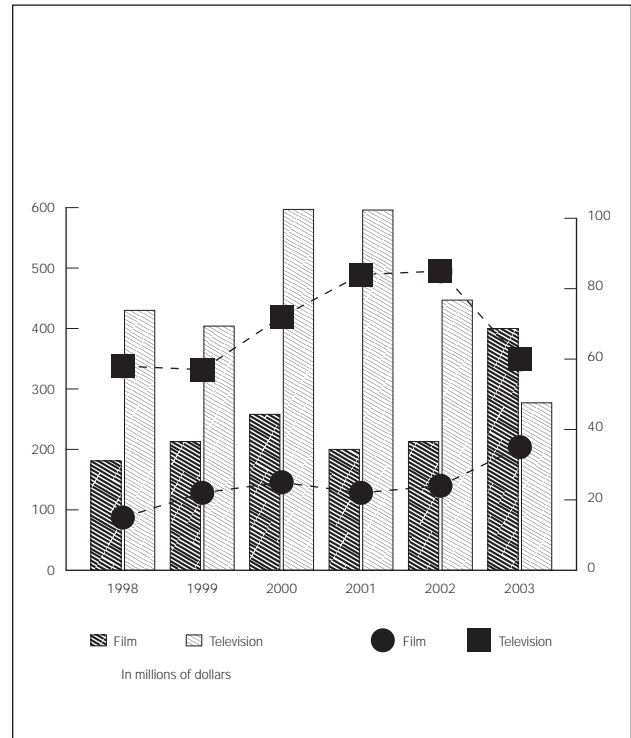
Further to these developments, the Corporation commissioned, with the Department of Canadian Heritage, a study to examine the competitiveness of Canada's film and television coproduction treaties. For Telefilm Canada, the shift in international markets makes it increasingly urgent for the government to review existing coproduction agreements and its current policy with respect to this area of activity, and to develop new tools and strategies to help increase foreign financing and partnerships.

Volume of Coproduction (Total Budgets) and Number of Official International Treaty Coproductions

Including projects at the Signed, Recommended or Assessment status.



By Year of Production
(Specified by Client)



By Media
(Feature Film and Television)



FranCœur

Les Productions R. Charbonneau inc.

Shot in Eastern Ontario, **FranCœur** tells the story of Luc (Marc Bélanger), a young man torn between his ambitions and the harsh reality of life on a dairy farm. To satisfy his need for personal freedom and appease his deepest desires, Luc is compelled to defy the forces of convention. Although his chance of inheriting the family farm is remote, he puts off the idea of accepting adult responsibility and makes his own way in the world.

This compelling series is the first Franco-Ontarian drama produced in Canada. First aired on TFO in February 2003, **FranCœur** shot its third season this summer.

DEVELOPING CANADIAN TALENT

Sharing Stories, Sharing Voices

The Corporation launched its Spark Plug Program as part of the Department of Canadian Heritage's Spark Initiative, a partnership between the Department's three cultural agencies – the National Film Board, the Canada Council for the Arts and Telefilm Canada. The overall goal of the Spark Plug Program is to advance the business and creative skills of mid- to advanced-career visible minority and Aboriginal producers in the development of dramatic television production. Through the Program, it is expected that the number of promising television scripts available for licensing from these cultural groups will increase.

Telefilm also reinforced its support to French-language producers outside Quebec through its ongoing participation in the Department of Canadian Heritage's Interdepartmental Partnership with the Official-Language Communities program. The Corporation provided additional support, through its contribution to the Canadian Television Fund, to French-language production companies outside Quebec seeking access to development funds.

Supporting Aboriginal Creators

Support for Aboriginal programming, in a variety of languages, was primarily achieved through the Aboriginal-language envelope of the Canadian Television Fund. Funding through other programs provided additional support to Aboriginal producers, including the Indigenous Arts Service Organization, the National Screen Institute's Aboriginal Cultural Trade Initiative, and the Aboriginal Arts Film and Television Program at the Banff Centre for the Arts.

Grants were also provided to help Aboriginal filmmakers showcase their works at such events as the Dreamspeakers Film Festival (Edmonton); the Native American Film and Video Festival (New York); the imagineNATIVE Film and Media Arts Festival (Toronto); and the ReelWorld Film Festival (Toronto), which screens productions by all visible minorities.

Backing Talent Development for a Thriving Industry

Telefilm further recognizes that support for the professional development of Canadian creators is vital to promoting healthy and thriving film, television and new media industries. Individuals are supported primarily through the \$2.3-million National Training School Program, which currently funds four institutes (the National Screen Institute, the Institut national de l'image et du son, the Canadian Screen Training Centre and the Canadian Film Centre), providing specialized film and television training.

Promoting Canadian Creators and Products Around the World

Increasing visibility at international markets and festivals is an effective and innovative approach to forging partnerships, placing Canada among the world's most highly competitive players. Telefilm provided strategic support – in collaboration with industry associations, provincial agencies and other Canadian organizations – for Canadian companies to sell their productions at key markets, including MIPTV, NATPE (National Association of Television Program Executives), MIPCOM and E³ (Electronic Entertainment Expo).

The Corporation's Canada Pavilion continued to be a success, with a total of 256 companies participating under the Telefilm Canada umbrella in 2003-2004.

Telefilm also supported 48 Canadian filmmakers to travel to major foreign festivals, most notably the Berlin Film Festival and the Cannes Film Festival, to promote their works.

Promotional support was provided to many official Canadian entries, including advertising for the Canadian industry and its products in trade publications and high-profile promotional brochures. Promotional material created for the 2003 Cannes and Berlin film festivals garnered awards at two prestigious competitions: a Certificate of Excellence in the Brochure Category of the Type Directors Club Competition in New York, and a prize in the Cultural Brochure Category at the Grafika Competition in Montréal.

Performance Review

Objective: Building the Capacity of the Canadian Industry

Strategy

Improve understanding of the role of broadcasters in the financing and promotion of theatrical feature films.

Strengthen the viability and capitalization of SMB clients.

Improve the international competitiveness of Canadian productions for a confident and competitive voice at home and abroad.

Result

Commissioned a study on current broadcaster financing and promotional activities of feature films, and used it to prepare a brief for CRTC's Call for Comments on English drama policy.

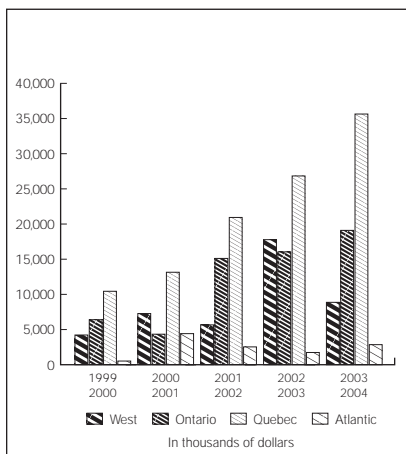
Encouraged greater capitalization of companies via a standardized Producer Fee and Corporate Overhead policy in the television sector.

Held a Joint Commission with France and meetings with U.K. officials to evaluate current coproduction environment, share knowledge and commit to future collaboration.

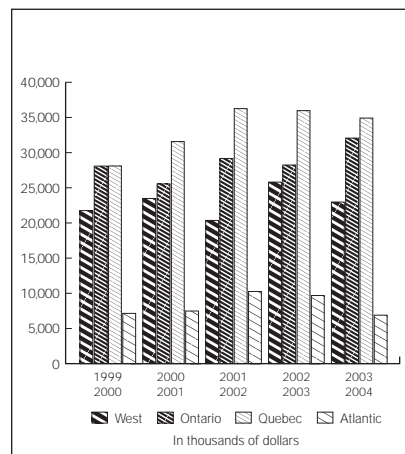
ENSURING EQUITABLE SUPPORT ACROSS CANADA

Telefilm is committed to assuring fair and equitable allocation of its resources across linguistic and cultural groups, and across Canada's major regions. Approximately two-thirds of overall resources are accorded to English-language projects and one-third to French-language works.

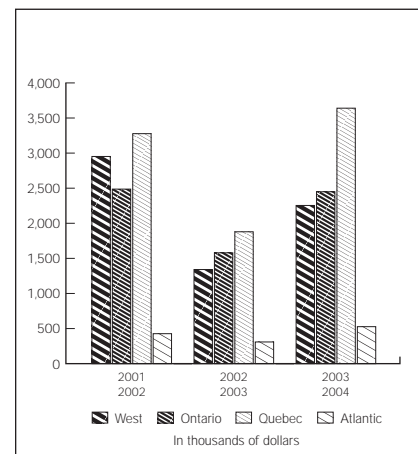
Regional Breakdown of Commitments



Canada Feature Film Fund and Canadian Television Fund – Equity Investment Program (Feature Film Component)



Canadian Television Fund Equity Investment Program



Canada New Media Fund (Product Assistance Component)

Strategic Considerations for 2004–2005

Improve the Health of Canadian Companies

In order to better evaluate the corporate health of Canadian companies, Telefilm and the cultural industries need improved tools. In 2004-2005, Telefilm will encourage standardized financial reporting practices for feature film and television.

Furthermore, Telefilm will continue to look at the feasibility of reducing financial services costs, improving access to alternate finance sources and strengthening international sales.

Promote the Canadian Industry Internationally

In recent years, foreign investment has declined, leading to a decline in the overall volume of production in Canada. Telefilm has begun to work with provincial commissioners to coordinate efforts to improve Canada's capacity to attract more investment.

The Corporation looks forward to working with the Department of Heritage to look at, and if necessary, renegotiate Canada's international treaties to ensure they remain competitive in the future.

Enhance Professional Skills Development

Finally, building on its experience with the highly successful Spark Plug Program, in 2004-2005, Telefilm will identify training strengths and gaps across the country in order to develop a multi-year strategic training plan. Of particular interest to Telefilm is the gap in available management training for small- and medium-sized cultural companies.



www.silverwing.tv

Bardel Entertainment Inc.

Tweens are *batty* for *Silverwing*, an animated action-adventure series and companion Web site. Based on author Kenneth Oppel's best-selling trilogy, www.silverwing.tv is a 13-level online game that corresponds to the themes and plots on the television series. Follow the hero, an outcast bat named Shade Silverwing, as he and his cohort Marina try to return to the bat colony.

Created by Bardel Entertainment (*The Christmas Orange*), the series won the Platinum Award for Best Animated Television and Cable Production at the 2004 WorldFest Houston Film Festival – beating out the immensely popular *Arthur*. *Silverwing* was also one of the top four nominees for Best Animated Film at FRAMES' Global Conference of Film Makers.

Objective #3

Building a New
Telefilm Canada

OBJECTIVE #3

BUILDING A NEW TELEFILM CANADA

Telefilm Canada's success in helping to build audiences depends to a large extent on the performance of Telefilm itself. A number of initiatives to help the Corporation achieve this objective began in 2002, some were completed this fiscal year and others are ongoing and will be implemented in the coming years.

Operational Review: Business Activities

Building a More Client-Oriented, Efficient and Accountable Telefilm

Telefilm made great strides again this year as it continued to overhaul its internal business practices to become more client-oriented, more efficient and more accountable.

Two years ago, Telefilm embarked on a major overhaul of its administration and practices. The overhaul was initiated for two reasons. First, a survey of Telefilm Canada's client base revealed that it was widely viewed as arbitrary, non-transparent, complicated and inefficient. Second, the organization's internal auditors (Samson Bélair/Deloitte & Touche) had identified serious problems with the Corporation's decision-making processes, including failure to properly document basic rules and standards. They concluded that for many of Telefilm's activities, the risk of error was unacceptably high.

To address these problems, the Corporation embarked on five major initiatives.

First, Telefilm reviewed its **decision-making processes** for its core programs (feature film, television and new media).

Second, an overhaul of Telefilm's **internal business policies and procedures (P&P)** was initiated. The review covered all aspects of business affairs – from how the Corporation determined completeness of applications, through to drawdown schedules, defaults, reporting of production costs, viability of financing, completion protection and standardizing of recoupment deals. In doing this Telefilm mapped every process in the organization, simplified it to the greatest extent possible, standardized it and documented it. The result is an organization whose internal processes are substantially simpler, less costly and better understood. The P&P review is complete for television and documented for all major policy areas. A similar review is underway for feature film and new media.

The Corporation now regularly reviews its processes and information systems to ensure that evaluation, decision-making and project-funding risks are maintained at acceptable levels.

Third, the design of a **quality control program** was initiated in 2003-2004, as the next step in the implementation of standardized policies and procedures.

Fourth, Telefilm's approach to **financial management** was also substantially strengthened. The Corporation now manages cash more aggressively than at any time in its history.

Lastly, in 2003-2004, Telefilm also introduced a **project management system** to ensure that new initiatives within the Corporation are clearly identified, properly resourced, and effectively monitored. The system was first introduced in the Information Systems and Technology department where it resulted in greater control over major software development projects and system upgrades. It has now been extended to all parts of the organization, including policy development and new program initiatives.

Collectively, all of these efforts, in conjunction with changes to the CTF mentioned earlier, resulted in significant administrative savings within the organization. Twenty-seven positions were rationalized at Telefilm, resulting in six vacant positions that were eliminated, 11 departures and 10 transfers. Some of these savings will be passed on to the Canadian Television Fund to increase money available to finance production, while others will be directed to new initiatives designed to strengthen the financial and commercial performance of the industry.

Launching a Client Charter – A First for a Canadian Cultural Agency

Telefilm officially launched its *Service Charter for Telefilm Canada's Clients* in 2003-2004, which represents the Corporation's commitment to provide efficient, high-quality customer service. For the first time, Telefilm outlined specific service targets for responding to requests for information, acknowledging receipt of applications, rendering decisions, contracting and requisitioning drawdowns. The Charter formalizes Telefilm's service standards, and provides clients with a clear understanding of the mandate and make-up of Telefilm and the service standards they can expect. It also provides procedures for voicing complaints and resolving customer service issues.

Implementing Sophisticated Information Systems: An Asset at Telefilm

In 1999, Telefilm Canada embarked on an important shift in direction in the way it manages its information systems. An ambitious master plan for managing the organization's technology and information system was introduced, emphasizing Information Systems and Technology's key role in achieving Telefilm's strategic objectives.

The strategy has so far been successful and information assets are now well aligned with the needs of the Corporation and the industry.

Knowledge Management

Because Telefilm operates in the knowledge sector, a documentation management system was introduced in 2003-2004 to permit the efficient management of Telefilm's large body of documents. The online services offered to clients have considerably increased the quantity of electronic documents in the Corporation's systems. This new tool will allow Telefilm to manage its knowledge over the years. Collaboration, publication and content management tools will be added over the coming months in order to optimize sharing and joint work with both internal and external clients.

A New Extranet

In 2003-2004, Telefilm made the first of its online services available to clients. These services permit customers to obtain quick access at all times to information related to the status of their applications, reports due and accounts receivable. Since autumn 2003, clients can also submit their applications via the extranet. Online services are constantly being updated, and since February 2004, it is now possible to submit financing applications, including all required documentation, in electronic format. By April, 120 clients had registered to take advantage of this new initiative – and this was just the beginning.



Da Vinci's Inquest

Haddock Entertainment Inc. and Barna-Alper Productions

Charismatic actor Nicolas Campbell stars in *Da Vinci's Inquest* as the controversial Vancouver coroner who, working with homicide detectives and pathologists, speaks for the dead to protect the living.

In its sixth season, *Da Vinci's Inquest* is now broadcast in 45 countries on five continents and distinguished as one of Canada's top-rated dramatic series. It has won over 35 industry awards and been nominated for a prestigious Banff Rockie Award for Best Continuing Series. At the 2003 Gemini Awards, *Da Vinci's Inquest* won three awards, including Best Writing, Best Sound and Best Original Music Score.

Information Management: Best Practices

A first step has been taken toward aligning information management at Telefilm with the ITIL model (IT Infrastructure Library). Now recognized worldwide, the model was developed 15 years ago by the British government and is increasingly found in public administrations. The standard proposes the best practices for IT service management.

An Enhanced Web Site (www.telefilm.gc.ca)

Averaging 24 million hits per year, Telefilm's Web site is not only an important promotional tool, but is also central to the implementation of standardized and transparent policies and procedures, and to the effective exchange of information between Telefilm and its partners. In 2003-2004, the Web site was revamped, not only in terms of its look and feel but also its functionality, in order to make it an even better means for communicating with the industry, the general public and the news media.

The Corporation's online media room was reorganized, with the aim of facilitating working relationships with journalists and other members of the media. This section contains relevant and up-to-date information on the Corporation, including press releases, logos, senior management biographies and promotional information on Canadian feature film releases.

Finally, an online consultation mechanism was launched in June 2003. The comments received allowed Telefilm to gather client feedback, to update its Official Coproductions and Canada Feature Film Fund development guidelines, Standard Fees and Corporate Overhead and recoupment policies, and to finalize the client service charter.

Measuring Performance at Telefilm Canada

Telefilm has adopted a performance-oriented approach to internal administration. The Corporation is in the process of developing clearly measurable targets for all of its work, along with the necessary tools and systems to monitor them.

In 2003-2004, Telefilm implemented an audience data warehouse to be used for audience measurement. Through the data warehouse, Telefilm can provide timely business intelligence to managers and staff. A new "dashboard," tracking the industry's progress towards the Canadian feature film box office objective, is now operational.

Telefilm intends to establish an audience tracking system for English drama programs. Telefilm Canada lent its support to the Canadian Television Fund effort to solicit the two Canadian audience data research companies (BBM and Nielsen's) to incorporate the country of origin and genre of programming within the broadcast logs that broadcasters submit to these data research organizations. This will allow Telefilm to build a comprehensive audience database to measure the performance of Canadian programming on Canadian television.

Telefilm expects to be able to produce reports on Canadian television and new media audiences beginning in 2004-2005. However, Telefilm requires at least two years of data to establish benchmarks and targets.

To develop indicators that will track the annual export sales of Canadian films and television programs (both from Telefilm and non-Telefilm clients) at international markets, the Corporation launched an annual national export survey. The survey was also designed to identify coproductions secured through attendance at major international events. A lower-than-expected response rate resulted in a poor level of data that does not accurately reflect Canadian export activity. In the coming year Telefilm will review the model used to collect sales and coproduction data, and validate whether the survey instrument can be refined to improve the response rate and quality of information collected.

As the key objective of the Music Entrepreneur Program is to assist with corporate health and stability, Telefilm established a tracking system for evaluating corporate health of successful MEP applicants over time. It is too soon to report on performance at this time. However, Telefilm expects to report on performance in this area in the coming two years.

Performance Review

Objective: Building a New Telefilm Canada

Strategies	Results
<p>Clarify and make public standards of service for clients.</p>	<p>Operationalized client service standards.</p> <p>Developed efficiency indicators:</p> <ul style="list-style-type: none"> ▪ turnaround times on decisions (8-10 weeks); and ▪ requisition drawdowns such that they are mailed to clients by Public Works and Government Services Canada (PWGSC) within eight business days. <p>Implemented an automated tracking system to measure results.</p>
<p>Improve efficiency and service through technological applications.</p>	<p>Launched online services that allow clients access to a group of services, including information on their file, online application requests, etc.</p> <p>Launched a documentation management tool ("Docunet").</p>
<p>Simplify administration of funds.</p>	<p>Simplified the application and decision-making process for the Canadian Television Fund.</p> <p>Implemented a two-step application procedure for the Canada New Media Fund, such that only the most promising projects are required to submit a full application.</p>

ENSURING CORPORATE EFFECTIVENESS

Activity-Based Costing

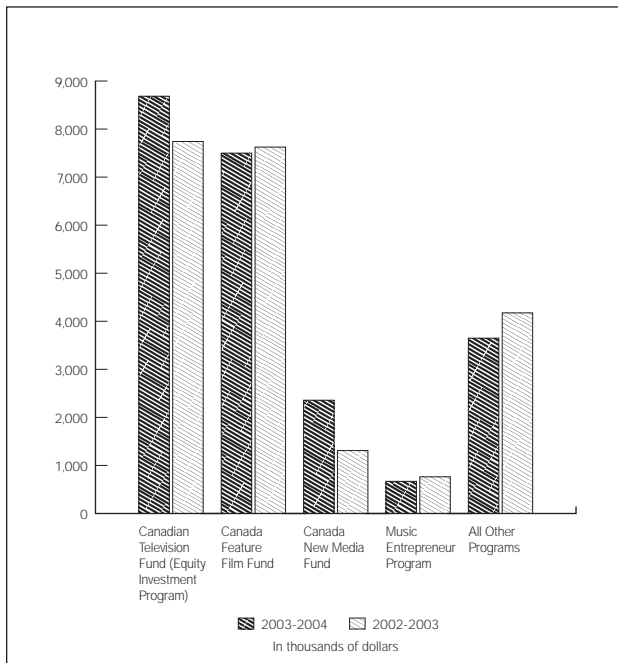
Administration costs went down in some programs, while sharply rising in others. Rising costs are largely attributable to a sharp rise in the volume of applications treated by Telefilm. Staff cuts, as a result of the restructuring of the CTF, were only implemented in February 2004.

As well, Telefilm's changes to the application process in the Canada New Media Fund, introduced to address the severe rise in demand, were applicable only as of the end of this fiscal year. Telefilm will complete the streamlining of the CNMF, and the Canada Feature Film Fund, in the coming year. For all these reasons, Telefilm expects to see increased efficiencies reflected in its activity-based costing (ABC) report for 2004-2005.

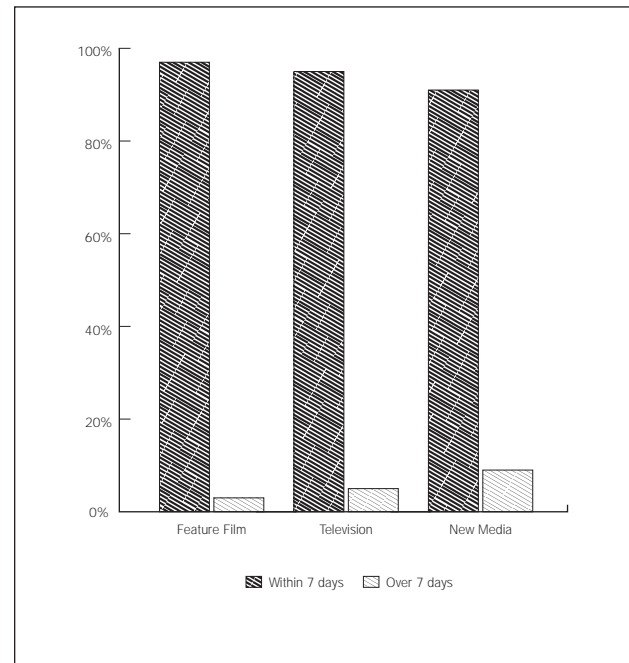
In Telefilm's ABC model, the organization makes some basic assumptions with respect to defining costs. Variable costs are those that vary in accordance with cost drivers. At Telefilm, the principal cost driver is the volume of applications. With respect to fixed costs, those that do not vary with variance in cost drivers, Telefilm has chosen to consider some variable costs as fixed because the cost of tracking them would exceed the benefits (photocopies, for example).

Client Service

In its client service charter, Telefilm Canada promised to "turn-around" requisitions for contract drawdowns from clients within eight business days. The following table shows the organization's success rate in meeting its target in the high-volume sectors of feature film, television and new media.



Administrative Costs of the Main Programs



Percentage of Drawdowns Complying with the Client Service Charter Target

Strategic Considerations for 2004–2005

Tie Performance Evaluation to Strategic Objectives

Following the results of Telefilm's client satisfaction survey in 2001-2002, and the launch of the client service charter this fiscal year, the Corporation will conduct a follow-up client satisfaction survey in 2004-2005 to measure its progress in this area.

On the subject of Information Systems and Technology, the group will present an internal service charter outlining such standards as turnaround times for delivering IT solutions. Information Systems will also continue to improve Telefilm Canada's online services, extending its offering to coproduction certification clients.

The overhaul of Telefilm's internal policies and procedures will continue into 2004-2005, where it anticipates completing the review in feature film and new media. The Corporation will also implement quality control measures to ensure that the efficiencies gained are lasting.

Performance measurement continues to be a preoccupation at Telefilm, for without accurate and reliable tools, the Corporation cannot measure its progress towards its stated objectives. In 2004-2005, Telefilm will begin warehousing data relating to television and new media audiences. Performance reports in these sectors will be developed as early as possible.

Planning for the Future: An Empowered Workforce

Following on the foundation laid with respect to its human resources goals, in 2004-2005, Telefilm will develop a succession plan for all directors and senior management.



Trailer Park Boys

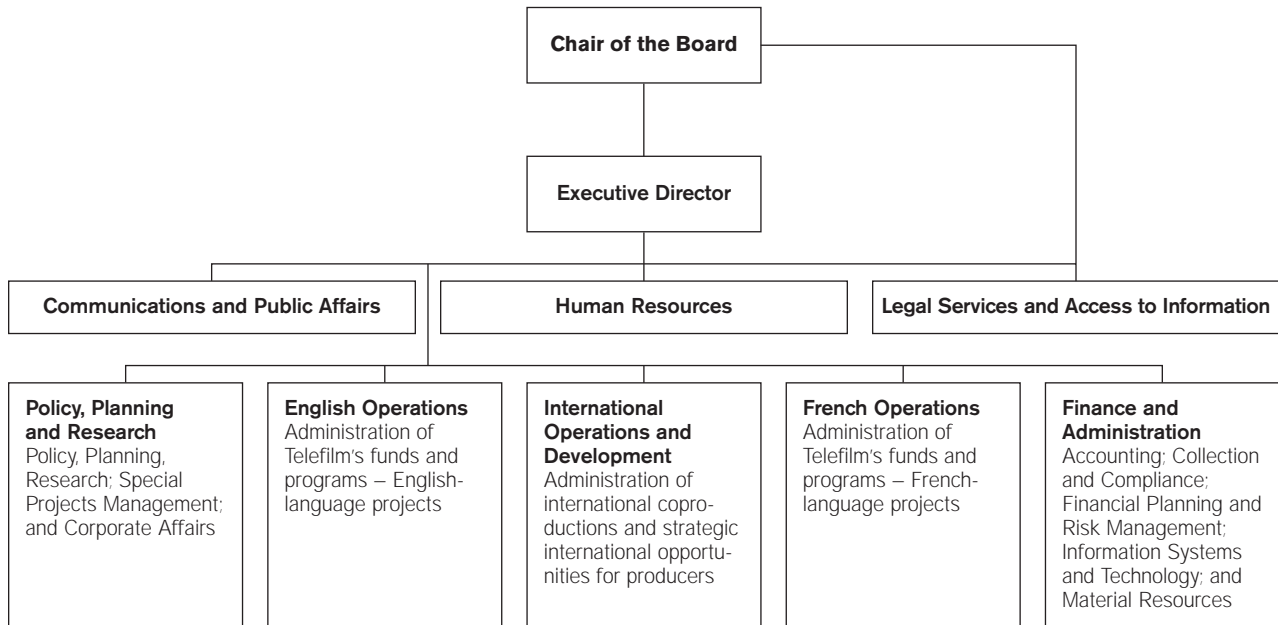
TPB III Productions Ltd./Topsail Entertainment

Underdogs, unite! *Trailer Park Boys* is a mockumentary television series about life in the trailer park, where the moral high ground is rarely taken. Ricky, Julian and Bubbles tangle with the law, lovers, friends and family, as they concoct get-rich-quick schemes to retire before the age of 35.

The cult-like status of *Trailer Park Boys* reached new heights with the season four finale featuring a guest appearance from Rita MacNeil. The record-breaking broadcast brought in a total of 688,000 viewers – the highest audience for an episode of a Canadian-produced series on an English specialty television in the past five years. BBC America is debuting the series in the U.S. and it airs on the Comedy Channel in Australia.

Corporate Report

CORPORATE REPORT



A NEW CORPORATE STRUCTURE

In the past two years, there have been significant changes to Telefilm Canada's corporate structure. These changes were necessary to reflect the particular characteristics and levels of maturity of the English- and French-language markets; to increase the synergy between its core programs and international activities to ensure Canada's competitiveness in the global market; and to offer improved client service through closer ties with the industry.

Announced in December 2003, Telefilm's new corporate structure has five main divisions: English Operations; French Operations; International Operations and Development; Policy, Planning and Research; and Finance and Administration. Communications and Public Affairs, Human Resources and Legal Services are organized within the office of the Executive Director.

Three Operations Divisions: English, French and International

The Operations divisions are responsible for the administration of Telefilm's programs. This includes the receipt of applications, decision-making and performance evaluation. Through each of the "one-stop shops" located in Vancouver, Toronto, Montréal and Halifax, clients are able to receive full-service support for all of Telefilm's programs (except for the Music Entrepreneur Program and international coproduction, which are administered in Montréal).

In order to reflect the asymmetrical nature of Telefilm's investment policies, Canadian operations are now comprised of two language groups: one for English projects and another for French projects. The French Operations team, located in the Quebec office, is responsible for all of Telefilm's French-language activities and provides service to French-language clients across Canada. The English market is served through each of Telefilm's four regional offices. This asymmetrical structure makes it easier to develop and implement action plans specifically targeted at one or the other of the two linguistic markets.

English and French Operations are further organized around Telefilm's key corporate objective of reaching audiences in feature film, television and new media. To ensure consistency of policies and procedures across all offices, each industry sector is managed by a national Sector Head. These managers are also responsible for coordinating decision-making on all significant investment requests (typically over \$1 million) to ensure that the best projects are chosen regardless of the region they come from.

Telefilm's international activities are expanding with a focus on facilitating foreign financing and encouraging strategic partnerships. As a result, its international activities are now recognized as an integral part of Operations. In keeping with Telefilm's cross-sectoral approach to strengthening the Canadian industry, International Operations is responsible for initiatives in all four cultural industry sectors served by Telefilm.

Policy, Planning and Research

In addition to Policy, Planning and Research, this division oversees Special Project Management and Corporate Affairs. PPR ensures that new policies and major policy changes are fully developed before they are integrated into the Corporation's various Operations groups. These include the production of program guidelines and the standardization of business policies and procedures. This group is responsible for ensuring that Telefilm's objectives are supported by market intelligence and research. It also ensures that the Corporation's performance is monitored and that programs are evaluated. Finally, it is responsible for relations with the government.

Finance and Administration

The Finance and Administration Division is responsible for accounting services, collection and compliance, material resources, financial planning and risk management. Telefilm Canada's information systems, located within this division, are an integral component of Telefilm's ability to achieve its objectives. Performance must be measured; without sophisticated tools for measurement, Telefilm would have neither the capacity to measure or monitor success. This is particularly important in the areas of measuring audiences and evaluating client service.

Communications and Public Affairs

Communications and Public Affairs is primarily responsible for media relations, public relations, Telefilm's Web site, corporate publications and advertising. The Department also helps to strengthen the industry through the Canada Showcase program, which supports some 40 Canadian festivals each year. The group also works with other cultural agencies and the industry to promote Canadian talent, including organizing promotional events such as special screenings in Ottawa. Within Telefilm, Communications and Public Affairs acts as strategic communications consultants and coordinates internal communications activities.

Towards the end of 2003-2004, a comprehensive stakeholder relations plan was developed to define and establish more efficient communication channels with three main target groups: the industry, including international partners; the federal and provincial governments; and the general public through the media. The plan sets the course with a wide range of communication activities, including direct marketing, "show and tells" with decision-makers, newsletters, open houses, editorial board meetings, speaking engagements and a re-branding campaign.

Human Resources

Telefilm's ability to meet its objectives relies on the quality of its human resources. Telefilm supports its operational staff with legal, economic, communications and policy experts. Of its approximately 180 employees, a large number are professionals with extensive industry experience. Of this highly educated group (59% have university degrees), 8.6% belong to visible minorities, while over half of all female employees hold professional or executive positions. Gender equity at Telefilm is further demonstrated by the fact that women represent fully 50% of the Executive Committee.

Telefilm is also committed to providing its services in both official languages. French is the mother tongue of 60% of the staff while 40% report English. Fifty-six percent of employees are bilingual.

Legal Services and Access to Information

The Department is responsible for standardizing letters and contracts, drafting written opinions and recommendations on various legal situations, negotiating specific agreements, managing litigious situations, and implementing internal rules of ethics. The head of Legal Services is also the Corporate Secretary, reporting to the Chair of the Board of Directors, and the Access to Information Coordinator.

Better-Defined Mandates for Senior Management

As part of Telefilm's restructuring, the missions of the Executive Committee, Management Committee and Finance and Administration Committee were clearly defined.

Executive Committee

The Executive Committee makes strategic decisions, assigns responsibilities and allocates internal resources. Its seven members include the Chair of the Board, the Executive Director and the Directors of Telefilm's five main divisions.

Management Committee

The Management Committee engages in annual planning, monitors the Corporation's project-related and financial performance, makes administrative decisions and helps circulate information throughout the organization. This committee includes the Chair, the Executive Director and all division heads and regional directors, some 15 members in all.

Finance and Administration Committee

This committee fosters consistent and transparent management of Telefilm's financial, human, material and information-related resources. It includes the Director of Finance and Administration, the Controller and representatives from all other sectors.



Mambo Italiano

Cinémaimage inc.

Writer Steve Galluccio and director Émile Gaudreault (*Nuit de noces*) created this film about two gay lovers who cannot reveal the true nature of their friendship to their old-fashioned families. The truth emerges and the meddling begins – Italian-style!

First a stage play, then a feature film, *Mambo Italiano* was a box-office hit, with more than \$5.1 million in revenues – making it the highest-grossing English-language Canadian film in 20 years. Sold to over 50 countries, it was a much-loved Canadian export, where it even ranked in the U.S. Top 20 alongside Hollywood blockbusters.

EFFECTIVE GOVERNANCE: A BACKBONE OF SUCCESS

With greater demand for services and for stronger accountability, effective corporate governance is key to maintaining Telefilm's credibility and its leadership role in the audiovisual sector.

Acts and Agreements with the Department of Canadian Heritage

The Canadian Parliament established the Canadian Film Development Corporation (CFDC) in 1967 under the *Canadian Film Development Corporation Act* to foster and promote the feature film industry (amended in 2002 as the *Telefilm Canada Act*). Over the years, the Department of Canadian Heritage has expanded the Corporation's mandate and increased its financial resources to include television, new media and music.

Each fund or program assigned to Telefilm is covered by an agreement between the Corporation and the Department of Canadian Heritage. These agreements define the mandates assigned to Telefilm and stipulate the operating rules, the requirements, and the legal and administrative framework governing its activities.

As a public agency, Telefilm complies with the Canadian government's public policies, the Treasury Board's rules and the following Acts: the *Financial Administration Act*, the *Official Languages Act*, the *Canadian Multiculturalism Act*, the *Employment Equity Act*, the *Privacy Act* and the *Access to Information Act*.

Telefilm's special status as a Crown Corporation affords it greater managerial autonomy than that enjoyed by government departments. Its day-to-day operations are carried out at arm's length from Ministers and civil servants.

BOARD OF DIRECTORS

The Governor in Council appoints Telefilm's Board, in consultation with the Minister of Canadian Heritage. It is composed of a Chair and six members, all generally appointed for five-year terms. The Board names its Vice-Chair and the members of its two working groups: the Audit and Finance Committee and the Cultural Diversity and Linguistic Committee.

Audit and Finance Committee

The objective of the Audit and Finance Committee is to assist the members of the Board in fulfilling their duty to review and approve Telefilm's financial information, reporting systems, internal control systems, reports by external and internal auditors, and the scope of internal auditing.

Cultural and Linguistic Diversity Committee

The Cultural and Linguistic Diversity Committee ensures, in the spirit of the *Multiculturalism Act*, that Canadian cultural diversity is heard and seen in the audiovisual products Telefilm supports, and that Canadians have access to works stemming from the country's different communities.

The Board works in partnership with management to define Telefilm's strategic directions, and to ensure that every effort is made to achieve the Corporation's objectives. The Board sees to it that management practices and information and audit systems meet the organization's needs and generate trustworthy results.

Executive Director

The Executive Director is the Chief Executive Officer of the Corporation, and reports to Telefilm's Board of Directors. The Executive Director has overall responsibility for, and execution of, Telefilm's strategic directions, activities, resources, external relations and results, within the framework of the *Telefilm Canada Act*. This position is appointed, on recommendation of the Corporation's Board, by the Governor in Council to hold office for such term as he/she considers appropriate.

Rules of Ethics and Privacy Protection

Telefilm has a code concerning conflict of interest, in accordance with Treasury Board regulations. This code for Telefilm employees establishes clear rules of conduct on the subject of conflict of interest and post-employment. It aims to reduce the possibility of conflicts between the personal interests and the official duties of Telefilm employees, and provides the means to settle such conflicts, in the public interest. Each new employee is subject to the conflict of interest disclosure requirement, and it is the responsibility of each employee to review their obligations at least once a year. The more difficult cases are discussed with the Office of Public Service Values and Ethics.

As for the Board of Directors, members are named by the Governor in Council. During their nomination, the Office of the Ethics Counsellor takes charge of examining the potential conflict of interest of members.

New Governance Structure for the Canadian Television Fund

In its extensive report on the state of Canada's broadcast system, *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*, the Standing Committee on Canadian Heritage recommended that the operations and structure of the CTF be simplified. The government's response to the Standing Committee's report indicated that it will simplify and clarify the structure of the Fund. Notably, consideration will be given to a "one board, one administration" model. Telefilm is supportive of these undertakings and awaits the government's decision.

Renewed Mandate for Telefilm Canada

Telefilm's role continues to evolve in response to technological, economic, regulatory and social changes. While Telefilm has adapted well to these, the Corporation's evolution has not been reflected in its legislative mandate. The current *Telefilm Canada Act* is over 35 years old and several of its provisions require significant modernization.

The government has acknowledged the importance of updating Telefilm's Act and has indicated publicly that it will do so.



Les Bougon – C'est aussi ça la vie !

Aetios Productions inc.

Meet the Bougon family, a clan of lovable rogues. Motley "welfare bums" who bilk Quebec's social assistance programs, the Bougons spend all day scheming in the margins of society. Work ethics need not apply.

In 2003-2004, the series attracted an average weekly audience of over 2 million viewers. And with the third season shot this summer, the irreverent **Les Bougon** is a runaway success in Quebec.

RENEWAL OF GOVERNMENT FUNDING

In the next few years, the Canada Feature Film Fund, the Canadian Television Fund, the Canada New Media Fund and the Music Entrepreneur Program are scheduled to expire or be evaluated by the federal government. The level of funding committed to these programs will play a large role in the ability of Telefilm Canada to implement the objectives and strategies presented in this annual report.

The Canada Feature Film Fund will be evaluated for renewal in 2005-2006. While the Fund's resources were doubled in 2001, they are still limited given the demand. In order to continue to encourage performance, diversity and the development of new talent, the level of financing of the CFFF must take into account the success of the French-language cinema, the evolution of the industry generally, and the inroads that are beginning to be made in the English-language market.

The Canadian Television Fund will be up for renewal in 2006-2007. Key factors to be considered in the context of this renewal are expanding media options and intense competition for Canadian television audiences. From Telefilm's perspective, a redoubling of effort is essential to ensure that Canadian television productions stand out and are attractive to Canadians viewers.

The Canada New Media Fund is expected to be renewed in 2005-2006. In a report to the Minister of Canadian Heritage, the Canadian Culture Online Program National Advisory Board recommended that funding for new media content creation be renewed at a significantly higher level. This is a pressing need for uniquely Canadian interactive media products to compete in a global and highly competitive environment.

Risk Assessment of Telefilm Canada's Operations

Sector Under Review	Original Risk Assessment	Current Risk Assessment
Coproductions	Medium	Medium-Low
Financial Management	High	Medium-Low
Project Evaluation	Very High	Medium-Low
Contract Management	Medium	Medium-Low
Information Systems Management	High	Medium-Low
Information Systems Security	Medium	Medium-Low
Human Resources Planning	Medium	Medium
Complementary Activities	High	High
Purchase Management	Medium	Medium-Low
Canada New Media Fund	High	High

Source: Samson Belair/Deloitte & Touche internal audit report

IMPROVED RISK MANAGEMENT

Risk management is central to Telefilm Canada's business. Telefilm bases its risk management on a clear mission, precise and measurable objectives and well-defined responsibilities. To this end, risk management has been integrated at all levels of the organization.

Several changes implemented during the 2003-2004 fiscal year have enabled Telefilm to better manage the various risks it faces. These improvements included changes to its organizational structure, which has clarified roles and responsibilities; the exercise to standardize its business policies and procedures; and the inclusion of risk management as a required competency for all of Telefilm's staff.

Following the changes implemented in 2003-2004, the Corporation asked its internal auditors to review again the work done to date and to see whatever it had addressed their previous concerns. The audit showed that significant improvement was made in areas where the risk of error was deemed high in the past.

FINANCIAL REVIEW

Financial Resources

Telefilm Canada's annual budget comes from three sources:

- **Parliamentary appropriations:** amounts made available to Telefilm through Parliament. Parliamentary appropriations must be disbursed in the fiscal year in which they are received; otherwise, they lapse. These amounts represent the largest portion of the Corporation's resources;
- **Department contributions:** amounts paid to Telefilm through the Department of Canadian Heritage by virtue of contribution agreements. These contributions come from the Department budget and must be disbursed in the year in which they are received. Telefilm receives Department contributions for the Canadian Television Fund, the Canada New Media Fund, the Music Entrepreneur Program and the National Training School Program; and
- **Revenues:** amounts received by Telefilm in respect of its operations. Revenues derive mainly from the recovery of investments, the repayment of advances and loans, and the collection of interest charges and management fees. Telefilm has greater latitude in the use of its revenues than of its parliamentary appropriations or contributions. Telefilm may use its revenues as needed, in accordance with its Act and contribution agreements, without reference to the fiscal year in which they were earned. Revenues generated from recoupment on investments are reinvested annually in each of the respective programs.

Fund Management

In conformity with its Act, Telefilm accounts for its activities on the basis of a fiscal year beginning April 1 and ending March 31 of the following year.

This annual report shows how Telefilm applied its two management methods – cash management and commitment management – in 2003-2004.

Cash management takes into account disbursements (amounts disbursed by Telefilm relative to funding applications or for administrative expenses) and revenues (amounts received by Telefilm in respect of its operations).

Commitment management pertains to amounts that Telefilm commits to pay by virtue of contractual agreements related to funding applications from the industry.

The financial statements reflect the management of cash, whereas all information relating to the financial analysis of funds and programs is based on the Corporation's commitments contractually incurred during the fiscal year.

Financial Statements

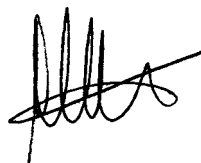
Management Report

The financial statements of Telefilm Canada are the responsibility of management and have been approved by the Board of Directors of the Corporation. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, where appropriate, include estimates based on the experience and judgment of management. Management is also responsible for all other information in the annual report, and for ensuring that this information is consistent with the financial statements.

Management maintains books of accounts, financial and management controls, and information systems, together with management practices designed to provide reasonable assurance that reliable and relevant information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate objectives, and that operations are carried out effectively. These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with Part VIII of the *Financial Administration Act*, the *Telefilm Canada Act*, the by-laws and policies of the Corporation, or with all aspects of the memoranda of understanding and contribution agreements concluded by the Corporation and the Department of Canadian Heritage.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting as stated above. The Board exercises its responsibilities through the Audit and Finance Committee, which consists of directors who are not officers of the Corporation. The Committee reviews the quarterly financial statements, as well as the annual financial statements and related reports, and may make recommendations to the Board of Directors with respect to these and/or related matters. In addition, the Committee also meets annually with the external auditor to discuss the audit of the financial statements.

The external auditor, the Auditor General of Canada, conducts an independent examination of the financial statements, and reports to the Corporation and to the Minister of Canadian Heritage.



Carolle Brabant
Interim Executive Director



Richard Tardif
Controller

Montréal, Canada
June 14, 2004

Auditor's Report**TO THE MINISTER OF CANADIAN HERITAGE**

I have audited the balance sheet of Telefilm Canada as at March 31, 2004 and the statements of operations and equity of Canada and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Telefilm Canada Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

The majority of the Corporation's expenses shown in the statement of operations and equity of Canada are related to the development of the television (Canadian Television Fund – Equity Investment Program), new media (Canada New Media Fund) and music (Music Entrepreneur Program) industries. As described in note 1 of the financial statements, the Corporation's objects and powers under the *Telefilm Canada Act* are limited to fostering and promoting the development of a feature film industry in Canada. In my opinion, expenses incurred to develop the television, new media and music industries are not consistent with the Corporation's legal mandate in the development of the feature film industry.

Further, in my opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith and, except for the Corporation's activities to develop the television, new media and music industries described in the preceding paragraph, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Telefilm Canada Act* and the by-laws of the Corporation.



Nancy Cheng, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 14, 2004

Balance Sheet as at March 31, 2004

	2004 In thousands of dollars	2003 In thousands of dollars
ASSETS		
Current assets		
Receivable from Canada	-	8,854
Contributions receivable from the Department of Canadian Heritage	30,664	15,381
Contributions receivable from the Canadian Television Fund – License Fee Program	24,509	26,761
Accounts receivable	7,539	8,450
Prepaid expenses	604	348
Loans (note 3)	146	1,310
	63,462	61,104
Accounts receivable	243	306
Investments	-	109
Loans (note 3)	-	13
Property and equipment (note 4)	9,194	6,714
	72,899	68,246

See accompanying notes to financial statements.

	2004 In thousands of dollars	2003 In thousands of dollars
LIABILITIES AND EQUITY OF CANADA		
Current liabilities		
Payable to Canada	8,551	–
Accounts payable and accrued liabilities	6,544	6,388
	15,095	6,388
Long-term liabilities		
Severance benefit obligation (note 9)	727	585
Deferred lease inducements	1,322	1,292
Deferred capital funding (note 5)	9,194	6,714
	11,243	8,591
Equity of Canada	46,561	53,267
Commitments (note 10)		
Contingencies (note 12)		
	72,899	68,246

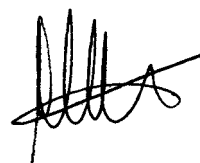
See accompanying notes to financial statements.

Approved by the Board:



Charles Bélanger, Chair

Approved by Management:



Carolle Brabant, Interim Executive Director

Statement of Operations and Equity of Canada Year ended March 31, 2004

In thousands of dollars	Canadian Television Fund	Canada Feature Film Fund	Canada New Media Fund	Music Entrepreneur Program	Other funds	2004 Total	2003 Total
Assistance expenses							
Production and development							
Production	99,216	61,708	5,337	–	42	166,303	164,848
Development	8,972	5,733	1,564	–	138	16,407	14,460
Corporate development	–	–	–	8,797	–	8,797	4,355
Low budget independent feature film assistance	–	1,862	–	–	–	1,862	1,458
Screenwriting assistance	–	1,358	–	–	–	1,358	1,593
Official coproductions	–	962	–	–	428	1,390	1,547
	108,188	71,623	6,901	8,797	608	196,117	188,261
Distribution and marketing							
Distribution and marketing	935	13,620	2,155	–	86	16,796	12,011
Alternative distribution channels	–	945	–	–	–	945	1,841
	935	14,565	2,155	–	86	17,741	13,852
Versioning and subtitling							
	920	586	–	–	690	2,196	1,269
Complementary activities							
Grants to professional training schools	–	–	–	–	2,320	2,320	2,625
Grants to Canadian festivals	–	2,164	118	–	293	2,575	2,619
Industrial and professional development	–	480	338	–	437	1,255	1,675
Participation in foreign markets	–	443	188	–	696	1,327	1,480
Participation in foreign festivals	–	859	–	–	–	859	1,111
Advertising, promotion and publications	–	797	37	–	124	958	737
Other	–	358	–	–	281	639	126
	–	5,101	681	–	4,151	9,933	10,373
	110,043	91,875	9,737	8,797	5,535	225,987	213,755
Recoveries on investments							
	(10,552)	(8,493)	(1,172)	–	(805)	(21,022)	(23,095)
Direct recovery fees							
	379	305	42	–	29	755	703
Net amount							
	99,870	83,687	8,607	8,797	4,759	205,720	191,363
Operating expenses <small>(note 8)</small>						22,857	21,614
Cost of operations for the year						228,577	212,977
Revenues							
Contributions from the Canadian Television Fund – License Fee Program <small>(note 7)</small>						(24,509)	(26,761)
Investment revenues						(331)	(422)
Interest and management fees						(110)	(487)
						(24,950)	(27,670)
Net cost of operations for the year before government assistance						203,627	185,307
Government assistance							
Parliamentary appropriation for operations						123,419	134,953
Contributions from the Department of Canadian Heritage <small>(note 6)</small>						71,541	63,262
Amortization of deferred capital funding <small>(note 5)</small>						1,961	1,498
						196,921	199,713
Net result from operations						(6,706)	14,406
Equity of Canada at the beginning						53,267	38,861
Equity of Canada at the end						46,561	53,267

See accompanying notes to financial statements.

Statement of Cash Flows Year ended March 31, 2004

	2004 In thousands of dollars	2003 In thousands of dollars
Operating activities		
Net result from operations	(6,706)	14,406
Items not affecting cash:		
Increase (decrease) in the allowance for loan impairment	313	(162)
Conversion of loans not previously provisionned	3	168
Write-off of loans not previously provisionned	209	110
Amortization of property and equipment	1,941	1,359
Loss on disposal and write-offs of property and equipment	19	134
Increase (decrease) in the severance benefit obligation	142	(16)
Increase in deferred lease inducements	30	61
Amortization of deferred capital funding	(1,961)	(1,498)
	(6,010)	14,562
Changes in non-cash working capital items:		
Decrease (increase) in contributions receivable from the Department of Canadian Heritage	(15,283)	21,802
Decrease (increase) in contributions receivable from the Canadian Television Fund – License Fee Program	2,252	(18,313)
Decrease (increase) in accounts receivable	911	(176)
Decrease (increase) in prepaid expenses	(256)	615
Increase (decrease) in accounts payable and accrued liabilities	156	(374)
Decrease in long-term accounts receivable	63	103
	(18,167)	18,219
Financing activities		
Parliamentary appropriation for capital funding	4,441	2,548
Investing activities		
Loans	(37)	(118)
Repayments of loans	689	931
Repayments of long-term investments	109	–
Acquisition of property and equipment	(4,441)	(2,548)
Proceeds from disposal of property and equipment	1	5
	(3,679)	(1,730)
Increase (decrease) in liquidity	(17,405)	19,037
Receivable from (payable to) Canada at the beginning	8,854	(10,183)
Receivable from (payable to) Canada at the end	(8,551)	8,854

See accompanying notes to financial statements.

1. AUTHORITY AND ACTIVITIES

The Corporation was established in 1967 by the *Telefilm Canada Act* (previously the *Canadian Film Development Corporation Act*) with the objective of fostering and promoting the development of a feature film industry in Canada. The Corporation has since been charged with the administration of the Canadian Broadcast Program Development Fund (Television Fund) established in 1983, within the framework of the Broadcasting Strategy for Canada, as well as with the management of various new programs established under the National Film and Video Policy of May 1984, and the Canadian Feature Film policy of October 2000. The Act was amended in June 1994 to grant the Corporation the authority to guarantee loans.

In September 1996, the Minister of Canadian Heritage created the Canadian Television Fund (CTF). Created to foster a partnership between the government and the industry, this new fund brings together the Corporation's television fund and the Cable Production Fund. Two financial assistance programs constitute the CTF: the Equity Investment Program and the License Fee Program. The Corporation was given responsibility for the management of the Equity Investment Program.

The Corporation was given responsibility for the administration of the funding program in support of pre-professional development in 1997, the management of the Canada New Media Fund in 1998 and the Music Entrepreneur Program in 2002.

Since 1983 the Corporation has diversified its activities by means of memoranda of understanding and contribution agreements with the Department of Canadian Heritage, resulting in expanded influence beyond its primary mission. The Corporation and the Department of Canadian Heritage have undertaken an in-depth review of the *Telefilm Canada Act*, in order to ensure that it reflects the current diversity of Telefilm's activities and responds to the needs of the audiovisual industry.

The Corporation is a Crown Corporation subject inter alia to the provisions of Part VIII of the *Financial Administration Act* as it read before its repeal in 1984, and as if it continued to be named in Schedule C of the Act.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Financing sources of the Corporation

The Corporation obtains its funds mainly from the Government of Canada by means of the parliamentary appropriation and the contributions from the Department of Canadian Heritage. The portion of the parliamentary appropriation, used to finance the acquisition of depreciable property and equipment, is recorded as deferred capital funding on the balance sheet and amortized on the same basis as the related property and equipment. The other portion of the parliamentary appropriation and the contributions from the Department of Canadian Heritage are recorded on the Statement of Operations and Equity of Canada up to allowable incurred expenditures.

b) Amount payable to Canada or receivable from Canada

The financial operations of the Corporation are processed through the Consolidated Revenue Fund of Canada, thus the absence of bank accounts. For the purposes of the financial statements, the result of financial operations appears on the balance sheet as an amount payable to Canada or receivable from Canada.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Assistance expenses

Assistance expenses include all forms of assistance granted to activities related to the feature film industry, Canadian television programming, new media and music. Assistance expenses are accounted for as follows:

- Investments granted in return for a share in operating revenues, other than those accompanied by pre-established obligations to reimburse, as well as non-recoverable investments, are charged to operations in the year in which the funds are paid or have become payable.
- Recoveries on investments are recorded for the operations in the year in which the funds are received or have become receivable. Any proceeds in excess of the related investment are recorded as investment revenues.

d) Loans and allowance for losses

The Corporation grants loans for the financing of Canadian programming, feature films and new media. Loans initially granted at zero percent interest rate are recorded at the nominal amount of the loan. Loans bearing interest are shown on the balance sheet at the principal amount increased by accrued interest receivable. Loans are shown net of an allowance for losses.

A loan is considered impaired as a result of deterioration in credit quality to the extent that the Corporation no longer has reasonable assurance that the full amount of principal and interest will be collected in accordance with the terms of the loan agreement.

The allowance for losses includes specific and general allowances.

Specific allowances are established for each impaired loan. The evaluation is based on the receivables taken as security and the borrower's financial situation. The carrying amount of an impaired loan is reduced to its estimated realizable value by discounting the expected future cash flows at the effective interest rate inherent in the loan.

The general allowance represents the best estimate of probable impairment attributable to the deterioration of credit quality in the remaining portfolio for which specific allowances cannot yet be determined. The amount is estimated based on previous losses and management's assessment of trends in the credit quality of the loan portfolio.

Loans are written off after all reasonable restructuring or collection activities have taken place and the possibility of further recovery is unlikely. Write-offs and allowance for losses are charged to operations as assistance expenses.

e) Interest revenue

Interest on loans is recorded as income on an accrual basis except for loans that are considered impaired. When a loan becomes impaired, recognition of interest in accordance with the terms of the original loan agreement ceases.

Other interest revenue is recognized on an accrual basis and represents the amounts charged on all amounts, other than loans, due to the Corporation, less an allowance for losses. This allowance for losses is determined by examining each amount.

f) Property and equipment

Property and equipment are recorded at cost. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Software	Straight-line	5 years
Leasehold improvements	Straight-line	Terms of the leases
Furniture and equipment	Diminishing balance	20%
Computer installations	Diminishing balance	20%

Assets related to work in progress are not subject to amortization.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Employee future benefits

Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Severance benefits

Employees are entitled to severance benefits as provided for under conditions of employment. The cost of these benefits is accrued as the employees render the services necessary to earn them. Management determined the severance benefit obligation based upon assumptions and its best estimates. These benefits represent the only obligation of the Corporation that entails settlement by future payment.

h) Measurement uncertainty

The preparation of financial statements, in accordance with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. The allowance for losses on impaired loans and bad debts, severance benefit obligation and contingencies are the most significant items where estimates are used. Actual results could differ from those estimates.

3. LOANS AND ALLOWANCE FOR LOSSES

Loans with a carrying value of \$1,195,865 (\$1,456,221 in 2003) granted for production and marketing projects in the Multimedia Fund are interest-free loans. Generally these loans are repayable in twelve consecutive equal monthly instalments beginning twelve to twenty-four months after the agreed completion date of the project. For other loans, interest charged does not exceed the prime rate plus 2 percent. The loans have a term generally not exceeding three years.

The loans are detailed as follows:

In thousands of dollars	Amount	Allowance for losses	2004 Net amount	2003 Net amount
Loans	146	-	146	1,323
Impaired loans	1,338	1,338	-	-
	1,484	1,338	146	1,323
Less current portion	1,484	1,338	146	1,310
Long-term portion	-	-	-	13

The allowance for losses is detailed as follows:

	2004 In thousands of dollars	2003 In thousands of dollars
Balance at beginning	1,057	2,149
Conversion of loans	(32)	(559)
Write-offs	-	(371)
Recoveries	(87)	-
Allowance	400	(162)
Balance at end	1,338	1,057

4. PROPERTY AND EQUIPMENT

In thousands of dollars	Cost	Accumulated Amortization	2004 Net value	2003 Net value
Software	9,823	3,338	6,485	4,906
Leasehold improvements	2,575	626	1,949	1,550
Furniture and equipment	1,071	652	419	117
Computer installations	217	113	104	141
Work in progress	237	-	237	-
	13,923	4,729	9,194	6,714

5. DEFERRED CAPITAL FUNDING

The amount presented on the balance sheet is as follows:

	2004 In thousands of dollars	2003 In thousands of dollars
Balance at beginning	6,714	5,664
Parliamentary appropriation for capital funding	4,441	2,548
Amortization of deferred capital funding	(1,961)	(1,498)
Balance at end	9,194	6,714

6. CONTRIBUTIONS FROM THE DEPARTMENT OF CANADIAN HERITAGE

The contributions from the Department of Canadian Heritage are as follows:

	2004 In thousands of dollars	2003 In thousands of dollars
Canadian Television Fund – Equity Investment Program	49,775	47,275
Canada New Media Fund	9,656	7,452
Music Entrepreneur Program	9,560	5,740
Professional training schools	2,550	2,795
	71,541	63,262

7. CONTRIBUTIONS FROM THE CANADIAN TELEVISION FUND – LICENSE FEE PROGRAM

In the course of the fiscal year, the Canadian Television Fund – License Fee Program contributed \$24,509,000 (\$26,761,000 in 2003) to the Corporation for the financing of Canadian television programming.

8. OPERATING EXPENSES

	2004 In thousands of dollars	2003 In thousands of dollars
Salaries and employees benefits	13,800	11,986
Office expenses	1,868	2,010
Professional services	1,813	2,609
Rent, taxes, heating and electricity	1,537	1,527
Amortization	1,941	1,359
Travel	894	980
Advertising and publications	412	422
Telecommunications	351	296
Relocation	172	238
Hospitality	50	53
Loss on disposal and write-offs of property and equipment	19	134
Total	22,857	21,614

9. EMPLOYEE FUTURE BENEFITS

Pension plan

During the year the Public Service Superannuation Plan (PSSA) required the Corporation to contribute to the PSSA at a rate of 2.14 times the employees' contributions. Since January 2004, if an employee's annual salary is greater than eligible benefits of \$105,900 (\$100,100 in 2003), the portion of the employee's salary above this amount is subject to an employer's contribution of 7.9 times employee's contribution (15 times in 2003). Contributions during the year were as follows:

	2004 In thousands of dollars	2003 In thousands of dollars
Corporation	1,511	1,324
Employees	586	493

Severance benefit obligation

The Corporation provides severance benefits to its employees according to a severance benefit plan. This plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the severance benefit obligation. Information related to the severance benefit obligation is as follows:

	2004 In thousands of dollars	2003 In thousands of dollars
Balance at beginning	685	854
Expense for the year	263	114
Benefits paid during the year	(121)	(283)
Balance at end	827	685
Short-term portion (included in accounts payable)	100	100
Long-term portion	727	585
	827	685

10. COMMITMENTS

a) Projects

The Corporation is committed contractually to advance funds as investments:

	Total In thousands of dollars
Canadian Television Fund – Equity Investment Program	34,254
Canada Feature Film Fund	25,927
Music Entrepreneur Program	5,561
Canada New Media Fund	4,241
Other funds	727
Total	70,710

According to the Canada Feature Film Fund production assistance program based on performance, the Corporation has reserved a total of \$1,875,868 to finance projects to be submitted. These projects will need to comply with all the conditions of the agreements.

In addition, the Corporation has accepted to finance projects that may require disbursements totalling \$2,864,650.

b) Leases

The Corporation has entered into long-term leases for the rental of office space and equipment used in its operations. The aggregate minimum annual rentals payable during subsequent years are as follows:

	Total In thousands of dollars
2005	1,849
2006	1,594
2007	1,519
2008	1,381
2009	1,397
2010 – 2015	6,629
Total	14,369

11. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown Corporations. The Corporation enters into transactions with these entities in the normal course of business. The transactions are recorded at exchange value.

12. CONTINGENCIES

The Corporation guarantees the reimbursement of loans or debts incurred by third parties with financial institutions within the loan guarantee program. The total amount of the Corporation's guarantees cannot exceed, at any time, \$25,000,000. The interest rate cannot exceed the lending institutions' prime rate plus 2 percent, and eligible security must be obtained from the borrower. The guarantees as at March 31, 2004 totalled \$644,482 (\$644,482 in 2003). A provision for losses is recorded when management can estimate that a loss is likely to occur. Management estimates that no provision in this regard is required as at March 31, 2004.

In the normal course of business, various claims and lawsuits have been brought against the Corporation. Management is in no position to predict the issue of these lawsuits and the potential losses cannot reasonably be estimated. Thus, no provision was taken in this regard in the Corporation's accounts.

13. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts reported for accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

The following table represents the carrying amounts and fair values of the Corporation's other financial instruments:

In thousands of dollars	2004		2003	
	Carrying amount	Fair value	Carrying amount	Fair value
Short-term loans	146	137	1,310	1,288
Long-term loans	-	-	13	12
Long-term accounts receivable	243	204	306	251

The fair values of loans have been established by discounting the future contractual cash flows under current loan arrangements, at discount rates equal to the prevailing market rate of interest for financial instruments having substantially the same terms and characteristics.

14. COMPARATIVE FIGURES

Some of the 2003 figures have been reclassified to conform to the presentation adopted for 2004.

Telefilm Canada – Products Supported in 2003–2004
Téléfilm Canada – projets appuyés en 2003–2004

PRODUCTION ONLY
PRODUCTION SEULEMENT

TITLE TITRE	APPLICANT REQUÉRANT	PROVINCE
CANADIAN TELEVISION FUND – EQUITY INVESTMENT PROGRAM		
FONDS CANADIEN DE TÉLÉVISION – PROGRAMME DE PARTICIPATION AU CAPITAL		
Aboriginal Languages Langues autochtones		
Art Zone II	ArtZone Productions Ltd.	BC
Aboriginal Architecture, Living Architecture	MushKeg Media Inc.	QC
Beyond Words IV	Wome Woman Works Productions Ltd.	BC
Creative Native	Creative Native Series Inc.	BC
Eastern Tide III (27-39)	607542 N.B. Inc.	NB
Heavy Metal:	Rezolution Productions Inc./	
A Mining Disaster in Northern Quebec	Productions Rezolution inc.	QC
Innun Aitun/Papakassi (1-13)	Productions Maikan inc. (Les)	QC
Inuit Mittatim II (7-13)	Inuit Broadcasting Corporation	ON
Kunuk Family Reunion	Igloolik Isuma Productions Inc.	QC
Mandela's Sash	Bob Rock Productions Inc.	SK
Medicine Walker	Good Medicine Media Ltd.	BC
Nishnawbe Aski: The People and the Land	Eclipse Media Inc.	MB
Two Winters: Tales from Above the Earth	Two Winters Productions Inc.	AB
Venturing Forth IV (40-52)	Brenco Media Inc.	BC
Wolostagowick – Peuple de la belle rivière	Chinook Communications Inc.	QC
English Langue anglaise		
11th Hour (The) II (14-26)	This Just in It Productions Inc.	ON
15/Love (1-26)	Productions Galafilm (2000) inc. (Les)	QC
Adventures of the Aftermath Crew IV	Aftermath Television	
	Productions Cycle 4 (PE) Inc.	PE
Alexandra's Echo	Echo Bay Films Inc.	BC
American in Canada (An) II (7-16)	Yankee Doodle Productions II Inc.	ON
Anatomy of Human Response (The) (1-4)	Triplex Films Inc.	QC
Beethoven's Hair	1535790 Ontario Inc.	ON
Being Ian	Studio B (Being Ian) Productions Inc.	BC
Being Osama	Diversus Inc.	QC
Between War and Peace	1606480 Ontario Inc.	ON
Bliss III (17-24)	Galafilm Productions (VII) Inc.	QC
Bloomsday Cabaret	Rock Island Productions Ltd.	NL
Blue Murder IV (40-52)	Blue Murder IV Productions Inc.	ON
Booming Out: Rebuilding The World	Omni Film Productions Ltd.	BC
Boys From The Fringe	Alpha Productions Inc.	NL
Build Me Up, Break Me Down	Fovea Productions Inc.	BC
Buried at Sea	Buried At Sea Inc.	NS
Canada's War:		
The Lost Colour Archives (1-3)	YAP Lost Archives Productions Inc.	ON
Cantata For The King	Water Street Pictures Ltd.	BC
Captive: The Untold Story of		
Sister Esther-Marie Joseph	Wheelwright Ink Ltd.	BC
Carol Welsman: The Language of Love	Stormy Night Productions (II) Inc.	ON
Catching The Chameleon:		
The Andy Seidemann Story	Ordinary Hero Productions Inc.	AB
CFL Traditions	Network Pictures Seven Inc.	BC
Checklist: A Measure of Evil	The May Street Group Film, Video & Animation Ltd.	BC
Chicks With Sticks	High Voltage Pictures Inc.	ON
Church in Two Worlds (A)	4 Square Productions Canada Ltd.	SK
Circa	4167368 Canada Inc.	OC
City State	City State Productions Limited	ON
Cold Squad VII	Cold Squad VII Productions Inc.	BC
Collector (The)	Collector Productions Inc.	BC
College Kids	Point Grey Pictures Inc.	BC
Comedy Gold (1-2)	Insight Comedy Gold Ltd.	ON
Coming Home:		
The Life and Times of Umberto Menghi	Simply Tuscan Productions Inc.	BC
Crazy Canucks	Downhill Productions Inc.	AB
Da Vinci's Inquest VI	Da Vinci's Productions (VI) Inc.	BC
Dark Pines	Laughing Mountain Communications Inc.	BC
Dark Years (The) (1-4)	Dark Years Productions Inc.	ON
Dawning (The)	Productions Adobe International Inc.	OC
Deadly Dust – Deadly Currents	Point Grey Pictures Inc.	BC
Degrassi: The Next Generation IIIB		
(310-322)	Epitome Pictures Inc.	ON
Distant Drumming	Alberta Filmworks Movie Five Inc.	AB
Donnellys (The):		
Murder and Retribution in the New World	Bama-Alper Productions Inc.	ON
Edgemont V (58-70)	Water Street Pictures Ltd.	BC
Elegy/Élégie	4167368 Canada Inc.	OC
Escape From Iran	Harmony Documentary Inc.	SK
Fast Girls	Fast Girls Productions Inc.	NS
For King & Country (1-6)	King & Country Productions Inc.	ON
Force Fed	Cherry Peppers Productions Ltd.	ON
Friendly Fire	YAP Friendly Fire Productions Inc.	ON
From Time to Time	1533899 Ontario Limited	ON
	(Year Of The Lion Productions)	
Future Perfect Storms	Future Perfect Storms Inc.	NS

Generation of Wisdom	High Altitude Films Ltd.	BC	Paradise Falls II (53-78)	P Falls II Productions Inc.	ON
Ghosts of War	Memory Films Inc.	ON	Perfect Couple (The)	Fruit Fly Films Inc.	ON
Gillian Guess Story (The)	The Juror Productions Inc.	BC	Popcorn With Maple Syrup	Pinewood Films Inc.	ON
Girl Racers (1-4)	Girl Racers Inc.	BC	Prisoners of Age	684986 B.C. Ltd.	BC
Great Canadian Polar Bear Adventure (The)	GPB Films Inc.	ON	Prom Queen: The Marc Hall Story	Prom Queen Inc.	ON
Guido Molinari	Diversus Productions Inc.	QC	Puppets Who Kill II (14-26)	PWK Productions Inc.	ON
H ₂ O: The Last Prime Minister	H ₂ O Productions Inc.	ON	Quartet Plus Four at Christmas	Blue Engine Xmas Inc.	NS
Homegrown Hip Hop	Breakbeatnik Productions Inc.	NS	Race of the Century	Race Productions Ltd.	BC
Honour & Respect II (3-4)	J.S. Kasiner Productions Ltd.	ON	Rage	Under Pressure Productions Inc.	BC
I, Claudia	Sienna Films Productions IV Inc.	ON	Raising Rover	Ruby Line Productions Inc.	NL
Il Duce Canadese (1-4)	Ciné Télé Action 1 Inc.	QC	Recipe Diaries (The)	Nunavut Communications Inc.	ON
Inside The Great Magazines	Dark Lullabies Inc. (DLI Productions)	QC	Red Green Show (The) XIII (246-263)	Red Green Productions XIII Inc.	ON
Inspector Murdoch Mysteries	OP Mysteries Inc.	MB	renegadepress.com	Renegade Press Productions Inc.	SK
Island Veils	Two By Two Productions Inc.	PE	Robson Arms	Keys Cut Here Productions Ltd.	BC
Killer Cure	White Pine Pictures	ON	Runaway Grooms	Asil Films Inc.	ON
Lady in Waiting: Journey to Discovery	Sunken Empress Productions Inc.	ON	Sea Hunters (The) IV (21-27)	Seafarer Productions Inc.	NS
Last Casino (The)	4183606 Canada Inc.	QC	Second City: A Life and Times Special (1-3)	Very Scary Productions Ltd.	BC
Last Days of World War II	Last Days Productions Inc.	BC	Selling Innocence	1062476 Alberta Ltd.	AB
Life & Times: Arthur Erickson	672996 B.C. Ltd.	BC	Sex, Truth and Videotape/Baise majesté (1-6)	Productions Virage inc. (Les)	OC
Life & Times: Ashley MacIsaac	Big Fiddle Films Inc.	ON	Shaman's Vision		
Life & Times: Rush	Not Fade Away Films Inc.	ON	- The Life & Times of Norval Morrisseau	Perception Films Inc.	OC
Life and Times of Alex Trebek (The)	EMG Biography A.T. Inc.	BC	Shields Stories (The)	Canadian Stories II Inc.	MB
Life and Times of Daniel Igali (The)	Omni Film Productions Ltd.	BC	Silent Messengers	Messenger Films Ltd.	NS
Life and Times of Gordie Howe (The)	Network Pictures Nine Inc.	BC	Smarter Than the Rest of Us	664516 B.C. Ltd.	BC
Life and Times of Janet Connors (The)	Judique Productions Inc.	NS	Snakes and Ladders (1-6)	Political Productions Ltd.	NS
Life and Times of Randy Bachman (The): Takin' Care of Business	4698204 Manitoba Inc.	MB	Souvenir of Canada	SOC Films Inc.	ON
Light At The Edge Of The World	90th Parallel Film & Television Productions Ltd.	ON	Strip (The) (1-13)	Shaftesbury Kids V Inc.	ON
Light: More Than Meets the Eye	Sunstroke Films Inc.	BC	Take II, A Journey Towards Recovery	1117-3112 Québec Inc.	OC
Lonely Gypsy (The): The True Story of Kitty Harris	Wheelwright Ink Ltd.	BC	Taking It Off III	Takeoff III Productions Inc.	AB
Lost Nuke	High Concept Films Inc.	AB	Terror in the Aisles	Ocean Entertainment Ltd.	NS
Magnificent Obsessions II	Magnificent Obsessions Film II Inc.	MB	Tonya Lee Williams: Gospel Jubilee!	Gospel Jubilee 2003 Inc.	ON
Mary Shelley	4181743 Canada Inc.	QC	Trailer Park Boys IV (22-29)	TPB IV Productions Ltd.	NS
Mental Block II (14-26)	Zone3-XII inc.	QC	Transformation: The Story of Jim Poltras	Cooper Rock Pictures Inc.	SK
Moccasin Flats (1-6)	Big Soul Productions	ON	Trudeau II	Double Shoot Productions Ltd.	NS
Mutant (The)	Rhombus Media Inc.	ON	True Intrepid (The)	Quiet Canadian Inc.	MB
Natasha International	Associated Producers Ltd.	ON	Web Cam Girls	672411 B.C. Ltd.	BC
Network (The)	Bishari Film Productions Inc.	ON	Without God	Force Four Entertainment Inc.	BC
Neutral Ground	West Street Neutral Pictures Inc.	NB	Wolves of Labrador (The)	Karvonen Films Ltd.	AB
Newsroom II (14-26)	NR2 Productions Inc.	ON	Wonderland (*1-3)	Alice Productions (Muse) Inc.	ON
O.com: Cybersex Addiction	Soapbox Productions Inc.	BC	French Langue française		
Olliver's Adventures III (15-40)	Ollie's III Inc.	NS	100 Québécois qui ont fait le XX ^e siècle II (14-25)	9098-2158 Québec inc.	OC
Original Kin (1-3)	Original Kin Inc.	ON	11 Somerset (1-13)	11 Somerset (1-13) inc.	OC
Out in the City II (14-24)	Idéacom International Inc.	OC	A hauteur d'homme	Productions Virage inc. (Les)	OC
Papa Alpha (1-4)	Papa Alpha Productions Inc.	ON	Accros de l'anachronisme (Les)	Années lumières télévision inc.	OC

Amie et ses hommes II (21-42)	Sphère Média 2002 inc.	OC	Musique de chambre (Schubert, Schumann)	Ciné Qua Non Média inc.	OC
Architecte du corps (L)/			Opération Retour	Productions Érézi inc. (Les)	OC
Body Architect (The)	Amérimage-Spectra inc.	OC	Paul et Suzanne II	Productions Paul et Suzanne II inc. (Les)	MB
Artiste dans l'âme IV (25-30)	607436 N.B. Itée	NB	Pellan	Zone3-IX inc.	OC
Boite noire II (La) (14-26)	Ad Hoc Films inc.	OC	Planètes (Les)	Amérimage-Spectra inc.	OC
Bougon – C'est aussi ça la vie ! (Les) (1-13)	C'est aussi ça la vie I inc.	OC	Plus beau voyage (Le)	Amérimage-Spectra inc.	OC
Bureau (Le) (1-8)	Émergence (Le Bureau) inc.	OC	Poste de contrôle	Productions des Quatre Joueurs inc. (Les)	OC
Ça clique II (14-26)	Productions Roch Brunette	OC	Prophètes en leur pays (1-10)	Médiatique inc.	ON
Capsules ZéroLimite (1-25)	(2679396 Canada inc.)	OC	Quand je serai grand	Balestra Productions inc.	ON
Cauchemar d'amour III (15-21)	Balestra Productions inc.	ON	Ramdam III (201-300)	Vivavision inc.	OC
Chambre N° 13 (La) (1-7)	Match-TV Cauchemar inc.	OC	Real-TV III (105-124)	Productions J (Real IT/TV III) inc.	OC
Délateurs	Années lumières télévision inc. (Les)	OC	Rumeurs II (27-52)	Sphère Média inc.	OC
Désoriental	Productions Délateurs inc. (Les)	OC	Smash (1-5)	Productions Avanti Ciné Vidéo inc. (Les)	OC
Dominique Raconte...	607079 N.B. inc.	NB	Solo Parent	Amour en l'An 2000 inc. (L)	OC
Ecole à l'hôpital (L)	Téléfiction Productions inc.	OC	Solstice 2003	6040390 Canada inc.	OC
Esclavage en Nouvelle-France	Productions Virage inc. (Les)	OC	Sphères	Films Rostam inc. (Les)	ON
Extrêmes III (6-8)	6040390 Canada inc.	OC	Temps dur (1-10)	Productions Temps Durs inc.	OC
Festival Acadien II (14-20)	Productions Macumba International inc.	OC	Terrain de camping	Galafilm Productions (VI) inc.	OC
Fêtes et Traditions I (1-13)	506986 N.B. inc.	NB	Tradition de la buche de Noël (La)	9129-4165 Québec inc.	OC
Fortier V (35-42)	Médiatique inc.	ON	Trésors vivants (Les) (1-4)	509408 N.B. inc.	NB
FranCoeur II (13-24)	Fortier V inc.	OC	Tribucom IV (37-45)	Sovimed inc.	OC
Garage II (Le) (21-40)	6004342 Canada inc.	ON	Trois fois rien II (14-26)	9067-2858 Québec inc.	OC
Grande Ourse II (11-20)	Productions Roch Brunette inc.	OC	Tueur (Le)/Hitman (The)	Gestion Orbi-XXI Productions inc.	OC
Grenade avec ça? II (Une) (25-46)	Productions Point de mire inc. (Les)	OC	Tueur si proche (Un) (1-10)	Productions Pixcom inc.	OC
Griffe magique (La)	Zone3-XII inc.	OC	Tueuses (Les) (1-2)	Icolop inc.	OC
Guerre des sexes (La) (1-5)	Amour en l'An 2000 inc. (L)	OC	Vice caché	9137-2961 Québec inc.	OC
Histoire de famille (1-5)	Productions Doku inc.	OC	Victor-Lévy Beaulieu – Du bord des bêtes	9138-0733 Québec inc.	OC
Histoires de pub	4223152 Canada inc.	OC	Vive les clowns!	685550 B.C. Ltd.	BC
Hommage à Pauline Julien	Productions Virage inc. (Les)	OC	Voler sa vie	Productions Nova Média inc.	OC
Hommes en quarantaine II (14-19)	Constellations 2001 inc.	OC	Voyageurs	Productions Voyageurs 2004 inc. (Les)	MB
Jacques Parizeau, Les dessous	Productions en Quarantaine inc.	OC	Vues de l'est	Amour en l'An 2000 inc. (L)	OC
de l'homme en complet trois pièces	Productions Pixcom inc.	OC			
Je te cherche Marie	610096 N.B. inc.	NB			
Jorane et l'Orchestre symphonique					
de Québec	Constellations 2001 inc.	OC			
Lance et compte : La Reconquête	Communications Claude Héroux inc.	OC			
Maestro (Le)	Productions Shootfilms inc. (Les)	OC			
Maitre du 100 m	Tutti Frutti Films inc.	OC			
Métamorphoses	Amérimage-Spectra inc.	OC			
Migration, ces drôles doiseaux migrants	607847 N.B. inc.	NB			
Mission baleines franches :					
Les survivants de l'histoire	Glacialis Productions inc.	OC			
Montréal brûle les planches	Amérimage-Spectra inc.	OC			
Morues et des hommes (Des)	Morues et des hommes inc. (Des)	OC			
Mourir (1-3)	Zone3-XIV inc.	OC			
Multiples visages de l'anxiété II (Les)	Productions Moments Anxieux II inc. (Les)	MB			

**CANADA FEATURE FILM FUND AND THE CANADIAN TELEVISION FUND
– EQUITY INVESTMENT PROGRAM (FEATURE FILM COMPONENT)
FONDS DU LONG MÉTRAGE DU CANADA ET FONDS CANADIEN DE TÉLÉVISION
– PROGRAMME DE PARTICIPATION AU CAPITAL (VOLET LONG MÉTRAGE)**

English | Langue anglaise

Bailey's Billions\$	Devine Bailey Productions Ltd.	ON
Being Julia	2024846 Ontario Inc.	ON
Cake	Cake Productions Inc.	ON
Cherry Docs	Galafilm Productions (VI) Inc.	OC
Childstar	1409086 Ontario Ltd.	ON
Clean	1551264 Ontario Inc.	ON
Coldwater	Coldwater Productions Inc.	OC
Daniel and the Superdogs	Productions La Fête (DOGS) inc.	OC
Eye and the Fire Horse	Golden Horse Productions Inc.	BC

Going The Distance 663752 B.C. Ltd. BC
 It's All Gone Pete Tong Pete Tong Productions Inc. BC
 Last Sign (The) Last Sign Productions Inc. (Les) OC
 Lazarus Child (The) Illusions Entertainment Corporation AB
 Life & Hard Times of Guy Terrifico (The) Darius-Guy Terrifico Productions Inc. ON
 Manners of Dying Productions Thalie Inc. OC
 Pure GPA (Pure) Inc. OC
 River King (The) IMX River King Inc. NS
 Saint Ralph Running Miracles Productions Inc. ON
 Six Figures Agitprop Films Inc. AB
 Stryker Wild Boats of Manitoba Inc. MB
 Water Hamilton-Mehta Productions Inc. ON
 Wilby Wonderful Wonderful Productions Inc. NS

French | Langue française

Aimants (Les) Productions Les Aimants inc. (Les) OC
 C.R.A.Z.Y. Productions Zac Inc. OC
 Camping Sauvage Camping Sauvage Inc. OC
 Comment conquérir l'Amérique en une nuit 9105-9238 Québec Inc. OC
 Dans l'œil du chat Films Zingaro Inc. OC
 Dans une galaxie près de chez vous Zone3-IX Inc. OC
 États-Unis d'Albert (Les) États-Unis d'Albert inc. (Les) OC
 Familia micro_scope inc. OC
 Incomparable Mademoiselle C. (L) Films Vision 4 inc. (Les) OC
 Lune viendra d'elle-même (La) Corporation de développement et de production ACPAV inc. OC
 Maman Last Call Films Last Call Inc. (Les) OC
 Mémoires affectives Productions Dixie inc. (Les) OC
 Monica la mitraille 4158563 Canada Inc. OC
 Nouvelle-France/New France Nouvelle France Production inc. OC
 Ordo Production Ordo Inc. OC
 Premier juillet INIS Relève inc. OC
 Survenant (Le) Films Vision 4 inc. (Les) OC
 Vengeance d'Elvis Wong (La) Production Elvis Gratton III inc. OC
 Vie avec mon père (La) Studiofilm inc. OC
 Vie en cinémascope (Ma) Film Robi inc. OC

**LOW BUDGET INDEPENDENT FEATURE FILM ASSISTANCE PROGRAM
 PROGRAMME D'AIDE AUX LONGS MÉTRAGES INDÉPENDANTS A PETIT BUDGET**

English | Langue anglaise

Crossing Crossing Productions Inc. BC
 Little Brother of War Little Bro Productions Inc. BC
 Male Fantasy The Blue Curtain Productions Inc. BC
 Phil The Alien Phil The Alien Inc. ON
 SK8 Life Travesty Productions Inc. ON
 Woman of Ahhs (The) Ourson Films inc. OC

French | Langue française

Bonheur c'est une chanson triste (Le) 9125-6396 Québec inc. OC
 Enigme de James Edward Brighton (L) Productions Castor & Pollux inc. (Les) OC
 Golem de Montréal (Le) Productions du Golem inc. (Les) OC

**CANADA NEW MEDIA FUND
 FONDS DES NOUVEAUX MÉDIAS DU CANADA**

English | Langue anglaise

Be the Creature Interactive Decode/BTC1 Online Inc. ON
 Broken Saints Budget Monks Production Inc. BC
 Children's Music Journey Adventus Inc. NS
 deafplanet.com II Marble Media Inc. ON
 Fuel Firetoad Software Inc. AB
 Game Neverending Ludicorp Research & Development Ltd. BC
 I Love Mummy.com Breakthrough New Media Inc. ON
 Kenny vs Spenny – Versusville Breakthrough New Media Inc. ON
 Mobile Operandi Wireless Entertainment/ Mobile Operandi Communications Corp. BC
 Monster Federation Snap Media Corp. ON
 Odd Job Jack Smiley Guy Studios ON
 Resonance Neocell Factory Inc. OC
 Rock Camp Interactive Collidascopie Digital Productions Inc. NS
 Sea Hunters: Shipwreck Central (The) Eco-Nova Productions Ltd. NS
 Slick, Silly and the Big Trucks Snap Media Corp. ON
 This is Daniel Cook Marble Media Inc. ON
 www.degrassiv III Epiteome Virtual Reality Inc. ON

French | Langue française

11 Somerset 11 Somerset (1-13) inc. OC
 Cornemuse.com Telefiction Productions inc. OC
 ecoprint.ca Productions Shoofilms inc. (Les) OC
 Étrange disparition du professeur Scientifix (L) CREO inc. OC
 Facteur Bug (Le)/Bug Factor (The) Sarbakan inc. OC
 Histoire de l'aviation Jam@Ti inc. OC
 Inuksite 9113-7083 Québec inc. (POP6 Média) OC
 madeinMTL.com MadeinMTL.com (2003) inc. OC
 Mission Arctique : Le Cyberdocumentaire 9056-3552 Québec inc. OC
 Obscura Sarbakan inc. OC
 Pyramides de l'Égypte Jam@Ti inc. OC
 Visez dans le mille! Entreprises de Création Panacom inc. OC
 www.grandeursetv Reeves Communication inc. OC