

**Distinctive and innovative works, perception of Canada abroad,  
sustainability of our audiovisual heritage and cultural recovery:**

***The importance of supporting the National Film Board***

Information paper for the 2022-2023 budget

**March 2022**

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## **PRESENTATION**

### **CUPE**

The Canadian Union of Public Employees (CUPE) is the largest Canadian union.

It has 700,000 members all over Canada and represents workers in health, education, municipalities, libraries, universities, social services, public services, transportation, emergency services, airline and communications, including approximately one half of National Film Board (hereinafter the NFB or the Board) employees.

### **The General Union of Cinema and Television, CUPE 4835**

The General Union of Cinema and Television represents some 200 active members from coast to coast, mainly at the Montreal head office but also at production facilities in Vancouver, Edmonton, Toronto, Moncton and Halifax, and at satellite offices in St. John's and Winnipeg.

They are workers who support creators who are behind documentary, animation and interactive works of the NFB. Their expertise and their constant perseverance and devotion contribute to the renewal of the NFB's international renown thanks to the research and development of new narration technologies and distribution methods that enable the institution to be on the cutting-edge. They handle the conservation, restoration and development of the unique Canadian audiovisual memory, while conscientiously and rigorously ensuring the logistics and administration of all NFB activities.

Due to chronic underfunding, members of CUPE 4835 are shouldering more than ever the crucial role played by the NFB in innovation in both the production and the distribution of works reflecting Canadian culture and values.

## **SUMMARY OF RECOMMENDATIONS**

### **Recommendation 1**

That the Government of Canada increase the parliamentary authorities of the National Film Board (\$65.6 million in 2021-2022) by at least \$10 million a year starting with fiscal year 2022-2023.

That this increase be granted for at least five years and that it be indexed to the cost of living to give more stability and predictability to our public producer, its artisans and creators it supports.

### **Recommendation 2**

That the Government of Canada absorb the forthcoming reimbursements of the funds issued to the National Film Board for the move of its head office.

## INTRODUCTION

As a film producer and distributor of audiovisual works, the National Film Board is an exceptional creation laboratory which, since 1939, has been presenting a Canadian view of the world through documentaries, animations and, more recently, interactive works:

“The National Film Board’s mandate is to create relevant and innovative audiovisual content that interprets Canada and its diversity to Canadians and people around the world<sup>1</sup>.”

The Board’s mandate also requires it to make its production accessible to the greatest number, via various technological platforms, and to interact with audiences in addition to conserving more than 13,000 titles that are part of Canada’s cultural heritage<sup>2</sup>.

The NFB has been promoting Canada and Canadian values internationally more than ever. The number of its creations viewed world-wide has risen five-fold since 2001 from 15 million to close to 73 million in 2018-2019, a trend that has been sustained<sup>3</sup>. This performance was made possible thanks to digitization and the Internet distribution efforts made by the Board, which has seen the number of interactions with audiences increase from year to year (17 million in 2021<sup>4</sup>).

During the confinements of 2020 and 2021, the NFB helped entertain Canadians and provided educative digital materials to parents and teachers all over the country. Its works, which reflect the evolution of all Canadian communities, reach out to all Canadian communities, build bridges between them and provide a voice to those who are not heard.

The NFB’s role is more relevant than ever at a time of world upheaval and polarized debate, but its public finding is both unstable and insufficient. This information paper shows that the Board has witnessed an erosion of its budgetary capacity over the past 20 years due to declining value of its parliamentary authorities, its rising expenses due to an ever-evolving technological environment and the higher cost of distributing its works. Starting in 2018-2019, \$1.2 million has been lopped off its budget each year and returned to the government to reimburse it for the costs of moving its head office, an arrangement that will continue until 2029-2030. This jeopardizes the Board’s ability to create and conserve<sup>5</sup>, not to mention the jobs of CUPE members.

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<sup>1</sup> NFB, *2021-2022 Departmental Plan*, p. 7.

<sup>2</sup> *Ibidem*, p. 14.

<sup>3</sup> Government of Canada, *2020-2021 Departmental Results Report*.

<sup>4</sup> *Idem*.

<sup>5</sup> “The Act respecting the cinema entrusts the National Film Board with a mandate to conserve a rich collection of 13,000 titles for the purpose of “... preserving these works for the enjoyment of Canadians and people around the world, both today and in the future.”: *2021-2022 Departmental Plan*, p. 14.

## 1. The NFB – a giant with feet of clay

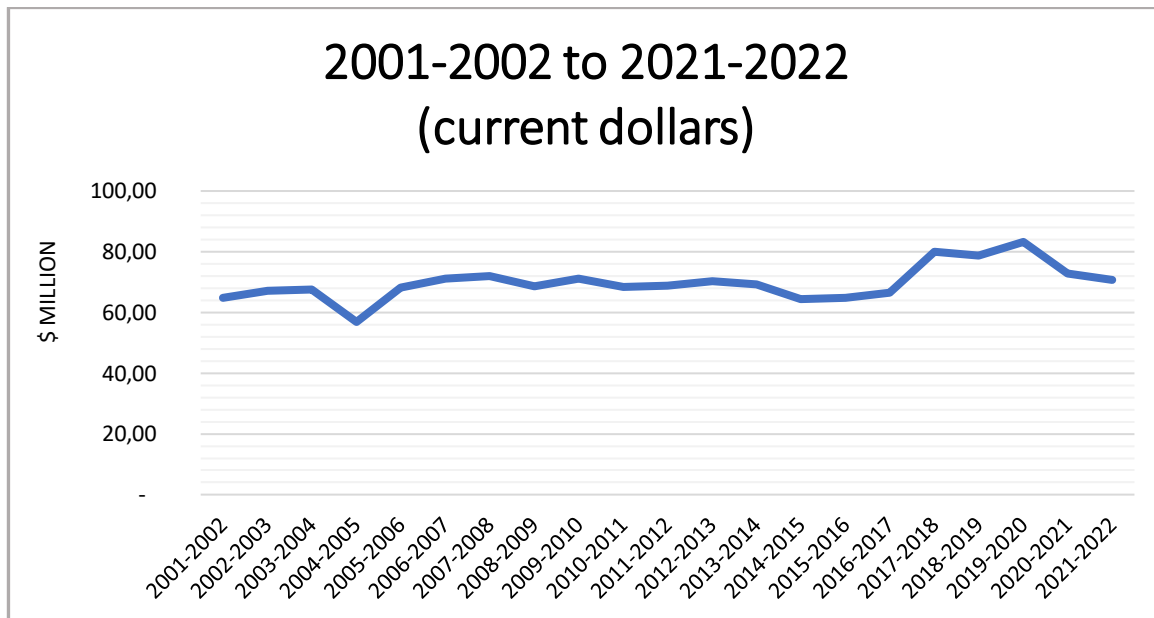
Canadians have bestowed praise on the NFB, an institution that has earned numerous honours over time thanks to innovation and the unparalleled services it provides to talented creators. Over the past 80 years, NFB works have won :

“... more than 7,000 awards, including 4 Palmes d’or, 12 Oscars, 21 Webby Awards, 26 Gala Québec Cinéma awards, and over 525 Academy of Canadian Cinema & Television Awards, including 27 Canadian Screen Awards<sup>6</sup>.”

The NFB has been participating more actively in the reconciliation process with the First Nations thanks to the long-term bond of trust that has been established and enables it to support the creation of Indigenous stories through financial and technical contributions and mentoring. It has also positioned itself as a vector of diversity, inclusion and equity through various initiatives aimed at fighting systemic racism and making more room for underrepresented groups, including women.

In spite of all the positive repercussions of its works and the social objectives it has set in keeping with Canadian values, the NFB’s parliamentary authorities have apparently been levelling off for 20 years, except for a drop in 2004-2005 and for the period when it was moving its head office to downtown Montreal from 2017 to 2020.

**GRAPH 1 – NFB’s total parliamentary authorities**



Source: *Public Accounts of Canada, Volume II – Details of Expenses and Revenues for 2015-2016 to 2021-2022, Appropriation Acts no. 2 and no. 4 for 2021-2022.*

<sup>6</sup> Government of Canada, *Key Moments in NFB History*: <https://www.canada.ca/en/national-film-board/corporate/about/history.html>

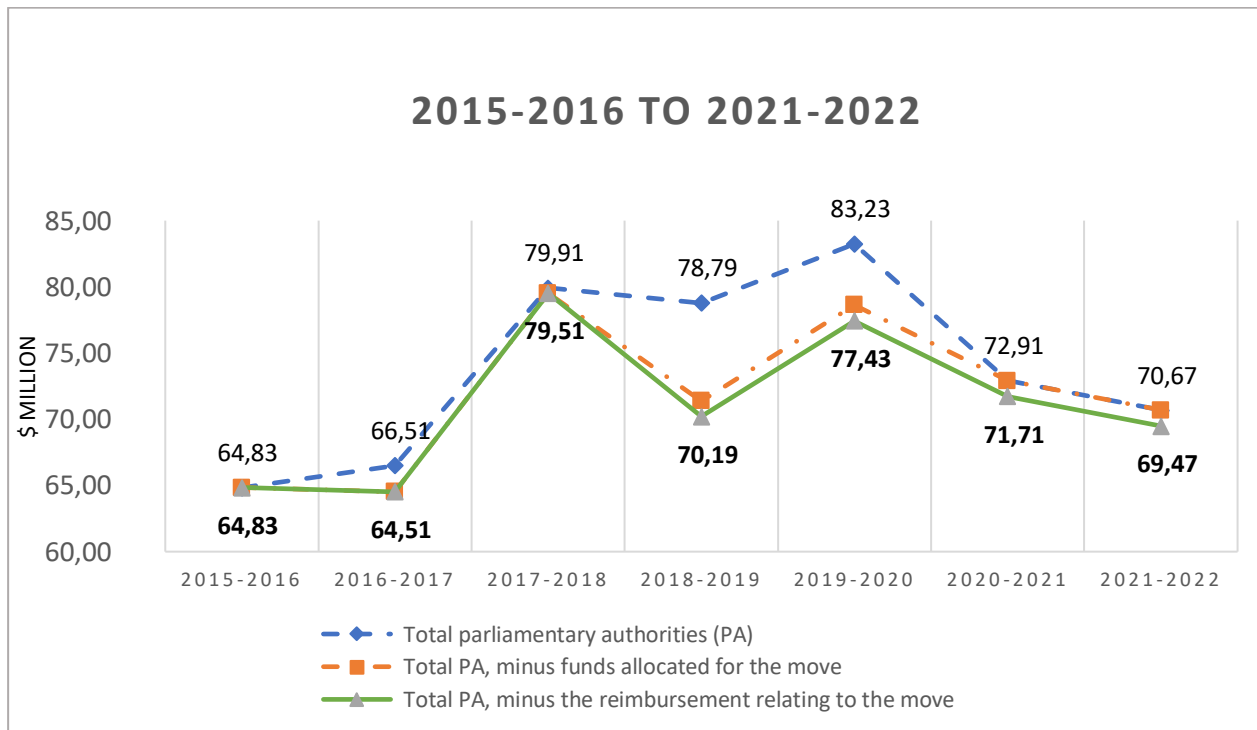
This relative stability masks a significant decline in purchasing power attributable to it having to reimburse the costs of moving its Montreal head office, which has cut into its revenues, inflation and the need to make advances in the technologies it uses to maintain its position as a leader of innovation and experimentation.

### 1.1 NFB’s mission impeded by the reimbursement for the move

In 2019-2020, the NFB left the obsolete Côte-de-Liesse building bordering Highway 40 to set up its head offices in the heart of the Quartier des spectacles in downtown Montreal. This decision was further to a 1996 recommendation to bring it closer to its partners and the public<sup>7</sup>. At the same time, it moved the vaults holding its collection in the Montreal borough of St. Laurent.

The government put up \$14.4 million over five years to the Board to cover the move (2016-2017 to 2020-2021). However, this was a cash advance that the NFB has had to repay since 2018 by drawing \$1.2 million from its meager parliamentary authorities each year through 2029-2030. This will reduce by the same amount the funding available to produce and distribute documentaries, animations and interactive works.

**GRAPH 2 – NFB parliamentary authorities after deductions of funding earmarked for the head office move and the reimbursement**



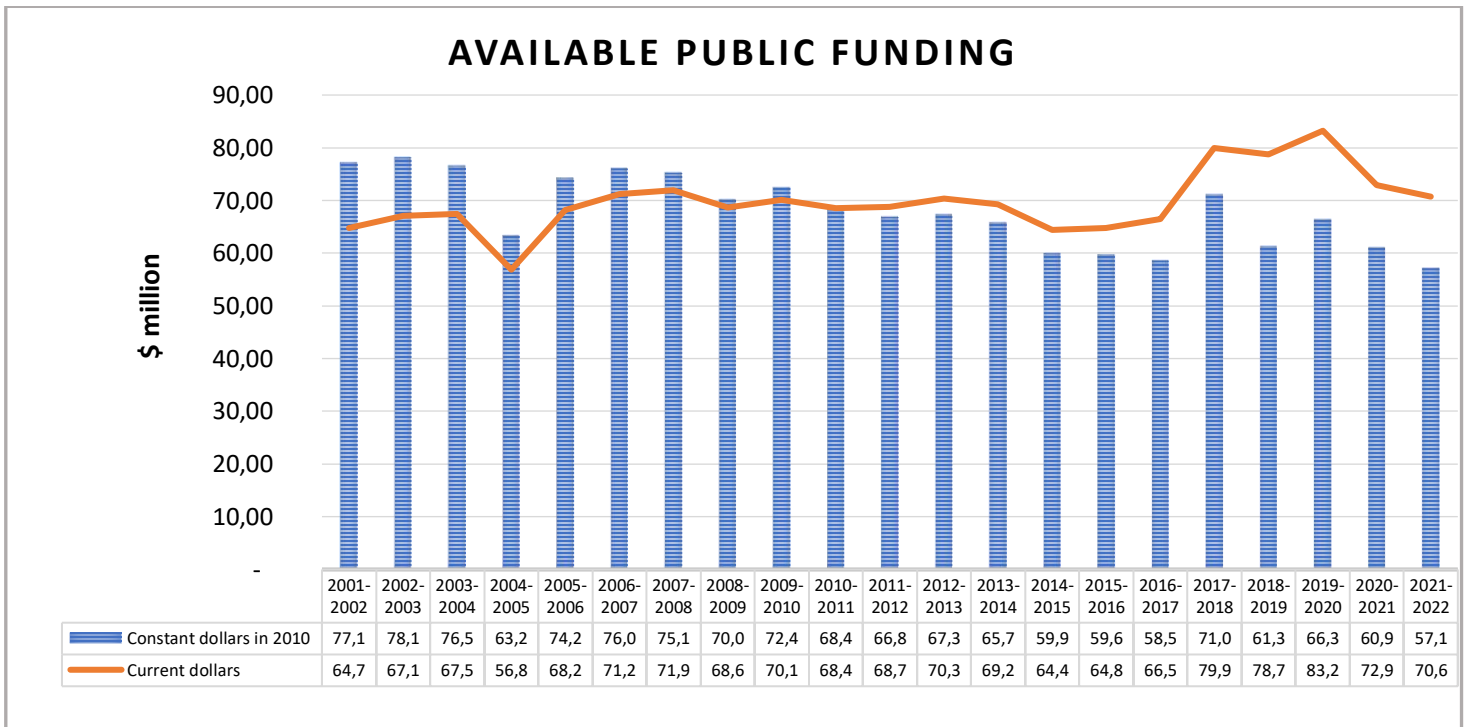
Source: *Public Accounts of Canada, Volume II – Details of Expenses and Revenues for 2015-2016 to 2021-2022, Appropriation Acts no. 2 and no. 4 for 2021-2022, NFB, 2021-2022 Departmental Plan*

<sup>7</sup> Caroline Montpetit, *NFB: de la propagande à la révolution numérique*, Le Devoir, September 27, 2018: <https://www.ledevoir.com/culture/cinema/537702/onf-du-film-de-propagande-au-cinema-d-animation> (in French only).

## 1.2 Inflationary pressures and technological context

With respect to the reimbursement of the move-related expenses, one must take into account the fact that the parliamentary authorities are not indexed to the cost of living, which gradually reduces the funds available for its essential responsibilities (creation and distribution). A conversion of public financing allocated to the NFB (the orange curve) in constant dollars (blue bars) shows that there has been an actual decline in the purchasing power of the NFB in the past 20 years.

**GRAPH 3 – NFB – A comparison of parliamentary authorities: current dollars vs. constant dollars (after deductions of funding earmarked for the head office move and its reimbursement)**



Source : *Public Accounts of Canada, Volume II – Details of Expenses and Revenues* for 2015-2016 to 2021-2022, *Appropriation Acts no. 2 and no. 4* for 2021-2022, NFB, *2021-2022 Departmental Plan*, p. 25 and Statistics Canada, CPI, annual average, not seasonally adjusted: [https://www150.statcan.gc.ca/t1/tb1/en/tv.action?pid=1810000501&request\\_locale=en](https://www150.statcan.gc.ca/t1/tb1/en/tv.action?pid=1810000501&request_locale=en).

The NFB's annual parliamentary authorities are currently at their lowest point in the past 20 years once inflation has been taken into account. Between 2001-2022 and 2021-2022, their value in constant dollars has dipped from \$77.1 million to \$57.1 million, a \$20 million drop representing more than a quarter of the government funding available to the NFB. This clearly shows that the \$18.5 million investment made since 2016 (see table 1 on page 12) was insufficient.



Without a substantial increase in the 2022-2023 budget, the NFB's parliamentary authorities will continue to lose value and even get worse given the significant inflationary pressures currently being felt in Canada<sup>8</sup>.

## 2. The NFB – the poor relation of Canadian cultural institutions

The anemic funding of the NFB has had and will continue to have major repercussions on its ability to fulfill its mission, retain its staff and acquire the equipment necessary to produce distinctive works in an ever-evolving technological environment.

### 2.1 A patient on life support

In spite of impressive results that contribute to our pride and Canada's positive image around the world, the NFB is on life support. Back as far as 2008, the Board was worried about its financial situation as evidenced by the following statement made in its strategic plan:

“Faced with the constant erosion of its purchasing power, the organization sees that its ability to come up with productions relevant to the Canadian population is dwindling.”  
(translation)<sup>9</sup>

This was 14 years ago, well before widespread streaming and the use of social media to reach and interact with audiences. Although the arrival of the Internet as a means of distribution did enable the NFB to attract new audiences, the required digitization of its collection and the establishment of agreements and appropriate platforms to distribute its works online also resulted in high technology-related costs. This explains why expenses of distributing its works reached record levels starting in 2016-2017.

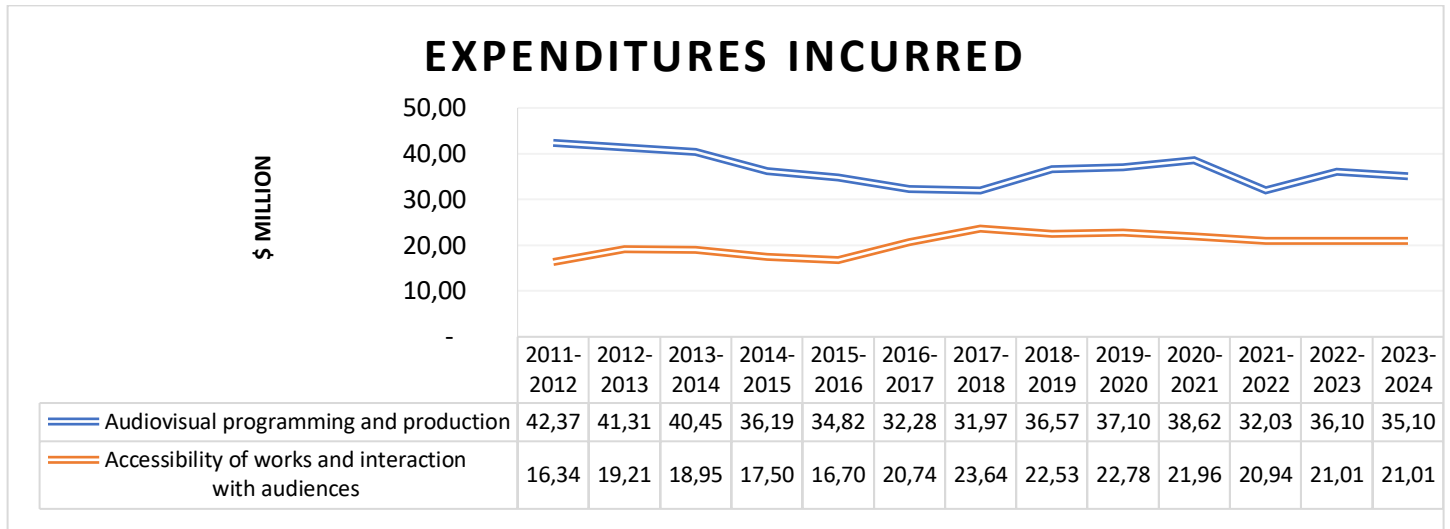
At the same time, the Board gradually had to roll back its production expenses until 2017-2018 without ever being able to return to the \$42 million spent on this early in the 2010s. The forecasted expenditures for 2021-2022 to 2023-2024 in the following graph shows that the Board does not anticipate it will be able to boost its production capacity in the medium term.

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<sup>8</sup>“The Consumer Price Index (CPI) rose 3.4% on an annual average basis in 2021, the fastest pace since 1991 (+5.6%), following an increase of 0.7% in 2020.”, in Statistics Canada, Consumer Price Index: Annual review, 2021: <https://www150.statcan.gc.ca/n1/daily-quotidien/220119/dq220119b-eng.htm?indid=9305-1&indgeo=0>.

<sup>9</sup> NFB, 2008-2013 *Strategic Plan*, p. 20.

**GRAPH 4 – NFB expenditures for the production and distribution of its works**



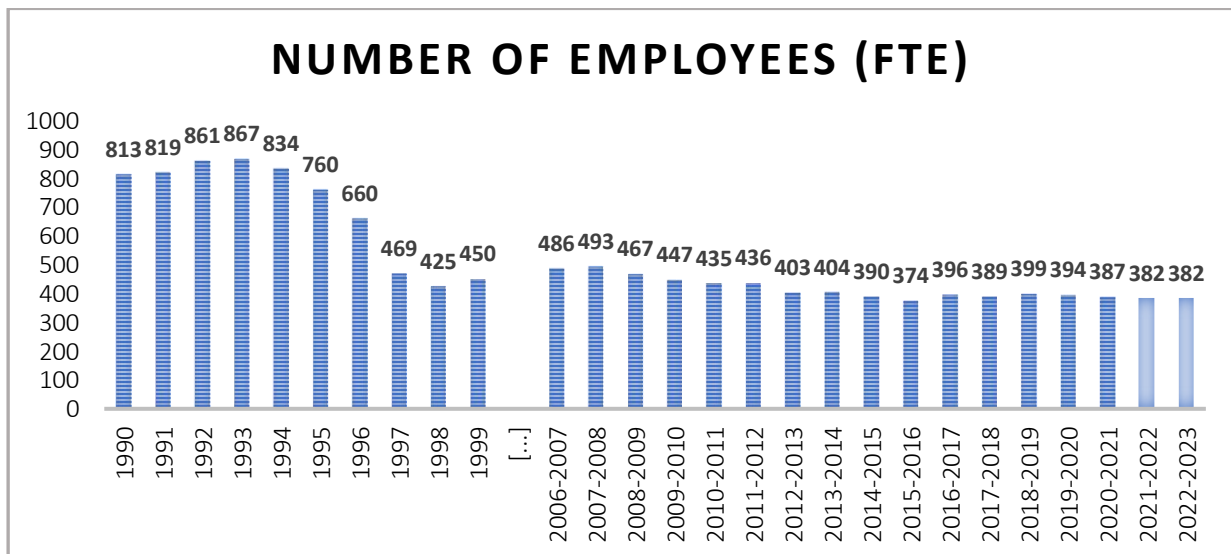
Source: NFB, *Departmental Results Reports for 2020-2021, 2017-2018, 2015-2016 and 2013-2014.*

Note: Data for 2021-2022 et seqq. are expenditure forecasts.

## 2.2 Attrition and job precarity

Although it has limited its expenditures, the NFB has continued to fulfill its mission successfully thanks to its devoted employees who, despite being overloaded, do take public service and cultural innovation to heart. It must be mentioned that since the 1990s, the Board has cut hundreds of positions through attrition and through successive restructurings. It now has fewer than 400 employees at present, the lowest number in the past 30 years, and is forecasting fewer employees for 2021-2022 and 2022-2023.

**Graph 5 – NFB personnel from 1990 to date**



Source: *NFB Archives (Departmental Performance Reports)* et *Departmental Results Reports* since 2006. Note:

Data for 2021-2022 and 2022-2023 are forecasts.

Nonetheless, the number of original works the NFB has produced each year has only dipped slightly between 1995 (85 productions and co-productions<sup>10</sup>) and 2021 (84 original works<sup>11</sup>). These figures clearly illustrate what all NFB employees are well aware of – the staff cuts have certainly generated savings, but on the flip side, they have limited the organization’s ability to produce, which has had a direct impact on employee health, as their working conditions are becoming increasingly more difficult.

Between 2017 and 2020, the NFB freelance producers have complained about the institution’s disinvestment in programming and production<sup>12</sup>, which seems to have had a certain effect (see graph 4). However, it is clear that this upturn will not continue unless public funding is not demonstrably raised in the coming years to allow for the retention and ideally an increase in the number of staff devoted to the essential aspects of the NFB’s mandate (production and distribution).

It is a fact that creators need the specialized work of the NFB’s technical services staff to create these interactive works, documentaries or innovative and distinctive animation films. On the one hand, equipment on the cutting edge of technology used in creation becomes reality thanks to the research and development of the Board’s personnel. On the other hand, the latter have the latest technical skills to obtain optimal results sought through collaboration with this world-renowned centre of excellence in audiovisual production<sup>13</sup>.

### **2.3 Unkept election promises, the pandemic and the cultural recovery**

Among all of the cultural institutions answering to the federal government<sup>14</sup>, the NFB has received the least attention from the government since 2015. The NFB, though, is an integral part of Canada’s cultural fabric, and its unique role deserves to be sustained, in keeping with the commitment the Liberal Party of Canada (LPC) made during the election campaign that returned it to office<sup>15</sup>.

While Société Radio-Canada, the Canada Council for the Arts and Telefilm Canada and the Canada Media Fund received substantial increases in their funding in the 2016-2017 federal government, the NFB had to settle for crumbs.

Though it is true the NFB is the smallest of the institutions appearing in Table 1, it is nonetheless a fact that the LPC did promise \$25 million more per year to the NFB and Telefilm Canada starting in 2016<sup>16</sup>. This created an assumption that the amount would be shared equally, but even if the NFB had only received a third of this amount, it would have ended up with more than what it ultimately received (excluding the funds advanced to cover the move).

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<sup>10</sup> NFB, *1994-1995 Annual report*, p. 12.

<sup>11</sup> NFB, *2020-2021 Departmental Results Report*.

<sup>12</sup> Jean Siag, *L’NFB réinvestira-t-il dans la création?*, La Presse+, 24 février 2020: [https://plus.lapresse.ca/screens/0ae7d7e2-be10-4491-81fa-3685cbd3bdfd\\_7C\\_\\_\\_0.html](https://plus.lapresse.ca/screens/0ae7d7e2-be10-4491-81fa-3685cbd3bdfd_7C___0.html).

<sup>13</sup> NFB, *2020-2021 Departmental Results Report*.

<sup>14</sup> With the exception of museums, cultural spaces and national sites

<sup>15</sup> LPC, *A New Plan for a Strong Middle Class*, 2015, p. 63

<sup>16</sup> “...Increase funding for Telefilm Canada and the National Film Board, with a new investment totalling \$25 million each year...”: LPC, *A New Plan for a Strong Middle Class*, 2015, p. 63.

**TABLE 1 – Arts and audiovisuals: Budget and other investments by the Government of Canada**

(\$ million)	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	Total
NFB <sup>1,6</sup>	1.5	3	3	3	3	5	-	-	18.5
Telefilm Canada <sup>1,4</sup>	2	5	5	5	5	20	35	50	127
SRC <sup>1,5</sup>	75	150	150	150	150	21	-	-	675
Canada Council for the Arts <sup>1</sup>	40	75	110	145	180	-	-	-	550
CMF <sup>2</sup>	-	-	16.9	23.6	26.4	20	20	20	66.9
Independent producers <sup>3</sup>					50	100			150

Source : <sup>1</sup>Canada, *Growing the Middle Class*, March 22, 2016, p. 211 for 2016-2017 to 2020-2021; <sup>2</sup>Canada, *2020-2021 Expenditure Budget*, p. II-164 and 2021-2022, p. II-159 (for 2018-2019 and 2019-2020) and the CMF, *2020-2021 Annual Report*, p.188; <sup>3</sup> Short-term compensation fund to reduce the final risks due to production interruptions caused by COVID-19 : Canada, *Budget 2021 – A Recovery Plan for Jobs, Growth and Resilience*, p. 232 and 233; <sup>4</sup>Canada, *Budget 2021*, p. 233; <sup>5</sup>Operational support related to COVID-19, in : Canada, *Budget 2021*, p. 235; <sup>6</sup>Support to deal with immediate financial pressures, in : Canada, *Budget 2021*, p. 258.

For the current fiscal year (2021-2022), the government did allocate funding to deal with the impacts of COVID-19, among other things. The NFB received an additional \$5 million due to immediate financial pressures and to ensure that it could fulfill its mission<sup>17</sup>; this was welcome, but did not compare in any way to what was paid to Telefilm Canada, SRC, the Canada Media Fund (CMF) or the Independent Production Compensation Fund<sup>18</sup>. However, since COVID-19 has had an inordinate impact on the arts and culture sector, a more significant reinvestment in the NFB would have been used to support a greater number of creators.

Given that the value of parliamentary authorities paid to the NFB from year to year has been dropping and that the institution has expenditures of more than \$70 million for the current year<sup>19</sup>, **it is feared that additional cuts will be made to personnel if public funding is limited to the \$65.6 million provided for in the 2022-2023 Expenditure Budget<sup>20</sup>.**

**CUPE believes that raising this budget by \$10 million per year for at least five years – along with cost-of-living indexation – would enable the NFB to not only keep its head above water but pursue its mission, while contributing to the recovery of the cultural sector, which was hard hit by the pandemic.**

**In the same connection, we also ask that the government absorb the \$1.2 million that the NFB must take out of its insufficient parliamentary authorities each year to reimburse the government for its head office move.**

<sup>17</sup> Canada, *Budget 2021 – A Recovery Plan for Jobs, Growth and Resilience*, p. 258.

<sup>18</sup> *Ibidem*, p. 232 à 235.

<sup>19</sup> Canada, *2022-2023 Expenditure Budget*, p. II-176.

<sup>20</sup> *Ibidem*, p. I-10.

## **CONCLUSION**

The NFB's role is more relevant than ever at a time of world upheaval and polarized debate, but its public funding is both unstable and insufficient.

The Board has seen its budgetary capacity erode over the past 20 years due to inflation, the technological expenditures that are essential to maintaining its place as a leader in audiovisual and interactive production and the additional costs of distributing its works on multiple platforms.

Unfortunately, election promises of increases to its parliamentary authorities were not kept, and if this was not enough, \$1.2 million will be lopped off its budget each year until 2029-2030 to reimburse the government for the expenses of moving its head office.

This jeopardizes both the realization of the NFB's mandate and the jobs of CUPE members. That is why the Board's parliamentary authorities must be increased over a five-year span to provide it with further support and to ensure greater predictability. We are also requesting that the reimbursement of the costs of the 2019-2020 move be cancelled.

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