Pay-TV in Canada: It promises so much and yet, like so many other Canadian adventures, is riddled with controversy and fraught with doubts.

However, a recent survey by Cinema Canada of a dozen key players on the scene, reveals the emergence of a new kind of entrepreneurial spirit among independent producers, pay services and, of all people, the established networks.

As Joan Schafer, director of programming at First Choice said, "It's interesting because I can see by the level of people that come into my office; it's like they're waking up and their eyes are like succers and they're saying, "Yeah, Yeah, if I can get a sale here and a sale there, I can actually do it. I can actually make my product.'"

In an age of fragmented markets, more and more exhibitions are required to deliver more product with less money. What results is a new spirit of cooperation among every level of producer and exhibitor. Daily precedents are being made as people, once rivals, now join forces to make deals. There are no rules anymore, it seems. No rules other than sell the product.

The pay services

JOAN SCHAFER, vice-president, director/programming, First Choice.

Schafer started her 15-year career in TV by working with Hobel-Leiterman in the series, "Here Come the Seventies." From there she worked with CITY-TV and produced over 9,000 shows until she left to finance feature films. All along Schafer lobbied heavily on behalf of the independent producers, and co-produced a film with CFTA called "A Case for the Independents. We asked about her experience with independent producers coming to First Choice.

"There are three levels of independent producers that I deal with. The first level is the very experienced producer. We have here in Canada some very good producers like Denis Heroux. He has $35 million dollars worth of pre-sold programming to offer me for next year; that's Louisiana, Blood of Others and things like that. Then you move over to Harold Greenberg who has got a ton of it as well. Then you have the expatriates like Norman Jewison coming home and presenting me with projects. This first kind of producer I have no trouble with at all. They say they want a two-year window, they want it exclusively; they know what else they want and bang; we make a deal.

"Then there's the second line of producers who know quite a bit and are capable of handling the negotiations once I tell them how to negotiate. I tell them that a 'window' is a period of play and that they have to look after the ACTRA payments and that residuals are their responsibility and that if they don't produce the promised show on the agreed date, then I will never deal with them again. But I feel that they are capable of delivering. And often they use a line of agents, lawyers and interim financiers who represent them and the producer does the talking with the agent. And then when we meet we end up with everybody happy.

"And then there's the third level of producers. This is by far the largest group. They are people who just don't know how to do it. They are usually the first ones in the door. They are very inexperienced but very keen and eager and they have energy. And they're hungry, very hungry. And I gave a lot of development money to these people, about $400,000 worth. And we've also helped them along by working with them and helping them with their drafts and budgets. And when it comes time to make the deal, I have to tell them to go and get themselves a lawyer and an agent because they don't know what I'm talking about and I could take them to the cleaners. And then we've licence them."

"My advice to independent producers who need to learn more skills is that they should attach themselves to an experienced producer who has been around for a while producing successfully, who, in fact, have core companies in terms of the Canadian scene. These experienced producers can give the kind of financial assistance, creative and deal-wise assistance that just wasn't available when I was working in the business trying to learn it. Or if they just wouldn't talk to you, I mean literally, they just wouldn't even talk to you. But now a lot of these producers in these core companies want to become studios and they've got big dreams and they're willing to help other independents with less experience. And so what we've got developing here is a grooming system with mentors... and it's very positive it's terrific."
The networks

IVAN FECAN, director of program development, CBC TV.

"This new position was created for Fecan in August, 1982. His main task is to reestablish the link of the other network in an era of declining funds. Among Fecan's many responsibilities is the requirement that he be involved in all discussions with independent producers who wish to discuss pay-TV with the network."

"I don't see the role of the CBC changing with the advent of pay-TV. We're a general audience public broadcaster with commercials. That's not going to change with pay coming in. The way we see it, what we perceive pay is there are benefits I hope pay will bring to the independent sector. I hope everybody, hopes, that pay will channel fresh money into the sector and I think that will benefit the CBC as well as anybody else in the country in the business. And we hope that, with some of the pay-TV operators, we might work out arrangements where there are rotating windows; that is, over number of projects we would get first play on some, they on others if we both put money in. But that's a very tender area right now because we're not sure who they are or how to react to something that isn't there yet. And so we have ongoing discussions with many of the people in the different networks and I think that, in up-coming weeks, we'll set some precedents over projects and don't do that every everything changes from day to day.

"As well, everybody is in the same position as the CBC—not having enough money to put on the air the kinds of shows we dream about. Everywhere money is drying up. People don't spend as much money on advertising and at the same time the audience is increasing as more services are being licensed. We're being asked to do more with less and so we've got to get around the traditional thinking of how to do things. Traditionally, we've put all the money and produce the shows ourselves. Today everybody contributes some below-the-line costs and everybody contributes some cash and together we can produce something terrific.

"And so the word of the day is co-productions. The trick to this is really in trying to get enough money together to either totally fund it outside of an American market, or perhaps without an American financial interest."

SHAIN JAFFE, program co-ordinator, C Channel.

Jaffe has a long and successful history in arts administration, executive director of the Toronto Theatre Festi-

JOHN COLEMAN, vice-president of planning and development for CTV Network.

"If we're not being allowed to contribute more and more to the political and social causes in this country, yet we are being asked to do so in a more competitive environment. In short, we're getting less resources to do a bigger job. And we have no choice in the matter.

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view, wrong and that this will work to

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vices flounder, which I think is likely, it

public’s expectations and the commis­

sion’s tolerance.

"Foic Story.

Actually, if s more of a foui^•

ments with Super Channel for

Coopei^s company, an American pay-TV

way partnership between Robert

Steinberg and John Candy Hour

Choice and Neil Sedaka Hour/or first

Faces for First Choice and HBO.

"Global is not an independent producer.

It is a facility. Our obligation under our

license is to work with independent producers and their material.

"We are involved with pay-TV in the sense that we are a catalyst working

with independent producers in all kinds of different ways: Everything from

acquiring product to working on financ­

ing and budgeting as well as being in­

volved on the business side and the sales

side.

I think that the stand that some of the

other networks are taking with pay is

absolutely silly. I do not consider any of the

licensees in Canada, even those that are in competition with us for audience,

as being enemies. We are all in this

Canadian broadcasting scene together.

The first show that goes on I deplore.

"I think that with the new pay licen­
ses coming on stream, what we all

should be doing is to keep doing what we always have done.

"The main thing about pay-TV is that

demand for Canadian shows abroad. As well, Media Lab “packages” shows

that is, Max Engel secures fi-

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by hostageship, but rather by negoti­

ating pre-sale and co-production agreements with other countries.

"I don’t think that there’ll be all these

pay-TV services two years from now. I

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Only one will win and one other may

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PAY-TV

Dave Thomas, left, with beer in hand; writer Michael Short, center; Don Ginsberg, with hat

view them all in N.Y., London, Toronto and L.A. and we'll throw them all together with exceptional film and TV clips from the funniest shows of the past and I think it would make a wonderful series!" "My friends all looked at me and said I was crazy and that nobody wants an anthology show."

"I said 'Fine' and got together with Michael Short, the Emmy award-winning writer of SCTV fame, and we worked together on the concept and whipped it into shape and submitted the idea to First Choice. They loved the idea."

"They told me they'd give me a license. I said 'Fine' and had no idea what they meant. Having had no experience with pay-TV before, I had no idea that license meant that I was giving them in effect permission to air my show. So they gave me a license to produce one pilot and then 12 more shows if the pilot was successful. Well, after a lot of deliberation, I thought that if I was to do one pilot and then 12 shows, it would cost me nearly 12 times as much as going the 13 shows together. And you're not going to get a star like Bob Hope doing a pilot. So Michael and I went back to First Choice and convinced them. They said 'Fine' and now everybody's happy."

"First Choice has a license on the project for two years. I own it. I had to arrange outside financing of the project with interim financing. First Choice has guaranteed me a minimum, and a maximum fee will be paid back by them depending on the number of subscribers. There's no risk really because once you've sold it to Canada, you still have the United States, Britain, Australia, New Zealand and the rest of the world. It's practically guaranteed."

"A year and a half ago, it became obvious to me that we would see a new television business emerge in Canada with the advent of pay-TV. So I started to do some thinking and planning and I knew I didn't want to make documentary films because they bore me. I realized that what I really wanted to do was tall stories, no drama. I then got in touch with Don Harron because Don and I had produced a record together called Charlie Farquason's Bible Stories for Children done last year and nominated for a Juno Award. So I told Don of my interest in drama and he agreed that the time was right and he put me in touch with Gary McKeehan who was once his senior producer on Morning Side but was then an officer with the CRTC in Ottawa concentrating on pay-TV. McKeehan and I found we were interested in the same things and so he became my partner in Tapestry Productions. We both thought that, in order to be successful in this new area of pay-TV, it would be important to have a co-production arrangement with a major facility. And we knew that Standard Broadcasting Corp. was one of the 28 applicants for a pay-TV license and though they didn't get one, they still wanted to remain a part of the pay-TV complex.

"Drama, on the other hand, is much more expensive to produce. At least a half-million dollars when doing it for pay-TV and you don't get your money back on drama, not with one sale to Canadian and U.S. pay-TV.

"So the way the deal works is this: One. They supply us with development funds. So far we've used these funds to buy rights to four shows and acquire six-month options on four others. We've also spent four months developing script treatments with the writers. Two. They supply us with interim financing. These pay-TV networks in many cases aren't paying up front and in some cases they won't pay two years to finance it. I think they could be better financed from day one, paying as they go. But anyway, we will be getting our interim financing from Standard Broadcasting Corp. Three. We will be using the facilities of Standard's $8 million CJ6H complex in Ottawa for some of our productions. We also intend to use film for certain location dramas. I think that producers in Canada will find that in February, March and April, there's going to be real pressures on facilities and there aren't going to be enough facilities in Canada to go around. We won't have that problem.

"So ultimately, the way the deal will work is that we draw up a budget for a production, which includes the cost of facilities and once the costs of the production have been recouped, they then share the profits with Standard Broadcasting Corp. Tapestry Productions will be responsible for distribution of the tape in networks in Canada and Standard broadcasting will be responsible for distribution in foreign markets.

"Now in my estimation no one in the private television industry is interested in Canadian drama on the scale and with the technical resources we now have. Our objective is to bring the finest Canadian writers, directors, actresses into living-rooms across the land starting next fall and every year after that."

"One of the interesting things about pay-TV networks in Canada is that they're trying to get one, they still wanted to remain a part of the pay-TV license and though they didn't get one, they still wanted to remain a part of the pay-TV complex."

"It's the best variety programs in the world. The U.S. pay people are willing to pay us $150,000 for a one-year lease of this film. The Canadian people are willing to pay us $150,000 for a one-year lease. That right away gives us $250,000 in the U.S. and in Canada and we still haven't mentioned what we will be getting in world sales as well as leases for future years in North America. So you can see all the gravy that we are in line to get!"

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"The reason that I can't control the money for projects like Treasure, Time Machines and Showbiz Ballyhoo is that you get exceptional film products for your dollar and investors get their profits right away."

RICHARD GABOURIE, independent producer, Richard Gabourie Productions Inc., Toronto.

Gabourie has been a writer, actor and producer. In 1976, Three Card Monte, a feature film he wrote and produced and acted in, won him an Emmy as best actor. In 1979, he produced Title Shot Presently, he is producing three films for pay-TV. He has worked with Norm and Gayle Sedawie, two ex-patrate Canadians now residing in California.

"One year ago, Norman and Gayle Sedawie came to Toronto. They had an idea for a pilot and HBO was keen about it. The idea was to do a series of shows based on different 'treasures' found in the world's great museums. The World's Great Museum but we've changed it to 'The Treasure Seekers'."

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JACK McANDREW, Jack McAndrew Productions, Toronto.

McAndrew is an independent television producer who specializes in productions for the international market. Prior to forming his own company two years ago, he was head of CBC Variety from 1973-80. Under his supervision, the CBC scored unprecedented successes both nationally and internationally. Highlights include three international Emmy Award nominations, the winning of an Emmy and the Golden Apple of Monte Carlo for two consecutive years for the best variety programs in the world.

Prior to his term at the CBC, McAndrew was producer of the Charleston Festival and the theatre director of the Confederation Center of the Arts in Charlottetown, P.E.I.

"I think the pay-TV decision by the CRTC to license so many competing pay services was dumb because it leads directly to 'back-end' deals with Canadian content product coming in from the outside. By 'back-end' deal I mean..."
PAT FERNS, president, Primedia Productions Limited.

Ferns is recognized internationally for the quality and success of his programs over the past ten years. He is also the immediate past president of the Canadian Film and Television Association. Ferns has recently completed the television version of Billy Bishop Goes to War, a co-production with the BBC and has many other projects currently underway, among them, the National Ballet of Canada's production, The Newcomers, scheduled to be shown in the new year on C Channel.

"I think that over the past years we've seen a number of independent TV producers get a little bit of money to do a market here in Canada. And now, ironically, I think that you'll see a couple more companies go down because of the emergence of the pay-TV market. This is because people have got unrealistic expectations of what is and isn't possible, and they may over-extend themselves. Up to now, the market has simply not made the assumption that they had to stampede to other forms of pure entertainment and that is not, in my opinion, the easiest area to compete in internationally where the British and the Americans, for instance, are very sophisticated.

I think that there is also a problem here in Canada, inasmuch as there are many good independent producers with good ideas for shows but who don't have the expertise to carry those ideas off on a budget and on time for a customer, be it pay-TV or network TV. I think there's merit to the argument that independent producers should feel comfortable associating with established companies in order to help each other build a healthy independent production industry. I'd certainly be interested in assisting producers get their projects off the ground."

MICHAEL MACLEAR, president of Cineworks, an independent production company.

Maclear established his company in 1978, after an illustrious career as a foreign correspondent for both the CBC and CTV networks. Between 1960 and 1978 he reported from both North and South Vietnam. Presently he is producing a 10-part documentary on General Douglas MacArthur for the First Choice pay-TV network and Channel 4 in England. Based on William Manchester's book, "American Caesar," the programs will feature interviews, archival footage and relevant stills, all structured around the on-camera presence of John Huston as the "voice of MacArthur." John McGreevy, responsible for the "Cities" series, is directing the project which will be completed in June.

JAN PLATT, MIKE MACMILLAN and SEATON McLEAN, are three young partners in a successful independent production company, Atlantis Films Ltd. in Toronto. Featured in last month's Cinema Canada magazine, they are most noted for having produced Margaret Laurence's The Olden Days Coat which will be shown on Christmas Eve on CTV. Presently they are working on six half-hour dramas aimed for family viewing as well as a seven part half-hour series of kids' variety shows for C Channel.

"We don't think that Canadian pay-TV is the pot of gold that some people think it is. First, as Canadians, we are already the most heavily cabled country on earth and a lot of people don't think the penetration of pay-TV will be as high. And second, for the first year or two, the pay services are going to be stabilizing themselves and producers are going to have to wait until late 83 or even 84 before significant programming will be contracted. Until then, they'll be buying a lot of American stuff and Canadian product off the shelf."

"Nonetheless, we are producing a seven-part half-hour series of kids enter..."
Christopher Dew and Tom Cherones, Lorimer Productions, Toronto

Lorimer Productions of "Dallas" and "Landing" fame have just been awarded a contract to produce the series in Canada. The series will be called "Indigo," a comedy feature film, a 26-part rock and roll series, a 26-part comedy series, two special-effects series, and an animated feature film. The budget for the 36 shows is in excess of three million dollars. If the series is prolonged, it will be over seven million dollars. It is a lot of entertainment for the money, and it is a lot of dollars Canadian compared to the average half-hour situation comedy in the U.S., which is $275,000 American. So we are doing three or four shows here for the price of one in the U.S. We're saving a lot of money, as well, we are certified as Canadian content by the department of Communications in Ottawa which guarantees us sales in both countries.

This drama that we are shooting for pay-TV will be different from what you see on free TV because we have to pay attention to the kinds of words used. We can be a little freer with the language as well as with the amount of clothing someone might wear around their home... or not wear. Our lingerie budget is very good and all our performances are really good when they're on the set. We would say that the adult themes dealt with on our show are honest. The last thing we want to be on is something that's right for the age-group. That's not the values we are interested in all. Our characters are going to be able to talk much more more openly and frankly, and naturally on this pay-TV show than if we were doing this for free TV with censor boards looking over our shoulders saying we can't say certain things. That would not be seemly for our audience. On January 21, well know if the series will be continued. The STV's are starting so that in December, Showtime starts in early January. In Canada, it starts in February. The show will be played only three or four times before the executives decide whether to extend the series or not. I hope they say we've got a winner here.

John Brunton, president, and Ian Paterson, producer, Insight Productions.

These two up-and-coming producers have a half-dozen projects with the pay services. Paterson, who has been producer of the television special called "Indigo," a comedy feature film, a 26-part rock and roll series, a 26-part comedy series, two special-effects series, and an animated feature film. Over the past five years they have sold scores of shows around the world and have essentially sold渥 all the major Canadian pay services, HBO and Showtime, well as to the major American networks. They've just completed work on a feature film called "The Gold," which was broadcast on the CBC on Dec. 12, 13 and 14. It is no exaggeration to say that their output in the past five years has been prolific. Brunton, 32, and Paterson, 32, are undoubtedly part of a new, thriving generation of Canadian super-producers.

As soon as the decisions came down from the CRTC as to who got the pay-TV shows in Canada, we were all very excited about it, and so much about it was we could, then we proposed a number of projects based on our anticipations of what direction they would be going in. It took the pay services a while to get their houses in order and it now appears to us, through our negotiations, that they are ready to start making some solid commitments. Based on our experiences, this is how we think all Canadian producers should deal with pay operators. One of the things we feel is that we look at Canada in the North American context and there's an enormous market in which we can participate. If you are thinking of your projects mainly for Canadian pay, you won't be able to take advantage of, and that's not really logical - in the context of the marketplace, it is cutthroat. If you are going to sell your funding in Canada, it just isn't possible. So what we've done is try and look at the sales potential of a picture off the shelf, and then look at pre-selling HBO, Showtime and the Entertainment Channel in the U.S., while satisfying the needs of the pay operators up here. "For the independent producer, selling a show to HBO will guarantee you money on delivery, whereas selling a show to the Canadian pay operators is a matter of really taking a risk because you're depending on the number of subscribers and the number of pay channels. You have to look at your long-term recovery of costs. There's no guarantee of an upside or a downside, although now they are beginning to look at minimal guarantees. We've had guarantees from two pay operators here in Canada and I guess we're hoping that it won't be too long before we can do that on an international operation, before they'll be able to put some money up front. But I can understand their problems right now.

"I feel that producers who have not been able to make deals with the U.S. and have not been able to put together a large series have found that whatever their financing they should be able to be funded 100% off the top out of Canada. But what Canadian producers have to start realizing is that they are not competing against Insight Productions down here on King Street, or Alliance Films on Church Street, but your whole audience is the American consumer, and you're not going to win if you're competing against them.

"I think that one thing that Canadian producers can do is if they want to create some American experience for themselves and I think that it's very positive. It might seem initially that you might lose a lot of control by doing it, and my experience has been reasonably positive, that is to get a project which you think is a good international project and sell your project to one of the dozen strong U.S. production companies and say, 'Look, this is a project that I have, this is what I can bring to it, now you bring your American experience, you take it to the networks. Let's do it together and you take it to HBO.' I think that you can look at positive co-production arrangements whereby you could create the actual human element to create vital experience for Canadian producers.

"I think pay-TV has done is add new players to the game, so that now, instead of having to go to the CBC, CTV and Global to get your money, you now go to pay-TV first, then you go to the free broadcast then you go to syndication. So it really does represent a great deal more revenue for the producer. I'd also like to say that the people at...
Pay-TV: Standing and John Brunton

Pay-TV, here have been most aware of the producers' problems with different kinds of financing and they have been very sympathetic and helpful in working our problems out with theirs. And I think that's tremendous. There's nothing that says that you have to accept their first offer. We have to dialogue and get to a meeting ground where we can all work together in a co-operative way. And that's what pay-TV is doing. And we've talked the numbers over freely and everything's above board. We don't try to do anything to run anyone. We'll expose openly to all the players because each project needs co-operation between these people. Even the networks are going to have to start co-operating with pay-TV. And not enough producers realize that everything is negotiable, including how you put all the parts together. You've just got to go in there and keep trying to get what you think your project is worth.

"One last bit of advice. A lot of Canadian producers don't have a lot of experience from a business standpoint. And if that's the case, then they need an agent. Until you come to grips with how to make a deal on a financial basis you won't win... and as a lawyer who once acted for me a long time ago when I was very stupid and very young and very dull said that "the only creative people that get anywhere are people who understand the money. And if you don't understand the money, you're going to get hit every time. Somebody is going to take you to the cleaners - no matter how great you are.""

**Conclusion**

The biggest untold story about the television revolution taking place in this country is perhaps not pay-TV at all but rather what is coming in its wake - namely, special event, pay-per-view TV. Pay-per-view TV began with championship fights and in the future will include the whole spectrum of sports, blockbuster movies, star-studded specials and international happenings. The latest in cable technology, the Zenith Z-Tac converter, makes pay-per-view TV possible. The Z-Tac is electronically addressable from a central computer which means that cable billings become automatic. If the customer doesn't pay, the signals to his set will revert to a scrambled image or will be turned off.

Some industry experts are calling pay-per-view TV the bonanza of the future. This serves to illustrate very clearly the dilemma of our times. No sooner do we learn how to deal with one hell of an upheaval to the system, than another even greater one beckons, commanding our attention.