

## Producers urge special CBC fund

TORONTO – In an unprecedented show of unanimity the private-production sector – including 17 producers' groups, unions and associations from English and French Canada in Toronto and Montreal – endorsed a proposal to permit CBC continued access to the Broadcast Fund. As the press conference in Toronto Jan. 15, Pat Ferns, president of the Association of Canadian Film and Television Producers (ACFTP), read a joint statement calling on Communications minister Marcel Masse to "recommend immediately that Parliament vote a special envelope of monies for CBC earmarked exclusively for independently-produced Canadian programming." He urged the minister to allocate \$35 million in 1984 dollars for this special envelope.

Later in the afternoon, a similar press conference was held at the Ritz Carlton in Montreal, presided by Daniele Suissa, president of the Association des producteurs de films de Québec.

The joint-statement noted that there were precedents for this kind of funding. "Special funds had been voted for CBC for Olympic coverage, for transmitters for the North, for the visit of the Pope, and for Gala concerts for the premier of China and the president of the United States."

When asked where the money would come from in a time of fiscal restraint, Ferns noted that CBC could "mortgage the future" by using funds this year earmarked for future years. He also suggested that extra funds could be made available through Treasury.

Michael MacMillan, vice-president of the Canadian Film and Television Association (CFTA), emphasized that the grant could pay for itself by creating new jobs. "The impact of this \$35 million will be over \$100 million in new jobs." MacMillan was careful to point out that the \$35 million was a short-term solution necessary to maintain continuity in funding for the private-production sector. "You can't turn the tap on and off. There is a danger of a rash of bankruptcies."

Ferns said that it had never been the "government's intention to freeze out private producers. We believe that the minister felt that the cuts would be based on the auditor-general's report. It was a real surprise about the freeze on independent productions."

Margaret Collier of ACTRA added that the "government did not realize that the money in Telefilm would not be used."

In its first year of operation CBC matched 80% of the funds Telefilm allocated. Last December CBC president Pierre Juneau announced a freeze on CBC sponsorship of independent production which was running at \$25 million. The freeze puts the fund in jeopardy and with it many independent producers who rely on Telefilm financing.

Until the press conference, the major producers had adopted a stance that there was nothing to worry about. Emerging from meetings with Masse and Juneau last November Ferns declared "we will not be sacrificial lambs." However the Jan. 15 press conference and the joint statement indicate the deep sense of urgency and worry producers now feel about the situation.

On Jan. 10, Masse hired Paul Audley, one of the three consultants appointed by the minister to oversee CBC cuts, to initiate a review of the Broadcast Fund problem.

In an interview with Cinema Canada, Audley noted that there are "a whole lot of directions that the Fund can go. You can make more people eligible to access the fund including educational broadcasters and provincial TV services. You can change the criteria – the formula – by going to a different matching basis. Instead of having a two-for-one matching requirement, go to a one-for-one or flip it around and put up two-thirds of the money. It may be that the same formula is not appropriate for each category of programming.

For example, you may need a different formula for children's programming than for drama. Or you may need a different formula for drama series than variety; a different one for 100% Canadian content productions than for a production that reaches six points out of ten.

"There is a recognition that giving CBC matching funds is not going to fix everything. It is seen as perhaps part of the solution. There were problems that had nothing to do with CBC's ability to participate."

Audley noted that the key issue is license fees. "The idea of a one-third, one-third, one-third split for the Broadcast Fund is crazy. The one-third you get from CBC and Telefilm are one-thirds of different things. The Telefilm money is one-third of production financing while the CBC's one-third constitutes revenues. And at the moment the revenue side of the independent production sector is what doesn't work."

Audley felt that it might be time to revive tax initiatives to benefit Canadian productions "but on the demand side. Make it less unattractive for broadcasters, distributors or exhibitors of various kinds to use Canadian material."

Ferns noted at the press conference that the producers were taking a "two-fisted approach to the problem. One fist is the special envelope; the other is talking to private broadcasters. We are making interventions with the CRTC. Promises of performance should

cont. on p. 39

## Stay of execution for Famous

TORONTO – Gulf & Western executive vice-president Michael Hope was in Toronto recently to speak about the fate of the Famous Players exhibition chain. But the speech, outlining the parent company's new position on the chain which has been up for sale for over a year, was news to George Destounis, president of Famous Players Ltd. in Canada.

Speaking before the Toronto Society of Financial Analysts on Jan. 17, Hope said that Gulf & Western is reconsidering its decision to sell Famous because of recent developments in the entertainment industry.

Destounis told Cinema Canada that he had not known of Hope's speech beforehand. "That's their decision," he told Cinema Canada, "that's not us. I would have assumed we'd be gone by now." Destounis

said he had no idea what Gulf would do next. Hope said Gulf would announce a decision on the fate of the chain within the next two months.

The Cineplex purchase of Odeon, Hope said in his speech, changed the competitive climate leaving Gulf & Western (which owns Paramount) with fewer chains to distribute its films. There is also the prospect of change in the American consent decree which prevents studios from owning exhibition chains. Such a change could open up the American movie-house market for Gulf. Famous would then be vital to a North American-wide theatre chain. Finally, Hope indicated that the change in the foreign investment climate in Canada under the Conservatives made investment in Canada more attractive.

## Chronology: the CBC crisis

**May, 1984.** The release of the auditor-general's report damns the CBC for waste, inefficiencies and lack of management controls.

**Aug. 22, 1984.** David Crombie, mooted to be the Conservative's choice for minister of Communications, unveils Conservative cultural policy. He asserts that "the CBC must be strengthened. CBC needs more programming... more money for talent." The arts community welcomes the statement. Crombie is applauded as a man who understands the industry's problems.

**Sept. 4, 1984.** The Conservatives led by Brian Mulroney sweep into power on a landslide electoral victory. Change is the word of the day.

**Sept. 10-12, 1984.** CBC hosts a lavish launch for their new season. Denis Harvey, English network vice-president, announces a "cultural revolution in Canadian television. We have finally started the last push towards a television service that truly reflects this country. We can't do it solely by information programming. We must have Canadian entertainment." Harvey promises that in five years' time 90% of prime time television will be Canadian. He calls on the independents to produce the series that are the backbone of television. Rumours of impending and disastrous budget cuts are dismissed in the euphoria of Harvey's "cultural revolution."

**Sept. 17, 1984.** "Who is he?" greets the announcement of Marcel Masse's appointment as minister of Communications. Crombie, the favorite son of the industry, is banished to Northern and Indian Affairs. Masse, a former history teacher and Quebec cabinet minister, is an enigma. The Mulroney government's information muzzles means there is no hint of what direction the new government will take.

**late September, 1984.** "It would be childish to think the CBC would be exempt from cuts," says CBC president Pierre Juneau. CBC begins to accept the inevitability of budget cuts. Hopes are expressed that the cuts will be no worse than those suffered by other institutions. The persistent underfunding of the CBC, the decline in real terms of CBC's budgetary allocation is not mentioned. Nor is there any effort to educate public or government about CBC's vital cultural role.

**Oct. 26, 1984.** An exclusive story in a Toronto newspaper predicts from authoritative sources that Masse has ordered CBC to cut \$150 million from its budget. The report notes that the CBC will eliminate 2000 positions. The arts community

and film industry react in shock and anger. "It would be lunacy," says Robert Lantos of RSL. "It could be a disaster," says Michael MacMillan of Atlantis. There is deep alarm about the fate of Telefilm's Broadcast Fund which has been a success because of CBC's involvement. Both CBC producers and management are silent on the purported cuts.

**Nov. 5, 1984.** Media reports indicate that the CBC cuts will be \$75 million. There are suspicions that earlier reports were a deliberate feint from Ottawa – the cuts are not half as bad as expected. The \$75 million is said to be Juneau's own figure from what is to become CBC's famous Plan B which would have trimmed \$75 million from CBC's budget over an 18-month period. It is unclear whether Plan B was in response to the auditor-general's report, a contingency plan in anticipation of cuts, or a method of channelling money for a proposed second CBC channel.

**Nov. 8, 1984.** Michael Wilson, minister of finance, delivers his economic statement. The CBC's budget is cut by \$75 million. A further \$10 million for capital purchases is eliminated. Masse gives CBC three weeks to decide where it proposes to make the cuts. Juneau indicates that programs are vulnerable despite Masse's claim that cuts will come from administration rather than programming. Masse's claim is based on the auditor-general's report. Uncertainty grips the production industry. Atlantis' MacMillan tells Cinema Canada "the prospects are frightening." Ray Hazzan, president of the CBC producers' association, worries that CBC's mandate is being fundamentally altered without a public airing of all the issues. But he adds, "we don't know very much about the cuts."

**Nov. 14, 1984.** A major producers' group, the Association of Canadian Film and Television Producers, meets with Masse and Juneau. Pat Ferns tells Cinema Canada that they have received assurances that the "independents are not going to be sacrificial lambs. The priority of the government is to go at administration rather than programming."

**Nov. 15, 1984.** Marcel Masse hires three consultants – Paul Audley, Tom Gould and Jean Paquin – to serve as his eyes and ears at the CBC. Masse denies he is threatening the arms-length relationship. "I do not want to run their programs," he says, "but I have a responsibility to Parliament for their grants and Parliament has to

cont. on p. 30

## CBC chronology

cont. from p. 27

be assured that the money it allocates is properly spent." Audley tells Cinema Canada that there is no ministerial interference. "We are surrogates for the minister so that he can understand the kinds of choices the Corporation is making and has to make."

**Late November, 1984.** Rumours flourish about how CBC intends to implement cuts. A CP report says that regional-TV stations will be closed and Northern radio and TV services decimated. Vancouver managers say 100 out of 600 jobs will be lost. In Winnipeg the count is 80-100 out of 500. Prime-time programming like *The Journal* will remain intact.

**Nov. 22, 1984.** In a rare move, eight broadcasting unions and guilds representing 15,700 CBC and CBC-dependent workers, join forces to denounce the budget cuts. They accuse the government of emasculating Canada's central cultural agency. Hazzan blasts Masse for "blatant interference by the appointment of the consultants." The unions also deplore CBC's refusal to consult and their "astonishing passivity in the face of the cuts." About their own very belated response Hazzan says, "we were too busy making programs."

**Nov. 28, 1984.** A general meeting of the CBC producers' association chronicles producers' frustrations with management over the cuts. The minutes reveal a complete lack of communication. While independent producers are meeting with Juneau and Masse, Pierre Racicot of corporate industrial relations, advises the associa-

tion that management has no time to meet with them. Telexes to the minister receive no reply. A meeting is finally arranged Nov. 27 with vice-president Bill Armstrong in Montreal. Claude Labrecque of human resources records the minutes. Armstrong tells the producers that CBC and the DOC had only one meeting before the Nov. 8 announcement of the cut. "We accepted those cuts and we accepted the role of the consultants," says Armstrong, adding that it was necessary to comply because "CBC has such a bad image in Ottawa." Armstrong indicates that they have a good relationship with the consultants. He says the priorities which must be protected are network programming and radio service. There will be no consultations until the cuts are made.

Hazzan tells Armstrong that the Association will not accept any arbitrary decisions about who is redundant or about producers between engagements. The association will examine and challenge every decision. The association will not accept, says Hazzan, identification of "certain people" and will not allow any deals on the side either through persuasion or pressure. Proposals to members must be uniform.

Hazzan also expresses grave concern about the lack of protest from CBC senior management about the cuts, the lack of defence of public broadcasting and the lack of general PR about the Corporation. He asks what strategy there is for the next round of cuts rumoured for the April budget. There is no reply.

When queried specifically about Telefilm and the Fund, Armstrong indicates that cuts

must be accepted there as well; that there will be no cuts in in-house production; and that CBC may not be able to meet its commitment to the Fund. When asked about the meeting with Pat Ferns, Armstrong replies that the CBC only listened and did not commit itself to anything.

The producers leave the meeting with Armstrong convinced that the CBC is incapable of dealing with the present situation of a hostile government, a changing broadcast environment and a vocal independent production sector. They realize it poses a very difficult problem for the future for a "closed, poorly run organization now facing a crisis with no idea of how to reach out to the public, the government, or its own employees."

Members agree that a dramatic posture is needed in order to alert the public to the seriousness of the cuts. There is discussion regarding the possibility of taking out a full-page ad in the *Globe & Mail*, preparing a TV ad, preparing a video to be sent to all stations. Suggestions are made regarding contacting supporters in the arts/cultural communities. It is further agreed that much homework is needed to determine who the key players are in Ottawa, who are political friends and allies. It appears the Parliamentary Committee on Culture and Communications will be of little support.

A committee of the association is struck to examine mobilizing public opinion against the cuts and in relation to the future of the CBC.

**Nov. 30, 1984.** The CBC receives a deadline extension from Masse on submitting its final report.

**Dec. 10, 1984.** CRTC license renewal hearings for the CBC are postponed. The private sector producers have submitted interventions calling for increased privatization of CBC programming.

**Dec. 11, 1984.** "There's blood on the floor," announces Harvey as the cuts are made public. 1,150 jobs are lost, about 400 through attrition and early retirement, the remainder through layoffs. Hazzan says "it's like dropping a neutron bomb. We wiped out the people and kept the buildings." CBC freezes its commitment to independent production putting the Broadcast Fund in jeopardy. Harvey's "cultural revolution" is stopped dead in its tracks.

**Dec. 18, 1984.** CBC announces that *The Friendly Giant* is to be dropped. The 15-minute preschool program has been on air for 26 years. The announcement unleashes public reaction, until then dormant if not dead, except for the media's editorial pages. The consultants break their silence on their role in the cuts. They accuse the CBC of wanting to chop programming and regional broad-

casting rather than administration. According to them CBC's original proposal was to eliminate \$36 million in regional programming. This was reduced to \$13.8 million as a result of intense pressure from Masse and the consultants. Other changes in the original proposal included doubling the cuts in finance, planning, corporate administration and communications to \$19 million from \$10 million. The DOC is suspicious that Juneau is making the cuts a political exercise. The consultants say that more than 250 layoffs could have been avoided by further use of attrition and early retirement. They note that CBC still has a top-heavy structure by most conventional yardsticks. After the axe CBC still maintains abnormally high ratios of human resource staff to employees (1:35, three times the corporate norm); finance staff to employees (1:23). More seriously, the consultants say that CBC's 1984-85 budget showed only one out of four new dollars going into programming. Juneau issues a press release rebutting the accusations. "The CBC has never planned to slash programs instead of reducing personnel," he claims. He accuses the media reports of serious distortions. "Four out of every five dollars added to the CBC

1984-85 budget have gone into programming."

**Late December, 1984.** A bid to purchase CBC is made public. A group of Canadian businessmen, led by Toronto broadcasting executive Allan Slaight, prepare an offer to buy CBC's English television network. Under the buyout proposal, the privatized CBC would retain news, sports and current events but farm out drama and other pure entertainment programming to private companies. The level of Canadian content would be reduced. Press reports indicate that Masse will pump \$25 million into development of five new TV series as a way of saving the Broadcast Fund. Masse angrily denies the report. Audley tells Cinema Canada there is not a shred of truth to the story. Masse announces a review of the Broadcast Fund.

**Jan. 10, 1985.** Telefilm officials indicate to Cinema Canada that DOC "does not have same sense of urgency about the Broadcast Fund as we do." Paul Audley is hired by Masse to review the Broadcast Fund. Audley tells Cinema Canada "there were problems that had nothing to do with CBC's ability to participate."

**Jan. 12, 1985.** David Suzuki,

cont. on p. 31

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## Chronology of the crisis at the CBC

cont. from p. 30

presenter of *The Nature of Things*, demands to know publicly "who will speak for the CBC?" In an impassioned article he states "he can no longer stand silently by." He outlines CBC's achievements and asks why no one is defending the Corporation.

**Jan. 14, 1985.** Brian Mulroney gives assurances that the federal government has no plans to sell CBC. He declares "some people want to buy the CBC. The CBC is not for sale."

### CRTC authorizes cable companies to adjust subscriber fees

OTTAWA — The CRTC announced proposals for new rate regulations for cable licenses. The CRTC wants to do away with regulatory approval for fee increases within certain limits.

Under the proposal cable licensees will be able to adjust the monthly fees annually without the need for prior CRTC approval, provided that subscribers are notified of the increase. The annual rate adjustment would equal a maximum of 80% of the annual increase in the Consumer Price Index. The cable companies would also be free to set the level of their installation rates without seeking approval from the CRTC.

Eric Wimberley, vice president of association affairs for the Canadian Cable Television Association, said that the "new cable regulations would mean a major breakthrough for cable licensees in Canada." The CCTA's financial committee has worked with the CRTC on these proposals for more than three years.

David Friesen, chairman of the financial committee, said, "this new approach to rates should relieve a substantial burden on cable licensees while continuing to protect consumers." André Bureau, chairman of the CRTC, stated that "this approach would eliminate regulatory delays and, in the long run, would benefit subscribers who ultimately bear the cost of a long regulatory process."

Other proposed changes include the enactment into regulation of the Commission's already adopted policy governing tier composition and linkage of Canadian and foreign discretionary services; expanding the range of audio services on cable; and granting the displacement of optional services from the basic service to discretionary tiers as of Nov. 1, 1985.

The deadline for comment on the proposed regulations is Feb. 15, 1985.

**Jan. 15, 1985.** The private production sector — producers groups, unions and associations — call a press conference to present a unified proposal for "a way out of the crisis." They ask Masse to supply a separate envelope of funds — \$35 million

— to the CBC for matching Telefilm funds and to be used only for independent productions.

**Jan. 16, 1985.** Harvey responds to Suzuki's article. He says, "when you take this kind of money out of the organization and this number of people out of the television network, quality will be affected. But to what extent we won't know for another six months. At the mo-

ment we're doing everything we can to protect programming. I'm trying to keep all major series at the same number per year." He adds there is a danger "when you try to become a more commercial network, when you increase your dependency on commercial revenue. If CBC continues to exist, it has to be an alternative to the commercial networks and

we've got to produce programming that says something about this country, its culture, its history and its two languages. We can't compromise on that."

**Mid-January, 1985.** Telefilm undertakes extensive consultations within the private production sector as uncertainty about its future makes it seek political allies within the industry.

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