

Valenti threatens pull-out if law enacted

MONTREAL — The application of Quebec's Cinema Law would "make it very very difficult, if not impossible" for the U.S. Majors to continue to do business in Quebec, says Jack Valenti, president of the Motion Picture Association of America and the Motion Picture Export Association of America.

Speaking with journalists following a press-conference at the World Film Festival Aug. 28, Valenti, the chief lobbyist for U.S. motion-picture industry interests, said "We don't think this law is in the best interests of the citizens of Quebec."

"It's a very restrictive law," Valenti said, "it defines the rights of a non-Quebec producer or a distributor in such a way that would make it impossible for him to license his films in Quebec; it constructs unnatural arrangements between theatre-owners and distributors which makes both of them very unhappy; it has very restrictive covenants about home video and video-cassettes. It's a very difficult law and makes it very difficult for non-Quebec companies to literally do business in Quebec."

Valenti was in Montreal for a meeting that afternoon with Quebec cultural affairs minister Clément Richard and Quebec government officials in order to make known the U.S. industry's objections to Quebec's Cinema Law, and in particular section 105 which authorizes the Régie du Cinéma du Québec to determine who constitutes a pro-

ducer in Quebec and issue distribution permits accordingly.

Section 105 is the subject of a public hearing to be held by the Régie Sept. 10 to hear the views of the Quebec film industry on the regulation of this section of the law. The Majors in Canada, represented by the Canadian Motion Picture Distributors' Association, will at that time be officially presenting a brief objecting to section 105. The objections of the Majors, which at bottom constitute a rejection of the Quebec government's right to intervene in the cinema distribution market, have been the subject of on-going negotiations between the Régie and the CMPDA, negotiations which, given the public hearing, have not produced a compromise acceptable to either side.

Valenti stressed that the Majors were not objecting to the Cinema Law's French-dubbing provisions within 60 days of an English-language film's Quebec release. "We can handle that — no problem," Valenti said.

Parallel negotiations between the federal minister of Communications and the CMPDA towards increased distribution by the Majors of Canadian films in Canada are "still going on," Valenti told Cinema Canada. But at the federal level too, Valenti fundamentally objected to any kind of intervention by the Canadian government.

"Keep in mind that in the last five years 53 films have been financed wholly or in part in Canada by American com-

panies. One-hundred and 21 films in the last 10 years have been distributed in the United States by American distributors, and these are 121 Canadian films," Valenti told Cinema Canada.

"Now the only thing that makes sense is that the film, in the view of the distributor who is going to spend hundreds of thousands, maybe millions of dollars to promote that film, in his judgment, has to be worth it. Not all films are worth it.

"We can't put a numerical quota on anything we do — we can't be a party to it. We can say we'd like to distribute more Canadian films, but then you would have to have Canadian films of such quality that we can invest \$1 million, \$2 million, \$3 million to launch that film in America. If the film isn't good, we lose that \$3 million, and the Canadian government doesn't say, 'We'll replenish that money.' Of course not, it's a business proposition.

"What I'm saying to you is that we can't say we're going to distribute 20 films next year. I don't even know what films we'll have available next year.

"I can say we'll take 20 cars made in Canada and bring those to the United States because I know exactly what they're going to be. But with films, how can you make such a covenant?"

Valenti's objection to what he termed the "monetary" or "manufacturing" approach to film production by the Quebec and Canadian governments was only part of additional

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Régie hearings crucial

MONTREAL — The Régie du Cinéma will be holding public hearings on Law 109, the Quebec Cinema Law, on Sept. 10 at 9 am at Montreal's Cinémathèque Québécoise. The hearings will be presided by Régie president André Guérin.

"The hearings will obviously be very important," Guérin told Cinema Canada. "There will be a total of 22 interveners, 19 of which have submitted briefs. Representatives from all the Majors will be present as well as representatives from all the associations and organizations in the province."

The hearings, according to Guérin, will only deal with items in section 168 of the Quebec Cinema Law. Section 168 concerns the intervention rights of the Régie in matters of film exhibition and distribution.

The Régie, said Guérin, will issue a report to the province. The Régie, said Guérin, will issue a report to the provincial government based on the interventions submitted at the public hearing.

Expected to be a key issue at the hearing is sub-section eight of section 168 which refers to the right of the Régie to define the terms "Producer" and "Holder of world rights" as used in section 105 of the law.

Section 105 states that a special distributor's license can only be issued, within the regulations of the Régie, to a film's producer or to the holder of a film's world-rights, and, as of December 17, 1982, had received a license issued in accordance with section 30 of the Quebec Licensing Law.

The ruling reached on this issue as a result of the public hearing is expected to have an important impact on the distribution rights of the Majors in the province, as well as on all the smaller local distributors.

Reactions of the distributors both to the regulation and the hearing have been mixed.

"It is a lot more complicated than just the adoption of a technical term," André Monette, president of Action Film Ltée, told Cinema Canada. "The final decision will affect all the distributors. Personally I am in favour of the free enterprise system and I don't really like it when the government tries to impose itself on the private sector.

"The American film industry is a lot stronger than our own and if the Quebec government tries to go too far in their regulations, the U.S. Majors will

impose the law in their own way.

"There are some things that we, the smaller distributors, can do that the Majors cannot," Monette continued. "We work our own areas, for example, the European distribution market. The U.S. had agreed not to buy the distribution rights for European films."

Not all of the province's distributors, however, are in agreement with Monette's anti-government intervention attitude concerning the role of the Majors in Quebec's distribution market.

"I am 100 per cent in agreement with law 109," Victor Loewy, president of Vivafilm Ltée, told Cinema Canada. "I am in full agreement for what the law stands for and I am prepared to back it."

Others were somewhat cautious in predicting what the outcome of the public hearings would be, preferring to wait until after the hearings.

"The big debate is obviously going to be the issue of the role of the U.S. Majors in the Quebec distribution market," Maryse Rouillard, head of the Association Québécoise des Distributeurs et Exportateurs de Films de TV et de Vidéo (AQDEFV) and president of Filmoption Internationale Inc., told Cinema Canada. "The AQDEFV has presented a very firm brief to the Régie for the public hearing. We want to see who will be and who will not be distributors in Quebec."

TORONTO - Cineplex-Odeon Corporation announced record financial results for both the second quarter and the 26-week period ended June 27, 1985.

For the 26-week period the Corporation reported net income of \$4.195 million on revenues of \$73.381 million. Net income excludes an extraordinary gain of \$1.532 million. Net income for the comparable period the previous year was \$154,000 on revenues of \$14.69 million.

Extraordinary gain in 1985 and 1984 arose from the use of prior years' income tax losses.

Net income for the current 26-week period before extraordinary items was \$0.24 per share compared to \$0.01 per share in the corresponding period in 1984.

Second quarter results, for the 13-week period ended June 27, 1985, showed net income of \$2.722 million on revenues of \$39.154 million.

Two-year report on Broadcast Fund positive

MONTREAL — Year two of the Canadian Broadcast Program Development Fund has produced results as positive as year one with the fund injecting over \$43 million into 99 projects totalling budgets of nearly \$142 million.

These were some of the figures released by Telefilm Canada chairman Ed Prévost and executive director Peter Pearson on the occasion of the publication of *After Two Years*, a statistical report on the Broadcast Fund's second year. The press-conference was held in the context of the World Film Festival.

"The past two years have confirmed our belief that the

Broadcast Fund is an effective way of integrating private sector production into the very fibre of Canadian culture," Prévost said.

As in the fund's first year, the CBC was the major market for 1984-85's 99 projects (65 in English and 34 in French). In 84-85, 55% of Telefilm-baked projects were licensed to CBC and 69% to Radio-Canada. Since the fund was established in 1983, CBC has invested \$27 million into fund-assisted projects.

The participation of Canadian private broadcasters doubled their 12% participation in 83-84. In 84-85, private broadcasters invested some \$12 mil-

lion in 34 projects totalling budgets over \$50 million.

But "statistics don't tell the whole story," said Pearson. "Productions are not only being created, they are also extremely well received at home and abroad." Pearson noted that audience ratings were "very positive", and that Canadian productions had won awards in Japan, Europe, the U.S., and at home.

Since the fund's inception, more than 630 hours of new independently produced programming have been created. In 84-85, 12% of Telefilm Canada investment went to regional based projects, as compared to 3.8% in 83-84.

QC reaction to initiatives

MONTREAL — Reaction from Quebec-based distributors after meetings with Telefilm Canada's new men at the top in late July has been very positive, perhaps ushering in a new era of co-operation between distributors and the federal film-funding agency.

"The meetings with Telefilm went very well. We are pleased with the direction of their distribution services in both Montreal and Toronto," Victor Loewy, president of Montreal's Vivafilm Limited, told Cinema Canada. "The new people in charge of the distribution department are very competent and have a good understanding of the film industry."

Telefilm has decided to revise its policy towards assistance for distribution for Canadian films, as well as for film distribution in general, Loewy explained.

"They have realized that we need the revision. What this means is that there will be less government interference and better services," Loewy said. "There was always a lot of bureaucratic problems with the accounting when dealing with Telefilm. They would ask

for financial statements every month and we were getting peanuts in return, whereas producers were getting millions and did not have to do anything. It will be a lot easier to take advantage of Telefilm's distribution services now."

Maryse Rouillard, president of Filmoptio Internationale Inc., and head of the Association Québécoise des distributeurs et Exportateurs de Films de TV et de Video (AQ-DEFV), was also very pleased with the new programs undertaken by Telefilm.

"I was not at the meetings with Telefilm myself, but the feedback has been very positive," Rouillard told Cinema Canada. "Telefilm will be releasing some of the funds they have for distributors. They have also said that they will be assisting exporters, which affects me more directly. Their programs will provide assistance for dubbing from one language to another, for video-coding from one country's system to another as well as broadcasting promotion. We are indeed thrilled these new developments."

Video eats into adult theatre audience

MONTREAL — Because of film censorship and evolving tastes in film-going, André Pépin, owner of Montreal adult-film theatre Le Beaver and president of the Vampix distributing company, also specializing in erotic films, has decided to change the direction of his exhibition and distribution facilities.

Pépin is currently attempting to sell most or all of his stock of erotic films to Canadian and/or foreign buyers.

"As far as Vampix is concerned," Pépin told Cinema

Canada, "we will be almost completely terminating our business in that field. We might still do a little distribution but only through videos, and that will only consist of 10% of our total business. The narrow-mindedness of Canadian censors makes it very difficult to operate in this country outside of Quebec and British Columbia.

"This is especially true for the distribution of 16mm and 35mm films in Alberta theatres. Alberta is like a closed parish," Pépin adds jokingly. "The laws in that province make it impossible for a distributor from outside Alberta to distribute his films in their theatres. Anyways, it is becoming a lot more advantageous to make and distribute these types of productions on video.

"It only costs \$25,000 to produce erotic films on video as opposed to \$250,000 on film, and it seems people are more interested in watching them in the privacy of their own home."

This new trend in the adult entertainment film industry has also caused Pépin to decide to change the exhibition direction of the exclusively erotic

film theatre Le Beaver, one of Montreal's eight theatres devoted to adult movies.

"I will be turning Le Beaver into a type of mini-Parisien," Pépin explains. "It will be showing a lot of French intellectual and artsy-type films. It is a good time to get out of the erotic film distribution and exhibition now because, as the cinemas which used to play adult films exclusively become legitimate theatres, they will need distributors and suppliers for legitimate-type films."

If Pépin is correct in assessing a trend away from erotic films, it will be a good sign for Montreal film-goers who have been longing for greater diversification and more international film-fare.

Pépin has also sold the bankrupt New Yorker repertory theatre on Montreal's St. Laurent boulevard, previously known as the Verdi, to three Montreal investors, including one-time owner of the Verdi Roland Smith, owner of the Outremont and l'Autre Cinéma rep houses.

The new theatre, to be called Le Milieu, will primarily feature live entertainment but will also hold film-screenings.

Valenti sets the tone for Régie hearings

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complaints that the U.S. industry via Valenti's visit wished to bring to the attention of Canadian political authorities.

The other objections, after Quebec's Cinema Law, included the non-payment of royalties on copyrighted U.S. "intellectual property," that is, films and television programming pirated by Canadian cable companies or videocassette distributors. Since last March's summit between U.S. president Ronald Reagan and Canadian prime minister Brian Mulroney, the U.S. film and television industry has vociferously made known their unhappiness with Canada's 1924 Copyright Act.

Finally, Valenti said he was "puzzled and saddened" that Walt Disney Pictures of Burbank, California, which is considering opening a Canadian production office, would have to be vetted by Investment Canada's provisions to protect Canadian cultural industries.

"I can't see any reason why Walt Disney, one of the great names in family entertainment, can't come into Canada. Disney is a good citizen; they do a lot of filming in Canada; they do a lot of investment in Canada. If you had to pick one company with the most spendid reputation in all the world for family entertainment, that would be Disney. So I'm puzzled and I'm saddened that this great institution can get into a lot of trouble just doing business in Canada."

Erratum — Cinema Canada apologizes for the typographical error which appeared in the Zaza Sound Productions Limited advertisement in the last issue. The text should have read "Some very good reasons why Zaza Sound and Post-Production Studio is clearly the winners' choice..." -Ed.

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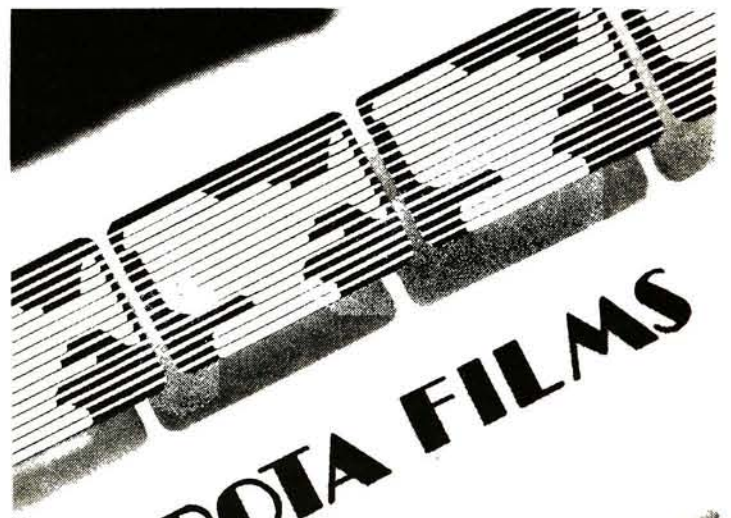
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