

Briefs to the Caplan-Sauvageau Task Force

A cross-Canada overview

For the difficult thinking that lies ahead, the Caplan-Sauvageau Task Force on Broadcasting has so far received some 300 briefs from across Canada, all suggesting what should be done or not done about the present and future of the Canadian broadcasting system. Some of the major pieces in the puzzle – notably the CBC's brief – have not yet turned up. The Task Force itself has said it will not be able to meet its original January 1986 deadline, and will be pondering its recommendations well through the winter.

In the public interest, Cinema Canada is reproducing excerpts of some of the briefs sent to the Task Force as a cross-section of current thinking. The excerpts here range from the recycled version of Applebaum-Hébert submitted jointly by Quebec and Ontario independent producers' associations, the APFVQ-ACFTP; the major recommendations of the CFTA brief, those of unions such as ACTRA and CBC Toronto's in-house producers; the more artistically-oriented Québécois independents associated with the ARRFQ; and one submission from an individual whose experience with filmmaking in Canada is by no means unique.

As the ARRFQ excerpts are reproduced in their original language, the brief reminds the Task Force that "we are not yet an integral part of that great nation that is the American one," from which "we, Anglophones and Francophones, have chosen to distinguish ourselves" in the "choice of a society, made by Canadians long ago, and for which we are prepared to pay the price."

The brief argues that the hundreds of millions in public money invested in Canadian cinema since the creation of the CFDC in 1968 have been deflected away from Canadian culture into producer-driven, American-style cinema that has been most profitable for lawyers, brokers and accountants. "The film industry, as it was conceived in Canada, is a kind of illusion" that has been "disastrously" compounded by the government's reorientation towards television production.

Through the so-called category of "general audience" TV production, Canada has developed a bland, self-censoring television that "keeps the entire nation in a state of cultural infantilism." "Controversy has been absent from Canadian airwaves for a long time." The brief demands a complete review of the decision-making processes in television programming selection criteria as well as the financing of Canadian films.

"Without prejudice against commercial success, we maintain that the forced free-trade that has always been upheld with the United States and which has made Canada the (U.S.'s) domestic market, has prevented our directors, stars, and creators from being known by (Canada's) small population. Why do the Americans give such importance to this domestic market, and why does our government give it so little importance? That is the question," concludes the ARRFQ brief.

The Canadian Film & Television Association/ Association Canadienne de Cinéma-Télévision

The following are the major recommendations contained in this document:

(a) In order to increase the quantity of independently produced Canadian programming, the CBC should increase its program license fees to a level which represents an average of 40 to 50 percent of approved production budgets.

(b) Section 3 of the *Broadcasting Act* should be amended to require private broadcasters and pay and specialty licensees to maintain a programming schedule which is predominantly Canadian in content and character.

(c) The *Broadcasting Act* should be amended to require the CRTC to enforce its standards set out in section 3 of the Act during each license period of

each broadcast licensee.

(d) The current minimum Canadian content time requirements imposed by CRTC regulations on Canadian broadcasters should be maintained and a system of quarterly averaging to assess compliance with these rules should immediately be instituted.

(e) The capital cost allowance available under the *Income Tax Act* for certified Canadian productions should be increased to 150% for those productions which qualify for 10 out of a possible 10 Canadian content points.

(f) Telefilm Canada should ensure that a defined and published preferred recoupment position is made available to private investors in productions in which Telefilm invests.

The Association of Television Producers and Directors (Toronto)

What is needed is a REAL MARKET. Despite two national networks, smaller networks, independent stations, pay-TV and movie theatres, the Canadian market remains tiny. Due to the high initial outlay of finances to produce Canadian product, it is far too tempting for distributors, broadcasters – both public and private – and cablecasters, to buy cheaper foreign product.

Our industry needs an outlet for its productions. We have a shortage of airtime. As a result, many young filmmakers have lost the opportunity to work and produce quality Canadian product for Canadian and foreign audiences. *Airtime on Canadian networks should be made more readily available to Canadian workers.*

We must also seriously reconsider the idea of a second public network which will showcase the work of Canadian producers, public and private. If

we are all serious about making Telefilm a success and creating a truly Canadian industry that will last more than a handful of years, then we must seriously consider how to showcase all the productions that this new industry will create. The CBC and the present broadcasters must, of course, continue to carry their fair share of Canadian programming. But over and above this, there will be enough quality network: the Canadian Network.

Non-broadcast distribution is now almost entirely controlled by the cable industry and Cineplex-Odeon. Both are heavily dependent upon American product to keep their position in the distribution system and to maintain cash flow. The result is that our airtime is swamped with American programming. And it will continue to be unless some form of alliance within the production sectors can be created.

Wyndham Paul Wise

There is no vibrant, alive, and self-critical cinema in Canada today. Instead of nurturing creative filmmakers who can give us an insight into our collective well-being we have a producing clique committed only to the bottom line. And not the bottom line profit of the film, mind you. The only bottom line they are interested in is the amount of 'up-front' cash they will receive for putting the deal together. Usually in the six-figure range. Instead of having internationally critically acclaimed films we have a Broadcast Fund committed to bland and safe TV product that can be stretched into feature length form, thereby creating that strange hybrid, the TV mini-series released theatrically.

Certainly we have many features and made-for-TV specials filmed on location by American companies, giving us the illusion of an industry. Many technical people are employed and the unions are kept busy. However, to the creative wellspring of Canadian cinema, this is a cruel illusion indeed. Let me offer two examples that illustrate this point. I have here a glossy, upbeat article taken from *Leisure Ways* magazine entitled 'They Love Us In Hollywood'. It explains, from a location manager's point of view, the advantages of shooting on location in Ontario and lists a half-dozen or so major U.S. productions shot over the past year. Here, on the other hand, I have an article in a recent issue of *Saturday Night* magazine about an independent filmmaker in Toronto who has shot his first feature for \$37,000. \$37,000 would be less than glossy American productions. And yet, for all his efforts, this filmmaker has only a slim chance of getting his next film made.

Mr. Chairman, this is the reality of the creatively concerned filmmaker in Canada today. The promise of those great early films of Owen, King, Shebib, Jutra, et al., was betrayed by a gang of sleazy accountants, lawyers and political bag-men during the artificial boom created by the tax shelter laws. Now a new generation has to start the struggle over again with those same con men still in a position to take advantage of any rehashed capital cost allowance scheme the government might introduce in the new year.

To prevent this from happening we need new initiatives and radical resolve. Herein lies an ideal opportunity for this task force and the one recently created by Marcel Masse to lay down guidelines for a fair and equitable means for the

first-time director to have his or her film made and distributed in such a manner and circumstance as to allow for the film to recoup its costs in Canada. U.S. and foreign sales would become gravy and not the sole determining factor in the film's ultimate success. This means a renewed attack on the domination of American distribution companies in the Canadian market and government incentives for the already established Canadian distributors and theatre owners to show more Canadian product. And if this means enforceable quotas, then that option should be strongly reconsidered.

As we all know, the problems of the Canadian feature film industry are not new and today, with all the talk about free trade and closer relations with our U.S. neighbours, a certain recognition of the dominance of America in general and Hollywood in particular, is necessary to keep clear sight of the larger picture. Is it important to have an indigenous Canadian cinema? After all, the most successful Canadian film of all time is ironically not Canadian. Written, produced, directed, starring and co-starring Canadians, *Ghostbusters* will always be considered an American film simply because it was financed in Los Angeles.

The point is not that we should be making thirty-million-dollar films in Canada, but that we should be providing a fertile and non-hostile environment for our creative filmmakers to flourish. Instead of one David Cronenberg, we have the capability of producing a dozen.

ONE - There must be increased opportunities for first-time directors with viable scripts. Restored confidence for private sector financing is vital and cannot be achieved by reinstatement of the discredited tax shelter laws;

TWO - A renewed attack on the American-dominated distributors and incentives for the Canadian companies to exhibit and distribute Canadian feature films, thereby making it possible for full recoupment in our own market. This is also vital;

THREE - The creation of a National School for Film and Video that teaches not only the technical aspects of filmmaking, but the creative, producing, legal and accounting aspects necessary to make a first class feature film and thereby creating a first class industry.

Wyndham Paul Wise is a Toronto writer, critic, and reluctant former filmmaker

L'Association des réalisateurs et réalisatrices de film du Québec

Il faut souvent nous rappeler que, malgré les apparences, nous ne faisons pas encore partie intégrante de cette grande nation qu'est la nation américaine; qu'avec de grands espaces et une petite population, nous sommes et avons choisis, tant anglophones que francophones, de nous en distinguer; que les trains en direction de Churchill ne seront jamais bondés et que pourant, *il faut qu'ils existent*. Il s'agit là d'un choix de société, fait par les canadiens depuis belle lurette et nous sommes prêts à en payer le prix.

Depuis toujours, nous nous sommes battus pour que vive le cinéma au Québec et au Canada et ce sont nos pressions et nos lobbys qui ont entraînés la création de l'Institut Québécois du Cinéma de même que la fondation de la Société de Développement du Cinéma Canadien (SDICC). Le nouvel Institut Québécois du Cinéma a eu sa part de reconnaissance à notre endroit lorsque le ministre y a nommé Fernand Danseur, réalisateur, comme premier président. Nous espérons beaucoup de la nomination de monsieur Peter Pearson, réalisateur également, à la tête de Téléfilm Canada.

Par conséquent, en premier lieu, nous voulons attirer votre attention sur le fait qu'en dehors de l'univers du film publicitaire, il n'y a pas, à Montréal, d'autre argent privé en cinéma que celui que veulent bien y investir ses artisans. Or, depuis la création de la SDICC devenue Téléfilm Canada, les tendances à faire ici un cinéma de producteurs à l'américaine et à copier ou compétitionner les américains sur leur propre terrain ont engendré une inflation considérable des sommes investies par l'état. Nous affirmons que depuis quinze ans ces sommes sont détournées de la création proprement dite d'une culture canadienne, que des centaines de millions ont servi à faire des *deals* et non des films, qu'aucune école de cinéma n'a vue le jour, que beaucoup d'avocats, de courtiers, de comptables ont passé de bien meilleurs hivers que beaucoup de réalisateurs pionniers de notre cinéma.

L'industrie cinématographique telle que prévue au Canada est une espèce de leurre. La presque totalité de l'argent vient de l'état fédéral ou provincial. En général les producteurs sont des *gérants d'argent d'état*, sans formation aucune ni au monde des affaires ni à celui du cinéma. Et ce sont ces personnes qui vous proposent des pseudos-contrôles, des hypothèses de rentabilité, mieux: la création originale doit passer par leurs critères improvisés en accord avec les critères de la catégorie dite "pour tous" de la télévision.

La télévision, par choix du gouvernement, y joue un rôle prépondérant. Cela serait justifié si les conséquences n'en étaient désastreuses.

La télévision contrôle les contenus des long-métrages, en retour de som-

mes dérisoires. Ses critères étant ceux du film pour tous, tel qu'interprétés par ses décideurs, la télévision exerce sur la création cinématographique une censure telle qu'aucun des chefs-d'oeuvres des vingt dernières années dans le monde n'aurait pu voir le jour au Canada. Ni les films de Fassbinder, ou ceux de Forman, de Fellini, de Rouch, d'Antonioni, de Bergman, de Troël, des frères Taviani, de Tavernier, de Wajda ne pourraient franchir l'étape de la mise en chantier au Canada. Puisqu'à l'étape même de l'idée, nous devons obtenir l'accord des télédiffuseurs. Nos réalisateurs sont donc appelés à se cantonner dans le genre "film pour tous", ce qui n'a rien à voir avec le développement d'idées originales ou franchement audacieuses. De plus, la télévision exerce ce contrôle non par le biais de jurys ou de comités reconnus, mais par le biais de personnes seules, sans conseillers ou expertises réelles sur les goûts et les besoins des canadiens spectateurs, encore moins des créateurs. Cela devient évident quand l'on compare les films achetés à l'étranger à ceux qui sont admis en production au Canada. La controverse est absente des ondes canadiennes depuis longtemps. Elle est évitée à tout prix. C'est à cet état de fait que nous attribuons la suspension, durant deux ans, de l'admissibilité du film documentaire aux programmes de Téléfilm Canada.

La télévision exerce en outre une pratique par laquelle elle porte atteinte à l'intégrité des oeuvres, les coupant de commerciaux, ou les normalisant à sa convenance. Aucun grand créateur, aucun, n'a jamais produit dans pareilles conditions. Nous maintenons la nation entière dans un état d'infantilisme culturel. Ne méritons nous pas mieux, depuis vingt-cinq ans, que de se faire les copistes des séries B américaines qui coûteraient moins cher à l'état si les télévisions les achetaient?

Nous demandons avec insistance de revoir sa totalité le processus de sélection et de financement des films canadiens, les relations des diverses agences entre elles, les prises de décision. Nous pourrions collaborer à vous fournir des modèles étrangers au besoin.

De plus, il faut que la télévision ouvre des créneaux réels à la production indépendante, comme on le fait dans le disque. Il faut que les téléviseurs, s'ils veulent avoir un tel pouvoir décisionnel, investissent de l'argent réel dans le cinéma. Comme c'est le cas en Grande-Bretagne, en Allemagne et ailleurs.

Sans mépriser le succès commercial, nous soutenons que le libre-échange forcé, pratiqué depuis toujours avec les Etats-Unis et qui fait du Canada son domestic market, a empêché les réalisateurs, les vedettes, les créateurs d'ici d'être connus de leur petite population. Pourquoi les américains tiennent-ils tant à ce domestic market et pourquoi notre gouvernement y tient-il si peu? Voilà la question.

Alliance of Canadian Cinema, Television and Radio Artists (ACTRA)

ACTRA believes the review of broadcasting being undertaken by the Task Force is of critical importance. We are a country dominated by a foreign culture and bold measures are required to ensure the survival of a distinctive Canadian cultural presence.

ACTRA's basic goal is more and higher quality Canadian programming of all kinds available to all Canadians in all regions of Canada. The fundamental challenge we face is to find ways to focus and organize Canadian resources for the production of Canadian program material.

In making its recommendations, we urge the Task Force to ensure that cultural goals are primary and are not superseded by economic ones.

ACTRA is also concerned about the unrealistic portrayal of society in the broadcast media. Our studies show women and visible minorities are under-represented in programming, and represented in a stereotyped way. This denies our women and visible minority members work opportunities and we look for means to address this problem.

Regulation

We believe that regulation is necessary and that the role of the regulatory agency must be strengthened. We attribute many of the deficiencies in the current Canadian broadcasting system to the failure of the CRTC. While its *raison d'être* is Canadian content its decisions in the past few years have caused an increase in foreign content and have weakened the Canadian elements.

Nature of Broadcasting System

Despite the rapid changes in technology, home video recorders and the proliferation of satellite to home receivers, we believe broadcasting will continue to be a source of information and entertainment for Canadians. We see a continuation of our present system of multiple choices with a basic cable service and premium options. We recognize there will be a mix of Canadian and foreign signals but to ensure a strong Canadian broadcasting system, we insist that Canadian signals have priority on the basic service and that there is a substantial Canadian presence on all tiers.

In our submission, we outline a series of recommendations designed to increase the Canadian program presence in the Canadian broadcasting system. We look at public broadcasting, private broadcasting, pay-TV and specialty services, then examine ways to generate more financial resources for production. These are outlined here.

Public Broadcasting

Public Broadcasting in general, and a reinvigorated CBC in particular must be the cornerstone of broadcasting in Canada.

In respect to the CBC, our interest is programming. Our goal is to see the

CBC channel more of its resources into production.

We recommend the following:

a) That the CBC be given a new mandate which reflects broadcasting in the 1980's. In 1968 over 30% of Canadians received television exclusively from the CBC. But this is not the case today. Most Canadians now have access to a basic service with at least 8 different channels, and a selection of pay and specialty services. The CBC need not present the full range of programming it did in 1968. This leads to duplication. What Canadians need from the CBC is an alternative to private broadcasting.

b) That CBC television become a wholly Canadian service. With direct receipt of American signals and American programs provided by private broadcasters it can no longer be argued that the CBC must carry foreign programs for the benefit of the Canadian audience.

c) CBC television must increase its use of programming from independent producers. We support the CBC's plan to increase the percentage of independent productions to fifty percent of all network TV programs, except in news, current affairs and sports.

d) CBC must receive long term funding with protection from inflation and statutory yearly percentage increases.

e) As a long term goal, CBC must be commercial free. The programming and schedule decisions imposed by commercials are incompatible with the Corporation's public service objective.

f) Fundamental reorganization of the structure of the Corporation. The structure of the CBC is too large to be workable. We recommend that the Corporation be broken smaller operational components, each with its own budget and administrative structure. This would give a clear focus to the objectives of each unit and allow for a higher degree of public accountability.

In examining such a reorganization the elements to be considered are the following:

- i) separation of television and radio
- ii) separation of production and distribution
- iii) termination of the relationship with private affiliates
- iv) reorganization of the northern service
- v) reorganization of the international service

g) Greater spending on programming - The goal of restructuring and reorganization is to channel more money into production. The current figures are unacceptably low. More money must be directed to drama, variety and children's programs - areas where our production is insufficient.

h) Increased production in the regions - As additional money is channelled into production, a significant proportion must be allocated to regional production centres for regional and network programs. To date, the level of regional production has been seriously inadequate. We want to see a full range of programming - drama, variety and pub-

lic affairs produced in regional centres.

Provincial production and broadcast agencies - The role of the provincial public broadcasters and producers such as TVO, ACCESS and SaskMedia is important in the development of local and regional programming and furthering the Canadian program presence. Provincial governments must be encouraged to provide adequate resources for the provincial production agencies.

New Public channel - A new public channel featuring the best of CBC, NFB, OECA, ACCESS, etc. should be added to the basic service. It would provide viewers an alternate schedule for Canadian material and would increase the Canadian program presence in our broadcasting system. In the future, a second and perhaps even a third new public channel might be added.

Private Broadcasting

The private broadcasters have made enormous profits from the industry but have contributed little to production. This cannot continue. The private broadcasters have a responsibility to become broadcasters of Canadian programming. The CRTC must enforce the Canadian content regulations and if broadcasters violate their promises of performance their licenses must be repealed. The CRTC should require private broadcasters both to exhibit a certain percentage of Canadian programming and spend a certain percentage of their revenues on Canadian programming. We also suggest the CRTC initiate within the Canadian content regulations, a system of bonus points to encourage the production and prime time scheduling of drama and variety programs.

Pay-Television

As a result of a series of ill-considered CRTC decisions, we are faced with a system of pay-television which contributes very little to the Canadian broadcasting system. The CRTC must maintain its requirements for certain levels of Canadian content and certain expenditures on Canadian programming. In the event the licensee does not live up to its requirements the licence must be rescinded.

Specialty Services

While the specialty services have potential to increase Canadian programming, the Canadian services which have been licenced are at best minimally Canadian. MuchMusic for example started at 10% Canadian content in its first year and increases to only 30% Canadian content in its third year. The CRTC has also allowed cable companies to package Canadian services with multiple U.S. services which is a divergence from a long-standing principle that Canadian services must outnumber foreign services.

In our opinion, we are on the wrong

course in respect to pay-TV, specialty services and tiering. We must get back to the basic goal that there be a substantial Canadian presence on all tiers to ensure that the enormous potential resources are invested in Canadian material.

Independent Producers

The independent producers of film and television are an important part of the private sector. We believe ways must be found to ensure that adequate tax and other support are available to Canadian producers. Existing broadcasters and pay-TV licensees must be encouraged to procure independent productions.

Financing

Stable financing for the production of programming is the most critical requirement for Canadian broadcasting. Substantial additional resources are required from both public and private sources.

a) Existing funding sources

Telefilm - The Canadian Broadcast Program Development Fund has had more impact as an impetus for production in just over two years than any other single policy or program. We believe the Fund must be retained after its current mandate expires. However, there must be revisions to strengthen its operation. Most importantly the Fund needs a higher budget so it can respond to the demands placed upon it.

Capital Cost Allowance - While past experience with the Capital Cost Allowance was not enormously successful, tax incentives for investment in private film and television production are an important vehicle for generating private investment. We recommend the re-institution of a 100 percent deduction, for programs which are 100 percent Canadian, provided there is new criteria for determining eligibility and the focus is on the potential cultural contribution rather than profit versus loss.

Tax on Cable - The 6% tax on cable is inadequate. The cable industry has generated enormous profits yet their contribution to Canadian programming has been practically non-existent. The current tax must be increased to at least 12 percent. It must be earmarked for production through an agency like Telefilm. The CRTC must ensure that additional tax is not passed on to consumer but is taken from the profits of the cable industry.

b) New Funding Sources

The Federal Government and its provincial counterparts are among the most important advertisers in the country. We recommend that government make best efforts to use their advertising dollars to buy spots on Canadian programs. In this way the government would use its financial clout to encourage the broadcast of Canadian program material.

Levy on Video Recorders and Cassettes

When copyright material is recorded by Canadians for use on their home machines, or when small commercial enterprises violate copyright, the potential economic return for the holder of the rights in the same material is lessened. ACTRA believes a mechanism must be found to provide economic return to the industry from this unauthorized exploitation of material. We propose the implementation of a tax on video recorders and blank cassettes. The proceeds would be used to support the Canadian production community through an agency such as Telefilm. Such a tax would generate substantial returns. Based on industry estimates of sales in 1985, a 5 percent tax would raise \$38,000,000.

Tax on Foreign Programming

There is a considerable outflow of Canadian capital each year to purchase non-Canadian programming for broadcast on Canadian stations. We suggest two ways to maintain some of this money in Canada directed toward Canadian production.

1) A 10 percent tax levied on all foreign programs imported to Canada, or

2) The establishment of a Foreign Program Acquisition Agency which would be responsible for acquiring Canadian rights for all non-Canadian programming and which would, in turn, sell the broadcast licence for each program to the highest bidder among the Canadian networks and stations. Profits from the sale would be invested in Canadian production through an agency such as Telefilm.

Radio

While our submission focusses largely on television and the production of film and video programming, we wish to make several observations about radio.

CBC

First we want to commend CBC Radio. It is a producer of quality programming and has made a substantial and unique contribution to the Canadian broadcasting system. While we are concerned about some of management's recent decisions, we believe CBC Radio must continue to be supported with adequate resource to produce quality programs and maintain strong regional production centres.

Private Radio

Our principal concern in respect to private radio is the homogeneity of program content. We believe regulatory and funding measures must be instituted to ensure that private radio contributes to the production of drama, variety and information programming. We view the increasing concentration of ownership in private radio with some alarm because we believe it will diminish diversity in programming and weaken the potential for the unique contributions of local stations. We believe there must be legal restrictions on corporate concentration and strong regulatory measures to ensure a diverse ownership.

**L'Association des producteurs de films
et vidéo du Québec/
Association of Canadian Film and Television
Producers**

The following brief is positioned on the premise that the Canadian broadcast industry suffers badly from the lack of a strict division of labour. If a new industrial strategy is to be truly effective, we believe it must laid on the groundwork of a simple formula: broadcasters should *broadcast*, and producers *produce*. That formulation entails a new kind of partnership between producers, broadcasters and government agencies, a redefinition of roles and a clarification of existing policies.

The situation

There is no doubt that the blend of government policy and financial incentives over the years has contributed enormously to the development of Canada's dynamic independent production sector. The independents have truly matured, and our recent output speaks for itself: programs like *Global Playhouse*, *Edison Twins*, *Danger Bay*, *Night Heat*, *Les Plouffes*, *Bonheur d'occasion* and *Maria Chapdelaine* have succeeded in both the domestic and international markets, proving in the process that the apparent contradiction in terms of a "cultural industry" really can be reconciled.

Financing

When the Broadcast Fund was established in 1983, it assumed that 1/3 of the production cost of a project would come from the licensing broadcaster, 1/3 from Telefilm and 1/3 would be found by the entrepreneurial producer. For producers unable to come up with their share, this requirement proved difficult. But many shows were nonetheless financed through the commitment of funds from both foreign and domestic sources, including pre-sales and private investments.

License fees paid by Canadian broadcasters are often only slightly more than the broadcaster pays to acquire foreign – usually U.S. – programming of a similar type. It should be noted that most of these programs have already made their

money at home; the Canadian sales are simply added revenue, and in this respect, the cut-rate prices offered to Canadian broadcasters do smack somewhat of "dumping". And it is not only cheaper to buy pre-produced foreign programming – it is also easier. There is no call for aesthetic judgements to be made on the part of the broadcaster – that's already been done elsewhere. No need to formulate audience strategies, or to seriously evaluate brand-new program concepts developed by Canadians with Canadian audiences in mind – someone else has taken those risks, albeit for another, "comparable" market. There is, in short, no need to do anything except pick from the most successful programming available and program it.

The reluctance – with few exceptions – of Canadian broadcasters to offer any more than the requisite 1/3 share was hard enough to contend with; the recent move by the CBC-SRC to use budget cutbacks as a reason to reduce their license fees even further has all the makings of a nightmare for the independents. While this move to reduce the taxpayer's burden by reducing the overall CBC-SRC budget was a welcome one, it also allowed the national network to slash their participation to an average 10% of production costs for independently-produced programs. This figure is commensurate with fees paid by broadcasters in Third World countries.

When Telefilm moved in to make up the difference, many private broadcasters followed the CBC-SRC example with reduced participation and their hands out to share in these "new" Fund monies. With the expansion of the Fund's mandate to accommodate prime time documentaries and TV pilots as well, the rush to the till was on. Telefilm's resources for English-language production were dried up by the middle of 1985, and while SRC drained its share of the Fund, only money earmarked for investment in projects with private French-language broadcasters still remains available today, due only to the longstanding refusal of this sector to collaborate with independent producers.

contribution from 33% to 49% – primarily to accommodate a policy problem between the government and the CBC-SRC – was a serious distortion of the Fund's purpose. The negative repercussions of that move are still being felt in the industry, and it is widely held that an adjustment to the Fund at that time should have reflected a concern regarding the low level of license fees being paid out, rather than an accommodation of the CBC-SRC financial crisis.

There is little argument that a decent hour of prime-time programming costs up to \$600,000 to produce, and the CBC itself has acknowledged this fact by budgeting its new major in-house series *Hello, Suckers* at \$800,000 per hour. And yet the broadcasters continue to limit their participation in independent production even though licensing the same show, if it were produced independently, would likely cost the CBC only half as much, and still allow the producer a higher license fee than the CBC pays today.

Since the implementation of the Fund, investor interest in TV production has spiraled upwards. This is in sharp contrast to the days of the feature film "boom", when a lack of distributor involvement in projects and no subsequent return on investment effectively wiped out the advantages of the CCA. But Canadian investors now recognize that television production under the Fund comes with a built-in distribution guarantee, and if properly encouraged, this area holds the potential for explosive growth.

Commercial broadcasting has been quietly profitable for years, and continues in much the same fashion. But Canadian programs must compete internationally, and insufficient domestic advertising revenue has been channeled to support them.

It is evident that a fair portion of advertising revenues are currently misdirected. A certain percentage of these monies should be flowing back to production, and not to the defrayal of network overhead of increased investment in petroleum or other non-broadcasting related undertakings. Corporate sponsors would be further en-

couraged to take the leap into production if some kind of tax incentive were available.

Private Broadcasters

There is a fact in Canadian broadcasting that is often overlooked: a broadcast license in this country is a *privilege*, not a right. Once the privilege is granted, it carries tremendous advantages; private broadcasters select programming and schedule it to maximize audiences, and by extension, the attendant advertising revenues. It is a solid formula, and one that works well in a free enterprise system.

With only a few exceptions, however, private broadcasters still seek to limit their involvement with independent producers to a minimum, preferring to license pre-produced foreign programming at low prices, or to produce low-cost programs in-house. This practice is inconsistent with the spirit behind the CRTC's regulation of Canadian broadcasting, and with federal government policies concerning the development of an independent Canadian film and video industry.

Under the circumstances, the CRTC must ensure that the substantial monies to which a broadcast license gives access flow back in proper proportion into the production of quality Canadian programs.

Pay-TV

It was a tangle of unrealistic penetration figures, monopoly situations and dashed hopes, and the Canadian Pay-TV situation today is easily capsuled in the fact that the system no longer plays any significant role in producers' market projections. The licensing decisions made by the CRTC were almost entirely antithetical to the recommendations made by the production industry and the Pay-TV applicants themselves. Today, the system has neither achieved the projected subscriber base levels, nor the investment levels into Canadian program production which were required and promised.

A serious consequence of Pay-TV's stunted growth in Canada for Canadian independent producers has been the loss of yet another domestic market of promise. It is therefore another growth inhibitor, through the loss of anticipated revenues and exposure. This has impacted with particular negativity on Canadian feature films, since features are the staple of Pay-TV programming, and it was anticipated that the system would provide an important alternative to the historical difficulties surrounding the domestic theatrical distribution and exhibition of Canadian feature films.

In view of the fact that many producers still face the problem of outstanding accounts with Pay-TV operators for product already broadcast, it is with some apprehension that we encourage introduction of onew Pay-TV services into an already fragmented market. It is only with the proviso that such specialty channels must represent new markets for Canadian independent productions. We firmly discourage the idea of public-sector involvement in such a service, in the belief once again that such an undertaking should emanate from the private sector and be fully self-supporting.

Public Broadcasting

The scramble to redefine the role of the CBC-SRC has been on for some time now, but we perceive that task as a relatively simple equation: Canada's public broadcaster would function most effectively as a national electronic publisher. This suggests neither a retreat from the corporation's responsibility to reflect Canadians to Canadians, nor a move to end its role as a distinctive, engaging alternative to the private broadcasters. There is very real justification for the CBC-SRC to concentrate on in-house production of news and public affairs programming, both national and regional. There is further justification for the transfer of entertainment programming production to the independent sector.

As detailed in the section on license fees, both the CBC-SRC and the taxpayer would benefit from the reduced costs to the corporation if it licensed its programs from the independents. Control of content would not change one whit: CBC-SRC management would choose the products to be licensed, and producers would adapt their planning to accommodate those guidelines — just as U.S. producers do when dealing with the American networks.

In this new partnership, CBC-SRC facilities could be operated as a separate corporation, paralleling a private sector service company. New technological development at the Corporation would also be put at the disposal of the independent sector, rendering digital technology and satellite capabilities accessible for production purposes across the board.

The formula outlined above is a solid one, and could be implemented over a three-to-five year time-frame. During this period, a policy of reducing in-house production of entertainment programming by, say, 25% per annum would come into effect, and a full domestic policy to reduce foreign programs by 30% a year would be undertaken.

This move to reduce public-sector production necessitates a stand against the creation of CBC-2. If a new TV network is deemed necessary, let it be a private operation, fed by the private sector.

Any examination of the current state of Canadian programming at the CBC-SRC could not fail to note the irony inherent in the Corporation's recent decision to schedule and promote a "Canadian Week" devoted to indigenous programs as some kind of extraordinary "special event" If nothing else, the action forced everyone to reflect upon exactly what kind of entertainment now fills the remaining 51 weeks a year on the CBC-SRC's programming grid. One would be hard-pressed to imagine the BBC or Antenne 2 taking like action in their respective countries to pump home-grown product; on reflection, the situation in Canada sometimes seems downright incredible.

CRTC

Private broadcasters must be forced to uphold not only just the letter but the spirit of the regulations if

they will not comply voluntarily. It is therefore up to the Commission to rigorously enforce existing Canadian content quotas and to advise licensees who do not presently adhere to already-issued Conditions of License regarding Canadian content that their licenses will be open to competitive bids upon expiry unless full adherence is demonstrated forthwith.

We see the role of the CRTC in this kind of content "supervision" as a critical element in the broadcast industry. A free, unregulated Canadian market would simply be an extension of its U.S. counterpart. And this position is in no way xenophobic; Canadians can and should have access to the best programs the world has to offer, but balanced against the best we have to offer domestically.

Telefilm Canada

Telefilm exists to serve the industry, and it was for this reason that this agency was identified to administer the Broadcast Fund when that was established in 1983. The Fund was designed to stimulate the production of independent television programming by facilitating the financing of productions by private producers. There have been several hitches in the scheme, most notably the move to compensate the drop in licensing power of the CBC-SRC, as detailed in the section on Financing. Overall, though, the Fund has been a success, stimulating hundreds of millions of dollars worth of quality Canadian programming. The consensus within the production community on the Fund is a positive one: its renewal is vitally important.

So is its stability. If independent producers are to maintain their credibility in the eyes of foreign partners, consistency in government policy is absolutely essential. The necessary aid and long-range business planning in the Canadian independent production community to realize its goals dictates a high level of consistency in policy and programs in the public funding body.

There has been one significant casualty of the Fund's success, and it bears a mention. Since the advent of the Fund, Telefilm's policies and attitudes have been focused on television production: the \$250 million (over five years) Fund has totally eclipsed the previously established \$4.25 million (approx.) annual appropriation for feature and short film production. Canadian broadcasters are expressing general disinterest in feature films. This makes for a serious cultural crisis, since no nation's cultural image has ever been fully projected through its television programs alone. In view of conventional broadcasters' reluctance to license Canadian feature films, the creation of a task force on the Canadian film industry is welcomed by the independent production sector.

The NFB

The Board was originally established to present a cultural interpretation and presentation of Canada to Canadians and to other nations. What was a commendable objective over 40 years ago might best be attained nowadays through broadcasters and independent producers.

We therefore recommend that the

Minister of Communications review the mandate and operations of the Board with a view to requiring that the NFB become a national post-graduate school, specializing exclusively in film and video skills and technology and a center for applied research and development in this field. All savings effected in this change of role should be applied appropriately to Telefilm.

Conclusion

It may be assumed that all the major interests in the Canadian broadcast industry from the government onwards are in search of stability, seeking a formula that will allow for maximum both cultural and financial. The independent production sector believes that the suggestions laid out in this brief would move the industry toward that kind of stability in a swift and organized fashion. These same suggestions merit a quick review.

We therefore submit that:

- Broadcasters must broadcast; producers must produce.

By extension, cable should be classified as a carrier only, licensed neither to broadcast or produce but encouraged to invest in independent Canadian productions.

- An equitable structure for TV financing must be developed implementing:
 - fair market value license fees;
 - equal license fees for both French and English-language programs;
 - insurance that a broadcaster cannot lower its license fees on the basis of increased Telefilm participation;
 - a permanent policy at Telefilm for 49% participation in French-language, regional and children's programming;
 - financial incentives for the corporate sponsorship and advertiser support of independently-produced programs.

- Broadcasting must be recognized as privilege, involving:
 - the obligation on the part of private broadcasters to reinvest a percentage of profits in production;
 - close monitoring of CRTC-issued licenses, ensuring that Canadian content quotas are met by broadcasters;
 - increased Canadian content on the airwaves.

- There should be no further expansion of public-sector broadcasting, including:
 - the abandonment of plans for CBC-2;
 - no public involvement in Pay-TV, directly or indirectly;
 - restrictions on the entry of any new broadcasters (PAY OR FREE) to the private sector.

- All new technology developed by broadcasters should be made available to independent producers.

All these recommendations have their origins in the new maturity of the Canadian broadcast industry, whose status both at home and abroad requires that current policies be overhauled and updated to better serve both the industry itself and the population as a whole. We hope they offer some guidelines in the quest for a new broadcast strategy, and wish the Committee well in the task before it.



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