

Investment conference brings brokers/producers back in touch

TORONTO – Buoyed by a generally optimistic consensus on the future of Canada's film industry and mindful of lessons learned from the not-too-distant past, a one-day investment opportunity conference for investment industry professionals was held Oct. 22 at Ryerson Polytechnical Institute. Intended to update investors on the current state of Canada's film and television industry, the conference, organized by Ian McCallum of Screen Investor Services and presented under the auspices of the Association of Canadian Film and Television Producers (ACFTP), also set out to promote a successful remarriage of investors and film producers. To that end, the approximately 130 investment professionals packing Ryerson's Oakham House were advised of the industry's new maturity and the quality investment opportunities it now offers.

One panel, New Investment and Financing Opportunities, featured perspectives from producer Robert Lantos of Alliance Entertainment Corporation, product development manager Robert Thiessen of Equion Securities, and Frank

Jacobs, president of Entertainment Financing. Moderating the panel, former Communications minister Francis Fox spoke about Canada having a strong nucleus of production houses, of the strong government support for film production via the Broadcast Fund and Telefilm, and a new environment of "plentiful" worldwide opportunities demanding quality film product. Those comments buttressed opening remarks by McCallum, who mentioned the growth of foreign productions in Canada and faith in Canadian crews, the explosion of cable, satellite, and pay-TV markets ready to be tapped by an industry he described as "now securely underpinned by a volume of production."

Before discussing the current state of the industry, Lantos recapped the recent past of the 1970s capital cost allowance tax-boom, a Gold Rush syndrome he tagged as "the blind leading the blind" to many debacles. In a period in which pre-sales were exceptional and hampered by legislation (with after-the-fact sales no less difficult), Lantos said the blame for the '70s film fail-

ures were as much the fault of the "fanatic, emotional plunge" by the financial community as of the production (much of it 'born again') community. Advising investors that successful film packages are a lengthy process and that mergers are afoot between production companies (such as that of his company RSL Entertainment Corp. joining with Alliance) today, Lantos optimistically noted the time is now right for "a new kind of marriage and reacquainting" between producers and investors.

The ingredients for that favorable climate are the greater international acceptance of Canadian products and the Broadcast Fund's enhancing of private investment, he said. Warning the assembled investors they were missing out by not significantly participating in Canada's production industry, Lantos said investors would be successful only by spending the time to under-

stand and participate in production "on the basis of the soundness of the investment, not the product."

Thiessen, in the tax shelter business since 1979, recalled not marketing film investments in 1979 and 1980 because of a lack of pre-sale distribution contracts in place in the Canadian film and television industry and the poor monitoring of budgets once production investments were made (or the nonexistent access to information on production, especially for small investors). Recognizing the important, vested interest investors have in crossing over into artistic lines, Thiessen cited a few factors necessary to making the recouping of investment capital possible: finding and contracting distribution (including strong pre-sale commitments) prior to investing; and a required, continuous improvement in the quality and quantity of investment reporting.

Jacobs, specializing in secured lending opportunities for institutional lenders, credited the independent production sector with maturing to the point where there now exists a nucleus of largely credit-worthy producers with track-records sufficient to obtain contracts with distributors and networks. Pointing to "an enormous demand" for product and a large number of solid domestic and foreign buyers as a basis for financing – as well as significant financial stability among distributors – Jacobs did stress the need for completion bonds to guarantee project completions and the importance of loans pricing. "We have an industry that's really happening, maturing, and producers worthy of institutional support," said Jacobs. He added that, stemming primarily from what he called "junior, aggressive investors," confidence in the production industry

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> try will grow dramatically with such larger groups as banks coming in.

One speaker who took the industry's 'maturity' to task and who presented the conference with some of its liveliest moments was producer Robert Cooper. Now Los Angeles-based, the producer of *Murder In Space* and *The Terry Fox Story* discussed the industry's evolution through his personal experiences. Harkening back to the tax-shelter era, Cooper numbered the following among lessons learned by Canadian producers: market films before, not after, they're made; get the end-user involved with a stake in the film; and don't depend on tax shelters but rather produce films that can stand on their own. Although events such as a favorable exchange rate (Cooper likened Canada to "the Korea

of the film industry"), the formation of Telefilm, active CRTC involvement, a more attuned banking community, and the creation of a talent pool have meant films could be produced in Canada, the effect has been illusory.

Warning the industry can't be supported in the long term on the basis of the exchange rate, Cooper declared his bias and proceeded to open fire on Telefilm for its "impractical rules and arbitrariness of discretion," decrying it as an unhealthy means of financing. Noting his lack of success at ever being able to use Telefilm, Cooper said the air of uncertainty created by Telefilm (via a lack of clarity in its rules) largely explains the industry's lack of maturity. "The level of maturity depends on the extent to which we are competitive in the marketplace," said Cooper, who added "we're

missing out on practical Canadian filmmaking due to a lack of incentives from government."

Cooper (who elicited much laughter after admitting he preferred "the greed of the U.S. networks" and for offering Francis Fox a \$100 American bill in return for a clarification as to what constitutes a 'Canadian' writer) said "it's not enough to be cheaper, to have co-productions, or the creative expertise. The driving force needs to be Canadian." Not surprisingly Peter Pearson, Telefilm's executive director, rose to rebut Cooper's criticisms, defending the corporation's rules as being quite clear and staunchly observing "Telefilm takes pride in not getting directly involved in production, in the encouragement of private investors, and in the growing volume of production."

Telefilm office aids Atlantic region

HALIFAX — Since the opening of Telefilm Canada's Halifax branch office on Dec. 1, 1984, production has been on the increase in the Atlantic provinces.

Prior to the opening of the Halifax office, only eight projects had been submitted over a period of 10 years to Telefilm from the Atlantic provinces. However, in the past 10 months, Telefilm Canada has invested \$1.5 million in 21 projects with budgets totalling over \$9 million.

At a meeting of Telefilm Canada's Board of Directors held in Halifax for the second consecutive year, chairman Ed Prévost stated that Telefilm's presence in the region has had a tremendous impact on local production and that the first

10 months have been even more successful than predicted.

Eight projects, four dramas and four variety shows, have received financial support through Telefilm's Canadian Broadcast Program Development Fund. Among these, four are now completed including *Dance Makes Waves*, produced by Media Co-op Services; *Canadian Heritage Festival*, produced by Jack McAndrew; and *Da Boom*, produced by Stuart Allan, which was aired on CBC Atlantic on Oct. 9.

At the script and project development stage, Telefilm reports that \$321,000 has been advanced to 13 projects, including a children's program entitled *Blizzard Island*, produced by Studio East Ltd., and two feature dramas, *Life Classes* produced by Bill MacGillivray, and *Funding Mary March*, produced by Ken Pittman.

Telefilm's regional coordinator, Bill Niven, credited the unprecedented growth of production in the Atlantic region to the cooperation which exists between local producers, co-ops, and broadcasters. "The talent base is only beginning to be tapped," says Niven. "I am very optimistic about the future."

Sager and Lynch to head Simcom office in Canada and USA

VANCOUVER — Simcom Ltd. chairman Peter Simpson announced Nov. 5 the appointments of Ray Sager as head of production for Simcom Ltd. of Canada and Paul Lynch as head of production for Simcom Ltd. of Los Angeles.

Three Simcom projects current in western Canada, are being production-supervised by Sager: *Bullies*, a feature which recently wrapped in Kimberly, B.C.; feature *High Stakes*, Larry Kent directing, which began principal photography the week of Nov. 3 in Vancouver, and *Mania*, a pilot for a four-part TV series. Sager's credits as production supervisor/line producer include *Danger Bay* (CBC/Disney), *When We First Met* (HBO), and *Thrillkill* (Brightstar).

Lynch, directing *Bullies*, has directed Canadian films *The Hard Part Begins*, *Blood & Guts*, *Prom Night*, produced by Peter Simpson, and other features.

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