Wayne Clarkson's
risky business:

Ontario feature filmmaking takes
the OFDC challenge

Canada, and offered assistance to a
number of groups and organizations
within Canada). The emphasis of the re-
commendations seemed to be clear:
that a separate agency be formed to
oversee all of those programs as well as
undertake new initiatives such as finan-
cial programs, assistance programs to
the production/distribution industry. So
it had been under discussion for quite
some time but no action had been taken.
It was the new government and the
Premier who took effective action and
indeed created the Film Development
Corporation.

Cinema Canada: Why did you want
this job?
Wayne Clarkson: For two reasons:
I had been at the Festival for eight years
and felt that what contributions I could
make, I had made. I was, to put it
bluntly, running out of ideas and initia-
tive. And, on the other hand, the posi-
tion offered was something that I was
genuinely interested in.

This is an agency of the government:
an arm's length agency which has its
own board of directors, and a rather
substantial budget ($20 million over
three years) and its mandate is very
broad. It can provide financial assist-
cance in various stages of production
for both film and television. So the
mandate and the responsibility was very attrac-
tive, something that was brand-new,
and it's always exciting to see something
up. It's one thing to inherit an already
established structure and institution but
it's something else when you can come
in on the ground-floor and participate
in the creation of a new organization.

Cinema Canada: Certainly your direc-
torship of the Festival of Festivals put
Toronto on the map as an outstanding
film festival for American and Euro-
pean films. Was it necessary, in your
view, to do this first before some atten-
tion could be given to Ontario film-
makers? If so, why?
Wayne Clarkson: I think it is a ques-
tion of a maturing industry and various
avenues coming together at the right
time. And yes, the Toronto Festival cer-
tainly contributed to that maturing pro-
cess. However, Ontario and Quebec
have long been centres of production
in the province. The idea had been
under discussion for a number of years. The
industry had made a number of submis-
sions to the previous government and
other ministers suggesting that some
kind of financial assistance was required
for the film/television production/distri-
bution industry. So it had been under
discussion for a long time. But to give
due credit, it was this government that
took the effective action and took it
very quickly.

Cinema Canada: How did the OFDC
come into being?
Wayne Clarkson: The industry had on
numerous occasions approached the
government representatives and ministers
of the previous government and sug-
gested there was some need for as-
sistance in the film and television pro-
duction community in Ontario. They
were listened to and a number of papers
were presented, the most recent one
being the Paul Audley report (for the
ministry of Industry, Trade and
Technology) that was done in '83-'84
which was a very extensive review of
the production community in which
Audley met with all segments of the
community (producers, distributors,
various guilds, associations) and finally
drafted a report and recommendations.
One of those recommendations was
that a film development corporation be
established. Another recommendation
was that at least there be a consolida-
tion of all the various programs that
were present already in the government
ministries such as the ministry of
Citizenship and Culture (which had a
number of granting programs to the
Festival of Festivals, to the Academy of
Canadian Cinema, and groups like that)
and the ministry of Industry, Trade and
Technology (whose Film and Video Of-
cice assisted producers and sales agents
in marketing their products outside
Ontario). We went out to dinner with a number of
other ministers suggesting that some
need for a film development corporation
be established structure and institution but
that was before the January 1984 ban.
It's clear now that there's more credibility than there's
been in the past. Everyone seems very
eager to see this happen.

Ontario filmmakers from the Don
Owens to the Toronto ex-
perimentalists have long wanted
something like the organization you
now head, Is the OFDC the answer to
their prayers?
Wayne Clarkson: The only answer to
their prayers is their own creative tal-
cent. The OFDC is a facilitator: it offers fi-
nancial assistance. We're going to live or
die on the independent production
community. If the talent isn't out there,
no amount of money we pour in is
likely to change that. In Ontario the
talent is out there. No question about that.
One only has to look at Canadian films and the television material that's been produced over the last two years to indicate that the talent is there. There's a lot of young talent coming up and there's a lot of talent that's been around quite a number of years.

Cinema Canada: What are the various steps a young, inexperienced, but creative and talented person interested in making a feature indigenous to Ontario, would have to take to access the OFDC fund?

Wayne Clarkson: I think it's important that we start from the premise that the OFDC is not a grant-giving agency. We're not giving out grants that go out the door for works that may or may not return an investment — that is within the mandate of the Ontario Arts Council and the Canada Council. Like Telefilm Canada or like our counterpart in Quebec, this is a market-driven fund. We will be investing our money; we will be extending loans; we expect a return on our investment.

However, the conundrum inherent in the OFDC is that, on the one hand we are market-driven, on the other hand it is our intent to develop new filmmakers, to develop new producers as well as new creative talent. In developing that talent there is a great deal of risk. So where we will be entering into agreements on a sound financial basis, I have no illusions that every project, at whatever stage we participate in, is going to consistently return a profit to the corporation. Obviously it will not — that's the nature of the business. I think our mandate is to develop new talent, to take risks, where the private sector is not in a position to take a risk, or where the investment funds are insufficient to take that risk.

So, with that preamble, let's assume a hypothetical case. A young filmmaker, who, let's say, has made a number of short films on his/her own, either through the OAC or has done a 30-minute program for TVO or something of that nature, so we're not talking of an absolute novice here but someone who has some nominal experience and now wants to extend that experience. And let's say she/he has an idea for a low-budget feature (under a million dollars) and it's an original story or the rights to a short story by a Canadian author have been acquired. Step one: we will have a development fund and the individual would approach us with the request for financial assistance to develop that screenplay.

Let's say they have a story outline or a rough first draft, and they want to take it to a second or third draft. They can come to the OFDC and request financial assistance to develop that project. At the moment our intent is that we will finance projects up to approximately $50,000. (I say approximately because right now we are constantly reviewing the details of our guidelines, the details of eligibility).

Cinema Canada: As you know, at Telefilm they too have a development fund but a writer cannot access that fund, only the producer must. Are you going to limit accessibility to the OFDC development fund in the same way?

Wayne Clarkson: I'm suggesting a more lenient fund — that whereas we would prefer a producer be involved in a project even at the early stages, it is our prerogative and our option to accept submissions from individuals. We're certainly going to make any decision on the credentials of that individual; as I said we're not talking of a novice here who yesterday was a bankclerk and today has decided to become a screenwriter or a film director or producer. One has to base one's decisions on some measure of credibility. But we will accept submissions from individuals. Let's say they come in the door at the early stages. They come in with a first draft and they want to take it to a second, third, or final draft, we will assist the individual who says 'I need $60,000 to develop this project to final draft. I have to pay a writer, I have overhead expenses, etc.' We'll commit funds to that project, to that individual. Let's say they come back, months later and they say 'Well, we have a final draft now and we're ready to raise financing for production.' At that point, we might say, 'Fine, we like the project, we like your final draft, have you shopped this around to the production companies?' In other words, if your expertise is that
of a writer or a director, if there is insufficient interest in the marketplace, whether that marketplace is a producer or distributor or a broadcaster, then to what degree should we be interested? At some point you have to start working with the production community, with the distributors, with the broadcasters. So at that point the nature of the decision is market-driven. At some point the commercial community has to step in and it is up to us to continue to be involved in it. If a distributor or a producer or a broadcaster is not interested in the project, then maybe we shouldn’t be interested in the project no matter how much we like it.

**Cinema Canada:** Do you have any idea how many individuals will approach you given this attitude towards development financing?

**Wayne Clarkson:** Yes, we’re expecting something like 200 scripts for some form of financing to be submitted within the first six to eight weeks.

**Cinema Canada:** How would the selection be made between which individual would get the development money, and which would not?

**Wayne Clarkson:** There will be a production arm to the corporation consisting of approximately seven staff whose sole job it will be to coordinate these hundreds of screenplays that are submitted to coordinate the readers’ group in-house. They will take into account the reports of outside readers, but ultimately the in-house staff make the final decision.

**Cinema Canada:** How many aspects of the project must be Ontario-based in order to qualify for OFDC production financing?

**Wayne Clarkson:** The project does not have to be 100% Ontario to receive financing at any stage from the OFDC. The underlying principle is it must prove to be of benefit to the province of Ontario. An example: you have an Ontario-based production company, it’s a screenplay written by an Albertan, directed by an Ontario director, most of the cast and crew are from Ontario, but a number of scenes are to be shot outside Ontario. Fine, shoot it in the mountains of B.C. or the wheatfields of Saskatchewan or the shores of the Atlantic provinces, but it must prove to be of benefit to the province of Ontario. If somebody comes and says we’re going to shoot it in northern Quebec, the first question I’m going to ask is: What's the difference between the snow in northern Quebec and the snow in northern Ontario?

Obviously there are going to be creative requirements that cannot be shot in Ontario, then fine go shoot it where it has to be shot. But if you come and say it is entirely being shot in Saskatchewan but it is an Ontario-based production company, it is written and directed by and the cast and crew are from Ontario, and the post-production work is being done in Toronto, that’s of benefit to the province of Ontario, it will influence the level of financing that we’ll provide. So the less it benefits the province the more is going to affect our decision.

**Cinema Canada:** What is the nature of the broadcaster’s investment? Are we to make sure that a broadcaster either the CRTC or the DOC will be interested in the project?

**Wayne Clarkson:** It is certainly my intent and expectation that there be formal agreements between the provinces.

**Cinema Canada:** Will there be formal co-production agreements?

**Wayne Clarkson:** That is too under discussion. What position do we take if we have an equity investment? Are we first out, are we partipass with all other investors? Will we take a second position? We’ve grappled with this. Certainly from the private investor standpoint they’re much more interested in going into a project in which public funds (Telefilm’s or our own) are in a second position. It’s more attractive to private investors. Obviously our intent is to attract private investment. I would like to think that a project that has the good housekeeping seal of approval of the OFDC provides some comfort to a private investor.

**Cinema Canada:** What is the role of the OFDC position itself for the recoupment of funds?

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**Cinema Canada:** What are the possibilities of co-production deals with the provinces?

**Wayne Clarkson:** I’ve spoken briefly to Lorne MacPherson in Alberta and to Nicole Boisvert in Quebec about it, and there’s no question we want to establish co-production agreements between the provinces. We all have the best interests at heart and we don’t want to be developing programs that penalize other provinces and indirectly end up penalizing the filmmakers. So if we restrict all things to Ontario, and Quebec restricts all things to Quebec, we’re working at odds with one another. There has to be compatibility between the provinces; that’s why I go back to my reference earlier of scenes shot outside of Ontario. I’m not going to withdraw financing at any stage of the project from an Ontario filmmaker in which the script merits being shot in part outside Ontario and I would hope that Lorne MacPherson and Nicole Boisvert would be willing to assist in those projects being shot in Alberta or Quebec.
investment we'll take first position and for a portion of our investment we'll take second position. There may be some instances in which to insure a project going ahead (such as a 100% Ontario project, of a young filmmaker, a young writer who has not produced before, or a low-budget film) we may take a second position on our funds in that instance. There has to be that flexibility.

Cinema Canada: With this new infusion of funds to production, do you see a situation in which a project could be financed totally by agency money: SGC in Quebec, Telefilm, plus OFDC, plus a public broadcast licence fee, without any need for private financing at all?

Wayne Clarkson: What you've described with a combination of Quebec, Telefilm and ourselves is really a back-door grant program. I don't discourage a combination of Quebec, Telefilm and OFDC financing, what I don't accept in principle and what we've accepted in fact is 100% financing coming from those three. We're looking for private investment. I don't think that a project that's brought to us that has 100% financing through Telefilm and OFDC and Quebec plus OFDC, plus the producer has a project that has anything constructive in it. It has to have private investment. The first thing I'd say to the producer is, tell us. The second thing I'd say is, where's the private investment in this? But again it's subject to interpretation. I'm not going to declare a percentage. There may be that wonderful project that everybody wants, but we need that flexibility. You must have 20% private investment and they've got 17% and if we play it just by the number, we can't get involved in that project because of the missing 3%. So obviously it's open to interpretation. But the principle is, and I think that's the governing fact, that there must be participation from the private sector.

Cinema Canada: Having one kind of funding will not however preclude a producer from accessing another?

Wayne Clarkson: No, I would think that in the majority of cases Telefilm will be involved in projects we're involved in. I'm sure there'll be projects we're involved in that Telefilm is not and vice versa. There are going to be projects which in our estimation benefit the province of Ontario, that will develop new directors and writers, that we want to participate in, and that Telefilm for whatever reason chances not to.

We would still insist on the participation of private-sector financing, of a theatrical director or of a broadcaster.

Cinema Canada: When distribution letters are only worth the paper they're printed on, what kind of content are you looking for in a distribution deal to make a project eligible for production financing?

Wayne Clarkson: That's a crucial question. What constitutes real participation in a project? It depends, certainly from our standpoint, on the nature of the project and let's use the low-budget, 100% Ontario example - young talent. Presuming we like the project, and let's say Telefilm chooses for whatever reason not to participate, and this is a project the filmmaker wants to take into the theatrical marketplace. We will say: 'You must have the participation of a theatrical distributor, go and get it.' Well, what does that mean? Does it mean equity investment by that distributor? Does it mean cash guarantees over the next few years? We could interpret that. It could mean guaranteed revenues over the next two or three years. Again I don't want the rules and regulations to be so written in stone that it prevents us from going into projects that we think have merit. So there's risk and we'll take the risk.

Cinema Canada: In Quebec, Nicole Boisvert of the Societe generale du cinema down there is a development fund one ready to take risks in backing projects. How far would you be prepared to go?

Wayne Clarkson: I hope we earn that same reputation. I hope everything we do reflects exactly that. That what we are looking for are the risks. What we want to invest our money in are the risky, low-budget films by new directors and new writers. I think our fund is a risk fund, it's a development fund. If we can develop the talent, then we're doing the job. And yet, projects we may choose on a purely commercial basis and then all of the conditions that exist will be very firmly interpreted. We will want more than a letter from a theatrical distributor, we will want to see a cash commitment on that project. The principle is, obviously we're going to develop a project and have a screenplay that can go to the commercial marketplace. Then the terms and conditions will be strictly interpreted. The opposite corollary to that is that they can be loosely interpreted for what I believe to be all the right reasons.

Cinema Canada: The received wisdom in many parts of the film industry in Canada is that it's just not economically viable to produce features. The Ontario government has now committed $20 million to the belief that some sort of film making can be developed. What is your belief that you can make features economically viable?

Wayne Clarkson: We're not talking the $10 million dollar feature. That's where the mathematics (not the expense of high budget features) come into effect that say you must have an American release. But in the area of low-budget features ($500,000 to $2 million) this marketplace can more than carry those productions because you take into account all the ancillary markets. I'm not saying you can recoup it entirely in Canada but a recent example My American Cousin has done handsomely both theatrically and this year's done a very handsome video sale. Will receive distribution in the U.S. will make sales internationally. And given the costs of that, that it can go to pay-television and to general broadcast. more than their investment can be returned. It, in fact, can be a very lucrative exercise.

Cinema Canada: There are undoubtedly more projects than there is money for. Have you thought about running out of money?

Wayne Clarkson: The danger of running out of money is a concern. There's going to be incredible pressure on the OFDC in the first few months, all of those projects are going to be coming in. Arguably we could commit all our funds in the first two months. Justifiably. We are obviously not going to do that. We have taken that issue into account and we're not going to go in mind some kind of seasonal expenditure. We will commit 50% of our budget by the summertime. We will commit 25% in the winter and 25% between January and March. (April is the beginning of the OFDC fiscal year). I'm not happy with that kind of formula and I'm not sure how ultimately it will shake down because if ten projects come in the door April 1 and those ten projects merit our investment then we should sit there and say we can't do two of them, come back to us in the fall when you fit our algebraic formula. It's an issue we'll have to deal with. Experience will teach us more than anything.

Cinema Canada: There is always the fear that the majority of the fund is going to be committed to those production companies that have the size and resources and are able to satisfy the requirements that industry have set down. These terms and conditions easily. Have you thought about this?

Wayne Clarkson: After talking to a number of them I don't think they're going to be looking to the OFDC. Our fund is not the same size as Telefilm's. If there's a role we can play in high-budget features and they do benefit Ontario, I think we have to look at them. But there's not where we want to play and that's not where we can do the most good.

I can assure you that there's not going to be an instance where three major producers have five projects each going all financially. I can assure you simply, 'We're involved in two of your projects, we don't want to get involved in any more of your projects this year. No offence intended but we want money left over because there are those projects that don't have the benefits you have that we want to support. We haven't got them yet, but we're hopeful that they're going to come in the door in the next three months and we want the resources available to help them.'

Cinema Canada: Do you have anything substantial that will attract and benefit more established producers?

Wayne Clarkson: I think the most important program we're doing, the one that's really been established now, which is based on anything else, is the guaranteed line of credit program. We will be creating a program in which we will be creating guaranteed lines of credit for production companies and distribution companies, Canadian-controlled, Ontario-based. Traditionally with the creation of Telefilm Canada and other organizations which have occurred, it has been based on project-by-project. So you have instances where the medium-sized production company is involved in a project of a million dollars and 125 people working and there's cash flow in the doors and everything's wonderful and then the project is finished. The tap is turned off, they're back where they started. How do they pay the rent? How do they keep the telephone lines open? How do they keep their nominal staff on? Where does their income generate? The project they have done may not see revenue returns for years down the road. How do they keep operating? How do they keep developing projects? So they keep having to go back for more project funding which takes time, or they rush into projects that they're not ready for because they haven't got the cash flow to carry it, to work on it for another six months. So what we will do is provide guaranteed lines of credit at a bank of their choice, intended to service the operation of their business. The one only model in Canada like this at the federal or provincial level is in Ontario for book publishers. And what it means is, when you have finished your specific project you have cashflow through the line of credit at the bank to carry you through those down periods to allow you to develop projects, without being constantly in a state of under financing. So I think it's possibly the most constructive program we have.

Cinema Canada: When can applicants make applications?

Wayne Clarkson: March 1 our doors will be open for business.