

Paramount raids Norstar, takes Atlantic

TORONTO — 'Unfair competition' by U.S. Major Paramount Pictures has cost Canadian distributor Norstar Releasing the loss of half its business — and Canadian government action is the only answer, say Norstar executives.

In mid-April Paramount bought out Canadian rights to titles distributed by Atlantic Releasing of New York which had been supplying Norstar each month with independent U.S. and foreign titles. Although aware since last winter of initial overtures by Paramount to Atlantic, Norstar was unable to retain its two-year-long business link with Atlantic which turned over those Canadian rights when Paramount's offer reached \$4 million.

"We're just not in a position to compete," Norstar vice-president Tom Lightburn told *Cinema Canada*. "The bargaining power Paramount has is titanic compared to ours and their financing and cheque-writing ability makes it very difficult" said Lightburn, adding that the unrestricted access of Paramount to distribute

its titles in Canada constitutes unfair competition.

Paramount's raid, which took effect April 14, cost Norstar the rights to all titles from Atlantic ("a couple of titles a month," says Lightburn). Norstar by then still had some old Atlantic product and retains Canadian rights on existing Atlantic product it's distributed over the past few years.

Concerned about a precedent being created by Paramount's move, Lightburn warned "If the other majors can pick up the rights to Canada, there'll be no more Canadian film." As to why the U.S. Majors haven't already struck as a group, Lightburn said it was, so far at least, "out of respect for the marketplace."

Doubting that anything could be done about the Paramount raid (aside from looking to "some form of government role") and mindful of Norstar's need to replace the lost Atlantic product "soon," Lightburn said the Paramount's move was simply an acquisition to obtain more in-house product for its exhibition arm,

Famous Players Theatres.

"It's very clear the idea of fostering an indigenous production industry without similarly fostering an indigenous distribution industry is simply an absurd task," Lightburn said, referring to the Roth-Raymond Film Industry Task Force report recommending Canadianization of distribution.

Even then, he said, Canadian distributors couldn't solely rely on local product and need to have all sources of supply secure. Lightburn, who says "there's always prayer" as an ultimate recourse, summed up his opinion of the Paramount deal by saying "It's a disgrace that a company the size of Paramount Pictures takes it upon themselves to help exterminate a vital link in the cultural fabric of a country such as Canada."

Norstar president Daniel Weinzwieg said Paramount's purchase of the Canadian rights to Atlantic titles "just shows the incredible arrogance of (Paramount's parent company) Gulf & Western."

cont. on p. 36

DOC study on distribution urges protective measures

OTTAWA — Just when it seemed that Quebec's Bill 109 was dead and buried under shifting political fortunes and American pressure, its key articles plus a Canadian content quota have resurfaced at the federal level in the recommendations of a new report on film distribution in Canada.

Titled **Canadian Independent Film Distribution and Exhibition: The State of Things**, the 253-page report was written by Dr. Brian Lewis, Department of Communications Studies, Concordia University, for the federal Department of Communications' Film and Sound Recording Policy Directorate.

Hot on the heels of the 1985 Stratavision Report (**The Structure and Performance of the Canadian Film and Video Distribution Sector**) and the Film Industry Task Force's **Canadian Cinema A Solid Base**, the Lewis report provides solid statistical data on the film distribution activity of 101 companies in Canada between 1982 and 1985. The report classifies distribution companies in five categories: the seven American-owned Majors; the 14 Canadian-owned "nationals"; 25 Canadian "regionals"; and 55 Canadian "specialists" (e.g., ethnic films, adult films, martial arts

films). Thus, for example, the six U.S. majors (Orion since arrival in Canada in 1983 has distributed no Canadian films) distributed (in selected provinces only) a combined total of 107 Canadian films between 1982-1985, as compared to Columbia alone's national distribution of 470 U.S. features in the same period.

"It has never been in the interests of the American Majors who dominate film distribution in Canada," states the report, "to nurture a public for Canadian cinema, or to reinvest their profits in a Canadian film industry, which competes with an American film industry. Lacking sufficient distribution control, lacking financial vitality, it has never been in the power of Canadian film distributors either to encourage or promote the existence of a public for Canadian films, or to assure the capitalization of the production sector through continuous reinvestment. The Canadian distributor, simply, has never effectively controlled what is shown on Canadian screens or where the box office receipts are spent. The significance of this phenomenon — both cultural and economic — cannot be exaggerated."

cont. on p. 52

Issue is non-negotiable, say Majors

MONTREAL — Grilled by journalists as to his thoughts on Quebec's Bill 109, former Montreal (and now Hollywood) producer Pierre David offered his version of how Los Angeles studio heads see Quebec and Canadian efforts at bringing home Canada's domestic film market.

Coincidentally David's return to Montreal (planned two months ago) took place amid unconfirmed news that Francis Fox, former federal Communications Minister, would soon be representing the Quebec government in discussions with the U.S. Majors aimed at getting Bill 109 back on track after the outgoing PQ government abandoned it in limbo last December.

Also coincidentally, the same day that *Cinema Canada* met with David, he'd just received a phonecall from an American studio head whose viewpoint, David felt, was worth noting.

According to David, the American studio heads will negotiate but don't really see that there's anything negotiable. "Cinema is a totally free enterprise and our position is, we don't want to give any-

thing," was how David quoted one studio honcho.

Nevertheless, the Majors have learned over the years that good lawyers and drawn-out discussions can buy time. "We've been doing that for years, and now we'll just wait it out until there's another election," said David, quoting the same unnamed studio head.

"What the governments want is really not negotiable. They have to decide what they want and then make policy. We'll see if the result is a situation we can live with or not." That, says David, is the view from L.A.

For his part David hopes there is still a way to combine the interests of all parties, but adds that the Canadians, with their repeated "negotiations" over the years, are no longer taken very seriously by the Majors. "The Americans don't want to dominate," he says, "they just want to do business."

The crucial question, according to David, is, "What is the political will? What are the governments really prepared to do?" After years of promises and false starts, David feels that

the governments owe it to the industry to be frank.

"Perhaps it's time for them to say what they cannot do. If they can't solve the question of distribution, then they should say so. In that way, at least the Canadian distributors could get on with their lives instead of always waiting for something which is not happening. It would hurt a lot after all these years, but it would clarify things."

According to David, only after people know what the governments are not prepared to do can new strategies be planned. He mentioned alternatives — a box office tax, an aid program, new initiatives — and said that progress would not be made as long as the illusion of a negotiated settlement clouds the scene.

David admitted that the frustration on the Canadian scene is overwhelming, and that it is not fair that a law which was voted unanimously be shunted aside.

He would take news of this frustration, as well as echoes of Hollywood, with him for a meeting with long-time friend, Quebec premier Robert Bourassa on May 2.

ACTRA provides fact sheet

TORONTO — The Toronto Branch Council of the ACTRA Writers Guild presented a brief April 14 to the Ontario Government dealing with the impact of free-trade on film and television in Canada.

The nine-page report, titled "Write If You Find Work", was prepared by Charles Lazer, and presented by Lazer and Roger Abbott before the Queen's Park legislature's Select Committee on Economic Affairs.

The report states that Canadian films occupy between three and five per cent of theatrical screentime in Canada, that 97 per cent of profits from theatrical screenings in Canada leave the country, that between two and four per cent of videocassette sales are Canadian productions, and that of all available English TV programs, 25 per cent are Canadian while only two per cent of primetime is covered by Canadian programming (56

per cent is American).

A fact sheet included with the report includes data on the economics of public broadcasting in Canada. For example: before budget cuts, the CBC produced 90 per cent of Canadian TV drama, captured 20 to 25 per cent of Canadian viewers and produced twice as much primetime programming as all the private networks and stations combined. This was achieved on a budget totalling \$318 million (\$218 million from government and \$100 million from ad revenues), compared to the American PBS network, operating on a budget of \$218 million, which captures two per cent of American viewers and produces no domestic drama. The CBC and Radio-Canada accounted for 57 of the 88 projects generated in the first year of Telefilm Canada's Broadcast Fund operation.

Restrictive measures necessary for distributors

cont. from p. 35

Observing that "the health of the distribution sector is not simply a question of the health of film distribution companies, but a question of the structural health of the industry as a whole," the Lewis report faults recent Federal policy initiatives from the (1974) CCA (which broke "whatever healthy links had previously existed between film producers and distributors"), to the (1983) Broadcast Fund (which by its reliance on broadcasters actually discourages theatrical releases), or the 1983 bidding system in exhibition (which, though introduced to encourage competition in the marketplace, "is likely to result in an even less competitive marketplace, dominated by a few even larger players").

The Lewis report makes nine recommendations that the Government of Canada should adopt or encourage in coordination with the provinces:

- Restricting foreign owned distribution companies involved in the distribution of films in the Canadian theatrical market to the distribution of those films which they have helped to produce or for which they have acquired

world theatrical distribution rights;

- Restricting foreign-owned distribution companies involved in the distribution of films in Canadian ancillary markets to the distribution of those films which they have helped to produce, or for which they have acquired world distribution rights in the appropriate ancillary markets;

- The implementation, on a three-year, experimental basis, of Canadian content requirements for theatrical circuits of more than 10 screens;

- The creation of a Canadian Feature Film Fund, financed through a 10% levy on all theatrical box office receipts;

- That priority be accorded to the development of the Canadian film and video export sector; that Telefilm's Marketing Assistance Program be expanded;

- That eligibility for the domestic marketing and distribution programs of Telefilm Canada be expanded;

- That theatrical features not be licensed for release to ancillary markets in Canada until nine months after the Canadian theatrical release;

- That the government encourage and assist the establishment of theatre renovation funds in all provinces;

- That immediate actions be taken to insure the effective implementation of the bidding system.

In identifying the distortions that result from U.S.-dominated distribution in Canada, the Lewis report found that the foreign-owned companies (16% of all companies) collected 70% of distribution revenue. Interestingly, it was the smaller Canadian-owned distributors that out of their 34% total market share of revenues paid out, in 1981 and 1982, \$12.2 million in Canadian royalties while over the same period the foreign-owned distributors paid \$3 million (0.08%) in Canadian royalties (and \$231.9 million in foreign royalties). With 53% of distribution head-offices concentrated in Toronto, 75% of national distribution revenue

ended up there, while Quebec with 31% of head offices received only 7% of national distribution revenue.

Studying the market share of Canadian properties for 1982 and 1984, the report found that among Canadian-owned distributors, the percentage of box office from Canadian properties had dropped 80.3%, while the percentage of box office for U.S. properties had increased 69.2% (Among foreign-owned distributors, the percentage of box office from Canadian properties had stayed the same: 0% in 1982; 0% in 1984).

"If these figures are generally indicative, we are faced with the following phenomenon: the Canadian film distributor - a key player in the development of a public for Canadian films, a key to the capitalization of the Canadian film industry - already weak and dominated by the American Majors, has been further weakened by the loss of independent foreign features, and is turning massively to the promotion and distribution of

whatever American products they can find. Such a move would finally secure the United States' cultural and economic hegemony over the theatrical film industry in Canada," the report states.

Examining the dramatic growth of Cineplex-Odeon (from 163 screens in May 1984 to 1060 in August 1985), "the first Canadian-owned, vertically integrated film industry giant (which) now owns the largest theatrical chain in North America," the report found that "now that Canada finally has its own domestic Major, the marketplace is no more hospitable for smaller Canadian firms than it was before. 'Our' Major seems to behave very much the way 'theirs' do... Vertical integration constitutes a roadblock for the industry as a whole."

"The 'state of things' is this: there exists a profound structural imbalance in the Canadian film industry," the report concludes. "The distribution sector is essentially an oligopoly controlled by foreign interests."

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