

## Telefilm may lose \$17 million

MONTREAL — According to estimates in mid-January, Telefilm Canada will hold \$16.9 million in unspent funds at the end of the current fiscal year. Whether these funds must be returned to the government coffers or will remain available to Telefilm for production is the subject of current negotiations between the federal agency and the Treasury Board.

Yves Beauchesne, head of Administration at Telefilm, told *Cinema Canada* that while the budget of TF has risen by +5 percent this year (up to \$106,680,000 from last year's \$72,395,441), the industry is only growing at a rate of 33 percent and cannot produce enough to fully use the funds available.

(The rate of industry growth is based on the sum of all the budgets of projects accepted by TF in '85-'86 and '86-'87.)

According to Beauchesne, TF's net expenditures (including administrative costs, less revenues) from the Broadcast Fund will be \$57.8 million while \$37.3 million net was spent on feature films. Other net administrative costs are \$3.9 million. When total ex-

pensitures of \$99.4 million are subtracted from the \$106.68 million available to TF in '86-'87, the unused portion of the funds coming from this year's operations is \$7.3 million.

An additional \$9.6 comes from funds rolled over from the '85-'86 financial exercise. TF may have to relinquish both sums if the Treasury Board decides so.

The agency would have had a larger pool of unused funds, had not two important projects come together in time to qualify for assistance this fiscal year. Beauchesne said that both the mega-project **Bethune** and the renewal of the series **He Shoots, He Scores** reduced the sum of unattributed funds from the \$25 million which had been rumoured in the press.

"We don't refuse that many projects," commented Beauchesne, insisting that proposals had to be "bizarre, crooked or borderline" to be turned down by Telefilm. In general, TF accepts two out of every three projects submitted to it, Beauchesne says, and almost every project refused is simply missing some elements necessary to its application.

"If there is any one factor which determines our participation in a project, it is the criterion of prime-time interest," a criterion dictated by the Broadcast Fund definitions, he maintains. "We tend to pull away from programs which wouldn't fit into prime-time viewing," he concludes.

Obviously, other criteria — financial, legal, content — are also examined at TF under the stewardship of Linda Beath in Toronto and Francine Forest in Montreal.

Less than a year after the much-heralded organizational restructuring at TF which created an Operations branch on the one hand (under André Picard) and a Business Affairs branch on the other (headed by Bob Linnell), TF has returned to the older geographical division of labour, funneling requests from Montreal and the east through Forest, and those from Toronto and the west through Beath. They are responsible for evaluating both the operational and business aspects of the projects. The administration of signed contracts will now be overseen by newcomer Larry Pilon. (see article, p. 44)

## TVO French service

TORONTO — A flurry of calls from mystified television viewers greeted TVOntario switchboard operators as the public broadcaster's new French language network went to air Jan. 1, 1987.

In fact, many enquiries were received as changes were being made in the two days before the service went on air, said TVO's Kathleen Vaughan.

The calls ranged from angry enquiries about what had happened to the previous channel, bumped from the basic cable dial to make room for the new service, to messages of support, Vaughan said.

In the Toronto area cable companies bumped the American network NBC from basic cable service, which includes channels 2 to 13 on most televisions without converters, in order to comply with federal regulations.

The Canadian Radio-television and Telecommunications Commission (CRTC) requires

that Canadian channels receive priority over other channels.

To continue receiving NBC's Buffalo affiliate, Toronto area cable subscribers will have to buy a converter. The station moved to make room for the French network varies throughout Ontario.

Hugh Coulthard, Toronto area regional manager of Maclean-Hunter Cable TV, estimated the cable company initially received hundreds of calls per day following the start of the French network.

"The calls are still coming, but they're slowing down," Coulthard said during an interview one week after the new network, called *La chaîne française*, went on the air.

He said about 8-10 percent or 15,000 Maclean-Hunter subscribers owning a television without a converter would find themselves affected by the change.

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## Consumers contest cable increases

OTTAWA — A major consumers' group is taking the federal broadcast regulator to court over its approval of automatic cable television rate increases.

The Consumers Association of Canada will contest the Canadian Radio-television and Telecommunications Commission (CRTC) decision and a Maclean-Hunter Cable TV automatic rate increase application before the Federal Court of Canada.

Consumers association official David McKendry said his group feels the CRTC did not have the power to make that decision.

"We feel the commission did not have the jurisdiction in law to make the regulations that it did with respect to automatic rate increases."

He said it is a test case and if the consumers' association is successful with its case, all cable companies will have to go back to the old system of outlining rate increase applications before the CRTC.

The CRTC ruled on August 1, 1986 that cable companies could apply for automatic increases that can be the equivalent of up to 80 percent of the

previous year's consumer price index.

"We think that the commission is obligated in law to ensure that the rates are fair," said McKendry, who is director of the regulated industries section of the 160,000-member consumers' association.

He said with automatic increases the commission will not look at the underlying reasons for increases in cable television rates. The CRTC should examine costs, revenues, the quality of service and give subscribers an opportunity to comment on the increases they face, McKendry explained.

With automatic rate increases the customers only recourse is to disconnect or pay, he added.

He said the consumers' association decided to contest the Maclean-Hunter Cable TV application for its Guelph, Ontario operation for several reasons.

Maclean-Hunter applied for a rate increase in Guelph last year, but was denied an increase because it had high profits, McKendry said. Then after the CRTC handed down

its decision, it applied under the new regulations, he added.

Only a matter of weeks before the new regulations came into place, the CRTC found that Maclean-Hunter's rates in Guelph were high enough as it is, he said.

He also said Maclean-Hunter was one of the first companies to apply under the new regulations.

But McKendry said the consumers' association is not singling out Maclean-Hunter as being any worse or any better than any other cable system.

While a ruling in favour of the consumers' association will mean that cable companies will have to go back to applying for rate increases, that still doesn't mean the old system can't be improved, he said.

In an interview with *Cinema Canada* after the release of CRTC regulations last year, the vice-president of public affairs for the Canadian Cable Television Association applauded the move.

Susan Cornell termed the new rate system sensible and said it includes regulations for written notice to subscribers 40 days prior to the increase.

## Dubbers win battle

OTTAWA — French-language television viewers will no longer have to wait six months to two years to watch the latest U.S. TV series dubbed in their own language.

High level negotiations between the federal department of communications, the Quebec government, American television distributors and both French and English-language television broadcasters have resulted in a landmark agreement which in effect recognizes a duality of dominant languages in Canada.

For the first time, an agreement between the department of Communications and the distributors, represented in Canada by the Canadian Motion Picture Distributors Association (CMPDA), has enabled French-language broadcasters to purchase first-run rights for U.S. TV series. French-language audiences will watch dubbed American programs at the same time as English-language audiences view the same programs on English Canadian networks.

Traditionally, the English Canadian networks were used to having total exclusivity of U.S. TV series for two runs and two years.

"This was an unfair and unacceptable situation," says Gilles Desjardins, vice-president corporate affairs of Le Groupe Vidéotron Ltée which recently

bid to purchase Télé-Métropole, Canada's largest French-language broadcaster.

"They are beginning to realize in the U.S. that there is a large French-language audience here," says Desjardins. "We were at a terrible disadvantage. It was not very interesting to watch the same **Dallas** episode that everyone had talked about two or three years ago."

Alain Gourd, deputy minister of Communications, says he commends the Screen Actors Guild for being the first to make an exception where residual rights are concerned for foreign languages which includes the French-language in Canada.

"The only way for the French-language broadcasters to broadcast immediately after the U.S. broadcast was to buy for English language and compete against CTV on a 25 million viewer basis," Gourd told *Cinema Canada*.

"It was a de facto impossibility for a French-language station to broadcast a U.S. TV series before two years had elapsed.

Although there were several weak series that gave French broadcasters a stronger negotiating position, Gourd, a broadcaster between 1973 and 1982 says he "cannot think of one example."

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# Quebec/Europe station applies as specialty TV More money recommended for TF

OTTAWA — The best of Quebec and European French-language television programming will soon be available throughout Canada.

According to Alain Gourd, deputy minister of communications, a consortium of public and private broadcasters will file an application to the CRTC prior to the March 12 deadline for specialty services.

This consortium, consisting of every French-language broadcaster in Quebec as well as TVOntario, will establish TV5 in Canada — an existing international Francophone service distributed throughout Europe and originating in France.

Programming from France, Belgium, Switzerland and Quebec will be seen in Quebec on the basic cable service and on satellite to cable service throughout the rest of Canada.

Canadian participation in the service was agreed to in a protocol signed in early 1985 by the user countries and both the federal and Quebec governments.

In February 1986 at the Francophone summit in Paris, Canada proposed that the international Francophone service be distributed "step by step" throughout the world. North America was designated as the next step and Canada was mandated to achieve this goal, says Bourd.

"What we are trying to create is a Francophone audiovisual space," says Gourd.

Start-up funding for this full-fledged cable service will be contributed by the user countries. Gourd estimates that the initial Canadian contribution will be close to \$1 million.

MONTREAL — A new survey commissioned by Telefilm Canada has the executives there smiling. The DPA Group Inc. of Ottawa has reported great satisfaction in the private sector with the functioning of the agency, and has recommended that it be given additional funds — \$446 million over five years for the Broadcast Fund alone.

The report, written by DPA in conjunction with Secor of Montreal, was based on 150 questionnaires sent to TF's clients. It will be made public as soon as TF approves the text which accompanies its conclusions.

DPA found that funds disbursed by TF have a multiplying factor of 2.2 and that 75 percent of the projects funded by TF would not be undertaken at all without the help of the agency.

In commenting the results, TF administrator Yves Beauchesne said that TF is still in the business of taking risks.

"The projects which are expected to recoup their costs easily no longer come to Telefilm. We don't anticipate a lot in the nature of returns because Canadian programs and films can still not recoup in the Canadian market."

Beauchesne reported that the study also revealed a pro-regional bias, and he confirmed that TF tries to com-

pensate for the geographical difficulties of the regions by acting more quickly on requests from places other than Toronto and Montreal.

While TF, in principle, hopes to take only six weeks to process applications, Beauchesne reports that most projects currently take between seven and eight weeks to go through the system.

## TVO French

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Many of those complaining said they felt there was no justification for another French channel in the Toronto market, he said. French station CBLFT, Channel 25, also serves Toronto.

Coulthard said, for example, some people complained of having to buy a converter for a second television set in order that it could pick up the Johnny Carson show on NBC.

"They were angry that now they would have to put out money for an American channel." But Coulthard added that anytime changes are made the company receives public reaction.

Vaughan, TVO's manager of corporate promotions, said one week after the new service started things were just about

back to normal. Between Dec. 29, 1986 and Jan. 5, 1987 TVO received about 620 calls from the public about La chaîne française, Vaughan explained.

TVO received many calls from people who don't understand that Ontario has a large French-speaking population; when that fact was explained, they understood the need for the service, she said. Vaughan also said others called who were opposed to any French programming. But after one week of programming TVO was receiving as many congratulatory calls as complaints, she said.

The federal and provincial governments have each agreed to chip in \$3 million a year for the next five years to support the French network.

The service is geared to meet the needs about 500,000 Ontarians whose mother tongue is French and another 500,000 with a working knowledge of the language.

## Dubbers win

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"What I can tell you," says Gourd, "is that when the eldest daughter on **Little House on the Prairies** was pregnant, on the French side she was still in bobby socks."

The agreement, explains Gourd, is the result of an initial outcry from French-language broadcasters to improve the quality and quantity of Francophone services in Canada.

Part of the result was a co-production film treaty with France, a review of broadcast fund criteria and the distribution in Canada of the International Francophone Service or TV5 (see story). French-language broadcasters insisted, however, that the only way to repatriate French-language audiences would be to translate foreign programming.

One obstacle towards stepping up the availability of U.S. programming, which turned out to be easier than expected, says Gourd, was the degree of complicity by the three major

English-language networks in Canada. The three network heads were confronted with the question by the CRTC during license renewal hearings in the fall.

"The CRTC was nice enough to ask the question, quite spontaneously," says Gourd, "and the the three network heads were nice enough to agree."

Both Desjardin and Gourd say that although the American decision is evident of a strong sense of fairness there are monetary advantages and political trade-offs involved in the deal.

"Now that we have more French stations competing for a better product it will be more costly and they will move their product faster," says Gourd.

On the political side Gourd says sensitivity on this issue can be seen as an antidote to a more adamant position against the regulation of U.S. film distribution in Quebec and the rest of Canada.

"This may be their way of telling us that they are not bad guys right across the board," says Gourd.

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