Uncertainty breeds pessimism

MONTREAL – Uncertainty about the federal government's resolve concerning the licensing of film distributors is causing alarm in the private sector and discomfort in the department of Communications.

The minister of Communications was subjected to tough questioning on May 4 when she came before the Commons Standing Committee on Culture and Communications, and the question was raised in the House on May 8 and May 9. At stake is whether or not the government has been intimidated by Jack Valenti, president of the Motion Picture Association of America (MPAA), and pressures emanating from the Congress of the United States into letting the proposed legislation die before it is tabled or comes to a vote in the House.

In a much publicized speech in February, the minister of Communications Flora MacDonald announced her intention to introduce legislation to license film distribution companies within "a few weeks." The purpose of the legislation was to curb the American Majors, allowing them to distribute only films which they had produced themselves or to which they held world rights while releasing all independently produced films for sale to Canadian companies. Her own timetable has come back to haunt her.

After several months of silence on the subject, the MPAA, the lobby group for the American Major distributors, launched a series of broadsides, condemning the proposed legislation.

It became known, first in the U.S. press and then in Canada, that President Reagan had raised the question of distribution of films with Prime Minister Brian Mulroney and voiced his concern. Soon afterward, the minister of Communications met with Valenti, a meeting which she had previously avoided.

Valenti followed up the April 21 meeting with a series of comments to the press and an appearance on CBC's *The Journal*, claiming that the proposed legislation would do grievous harm to American distributors, and might have a contagious effect which would cause other countries to follow suit. His tone was hysterical and press coverage was abundant.

Before the Standing Committee on May 4, MacDonald reiterated "We have made a commitment...to introduce legislation shortly...", but that didn't stop the questions. Asked Sheila Finestone (Lib. Mount Royal), "I am curious to know how you are going to respond to the alleged threats made by Mr. Jack Valenti with respect to Hollywood movie producers... that would lead to a boycott of Canada by the major film producers... I got the feeling that I was listening to a Gulf and Western scorched earth situation all over again."

The minister answered that she didn't feel she needed to respond to "people outside of Canada." She continued, saying she "cannot imagine someone seriously sitting down, saying 'We are going to boycott Canada'..."

Meanwhile, in the film industry the rumour circulated that the minister would table legislation prior to the opening of the International Film Festival at Cannes, and that date, May 7, came and went.

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Ontario offers credit

TORONTO – Independent film production companies in Ontario will receive a boost from a provincial government pilot project to provide guaranteed lines of credit with financial institutions.

The provincial treasurer will guarantee lines of credit to eligible production companies under a program recommended by the Ontario Film Development Corporation.

Jonathan Barker, OFDC legal counsel, said the project will be extended to only four to six companies in the first year.

To be eligible production companies must be Canadian-owned and controlled with 75 per cent of shareholders and employees living in Ontario.

The company must have two years film work under its belt and an existing minimum line of credit of $50,000 and no more than $750,000.

The additional line of credit guaranteed is available to a $250,000 maximum.

The OFDC, through the provincial treasurer, will guarantee a maximum of 90 per cent of the credit and banks will handle the remaining risk, program guidelines state

The full line of credit will be released gradually depending on need and the ability to repay the loan and interest.

The interest rate will be set at prime plus one per cent.

To qualify, at least 51 per cent of production and development costs must relate to a Canadian production as defined by the Income Tax Act or the Canadian Radio-television and Telecommunications Commission.

The guidelines explain guarantees are intended to strengthen growing independent Canadian production companies.

Through guaranteed credit

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Cable lobbies for license

MONTREAL – A fair access proposal filed by the cable industry should convince the Canadian Radio-television and Telecommunications Commission (CRTC) that cable industry ownership of license, pay and specialty services is permissible, says a spokesperson for the Canadian Cable Television Association (CCTA).

An interim report released in April by the Parliamentary Standing Committee on Communications and Culture has recommended that the CRTC not be allowed to permit cable industry ownership of license, pay and specialty services unless the regulatory body can satisfy all concerns of fair access.

The report follows examination by the committee of the legislative recommendations in the Caplan-Sauvageau report on broadcasting policy.

"Cable has always made a great contribution to community programming and there are some services that we could best provide. Thus, we feel we shouldn't be precluded from that role," says Bill Allen, spokesperson for the CCTA representing over 400 cable television operators.

In a communique released shortly after the interim report, Michael Hind-Smith, president of the CCTA, applauded the committee's recommendations to reject several key propositions dealing with cable television in the Caplan -Sauvageau report.

Among these propositions are mandatory "must carry/ must pay" national service on every cable system in Canada for which all cable subscribers would pay an additional fee.

Instead, the committee advised that the carriage of these services be linked to the carriage of other Canadian specialty services and that, although generally favourable, aspects of the TV-Canada concept be redeveloped by Communications minister Flora MacDonald and her provincial counterparts.

As proposed in the Caplan-Sauvageau report, TV-Canada is a nonprofit national satellite-to-cable service devoted to Canadian and foreign programming including NFB programs and performing arts. It is to be supported on a "must carry/ must pay" basis.

The CCTA has rejected the mandatory component of this service (as has the committee) and has stated its support for a nonprofit national service with an emphasis on regional production.

"There are still a lot of unanswered questions about TV-Canada," says Allen, who explains that the means of adequate funding remain uncertain given the CCTA's opposition to the "must carry/ must pay" concept.

"We can't even accept specialty services on a "must carry/ must pay" basis," says Allen.

CanPro sees future in CanContent

EDMONTON – The 13th annual CanPro conference of independent television stations was held in Edmonton early April. Two ironic things resulted from the four-day wingding: private broadcasters managed to produce what is probably the best awards show ever (by virtue of eliminating all acceptance speeches) and, amidst the decadent splendour of West Edmonton Mall's Fantasyland Hotel, they attempted to grapple with the inevitability of Canadian content.

Specifically, the industry seemed resigned to the fact that it is going to have to start producing Canadian programming that is not news. A record number of private broadcasters listened to CRTC chairman André Bureau tell them that advertising revenues from imported American programming have now peaked, and that "the future strength of Canadian television, in financial terms, lies in Canadian programming." No one disagreed.

This change in attitude might stem from the fact that broadcasters recognize there is money to be made in production – specifically from foreign sales. Industry reports estimate that television export sales totalled about $14.5 million (U.S.) in 1986, up one-third from 1985. Expanding markets in Europe and Asia, increasingly cost-conscious American networks, and the video industry have created growing demand for new products.

Competitive production costs and the oft-cited expertise of Canadian crews encourage producers to meet that demand.

The CRTC is using those markets as lure to coax broadcasters into production. Bureau told his audience that the commission "would like to encourage full scale syndication of the domestic product coming out of individual stations." Recent CRTC decisions to loosen regulations governing twinning and co-production ventures and the re-definition of local programming reflect that attitude.

If the CanPRO convention's program is any indication, broadcasters are responding. Half the workshops dealt with fundamentals of development, production, and distribution of primetime dramatic shows. Claude Veillet of CFTM Montreal and Pierre Potvin talked about *téléromans*; Stan Thomas of CFND Winnipeg hosted a panel on drama production and script selection; and Cathy Ellis headed a discussion about export marketing.

Some basic truths presented themselves: production is complicated, expensive, and the return does not come quickly. Bill Mackie, a 20-year veteran of television who produced Hamilton's **Quest for Penta-One**, a consortium of western CTV affiliates, told the conference that "the rule of thumb is $250 – $300,000 per episode." (Hamilton's **Quest** ran at $2 million for 10 half-hour episodes.)

Cathy Ellis of Ralph C. Ellis Enterprises, a Toronto-based distribution company, used the model of a 13 episode, half-hour dramatic series to illustrate that "there are no fast bucks to be made from production of programs." It is very difficult to recoup an investment from Canadian sales, and foreign sales can literally take years. The old adage that broadcasting is a license to print money may or may not be true,

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