The markup?
"What it's hurting are the films which are very interesting and not commercial.
And that's sad.
There's a need for these films "

- Alfred Pariser



### THE WEATHER

The situation should stabilize in June, sending some to look for more hospitable climes.

Vol. 1, no. 5



## Welcome Change at Cannes

Two Canadian films have been chosen for the official competition at the International Film Festival at Cannes which opens on May 13: J.A. Martin photographe by Jean Beaudin and Levieux pays où Rimbaud est mort by Jean-Pierre Lefebvre. This is a welcome change from last year when no Canadian feature was screened in competition.

In addition, three films have been invited to other events which run simultaneously with the competition. The Albertamade **Why Shoot the Teacher?** by Silvio Narizzano will be screened in the Directors' Fortnight, while **Ethnocide** by Mexican Paul Leduc will be shown in the Critics' Week. The latter is a National Film Board production.

Finally, Robin Spry's NFB feature One Man has been invited to participate in a selection called L'air du temps. These are films with special relevance to the problems of modern society.

The Cannes Fest is also the largest marketplace in the world for feature films, and some 500 films will probably be screened in the Film Market. Films are registered there by individual producers and world sales agents, and the screenings are continual during a two-week period.

As usual, the Film Festivals Bureau from Ottawa has organized a delegation to represent Canadian interests at Cannes. This year, the delegation will be smaller than in other years. The staff will include about 13 people, working in administra-

tion, press relations, marketing and general PR.

The Festivals Bureau acts as a general clearinghouse for questions about Canadian production, and coordinates the promotional effort. This year, the Canadian Film Development Corp. will field a strong staff. Armand Cournoyer and Ken Rosenberg will be on hand, equipped with video-cassettes of Canadian features past and present and screening facilities.

The Vox Theatre will be rented by the Festivals Bureau for special screenings of Canadian films. Reflecting a diminishing interest on the part of Canadian producers in using the Canadian facilities, only 13 features are registered for these screenings. Last year, 21 films were seen at the Vox.

This year, the following films

will be screened: Je suis loin de toi mignonne by Claude Fournier, Rabid by David Cronenberg, L'ange et la femme by Gilles Carle, Cathy's Curse by Eddy Matalon, Parlez-nous d'amour by Jean-Claude Lord, Le soleil se lève en retard by André Brassard, Outrageous by Richard Benner, Les jeux de la XXI Olympiade by Jean-Claude Labrecque, Rituals by Peter Carter, Jacob Two-Two Meets the Hooded Fang by Theodore Flicker, The Rubber Gun Show by Alan Moyle, One Man by Robin Spry and That's Country by Clarke DaPrato.

In addition, Quebec will send a representative from the Direction Générale du Cinéma, Michel Chabot, to head up its provincial delegation. Chabot will have his headquarters within the Festivals Bureau offices.

### Morton Gains Global

In a surprise counterbid, Global Ventures Western, headed by Odeon-Morton Theatres head Paul Morton, purchased full control of Global Communications in March. The deal was approved by the CRTC.

IWC Communications and Global Western purchased the network from the original owners when bankruptcy threatened soon after it opened. The two new partners had a buy-sell agreement whereby if one side made an offer, the other could accept or present the offer to the first proposer; the first proposer was bound to accept, subject to CRTC approval. IWC obviously felt that Morton and his partners - Winnipeg lawyer I.A. Asper, Seymour Epstein and Gurston Rosenberg of Toronto - would accept the \$6.8 million bid. They didn't, but offered to buy out IWC. The CRTC approved the Global purchase in late March. As of April 5, when all transactions were



Paul Morton

complete, Global Ventures Western owns 82% of the shares and Seymour Epstein 18%.

IWC had board members and Global president Al Slaight; all resigned, Morton is now president and in addition to the above four partners, new members of the board are Duncan Jessiman, a Winnipeg lawyer; John Elder, counsel to Global Communications in Toronto; and three new members still to be named. Asper is chairman of the board.

Plans for the new owners include spending \$1 million to improve the studios so they can be rented out; upgrading Canadian content, especially news and public affairs; clearing up Global's outstanding debt.

The network is on a solid financial footing for the first year of its life, and recently scored some programming coups: it will broadcast the Nixon memoirs and has made a deal for all Norman Lear's TV shows, thus cutting CBC and CTV off.

A loss was the departure of Peter Trueman to CTV; he'll work on the two weekly pubaffairs shows at the network.

Meanwhile IWC and Al Slaight are looking around for more deals. Stephen Chesley **Combines Charges** 

Last February the CCFM announced a request for an inquiry into the activities of foreign distribs and exhibs via the Combines Investigation Branch of the Federal Ministry of Consumer and Corporate Affairs. All remained quiet, with only a peep when the feds descended on the offices in early summer and seized records. Now the first small noise begins a potential ripple to a shout, for during March Columbia Pictures and its Canadian president Harvey Harnick were charged under criminal law for setting prices.

The Bijou Theatre in the Toronto suburb of Scarborough was forced to charge the same as simultaneous screenings in downtown houses, thus restricting trade. Court date is set for April 22.

Not a big deal over-all, it's true. But the importance lies in the fact that the Mounties and the combines investigators not only didn't drop the inquiry – as they have a right to do – but followed it up by laying charges.

# Censor Squeeze in Manitoba

For the first time in four years Winnipeg police have seized a film from a city theatre on grounds that the film contravened the obscenity laws.

Joseph Gabrielle, manager of the Venus Theatre, 801 Sargent Ave., has been charged with "exposing an obscene film to the public".

In the fall of 1973, a now-famous test case involving obscenity charges against Last Tango in Paris was believed to have spelled the end of such pointless — and expensive — trials, especially when the law is not clear on exactly what obscenity is. Last Tango in Paris was judged not obscene by a 3-to-2 decision in the Manitoba Court of Appeal.

Police seized the film Anomalies, distributed by Art Films of Montreal, March 18 on the advice of the attorney-general's department.

"We (the police) can't do anything in such matters without the authority of the attorney-general's department," a police spokesman said.

The film, however, which was showing at a theatre specializing in skin flicks, did not receive any complaints from the public, and was seized solely upon police investigation. Charges were laid after morality officers viewed the film.

Anomalies was submitted to the Manitoba Film Classification Board January 24 and was classified restricted adult, meaning that no person under 18 could be admitted to the theatre.

The film, according to public relations director Joe Matthews, is a documentary sex education film which shows simulated sex and frontal nudity by both sexes.

Mr. Gabrielle has been on the court docket through week-to-week remands since his first appearance in provincial court March 23. Cases can be remanded weekly until a trial date is set which, as a rule, takes about five or six months, from the time of the first court appearance.

About 4,000 to 5,000 theatre patrons saw the film before it was seized, said the Venus Theatre spokesman, adding that signs were posted at the theatre doors warning patrons not to attend if they might be offended.

The film was shown for six days before morality officers arrived at the theatre shortly before noon March 18 and began to remove advertisements for the film.

Mr. Matthews said that detectives came "at least four or five times" and a total of at least seven detectives viewed the film before it was seized.

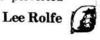
He said that as nearly as he could recall, a detective was present on the first night the film was shown as is the case with most films shown at the Venus. Detectives attend on either the first or second evening of any new film, he said.

In handing down his decision in the **Last Tango in Paris** case, Chief Justice Samuel Freedman said: "The times are relevant, however, to the central issue whether there has been an undue exploitation of sex in the film... to isolate particular portions, and to found a conclusion based on portions alone would be unfair and contrary to the law as declared by our highest courts."

Persons within the bureaucratic system have stated they can not understand why **Anomalies** was seized and the owner charged, when equally "raunchy" fare has passed unnoticed by the public – except those who frequent the Venus Theatre.

Oddly enough when Last Tango in Paris was seized it was an election year. The Manitoba (NDP) attorney-general, Al Mackling, who brought forth the charges, was soundly defeated in his constituency.

Manitoba will be having another provincial election this year, leaving one wondering if the present attorney-general, Howard Pawley, was not engaging in some kind of perverted political suicide.





### Fest of Festivals: Take Two



Festival of Festivals

Festival of Festivals director Bill Marshall addressed a press conference in Toronto in March, held to summarize last year's event and announce tentative plans and definite dates for this year's happening.

Dates are from September 9 to 18, including two weekends. Galas will be held only on week-

end evenings this year. Headquarters will again be the Harbour Castle Hotel, now affiliated with the Hilton chain, thus allowing worldwide reservations through the Hilton system. Famous Players cinemas in the Sheraton Hotel and Toronto Dominion Centre will be used, thus doubling seating from last year and keeping screenings within walking distance of each other. No word on Ontario Place, as it will still be operating (the festival occurs a month earlier).

Staff additions include Linda Beath as program manager for 1977, Natalie Edwards handling publicity, as well as individuals contributing to the programs planned. David Novek will probably return to handle press relations.

Programming has not been finalized, but some plans include a Quebec Retrospective, with 20 features and 20 shorts, many not seen in Toronto, to be set up in consultation with Robert Daudelin of the Cinéma-

thèque Québécoise and Jean-Pierre Bastien: a kids' festival under the direction of Saul Turell of Janus Films; a Brechtian Cinema Event presented by Linda Myles; Dino de Laurentiis' 10 favorites of his own productions; a series with the Canadian Film Institute; a series of special Canadian programs; technical gatherings with those who have the expertise giving greater input into programming, and probably featuring foreigners as guests to let Canadians dialogue with those they don't usually see; a possible film market, now being pursued by Martin Bockner as to feasibility; Hollywood participation on some level ("We'll have Hollywood product not seen elsewhere. We won't have Millard Roth programming this festival. They know we aren't part of the American market now - one of the good influences of last year," says Marshall, responding to questions on aftermath of Hollywood's avoidance of the fest last year).

Other lessons learned include more ticket outlets; a maximum of 125 features programmed so conflicts are minimal; arrangements for student pass sales on campus well in advance; money in the budget for fast dubbing.

Budget remains about the same as last year, and so will prices: student all-inclusive passes are \$35 and adults \$60. Last year's sponsors are returning, including Famous Players, Harbour Castle, Air Canada, and, to subsidize student passes, Coca Cola.

New events include a poster contest through the Ontario College of Art, an opening luncheon (included in passes) and festival decorations in the hotel. Also 16 mm projection will be improved this year, says Marshall.

Last year's 78% average attendance filled one-quarter of the budget; this year they're aiming for more. And the aftertaste will include a film and personal tour by a lecturer or filmmaker, with 12 Canadian cities to be included as sites.

**Stephen Chesley** 

### Zealot Increases Involvement

Zealot Films, the company formed by distributor Dan Weinzweig (Danton Films) and producer Gerry Arbeid, plans three more features for production this year. Company was involved in **The Disappearance** and **Ragtime Summer** as investor, but these projects are Zealot involvement on a greater level.

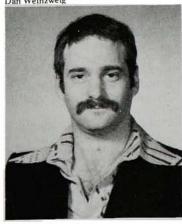
Tomorrow Never Comes is an Anglo-Canadian co-produc-

tion to be shot in both countries. Executive producer is Julien Melzack, producers are Gerry Arbeid and Michael Klinger, director is Peter Collinson, writers are David Pursall and Jack Seddon. Only Melzack and Weinzweig are Canadian.

The Eagle's Wing is another Anglo-Canadian effort to be directed by J. Lee Thompson and produced by Arbeid and his brother, British-based Ben Arbeid. Executive producers are Dan Sharp and Julien Melzack. Writer is Britisher Michael Syson.

The Ram is to be a Canadian film with a horror, occult thriller tone. Arbeid will produce and Weinzweig executive-produce. Writer is Norman Thaddeus Vane, an American; cast and crew are still under negotiation and consideration.





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# Productions Shooting and Projected

#### Nielsen-Ferns winds up Newcomers II shoot

The second show in the Newcomers series, being made by Nielsen-Ferns for Imperial Oil and CBC broadcast, has completed shooting in Quebec on a tract near Mirabel Airport. Title of episode number two is 1740, and tells of Nicholas de Lugny, a young soldier who grows to love his country. Writer is Guy Fournier and director is Claude Fournier.

Montreal and Quebec City locations will also be used, but near Mirabel - thanks to the federal Department of Public Works - an 18th century village is virtually being built. Included are a seigneury, trading post, habitant settlement, and so on, and it will be used in further episodes.

More personnel have been named to the series: William McCrow is designer for the second, third and fourth episodes; Jocelyn Joly is art director for the second, and Robert Baylis of the Nielsen-Ferns staff is production manager for all episodes.

Other N-F activity is the TV series Al Oeming: Man of the North, about the Alberta Game Farm founder; a series and a feature on Grey Owl; Cities, six one-hour films produced with and by John McGreevy about individuals guiding through cities they are associated with, such as Jeanne Moreau in Paris; Portraits of Power, produced in conjunction with The New York Times, involving examination in series format of great figures in contemporary history; three other feature films, and also a major TV feature co-production deal with England.

#### Ambassador now exhibitor too

Toronto-based Ambassador Films is now into exhibition (company distributes Canadian and foreign films, and produces Canadian features). Recently the company took over operation and management of the International in Toronto, the Snowdon in Montreal and the Fine Arts in Vancouver. The idea is to have permanent outlets for art and semi-art films.

#### King Solomon's corrections

Previously announced credits for King Solomon's Treasure have been revised subject to final casting, actor illness, etc.

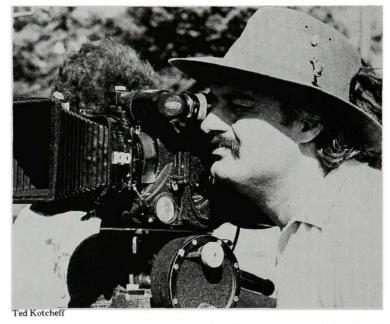
Stars are David McCallum, John Colicos, Patrick MacNee, Yvon Dufour, Wilfred Hyde-White, Britt Eckland, Véronique Béliveau. Writer Colin Turner is Canadian. Jerry Toff is composer. Director Alvin Rakoff is currently editing at Quinn in Toronto, and no distributor has been set as of yet. Nor are there any plans to take the film to Cannes this year.

#### Kramreither active on several fronts

Producer Tony Kramreither has several projects about to go, including a major series of features arising out of the currently-under-negotiation man co-production treaty, a treaty Kramreither helped to in-

Most prominent on the list is a Murray Markowitz feature inspired by the Ontario trial of Peter Demeter for murdering his wife, a case now being appealed. Executive producer will be Len Herberman, whose Ambassador Films will distribute. Production is hoped for June or July in Toronto, with a \$750,000 budget. Kramreither says the likes of Jennifer O'Neill, Cliff Robertson, Margot Hemingway and Michael Sarrazin are being approached as leads.

Another project is The Rip-Off Town, to be done with coproducer Heiner Pillar and as a British co-production. It's a comedy by Martin Lager about a railway town that, although cut off by head office, still receives pay checks.



his James Bond-type thriller about the world conspiracy of armament-makers. to be called In Council Rooms Apart, is planned for fall. Deadly Harvest, made last fall, is now finishing editing.

### Other projects

Robert Lantos and George Kaczender plan a feature of In Praise of Older Women, based on the Canadian best-seller of some years ago by Stephen Vicenczy... The Lina Wertmuller feature is not an official coproduction, nor was any of it shot in Canada. Canadian actors who traveled to Rome to participate found, it is reported, only an anguishing experience...

Allan King has two projects in

the planning stages. One is at third draft level, Fidelity Quartet by Carol Bolt, a romantic comedy. The other is only in research stage... Don Harron is writing a feature starring his Charlie Farquharson character for CITY-TV head Moses Znaimer... Farley Mowat's A Whale for the Killing is now out of Paramount's hands because Dino de Laurentiis, who already has a whale pic being released through the distrib, influenced its being dropped. Which leaves ABC-TV, who now plan to use only the title and conservation theme, and set the whale amongst a middle-class youth club who try to prevent its death...

Ted Kotcheff is reportedly to return to Toronto in May to make The Pit for Maurice Singer Productions. Writer is Stephen Bello. Feature is about a man who runs a pyramid selling company that uses highpressure encounter groups to motivate its salesmen... Eldon Rathburn is composer for Who Has Seen the Wind? and the Allan King feature should be in release print in May ... Gil Taylor and his Theatri Film Productions of Toronto will coproduce Philby with Ben Fisz of England. Shooting has started...

US will reportedly host a feature to be made in Hindi. Indian Janesh Dayal will produce with Canadians in the cast as well as Indian stars Vinod Mehra and Mousumi Chatterjee; Shelly Lynn Honick is the only Canadian named so far. S. Ramaha-

During July Canada and the than will direct.



Stephen Chesley



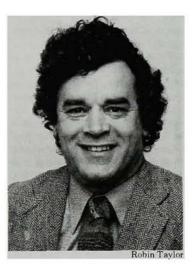
### Odds and Ends from the CBC

Claude Jutra is acting in English for a CBC tape drama speof Ferenc Molnar's The Wolf. Director is David Giles and the cast includes Len Cariou and Trudy Young; it was shot in April... Jutra returned prior to this project from shooting a film in Cuba. He has no definite plans for a Quebec feature... Fit to Print is another CBC sitcom pilot shot during April. Bill Lynn is producer, Norman Campbell directs, Jack Duffy writes and stars with Henry Beckman who plays a hotshot newsman in a small Maritime town... Bill Boyle has had a halfhour script accepted by CBC drama. But the drama department has no half-hour shows in its line-up, so Boyle is negotiating to expand it to an hour effort for next year's For the Record series.

Russia with Bruno From Gerussi was a CBC superspecial in March. Project was by Nielsen-Ferns, in one of the few instances in the industry where a sponsor has participated financially in a show, in this case Standard Brands. Claire Walker and Pat Ferns produced... The NFB's Have I Ever Lied to You Before?, a portrait of ad man Jerry Goodis and the making of commercials, directed by John Spotton and produced by Colin Low, is a CBC showing...

Canadian singer Catherine McKinnon raised public hell by complaining that the Peter Gzowski show was paying Canadians less than the Americans who appeared. She says she was offered \$250 and Americans are offered \$1,500. Producer Alec Frame did not deny the charge, but said he doubted it... Internal criticism of the Gzowski show is still rampant at the CBC, mostly based on the huge





amount of money it eats up, while programming is cut back in other departments. Nor have the critics been kind. But the show has been included in CBC budgets for two more years...

King of Kensington Al Waxman was a judge at the Miss New York State Beauty Pageant in March. Now that filming is over for the season, Waxman will direct an episode for the CBC cop series Sidestreet.

#### Appointments

Robin Taylor, a nine-year CBC veteran, will become the new head of current affairs programming for CBC English Division in June, replacing Peter Herrndorf.

Donald Ferguson, currently head of Visnews, will come from outside CBC to be deputy to English Division news and current affairs head Knowlton

#### **Farrah Fawcett-Majors** in Toronto?

The first time the film announcement appeared in the newspaper, it was tacked onto a column, and simply said the CBC had money in a feature. Then Farrah got interested, it was reported, and headlines

The feature is a \$3 milliondollar effort, Canadian-financed. to possibly be called The Fleece. Producer is CBC veteran Bill Lynn and writer is Arthur Samuels. It's about a turn-ofthe-century Ontario con woman named Mrs. Chadwick who was nicknamed The Duchess of Diamonds and bilked countless banks and lending institutions in the US by pretending to be the illegitimate daughter of Andrew Carnegie.

Lynn is now negotiating with Columbia. Production is scheduled for this summer.

Stephen Chesley

### Ponder Documentaries / Fiction

Student filmmakers in Canada and particularly in Montreal, where the NFB's presence is everywhere felt, can't help but be strongly influenced by documentary film. The danger, in a country that is trying to develop a robust and balanced film industry, is that the whys and wherefors of fiction film are all too often neglected.

It was in this vein that the Concordia University Film Department sponsored a day-long seminar in April on the subject "Scenario and Documentary Films: Advantages and Limitations". Over 60 students turned out, in the middle of exam week, for a full day's screening of films (Action, Les ordres, October Crisis and Blanc de mémoire, souvenir rouge) and late afternoon discussion with



Robin Spry on the right, directing One Man

their directors - respectively, Robin Spry, Michel Brault, Mark Blandford, the CBC executive producer and director, and Yvon Girouard, a former Concordia student.

If the audience had expected to find among the panelists confirmed support of documentary techniques, they may have been surprised to hear Blandford, who has almost a decade of documentary filmmaking under his belt, and Spry, who admittedly got his start in fiction film, say they want to make fiction films because they have found documentary techniques "limited"

Michel Brault told the audience he doesn't plan to abandon his "mother documentary" but that he'll use fiction techniques wherever necessary "to show people to other people so that they can learn understanding and respect." Les ordres, he said, was a fiction film though the story was rewritten from real-life accounts.

When pressed for definitions, Spry told the students that "documentary usually involves a reality that's true whether or not you film it. In drama films, the director creates the reality."

Discussion was lively and involved, with the panelists fielding questions related largely to specifics of form and content in their films. Joan Irving

### Action from Ontario

#### Ontario holds a film contest: to enter you have to hear about it

On March 13 the Ontario government announced the winners of its contest for ideas for TV specials. Winners were announced even though the contest's existence never was.

Seven winners were chosen from 15 applications; the latter were solicited from the film community. Thirty-three invi-tations were sent out. At first Peter Skinner, of the Ministry of Industry and Tourism, said that no public announcement was made because entries from amateurs and students would have been sent in, and his branch felt that it already knew everybody worth getting. Later he attributed the silence to the pressure of time; the fiscal year was running out.

Winners received \$3,000 for a writer to come up with a script or concept; then another \$2,000 is granted to continue the project. It's part of a \$100,000 budget the province has to encourage the film industry.

Contest winners are: Rainbow Animation for The Emperor's Nightingale; Bruce Raymond for the animated The Adventures of Mickey, Taggy, Puppo and Cico; Nelvana for the animated A Cosmic Christmas; Nielsen-Ferns for the docudrama A Mad Trapper of Rat Portage; Rosebud for the TV feature Stunt Man; Cineo for The Pictures From a Love Story; Insight Productions for the first in a series called Spice of Life.

### Ontario WCB backs off legal action against Mackey film

The Ontario Workman's Compensation Board receives constant criticism, but rarely as powerfully as in a film by Clarke Mackey commissioned by the Union of Injured Workers, a group dedicated to exposing WCB incompetence and inhumanity.

The WCB sent a threatening letter to the union over A Right to Live, as the film is called,

saying allegations in the film are not true. The 2,300-member union refused to heed the board's threat of legal action. Consequently the board withdrew its threat, saying that further action would only give the film more "undeserved publicity".



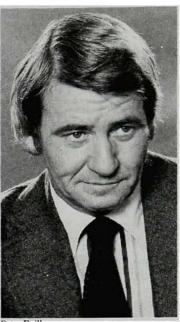
### Evans honored at special gathering

Ron Evans, formerly head of Ontario Arts Council's Film, Photography and Literature program, and now moved up to a policy and planning position, was honored on March 30 at a gathering attended by the community his former position served.

About 350 members of the film, literature, publishing and photography community centered in Toronto hosted Evans at Toronto's St. Lawrence Hall. The evening was instigated by the artists and publishers themselves, and special tokens (a film and a scrapbook) were presented to Evans, to thank him for his efforts over the years.

#### Arts support notes

The Ontario Arts Council reports that in its latest fiscal year it granted \$9.6 million to 998 arts groups and 1,232 individuals in 400 communities... Secretary of State John Roberts has been studying the idea of using Loto Canada money for arts support. Funds are now restricted to sports allocations.



# Peter Reilly Dies

News veteran Peter Reilly died in Toronto in March at the age of 43. His death was caused by a heart attack.

Reilly was undoubtedly one of the best newsmen in Canada, from his days at CBC Toronto covering the Ontario legislature through stints on W5 (which he helped form for CTV), Weekend on CBC, and especially the current CBC series the 5th

Reilly's forte was what is crassly called 'human interest stories' but his main concern and it was deep-felt and passionate - was the average guy and the screwing he took from modern bigness, especially in government. Reilly's stories on farmers being coldly tossed off ancestral homes in Quebec, an Indian war hero on skid row in Winnipeg, cruelty by the Kitchener welfare office to a family, and so on, were the best TV has to offer of its kind.

Possibly he sensed that in an age of huge self-serving government and distant business control, only the media has the strength to fight for the individual. Certainly he followed his emotions to create some of the best TV this country has produced. **Stephen Chesley** 



### **Filmmakers** Catalogue

The latest catalogue of films available from the Canadian Filmmakers' Distribution Centre in Toronto (406 Jarvis Street) is now available. It follows a 1976 supplement and the last catalogue, issued in 1975.

The publication lists 545 titles from 268 filmmakers; the filmmakers write their own descriptions of the films. Robert Fothergill supplied a brief introduction, outlining the history of the co-operative effort. Better indexes are instituted for this edition, too.

Publication was assisted by the National Film Board, the Samuel and Saidye Bronfman Foundation, and the Canada Council and Ontario Arts Council. The limited number of copies are available free from the above address



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# **CCFM Presents Pay-TV Study**

CCFM has completed a 400-page research report on pay-TV. Among its findings:

- The Canadian program production industry is underfinanced by hundreds of millions of dollars, not tens of millions of dollars as is commonly assumed. This is based on a per-capita comparison with other nations, and the requirements dictated by our geography, language duality, and the goals of our broadcasting system.

- The Canadian program production industry is 50 per cent underutilized and requires substantially larger budgets, and continuity of production, if Canadian program quality and quantity is to increase.

- High-quality Canadian production. which Canadian and other audiences will want to watch, is the only long-term defence Canada will have against increasing inundation by foreign programming as the technology of pay-per-program pay-TV, videodiscs, etc., outstrips the government's ability to regulate distribution.

- The most pressing need in the Canadian communications system is financing for a major growth in the program production industry. Pay-TV in Canada must contribute to this and not become simply another conduit for Hollywood, if it is to justify its introduction into Canada.

A small communications market – such as Canada – requires very different organization than a large market – such as the US – if it is to generate sufficient revenue to support high-quality production.

- Pay-TV revenues must be assigned to program production rather than new hardware - at least in the initial phase. The more sophisticated the hardware involved in introducing pay-TV, the less money will be available for production.

- The American model of pay-TV which is advocated primarily by the cable industry group "Pay-Television Network", is inappropriate for Canada because:

It will increase audience fragmentation and viewing of American programming – in a manner comparable to the introduction of cable service – and thus further erode the Canadian broadcasting system.

It offers a repeat of the situation in Canadian theatres where Canadian programming has no guaranteed access.

The 15 per cent of revenues offered to production are inadequate and unlikely to materialize.

Major revenues from the system will go to hardware investment, cable operators' profits, and Hollywood for program rentals. The Canadian production industry will be a marginal beneficiary at best.

It is based on the American model of pay-TV which was designed to meet American problems which do not apply in Canada.

The American pay-TV system is not working. At the present time disconnections are outstripping new subscribers in the US systems.

The past record of the cable industry does not warrant their control of pay-TV. That industry has invested 3.4 per cent of

its revenue in production as compared to 32 per cent for television generally.

The cable industry position on pay-TV has been rejected, almost without exception, by the English and Quebec production organizations, the broadcasting, performing arts, and public interest sectors, as unsuitable and threatening to Canada.

 Pay-TV is capable of contributing to the financial base of Canadian production if it is designed to do so. On such a basis should it be introduced.

#### Recommendations:

- Pay-TV in Canada should be a public/ private mix. Control should rest with a network which is a public monopoly but production should be done in the private sector primarily and remain independent of the network.
- Cable systems should be limited to the role of common carrier.
- 3) No investment in pay-TV hardware should be made in the near future.
- 4) Canadian pay-TV should carry primarily Canadian programming with strictly limited access for American programming.
- 5) American program access should be contingent on reciprocity for Canadian programming on American pay-TV.
- 6) All net revenues of pay-TV should be directly invested in Canadian program production
- 7) The best way for pay-TV to meet the objectives set for it by the minister of communications, and to serve the Canadian production industry and the viewing public, is
  - phase it into operation,
- establish a publicly controlled, universal, mandatory, subscription system as the basis for the introduction of pay-TV,
- proceed to a pay-per-program, common-carrier network when technology, economics, and the strength of the Canadian production industry permit.
- 8) The national interest should be the primary reference in resolving the conflicts inherent in the introduction of this new delivery system.

#### Proposal

If the American experience is allowed to define pay-TV in Canada, this new delivery system will become simply another American channel adding to the already dangerous levels of foreign content in Canada's communication systems.

It is therefore essential that Canada approach pay-TV from the perspective of Canadian needs — both of the broadcasting system as a whole, and of the production industry specifically — in the design of pay-TV for Canada.

Having considered the options available for such a pay-TV structure, CCFM has concluded that the optimum model for the initiation of pay-TV is a universal, mandatory subscription system, under federal control, using cable as the common carrier. The system would be financed by a \$3-a-month increase in the basic cable sub-

scription fee. It would operate with Canadian content regulations parallelling those established for broadcasting, and it would be delivered to every cable subscriber in Canada.

With Canada's 3 million cable subscribers forming the base of a Canadian pay-TV system, annual revenues of \$100 million would be generated on a stable basis. This would be directed primarily (75 per cent) to program production and acquisition of feature films and other programming which would be available for both pay-TV and off-air television and would amount to the kind of quantum leap the production industry requires if it is to become a major supplier of the Canadian communications system in the future.

In such a system, there would be no capital investment in specialized hardware, thereby maximizing the revenues available for production. There would be no threat posed to the existing broadcasting system which would in fact benefit from an additional source of funding for Canadian production to meet their content quota.

The Canadian audience would be offered an alternative to the present lowest common denominator television programming carried both on American channels and on Canadian channels, at a minimal cost (\$3 a month compared to \$8 a month for the cable proposal).

This universal mandatory system would be followed by a pay-per-program, common-carrier, national network. offering open and primary access to Canadian producers, and direct financial return to producers. The timing for the introduction of the second phase would depend on three factors: development of the technology; economic feasability; and the readiness of the Canadian production industry to compete in a pay-per-program system.

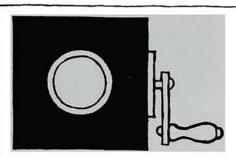
At the present time, all of the above factors mitigate against the success of a payper-program system. The technology is untried and immature and subject to change. The capitalization cost of the "black box" which is required for pay-per-program systems is estimated by Bell Telephone, one of the leading contenders for its manufacture, to be \$4 a month – more than the total monthly cost of the universal system. Obviously such capital commitments would drain most pay-TV revenue away from production.

Most important, the Canadian production industry is underdeveloped after its years of chronic underfinancing. It would be difficult for it to compete in an open network unless rigid Canadian-content quotas were established and those would, in a non-universal system, reduce the revenue of pay-TV by reducing the number of subscribers willing to pay for the system. The benefit of the introductory universal system is that it provides stable funding to enable the production industry to develop, to maintain its talent pool, and establish a backlog of product and experience which will enable it to compete in the second phase.

CCFM believes that the universal model for the introduction of pay-TV would provide a supplementary, and complementary, national network offering a rich mix of alternative programming for minority, as well as mass, audiences. The net effect on cable operators, broadcasters, audiences, and the program production industry would be positive and a new platform would be developed for Canada's creative energies.

Most important, the system has the potential to reverse most, if not all, of the drains which now exist on the production industry and to reserve pay-TV as a Canadian medium which is not American product-dependent.

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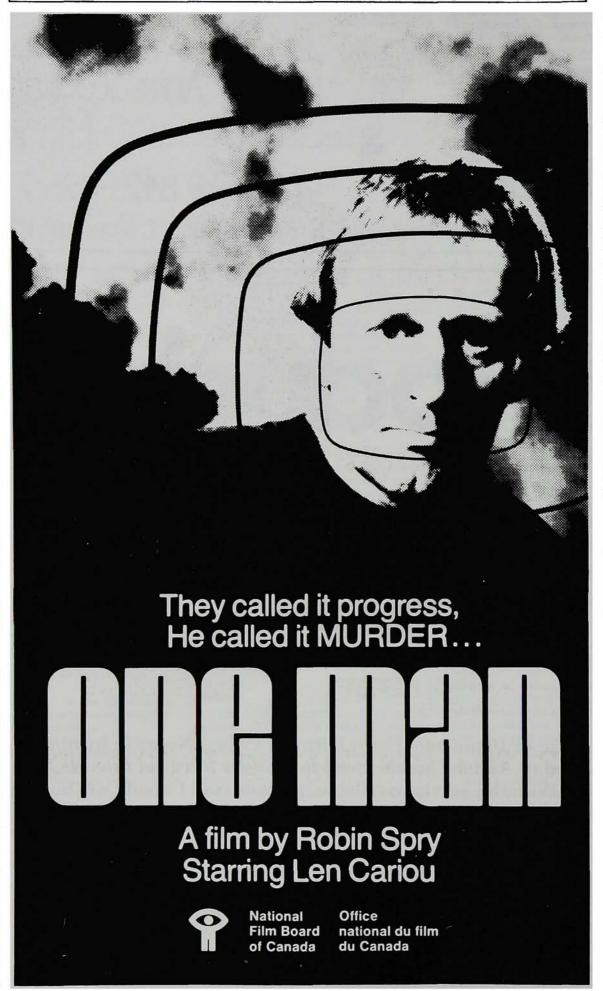
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