

# OPINION

## THE FIGHT TO PROTECT CANADIAN FILM

Feature film production must be viewed as a business; and in many ways current discussions that surround our budding Canadian film industry are a mirror image of a broader problem facing Canadian industry as a whole. A recent report by the Science Council of Canada indicates that, in addition to the current problems of labor costs, "Canada is being whip-sawed". Our industry must compete with "advanced high technology countries with a competitive edge in design and development." Further, "much of our industry is too small, unproductive and weak in new technology." This position is not dissimilar to the status of the Canadian feature film production industry.

As a result of our general industry problems, the Science Council of Canada has developed a policy framework. Much of this framework is applicable to the film production industry, i.e.:

1. to encourage specialization and identify appropriate areas of world market demand;
2. to build larger, Canadian-owned corporations that can more aggressively pursue production opportunities;
3. to rationalize the industry, not necessarily for economies of scale but to help us win world markets;
4. to develop clearly-understood and measurable policies, rather than piece-meal ones, that support the expansion of world markets for Canadian products.

One of the film industry's ongoing problems is the tremendous difference in perspective by the various sectors of the Canadian film community. In 1974, filmmakers in Winnipeg stated "unequivocally, film is an expression and affirmation of the cultural reality of this country first and a business second." In direct opposition to this approach, the majority of active film producers, distributors and exhibitors view film primarily as a vehicle of entertainment which should not be limited. Because the Secretary of State Department is trying to satisfy both points of view in arriving at a film policy, it faces a serious dilemma.

ACTRA'S policy of the '70's defines a Canadian film as "a film that is written, produced, directed, acted and made by Canadians. We do not suggest (and indeed we reject suggestions) that subject matter must be Canadian, which is, in our opinion, a self-defeating limitation." There is an underlying ACTRA philosophy behind this definition with which the Canadian Motion Picture Distributors Association takes issue. ACTRA believes that with a relatively modest annual expenditure of public funds, Canada can develop and sustain a feature film operation that would, assuming certain standards of quality and popular acceptance, quickly become one of the major production units in the world. The CMPDA agrees that the Canadian industry has great potential; but, we are convinced that bureaucratically-administered funds, even if generously provided, would

not lead to the development of a viable Canadian industry; and, further, that a "modest annual expenditure of public funds" would have no significant impact on the industry as a whole. Film production is an extremely expensive and risky business!

ACTRA has also indicated that Canada has everything needed for an industry: - writers, actors, directors and producers, as well as a proven pool of technical talent. We do have technical facilities, interesting locations and some reservoir of material; however, it is self-deceiving to believe that we have these resources in sufficient number to sustain an industry. We are shy, in practically every category, when it comes to internationally experienced individuals. Most importantly, we are particularly short of experienced producers, the people who can 'apply the glue' to film projects!

Although U.S. companies have achieved a level of success in filmmaking that far exceeds that in any other country, their track record is by no means reassuring. A success ratio of 1 in 8 is the norm in this very high-risk industry and that one success must compensate for losses or break-evens of 7 other projects. Canadian filmmakers hypothesize that, if the whole spectrum of American films were kept out of Canada, the Canadian public would ultimately condition itself to seeing Canadian pictures. The other possibility, more consistent with historical trends, is that the numbers of theatre goers would continue to decline, and, ultimately, become extinct.

There is, throughout current industry dialogue, an unfortunate stigma of anti-Americanism. In her recent publication *Who's Afraid of Canadian Culture*, dealing with the Motion Picture Association of America, S.M. Crean writes "at the end of 1975, scripts were already being sent to London and New York for approval, the door was open again for U.S. majors to make money producing superficially Canadian films with CFDC backing." This is a distortion. In many cases, distribution agreements provided by the U.S. companies for Canadian projects have been the basis for attracting Canadian investors.

The financial performance of most Canadian pictures has been poor but this is typical of the industry worldwide. The current track record indicates a need for more "marketplace orientation" on the part of our filmmakers; and does not support the rationale for a punitive levy at the box office. A levy would be passed on to the consumer and would, no doubt, further reduce the available audience for all motion pictures, both Canadian and foreign. In any event, availability of funds is not the problem. An attractive 100% Capital Cost Allowance is making large amounts of money available to Canadian film producers. Unfortunately, many filmmakers are still understandably hesitant to garner their resources and take advantage of this situation. Many

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continue to devote their time and energy to lobbying for levies, legislated take-overs, border restrictions, additional withholding taxes, etc. — all the known restrictive measures that really have nothing to do with the quality or the international competitiveness of a film.

At present, a small handful of our filmmakers are addressing themselves to the question of how they might participate in the total world market. If a film is a major box office success in Canada, it might achieve a 0.5% market share of the box office and will gross approximately \$1 million. On the other hand, this same market share world-wide would approximate \$20 million. This situation is a totally different equation — a more exciting opportunity — that would assure greater revenues and, at the same time, support the playing of Canadian features in Canadian theatres on the basis of demand rather than on the basis of an artificially-conceived protective measure.

Current statistics indicate that film distributors average approximately 1/3 of the box office; thus a film that grosses \$1 million in Canada realizes film rentals of approximately \$330,000. After deducting an estimated distribution fee of \$100,000, the producer would be left with \$230,000. Given a reasonable production cost of \$1 million to achieve the above box office, the film is a very long way from realizing a profit for investors from Canadian exhibition alone.

Taking into account the underlying need to penetrate the international marketplace, the tremendously high risk factors involved, both in terms of absolute dollars and the ability to achieve some predictable success pattern, and the competitive factors from other forms of leisure-time activities, there would seem to be little doubt that, unless filmmaking is viewed as a business first, it will never realize its potential as a vehicle of Canadian culture at home and abroad.

The premise that placed film production within the framework of the Secretary of State's Department must, at this juncture, be seriously questioned. The Canadian motion picture industry is just that — an industry. The Secretary of State's personnel are few in number and, although intensely desirous of achieving their objectives, they do not have the time, the budget, nor the necessary orientation to do the job that is required. If it is logical for the feature film industry to be situated within the bureaucratic system, then it must be with the Federal Department of Industry, Trade and Commerce and its Provincial counterparts. The Secretary of State and the Provincial Departments of Culture should provide input on overall policies; but implementation and priorities, measurement of success, evaluation of export potential, and establishment of incentives must fall within the business-oriented branches of Government.

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## PROFESSIONALS

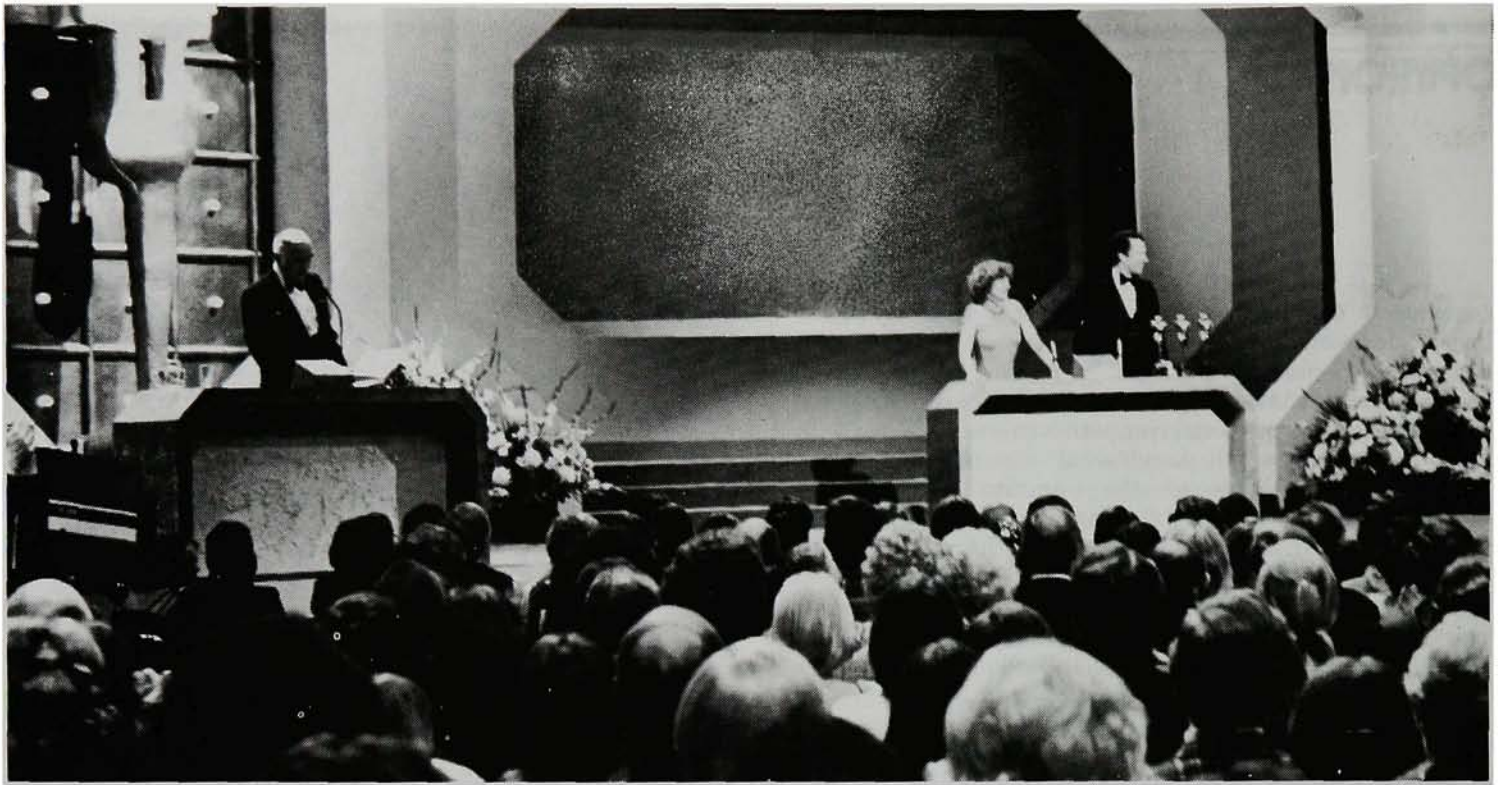
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