

Two directors look at pay TV

After decades of holding their own, making films in Canada, Allan King and Peter Pearson look at the opportunities promised by pay TV, and measure the dangers inherent in its approval.

by Connie Tadros

Allan King and Peter Pearson are among Canada's finest filmmakers. They began their work in the '60s, and moved through independent production, the National Film Board, the CBC and back again to the private sector, looking for ways and means to go on making films.

A Married Couple, Warrendale, Who Has Seen the Wind, and soon, Silence of the North; Allan King's contribution to authentic Canadian cinema is remarkable. Like others, he moved from documentaries to fictional features. At one point, he gave up on Canada and moved to England, only to move back again.

Peter Pearson's Paperback Hero was among those Canadian features of the early '70s which marked a turning point in English Canadian production. The Best Damn Fiddler from Calabogie to Kaladar, The Insurance Man from Ingersoll and The Tar Sands combine to make him a pioneer of docu-drama in Canada.

Both men have made films regularly over the last decade and more, and both have long been interested in film policy and politics. The Directors Guild of Canada, the Council of Canadian Filmmakers and the Canadian Association of Motion Picture Producers are among the organizations which have felt their influence.

Over the last month, both King and Pearson took the time to call Cinema Canada, hoping to express their views on the issue of pay TV. They were the only directors to do so. Each has chosen to back a specific proposal. For King, the future lies in the Telecanada application, the only universal, non-profit application on the national scene. Pearson is among those who drafted the Performance-The Canadian Entertainment Network application.

Below, neither addresses the issues specific to their differing proposals. Rather, in separate interviews, each tried to outline for Cinema Canada the issues involved in the pay television debate.

Cinema Canada: Just how important is the advent of pay television to the Canadian filmmaker?

Peter Pearson: In Canada we started out on a bad foot. By the time the "talkies" came in, we had lost control of any kind of distribution-exhibition service. Because we've never had a commercial system to distribute our films, a system that generated money to go back into production, we've always been behind the eight-ball.

The capital cost allowance, the definition of a Canadian film, the creation of the Canadian Film Development Corporation, the creation of the Institut Québécois du Cinéma — all of the initiatives that went to help a production industry fell into a void because we never had any kind of mechanism to profitably distribute and exhibit our films.

Pay TV is that.

At its inception, it's not going to be enormous. In the best year, pay TV is going to generate between \$60 and \$100 million for reinvestment in production. But that's only the tip of the iceberg because by the time we get through the '80s and into the '90s, pay TV is going to be the distribution system, almost to a point of exclusivity. We can expect that within the homes there is going to be pay-for-play, individual programs attracting individual subscribers for individual productions the way movie houses do. Because the distribution service is so cheap — the satellite system — the lion's share of the money is going to go back to the producers.

Allan King: If the system chosen delivers funds on a serious, consistent, substantial basis for Canadian production, then pay TV will be a tremendous aid. If it is tokenism, if it is the little dollops dished out after the money has been all spent on American block-busters, then it not only won't be of any help,

it will disillusion people terribly. It will also take an immense amount of money out of the system, away from Canadian films.

Pay TV is certainly the last frontier as far as funding goes. It's also a new frontier. These are very exciting times. They raise great hopes.

The advent of pay TV means we will be putting in place the hardware, the machinery which will govern the kinds of programs our children will see, which will shape the values which they absorb. It will determine what kind of society they see, how a society should be run, what kinds of people are admirable, what kinds are deplorable, and how a society governs itself.

Will the image be cops running around shooting guns and bad guys all on their own? Or will it be a civil society? Will it be a society of violence, where (for example in the States) people are accustomed to having major cities with 900 people murdered a year? Or will it be a society like ours where a major city may have 40 or 50 people murdered in a year? They are very different kinds of societies. The image that our children have is enormously shaped by that. The kind of inputs we're going to have on the consciousness of this country, the kinds of values we establish, will come through television and, pre-eminently, pay television now. So the kind of sys-

tem we establish will be critical for the consciousness of this country and the kind of country we're going to have.

Cinema Canada: What kinds of programming are we really talking about for the new pay TV systems?

Allan King: I'd like to see a reasonable range in that. Any time you're asking the public to put up the money, obviously broad tastes, and mass appeal are required. I happen to believe that an awful lot of mass programming is extremely good. You don't have to be crass to be popular. Or, maybe you can be crass, intelligent, funny and popular. Some people would say that *Meatballs* was a crass film, but it was a marvellous film, a very affectionate, wonderful film. Peculiarly Canadian for all its intention to be American. You also need the kind of films that David Cronenberg makes. They're scary, frightening. Everybody, from the beginning of history, has enjoyed being terrorized like that. If you can't be terrorized safely and securely in the theatre, how are we going to stand the terrors of real life?

Also, I think, a kind of Cineplex of television is highly desirable. I had a wonderful time the other night watching *Moscow Doesn't Believe in Tears*: very funny, humane, optimistic — a delightful film. There's no reason you can't have small audience films on pay TV as well. There are all kinds of documentary films that we don't ordinarily see. We should have those on pay TV.

I would like to see these programs available on a pay TV system which you don't have to connect. The material doesn't have the apparatus to get people to choose it; the subjects are too ephemeral. It should be available as part of the service. It should be the first tier.

Peter Pearson: In Canada we've never really made entertainment programming, and it's an enormous dilemma for a country which, in fact, likes entertainment programming. The CBC in '79 did a survey and found out that over 52% of the audience in Canada watches entertainment programming. Of that 52%, though, 50% of it is American entertainment programming and 2% of it's Canadian because we only produce 2% of the 52%. We don't do big budget variety shows, we don't do a significant number of dramatic shows. We don't do made-for-TV movies, we don't do all the kinds of entertainment programming we should be doing.

Cinema Canada: Do you think that the film community is equipped to meet the new possibilities of pay TV? To begin to produce big-budget variety, and "entertainment" programming?

Peter Pearson: If I hear that question one more time, I think I'll scream. It



• Allan King



• Peter Pearson

INTERVIEW

drives me nuts, that question!

For 10 years, we've had our most talented people sitting around on their thumbs, people with demonstrable talent.

When's the last time Michel Brault made a film after *Les Ordres*? That's a shocker! Ralph Thomas making one film in the last three years. Shebib, Robin Spry, Jutra. When's the last time he made a film in Quebec?

Historically, we set up film and television in this country as an extension of public policy, and thus, it was caught in a box of being responsible and, basically, information oriented. That was the tradition of the Film Board, initially, and then when CBC got into television, the natural bias was to information programming as opposed to entertainment, entertainment being considered at some levels, officially, as frivolous.

It seems to me that that is also tied into our lack of a distribution service. It seems to me that that is the breakthrough that pay TV offers. Now, hopefully, the CRTC in its wisdom and deliberations will understand that entertainment is in fact of vital import for information.

Allan King: Polls all indicate that if you've got good Canadian programming, people will go. When we've had good films like *Why Shoot the Teacher*, *Duddy Kravitz*, *Meatballs*, they flock to them.

If, on the other hand, you're trying to deal with an hour drama for the CBC for half the budget you would have in Los Angeles, if you try to make a movie-of-the-week for a quarter of what it takes, it's very hard to compete. Therefore, we need a pay TV system which will deliver the kind of money needed to make competitive films with competitive values. You need to have a very clear-headed policy about what you're doing. Then you can of course have success. Our good films have been very successful. The ones which have not been good are the ones which have been made half-heartedly or cynically.

Cinema Canada: *If pay TV opens the door to significant entertainment program production in Canada, will it be different from the sort of programming we see on the American networks? Is there still the chance to have a distinct cultural rendering of "entertainment," or will this just be American programming, made in Canada?*

Peter Pearson: I think it depends on where the hammer lies. In the early and mid-'70s, when we were making our own films — whether it was *Les Ordres* or *Who Has Seen the Wind* — we knew that these were our own films without having them defined "Canadian". In '79, when the capital cost allowance swelled up and everyone went to Hollywood to buy warmed-over scripts, we neutered the whole thing and the control fell to Los Angeles.

It's critical to the licensing process that we understand that if we centre the control, not only in Canada but across the country — so that it's centred in Montreal or Calgary or Vancouver as

well as Toronto — then we can get back to what we had started in the early '70s.

If you ask Michel Brault or, more to the point, Jutra, 'what kind of films do you want to make?' the last thing these guys would say is, 'I'd really like to make something like *Kojak*'.

Allan King: For the system to facilitate popular Canadian programming, it must provide substantial, solid funding. You must be able to say to a group, 'Look, we understand that the most important thing in the world is script development; that you need time to develop three or four scripts, and throw three away that don't work out; that time must be spent and properly paid for to have producing skills applied so that a program can be marketed.' That's the kind of funding, first of all, which must be there.

If pay TV starts up without really substantial script development and production development funding supplied, then we'll have a helter-skelter, random shotgun explosion of money, and we will have the kind of terrible film production and vast spending of money which occurred in '79 and '80, which burnt everybody.. This time, we must be prepared.

We must also have a reasonable continuity with those who eventually control pay TV. When I was first producing and selling films as an independent producer to, for example, Ross McLean, then Patrick Watson and Doug Lieterman and other people at the CBC, there was a steady market. I wasn't making much money, but I had a basis to make films which are still valuable and which are still played. Once I had to start raising money in the kind of scramble that film financing has been in this country for the last 5 or 10 years, I could spend 90% of my time raising money and 10% making films, and that's very unproductive. I think we need a better basis for funding independent production.

I think the pay TV production should be largely independent, but I think it has to serve the objectives of the country, not the objectives of the profits, of the individual shareholders, which are quite separate, or the objectives of the cable industry.

Cinema Canada: *With pay TV, we're talking again about a system through which enormous amounts of money are expected to flow, a bit like the situation when the capital cost allowance was being widely used two years ago. Are there any analogies to be drawn?*

Allan King: I think the danger of what might happen is much more analogous to what happened with the Global Television application in Ontario, a number of UHF stations in Vancouver, Toronto, and, historically, with CTV. Great promises were made about the provision of money for private production and the provision of Canadian programming, about creating an alternative to the CBC. Those promises were a bust.

In each case, most of the budget went to lock up expensive American programming in prime time. There was very little left for independent pro-

duction. The record of CTV, in my view, in the production of Canadian drama, substantial Canadian variety, or Canadian programs other than the game shows, talk shows, inexpensive programming... the expenditures on entertainment programming has been abysmally low. You cannot say that the contribution to the Canadian experience from GTV or Global, or any of those private stations, is significant in any way. You could say it was significant in seriously eroding our culture as a distinct culture.

Cinema Canada: *Do you see any potential conflict between the need to buy the American block-busters and the obligation to make Canadian programs?*

Peter Pearson: There are two answers to that one. Our experience coming out of the '70s is that all of the various initiatives taken within the Secretary of State and, then, the Department of Communications, have come to naught. We have a very fragile, almost decimated, industry. As a result, we're not, as a production industry, departing from strength. We can't go out tomorrow and suddenly say, 'Well, here's a mature, confident industry that can compete with *Raiders of the Lost Ark*,' because it's just not true.

On the other hand, some of the pay TV proposals are talking about pumping significant money into production. If you make 50 made-for-television films over a five-year period, each costing between \$1 and \$1.5 million, it's going to cause a significant change.

Clearly, in the climate of 1981, with the capital cost allowance falling apart, with the independent producers really wobbling in the non-feature sector, with the CBC having been on strike for the past five months, it's not a secure industry that's about to produce for a new distribution system.

Allan King: Only a proposal which is non-profit will provide a solid base for Canadian feature production, drama production, variety, good children's programs, programs for older citizens and the like. Only a non-profit proposal does away with the conflict between the obligation of a board of directors and senior management to return a maximum profit to shareholders — which is their sole, real obligation — and Canadian programming. I think there's a terrible conflict of interest built into every other proposal.

There isn't much question that to maximize profit, you want to buy *Raiders of the Lost Ark* first, at the highest buck, to get most people to connect to your service. And then you'll buy another big film to prevent them from disconnecting. And by the time you have two or three companies doing that, bidding up prices, there will be nothing left for Canadian programs, or very little. Two years, three years down the road, people will be coming back and saying, 'Gee, we made all those promises, we *tried hard*,' just like Global said, just like CTV said, 'We tried hard, but we're going bust so you've got to let us

off the hook. You've got to change the rules.' The CRTC may say, 'Well, we won't this time,' but they never have in the past.

I think there's no question but that the charges for American films will be very high, and I think they'll be irresistible. We need an alternative pay TV system; one that won't be bidding for expensive American product.

Cinema Canada: *So there is a danger that the money may flow to American films?*

Peter Pearson: I think that is a real danger. Clearly, if the cable application by PTN, originally brought forward by Rogers, Lind and Watson in the mid-'70s, had been accepted, that would have happened.

Basically, they were offering a little token of dollars put into a pot, saying the Canadians could do with it as they liked. In fact, it was just a tax they were willing to pay in order to get licensed to make even more money than they are making now.

I think that, at this point in time, because of the debate carried forward, primarily by the Council of Canadian Filmmakers, there's a total understanding that that thing just isn't going to fly.

In point of fact, even the PTN license application now generates significant dollars compared to any other distribution system now available. When you think of, say, a commercial, theatrical release of a feature film generating something like, at best, a couple of hundred thousand dollars from a very successful Canadian film, you suddenly realize how important pay TV is; everybody is talking in the neighborhood of \$300,000-\$400,000 average return on every film. It suddenly puts Canadian production on a whole other level.

Cinema Canada: *Allan, you belong to many of the professional organizations: CAMPP, DGC, and ACTRA. Do you think the film community is ready to handle the questions which are being raised by the pay TV proposals?*

Allan King: The precipitousness of the hearings is outrageous. I recognize that the subject has been before us for a long time, and that there has been a long time of lobbying. The Commission has been under pressure to have the hearings.

Yet, each of the organizations I've been involved with has had a week 10 days, to examine 10, 15, 20 briefs of 100-200 pages with intense and subtle economic calculations. Each of the craft and professional associations has been flabbergasted a) with the problem of analyzing the implications of the presentations, and b) coordinating any kind of action about them. They have even had extraordinary problems getting hold of the briefs. So I think this is extremely difficult. High-priced, high-financed lobby groups can spend a long, long time preparing a campaign. The public doesn't begin to have the time to really think its way through it, to look at the alternatives, and to examine its interests.

INTERVIEW

Peter Pearson: The chance is slight that the film community will really be able to determine which proposal is the best.

I think that one of the sad things is that after all of the years of the debate, and trying to stall the PTN proposal (which seemed like a fait accompli all the way through) we're in this very sad situation where this debate has been forced on us. The application period has been very short, the intervention period has been cut short, and I think that it's singularly unfortunate that this debate has been so crowded that people, in fact, have not been given enough time to understand and digest what the various applications are offering. It's inordinately complicated.

Cinema Canada: Is there any chance the CRTC might slow down the process to give everyone more time?

Peter Pearson: There's no chance. Each application has cost between half a million and \$2 million, so there's a major investment in terms of resources. The CRTC has also laid out the ground rules, and you can't just shift the ground rules in the middle of the game.

One is led to expect that the CRTC, having heard several pay TV applications, is sophisticated enough to understand the questions. Certainly, in its call for applications in April, it indicated a measure of understanding. Pay TV is a distribution system, basically being put into place to generate Canadian production. ●

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On September 8, the CRTC issued a notice to all pay television applicants, reiterating the goals of the pay TV hearings. Applicants will be judged according to the ability of their individual proposals to reinforce the broadcasting-television system in Canada, and according to the diversity of programming offered to the public. More important, it underlined again that the goal of pay TV in Canada is to "make available high quality Canadian programming from new programming sources by providing new opportunities and revenue sources for Canadian producers, currently unable to gain access to the broadcasting system. Indeed, the ability to open that system to currently neglected or under-utilized sources of Canadian programming will be a major criterion in the consideration of pay television proposals."

It issued the following questions, and asked that applicants be prepared to address them during the public hearings:

1. All applicants:

(a) Is your application, as submitted, predicated upon an exclusive licence being granted to you in regard to either the type of program content or the area which you propose to serve?

(b) If your answer to question 1 (a) is "NO", please describe precisely the limitations if any you would consider necessary upon the activities of other potential pay television licensees regarding:

(i) program content;

(ii) area to be served;

(iii) date of commencement of service; and

(iv) other matters.

(c) Would you accept a licence issued to you by the Commission if, at the same time, licences were also issued to one or more other applicants without the limitations on their activities which you describe in your response to questions 1 (a) and (b)?

2. Applicants for a national licence:

Please indicate what changes, if any, you would make to that part of your application respecting the percentage of Canadian programming or investment in Canadian program production if the Commission, in addition to issuing a licence to you, decides to issue:

(a) another national licence to originate pay television service the program content of which is similar to that proposed in your application;

(b) another national licence to originate pay television service with a type of program content different from that proposed in your application (eg. aimed at a specialized or different market); and

(c) one or more licences on less than a national scale to originate pay television service the program content of which would be similar to that proposed in your application.

Please give reasons for responses 2 (a), (b) and (c).

4. All applicants:

(a) Please indicate whether that part of your application respecting the percentage of Canadian programming and investment in Canadian program production (items 4 and 5 of the Promise of Performance) is dependent on achievement of the rate of market penetration estimated in your application.

(b) If your answer to question 4 (a) is affirmative, please restate items 4 and 5 of the Promise of Performance in their entirety to undertake to the Commission your minimum annual dollar commitment to Canadian programming, regardless of market penetration.

(c) If your answer to question 4 (a) is affirmative, please also restate your minimum commitment to Canadian program acquisition, as set out in item 4 of the Promise of Performance (ie. expressed in dollars and as a percentage of gross revenue), under the following circumstances:

(i) if your actual market penetration in the first year after licensing varies from your estimate for that year by the following percentages: 50% of estimate; 75% of estimate, and 125% of estimate; and

(ii) if your actual market penetration in the fifth year after licensing varies from your estimate for that year by the same percentages as above, that is, 50%, 75% and 125%.