

by Gail Henley

**Cinema Canada:** As chairman and CEO of the newly created Ontario Film Development Corporation, could you tell us how you got this particular appointment?

**Wayne Clarkson:** I was approached prior to the Festival and, in fact, had meetings during the Festival. I had conversations with Premier David Peterson and his representatives and, in the vernacular, they made me an offer I couldn't refuse.

**Cinema Canada:** Was there a short list or were you the automatic choice?

**Wayne Clarkson:** I have no idea. The premier attended one of the performances of the Festival following which we went out to dinner with a number of friends and talked generally about the need for a Film Development Corporation in the province. The idea had been in discussion for a number of years. The industry had made a number of submissions to the previous government and other ministers suggesting that some kind of financial assistance was required for the film/television production/distribution industry. So it had been under discussion for a long time. But to give due credit, it was this government that took the effective action and took it very quickly.

**Cinema Canada:** How did the OFDC come into being?

**Wayne Clarkson:** The industry had on numerous occasions approached government representatives and ministers of the previous government and suggested there was some need for assistance in the film and television production community in Ontario. They were listened to and a number of papers were presented, the most recent one being the Paul Audley report (for the ministry of Industry, Trade and Technology) that was done in '83-'84 which was a very extensive review of the production community in which Audley met with all segments of the community (producers, distributors, various guilds, associations) and finally drafted a report and recommendations. One of those recommendations was that a film development corporation be established. Another recommendation was that at least there be a consolidation of all the various programs that were present already in the government ministries: such as the ministry of Citizenship and Culture (which had a number of granting programs to the Festival of Festivals, to the Academy of Canadian Cinema, and groups like that) and the ministry of Industry, Trade and Technology (whose Film and Video Office assisted producers and sales agents in marketing their products outside

## Wayne Clarkson's risky business: Ontario feature filmmaking takes the OFDC challenge

Canada, and offered assistance to a number of groups and organizations within Canada). The emphasis of the recommendations seemed to be clear: that a separate agency be formed to oversee all of those programs as well as undertake new initiatives such as financial programs, assistance programs to the production/distribution industry. So it had been under discussion for quite some time but no action had been taken. It was the new government and the Premier who took effective action and indeed created the Film Development Corporation.

**Cinema Canada:** Why did you want this job?

**Wayne Clarkson:** For two reasons: I had been at the Festival for eight years and felt that what contributions I could make, I had made. I was, to put it bluntly, running out of ideas and initiative. And, on the other hand, the position offered was something that I was genuinely interested in.

This is an agency of the government: an arm's length agency which has its own board of directors, and a rather substantial budget (\$20 million over three years) and its mandate is very broad. It can provide financial assistance in various stages of production for both film and television. So the mandate and the responsibility was very attractive, something that was brand-new, and it's always exciting to set something up. It's one thing to inherit an already established structure and institution but it's something else when you can come in on the ground-floor and participate in the creation of a new organization.

**Cinema Canada:** Certainly your directorship of the Festival of Festivals put Toronto on the map as an outstanding film festival for American and Euro-

pean films. Was it necessary, in your view, to do this first before some attention could be given to Ontario filmmakers? If so, why?

**Wayne Clarkson:** I think it is a question of a maturing industry and various avenues coming together at the right time. And yes, the Toronto Festival certainly contributed to that maturing process. However, Ontario and Quebec have long been centres of production for Canada, especially for television and certainly for feature films. And I think it was time that the Ontario government (as the Quebec government had with the Société générale du cinéma) take a more direct and active role in assisting the film and television production communities. There are certain obstacles and difficulties that the industry is presently facing that an organization like the OFDC can address and assist in overcoming.

**Cinema Canada:** How would you describe the state of filmmaking in Ontario today?

**Wayne Clarkson:** My sense (having met with some 200 individuals and heads of organizations, associations, guilds, unions, the various producers, distributors, and creative talent) is that it's probably a most optimistic period for the production community. Certainly the most optimistic since the end of the boom years of the late '70s, early '80s, from which everyone suffered. But over the last year or two, we seem to have come out of those difficult years, and now everyone is optimistic. By everyone I include not only the production community and the creative talent, but also the private investment community. There's a new confidence in the production community at all levels: there's more credibility than there's been in the past. Everyone seems very

encouraged. And I think one has to give credit to Telefilm in this context. Telefilm has been very successful in strengthening production, especially television. There's a great deal of work going on; people are employed; their talents are being used, whether they're writers, cinematographers, editors, producers, distributors.

**Cinema Canada:** What sort of filmmaking do you think Ontario should develop?

**Wayne Clarkson:** There's one obvious issue that has to be addressed: the creation of Telefilm Canada (that is, the Broadcast Fund) directed the community towards television production. Less and less priority and less and less monies were available for feature film production (the emphasis is on television series, television mini-series, one-hour variety and drama specials, and less so on feature films, either feature films for television or feature films for the theatrical market). So there has been a noticeable drop in feature film production in this country. In setting up the OFDC, we had to address that drop in feature film production. That had to be our primary consideration. Certainly we will be compatible with the programs in Telefilm but it is not our intent to duplicate those programs. There is, in my estimation and in the production community's estimation, a need for feature films.

**Cinema Canada:** The priority of the OFDC will be assistance to feature films?

**Wayne Clarkson:** Yes. Our priority will be on low- to medium-budget feature films aimed at the theatrical market. We will also consider feature films for television. We will also consider one-hour specials for television, and TV pilots, but I list those in descending order. One thing we will not participate in financially are television series. Quite simply because we cannot afford to. Our fund is modest - approximately \$7 million a year - and Telefilm whose priority is series for television has \$60 million towards that. Not wanting to duplicate their services and recognizing the need for financial assistance for low-budget, medium-budget feature films we feel we have a strong role to play in this area.

**Cinema Canada:** Ontario filmmakers from the Don Owens to the Toronto experimentalists have long wanted something like the organization you now head. Is the OFDC the answer to their prayers?

**Wayne Clarkson:** The only answer to their prayers is their own creative talent. The OFDC is a facilitator: it offers financial assistance. We're going to live or die on the independent production community. If the talent isn't out there, no amount of money we pour in is going to change that. In Ontario the talent is out there. No question about that.

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One only has to look at Canadian films and the television material that's been produced over the last two years to indicate that the talent is there. There's a lot of young talent coming up and there's a lot of talent that's been around quite a number of years.

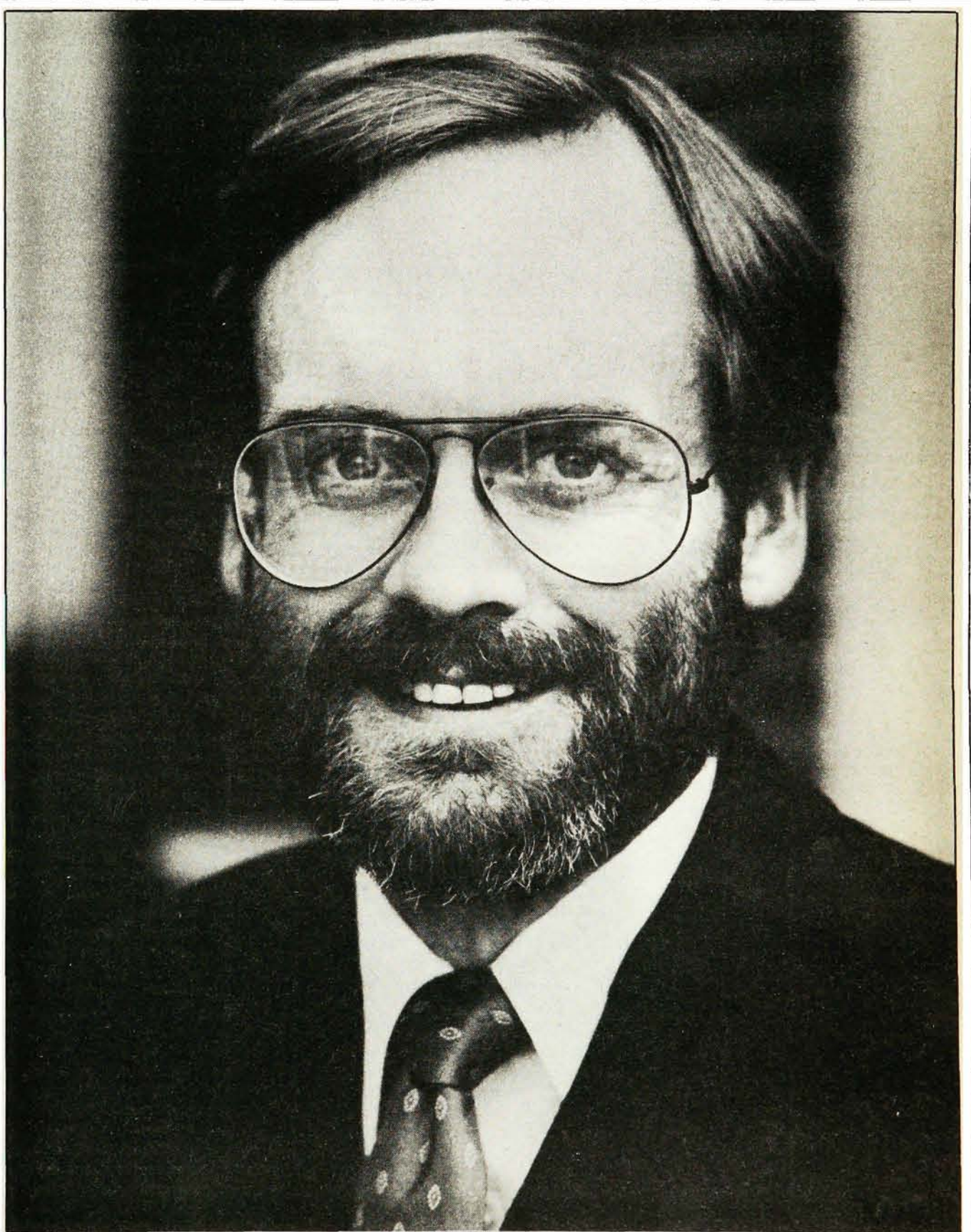
**Cinema Canada:** *What are the various steps a young, inexperienced, but creative and talented person interested in making a feature indigenous to Ontario, would have to take to access the OFDC fund?*

**Wayne Clarkson:** I think it's important that we start from the premise that the OFDC is not a grant-giving agency. We're not giving out grants that go out the door for works that may or may not return an investment – that is within the mandate of the Ontario Arts Council and the Canada Council. Like Telefilm Canada or like our counterpart in Quebec, this is a market-driven fund. We will be investing our money; we will be extending loans; we expect a return on our investment.

However, the conundrum inherent in the OFDC is that, on the one hand we are market-driven, on the other hand it is our intent to develop new filmmakers, to develop new producers as well as new creative talent. In developing that talent there is a great deal of risk. So where we will be entering into agreements on a sound financial basis, I have no illusions that every project, at whatever stage we participate in, is going to consistently and in every case return a profit to the corporation. Obviously it will not – that's the nature of the business. I think our mandate is to develop new talent, to take risks, where the private sector is not in a position to take a risk, or where the investment funds are insufficient to take that risk.

So, with that preamble, let's assume a hypothetical case. A young filmmaker, who, let's say, has made a number of short films on his/her own, either through the OAC or has done a 30-minute program for TVO or something of that nature, so we're not talking of an absolute novice here but someone who has some nominal experience and now wants to extend that experience. And let's say she/he has an idea for a low-budget feature (under a million dollars) and it's an original story or the rights to a short story by a Canadian author have been acquired. Step one: we will have a development fund and the individual would approach us with the request for financial assistance to develop that screenplay.

Let's say they have a story outline or a rough first draft, and they want to take it to a second or third draft. They can come to the OFDC and request financial assistance to develop that project. At the moment our intent is that we will finance projects up to approximately \$50,000. (I say approximately because right now we are constantly reviewing the details of our guidelines, the details of eligibility).



**Cinema Canada:** *As you know, at Telefilm they too have a development fund but a writer cannot access that fund, only the producer must. Are you going to limit accessibility to the OFDC development fund in the same way?*

**Wayne Clarkson:** I'm suggesting a more lenient fund – that whereas we would prefer a producer be involved in a project even at the early stages, it is our prerogative and our option to accept submissions from individuals. We're certainly going to make any deci-

sion on the credentials of that individual; as I said we're not talking of a novice here who yesterday was a bank-clerk and today has decided to become a screenwriter or a film director or producer. One has to base one's decisions on some measure of credibility. But we will accept submissions from individuals.

Let's say they come in the door at the early stages. They come in with a first draft and they want to take it to a second, third, or final draft, we will assist

the individual who says 'I need \$60,000 to develop this project to final draft. I have to pay a writer, I have overhead expenses, etc.' We'll commit funds to that project, to that individual. Let's say they come back, months later and they say 'Well, we have a final draft now and we're ready to raise financing for production.' At that point, we might say, 'Fine, we like the project, we like your final draft, have you shopped this around to the production companies?' In other words, if your expertise is that

of a writer or a director, if there is insufficient interest in the marketplace, whether that marketplace is a producer or distributor or a broadcaster, then to what degree should we be interested? At some point you have to start working with the production community, with the distributors, with the broadcasters. So at that point the nature of the decision is market-driven. At some point the commercial community has to accept it for us to continue to be involved in it. If a distributor or a producer or a broadcaster is not interested in the project, then maybe we shouldn't be interested in the project no matter how much we like it.

**Cinema Canada:** Do you have any idea how many individuals will approach you given this attitude towards development financing?

**Wayne Clarkson:** Yes, we're expecting something like 200 scripts for some form of financing to be submitted within the first six to eight weeks.

**Cinema Canada:** How would the selection be made between which individual would get the development money, and which would not?

**Wayne Clarkson:** There will be a production arm to the corporation consisting of approximately seven staff whose sole job it will be to deal with all requests for financing at any stage, whether it's development or production or bridge financing. And it is the responsibility of that department to determine what projects receive financing and those which we choose not to. It will be based on outside assessments and readers' reports, but ultimately the in-house staff make the final decision. Any project approved for financing will have been reviewed by the production group in-house. They will take into account the reports of outside readers, and they will take into account their own interest in a project before it goes ahead.

**Cinema Canada:** Who will be the in-house staff?

**Wayne Clarkson:** Bill House will head up the production department. Jonathan Barker is legal counsel who will be assessing with Bill House the projects, and we will be hiring additional people. We'll be hiring a development officer whose job it will be to co-ordinate these hundreds of screenplays that are submitted to co-ordinate the readers' reports.

**Cinema Canada:** How would the hypothetical applicant, who is eligible to go further, access production funding from the OFDC?

**Wayne Clarkson:** Say they want additional funds either to develop it further or take it into production. Here, the principle of a market-driven fund comes into place. If it's a low-budget feature film for the theatrical market,

we would want to know if you have shopped it around to an independent Canadian-controlled distributor. If it's gone through development and you're coming to us for production financing, you would have to have interest from a theatrical distributor. If this is a feature film for television we will look for interest from a broadcaster; for example, has the broadcaster invested any funds in the project?

**Cinema Canada:** There would have to be a broadcast letter for a feature film for television or some kind of distribution deal in place for a theatrical feature before you would commit production financing?

**Wayne Clarkson:** You got it. To be able to access investment financing for the production, whether it's an equity investment or whatever, will require either a letter from a broadcaster if that's the nature of the project and/or a letter of participation from a Canadian-controlled, Ontario-based distributor.

**Cinema Canada:** How many aspects of the project must be Ontario-based in order to qualify for OFDC production financing?

**Wayne Clarkson:** The project does not have to be 100% Ontario to receive financing at any stage from the OFDC. The underlying principle is it must prove to be of benefit to the province of Ontario. An example: you have an Ontario-based production company, it's a screenplay written by an Albertan, directed by an Ontario director, most of the cast and crew are from Ontario, but a number of scenes are to be shot outside Ontario. Fine, shoot it in the mountains of B.C. or the wheatfields of Saskatchewan or the shores of the Atlantic provinces, but it must prove to be of benefit to the province of Ontario. If somebody comes and says we're going to shoot it in northern Quebec, the first question I'm going to ask is: What's the difference between the snow in northern Quebec and the snow in northern Ontario?

Obviously there are going to be creative requirements that cannot be shot in Ontario, then fine go shoot it where it has to be shot. But if you come and say it is entirely being shot in Saskatchewan but it an Ontario-based production company, it is written and directed by and the cast and crew are from Ontario, and the post-production work is being done in Toronto, that's of benefit to the province of Ontario, it will influence the level of financing that we'll provide. So the less it benefits the province the more is going to affect our decision. Factors to keep in mind are: it has to be of benefit to Ontario; it's got to create jobs; it's got to make use of the facilities that exist here, and it's got to be made available to the public of Ontario.

**Cinema Canada:** If every element of the production is Ontario-based, except for the director and one wishes to

go with a foreign director, would the production still be eligible for financing with the OFDC?

**Wayne Clarkson:** Sure.

**Cinema Canada:** What about foreign actors and writers?

**Wayne Clarkson:** There you get into a kind of formula and we're not going to create a formula. The project has to be a Canadian production as approved by either the CRTC or the DOC certification office.

**Cinema Canada:** Do you feel a responsibility to make sure that more women writers, directors, and filmmakers have a chance to have their films made?

**Wayne Clarkson:** Yes. Without question.

**Cinema Canada:** How much production financing can be received from the OFDC? Will it be percentaged to the budget?

**Wayne Clarkson:** We will not have a percentage figure. We will put a limit on the maximum amount of dollars we will invest in a project, take an equity position in, and right now the figure we're discussing is \$500,000. So whether you bring in a \$1 million budget or a \$20 million budget, the maximum you can receive from us is \$500,000. But we will not have a percentage clause because there may be those instances, and let's talk about the 100% Ontario production (born, bred and raised, written, directed, starring, produced by, shot in, etc.) and let's say it's an \$800,000 budget project with a screenplay that we feel very strongly about, and has the participation of a distributor or a broadcaster, then we may choose to invest more than 49% (which is Telefilm's maximum). We will not exceed a maximum of \$500,000 but we can go to more than 49%.

**Cinema Canada:** Aside from an Ontario-based production company the other fixed item seems to be an Ontario-based distributor. Can you explain?

**Wayne Clarkson:** The film must be launched theatrically in Ontario. I do not want to invest in Ontario projects that are not available to the Ontario public. I think, however, one of the considerations we would take into account is that if another distribution company was being used, it would have to have committed to a launch in an urban centre in Ontario. For the moment, that would satisfy me.

**Cinema Canada:** What are the possibilities of co-production deals with the provinces?

**Wayne Clarkson:** I've spoken briefly to Lorne MacPherson in Alberta and to Nicole Boisvert in Quebec about it, and there's no question we want to establish co-production agreements between the provinces. We all have the best interests at heart and we don't want to be de-

veloping programs that penalize other provinces and indirectly end up penalizing the filmmakers. So if we restrict all things to Ontario, and Quebec restricts all things to Quebec, we're working at odds with one another. There has to be compatibility between the provinces; that's why I go back to my reference earlier of scenes shot outside of Ontario. I'm not going to withdraw financing at any stage of the project from an Ontario filmmaker in which the script merits being shot in part outside Ontario and I would hope that Lorne MacPherson and Nicole Boisvert would be willing to assist in those projects being shot in Alberta or Quebec.

**Cinema Canada:** Will these be formal co-production agreements?

**Wayne Clarkson:** It is certainly my intent and expectation that there be formal agreements between the provinces.

**Cinema Canada:** Are the other provinces amenable to co-production agreements?

**Wayne Clarkson:** Everyone is. It's such an obvious stage in the evolution of these agencies.

**Cinema Canada:** Would there be guidelines with specifics to determine what projects would be eligible for co-financing from one or more provinces?

**Wayne Clarkson:** No, and I don't think it's constructive to try and formalize those percentages because any time you do, there's always a project brought to you that does not conform to your hypothetical mathematical percentages. So I think it always has to be subject to interpretation.

**Cinema Canada:** Where will the OFDC position itself for the recoupment of funds?

**Wayne Clarkson:** That too is under discussion. What position do we take if we have an equity investment? Are we first out, are we *paripassu* with all other investors? Will we take a second position? We've grappled with this. Certainly from the private investor standpoint they're much more interested in going into a project in which public funds (Telefilm's or our own) are in a second position. It's more attractive to private investors. Obviously one of our intents is to attract private investment. I would like to think that a project that has the good housekeeping stamp of approval of the OFDC provides some comfort to a private investor.

So, therefore, there is some merit in our looking to taking a second position if that will attract private investors to production in this province. Contrary to that, we must manage our fund in a prudent accountable, business-like practice. In all instances I hope for a return on our investment. I'm not naive enough to think in all instances I'm going to receive one. So I think the compromise will be: for a portion of our

investment we'll take first position and for a portion of our investment we'll take second position. There may be some instances in which to insure a project going ahead (such as a 100% Ontario project, of a young filmmaker, a young writer, using new talent, making a low-budget film) we may take a second position on our funds in that instance. There has to be that flexibility.

**Cinema Canada:** *With this new infusion of funds to production, do you see a situation in which a project could be financed totally by agency money: SGC in Quebec, plus Telefilm, plus OFDC, plus a public broadcast licence fee, without any need for private financing at all?*

**Wayne Clarkson:** What you've described with a combination of Quebec, Telefilm and ourselves is really a backdoor grants program. I don't discourage a combination of Quebec, Telefilm and OFDC financing, what I don't accept in principle and will not accept in fact, is 100% financing coming from those three. We're looking for private investment, I don't think that a project that's brought to us that has 100% financing through Quebec, Telefilm and ourselves is a project that has anything constructive in it. It has to have private investment. The first thing I'd say to the producer or filmmaker is, 'Where's the private investment in this?' But again it's subject to interpretation. I'm not going to declare a percentage. There may be that wonderful project that everybody wants done and hypothetically you must have 20% private investment and they've got 17% and if we play it just by the number, we can't get involved in that project because of the missing 3%. So obviously it's open to interpretation. But the principle is, and I think that's the governing fact, that there must be participation from the private sector.

**Cinema Canada:** *Having one kind of funding will not however preclude a producer from accessing another?*

**Wayne Clarkson:** No, I would think that in the majority of cases Telefilm will be involved in projects we're involved in. I'm sure there'll be projects we're involved in that Telefilm is not and vice versa. There are going to be projects which in our estimation benefit the province of Ontario, that will develop new directors and writers, that we want to participate in, and that Telefilm for whatever reason chooses not to. We would still insist on the participation of private-sector financing, of a theatrical distributor or of a broadcaster.

**Cinema Canada:** *When distribution letters are only worth the paper they're printed on, what kind of content are you looking for in a distribution deal to make a project eligible for production financing?*

**Wayne Clarkson:** That's a crucial question. What constitutes real partici-

pation in a project? It depends, certainly from our standpoint, on the nature of the project and let's use the low-budget, 100% Ontario example - young talent. Presuming we like the project, and let's say Telefilm chooses for whatever reason not to participate, and this is a project the filmmaker wants to take into the theatrical marketplace. We will say: 'You must have the participation of a theatrical distributor, go and get it.' Well, what does that mean? Does it mean equity investment by that distributor? Does it mean cash guarantees over the next few years? We could interpret that. It could mean guaranteed revenues over the next two or three years. Again I don't want the rules and regulations to be so written in stone that it prevents us from going into projects that we think have merit. So there's risk and we'll take the risk.

**Cinema Canada:** *In Quebec, Nicole Boisvert of the Société générale du cinéma has a real reputation as someone ready to take risks in backing projects. How far would you be prepared to go?*

**Wayne Clarkson:** I hope we earn that same reputation. I hope everything we do reflects exactly that. That what we are looking for are the risks. What we want to invest our money in are the risky, low-budget films by new directors and new writers. I think our fund is a risk fund, it's a development fund. If we can develop the talent, then we're doing the job. And yet, some projects we may choose on a purely commercial basis and then all of the conditions that exist will be very firmly interpreted. We will want more than a letter from a theatrical distributor; we will want to see a cash commitment on that project. The producer will obviously have developed a project and have a screenplay that is aimed very much at the commercial marketplace. Then the terms and conditions will be strictly interpreted. The opposite corollary to that is that they can be loosely interpreted for what I believe to be all the right reasons.

**Cinema Canada:** *The received wisdom in many parts of the film industry in Canada is that this is a country where it's just not economically viable to produce features. The Ontario government has now committed \$20 million to the belief that some sort of filmmaking can be developed. What is your belief that you can make features economically viable?*

**Wayne Clarkson:** We're not talking the \$10 million dollar feature. That's where the mathematics of this country (the small population plus the expense of high budget features) come into effect that say you must have an American release. But in the area of low-budget features (\$500,000 to \$2 million) this marketplace can more than carry those productions because you take into account all the ancillary markets. I'm not saying you can recoup it entirely in

## "What we want to invest our money in are the risky, low-budget films by new directors and new writers"

Canada but a recent example *My American Cousin* has done handsomely theatrically in this country. Has done a very handsome video sale. Will receive distribution in the U.S. Will make sales internationally. And given the costs of that, given that it can go to pay-television and to general broadcast, more than their investment can be returned. It, in fact, can be a very lucrative exercise.

**Cinema Canada:** *There are undoubtedly more projects than there is money for. Have you thought about running out of money?*

**Wayne Clarkson:** The danger of running out of money is a concern. There's going to be incredible pressure on the OFDC in the first few months, all of those projects are going to be coming in. Arguably we could commit all our funds in the first two months. Justifiably. We are obviously not going to do that. We have taken that issue into account and tried to very generally keep in mind some kind of seasonal expenditure. We will commit 50% of our budget by the summertime. We will commit 25% in the winter and 25% between January and March. (April 1 is the beginning of the OFDC fiscal year). I'm not happy with that kind of formula and I'm not sure how ultimately it will shake down because if ten projects come in the door April 1 and those ten projects merit our investment then should we sit there and say we can't do two of them, come back to us in the fall when you fit our algebraic formula. It's an issue we'll have to deal with. Experience will teach us more than anything.

**Cinema Canada:** *There is always the fear that the majority of the fund is going to be committed to those production companies that have the size and resources and are able to satisfactorily and very conveniently meet your terms and conditions easily. Have you thought about this?*

**Wayne Clarkson:** After talking to a number of them I don't think they're going to be looking to the OFDC. Our fund is not the same size as Telefilm's. If there's a role we can play in high-budget features and they do benefit Ontario, I think we have to look at them.

But that's not where we want to play and that's not where we can do the most good.

I can assure you that there's not going to be an instance where three major producers have five projects each going all financed by the OFDC. We'll say very simply, 'We're involved in two of your projects, we don't want to get involved in any more of your projects this year. No offence intended but we want money left over because there are those projects that don't have the benefits you have that we do want to support. We haven't got them yet, but we're hopeful that they're going to come in the door in the next three months and we want the resources available to help them.'

**Cinema Canada:** *Do you have anything substantial that will attract and benefit more established producers?*

**Wayne Clarkson:** I think the most important program we're doing, the one the industry seems to value more than anything else, is the guaranteed line of credit program. We will be creating a program in which we will be creating guaranteed lines of credit to production companies and distribution companies, Canadian-controlled, Ontario-based. Traditionally with the creation of Telefilm Canada and other organizations such as ourselves, the financing is based on project-by-project. So you have instances where the medium-sized production company is involved in a project of a million dollars and 125 people working and there's cash flow in the doors and everything's wonderful and then the project is finished. The tap is turned off, they're back to where they started. How do they pay the rent? How do they keep the telephone lines open? How do they keep their nominal staff on? Where does their income generate from? The project they have done may not see revenue returns for years down the road. How do they keep operating? How do they keep developing projects? So they keep having to go back for more project funding which takes time, or they rush into projects that they're not ready for because they haven't got the cash flow to carry it, to work on it for another six months. So what we will do is provide guaranteed lines of credit at a bank of their choice, intended to serve the operation of their business. The only other model in Canada like this at the federal or provincial level is in Ontario for book publishers. And what it means is, when you have finished your specific project you have cashflow through the line of credit at the bank to carry you through those down periods, to allow you to develop projects, without being constantly in a state of under-financing. So I think it's possibly the most constructive program we have.

**Cinema Canada:** *When can applicants make applications?*

**Wayne Clarkson:** March 1 our doors will be open for business.