

Feds to legislate distribution

TORONTO — Flora MacDonald's promise to create a distinct Canadian (national) market for commercial/theatrical video and film rights could generate an estimated increase of close to \$20 million in revenues for Canadian distributors, say government officials.

At a Toronto press conference, Feb. 13, the communications minister announced her intention to stem the importation of films and video by foreign-owned distributors through legislation.

The impending legislation, expected in April, will introduce a system to license the importation of commercial films and video. This in turn, said MacDonald, will allow distributors to re-invest in Canadian production and thus strengthen the production, distribution and exhibition of Canadian films.

According to federal government statistics, U.S. distributors earn 90 per cent of distribution revenues generated in Canada — a mere 8 per cent of

revenues taken from North American markets. "It is not our purpose to promote the personal well-being of Canadian film distributors," MacDonald told the press conference. "Our purpose is to enable them to earn a normal share of the Canadian film market, so as to encourage the re-channelling of funds back into the Canadian film industry."

When asked if legislation will guarantee that Canadian distributors re-invest in Canadian production, MacDonald said there is no guarantee but rather indications of a strong willingness on the part of distributors to re-invest, given access to foreign films.

The licensing system will provide a general license for Canadian distributors. This license will allow them to negotiate Canadian rights and import films for commercial distribution.

A second category of license, to be called a proprietary license, will enable non-Canadian

film companies to import films for which they hold world distribution rights. These rights must include all countries for which rights are held, including country of origin, at the conclusion of principal photography or when application is made to import the film into Canada.

They may also import films which they have actually produced.

Government officials estimate that of 300 films imported into Canada annually, close to 50 per cent are studio produced and thus fall into the proprietary license category.

"The interest of all film distributors will be respected," said MacDonald.

"Canadian film distributors will begin, at last, to acquire fairer access to independent production from abroad, and foreign distributors will be assured the right to import their own films. These new economic opportunities for Canadian distributors are vital to the Canadian film industry cycle."

Venture fund may attract immigrants

VANCOUVER — Vancouver could become the first city in Canada to have a private venture capital fund for producing indigenous feature films, if Beacon Pictures Ltd. (a Vancouver-based venture capital company) meets its goal of raising \$5 million for a feature film fund. The project is the brainchild of Beacon's CEO Grant Allen, who sees Vancouver as a hotbed of opportunity for private investors who want to participate in the building of a domestic film industry.

The fund will be spread over development and production of 30-40 films of varying lengths. 80 per cent of the fund will be dedicated to BC-based Canadian Certified features, with another five per cent going to script development. The remaining 15 per cent will go towards building a bridge to Pacific Rim countries, encouraging Asian productions to shoot in BC and interesting Asian investors in participating in BC projects. While the minimum investment is \$25,000, purchasers investing \$250,000 will qualify as landed immigrant investors under the investment requirements of the federal Immigration Act.

Allen, a BC native who lived

in Southern California for several years doing marketing and fundraising (his company Beacon Group Productions, has been involved in over \$20 million worth of commercial and industrial productions in California in the past seven years), believes that feature filmmaking in BC doesn't have to be a crap shoot if the investment dollars are spread over many projects.

"We are bringing formal venture capital investing principles to the business. Rather than putting large amounts of money into two or three pictures, which would be considered by any investor as a high risk situation, we will take a minority position in approximately ten to 15 Canadian features, so that we reduce the risk. If the quality of the producers and directors is high on all of the projects, there is a very good chance of making money back."

Allen claims that the fund would be the first of its kind in Canada, although there are several in the States that are doing well.

The board of directors includes Gins Doolittle (president of The Doolittle Company and York Financial Corporation), Ken Tolmie (former

CEO of Hastings West Investments), Robert McLernan (retired TD banker with a sideline in playwriting and directing), and Sean Allen (Grant's brother — a Canadian actor who has worked successfully in New York and Hollywood and would like to come home to continue his writing and acting career).

Allen reports that in the past year and a half the Board has been active doing research on the industry and setting up a game plan. The federal and provincial governments have been very helpful. He gives particular credit to Peter Pearson, Donna Wong-Juliani and Diane Neufeld for introducing him to key industry people and giving him an education on the past, present and future of Canadian filmmaking. With the strong talent base, world-class technical expertise present in Vancouver, all that is needed to make a domestic production industry flourish is private investment.

The Beacon fund is intended to augment federal and provincial support. Allen says that since producers will only have a minority investment from Beacon, they will still have to go out and raise substantial

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MacDonald supports commercial free TV

OTTAWA — Communications Minister Flora MacDonald has reaffirmed a commitment to improving the quality and quantity of Canadian television programming.

MacDonald recently told the parliamentary standing committee on communications and culture, that a commercial-free English-language network (TV Canada) should be created in the best interests of Canadians who, she says, have expressed a need for improved prime-time Canadian programming.

April 15 has been set as a deadline for receipt by the minister of the committee report on the Caplan-Sauvageau Report (Task Force Report on Broadcast Policy).

"I am keen to receive your views by then," MacDonald told the committee, "because I am determined to keep my deadline of seeking cabinet approval for a broad policy framework shortly after Easter, as well as authority to begin drafting a new (broadcasting) act over the summer."

Citing recommendations in the Caplan-Sauvageau Report, MacDonald suggested that a "minimal fee" or an increase in cable rates could provide necessary start-up capital for the new network controlled by public and private interests.

TV Canada would carry

specialized programming aimed at children, senior citizens, women and minority groups. The minister noted that specialized programming is scarce both on the private networks and on the CBC, which has a mandate to target general audiences.

A March 12 deadline has been set by the Canadian Radio-television and Telecommunications Commission (CRTC) for applications for the national service.

On the French-language side, the new TV5 service, La chaîne française of TVOntario, and specialized programming already existing on the French-language networks, will serve a wider and more selective audience.

MacDonald also informed the committee that the tendency of Telefilm's Broadcast Fund to favour general audience productions and "down-play attractive programming aimed at a somewhat smaller audience," will be corrected by Treasury Board approval to establish the Broadcast Fund on a permanent basis rather than as a five-year fund.

The Communications Minister has recently announced that satellite-to-cable channels are eligible broadcasters under the terms of the Broadcast Fund.

Toronto productions up

TORONTO — Record numbers of movie and television shows were made in Toronto last year, but early indications show even more promise for 1987, a city film official says.

Naish McHugh, Toronto's film liaison officer, told *Cinema Canada* that permits for about 100 more locations have been issued so far this year than compared to the same period one year earlier.

"It looks like it is going to be another record year...it's very, very busy," McHugh said.

"It's crazy. It's like June." In January alone the city dealt with 15 productions, he explained.

He said even though production was fully stretched during the peak months of July through October last year, a period when crews were completely booked up, this year could be even busier overall.

"If we are going to increase all of the off-months of January,

February, March and April, then it is going to add to the overall total as being even greater," McHugh said.

Last year was a record period for film and television production in Toronto with everything from large American productions, such as the 14.5 hour ABC mini-series *Amerika*, to Canadian television series such as *Degrassi Junior High* being shot here.

In 1986 a total of 102 productions were made including 35 feature films, 50 television productions and 17 television series.

Those productions had total budgets of \$280 million and they spent about \$180 million here on everything from wages to accommodation to props. By comparison, in 1985, there were 62 productions with budgets totalling \$180 million and of that amount they spent \$100 million in the city.

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MacDonald defends distribution legislation

TORONTO – Major American film companies aren't likely to embrace Canada's efforts to control some movie distribution here, but the move won't hurt free trade talks, Flora MacDonald, Canada's minister of Communications, says.

MacDonald was answering reporters' questions after her speech outlining proposals for federal legislation intended to open up domestic movie distribution to Canadian firms.

"What we are talking about in cultural industries and exchanges really comes to only about five per cent of the total trade between our two countries. This (the proposals) comes to a very, very minor fraction of that five per cent."

The minister was asked whether the proposals would anger Americans who are like-

ly to view them as another barrier to free enterprise in Canada.

MacDonald said the proposals are not likely to be regarded as a barrier.

"But at the same time no one has ever said that we were going to stop our cultural development because there are trade negotiations going on."

"In a sector of the economy where there is such development no one is going to say put a cover on it all and wait until trade negotiations are over."

Although there was no U.S. response yet on the specific proposal, the Americans were aware that the federal government was moving in the film sector for some months, she said.

"I don't suppose that they

are going to obviously welcome this outright, but I don't see it as being a major impediment at all."

The film import licensing system is to be introduced as proposed legislation in the House of Commons in the weeks immediately following the announcement.

The proposed system would not limit the American Majors from distributing movies in Canada in which they have a large stake. Instead, the system is intended to allow Canadian companies a better chance to distribute other foreign films from countries such as England and Australia before those rights are bought by American companies.

One of the main goals of the film distribution policy is to allow Canadian distributors a

greater share of the home market so that, in turn, they can reinvest in domestic production.

MacDonald was asked if there are any proposals that will guarantee reinvestment in Canadian productions.

"No I don't have any guarantees. I only know that for years the Canadian distributors have looked for this kind of access to foreign films to indeed boost their access to the revenues here in this country."

She added that in the past Canadian distributors have shown their willingness to invest in Canadian films.

"From the response that I heard around the audience today I am positive that they will continue to do so."

Cinar opens studio in Mtl.

MONTREAL – Cinar Films Inc. will open an audio/video production centre in September following an extensive \$500,000 renovation project in downtown Montreal.

The distribution and production company has purchased a five-story building at 1207 St. André for development as a one-stop centre for audio and video sound post-production, special effects, music recording and musical composition.

The \$3.5 million centre will also provide office space to be occupied by Cinar in March as well as rental space.

Digital Music Systems, which provides sound recording facilities, has entered into a long-term agreement with Cinar for the top floor of the building.

Toronto

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McHugh said Toronto is becoming more well-known as a production centre and that in itself helps keep the ball rolling.

"The fact that we're the third largest production center in North America speaks for itself. We've got everything here that a producer needs."

He said producers have such good experiences filming in Toronto that they come back again and quickly spread the news.

The lower value of the Canadian dollar is a major asset, but even if it was at par with the American dollar Toronto would still be competitive, McHugh said.

"We've got tremendous crews, we've got tremendous facilities, the whole broad range of pre-production and post-production services...and then we've got the locations. We're a world-class city. We've got everything from historic neighbourhoods to futuristic modern complexes."

McHugh added that the unions are also more flexible here than in the United States.

"Everyone talks about the keenness of the crews and the fresh approach. They say it is what New York used to be like 40 years ago."

Of the total number of productions done in Toronto, McHugh said more than 60 per cent are Canadian although the most hefty budgets come from American shows.

The city issued more than 2,100 location permits in 1986 compared to 1,700 the previous year.

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