

Trade News

Crawleys faces difficult times

OTTAWA – Financial difficulties are forcing Crawleys Group Inc. of Ottawa to drastically cut staff and restructure the entire organization. Bill Stevens, chief executive officer and co-owner of the holding company, says the company has suffered badly since an \$8 million international co-production deal fell apart last year.

"It's the saga of the Canadian production that went down the toilet," Stevens told *Cinema Canada*. More than 100 employees have been laid off, reducing the staff at Crawleys to seven. The company's general manager, Derek Fower, was laid off February 3rd. "Everyone is being hurt in this situation," Stevens said. "The company is having trouble meeting its payroll."

The problem started in 1987 when the Montreal-based Via Le Monde signed a co-production deal with Belkopi of France to produce 26 half-hours of the animated series, *Ys le magnifique*. Via Le Monde "felt secure in the deal", said producer Catherine Viau. They had licensing commitments from Radio Canada and the Global Network and the support of Telefilm. In France, the state broadcaster Antenne, had licensed the series.

Belkopi was to do 60 per cent of the work, while the other 40 was to be done in Canada. Via Le Monde was experienced in co-production deals but not in animation. They turned to Crawleys Animation. "Crawleys were the Koreans on the job," Stevens said. "We were not part of the original deal, but we acted as a subcontractor for Via Le Monde." The contract was worth \$2.7 million.

On the strength of the contract, Crawleys borrowed a million dollars from Telefilm and work began. Then, with 10 half-hours almost complete, the deal began to fall apart. Belkopi, one of the oldest animation studios in France, was bought out by Bayard, a French media giant.

Bayard took a hard look at the company and found it badly managed. According to Viau, there was about "\$8-\$12 million missing to finalize the work on the series." At the end of 1987 Bayard wrote off Belkopi as a loss and put the company into receivership, cancelling all its contracts. Via Le Monde spent most of 1988 trying to put the deal back together again. It finally found a Japanese partner but the company holding the rights didn't want it produced outside of France. Viau met with the French ministry responsible, but they only "kept us waiting." The whole deal turned into "a disaster", she said.

"With about half the series left to do, Via Le Monde terminated the contract," Stevens said. "At that point we fell into default with Telefilm. We were not in a position to pay them back. Crawleys was completely hung out to dry through circumstances. We couldn't get new projects going and we couldn't continue with other projects."

"For a long time it was a stalemate. Telefilm didn't have the information. Maybe we didn't approach them right, I don't know. It was just sitting there. We've had to renegotiate projects. We have lost rights. We have lost fees. Over the last few weeks Telefilm is just beginning to see this snowball rolling and have stepped in. A little late to save some things, but not too late to save others."

Stevens plans to sell the old Crawleys studios and move to a new location. He wants to rebuild along more conventional lines. "We're sort of built like the old studios. We have a lab, a sound mixing studio, a camera department etc. When I took over I should have cleaned house, got rid of all the extra stuff, but I thought it was nice to have it all at my fingertips. But we're going to be more realistic now and just be your basic producers."

Stevens and partner Chislain Bolduc bought the company from its founder, the legendary Frank "Budge" Crawley in 1982. Previously Stevens had acquired Atkinson Film Arts which is now the animation arm of the Crawleys Group. The other divisions include Crawleys R and D, distributor Crawleys International and the production company Crawley Films.

Ironically, this is the 50th anniversary of the founding of Crawley Films by Budge in 1939.

Dragon burns box office records

MONTREAL – Box office records in Quebec were broken during the weekend of Feb. 17 to 19 by Yves Simoneau's latest film *Dans le ventre du dragon* (*In the Belly of the Dragon*).

This comedy feature starring several of Quebec's best known actors drew \$82,778 on four Montreal screens during its first weekend.

"This is unheard of," says Irene Loewy of Alliance/Vivafilm, the film distributor.

"It is an absolute all-time record for any film ever shown in Quebec."

Loewy attributes the initial success of the film to advertising, star-power and the directing talent of Simoneau.

"He is able to combine comedy and science fiction and make it work," says Loewy.

Box office at four theatres after three days are as follows: Berri (\$34,913), Laval (\$18,530), Brossard (\$19,481) Paradis (\$9,854).

The stars of *Dans le ventre du dragon* are Rémy Girard, Michel Côté, David Lahaye, Marie Tifo, Pierre Curzi, Monique Mercure, Andrée Lachapelle and Jean-Louis Millette.

Loewy expects that the film will premier in English at the Toronto Festival of Festivals in September.

Stevens is frustrated and very upset about what has happened to the once proud Canadian independent. "When I took over the company it was in bad shape," he says, "and I worked hard to build it back up. Now this happens. I guess I'll have to work hard again. A friend in the government told me recently, "Gee, it must be hard running a national trust without government funding." We are not bankrupt or insolvent. We just have one huge, huge cash flow problem."

Ontario commits \$34.3 million to film production

TORONTO – In an effort to bolster Ontario's billion-dollar film industry, Ontario Minister of Culture and Communications Lily Oddie Munro announced \$34.3 million in new money for film production in Toronto on February 12.

The move is seen by some as way of prodding the federal government to do something affirmative for the film industry in the upcoming federal budget. Federal Communications Minister Marcel Masse was in Toronto making an informal round of visits to the arts community at the same time as the announcement. Ms. Munro told a hastily called gathering of reporters and industry representatives, "We hope the federal government will develop a meaningful national approach that will make provincial programs unnecessary."

A cash infusion of \$30.8 million is for the creation of an Ontario Film Investment Program (OFIP). It will provide investors with a rebate of up to 20 per cent on their investments in Ontario-based productions. The Ontario industry has been increasingly nervous about the potential drainage in production dollars to Quebec, where investors receive a 166 per cent tax break when investing in Quebec films.

Munro said, "Our new program is essential to counter the federal government's decision to significantly reduce the tax incentive to invest in Canadian films. Individuals within the film industry and industry associations tell us that film production in this province could well fall by half if nothing is done. Our government will not let this happen."

The OFIP is designed as a two-year program which the ministry expects to generate a minimum of \$75 million in private sector investments in the first year and roughly \$120 million in total film production. It will have a strict set of eligibility criteria to make the program accessible to productions with the greatest degree of Canadian content while at the same time ensuring that the greatest percentage of production and distribution dollars remains in

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Masse: great expectations

MONTREAL – The appointment of Marcel Masse as federal minister of Communications is good news for the Canadian film and television industry. Insiders agree that Masse showed strong nationalistic tendencies when he served as minister between 1984 and 1985, having initiated several studies including a reappraisal of the Broadcast Act.

Indications are, they say, that the government will stand behind a strong minister. Masse will chair the new Committee on Cultural Affairs and National Identity.

Louise Baillargeon, executive director of the Association des producteurs de films et de vidéo du Québec, characterizes Masse as "a fighter". The Quebec producers' association stands firmly behind the appointment, says Baillargeon.

"We are very happy to see him back in this portfolio," she says.

"He has done a lot for the industry in the past, he has our best interests at heart and you can be sure that he is strong enough to be heard by the rest of the cabinet. As a Quebec minister he is aware of the special problems that the (French-language) industry faces including a limited market situation."

PETER MORTIMER, ACFIP

"I think it's great. He did prove himself to be a really enthusiastic supporter, very concerned with the difficulties of the film industry, as well as the cultural aspects. I think he's a person with considerable passion and energy and certainly previously demonstrated a vision for the direction which the industry should go. It's a changed environment. There are obviously going to be some restrictions in what he might feel to do because of the free trade agreement. He is very committed to the Roth-Raymond Task Force report. Basically, Flora worked away at a number of initiatives that he started. The wheel has turned a full circle. It's reasonable to assume that he might pick up his old agenda where he left off. He's going to be faced with the problems of the results of his cutbacks to the CBC. In a sense he is going to have a clearer playing field than he had before with Juneau stepping down. I think financially the CBC is overall worse off than it was before."

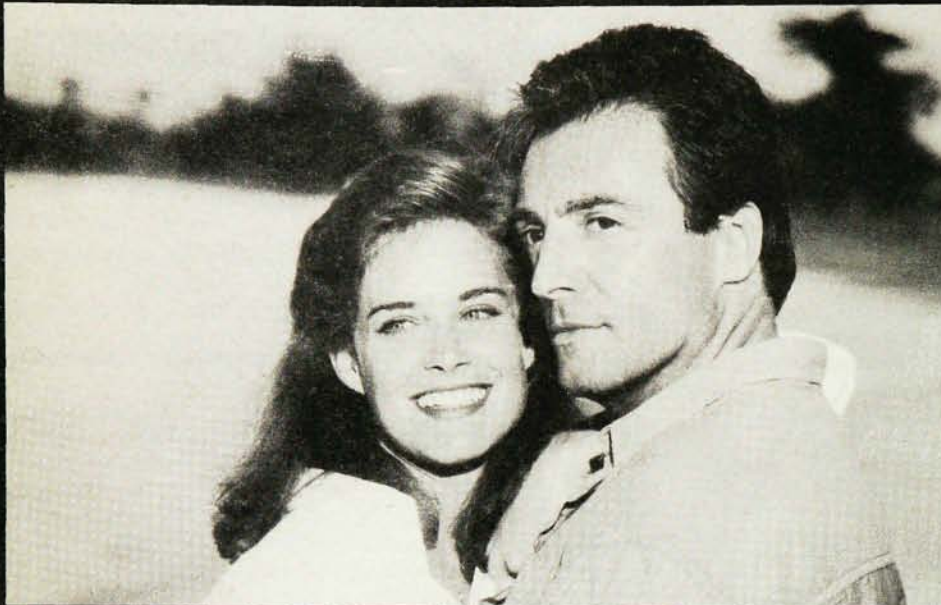
MICHAEL HIND-SMITH, Canadian Cable Association.

"We're pleased. With his responsibilities for culture and national identity, we hope that he would remember that many of these businesses in which we all are, are still businesses and they won't work unless they remain businesses. But certainly we welcome his appointment."

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Ontario. The cash will be rebated after the production has been completed and audited.

The rebate, a percentage of the investment, will be determined on the basis of the number of Canadian personnel in key creative and artistic positions, much like the current criteria set by the federal certification office. The OFIP will be available only to Ontario investors in certified Canadian films produced by Ontario production companies. The program will be administered by the OFDC.

A further \$2 million will be going to the OFDC

to increase its investment in television, primarily to performance arts and multicultural production. A \$1.5 million non-theatrical film fund was also announced, which will be administered by the ministry.

Jonathan Barker, the OFDC's executive co-ordinator of legal and business affairs, told *Cinema Canada*, "The key to the administering of the OFIP will be drafting of the guidelines which will take place over the course of the next month in consultation with the industry. We're aiming for a late April date before we can have the doors open."

David Silcox, deputy minister for the MCC, said that the operational plan for the OFIP will determine a film policy for the province. "I think it's fair to say that our programs reflect what is necessary and are part of a larger film policy for Ontario. The pieces are coming together with the OFDC, the Centre for Advanced Film Studies and now this."

It was suggested at the press conference that a "co-production treaty" with Quebec might be possible. "There is no sense pressing for a federal policy without an Ontario policy, said Wayne Clarkson, OFDC chairman.

Maclean Hunter sells off Selkirk after buyout

TORONTO - Maclean Hunter Ltd. (MHL) took barely six weeks to sell off those parts of Selkirk Communications Ltd. it doesn't want or were in conflict with existing MHL holdings. MHL bought Selkirk November 21, 1988 for a reported \$594 million, making it the largest takeover play in Canadian broadcasting history.

Just prior to Christmas MHL sold to Vancouver-based Western International Communications Ltd. (WIC) a 41 per cent interest in British Columbia Broadcasting Co. Ltd., a 50 per cent interest in Okanagan Valley Television Co. Ltd., CFAC-TV in Calgary and CFAC-TV7 in Lethbridge. Included in the deal as well were radio stations CJCA-AM and CIRK-FM in Edmonton. As a result WIC now owns 100 per cent of CTV affiliates CHAN-TV in Vancouver and CHEK-TV in Victoria and 100 per cent of the CBC affiliate CHBC-TV in Kelowna, B.C. WIC's purchase price was \$217.5 million.

Under an agreement reached in early January, MHL will sell to Rogers Broadcasting Ltd. (RBL), a subsidiary of Rogers Communications Inc., a further 11 radio stations previously owned by Selkirk. These include CJVI-AM in Victoria, CKWX-AM and CKKSFM in Vancouver and CJIB-AM in Vernon, B.C. In Alberta the stations are CFAC-AM in Calgary, CJOC-AM and CILA-FM in Lethbridge, CJPR-AM in Blairmore, CJEV-AM in Elkford, CFHC-AM in Canmore and Banff, and CFGP-AM in Grande Prairie. This purchase by communications giant Ted Rogers is in line with his stated corporate goal of moving away from cable and into the telecommunications and broadcasting industry. Last year he sold his U.S. cable operations to the Texas-based Houston Industries Inc. for \$1.26 billion (U.S.). RBL paid \$24.5 million cash for the 11 MHL stations.

In Ontario, Maclean Hunter has said they will sell Selkirk's Hamilton station, the longtime independent CHCH-TV, to The Blackburn Group Inc. of London Ontario for \$68.5 million. Blackburn currently owns the newly independent CFPL-TV in London. All this activity leaves MHL with the key parts of Selkirk that it wants to keep: two cable operations with a total of 200,000 subscribers in Ottawa and Florida, and the CFNY-FM radio station in Brampton, just outside of Toronto. CRTC approval of all this corporate juggling is still pending.

TORONTO - CBC and NABET have averted a strike by 2,100 technicians after reaching an agreement that is satisfactory to both parties after a long round of negotiations. The main issue in the dispute was money.