

Public policy vs. private purpose

Who will play?

by G. Chalmers Adams

The production of feature films by the private sector was spurred dramatically in 1978 by the introduction of a financing mechanism which the motion picture industry, world-wide, has come to know as "the Canadian public offering." Federal tax legislation, provincial securities legislation and the older creative and technical base for production conspired to create an environment in which larger sums of money were raised from investors in each of the last three years than had been gathered for production in any earlier period of five consecutive years. Production values increased measurably, the general welfare of personnel in the industry improved noticeably and new resources permitted producers to push vigorously into the international marketplace. However, the most significant fact of the last three years has been the evolving presence of a financial and managerial infrastructure in the Canadian film industry. Lawyers, accountants, stock brokers, consultants and other professional advisers found economic justification for their involvement in the business of filmmaking. Money was there to reward their interest. Many have even gotten quite caught up by the excitement of developing film projects and by the intricate financial mechanism which is required to maintain the production industry. Some have taken an active role as high profile producers. But, in any case, large numbers of these advisers have come face to face with that which is, for them, a new and often stirring phenomenon, the production of movies.

In Canada, both the film industry and the television industry - which are quickly and inexorably merging - are caught in and partly sustained by a complex web of regulation and government intervention in the communications business. There are tax regulations, tax bulletins, securities policies, regulatory bodies, federal and provincial government agencies producing and financing programs of all kinds, federal-owned and provincially-owned broadcasting authorities, councils providing grants to filmmakers, and a host of agencies across the country run on taxpayers' money to assist producers and to facilitate production. The National Film Board of Canada, Canadian Broadcasting Corporation, Canadian

Film Development Corporation, Ontario Educational Communications Authority and L'Institut québécois du cinéma, among others, are institutions which represent, and which are knowledgeable widely to represent, a tradition of quality production. There is also clear and more than passing interest on the part of all levels of government in the future of Canadian programming: witness particularly the insistence of the Canadian Radio-television and Telecommunications Commission on the proposition that pay television, soon to be introduced in Canada, be established in a manner which ensures that increased financial resources become available for program production by Canadians.

Is the new breed of movie industry entrepreneurs on a collision course with government policy-makers? There is little to make one believe that government involvement will diminish. Can the financial wizards be expected to flee what will doubtless be an increasingly elaborate scheme of regulation? Or will these wizards, indeed, cast their own spell over and through the web?

Rapidly changing technology has always created a place for the swift of foot and eye. The private sector production industry is largely free from the bonds of a heavy investment in equipment and hardware, and it should be able to respond to the opportunity to provide programming for the new media of communication. To produce in the English language seems to have been, historically, the key to gaining market access, and Canada is well situated to effect penetration of the U.S. and other foreign marketplaces. A measure of market protection in Canada itself can serve to ensure proper testing of public taste, and it can also foster a gradual introduction of untried talent. As long as the working force continues to become autonomous and continues to believe there is a future for its skills, a relatively stable industrial relations environment will be an added attraction for investors and for foreign producers. These factors and others should conspire to challenge the entrepreneurs.

On the other hand, the policy-makers seem to be plowing ominously toward a greater measure of direct intervention, instead of merely clarifying the regulatory processes. Government agencies in the business of program production seem to be growing, rather than giving way to private sector production companies. Government funding agencies, whose proliferations had a healthy competitive effect at the outset, now seem to know one another's business in greater detail; and they seem to be embarked on a course toward collective rationalization of their multiple financial policies. Some government authorities even appear to be shifting their resources from programming to hardware and capital equipment, at a time when distribution and transmission of programs should have a less costly place carved in the carrier systems which are well sustained by those with commercial purposes, such as business communications, quite a distance away from entertainment programming.

In the movie business, the traditional Canadian conflict between public policy and private commercial purpose has had a largely healthy effect. For whatever reasons, and there are many, the production industry has first attracted capital, then repelled it, then attracted it again. However, the turn of the cycle has been rapid; too rapid, in fact, to sustain belief in a larger, more stable, more permanent industry. Not surprisingly, even happily from a creative point of view, it is conviction and belief on the part of the financial community which will be responsible for stabilizing the production industry. There are now large numbers of persons who speak the language of both money and production. It is they who will engage the sustained belief of the managers of the capital pools - if they are not trampled by the policy-makers.

conversations, the Association of Canadian Movie Production Companies (ACMPC) was created, adding a new element to the equation.

Seldom have opinions about the state of the industry differed so radically.

John Eckert

Co-producer, *Incubus*

The film industry has been over regulated from all sides, it's not just the government.

I understand the reasons why people want regulations. Look at the capital cost accounting report for the last five years. We go from \$1 million to \$150 million. I know of no industry which can train anybody that quickly. So I think there's been a great deal of inexperienced staff doing very expensive pictures which didn't need to be that expensive.

There's been far too much, too quickly, for there to be any stability, and the government's answer is, "oh goody, let's regulate." And the unions, and everybody else, have been saying, "goody, let's regulate," as though they have put enough work forward to train their people properly. The people who end up getting blamed are the producers.

People don't take into account the fact that you can't train that many cameramen, a.d.'s, art directors, grips, gaffers, etc. in five years to accommodate a swing from \$1.2 million to \$150 million. And especially not when half of the \$150 million is shot in a quarter of the year! End of comment, really.

Does the government have a role? You're dealing with the Minister of Communications and you're dealing with Revenue Canada; and Revenue Canada says one thing and Communications says another and the securities commissions say something else again. You've got three separate groups regulating on the financial and artistic level, and then you've got the guilds and unions regulating on a technical and artistic level...

The forces which will sort out the situation have already come forward. Public issues amounting to \$45 million weren't sold last year. We have produced more than we can sell.

We don't need the government or the financial community. Look at the economic situation under the current government - never mind the film industry, why don't we just talk about the country? It's not in the most healthy state, economically or anyway else. Whether or not the right people will survive or not, in my view, is another matter...

Pierre David

Executive producer, *Scanners*

If you ask me who will be more important, the unions, the government, or the producers, you're mixing up apples and oranges... there's no answer possible.

There's no power play. The government is going to apply the rules it wants. I think everyone will do what he wants to do and everyone tries to compose with the other. It's a free market. Nobody runs the show. The securities commis-

The debate escalates

by Connie Tadros

The year end 1980 left producers in Canada in an uncertain mood. The obvious loss of investor confidence, as evidenced by the \$40 million short-fall in the sale of public issues, seemed to be counter-balanced by reports of the high quality, both commercial and artistic, of the films which had been produced.

During the first months of 1981, everyone was taking stock, and there was considerable house-cleaning. The CFDC was getting ready to announce new policies concerning distribution and had yet to define its attitude toward 1981 productions. The Certification Bureau was reworking the capital cost allowance criteria, and the Cultural Industries Division was looking for staff to toughen up its application of the CCA.

There was considerable jockeying, as well, among the producers. The Canadian Film and Television Association (CFTA) was wooing the Association des producteurs de films du Québec in hopes of presenting a united front, if not a single organization, to the government and unions. It was also hoping to win back the allegiance of the feature film producers who had bolted several years ago to form the Canadian Association of Motion Picture Producers (CAMPP).

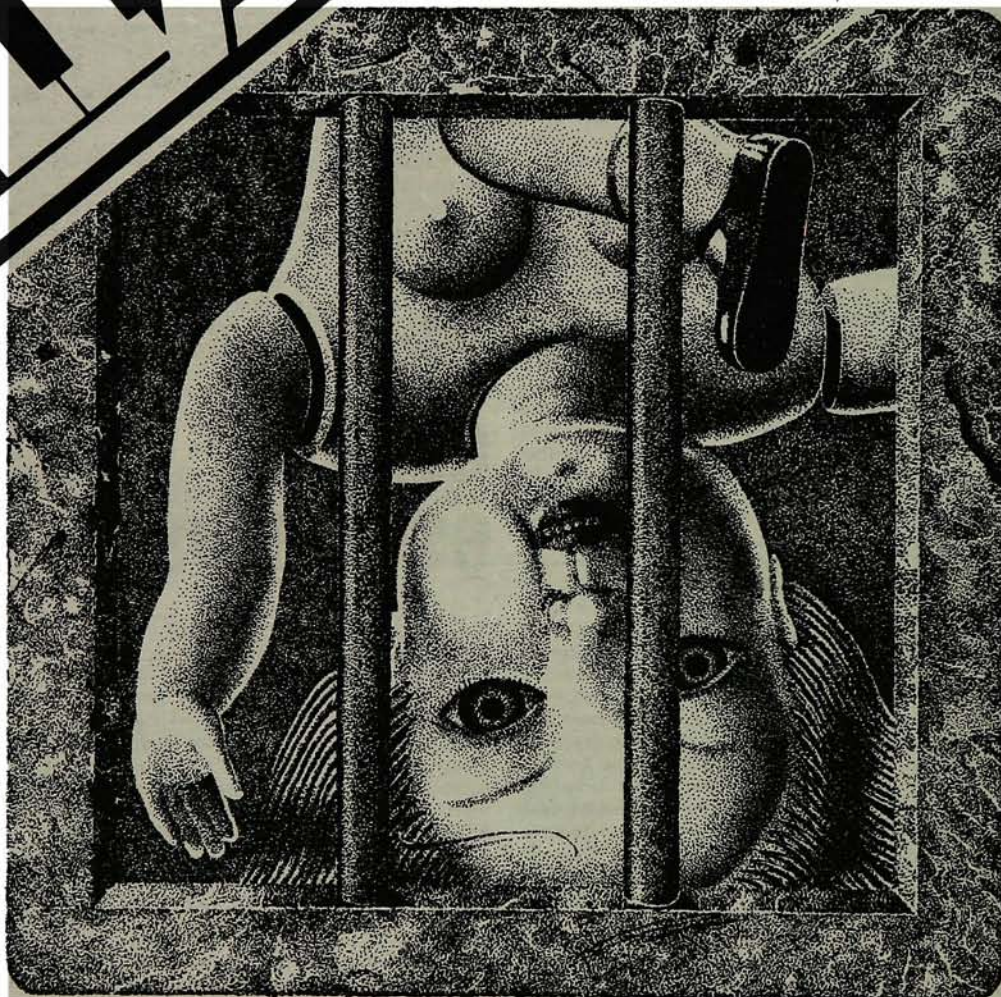
Cinema Canada polled producers and the director of the Cultural Industries Division, Minister of Communications, to find out how they saw these forces working themselves out over the coming year. Mid-way through these

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Alberta Watson**

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based on **HAUTE SURVEILLANCE** by Jean Genêt
Editions Gallimard

original scenario by Pierre-Alain Jolivet in collaboration with Jean Genêt

and Jean-Claude Carrière

screenplay by Arthur Samuels

Director of photography Perci Young

also starring Carolyn Maxwell • Lyn Jackson

associate producer Pierre Caro - executive producer Nardo Castillo

sions are trying to have a better film policy, the government is trying to have what they feel are better rules, the producers—feature film producers—are trying to do something that will be better for their own future. They are resigning from CAMPP and APFQ... to form a new association... This is not a criticism, but the old organizations don't satisfy our goals anymore...

I've never found the producing atmosphere so good as this year, because of the clean-up. The solid producers are staying and doing films. There are clear rules with the government, clear rules with the securities commissions. Everything's clear this year at least. I'm very optimistic, absolutely, for certain people. A lot of people are with major companies, I'm very happy.

There is no question of leadership. There can be no leadership with the government. The government is the leader, automatically, because they are our government in everything. But there are pressure groups, lobby groups, associations, unions... If you're asking me what they should do, that's another question. If you're asking me what's happening... nothing new... there's no antagonism. Everyone wants to get organized, and everyone's going to talk.

Ian McLaren

Director, Cultural Industries
Ministry of Communications, Ottawa
I personally see the NFB and the CFDC having a much greater role, particularly in the interim financing area. They are going for increased money for interim financing, roll-over money. If they get it, then I would see them playing a much more significant role.

The Minister is planning to make a speech in early June at the APFQ annual meeting June 6. That should be a major film policy speech. I would see that the Capital Cost Allowance will no longer be able to be used for the kinds of international, commercial, American-type films that it has been used for in the past.

I predict that the Harold Greenbergs, the Garth Drabinskys, will no longer use the CCA. I predict that they will align themselves much more closely with Hollywood. I predict that there'll be several producers who will straddle both fences, like the Coopers and the Cohens; they will both not use it and use it for lower budget, Canadian films.

I predict that the budgets of films will drop considerably, especially those which use the CCA. We're going to see a drastic drop off of CCA films this year. I think that things will stabilize and pick up again with the help of the CFDC's policies. But they won't reach the same level that they have reached in the past. I think that one hundred million a year of capital cost activity is reasonable. I don't think that we should see more than that.

The CCA will be changed in such a way as to render its use impossible by the commercial producers. They recognize that already. The changes will not be startling or new...

For non-CCA films, they want more flexibility. That indicates that there is already a tacit agreement on the part of producers that if they're using the CCA, it has to be on films that are contributing to the Canadian film industry in some significant way. It also means that they are saying, "we have to look at some way not to use the CCA to make the kinds of films we want to make."

The big question is how to bring in investors to participate in the low budget films... First, the films which are

"making money," generally last year are all low budget films, they're not big budget films. Second, the brokers and the investors are going to have to be brought back on board and gain confidence slowly. It's not going to happen overnight. But when you have CFDC investment in the film or interim financing, that's going to make it a more attractive proposition.

What the film industry has gone through in the last two years has been disastrous and the state of the industry now is unbelievable, just unbelievable. There's no investment out there. Producers are pressuring the ministry of Finance to extend the sales period for units so that they can have a second crack at it with films which didn't sell. It's really a bad scene, and I feel the producers brought it on themselves.

James deB. Domville

Film Commissioner
National Film Board of Canada

You have heard it before, I am sure: Canada faces a cultural crisis. What does that mean today? The major cultural markets tell a dismal story. In 1978, 3.75 per cent of movie screen time was Canadian; about 2.7 per cent of paperback sales were Canadian; about 6 per cent of record sales were Canadian. In 1979-80, a little over 3 per cent of television drama viewed in English was Canadian, and that mostly due to the public network. In French, 20 per cent of the television drama viewed was Canadian; much better, but still not good enough in a world of proliferating cable channels. In these mass media, the Canadian share of the market is still minuscule.

Yet these are the old markets, if you will. What of the new markets, such as home video, pay television? Quite simply, the introduction of these new television delivery systems seems to outstrip Canada's capacity to feed them with high quality, competitive programming. Repetitive foreign programming will fill the vacuum. Some may say, Will this not increase freedom of choice? No, it will not. There cannot be freedom of choice for viewers who will have fewer opportunities to choose a Canadian program, much less a competitive and sometimes expensive Canadian program.

To meet this challenge, I believe we have to use all the tools we have at hand: public sector and private sector; within federal jurisdiction and provincial jurisdiction; on the demand side of economic policy as well as on the supply side. We must do everything possible to increase the Canadian share of the domestic cultural market, both in terms of public access and revenue recouped.

And what is the role of the National Film Board in a country which has relegated its own work to roughly 4 per cent of its cultural marketplace? As Canada's largest nonbroadcast program producer, the NFB is a national audiovisual resource which has an increasingly important role to play in this ongoing struggle for the survival of the cultures of our English and French-speaking societies.

That role has been especially important in offering Canadian studies material to the education systems. The Canadian share of that market, as defined by 16 millimeter print sales, is about 20 per cent. Without the NFB, it would be about 8 per cent. This is not enough, and we want to see the Canadian share increase to achieve at least 50 per cent Canadian content in the audio-visual inventories

I also think that the government did not have the capacity to administrate the CCA as tightly as it should have been administered. We are now about to go to Treasury Board to ask for significant resources—4 or 5 new people—to administer the CCA. We're going to administer it tight as a drum from now on.

We're also going to computerize it and put out industry statistics on a regular basis. We want to get a whole information system going which will take inputs from the industry, the CFDC from the NFB and plus the inputs from all certification applications. It will be used as an information base.

... I don't know how long the CCA will last. The press has been very bad, and it goes on and on. The real problem is the brokers who have gotten out of the

business, and the investors who have been burned. Those people carry a lot of clout. But I don't see any alternative to the CCA except massive equity investment from someone like the CFDC, and that's a non-starter, except for French production...

André Link

Co-producer, *Happy Birthday To Me*
The less the government does, the better it is going to be. We already have too many regulations. An increase and a tightening would be suicidal.

Second, the guilds, associations, ACTRA, Union des Artistes, writers and everybody should rethink their positions because definitely there are major problems: monetary and restrictive.

The climate that was here last year



of our school systems within five years.

This is just one example where, as a public enterprise, the NFB has been able to give Canadians, in both languages, a unique expression of themselves that would not have existed if left to market forces. After all, the Film Board was created with the idea of public service foremost: public service to ensure that Canadians have the best opportunity to know themselves and the world they live in. In the process, the NFB has built a tradition for experimentation and excellence that is acknowledged worldwide. A reputation that I believe is a source of pride for all Canadians.

Building on these achievements, the Film Board must become increasingly innovative if it is to meet the objectives of the act and better serve the public interest. Specifically, my priorities as film commissioner are laid out in the blue-covered objectives paper that we sent to you, but let me just briefly summarize them.

Firstly, I want to connect our programming priorities more coherently to the concept of public service, which underlines all my thinking about the Film Board. Secondly, the Film Board must improve public access to its films. I want to take full advantage of the new technologies which are revolutionizing the television screen to better reach the Canadian public. As well as reaching the public, the Film Board must help the public reach other Canadian programming through these new technologies, just as we now offer some CBC and private sector films through our catalogue and our national distribution system.

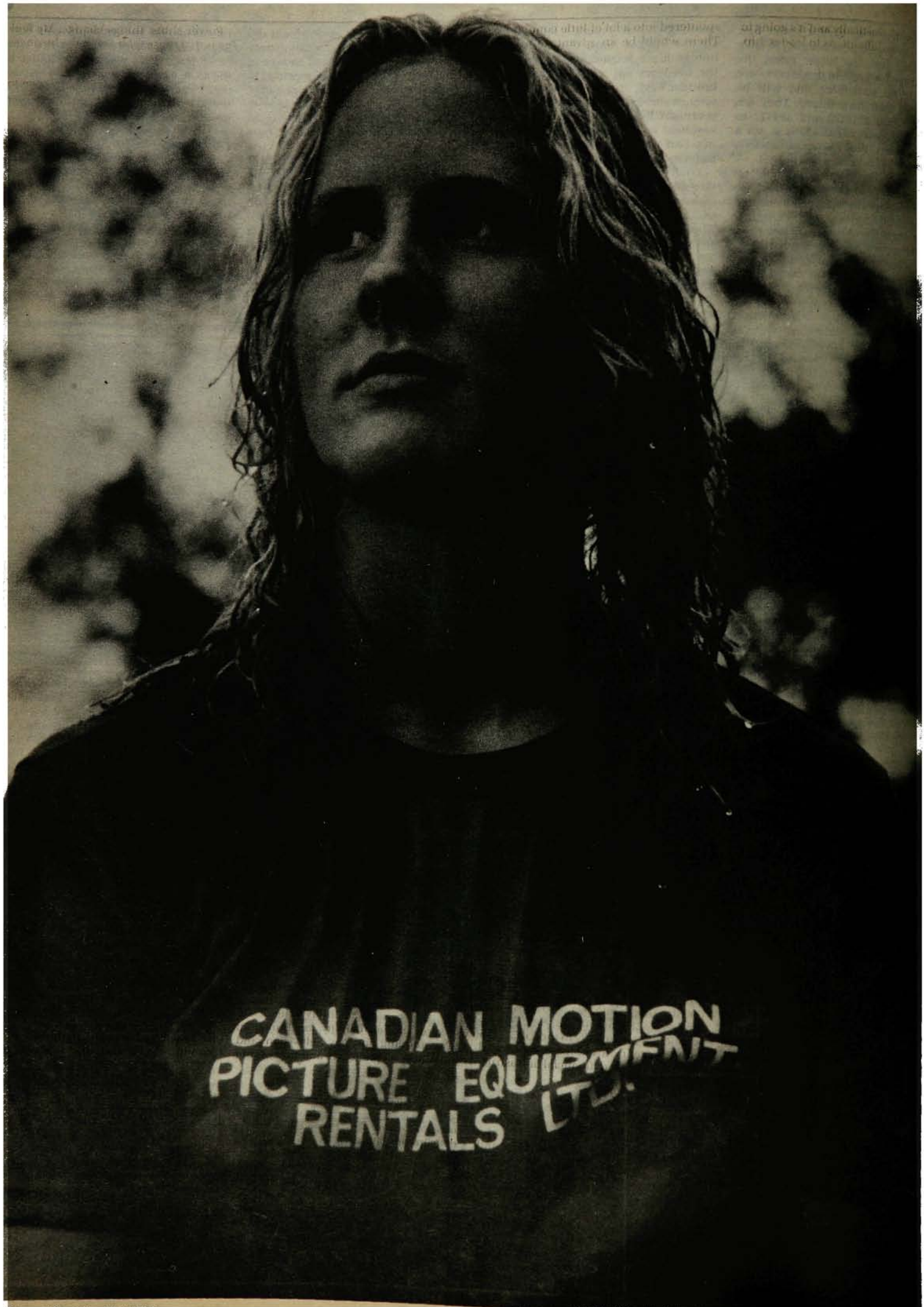
Third, I want the Board to develop into the best and most innovative centre

for filmmaking in the world. Some may say that we are already the best, and I think we are in some areas, but we must go much further. That means re-emphasizing the need for research and development into all aspects of film production and distribution. I see the NFB being an industry-wide centre for technical research and development; experimentation in film styles or techniques; with an organized training program at the highest level of expertise including rotating chairs for internationally distinguished filmmakers.

Fourth, I want to reaffirm our international roles as well. These include interpreting Canada abroad, helping the Third World develop better communications skills, promoting a better balance of international information and broadening our international connections at the highest creative and technical levels to assure our position at the leading edge of film development.

There is an old Chinese curse which says: "May you live in interesting times." Well, in this area, we are certainly living in interesting times when it comes to cultural industries. The policy issues before the government are critical, as both Conservative and Liberal governments recognized when they established a federal cultural policy review committee. I believe the Film Board has an important job to do under the act as adviser in film activities to the Governor in Council, and that is one reason we produced those weighty tomes that we sent out to you, to help fulfil that mandate.

— From evidence given before the Standing Committee on Communications and Culture, April 9, 1981.



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has changed drastically and it's going to be a lot more difficult. As to leadership, in this case there is none. It's a band of individuals, each trying to make a film which will stand on its own in the world market. There's no other way. There's no magic formula.

Canada represents two percent of the world market; either you accept to have costs equivalent to those in the US for a market potential of two percent, if you don't want to go outside and tap the world market, or you have to live by the rules of the outside. The future is very difficult. I see big clouds on the horizon.

It's one thing to make films for \$500,000 or \$1 million, like we used to do 2 or 3 years ago; and it's another thing to make films for \$5 million plus. The mortality rate is a lot less painful in the low budget category than in the high budget category. While tax incentives are interesting, the industry has to survive on a relative profitability. Right now, a Canadian producer has his arms shackled behind his back; he has two big ball-and-chains around his ankles and, as far as the American studios are concerned, he has to dance to their tune. It's very difficult. Any more regulations, and you can kiss the whole thing goodbye.

The government provided a certain climate which has helped the industry. At this point, I can see some little refinements that they can make, like extending the CCA beyond Dec. 31. Also, the regulations concerning distribution deals and sales should be modified. It is very damaging that you can't even go out and make a good deal when you are offered it because Revenue Canada considers the deal as a revenue which diminishes the risk... They should allow it and say it's o.k. Everyone gets around it... there are enough loopholes in any contract that you can go crazy... but it would be nice if that was more positive. It shouldn't be a problem for the government, because the revenues which would come back are taxable.

Claude Godbout

Co-producer, *Les bons débarras*
According to me, the industry belongs to the government as long as it has Radio-Canada/CBC, the National Film Board, as long as the provincial governments have television like TVOntario and Radio-Québec, as long as the government can stop, from one day to the next, the Capital Cost Allowance. The leadership of the industry is not exercised by the producers; it is exercised by the federal and provincial governments.

Do people think this state of things is natural and normal? Or do they want a world where the state is less present, less active in the cinema milieu? I think that one of the great difficulties we have, actually, is the presence of Radio-Canada, Radio-Québec, the NFB... all organizations which, under Canadian law, have millions and millions of dollars to produce, without any risk at all.

Three, four or five producers across Canada, including producers from Montreal and Toronto, will continue to make commercial type films. They will convince the financiers to put money into their films.

Many other producers will disappear, so that a real industry can take hold. That's true of all the production sectors, features and commercial, educational sectors alike. There is a movement toward a rationalization by elimination.

I think that competition, the free market will play a role. There will be a regrouping of companies, that's for sure. For the moment, the milieu is

splintered into a lot of little companies. There would be an advantage to consolidating. The fundamental question is, who is going to regroup, who will remain alone? It's important that the government not tell us how to do it. People must get together by affinity, because it's necessary because there's a crisis; and because that could be extremely positive.



André Lamy

Executive director
Canadian Film Development Corporation

There must be a common ground. We can no longer speak of this segment or that group but rather of an industry - an industry that encompasses all forms of production experience - feature motion pictures, television dramas, animation, documentaries, sponsored films and commercials.

A strong unified voice will not make life any easier. Perhaps fewer associations will be more hard-nosed. That common voice will represent a more powerful lobby on behalf of private sector interests. The CFDC welcomes that challenge and will continue to play its role in representing the industry's interests to government.

And the federal government must begin to think in the same way as industry. The present structure of government involvement in the industry did not emerge like Topsy. The creation of each agency and each program, direct or indirect, was devised to answer a specific cultural or economic need.

Those needs still exist. However, the industry has grown in size and complexity. The private sector now accounts for over \$225 million in production: second in volume only to the CBC, it is a cultural agency itself. It has developed the business and financial infrastructure of a mature industry, worthy of the name. According to Statistics Canada, the film industry alone accounts for 22,000 jobs.

What is needed now is a more structured coordination of federal policy and program activities, involving both public sectors. If developed in collaboration with the provinces, such an approach would allow for more rational allocation of scarce resources and use of fiscal and regulatory measures.

The development of comprehensive strategies for the federal government's role in the industry must have as a basic objective to ensure that ALL the products

Renee Perlmutter

Producer, *Love*

I think that we all agree that it's going to be the survival of the fittest.

In 1980 there were some very fine pictures made. Hopefully they'll find proper distribution. No doubt they'll all find distribution, but, hopefully, the showcases for them will be the proper ones.

of ALL Canadian filmmakers are increasingly made available to audiences at home and abroad - in theatres, on television and in home entertainment centres.

To achieve this objective, the federal government must promote the steady growth and development of the industry. This cannot be achieved if the government continues to compartmentalize the industry into those who produce feature length motion pictures; those who produce animated films; programs for television; or those who produce non-theatrical and experimental shorts, documentaries and educational films primarily for use in schools or community institutions.

The Canadian Film Development Corporation has a leadership role to play in relation to other federal policies and programs which impact directly on the private sector of the Canadian film and television industry...

The CFDC - as the federal agency responsible for promoting the development of the industry's private sector - has recommended to the government that the Corporation's mandate be changed in order for it to play a more vital and all encompassing role... We have stressed that the CFDC needs a greater flexibility to develop the industry as a whole, to invest in all types of productions. This flexibility is needed to ensure the availability of Canadian programming for pay television and other new technologies and to promote greater economic stability within the industry...

In distribution and exhibition, strategies would focus on direct and indirect mechanisms of support to commercial distributors and distribution for the educational and institutional as well as new video markets. These would be aimed at increasing both the market share for production in Canada, and the economic viability of Canadian independent producers.

- From a speech given before the CFTA, April 10, 1981.

Power shifts, things change. My feeling is that those who are in the business and have been for some time will probably stay in the business. It's a question of motivation. But we have to make valid pictures. We've proven that we can't base an industry on tacky, commercial pictures which don't make it. We have to make commercial pictures that are good.

Nobody is relaxed anymore. Everyone is very uptight and if the government comes in with new regulations which are so stringent that it hampers us in making international-type movies again, movies with foreign input, we're going to have a problem. I don't think it should be any more stringent than it is.

We live in North America, we have to be content. We need the North American market. We can't live in Canada alone.

David Patterson

Co-producer, *Heartaches*

The government's role will be determined by its attitude toward Canadian certified productions, and what restrictions it places upon us in order to have our films "certified."

I think there is one variable beyond its control, which may have impact upon its participation, and that is whether or not the investor climate has deteriorated so far as to eliminate the reasonable possibility of producing a good number of films in a normal tax shelter manner with public issues. If that whole structure is not going to be sufficiently viable this year, forcing producers to look into other methods of financing, then the whole issue of certification of a film becomes a non-issue from the producer's viewpoint. If that is the case, then the role of the government would be rather inconsequential to us. So I don't know... We are looking very actively at alternative methods of financing which may not necessitate the certification of the film as "Canadian."

Alternative methods would allow us to look at the marketplace, world-wide, and to develop products which we feel addresses a need and an interest in that marketplace, without any specific restrictions about what we can or cannot do in terms of personnel, performers, location of shooting, etc.

We're not bullish about the financial environment, but we have taken note of it and are putting into place what we consider to be the kind of mechanism which will allow us to continue to operate at a level in excess of our level last year, which was one feature...

The distinction to be made is between types of producers. There are those producers who came into the marketplace two or three years ago, in 1978, and who came in primarily because of their ability to develop sufficient financial resources in the equity-offering environment which prevailed. They were lawyers or accountants, and moved in financial circles instead of film circles... I would suggest that the shift will be from that kind of individual, who remains an expert on the financial front - which front is entirely changed and which expertise, therefore, is not entirely useful - to the producers who have come up through the creative side of the business. The authority will move to those who know the film business and who are able to look more innovatively at financing methods within and without Canada.

It's a boom or bust moment. There are a lot of people whom I know who are working very hard to see that it will be a boom, but boom of a different type.

Jon Slan

Executive producer, *Threshold*

Practically, there will be many fewer dollars worth of production in '81 than in '80, and the shrinkage which everyone predicted for last year will happen a year late. As far as the on-going ability of Canadian film production companies to stay in business, I'd say that's really up in the air for the moment. It depends upon the resurgence of investor confidence and, probably, some more far reaching matters as well.

I'm not sure that the present form of tax incentive is the best. Tax shelter investors like to roll dice as long as they win everytime. The movie business, traditionally, is a high risk business. Studios finance 15 pictures a year; there are 12 losers and 3 winners. Production companies in Canada are literally on the hook with every picture and you have nothing to cross-collateralize your risk against. It's a very difficult state of affairs. Perhaps the whole concept of how production companies are financed has to change.

There might be some rule changes which would be helpful. Certainly to stay in business you've got to be looking for other sources of financing... I'm not talking about the CCA, I'm talking about other sources.

It seems that the government's aims, at least economically, have been fulfilled. Specifically, you can have all the tax incentive you want, but if investors aren't interested... It's very tough to sell film deals today. First of all, nobody's selling them, and second, nobody's buying them. That has to change. People's expectations have to change, to come down. Then the general track records of the companies have to improve. That should happen.

There haven't been very many successful Canadian films. I've always said, it's hard enough to make movies when you can hire the best in any category. When you have onerous content regulations, it makes it all the more difficult. All in all, we've not done too bad.

Ronald I. Cohen

Executive producer, *Ticket To Heaven*
The new producers' group (ACMPC) is going to provide a lot of strength. That's the point of it.

It regroups the people who are responsible for a significant percentage of the jobs in this industry in Canada, who are responsible for a very significant percentage of money which is spent in this country on movie and movie-related activity. There's no question that the vast majority of our expenditures are on Canadian goods and services.

We want to take the role and we will take the role. We are not going to leave it, by default, to any other organization.

One of our major responsibilities, over the next little while, is going to be to return the view of what is happening in this country to a realistic level. I think there has been a lot of unreality about what's been happening in the past while. Among other things, people were very critical of producers, and I think that a lot of this criticism was not based on reality. It was based on hypothetical situations which people sometimes described as excessive profit taking, fees, this, that, and the other thing. That has not been the case.

There have been revenues commensurate with risk. The significance of the risk was seen at the end of '80. The risks have been taken with the intention of providing excellent product. We have gotten better at our job over the last few

years, since the new financing arrangements were available, and I think that that improvement is readily seen in the product that was shot in 1980. I think the government is going to realize that. I think the public is going to realize that. I think that the critics are going to realize that.

We have to make sure that the view is balanced, and that the good news gets out there — and there's loads of good news. The problem is that, in the past, the good news hasn't been anybody's particular responsibility. No one has, seemingly, felt that concern.

It's lovely for Canadian critics to go to Cannes and dump all over Canadian pictures. It's the most facile thing in the world. But there's really hard work and risk that goes into those films, and the results are improving. The results now are really good, both critically and commercially.

It's really up to the producers. It's up to private industry. If this is going to be private industry in motion, and not the government in motion (and right now, it is and has been private industry), I think it's up to private industry to answer for itself. We'll do that most effectively if, for no other reason, we have the interest of the survival of the industry at heart. We feel it. We are it.

Given the opportunity to have a full perspective on what happened over the course of 12 to 15 months, I would be surprised if the government's attitude would be over-zealous concerning regulations.

I think that investment confidence can be regained fairly rapidly. Because films take so long to get out and to generate revenue, I would say that we are looking at a fair part of this year before some of last year's product gets out into the movie houses and does well. It's hard to tell, but I think the word out there is very good compared to the word a year ago. . . And then you get foolish, biased articles like that of Budge Crawley in *Maclean's*. That can do more damage than one can easily cope with.

Peter Simpson

Producer, *Prom Night*

Everything's so personal. My biggest problem is that I'm not a joiner, and I didn't join the new group (ACMPC). I never joined CAMPP. I hate meetings — the world suffers from perennial meetingitis and I just like to do things. Meetings tend to be people just sitting around, talking about doing things. So I didn't join but I endorse exactly what they are doing, which is a consolidation of those people who are quite serious about the movie business — who have permanent staff and a commitment in terms of money and funds for development in the long term.

I think the 1980 crop of films will be the best ever in Canada, and I think they will yield very substantial returns in 1982 to those investors who did participate in 1980. I think they will be more successful, critically, artistically and at the box office.

The government has reconfirmed its commitment to the capital cost allowance, and I think the government's attitude toward pay television as an extension of that CCA commitment seems very healthy. It's the synergism of the pay television money and the capital cost allowance, and healthy producers who are able to bring to the table their own interim financing and things like that.

We've had a weeding out process, and that, probably was very necessary. I don't think that the growth should have gone

on uncurtailed and reached \$200-\$250 million. I think they just got carried away. We're entering a phase where there's probably, regularly, going to be \$100-\$125 million for investment in Canadian feature films. I think that's where we're at right now.

There are some major problems, but they're resolvable within the next year. For every person who was burned on a '78 or '79 film, there'll be someone who was made happy through whatever money they'll get out of their '80 movie; and they'll tell that friend, and some of the old players will come back in.

I think the amount of government legislation now seems to be just the ticket for an industry that owes its life to the government. I don't think you can have an industry that owes its very existence to the government and say, 'we don't

want regulation.' That's silly. There were a lot of loopholes. . . but they have been somewhat closed now.

You know, I've been offered a bunch of scripts which are in Major studio turnaround, and I get tempted, you know, because they're not bad scripts. But there's always someone — if it's not an executive producer, then it's a production consultant — waiting in the background, wanting to control this right or that right: and I say, 'Pass.' Why do I need to do a script that Columbia doesn't want to put its money into? I'd rather make mistakes with my own scripts.

My advice to actors and other crew members is, don't give up the day jobs; but we're going to bounce back real strong in '82. ●

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