

Ostry attacks free enterprise's holy land

NEW YORK — Chief U.S. free trade negotiator Peter Murphy and his negotiating team members were described as "shrill and disingenuous" by TVOntario chairman/chief executive officer Bernard Ostry in a June 11 address to the annual meeting of the American Association of Museums.

Ostry, in recent months a very vocal proponent of the values of public broadcasting systems — as well as a former deputy minister of communications in Ottawa and of Ontario's Ministry of Citizenship and Culture — appealed to his audience in his speech on "Cultural Sovereignty and Free Trade Between Canada and the United States" to assist in fostering among Americans a greater understanding and tolerance for Canada's different cultural character and aspirations.

Ostry, wondering about recent U.S. actions that have precipitated a seeming trade war with Canada coincidental to free trade negotiations, asked why America did not "get its act together" before beginning talks "with a great neighbour and trading partner, a great friend and ally."

Referring to a lack of informed public opinion on the undefended Canada-U.S. border and its meaning, Ostry observed "There seems to be some notion on your side of the border that it is simply a line dividing your lawn from your backyard" and then told his listeners concepts like free trade were subject to national values and aspirations — which in America, "this holy land of free enterprise" supplants economics with concern for

national security and, in Canada, sees a priority placed on cultural sovereignty.

After echoing Ontario Premier David Peterson's view that cultural sovereignty in Canada could not be separated from political sovereignty, Ostry stressed "let us be sure that the matter under discussion is capable of being negotiated." He then pointed out Canadian legislation aimed at ensuring survival of Canadian voices in the media and publishing are not so much restrictions on the freedom of information so much as "an amplification of freedom."

After paying recognition to Canada-U.S. friendship and the two countries' almost similar view of the world, the TVO chief spoke of the need to understand the kinds of trouble similarities and differences between the two nations can pose.

"It is these resemblances, which we would probably like to think of as superficial, but are in fact profound; it is this family likeness that makes it so hard for Americans to take seriously any claim to be different. And we do make that claim. We not only claim to be different, we claim the right to be different, and the right to preserve that difference... And we claim to have these rights respected at the negotiating table," said Ostry.

Citing the vital regard those differences hold for Canadians and statistics showing the overwhelming degree of foreign penetration of Canada's publishing, film and video distribution, and sound recording markets that highlight the legitimacy of Canada's cultural

institutions, Ostry turned his oratorical aggressiveness on American agencies' near monopoly of Canada's market.

"These big bad wolves huff and puff and they want to blow our house in," said Ostry. "Scorched earth' is the warlike threat of the gulf and westerns (lower-cased in the text of his speech)...These multinationals already have their 70 and 80 and 90 per cent and unless they can get 100 per cent they cry Foul! Restrictive practice! Unfair! Nationalistic!"

Ostry, claiming the only corrective action to an American insensitivity based on "xenophobic blindness", was to make "ordinary decent Americans" realize Canada's right to conduct its own affairs as it sees fit — as Americans would insist in their case. In one of his many direct volleys to American opinion, he declared "If we choose to set up public bodies to stimulate film production, or programs to protect the old, the sick, and the deprived, that is our business."

With an eye apparently set on negotiating conditions insisted on by the U.S. Congress and various American lobbying groups, Ostry, with a whimsical touch, said Canadians weren't for their part asking America "to dismantle your defence programs or privatize the Marines."

Telling his audience that different interests and values and not hostility to the U.S. governed Canada's pre-occupations of its own, Ostry saved his speech's punch — and a high card for American consideration — for the end.

Not only is Canada about to

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Cité's contract due August 15

MONTREAL — *Cinema Canada* has learned that a federal-provincial government contract to build the \$20 million Cité du Cinéma film studio complex here will be awarded August 16.

Nicole Martin, assistant to the deputy minister in the Quebec Ministry of Cultural Affairs, says that, according to a working schedule already in place within the ministry, a contract for Cité du Cinéma will be awarded August 16 following a call for public tenders in the private sector.

Officials of both the federal Department of Communications and the Quebec Ministry of Cultural Affairs told *Cinema Canada* that open invitation to bid on the film-studio project will be extended to the private sector by the end of June pending Quebec treasury approval of the Canada-Quebec Subsidiary Agreement on Cultural Infrastructure.

According to this agreement, which allocates close to \$30 million for major renovations to the Montreal Musée des Beaux-Arts and approximately \$10 million towards the construction of Cité du Cinéma, it is the Quebec government which is responsible for implementing the jointly financed projects.

Several business interests within the private sector have already stated their intentions to build the Cité du Cinéma and are waiting for the invitation to tender proposals to a management committee set up under the terms of the agreement.

Most visible among these parties is Harold Greenberg, president of Astral Bellevue Pathé which is proposing a complex of office towers, studios, theatres and retail film equipment stores — reportedly to cost close to \$75 million. According to a report in a Toronto newspaper, the National Film Board has "linked up" with the Astral project for a Maison du Cinéma within the complex.

However, asked whether this federal agency is involved in Astral's private-sector bid for public funding, Stuart Cobbett, president of Astral Films Enterprises, told *Cinema Canada* there is no NFB involvement in the Astral proposal.

"You can't believe everything you read," said Cobbett, "the project is an Astral lead with a lot of private investors." Francis Fox, former Federal Communications minister and

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Exhibitors too close for comfort

TORONTO — It's close encounters of the "hardball" corporate kind between Cineplex Odeon Corporation and Famous Players Ltd. More specifically, the rival exhibitors have clashed head-to-head over the landmark Imperial 6 Theatre and in the process — temporarily at least — shut the downtown Toronto movie-going public out of the prime film venue.

The latest dispute between Cineplex and Famous became noticeable May 29, when security guards and chain-locked doors at the Imperial's Yonge and Victoria Street entrances signaled the theatre's closure to would-be patrons. Behind a stripped-down marquee announcing Sylvester Stallone's *Cobra* had been moved to Famous' Plaza and Sheraton Centre Cinemas, hand-scrawled apologies for the inconvenience, and legal notices addressed to Famous Players stated that an important portion of the Imperial now belonged to Cineplex Odeon.

The next morning, as a Supreme Locksmiths Ltd. van

pulled into the Yonge Street entrance (adorned with the slogans "For Supreme Emergency Service & Quality" and the request "Drive Carefully — We don't Have The Keys to Heaven!"), those notices advised Famous Players Ltd. of the expiry of its four-year lease dated May 25, 1982, that owner Edna Arleen Werden Rakas and current tenant Cineplex Odeon Corporation had taken possession of the premises, and that Famous would have 30 days to remove its records, inventory, and trade fixtures.

How did Famous come to lose a site it had held since the 1930s? The effect of Famous' failure to renew the lease, and Cineplex Odeon's acquisition of that lease from the owner effectively divided the Imperial. Famous was left with two theatres entirely on its property; the largest theatre (the 778-seat Theatre 2) fell onto the owner's property now leased by Cineplex; the remaining three theatres fell between both Famous' and Mrs.

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Quebec/Alberta coproductions on hold

MONTREAL — Last minute alterations by Revenue Quebec to an co-production agreement which will allow Alberta filmmakers to take advantage of the 150 per cent capital cost allowance in Quebec has delayed official signing of the agreement until later this summer.

Denise Robert, president and interim director-general of the Société du général du cinéma says she expects the agreement, co-sponsored by the Alberta Motion Picture Development Corporation, will be signed in August at the World Film Festival in Montreal.

Once in place, the SGCQ (Quebec)/AMPDC Co-Production Agreement will allow Quebec filmmakers working in Alberta to take advantage of AMPDC development loans while Alberta filmmakers can make use of Quebec's production equity funding and capital cost allowance.

The agreement will add credibility to Quebec-Alberta coproductions in seeking additional funding. It will also stand as an added incentive to use locations in both provinces.

Whether a co-production will qualify under the terms of the agreement will be determined by the current selection

process in each province and subsequent consultation between representatives of the SGCQ and the AMPDC.

"The projects will be negotiated on an individual one on one basis," says Robert.

In other business, Robert who became interim director after the unexpected departure of Nicole M. Boisvert from the Société général du cinéma, says a successor will be announced by the end of June. Robert is not in the running for the position because of the workload involved as both president and interim director-general.

Exhibitors too close

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Rakas' property (the former with screens and half of the seats, the latter with the remaining seats and projection booths), where the confection/lobby areas and Victoria Street entrance are in the owner's property.

Because of this latter holding, despite Famous' holding the Yonge Street entrance, the chain now found itself essentially landlocked from its remaining property, the southern half of the Imperial 6.

As to Famous' failure to renew the lease, a May 29 affidavit filed by Mrs. Rakas' solicitor, David McWilliams, details protracted negotiations begun last Jan. 23. Famous Players Ltd. president George Destounis and vice-president/general counsel Lawrence Pilon toward a lease extension.

The affidavit notes Famous' interest in an outright purchase of the owner's property (Famous in recent months has been engaged in negotiations for the purchase of several current sites of its theatres, a process which Destounis told *Cinema Canada* pre-occupied Famous to the detriment of its Imperial 6 lease), that the owner was asking for annual payment of \$156,000 U.S. on a

monthly basis over a four or five-year term in place of the \$182,000 Cdn. Famous had been paying annually (considered too high by John P. van Haastrecht, a real estate advisor to Famous Players Ltd. owner Gulf & Western), that failing a purchase van Haastrecht's client required a long-term lease at least of 20 years with options to extend to 50 to 75 years (in discussions with McWilliams, van Haastrecht thought \$90,000 a year in rent was more appropriate), and that if Rakas was to take over the building and close the theatre down after the lease expired, she could, van Haastrecht told McWilliams, be prevented by Famous from demolishing the building to reduce her taxes.

Those points, among the chronology of negotiations listed in McWilliams' affidavit, were the bases for Cineplex president/CEO Garth Drabinsky, in a June 2 press conference, taking issue with the "hardball" tactics Famous was using on the owner.

McWilliams, said after that his affidavit described as "a series of ultimatums," concluded his discussions with van Haastrecht and on May 27 inquired whether Cineplex would be interested in leasing his client's property, a transac-

tion that was entered into later that day by Drabinsky and Rakas.

Cineplex, in a move resembling corporate blitzkrieg, announced plans the same day it took possession of its leased portion of the Imperial (May 29) that it would create from its 11,500 square feet of land a new multiplex theatre to complement the current 32 screens at its downtown Eaton Centre, Carlton Cinemas, and Market Square locations.

At Famous, Destounis, although initially labelling the Cineplex action "unconscionable," remarked "All's fair in love and war" a day later and vowed that while the loss of the Imperial was regrettable, Famous "does not intend to give up downtown Toronto. Any notion Famous will not re-establish itself is wishful thinking," Destounis said.

In an attempt to make good on that promise, Famous applied for — and on June 2 before Mr. Justice Alvin Rosenberg of the Supreme Court of Ontario lost — an interlocutory injunction and mandatory order on its continued use of the Imperial 6 (which, at some 3,000-plus seats, happened to be the single largest Toronto theatre location held by Famous prior to loss of the lease).

Interestingly, in a sworn affidavit opposing the Famous motion dated June 1 to the Supreme Court of Ontario, Cineplex president Garth Drabinsky mentions Famous Players' operation of the Sheraton Centre theatres (its closest site to the Imperial) and additional theatres in "the Yonge and Bloor, Yonge and St. Clair, and Yonge and Eglinton areas of downtown Toronto."

While those theatres would respectively consist of the Uptown 3, Backstage 1 & 2, Plaza Cinemas, Towne Cinema, the Hollywood North & South, and the Eglinton, the last of which is considerably west of Yonge and Eglinton, considering those locations "downtown" is open to question. The first of those two intersections are arguably more in mid-town Toronto, while Yonge and Eglinton is up-town Toronto. The afore-mentioned Cineplex locations are much more south of those intersections, with the Carlton Cinemas the most northerly at Yonge and Carlton.

Just a few hours after Justice Rosenberg's decision Cineplex, lead by Drabinsky and with Mrs. Rakas' solicitor David McWilliams present, held a June 2 press conference at the Westin Hotel.

There, Drabinsky announced a \$1.5 million renovation of its leased portion of the Imperial, plans that consist

of Cineplex keeping the existing largest Imperial theatre intact, constructing two smaller theatres of 250-300 seats, and building a fire wall on the property line between the Rakas and Famous Players portions, plans which professional engineer Peter Kofman, involved with several Cineplex Odeon projects, said June 1 could be ready within four to six weeks.

Drabinsky said the renovations would be "totally faithful" to the Imperial's historic and architectural qualities. Although he refused to be pinned down on figures, Drabinsky said the lease obtained by Cineplex is for "a significant period of time" (with rights of first refusal to sale of the Imperial property) and that Cineplex would be paying more rent than Famous had.

He also stressed that "no time prior to the termination of the lease" did Cineplex make an approach to the owner, that Cineplex first became aware of the opportunity when approached by McWilliams, that Cineplex "conducted itself totally in accord with its legal rights," and, in a reference to his view that "Famous Players has certainly engaged in significant predatory practices," that Cineplex Odeon has "never used our leverage in this country to hurt the small person...this company has always been close to supporting the independent exhibitor in this country."

Asked by *Cinema Canada* whether Cineplex's move on the Imperial had been motivated by a desire to counter the loss by its distributing arm, Pan-Canadian Films, of a two-year distribution deal of De Laurentiis Entertainment Group films to Paramount Pictures (like Famous Players Ltd., also a Gulf & Western company) earlier in May, Drabinsky replied tersely:

"It's not a question of responding tit for tat. It was an opportunity that presented itself after the fact," he said, adding "This wasn't a case of missing a renewal date."

Pointing out that Famous Players could have prevented giving Cineplex the opportunity "by not playing hardball" with the owner, Drabinsky said it was more expeditious for Cineplex to enter into a lease and that it hasn't made the owner, Mrs. Rakas, an offer to buy. He did say Cineplex's multiplex at the Imperial would be operating within a year's time.

Pan-Canadian's loss of the De Laurentiis film deal, worth approximately 13 film titles and consisting of exclusive distribution rights in Canada in 1986 and 1987, was to have begun with the Arnold Schwar-

zenegger pic *Raw Deal*. In a twist of poetic irony, Famous Players Limited was to have begun its release June 6 at the Imperial and, as an exhibitor for Paramount-distributed titles, was still advertising *Raw Deal* for the Imperial (a traditional Toronto site for action pictures) the weekend after it lost its lease there.

According to Cineplex Odeon, Pan-Canadian reached an agreement with De Laurentiis for the films at a meeting early last February in Los Angeles, attend by Larry Gleason of De Laurentiis, Drabinsky, and Plitt Theatres Inc. executive vice-president Michael Bisio. Drabinsky stated in an affidavit that he'd been assured twice by Gleason that Pan-Canadian would be the films' exclusive Canadian distributor.

In response to Paramount's securing of the De Laurentiis package, Cineplex on May 7 launched an action in the Supreme Court of British Columbia for damages for the breach of the contract it said Pan-Canadian had, as well as for an injunction against New York-based Paramount Pictures Corporation and Los Angeles-based De Laurentiis Entertainment Group Inc. A Cineplex release of the same date said the company anticipated suffering "significant damages" if Paramount distributed and Famous players exhibited those films and further, "will damage Cineplex's Odeon's reputation and status in the film industry and with the movie-going public."

However, in another piece of ironic timing, the B.C. Supreme Court on May 29 — the date Famous was locked out and Cineplex began its tenancy at the Imperial — rejected the Cineplex Odeon application. Drabinsky, in a comment following his June 2 press conference, remarked then "We've only lost the injunction" and said he would be meeting with his company's lawyers to explore further avenues of recourse.

At Paramount Pictures in New York, meanwhile, president of marketing and distribution Barry London denied Pan-Canadian had a deal with De Laurentiis and said Paramount has had an established, ongoing relationship with the latter.

"We were negotiating with them (De Laurentiis) in good faith on the assumption there was no deal" London told *Cinema Canada*, adding his company has negotiated "on a continuing basis for their product" and that De Laurentiis had approached other distributors (Astral Bellevue was one mentioned by London) to get the best distribution deal in

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Canada. "Ultimately," said London, "that's why they came to Paramount" (whose Canadian track record he cited as including years of handling - formerly, that is - Disney product in Canada, its Toronto marketing presence, and its five Canadian branches).

London, responding to remarks earlier this summer from Toronto distributor Norstar Releasing (see *Cinema Canada* No. 131) that accused Paramount of throwing money at New York-based Atlantic Releasing to obtain Canadian rights to its distribution of foreign and independent American titles, said Atlantic approached Paramount last November because of dissatisfaction with its product's distribution in Canada and because Atlantic vice-chairman Michael Rosenblatt "thought we could do a better job"

"Everybody in this business is interested in the bottomline results of everybody who represents their product. It's the bottomline business decision - the best representation, distribution, and marketing, and hopefully that's what they (De Laurentiis) based their decision on," London explained.

Asked to comment on what appears (on the surface at least) a Paramount offensive against Canadian distributors in recent months, London replied, "It's got nothing to do with mounting an offensive

against Canadian distributors. This company takes a great deal of pride in the way it conducts itself in the marketplace and the way it represents its product - and we're very pleased to be able to represent those two (Atlantic and De Laurentiis) companies.

London, who told *Cinema*

Canada Paramount is "on solid ground" in its contract with De Laurentiis Entertainment Group Inc., ventured an opinion on Cineplex Odeon's B.C. Supreme Court action which stated its reputation would suffer with the loss of the De Laurentiis film package.

"I don't believe that's true,"

said London, observing "Mr. Drabinsky is very proud of advertising the fact in his releases that Cineplex is the largest theatre chain in North America" (Famous Players Ltd., with some 469 screens in Canada to its rival's 1,176 across North America, is a distant fifth on the scale of

exhibitors on the continent). As to Famous Players' presence at the Imperial 6 being reduced to a fraction of its former self, London commented "I think it's a shame to see an outstanding theatre that's been in business that many years desecrated."

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Record first quarter for Cineplex Corp.

TORONTO - Record financial results were posted by Cineplex Odeon Corporation in the first quarter of 1986. For the 13-week period concluded March 27, 1986, Cineplex reported a net income after extraordinary items of \$3,283,000 on revenues of \$49,396,000. One year earlier, for the 13-week period ended March 28, 1985, Cineplex's net income by comparison totalled \$3,005,000 on revenues from exhibition and distribution of \$34,227,000.

The 1985 first quarter net income figure included an extraordinary gain of \$1,532,000 through the use of previous years' income tax losses. On a basic earning per share basis after extraordinary items, the net income figures respectively represent \$0.20 per share for the 1986 first quarter and \$0.18 for the 1985 first quarter.

Expenses from exhibition and distribution for the respective first quarters totalled \$41,231,000 in 1986 and \$28,600,000 in 1985.

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