

# short films and canadian private investment

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**Seven Toronto production companies - Sunrise, Cinematics, Insight, Rosebud, Intercom, Nelvana and Gary Nicholl Associates - are getting together regularly to share information and to lobby for their well-being. The following is a letter sent to Mr. Hugh Faulkner, Secretary of State, on July 17, 1975 by the President of Sunrise Films.**

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by Paul Saltzman

We make films which are rarely for a sponsor. We make films usually 20-30 or 60 minutes long which we market to television, schools, libraries, and other groups, in Canada and abroad.

We make films that we believe strongly in, that portray positive Canadian values and situations, or world values and situations, for essentially a Canadian audience... with spin-off sales outside our country.

We, as a group, have won over 100 awards with our films in international showcases. But we have a very tough time putting together money to do our work, survive, and learn the lessons we will use as future feature filmmakers.

CTV and Global TV rarely if ever buy independently-made Canadian shorts. The CBC does but they at best pay about  $\frac{1}{2}$  the cost and more often than not they pay about  $\frac{1}{4}$  of what a film of quality costs.

But with vigorous and imaginative marketing we make very modest profits on our films... enough to keep going. In the past the Canada Council or Ontario Arts Council or a like group helped us get our films off the ground. They subsidized our development as artists. Now we are either "too professional" or quickly approaching their assessment of same and can no longer get their financial assistance.

Corporations generally go to the big commercial houses like Crawley, Chetwyn, Moreland-Latchford,

or Westminster Films; and often they are looking for somewhat harder sell films than we are interested in making.

For these companies, perhaps, the 60% write-off is enough as their bread and butter and good profits come from government or corporation sponsored films which are usually high budget. And of course the sponsors, if private, don't care because they get a 100% write-off because the films are all part of their promotion budgets...

So what do we do???

What we do is try to find private investment money. In the process we scrape by. But many many filmmakers and film companies go under and change occupations in the process...

We at Sunrise Films Limited are right now talking to two individuals who have never put their money into films. They want to try it with us in the shorts area. We have been courting them for 10 months. To each we are talking about \$20,000 for half-hour documentaries.

They read about the possible 115% write-off spoken about before the last federal election. Then they heard about the 100%... they say they will not come in with us at the 60% level.

Why???



It is not easy to make a profit in the short films arena. Every week in the English language world approximately 50 new short film titles come on the market.

It takes 18 months, distributors will testify, to get a short film plugged into the television, schools and libraries, market.

Our films then sell at a moderate pace over a 5 to 7 year period.

A \$20,000 film will make back its cost in about 2-3 years on the average. It will make a profit of perhaps \$20,000 in its life time. If it is exceptional it might make \$50,000 profit in its lifetime. This usually is shared half and half after costs between investors and production company.

Most short films independently produced never make back their costs. If done well and marketed well they will do as stated above.

So our investors say to themselves: *Well everyone knows you get burned in the feature film area. But if we can not lose money (other than our 10% at the bank) through a 100% write-off in the first year, and if we can make some, then maybe we will give it a whirl. And anyway it's not a \$100,000 it's only a fifth of that.*

Psychologically that 100% in the first year is so important it's hard to realize at first. The 60% then part thereof adding up to 90 or 95% over 3 or 4 years just doesn't work with these folks.

Why does this matter in our experience???

Well who invests in features and who might in shorts and what is their relationship to each other and the industry in Canada?

People who invest in features often are into the *crap-game-trip*: if I put up \$100,000 (and how many Canadians can afford to in a high risk area?) then maybe... just maybe... I'll make \$500,000 or \$1,000,000.

If it's **Jaws** maybe, I've heard people say, I just might make \$5,000,000... fantastic...

These people we have found by disappointing experience over a long period of time just are not interested in our little profit-potential film industry: short films.

The 100% write-off for them will help make the investment situation clearer... and will bring a few more players through the door... and this is excellent for our feature industry.

But...

For every feature film investor there must be 1,000 *potential short films investors*. The people we talk to like our films. If it makes business sense they will invest.

They are in no way ready to invest in a higher cost feature.

It is an intricate courting procedure. If these people come in to the film investment area – and it especially makes sense to a lot of doctors, lawyers, accountants, small to medium sized business people – on one occasion and we make them a modest profit they will invest again and a little more.

When we are ready to make features in 4 or 5 or 6 years, and we've made them \$50,000 or \$60,000 on three or four of our short films...

Then... they'll be ready to invest in our features.

Or even in someone else's.

And who will be the feature filmmakers of the future in the Canadian Film Industry?

*We will.* Cutting our teeth and learning our craft in the short film area. It's here that we perfect our filmmaking, our film financing our film budgeting and perhaps most important for an ongoing industry... our film marketing techniques...

Most Canadian filmmakers, actors, technicians, etc...etc... make their bread and butter in the short films area. The laboratories make their money from the short films area.

Even CBC is interested in more co-production within Canada with private money...

If we are to survive as an industry... as, for the moment, short filmmakers; and if we are going to become successful feature film people making the Canadian Feature Industry a viable reality... in the future...

And if Canadians are going to venture forth and invest in features in large enough numbers to make the industry a reality...

*Then it is essential that you in government do everything in your ability to nurture not only the present feature industry but the much larger shorts industry... Because we, and our potential and actual investors, are the backbone of the Canadian feature industry in the future.* □



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