



Arts & Media

Gimme Shelter

New incentives for film producers

by Brian D. Wynn

In his budget of February 27, 1995, Minister of Finance Paul Martin completed a process begun by former minister Michael Wilson some years ago by ushering out "aggressive tax shelter promotions." By introducing the new refundable tax credit for Canadian film productions, the government finally responded to a lobby effort by industry groups which began over 5 years ago.

The capital cost allowance mechanism for certified Canadian productions has for some time been useful to film and television producers to attract capital. By transferring copyright in the finished work to individual investors (usually operating as a limited partnership) the film producer enabled taxpayers to write off as capital allowance the production costs at the rate of 30% per year. To create an incentive, the tax rules were modified for this type of investment.

The government became concerned, however, about a basic imbalance: Ottawa's cost in lost tax revenue was not entirely transferred as a benefit to the filmmakers; the benefit was also shared by the investors and the intermediaries (brokers, accountants and lawyers). Some studies showed that, in the end, the producer actually received less

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Canadian Association of Arts Administration Educators

FAS downtown development centre.

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Film Currents

Life in independent film

by Paul Lee (MBA '93)

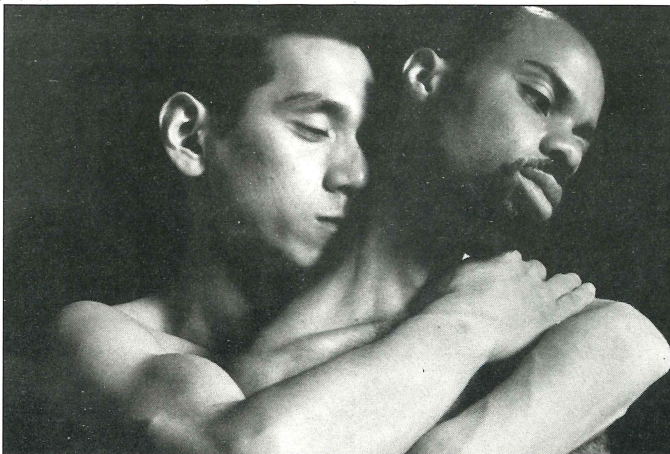
The majority of Canadian film and television producers are small, independent producers, with only a handful of medium or large companies that have achieved financial stability. The sector's strength traditionally lies in television production, documentaries, animation, children's and educational programming.

Independent cinema in Canada, and particularly in Ontario, is the driving force for innovation and experimentation within the mainstream media. Often these are the works that attract the spotlight and critical acclaim at international film festivals. An "independent"

film is one in which the producer/filmmaker retains full creative and editorial control.

Therefore, a production that is backed by one of National Film Board's studios, or by a broadcaster (whether financed fully or partially by the broadcaster) is not considered as independent, since the filmmaker will not have full editorial control over the end product.

Most independent filmmakers in Ontario manage to bring their unique visions and fresh voices into fruition by sheer tenacity. Competition for public funding, as in any discipline within the arts, is fierce. Projects very rarely receive full funding from arts councils and arm's length agencies. In order to make up for budgetary shortfalls that are not met by government funders, independent filmmakers often have to look elsewhere for money, discounts and deferrals, to complete their films. **cont'd pg. 3**



"Thick Lips, Thin Lips" – a film by Paul Lee



Weekend Workshop

A&M Professional Development Series offers crash course on the 'how-to' elements of Arts management. See pg 3

Arts & Media

*The Official Newsletter of Canada's
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Announcements & Stuff . . .

Tuesday, May 16th:

3rd Annual Arts and Media Alumni Dinner, Grano's Restaurant, 2035 Yonge Street. Drinks: 6:30 p.m. (cash bar), dinner: 7:30 p.m.; tickets \$25.00. R.S.V.P.: Debbie Farrel (416) 736-5088. Mark it in your calendar now!

June 8 - 11: International Society of the Performing Arts. This year's theme is Technology and the Arts. Brenda Gainer will be participating as a conference rapporteur, and York students will be assisting as volunteers over the four days. For further information, contact Mark Hammond, Hammond Associates: (416) 504-3742.

June 11 - 13: Canadian Association of Arts Administration Educators, hosted by York's Arts and Media Program. Educators in arts and media administration from undergraduate programs, community colleges, continuing education and postgraduate programs from across Canada will be discussing curriculum, support materials, and pedagogy.

July 4 - 6: Association Internationale de Management des Arts and de la Culture meets in London, England. Joyce Zemans and Brenda Gainer will present papers.

The conference brings together academics and practitioners engaged in scholarly research on contemporary issues in the management of the arts and cultural industries around the world.



Joyce Zemans awarded Robarts Chair in Canadian Studies

"Who's Where" Guide Alumni in Television

by

Toronto International Film Festival and the Montreal Film Festival.

Laura feels "slightly schizophrenic" since she continues to maintain her Toronto life (a home and long distance relationship) on top of her new Winnipeg challenges.

Birgitta Wallner-Savoie (MBA'93), entered the Arts & Media programme to pursue a life-long interest in the arts, leaving behind a successful career in Sports Physiotherapy. She is currently Programming Coordinator at CBC's Sunday Arts Entertainment.

Birgitta acts as liaison between the Executive Producer, Carol Moore-Ede, and the independent producers in Toronto and area. Hopeful contributors to the program pitch stories to Birgitta, who also pre-screens segments for Moore-Ede. Further responsibilities include dealing with commercial distributors and international distribution houses for licensing and procurements, and liaising with other departments within the Corporation (such as Creative Services, Educational Sales, Publicity, Business Affairs, etc.).

Birgitta and her husband, Marc-André Savoie, Assistant Concert Master

Bailey Belman

Tina Dallas (MBA '81) is the Manager of Business Administration, Media Operations at the CBC. Tina started her CBC career in TV Variety, working in Programming Administration and as a Unit Manager for Front Page Challenge, Wayne and Shuster, and Coming Attractions. She moved to the Finance Department as an analyst and then became Manager of User Support.

Her present position in Media Operations holds responsibility for the support areas at CBC. Tina oversees the department budget and the television unit managers, but the key part of her job right now is to act as the English Television representative in the negotiations with the talent unions.

Tina is married with an eight year old daughter, Adriana, and a five-year old son, Alexis.

Laura Michalchyshyn (MBA '93) is the very full-time Programming Coordinator at the Women's Television Network (WTN). Laura has three major responsibilities in her current position: she helps acquire foreign and Canadian programming, contributes to setting the program schedule and lineup, and produces a half-hour show, "Shameless Shorts".

Laura will be attending many major film and television festivals in the coming months: Local Heroes in Edmonton, MIP TV in Cannes, the Toronto Short Film Festival, Images Independent Film & Video Festival in Toronto, as well as the

Alternative resources may come in the form of pre-sales to distributors or television, negotiating deep discount rates at labs and post-production houses, crew salary deferrals, private investment, and of course, personal savings.

With major funding cuts in the cultural sector over the past several years, all levels of arts funding have been severely affected. Film production grants have suffered tremendously from flat-top or declining budgets at the funding agencies. While established arts councils, such as TAC, OAC and the Canada Council are maintaining current funding levels, many programs are threatened to be discontinued. Ontario Film Investment Program and Racial Equity Fund are both arm's length funding programs from the Ontario Film Development Corporation. Both programs are being reviewed at this point for the feasibility of their renewal at the end of their initial five-year cycle on March 31, 1995.

Many in the independent film sector fear that these programs will be cut in order to maintain current OFDC operating budgets. With severe budget cuts, there is uncertainty at the Multiculturalism Programs of the Department of Canadian Heritage whether there will be any funding to support media production in the future

I came to be an independent filmmaker quite by accident. Following ten years of dance training and three years of

performance, I intended to become the administrator of a dance company - but the first job I got after finishing my MBA was launching the first Toronto Lesbian & Gay Film Festival. I went on to launch similar festivals in Ottawa, Tokyo, and Johannesburg (Bangkok in September '95). I began working more as a film curator, preparing programming for a variety of clients (among them Cinematheque Ontario and the Vietnam Ministry of Culture). Contracts with the Canadian Filmmakers Distribution Centre provided me with solid training in handling film sales and distribution.

"Film grants have suffered tremendously..."

In 1993 I decided to try my hand at film making. My first short film, *Thick Lips Thin Lips*, was one of the eleven Canadian films chosen to premier at the Berlin International Film Festival in February 1994. In this past year, the film has won seven awards, and been screened at over sixty film festivals worldwide. It is now in the curriculum for media studies at the City College of San Francisco and for first year classes at U of T's Faculty of Law. In early 1995 the film was broadcast on PBS in the U.S., and Canal Plus in Spain. I have just completed my second film, a Canada/Hong Kong co-production. *These Shoes Weren't Made For Walking* is a half-hour documentary that is aimed at the educational and broadcast markets. I have also started to produce other filmmakers' projects, including a short film that will be the first Canada/Cyprus co-production.

The money is trickling in ever so slowly - don't even begin to think there is money to be made in independent film production! But I am enjoying the work, and now, five years after I finished my York MBA, I am in development for my first feature film. So wish me luck, and call me if you'd like to help!

The first workshop in the Arts & Media Administration program's professional development series was held on February 25 and 26 in the new York University Downtown Management Centre. The workshops give participants the chance to gain practical insight on a variety of topics from top professionals in the field.

Message from York

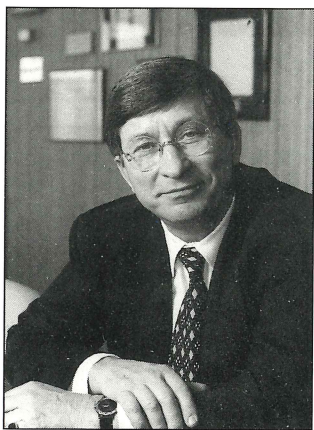
by Dean Dezso J. Horvath

It is fitting that FAS's oldest specialized program, Arts & Media Administration, has once again assumed a pioneering role by starting up an alumni newsletter. Your newsletter, the result of feedback offered during a series of A & M graduate focus groups, promotes stronger ties with F.A.S., particularly through continued service.

Future issues will celebrate your ongoing accomplishments, present networking opportunities, offer updates on new course and seminar offerings, and provide commentary on issues in your field. Planned topics include copyright legislation updates, industry overviews, and the diversity implications of cultural appropriation.

Of all the special programs at FAS, A & M has been the most tightly knit. Joe Green initiated the annual alumni dinners, continued today by Brenda and Joyce, affording graduates the opportunity to stay in touch.

Since the program's establishment, graduates have collectively exerted a very powerful influence over the Canadian arts community, and with the addition of media studies, began



FAS Dean Dezso J. Horvath

to play an ever greater role in the nation's media establishments. Approximately fifteen new student enter each year, with alumni now numbering over 100. FAS is proud to call you our own.

P.S. Thank you, Brenda and Joyce, for my Arts and Media cap!

Weekend Workshop

by Kate Halpenny (MBA'94)

The workshop opened with an in-depth survey of corporate sponsorship solicitation techniques presented by Rob Lamb, Director of Development for the Toronto International Film Festival, focusing on creative sophisticated proposals as the key to success in today's increasingly saturated sponsorship market. Nancy Bell, Director of Marketing for the Royal Conservatory of Music, lecturing on telemarketing and direct mail campaigns, emphasized the importance of developing a comprehensive and flexible database. John Karastamatis, Publicity Director for Mirvish Productions, wrapped up with a discussion on running high-impact publicity campaigns.

This first weekend workshop was met with an enthusiastic response from participants. Congratulations go to Brenda Gainer and Debbie Farrell for a well-organized and enjoyable event. Upcoming workshops will feature topics on labour negotiations and international touring - stay tuned for details.

than the intermediaries. The production industry itself expressed some concern about the inefficiency of this mechanism. Nevertheless, it should be pointed out that many successful Canadian films and television series would never have made it to the screen without the crucial chunk of financing supplied by tax shelters.

After some consultation, the government has decided to implement a tax credit scheme. The new "Canadian film credit" will be available to qualified production companies. The credit will be equal to 25% of eligible salaries and wages expended on a particular film.

The eligible amounts may not exceed 48% of the production cost. Thus up to 12% of a film's budget may, after scrutiny, be refunded or applied as a tax credit. During 1995, producers may choose to use the old CCA financing techniques or apply for the credit, but cannot use both. Thereafter the tax credit system will be the only way to proceed.

The Department of Canadian Heritage, with further industry consultation, is now working to develop:

- the definition of eligible salary and wages
- the requirements for qualification of the Canadian production companies, including Canadian ownership.

Once these are announced, then the "creative process" will begin as lawyers, accountants and production executives work on the interpretation. For example, what if "eligible" salaries and wages comprise only 35% of the total budget? This would result in a tax credit of 8.75%. Faced with an "unused" 3.25%, the temptation will be to revisit the budget and hire more people. It is questionable whether this is a productive exercise. Furthermore, the concentration of salary and wages



Brian Wynn at work teaching the Arts & Media "Legal Aspects" course at York.

Budget also reveals that eligible productions will be limited to fiction, documentary and music/variety programming. →

seems to ignore other important budget items such as film stock, insurance premiums, location expenses or script acquisition costs. Most films are produced by single-purpose production companies which are often subsidiaries of larger holding companies. It remains to be seen how corporate groups will be able to use the credit mechanism.

The

New, Commercials, game shows, sports, public affairs, corporate promotions and live broadcasts are out of the running. It is interesting to note that sexually or violently explicit productions will not qualify. It would seem that Atom Egoyan's "Exotica" might be ruled out.

Who's Where in TV ... pg. 2

of the Toronto Symphony Orchestra, have just had a baby girl, Isabelle. Birgitta intends to be back at the Corp by the fall of this year.

Mike Malone (MBA '95), Executive Producer at Rogers Community 10, Toronto, is in his eleventh and final semester of the York part-time MBA. He began his career with Rogers as a volunteer, stayed on as a freelance producer/operator, followed by staff producer, and then sponsorship coordinator. Mike has been in his current position for four years. His main responsibilities involve political and public affairs programming, but he also manages the lakeshore studio, supervises a staff of four producers, works with freelance producers to instigate new programming, and helps community groups to produce programming for the community channel. Mike has around 40 projects on the go at the same time, but some of the major upcoming ones include the expected provincial election, the Kreaver Commission (the Royal Commission Inquiry into the Blood System), and the public forums at Harbourfront and the St. Lawrence Centre.

Mike is married, with a 9-year old daughter, Marion, and a 5-year old son, Jack. Bailey Belman (MBA '95) is completing her degree part-time while working in the newly created Talent Relations department at CBC Television. While working at a variety of jobs with the CBC over the summer of 1994 to fulfill her Arts & Media internship (including working for the Head of Talent) she was offered a job, and decided to take the position and finish her degree part-time.

Talent Relations was created to promote the actors on CBC programs and works toward establishing a star system in Canada. This includes arranging for on-air personalities to act as hosts or honorary spokespeople for charities or other organizations, organizing personal appearances, producing promotional material in-house, and so on. Bailey's biggest project in the coming months will be to convince internal and external bureaucrats to grant permission and funding to create a Walk of Fame in the new park just east of the CBC Toronto Broadcasting Centre.

Bailey is so busy juggling school, work and writing profiles for the Arts & Media newsletter that she has no personal life to speak of.

"Government has spoken ..."

This announcement certainly dovetails with other budget provisions aimed at promoting fairness in the tax system. There is no doubt that the marketing of film tax shelters has become a mini-industry in the entertainment field providing advantages to certain taxpayers but leaving only 10% of each offering on the table for the producer after the financing is closed. As a capital raising tool, the CCA incentive has long since lost any utility for enticing true equity investors.

Over the past two years a spate of public offerings and stock exchange listing has attracted large amounts of capital as producers decided to let the market have its say. One broker predicts that the tax credit system will enhance earnings of certain producers and immediately greeted the budget news with strong "buy" recommendation for publicly-traded film companies. At the other end of the spectrum, because the credit is refundable, it may be useful to smaller, start-up ventures (if they qualify) where paying taxes is the last thing on the entrepreneur's agenda. Industry had its input; government has spoken. Stay tuned.