ALLIANCE ATLANTIS COMMUNICATIONS INC: THE EMERGENCE OF A CANADIAN CONTENDER IN THE INTERNATIONAL MEDIA MILIEU

A Thesis in
Mass Communications
by
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Submitted in Partial Fulfillment of the Requirements for the Degree of

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Abstract

Using a combination of case study and historical research methodologies, this study examines the development of Toronto, Ontario-based Alliance Atlantis Communications Inc. and its predecessor companies within the context of a globalized media environment. Specifically, the study identifies and analyses key factors that helped Alliance Atlantis to emerge as a viable competitor in both the North American and international television marketplaces. The in-depth investigation of Alliance Atlantis Communications Inc.—one of Canada’s most successful integrated distribution-exhibition-production companies to date—illustrates the complex interrelationships between domestic and international economics, regulatory policies, technological innovations, as well as entrepreneurial skills in shaping the development of a modern-day media corporation.

By highlighting key stakeholders, productions, and mergers over the course of Alliance Atlantis’ and its predecessor companies’ histories, the study also considers how the above-mentioned factors have forcibly changed Alliance Atlantis’ corporate structure, strategies, and entertainment products. In a broader sense, the examination and analysis of Alliance Atlantis Communications Inc. provides insights into the transitioning North American and global mediascapes and may prove helpful to other foreign-based production companies struggling to compete within a global audiovisual market traditionally dominated by Hollywood-based companies.
Alliance Atlantis Communications: The Emergence of a Canadian Contender in the International Media Milieu

Contents

List of Acronyms and Abbreviations .................................................................xiii

List of Illustrations ............................................................................................xv

Acknowledgments .............................................................................................xvii

Dedication ...........................................................................................................xviii

PART ONE
Introduction, Literature Review, and Methodology

Chapter 1. Introduction, Scope of the Study, and Guiding Questions
General Background of the Study ................................................................. 1
Purpose of the Study ....................................................................................... 1
Guiding Questions Addressed in the Study .................................................. 2
Basic Assumptions ......................................................................................... 3
Parameters of the Study ................................................................................ 4
Definition of Terms ....................................................................................... 5
Significance of the Study .............................................................................. 7
Arrangement of the Study ............................................................................ 8

Chapter 2. Behemoth at the Border: U.S. Hegemony and the Broader Issue of Globalization from a Canadian Perspective
Globalization .................................................................................................. 13
The Myriad Meanings of Globalization ......................................................... 13
The Emergence of Globalization in the Nineteenth and Twentieth Centuries
The Multinational Corporation (MNC) and Globalization ............................. 16
Global Culture ............................................................................................... 18
The Cultural Hegemony and Cultural Hybridity Approaches to the Study of Globalization
Strengths and Weaknesses of the Cultural Hegemony and Cultural Hybridity Approaches
Globalization, Political Economy, and Communication .................................. 22
From Global to Local: Canadian Cultural Discourse and Canada’s Cultural Industries
Canadian Culture: A Definitional Dilemma ................................................ 23
Canadian Culture Within a North American Context .................................. 24
Chapter 3. Analytical Framework and Methodology

Building an Analytical Framework to Study Canada’s Film and Television Industries in the Twenty-first Century

The Strategy of Inquiry

The Case Study Method

The Historical Method: A Natural Complement to the Case Study Method

Alliance Atlantis Communications Inc. Case Study Design

Criteria Used to Select Alliance Atlantis Communications Inc. as the Case Study Subject

Evidence Collection and Analysis Procedures

Strategies Employed to Mitigate Methodological and Data Limitations

Thoroughness and Triangulation

Generalizability

Presentation of the Case Study's Findings

Conclusion

PART TWO

Context

Chapter 4. An Overview of the Canadian Media Landscape

The Structure and Regulation of Canadian Broadcasting

Canadian Cable Television Services

Discretionary or Pay Services

Digital Television
<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Government Regulatory Intervention in Broadcasting</td>
</tr>
<tr>
<td>Simultaneous Signal Substitution</td>
</tr>
<tr>
<td>Canadian Content Quotas</td>
</tr>
<tr>
<td>Licensing Restrictions</td>
</tr>
<tr>
<td>Foreign Ownership and Investment Limits</td>
</tr>
<tr>
<td>The Economic Dimension of Canada’s Media Industries</td>
</tr>
<tr>
<td>Competitive Advantages Enjoyed by Canada’s Film and Television Production Sectors</td>
</tr>
<tr>
<td>International Trade Agreements and the Canadian Mediascape</td>
</tr>
<tr>
<td>Government and Private Subsidization of Canada’s Film and Television Industries</td>
</tr>
<tr>
<td>The Canadian Film Development Corporation (CFDC)/Telefilm Canada</td>
</tr>
<tr>
<td>Other Production Approaches</td>
</tr>
<tr>
<td>Television Production Funds</td>
</tr>
<tr>
<td>The Canadian Television Fund (CTF)</td>
</tr>
<tr>
<td>Independent Production Funds</td>
</tr>
<tr>
<td>From Script to Screen: The Canadian Television Production Process</td>
</tr>
<tr>
<td>The Four Sectors of Canadian Film and Television Production</td>
</tr>
<tr>
<td>The Process of Making a Canadian Television Program</td>
</tr>
<tr>
<td>Canadian Television Programming and the International Audiovisual Marketplace</td>
</tr>
<tr>
<td>Treaty Coproductions</td>
</tr>
<tr>
<td>Coventures</td>
</tr>
<tr>
<td>Presales</td>
</tr>
<tr>
<td>The Drawbacks of Coproductions, Coventures, and Presales</td>
</tr>
<tr>
<td>Canadian Television Drama</td>
</tr>
<tr>
<td>Industrial Dramas</td>
</tr>
<tr>
<td>The North American Syndication Marketplace</td>
</tr>
<tr>
<td>Conclusion</td>
</tr>
</tbody>
</table>

Chapter 5. The Early Development of Ontario’s Independent Television Production Sector

Television Arrives in North America's Living Rooms | 95 |
U.S.-Canadian Coventures | 97 |
Normandie Productions | 98 |
Hawkeye and the Last of the Mohicans (1957–1958) | 99 |
The Adventures of Tugboat Annie (1957–1958) | 100 |
Cannonball | 100 |
The Sale of Normandie Productions to Independent Television Corporation (ITC) | 101 |
Frank Radford “Budge” Crawley Jumps into Series Television with the RCMP | 101 |
U.S.-Canadian Coventures as a Training Ground for Canadian Talent | 103 |
Toronto: The Next North American Television Production Center | 104 |
Chapter 6. Culture, Commerce, and the Canadian Production Sector During the 1960s and 1970s

Canada and the United States at the Crossroads: 1967–1968 113
The 1968 Broadcasting Act and the Establishment of the Canadian Film Development Corporation (CFDC) 116
The Shifting North American Audiovisual Marketplace of the Late 1960s and Early 1970s 118
The Renewed Demand for Syndicated Programming in the United States 119
The Expansion of Toronto’s Production Sector 121
British Interests in Toronto's Production Sector 122
The Motion Picture Association of America's Jack Valenti Voices Concerns over Runaway Production 123
Canada’s Tax Shelter-ignited Production Boom of the 1970s and Early 1980s 124
Capital Cost Allowance (CCA) 124
From Boom to Bust 125
Conclusion 128

Chapter 7. Boom, Bust, Rebound: Canada’s Federal and Provincial Governments’ Strategies to Create a Sustainable Production Sector

The Emergence of Deregulation and Free Trade as Dominant Political Philosophies in North America During the 1980s 133
North America's Changing Television Scene 135
Strategies for Stabilizing Canada’s Production Sector 138
The Establishment of the Canadian Broadcast Program Development Fund 139
The Redefinition of Canadian Productions 141
Implications of the Revised Canadian Content Rules for Canadian Producers 142
Canada's Federal Government Makes Television Funding a Priority 143
Emphasizing a Business-like Atmosphere in the Canadian Production Sector 144
Opposition to the Televisual Shift 145
The Mid-1980s Resurgence of the Canadian Production Sector 147
The Creation of the Ontario Film Development Corporation (OFDC) 147
Ontario Reaps the Economic Benefits of Television Production 150
The Canadian Cultural Campaign of 1986 152
The Canada–United States Free Trade Agreement (CUSFTA) 154
Conclusion

Chapter 8. Selling Canadian Television Programming to the World
Telefilm Canada’s Media Marketing Strategy 160
The American Initiative 161
Taking Canadian Television Programming Beyond the North American Marketplace 163
The Growth and Diversification of Toronto's Independent Television Production Companies 164
Carving Market Niches Beyond Feature Films 167
Syndicated Programming and Public Television 168
Movies-of-the-week and Miniseries: The “Features” of the 1980s 169
  Escape from Iran: The Canadian Caper (1981) 169
  Miniseries 171
Premium Cable Debuts in the United States: HBO and Showtime 172
  The Terry Fox Story (1983) 172
The Belated Arrival of Premium Cable Networks to Canada 174
Coventures Between Canadian and U.S. Premium Cable Channels 176
Conclusion 177

PART THREE
Case Study: The Development of Alliance Atlantis Communications Inc. and Its Predecessor Companies Within the North American and International Media Milieus

Chapter 9. Atlantis Films and RSL Films: Toronto’s New Generation of Independent Production Companies
Atlantis Films Ltd. Sets Up Shop in Toronto 180
Atlantis Brings Short Stories to Film 181
Atlantis’ Early Television Series 182
  The Ray Bradbury Theater 182
  Airwolf 183
Robert Lantos Arrives on the Canadian Production Scene 184
The Founding and Early Productions of RSL Films 186
  Heavenly Bodies (1984) 188
  Joshua Then and Now (1985) 189
Vivafilm International 190
Stephen Roth and the Establishment of the Association of Canadian Film and Television Producers (ACFTVP) 191
Conclusion 192
Chapter 10. Expanding Horizons
The Formation of Alliance Entertainment Corporation 195
Alliance Entertainment and Atlantis Films Help Canadian Broadcasters Meet Their Canadian Programming Obligations
   Mount Royal (1987–1988) 197
The Strong Get Stronger: Alliance’s 1987 Merger with Robert Cooper Productions
Alliance’s Return to CBS Late Night
   Crimetime after Prime Time 204
Other Notable Alliance-produced Television Series of the Late 1980s
   Bordertown (Produced 1988–1991) 206
Alliance and Atlantis’ European Expansion 208
Conclusion 209

Chapter 11. Of Mounties, Moguls, and U.S. Network Prime Time
The North American Free Trade Agreement (NAFTA) 214
Atlantis and Alliance Go Public
   Alliance Maintains Canadian Control with Class A and Class B Shares 217
Atlantis Expands Its Production as well as Broadcasting and Specialty Channel Interests
   Atlantis Acquires an Interest in the Canadian Youth-oriented Network YTV 218
   Life Network 218
   Atlantis’ Production and Post-production Acquisitions 220
Alliance Communications’ Production Activities During the Early-to-mid-1990s
   Counterstrike (Produced 1990–1993) 222
Alliance Communications’ Troubled Tenure in U.S. Network Prime Time: The Due South Saga
   Due South’s Production History 223
   The Use of Distinctively Canadian Elements in Due South 228
   Critical and Audience Reactions to Due South 231
   Due South’s Global Fandom 233
Conclusion 235

Chapter 12. Competitors Combine
Atlantis Communications’ 1997 Acquisitions 241
The Merger of Alliance Communications and Atlantis Communications
   The Rationale for the Merger 244
Alliance Atlantis Communications’ Corporate Structure 244
Chapter 13. Redefinition and Realignment

Reality Bites 264
U.S. Initiatives to Stem Runaway Production to Canada 264
The Canadian Government’s Reevaluation of the Nation’s Media Industries
   The Revamping of the Canadian Television Fund’s Rules 272
The Emergence of Reality Television 273
Survival of the Fittest 274
The CSI Franchise 274
The Introduction of Digital Cable Services in Canada 275
Alliance Atlantis Seeks Opportunities on the Digital Frontier 276
   Fine Living 277
Conclusion 278

Chapter 14. Retrenchment

Alliance Atlantis Undergoes Further Restructuring and Realignment 282
   Alliance Atlantis Ceases In-house Production Activities 282
   The Makeover of Alliance Atlantis’ Specialty Channels 284
   Alliance Atlantis Requests NASDAQ Delisting 288
Government, Industry, and Union Responses to Alliance Atlantis’ New Restructuring Initiatives
The Aftereffects of Alliance Atlantis’ Second Major Corporate Restructuring
   The Status of Alliance Atlantis as of September 2005 290
Alliance Atlantis’ Cyberspace Ventures 291
Alliance Atlantis’ High-definition Television (HDTV) Services 292
Conclusion 295
Chapter 15. Alliance Atlantis Communications’ Distribution and Motion Picture Exhibition Activities

An Overview of Alliance Atlantis’ Non-production Activities 298
Alliance Atlantis Motion Picture Group 298
Alliance Atlantis Expands Its European Interests 300
The Launch of the Movie Distribution Income Fund and Motion Picture Distribution LP 302
Alliance Atlantis’ Motion Picture Exhibition Activities 304
Alliance Atlantis Lowers the Curtain on Its Exhibition Ventures 305
The 2006 Motion Picture Distribution Controversy 305
The Departure of Victor Loewy from Motion Picture Distribution 308
The January 2007 Sale of Alliance Atlantis Communications to CanWest Global Communications Inc. 312

PART FOUR
Conclusion

Chapter 16. Review and Assessment of Alliance Atlantis Communications and Its Predecessor Companies' Development Within the Canadian, North American, and International Media Milieus

Some Reflections Upon Theory and Practice 319
Major Market-related Factors That Contributed to Alliance Atlantis Communications and Its Predecessors’ Success in the North American and International Media Milieus 321
The Role of Regulatory Policies in the Development of Alliance Atlantis Communications and Its Predecessor Companies 324
The Influence of Canadian Regulatory Policies Upon Alliance Atlantis Communications and Its Predecessors' Development 324
The Influence of U.S. Regulatory Policies Upon Alliance Atlantis Communications and Its Predecessors' Development 325
Additional Factors That Influenced the Development of Alliance Atlantis Communications and Its Predecessor Companies 326
Alliance Atlantis and Its Predecessor Companies’ Executives 326
Cultivation of Foreign Business Relationships 326
The Importance of Steering Clear of Major Scandal 328
The Impact of Alliance Atlantis’ Developmental Trajectory Upon the Canadian Mediascape 329
Future Prospects for Canada’s Film and Television Industries 331
Government Regulatory and Subsidy Considerations 331
Foreign Ownership Limits 333
Technological Considerations 334
Concluding Observations 334
| Appendix A. Canadian Communications and Telecommunications Acts | 337 |
| Appendix B. Chronology of Canada’s Media Industries, Including Important Dates in the History of Alliance Communications Inc. and Its Predecessor Companies | 338 |
| Appendix C. Channels Owned by Alliance Atlantis Communications Inc. | 365 |
| Appendix D. Glossary of Terms Used in the Study | 370 |

**Bibliography**

| Introduction | 390 |
| Library and Archives Collections | 390 |
| Government Documents | 392 |
| Interview and Speech Transcripts/Correspondence | 414 |
| Books, Book Chapters, and Reports | 418 |
| Theses | 430 |
| Journal Articles | 455 |
| Conference and Working Papers | 473 |
| Magazine and Trade Paper Articles | 480 |
| News Articles and Press Releases | 553 |
| Web-based Resources | 631 |
| Miscellaneous Resources | 636 |
## Acronyms and Abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAC</td>
<td>Alliance Atlantis Communications, Inc.</td>
</tr>
<tr>
<td>ABP</td>
<td>Associated British Pathe</td>
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<tr>
<td>ACFTVP</td>
<td>Association of Canadian Film and Television Producers</td>
</tr>
<tr>
<td>ACMPC</td>
<td>Association of Canadian Movie Production Companies</td>
</tr>
<tr>
<td>ACTRA</td>
<td>Alliance of Canadian Cinema, Television and Radio Artists</td>
</tr>
<tr>
<td>BBC</td>
<td>British Broadcasting Corporation</td>
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<tr>
<td>BBG</td>
<td>Board of Broadcast Governors</td>
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<td>BCE</td>
<td>Bell Canada Enterprises</td>
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<tr>
<td>BDU</td>
<td>broadcasting distribution undertaking</td>
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<tr>
<td>CAB</td>
<td>Canadian Association of Broadcasters</td>
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<td>CBC</td>
<td>Canadian Broadcasting Corporation</td>
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<tr>
<td>CanCon</td>
<td>Canadian content</td>
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<tr>
<td>CATV</td>
<td>Community Antenna Television</td>
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<td>CAVCO</td>
<td>Canadian Audio-visual Certification Office</td>
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<td>CBPDCF</td>
<td>Canadian Broadcast Program Development Fund</td>
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<tr>
<td>CCA</td>
<td>Capital Cost Allowance</td>
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<td>CCAU</td>
<td>Coalition of Canadian Audio-visual Unions</td>
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<td>CCFM</td>
<td>Council of Canadian Filmmakers</td>
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<tr>
<td>CFDC</td>
<td>Canadian Film Development Corporation.</td>
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<td>CFFF</td>
<td>Canada Feature Film Fund</td>
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<td>CFTA</td>
<td>Canadian Film and Television Association</td>
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<tr>
<td>CFTPA</td>
<td>Canadian Film and Television Production Association</td>
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<tr>
<td>CMPDA</td>
<td>Canadian Motion Picture Distributors Association</td>
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<tr>
<td>Coprod</td>
<td>Coproduction</td>
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<tr>
<td>CPTC</td>
<td>Canadian Film or Video Production Tax Credit (CPTC)</td>
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<tr>
<td>CRTC</td>
<td>Canadian Radio-television Commission.</td>
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<tr>
<td>Note:</td>
<td>The Commission’s name was later changed to Canadian Radio-television and Telecommunications Commission</td>
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<tr>
<td>CSC</td>
<td>Canadian Society of Cinematographers</td>
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<tr>
<td>CTCF</td>
<td>Canada Television and Cable Production Fund</td>
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<tr>
<td>CTF</td>
<td>Canadian Television Fund</td>
</tr>
<tr>
<td>CUSFTA</td>
<td>Canada–United States Free Trade Agreement</td>
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<tr>
<td>DBS</td>
<td>Direct Broadcast Satellite (television)</td>
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<td>DGA</td>
<td>Directors Guild of America</td>
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<tr>
<td>DGC</td>
<td>Directors Guild of Canada</td>
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<tr>
<td>Diginet</td>
<td>Digital network</td>
</tr>
<tr>
<td>DTH</td>
<td>Direct-to-Home (satellite television)</td>
</tr>
<tr>
<td>EIP</td>
<td>Equity Investment Program</td>
</tr>
<tr>
<td>FCC</td>
<td>Federal Communications Commission (United States)</td>
</tr>
<tr>
<td>FCCC</td>
<td>First Choice Canadian Communications Corporation</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HBO</td>
<td>Home Box Office</td>
</tr>
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<td>Acronym</td>
<td>Description</td>
</tr>
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<td>----------</td>
<td>--------------------------------------------------------------</td>
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<tr>
<td>HGTV</td>
<td>Home &amp; Garden Television</td>
</tr>
<tr>
<td>IATSE</td>
<td>International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States, Its Territories and Canada, AFL-CIO, CLC</td>
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<tr>
<td>ICC</td>
<td>International Cinema Corporation</td>
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<td>ITC</td>
<td>Incorporated Television Company (United Kingdom)</td>
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<td>ITC</td>
<td>Independent Television Corporation</td>
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<tr>
<td>LFP</td>
<td>License Fee Program</td>
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<td>MAP</td>
<td>Marketing Assistance Program</td>
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<tr>
<td>MNC</td>
<td>Multinational corporation</td>
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<tr>
<td>MNE</td>
<td>Multinational enterprise</td>
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<tr>
<td>MOW</td>
<td>Movie-of-the-week</td>
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<tr>
<td>MPAA</td>
<td>Motion Picture Association of America</td>
</tr>
<tr>
<td>NAFTA</td>
<td>North American Free Trade Agreement</td>
</tr>
<tr>
<td>NASDAQ</td>
<td>National Association of Securities Dealers Automated Quotations</td>
</tr>
<tr>
<td>NATPE</td>
<td>National Association of Television Program Executives (United States)</td>
</tr>
<tr>
<td>NFB</td>
<td>National Film Board of Canada</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<tr>
<td>OFDC</td>
<td>Ontario Film Development Corporation</td>
</tr>
<tr>
<td>OMDC</td>
<td>Ontario Media Development Corporation (Formerly Ontario Film Development Corporation)</td>
</tr>
<tr>
<td>PBS</td>
<td>Public Broadcasting Service (United States)</td>
</tr>
<tr>
<td>PTAR</td>
<td>Prime Time Access Rule (United States)</td>
</tr>
<tr>
<td>RCMP</td>
<td>Royal Canadian Mounted Police</td>
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<tr>
<td>SAG</td>
<td>Screen Actors Guild (United States)</td>
</tr>
<tr>
<td>SMPTE</td>
<td>Society of Motion Picture Television Engineers</td>
</tr>
<tr>
<td>SRC</td>
<td>Societe Radio-Canada (French language service of the CBC)</td>
</tr>
<tr>
<td>STV</td>
<td>Subscription Television</td>
</tr>
<tr>
<td>TMN</td>
<td>The Movie Network (Canada)</td>
</tr>
<tr>
<td>TNT</td>
<td>Turner Network Television (United States)</td>
</tr>
<tr>
<td>TPA</td>
<td>Television Programs of America</td>
</tr>
<tr>
<td>TSE</td>
<td>Toronto Stock Exchange</td>
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<tr>
<td>TSN</td>
<td>Total Sports Network (Canadian cable network)</td>
</tr>
<tr>
<td>UPN</td>
<td>United Paramount Network (U.S. cable network)</td>
</tr>
<tr>
<td>WIC</td>
<td>Western International Communications Limited (Canada)</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
Illustrations

Figures

12.1. Alliance Atlantis Communications Inc. Corporate Structure, 1999


12.3. Alliance Atlantis Communications Revenue by Operating Group, 1998–2000

12.4. Alliance Atlantis Communications Percentage of Revenue by Operating Group, 1998–2000

14.1. Alliance Atlantis Communications Inc. Corporate Structure as of December 9, 2005

15.1. Alliance Atlantis Communications Inc. 2004 Motion Picture Distribution Sales by Product

15.2. Alliance Atlantis Communications Inc. 2004 Sales by Country

Tables

4.1. Television Services Available in Canada as of November 21, 2006

4.2. Employment, Payroll Employment in the Canadian Information and Cultural Industries, 2002–2006

4.3. CRTC Certified Independent Production Funds as of September 2006

4.4. Components of the Production Budget for a Conventional Television Program

4.5. Television Viewing by Type of Program: All Canadians Two Years and Older, 2004

7.1. Audiovisual Production in Canada, 1982


15.1. Alliance Atlantis Communications Inc. 2004 Sales by Group/Division

15.2. Alliance Atlantis Communications Inc.: Consolidated Summary of Alliance Atlantis’ Operating Groups, FY 2003–FY 2004 (C$ Millions)
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For my mother, Barbara and in memory of my father, Andrew.
Chapter 1

Introduction, Scope of the Study, and Guiding Questions

General Background of the Study

Canada’s film and television industries operate within a multidimensional national, continental, and global cultural, economic, and political milieu. Canada possesses a domestic audiovisual market approximately one tenth the size of its southern neighbor, the United States. Canada’s proportionally smaller market, combined with the country’s two official languages (i.e., English and French) and widespread availability of U.S-made audiovisual products have traditionally impeded the growth, development, and output of Canada’s film and television production sectors over the past half-century.

Despite Canada's oft-forbidding film and television production climate, a small number of Canadian-based media companies have managed to successfully co-exist and compete with Hollywood’s large and deep-rooted multinational media conglomerates in the North American and global audiovisual marketplaces.

Purpose of the Study

With the above factors in mind, the overarching question addressed in this study is What have been the experiences of Canadian-based media companies in the increasingly globalized media economy and how do their experiences inform the structure and strategies of media enterprises in other mid-sized countries like Canada as this economy continues to develop?

As will be discussed in detail in chapter two, a full appreciation of globalization is contingent upon understanding national policies and historical forces at the macro level as well as understanding their implications at the micro or company level. For this reason,
this study focuses upon the experiences of a single Canadian media company—Alliance Atlantis Communications Inc.—one of Canada’s most successful integrated media corporations to date. The in-depth examination of Alliance Atlantis Communications’ development within the domestic Canadian media marketplace as well as within the broader Hollywood-dominated North American and international audiovisual markets provides valuable insights into the growth and expansion of non-Hollywood-based firms within an increasingly globalized mediascape.

**Guiding Questions Addressed in the Study**

In order to adequately address the broad question posed above, the study is guided by the following series of subordinate questions:

(1) What role has the structure and performance of the Canadian, U.S. and other foreign media markets played in Alliance Atlantis Communications and its predecessor companies’ development and production activities?

   (a) What specific market-related factors have contributed to Alliance Atlantis Communications’ success in Canada?

   (b) What specific market-related factors have contributed to Alliance Atlantis Communications’ success in the United States?

   (c) What specific market-related factors have contributed to Alliance Atlantis Communications’ success in countries beyond North America?

   (d) What barriers to entry have Alliance Atlantis Communications’ potential competitors faced when they attempted to enter the Canadian audiovisual market?

   (e) What barriers to entry did Alliance Atlantis Communications face when it attempted to enter the U.S. and other foreign audiovisual markets?

   (f) What major strategies did Alliance Atlantis Communications use to overcome the barriers to entry it faced in the U.S. and other foreign audiovisual markets?

(2) What role have domestic and foreign regulatory policies as well as subsidy programs played in shaping the development of Alliance Atlantis Communications and its predecessor companies?
(a) What specific Canadian regulatory policies and subsidy programs have had the most influence on Alliance Atlantis Communications’ development?

(b) What specific U.S. regulatory policies have had the most influence on Alliance Atlantis Communications’ development?

(c) What other specific foreign and/or international regulatory policies and trade agreements have had a discernable influence on Alliance Atlantis Communications’ development?

(d) In what particular ways have the regulatory policies and subsidy programs influenced Alliance Atlantis Communications’ development?

(3) How successful has Alliance Atlantis Communications and its predecessor companies been in the emerging global media economy?

(a) In economic terms, how successful has Alliance Atlantis Communications been in the domestic Canadian audiovisual marketplace?

(b) In economic terms, how successful has Alliance Atlantis Communications been in foreign audiovisual markets?

(c) How successful has Alliance Atlantis Communications been in meeting its cultural mandates in Canada?

(4) What role has entrepreneurial skills played in shaping the development of Alliance Atlantis Communications?

(5) What, if any, lessons for other non-Hollywood-based production companies competing with the large Hollywood conglomerates as well as for policymakers in mid-sized countries can be drawn from the Canadian and more specifically, Alliance Atlantis Communication’s experiences in the Canadian, North American, and global media marketplaces?

**Basic Assumptions**

The study is predicated upon five basic assumptions.

(1) The globalization process, especially of the communications and economic systems will continue to accelerate over the coming years.

(2) National governments can still exert influence upon globalization and allied processes.

(a) **However**, the extent of governmental influence is situational and may vary widely across cases.
(3) The United States’ economic, political, and cultural influence (both regionally and globally) will steadily diminish over the coming years.
   (a) The resulting power vacuum will allow middle power countries such as Canada to increase their economic and political stature both regionally and internationally.

(4) The Government of Canada has an obligation to protect Canada’s cultural, economic, and political interests.

(5) Privately owned Canadian media corporations have an economic imperative to take advantage of the demand for audiovisual content in both traditional and new media formats not only within the Canadian audiovisual market but foreign markets as well.
   (a) Nonetheless, Canadian media corporations also have cultural and other obligations to Canada and its citizenry.

Parameters of the Study

The following parameters guide the study.

(1) Restriction of the study’s parameters primarily to Toronto, Ontario's English language film and television production sector

   Canada boasts multiple film and television production centers with Vancouver, British Columbia; Toronto, Ontario; and Montreal, Quebec comprising the nation’s three largest centers. Although the centers share a number of commonalities, each one also possesses unique qualities as a result of linguistic, geographic, and other differences among the cities. For example, while both the Vancouver and Toronto production centers predominantly focus upon English-language productions, their Montreal counterpart predominantly focuses upon French-language productions. Given the diversity of Canada’s production centers and the fact that Alliance Atlantis Communications and most of its predecessor companies have been based in Toronto, the study concentrates upon Toronto’s film and television production sector.¹ On a related note, the investigator’s familiarity with Toronto’s production sector, garnered from earlier formal and informal research conducted on the sector, was also taken into consideration when
determining the study’s parameters.

(2) Limitation of the case study to Alliance Atlantis Communications and its predecessor companies

Over the years, a wide variety of film and television production companies have been established throughout Canada. For the most part, these companies have been relatively small, privately held business enterprises, with many in operation for only short periods of time. Given this state of affairs, there is a paucity of publicly accessible archival records related to Canadian production companies and their activities. In an effort to compensate for the scarcity of archival records, the investigator opted to select a publicly traded production company wherein a significant amount of information regarding the company’s activities could be obtained for analysis. Alliance Atlantis Communications, a publicly traded company since its formation in 1998, satisfied this requirement.

Several additional limitations related to the methodologies used in the study are discussed in chapter three.

Definition of Terms

For the purposes of the study, film and television production activity encompasses English language feature films and television programming for airing on broadcast or cable networks and for syndication both in Canada and abroad. The study also defines Toronto, Ontario as a major North American feature film and television production center in terms of the range of program content produced, the primary companies and individuals involved in that effort, and the factors that influenced its development. Additional terms used throughout the study are defined as follows:
**Audience segmentation:** “The process of dividing up or grouping a target audience based on common characteristics related to behaviors or predictors of behavior, such as geographic region, demographics, psychographics, and product usage.”

**Basic cable:** “Channels received by cable subscribers for no additional charge. Basic channels are usually advertiser supported (commercial carrying) and/or the cable company pays a per-subscriber fee to the programming service.”

**Broadcaster:** “A body that, in the course of operating a broadcasting undertaking, broadcasts a communication signal in accordance with the law of the country in which the broadcasting undertaking is carried on, but excludes a body whose primary activity in relation to communication signals is their retransmission.”

**Cultural industries:** “Companies engaged in the production of commodities that reflect and develop societal values.” Publishing, filmmaking, and sound recording industries are all considered cultural industries.

**Distributor:** A person or company that holds the rights to promote and sell, lease, rent, or in some manner make available moving image works to audiovisual markets.

**Independent producer:** A producer “that owns a private production company and is not a broadcaster.”

**In-house production:** “Productions conducted internally by private broadcasters, the CBC, and specialty and pay services. In-house production includes sports and news programming.”

**License fee:** “A payment made by a broadcaster in return for the right to broadcast a program on a specified number of occasions over a specified length of time.”

**Motion picture and video industries:** “Industry grouping under the North American Industry Classification System (NAICS). This industry group comprises establishments primarily engaged in producing and/or distributing motion pictures, videos, television programs or commercials; exhibiting motion pictures or providing post-production and related services.”

**Pay TV, specialty TV and program distribution:** “Industry grouping under the North American Industry Classification System (NAICS). This industry group comprises establishments primarily engaged in broadcasting television programs, in a defined limited format, via operators of cable and satellite distribution systems, and establishments primarily engaged in the delivery of programs, to subscribers, by cable or satellite.”

**Premium cable channels:** “Program services purchased by cable subscribers for an extra fee. An all-movie channel such as HBO is an example of a premium channel.”
Presale: “A sale made to a distributor or broadcaster before the project has begun production.”

Producer: “The person who bears the administrative and financial responsibility for a moving image work. In practice, the role of a producer may be much wider and can include artistic involvement.”

Production company: “The name of the company under whose financial, technical, and organizational management a moving image work is made. In a broad sense, the production company is responsible for the overall creation of the work.”

Radio and television broadcasting: “Industry grouping under the North American Industry Classification System (NAICS). This industry group comprises establishments primarily engaged in operating broadcasting studios and facilities for the transmission of a variety of radio and television broadcasts, including entertainment, news, talk shows and other programs.”

Specialty television service: “Generally offer a specific type of programming aimed at a specific audience group ... Most specialty services have lower limits on the maximum amount of advertising they can carry than do conventional television stations or networks, which aim their services at a broad spectrum of the population. A specialty TV service may be authorized for distribution either as part of the basic cable TV service, or as part of a discretionary package of services. Specialty services normally generate their revenues from a combination of advertising and subscriber fees.”

Television series: “A group of programs created or adapted for television broadcast with a common series title, usually related to one another in subject or otherwise. Often, television series appear once a week during a prescribed time slot; however, they may appear with more or less frequency. Television series are usually created to be open-ended, not with a predetermined number of episodes. In a fiction series, the programs typically share the same characters and basic theme.”

Definitions of additional terms relevant to the study are provided upon their introduction as well as in appendix D.

Significance of the Study

The examination and analysis of Alliance Atlantis Communications Inc. and its predecessor companies demonstrates the interplay of domestic and international economics, regulatory policies and subsidies, technological innovations, as well as entrepreneurial skills in shaping and, at times, forcibly changing the company’s
development and activities. Moreover, it helps further our understanding of the linkages between structural economy, regulatory policy, and entrepreneurship. The issues addressed also provide insights into how non-Hollywood based media companies such as Alliance Atlantis Communications are affected by the Hollywood-centric nature of North America’s film and television industries.

In a broader context, the issues raised by this study extend beyond North America’s film and television industries. The rapid globalization of cultural products and information goods raise implicit competitiveness issues within the context of a global marketplace. With filmed entertainment spending in the United States, Canada, Africa, Asia/Pacific, Europe, Latin America, and the Middle East projected to “rise at a 7.5 percent compound annual rate, reaching US$108 billion in 2008 from US$75.3 billion in 2003,” cultural products and information goods are becoming principal commodities of the twenty-first century. Therefore, this study makes a contribution to our understanding of the role of cultural industries in this new global media-centric environment.

Arrangement of the Study

The complete study consists of sixteen chapters divided into four sections. The study’s first section is comprised of chapters one through three. Chapter one, introduces the topic and poses the study’s guiding questions. Chapter two begins with a review of literature on globalization and selected approaches used to examine the phenomena. Thereafter, Canadian cultural discourse and the theoretical underpinnings of Canada’s cultural policies are discussed. The chapter concludes with an assessment of contemporary Canadian media scholarship. The themes outlined in chapter two serve as
the starting point for the theoretical and methodological framework detailed in chapter three.

The study’s second section, comprised of chapters four through eight, establishes the contextual foundation for the subsequent in-depth case study of Alliance Atlantis Communications and its predecessor companies. Chapter four provides an overview of the Canadian media landscape. Chapter five traces the history of Toronto’s independent television production sector from its beginnings in the mid-1950s through the mid-1960s. Chapter six begins with an examination of Canada’s 1968 Broadcasting Act and the establishment of the Canadian Film Development Corporation (CFDC), two watershed events in the country’s broadcasting history. Thereafter, the focus turns to Canada’s tax credit-fueled production boom of the 1970s and its subsequent crash in the early 1980s. Chapter seven explores the sector’s revitalization during the mid-1980s. Chapter eight brings the section to a close with an examination of Canadian production companies’ growing prominence in the international audiovisual milieu.

The study’s third section, comprised of chapters nine through fifteen, presents a case study of Alliance Atlantis Communications Inc. and its predecessor companies’ development within the Canadian, North American, and global media milieus. Throughout the section, special attention is given to:

- Individuals who have played key roles in the development of Alliance Atlantis Communications and its predecessor companies.
- Alliance Atlantis Communications and its predecessor companies’ productions and other corporate activities.
- The ever-increasing tensions between economic and cultural imperatives, rapidly changing technologies, shifting audience preferences, and structural changes within the Canadian, North American, and international mediascapes.
Chapter nine begins the case study with a series of abridged corporate histories of Alliance Atlantis Communications’ predecessor companies namely, Atlantis Films, RSL Films, and Alliance Communications Corporation. Thereafter, the expansion and diversification of Alliance Communications and Atlantis Films during the mid-1980s to the mid-1990s is addressed in chapters ten and eleven. *Due South*, one of the first Alliance Communications-produced television series to garner a prime time slot on a U.S. “big four” broadcast network is also spotlighted in chapter eleven. Next, chapter twelve provides a detailed analysis of the 1998 merger of Alliance Communications and Atlantis Communications. It also explores the rationale behind the union. Chapters thirteen through fifteen wrap up the Alliance Atlantis case study with an examination of the company’s activities from 1999 until its January 2007 sale to CanWest Global Communications.

The study's fourth and final section, comprised solely of chapter sixteen, revisits the guiding questions posed in chapter one and proffers answers to the questions based upon the findings of the Alliance Atlantis Communications case study.

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1 Several of the firm’s predecessor companies, including RSL Films, Alliance Communications, and Atlantis Films were also based in Toronto.
4 Copyright Act (Canada) [R.S. 1985, c. C-42], http://www.canlii.org/ca/sta/c-42/sec2.html.
7 Canadian Film and Television Production Association, l’Association des producteurs de films et de télévision du Québec, and Department of Canadian Heritage, “Annex C: Glossary of Terms,” in *The Canadian Film and Television Production Industry—Profile 2003*, Canadian Film and Television Production Association, l'Association des producteurs de films et de télévision du Québec, and Department of Canadian Heritage ([Ottawa, ON?]: Produced by the CFTPA, the APFTQ and in conjunction with the Department of Canadian Heritage, 2003).
10 Ibid.
12 Ibid.
14 Ibid.
15 Canadian Film and Television Production Association, l'Association des producteurs de films et de television du Quebec, and Department of Canadian Heritage, “Annex C: Glossary of Terms,” in The Canadian and Television Production Industry—Profile 2003 ([Ottawa, ON?]: Canadian Film and Television Production Association in conjunction with Canadian Heritage, 2003).
17 Ibid.
Chapter 2

Behemoth at the Border: U.S. Hegemony and the Broader Issue of Globalization from a Canadian Perspective

The following exchange between Ray and Welsh, two faux Chicago police detectives, with Benton Fraser, their Royal Canadian Mounted Police (RCMP) counterpart, was featured in a 1998 episode of the Canadian-produced television series *Due South*:

**Ray:** That's what?

**Fraser:** It's a RCMP recreation of a crime that took place in Toronto two days ago.

**Ray:** That's a police re-creation?

**Fraser:** It's interesting, isn't it? The Government funding of the arts in Canada produced a glut of filmmakers at the same time as American domination of Canadian cinemas left these enthusiastic young artists with very few arenas in which to ply their craft.

**Welsh:** That's a human tragedy, Constable.¹

Although the above-quoted conversation took place between a trio of fictional characters, it reflects the very real concerns shared by many Canadians and other peoples around the world regarding the deluge of U.S. media content into their nations. Their concerns have concentrated upon the massive amounts of U.S. audiovisual products and, more importantly, the potential deleterious cultural and social consequences that may result from their populace’s exposure to them.²

In recognition of the historical importance of this issue for Canada, chapter two begins with a brief examination of globalization and its concomitant phenomenon, U.S. cultural hegemony. The section also includes a discussion of the changing theoretical
perspectives about globalization. Narrowing the discussion from an international focus to a local one, the chapter’s next section presents a review of past research conducted on media and globalization, with an emphasis upon studies specifically within a Canadian context. It also examines the normative underpinnings of Canada’s cultural policy regime and Canadian media scholarship. The chapter’s final section identifies several serious problems associated with present day Canadian media scholarship specifically with respect to globalization-related issues.

**Globalization**

**The Myriad Meanings of Globalization**

Globalization is a multifaceted phenomenon that encompasses at least four distinctive yet interconnected sub-phenomena: (1) economic integration, (2) political restructuring, (3) cultural diffusion, and (4) an ideological shift toward market liberalism.\(^3\) Given the multi-faceted nature of globalization and its underlying assumptions, it is hardly surprising that the process lacks a universally agreed upon definition.\(^4\) Instead, globalization’s meaning varies based upon the sub-process(es) of particular interest to the individual or group making the explication. For example, the World Bank defines globalization as the “‘freedom and ability of individuals and firms to initiate voluntary economic transactions with residents of other countries.’”\(^5\) On the other hand, the Government of Canada offers a broader definition of globalization: “The term ‘globalization’ describes the increased mobility of goods, services, labor, technology, and capital throughout the world.”\(^6\)

Similarly, in the scholarly realm, the definition of globalization differs across disciplines and theoretical perspectives. For example, Sociologist William Robinson
describes globalization as being comprised of two interconnected processes:

(1) the near culmination of a centuries-long process of the spread of capitalist production around the world and its displacement of all precapitalist relations (‘modernization’); and (2) the transition in recent decades from the linkage of nations via commodity exchange and capital flows in an integrated international market, in which different modes of production were ‘articulated’ within broader social formations, to the globalization of the process of production itself.7

From Robinson’s perspective, “Globalization denotes a transition from the linkage of national societies predicated on a world economy to an emergent transnational or global society predicated on a global economy.”8

Conversely, Communications scholar Denis McQuail (2000) highlights the role of media in his proffered definition of globalization to wit, “The overall process whereby the location of production, transmission and reception of media content ceases to be geographically fixed, partly as a result of technology, but also through international media structure and organization.”9

Given globalization’s myriad connotations, it is imperative to concisely explicate the term at the onset of any study related to the topic. Drawing upon the above definitions from the Economic, Sociological, and Communication perspectives, the present study defines globalization as: An ongoing multidimensional process which encompasses five interrelated subprocesses: (1) economic integration, (2) political restructuring, (3) cultural diffusion, (4) an ideological shift toward market liberalism, and (5) technological innovation. One primary outcome of globalization is the transnationalization of the production, transmission, and reception of media content.10

The Emergence of Globalization in the Nineteenth and Twentieth Centuries

Although globalization’s origins can be traced back to ancient times, its ramifications only began to be more fully appreciated during the nineteenth century.
Increased awareness of the globalization process was prompted by a combination of factors including: (a) the introduction of “new transport technologies”, (b) decreasing “trading monopoly rents,” (c) falling tariffs, (d) the suppression of pirates,” and (e) periods without major hostilities. These accumulated factors, in turn, triggered “large-scale international trade in such basic commodities as grain and animal products became possible.”

Williamson (2002) refers to the years 1820–1913 as “the first global century.” He attributes several fundamental political shifts that occurred during the 1820s for igniting “a world regime of globalization.” These shifts included: (a) the rise of liberal policy, (b) the dismantlement of mercantilism, (c) the European recovery from the Napoleonic Wars and the (d) “launching [of] a century of global Pax Britannica.” Taken together, Williamson asserts, the shifts helped create “truly global commodity markets across the Nineteenth century ... and allowed competitive winds to blow hard where they had never blown before.”

Although the forces driving globalization strengthened over the course of the “first global century,” backlashes against the process occurred in nations throughout the world. The backlashes ranged from fiery political diatribes to the imposition of tariffs, quotas, and outright bans on certain goods and services.

Notwithstanding the sundry intermittent counterattacks—both verbal and otherwise—against globalization’s myriad effects, the process continued moving forward. In fact, only the onset of World War I in 1913 proved to be a strong enough counterforce to drastically impede globalization’s progress. Indeed, as Williamson contends, globalization experienced a complete albeit brief dismantlement during the
interwar period. In spite of globalization’s dramatic setback during the early decades of the twentieth century, in the years following World War II, the process quickly regained its pre-World War I momentum. Globalization’s post World War II resurgence came about as a result of four major geopolitical and technological developments:

1. The surge of economic deregulation and liberalization that began during the 1980s and gained momentum following the fall of Communism in the Soviet Union and other Eastern European nations.

2. The decreasing power of states and the corresponding increasing power of global capital. As a result of these developments, territorial boundaries became harder to maintain and laws became harder to enforce.

3. The broadening acceptance of liberal democracy and its symbolic associations across cultures.

4. Technological innovations in telecommunications, transportation, and information technology.

The Multinational Corporation (MNC) and Globalization

According to Robert Gilpin, today “[t]he multinational corporation (MNC) is a key feature of globalization of the world economy.” Nonetheless, business enterprises that transcend national boundaries have been a prominent part of the global landscape for centuries. For example, firms dating back to the 1600s such as the Massachusetts Bay Company, the Hudson’s Bay Company and others commanded fleets of ships and employed large numbers of native and foreign-born peoples on multiple continents.

Considering the size and scope of multinational firms, it is commonly assumed that they wield some degree of influence over domestic and international economic affairs. To date, however, the true extent of their influence has defied precise measurement. Instead, two widely divergent schools of thought regarding the extent of
corporate influence on national and international economic policies.\textsuperscript{20} The first school of thought ascribes considerable influence to multinational firms. Proponents of this view contend, “The multinational corporation has broken free from its home economy and has become a powerful independent force determining both international economic and political affairs.”\textsuperscript{21} On the other hand, a contrary school of thought rejects the notion that multinational corporations act as independent, globally influential forces. Instead, it regards multinational corporations as merely “creatures of their home economies.”\textsuperscript{22}

The uncertainties surrounding how much power multinational corporations actually exert on the national and an international stage also begs a related question: Will businesses engaged in global trade keep their homeland’s safety and welfare at the forefront of their business dealings or will they instead be disposed to sacrifice national loyalties and interests in return for their own personal profit and to gain greater access to foreign markets?

Thomas Jefferson broached the vexing question of merchants’ loyalties to their homeland in an 1814 letter to inventor-publisher H. G. Spafford. In an earlier missive to Jefferson, Spafford reproached “U.S. merchants, priests, and lawyers for their adherence to England and monarchy, in preference to their own country and its constitution.” Jefferson, in response, maintained that business interests and national interests do not always necessarily coincide. “[M]erchants have no country” wrote Jefferson. “The mere spot they stand on does not constitute so strong an attachment as that from which they draw their claims.”\textsuperscript{23}
Global Culture

Since globalization is considered to be closely allied to the development of transnational media industries, audiovisual-related corporations and their products have become among the most scrutinized and contested subjects of the overall controversy. During the latter decades of the twentieth century an intense international debate arose over the still not fully understood influences of foreign media content upon indigenous cultures. The issue was of special concern for many less developed nations that were experiencing an ever-increasing influx of U.S. music, feature films and television programs into their countries.

The ties between globalization and the transnational media industries are noteworthy since television, feature films, and other forms of media are generally regarded as key transmitters of culture. Equally importantly, as Robert McChesney (1996) notes, “the control over the means of communication is an integral aspect of political and economic power.”24 According to Denis McQuail (2000), “the delocalizing of content and undermining of local cultures” is just one of the many consequences of globalization. On the other hand, in some instances these developments “may be regarded as positive when local cultures are enriched by new impulses;” a process McQuail terms “creative hybridization.” Nonetheless, McQuail concedes that for most part, the developments are instead “viewed as negative because of threats to cultural identity, autonomy and integrity.”25

Writing from the perspective of the first decade of the twenty-first century, it can be argued that a nascent global culture currently exists and is continuing to evolve. Evidence of a globalizing culture can be glimpsed in the various cross-cultural
investigations of television viewing such as Ian Ang's notable study on the television series *Dallas* as well as numerous studies on stereotypes. Overall, these studies suggest that foreign populaces’ exposure to media content, whether of U.S. origin or simply a locally produced “imitation” of U.S. content, not only influences their perceptions of the United States but also influences local customs and habits within their own nations. These influences can be transmitted through all forms of media including books, magazines, newspapers, television programs, films, and the Internet. Nonetheless, the visual aspects of television, films, and the Internet ostensibly make them more effective purveyors of cultural mores than newspapers, books, and radio broadcasts since the latter require knowledge of the language in which they are written/conveyed in order to fully understand their messages.

*The Cultural Hegemony and Cultural Hybridity Approaches to the Study of Globalization*

Cultural hegemony and cultural hybridity represent two major approaches used to study the influence of global culture. Advocates of the cultural hegemony approach believe globalization tends to maintain “Western economic and cultural imperialism” and “promotes a dominant set of cultural practices and values.” From this viewpoint, globalization possesses far-reaching and overwhelmingly disastrous implications, especially for non-Western cultures. These negative repercussions include: (a) the erosion of non-Western local traditions and cultural practices, (b) the frequent “killing” of local film and television industries which promote indigenous cultures, and (c) the displacement of large numbers people (i.e., as refugees or labor migrants) from their homes in less developed countries to developed countries.

On the other hand, proponents of the cultural hybridity approach contend that
globalization is not a one-way process nor is it a process that is within the exclusive ownership of Western societies. Cultural hybridity advocates cite the development of advanced economies in Southeast Asia as evidence of globalization’s benefits to non-Western nations. They also call attention to the reverse influence of non-Western cultures on the United States and other Western nations. For example, non-Western cultural influences can be found in a variety of sources including music (e.g., the incorporation of Indian sitars and musical styles on some Beatles recordings), fashion, films (Crouching Tiger, Hidden Dragon), medicine, among other areas.28

In a notable 1977 Journal of Communication article, Ithiel de Sola Pool adopted a “cultural hybridization” approach to examine the global flow of television. de Sola Pool predicted the global flow of television would evolve from a few predominant centers in developed countries to a more dispersed network originating from both developing and developed countries “which encourage free flow and development.” Moreover, de Sola Pool argued, if a country developed cultural capabilities in an area in which it had comparative advantage, it could become “an important originating node in a global cultural division of labor.”29

With respect to cultural protection measures, de Sola Pool contended that “demand for cultural purity is but a demand to freeze this process of diffusion at some arbitrary present, which happens to be the advocate's youth.”30 “In general,” de Sola Pool added, “culture does not need protection. Culture is what people are already attached to. If the culture is satisfactory, if it is not itself already in the process of decomposition, the audience will not look primarily abroad.”31 On a final positive note, de Sola Pool maintained “in intellectual activities—where learning by participating is the key to
growth these uneven flows tend to have a self-correcting character. Domestic producers, as soon as they learn to produce the kind of attractive things that had come from abroad, have a distinct advantage in the competition for an audience.\textsuperscript{32}

**Strengths and Weaknesses of the Cultural Hegemony and Cultural Hybridity Approaches**

The cultural hybridity approach, with its emphasis upon the benefits that all stakeholders can derive from globalization, offers an optimistic view of the process. From the “hybridity” standpoint, globalization affords nations an opportunity to share their “cultural wealth” with other countries around the world. In essence, the approach represents the American “melting pot” concept on an international scale.\textsuperscript{33}

Critics of the cultural hybridity approach caution, however, that although non-Western cultures can and do influence their Western counterparts, the effects occur on a smaller scale than the reverse process. Since the processes transpire at widely varying rates, they apparently assume the perpetuation of dominant Western cultures–subordinate non-Western cultures relationship.\textsuperscript{34}

As mentioned above, television and feature films remain key cultural transmitters. In consideration of this fact, it appears that cultural hybridity advocates such as de Sola Pool assume that a country can manage to retain at least some of its indigenous media industries irrespective of the amount or quality of foreign media products that permeate its borders. However, this assumption is perhaps somewhat tenuous given the substantial costs associated with creating film and television content that possesses production qualities that are roughly equivalent to the imported fare. Although past research suggests that indigenously produced products are, for the most part, considered preferable to foreign ones, the question remains how long indigenously produced cultural products can
retain their popularity with local audiences when constantly faced with head-to-head competition from U.S. and other foreign products. This is especially true with respect to feature films and dramas, two traditionally high-cost areas of production.35

Globalization, Political Economy, and Communication

The myriad components and expansive nature of globalization presents a considerable challenge for any scholar who ventures to study the phenomenon. However, one perspective in particular—political economy—is especially well suited for this arduous task since, as Ben Rosamond asserts, it is “bound up with what are commonly understood to be the key processes and effects of globalization.” For example, among the specific processes that entwine globalization and political economy include “the changing nature of relations between states and markets, the growing power of non-state forces, the changing nature of economic governance, the reorganization of authority and power relations in world politics, the rise of global multilateral institutions and the de-territorialization of political economies.” 36 Moreover, like globalization, political economy covers extensive, albeit diverse, philosophical and disciplinary territories.

From a Communications perspective, Vincent Mosco defines political economy as “the study of the social relations, particularly the power relations, that mutually constitute the production, distribution, and consumption of resources.” 37 According to Mosco’s interpretation, “the products of communication such as” television programs, feature films, and other audiovisual products constitute primary resources; it also “emphasizes the institutional circuit of communication.” 38

According to Robert W. McChesney, “[t]he scholarly study of the political economy of communication:” (1) “examines how media and communication systems and
content reinforce, challenge or influence existing class and social relations;” and (2) looks at “how ownership, support mechanisms (e.g., advertising) and government policies influence media behavior and content.”

McChesney further asserts that a “special relationship” exists between political economy and communication since both are “located uneasily but necessarily between capitalism and democracy;” deal “directly with commercial and material issues; and are ultimately concerned with issues of social justice and political self-government.”

As discussed in a subsequent section of this chapter, political economy’s qualities have helped to make it one of the most frequently used frameworks for the study of Canada’s film and television industries. However, as will also be argued, over-reliance upon any single paradigm, framework, or methodological tool can also pose serious theoretical and practical problems.

**From Global to Local: Canadian Cultural Discourse and Canada’s Cultural Industries**

**Canadian Culture: A Definitional Dilemma**

Attempts to define Canadian culture prove troublesome. While Canadian government cultural policy documents state that the “framework for the support of culture ... [is] based on a broad definition of culture,” they hesitate to offer a further explication of the term.

Sociologist Gordon Fearn posits that an absolute definition of culture is unobtainable owing to its fluid nature. According to Fearn’s thesis:

*Culture*—a kind of transparent storage system containing information of constantly changing content and meaning—primarily is a shifting record of important symbols. Communications is both the means whereby symbols attain their initial meanings and the means whereby changes in these meanings are negotiated. Culture therefore is not a structure but a *process*. Culture *per se* cannot be defined because it always is being negotiated and renegotiated.
Fearn’s proposition bolsters the argument often raised by Canadian nationalists that the inability to precisely define Canadian culture “is not evidence of any lack of a distinct Canadian culture, but rather the inherent difficulties in defining culture itself.”

**Canadian Culture Within a North American Context**

Despite the definitional dilemma surrounding culture, for successive Canadian governments the constant fear of cultural annexation by the United States has generated numerous initiatives intended to defend and foster indigenous Canadian culture and preserve national unity. These strategies are based upon the belief of mutual dependence between cultural sovereignty and political sovereignty. Former Heritage Minister Michel Dupuy expressed this fundamental relationship, stating that it is “‘essential to our identity, to our pride, to our unity and to our independence in international society.’” Moreover, as Paul Rutherford relates, “This mission was especially crucial for English Canada because it lacked that strong tradition of popular history and literature, a vibrant sense of a collective identity, evident in French Quebec.”

Geographical, historical, and social commonalities between Canada and the United States provide ideal conditions for cultural *spill over*. Nonetheless, many Canadians are quick to point out that despite the many similarities between the two countries, Canada’s culture is distinct from its U.S. neighbor. Furthermore, Canada's proximity to the United States reinforces the Canadian belief that maintenance of a unique cultural identity is necessary to insure national sovereignty. Therefore, it is hardly surprising that Canada has been at the international forefront of cultural protection and the subsidization of indigenous film and television production. Although chapter three includes an in-depth discussion of Canadian government intervention in the
country's film and television industries, the next section examines its theoretical underpinnings.

Major Theoretical Approaches Used to Examine Canadian Cultural Policy

A multitude of federal and provincial government commissions, committees, and task forces; scholars; guilds and unions; broadcasting and trade associations; as well as sundry other individuals and groups both inside and outside Canada have intensely scrutinized the country’s cultural policies and industries. Thanks to these copious inquiries, an extensive literature related to the subject has accrued over the years. In the scholarly realm, a wide array of disciplines such as communications, cultural studies, film studies, history, economics, law, political science, and sociology have investigated various aspects of the topic. More importantly, the literature’s broad scope reflects Canada’s intense deliberation upon questions of culture, identity, and the country’s longstanding trepidation of the United States. For the most part, the literature explores these interrelated issues from a nationalist perspective and via an analytic framework based upon political economic and critical-cultural communications theories.

However, despite the literature’s vast size and disciplinary variety, three interrelated themes predominate: (1) “Canadian cultural identity” and (2) U.S. political hegemony, and (3) U.S. cultural hegemony. Specific issues within these larger themes examined by these disparate groups have included, among others: (a) the financing and regulation of Canadian broadcasting; (b) the formulation of policies intended to bolster production, distribution, and exhibition of indigenous Canadian feature films and television programming; and (c) the formulation of strategies to safeguard Canada from cultural domination by the United States. The following section
summarizes representative research from both themes of relevance to the present study.

The old adage, “fences make good neighbors” may offer a justification for the Canadian government's attempts to limit its citizens' exposure to American culture conveyed via television and film. Unfortunately, the 49th parallel, the fence dividing Canada and the United States, is largely invisible and easily breached by satellite dishes, American radio and television broadcast signals, and more recently, the Internet. Moreover, the Canadian government's efforts to promote and support Canadian made and themed feature films and television programming has historically been beset by funding problems and, more importantly, by a lack of interest among Canadian audiences.

Some theorists, notably Dallas Smythe in *Dependency Road: Communications, Capitalism, Consciousness, and Canada* (1981), view Canada's contemporary relationship vis-à-vis the United States as one of dependency and quasi-colonialism. Therefore, it is not surprising that Canada has historically feared the constant exposure to American culture as not only threatening its cultural sovereignty but its continued existence as a nation as well.

**The Nationalist and Open Approaches to Canadian Cultural Policy**

Acheson and Maule (1997) have identified two broad theoretical perspectives regarding Canadian cultural policy namely, the nationalist approach and the open approach. On one hand, the nationalist approach is founded upon two basic premises. First, Canadian-made cultural products differ significantly from their foreign made counterparts and without policy supports these distinctive Canadian products would not be available since their costs would exceed profits. As Acheson and Maule explain: “such products are needed as they have special properties, such as promoting national
identity and sovereignty, as well as creating employment in Canada.” Second, Canadians should have the option of selecting these Canadian-made cultural products. Therefore, policy measures must be utilized to ensure that Canadian products are not “squeezed out by imports.”

The “market failure” theory is offered as support to the Nationalist view for government intervention in the cultural industries. As Hoskins, Finn, and McFadyen explain, when:

audiovisual goods do provide external benefits [e.g., non-economic benefits such as bolstering cultural awareness], there is market failure because producers, distributors, and exhibitors do not receive any compensation for the provision of such benefits. Government intervention is thus justified to the extent that it provides this compensation or has an effect of equivalent value.

Proponents of the open approach assert that while protectionist measures may have been appropriate during the formative years of Canada's cultural industries, they are “no longer justifiable” as “the Canadian industry is no longer an infant.” “Consumer sovereignty” and free trade are the hallmarks of this point of view; consumers should be afforded the freedom to choose their purchases, including their entertainment choices. Moreover, open approach advocates argue that Canadian cultural policies have historically been economically inefficient. While Canadian broadcasters, cable companies, and a small culture cadre derive financial benefits from the policies, Canadian taxpayers are left with the bill. Only deregulation and “unfettered competition,” they stress, will ultimately result in lower prices for consumers.

Advocates of the open approach also maintain that the promotion of Canadian creativity and culture can be best achieved by building internationally competitive institutions and businesses. As Acheson and Maule state, “There is no reason why quality
Canadian programming will not find an outlet in Canada and similar venues in other countries” since “commercially driven firms will distribute any material in any market that is likely to make money.” They further argue that Canadian broadcasting regulations have had a detrimental effect on the growth of the production sector “by encouraging firms to look inward rather than to international markets.” Nonetheless, they also acknowledge that this state of affairs may indeed be changing.52

In regard to the fear of cultural infiltration, open view supporters respond that foreign and native cultures are both equally valuable in educating and enhancing communication. Moreover, “consumers are competent to reject or at least recognize imported culture that is not congenial to their own convictions and social ideals.” With respect to American culture, they claim, “Canada should look at the United States as a source that will enhance its own cultural identity, leaving to its own citizens the expertise of filtering and meshing the cultures into a stronger Canadian culture.”53

Although the research literature on Canadian culture and media includes various studies framed around either the nationalist or open approach, Canada's domestic policies have traditionally reflected the nationalist view. Indeed, this perspective has enjoyed wide political support in Canada throughout the 1990s and into the 2000s.54

For years, Canada existed solely as a colonial dependent of Great Britain. However, as time passed, British cultural and economic control waned while U.S. influences upon Canada steadily increased. Canada, initially dependent upon and dominated by Great Britain was now viewed by many scholars as merely exchanging one colonial ruler for another. Dallas Smythe’s 1981 book Dependency Road: Communications, Capitalism, Consciousness, and Canada, cited earlier, articulates this
standpoint.

Smythe’s views have been echoed and further amplified by numerous other scholars throughout academe in works such as *Canada Ltd.: The Political Economy of Dependency* (1973) and Manjunath Pendakur’s *Canadian Dreams and American Control: The Political Economy of the Canadian Film Industry* (1990). Taking a slightly different approach toward the topic, Richard Collins’ *Culture, Communication, and National Identity: The Case of Canadian Television* (1990) explores the often conflicting economic and cultural goals that confront the Canadian television industry.55

Undoubtedly, the application of political economy and critical communications theories to questions of Canadian culture and Canada's cultural industries have yielded valuable insights into the interplay between media, culture, economics, and politics in the nation. In a broader context, the theories have also provided useful paradigms for analyzing convergence, globalization and related phenomena. Nevertheless, disproportionate reliance upon a limited number of theoretical prisms to research a phenomenon may potentially bring about some unintended consequences. With respect to Canadian communications research, several important characteristics can be identified: (1) the treatment of cultural and economic goals as necessarily being mutually exclusive, (2) the reinforcement of Canadian and U.S. stereotypes, and on a related note, (3) the fostering of detrimental psychological attitudes and outlooks such as defeatism, victimization and weakness.

**The Question of the Mutual Exclusivity of Cultural and Economic Goals**

Studies that employ political economy theories to examine Canadian cultural phenomena tend to render cultural and economic prerogatives as being mutually
exclusive. If one assumes the nationalist or Canadian cultural-centric viewpoint, for instance, then they must necessarily accept the notion that a Canadian culture—distinctive from its southern neighbor—exists. However, the application of these theoretical assumptions to real life situations is problematic since as noted earlier, no definitive definition of Canadian culture exists nor are valid criteria available to precisely differentiate Canadian culture from American culture. Joel Smith describes the challenges of cultural delineation as follows:

Shared language minimizes differences from American culture; propinquity and the size imbalance increase Canada's vulnerability to American influence. Differences survive, but they are subtle, not distinctive. Perhaps this is the reason that one of the most effective stimuli for evoking a sense of Canadian identity is to be mistaken for an American. Observers agree that the one thing that Canadians share is a conviction that they are not Americans ... It is not that there are no differences; there are many, but some are difficult to conceptualize, many are not salient or important to the average person.56

It can be also postulated that individuals can possess differing beliefs, values, and other characteristics yet also possess enough commonalities to allow everyone to derive equal pleasure from a television program or other forms of entertainment. The ultimate question then is to consider at what point (if at all) do Canadian television programs and other cultural creations become so “foreign” that American and other foreign audiences could no longer understand their content thoroughly enough to enjoy them? Studies by Lipset (1986) and others have found differences in values and attitudes between “average” Canadians and “average” Americans but as Goodenough (1998) ponders, “The cultural continuum of Anglophone North America has pronounced regional sub-cultures. But is the Anglophone Canadian sub-culture really more distinctive within that continuum than that of Minnesota or Texas?”57
The Cultural Discount Theory

The cultural discount theory offers one framework to examine the question posed above. Hoskins, McFadyen, and Finn (1997) summarize the theory as follows:

A particular television programme, film, or video rooted in one culture and thus attractive in the home market where viewers share a common knowledge and way of life, will have a diminished appeal elsewhere, as viewers find it difficult to identify with the style, values, beliefs, history, myths, institutions, physical environment, and behavioural patterns ... Even if the language is the same, accents or idioms may still cause problems ... As a result of the diminished appeal, fewer viewers will watch a foreign programme, film, or video than will watch a domestic product of the type and quality. Hence the value (revenue potential) will be less to the foreign exhibitor/distributor.58

Referring to the success of American dramas in the global marketplace (a situation that outwardly seems to contradict the theory) Hoskins, McFadyen, and Finn (1997) contend the U.S. production industry is situated in a "melting pot society that rewards broadly based, popular programming." Since the U.S. domestic market somewhat reflects characteristics of foreign markets (e.g., polyglot, common-denominator programming), the cultural discount for U.S. drama “is relatively small.”59 Consequently, “the format and type of drama originated by the American entertainment industry have in the most recent era created a new universal art form which is claiming something close to a worldwide audience.”60

Tate and Allen (2003) applied the cultural discount theory to the Alliance Atlantis-produced television series Due South that aired on CBS and on Canada's CTV during the mid-1990s. When the series, replete with Canadian references, debuted on U.S. television in 1994, a number of Canadian press stories mentioned that U.S. viewers would not understand the Canadian humor imbued in the show. Findings from Tate and Allen's earlier study (2000) on Due South's appeal to audience members from
Canada, the United States, the United Kingdom, Australia, and several other countries indicated that the lack of understanding of the humor among non-Canadian viewers was overestimated. Taken together, these findings suggest that in at least some instances, a balance between cultural and commercial prerogatives can be achieved.⁶¹

Psychological Aspects of Canadian Cultural Policy Discourse

Canadian and U.S. Stereotypes

Yet another unanticipated consequence of using the political economy approach in studying Canadian film and television phenomena relates to the reinforcement of Canadian and U.S. stereotypes. The lack of objective criteria or systematic verification regarding the similarities and differences between Canadians and Americans as well as their respective cultures has not impeded their use as a cornerstone for innumerable research endeavors. The significant role played by labels and stereotypes within the discourse is readily apparent in the titles of articles and books published on subjects related to Canada's cultural industries. For example, authors have alternately referred to the United States as a “lion” and an “elephant”—a term borrowed from Pierre Trudeau—while others offer more strident characterizations such as Robin Mathews reference to the “power of the U.S. thug aristocracy” in his 1995 book Treason of the Intellectuals: English Canada in the Post-modern Period. Comparable references to the United States appear throughout the Canadian literature.⁶²

Canadian “National Low Self-esteem”

Likewise, American dominance over Canada’s culture and economy, frequently symbolized by large U.S.-based media conglomerates such as Disney and Viacom, is frequently considered inevitable. The U.S. cultural juggernaut is deemed invincible.
Canada, the victim, is left with no recourse except to lament its pending doom and attempt to reproach the individuals and groups responsible for expediting the country's demise. For example, when a Canadian-based media company adopts programming or practices akin to its U.S. counterparts, it is often portrayed as “selling out” Canadian culture and implicitly, Canada itself. Unfortunately, these characterizations not only imbue discussions about Canada’s film and television industries with an overriding sense of pessimism and defeatism, they also exacerbate Canada’s ongoing struggle with “national low self esteem.”

Perhaps the most troubling aspect of the psychological undercurrent outlined above relates to the fact that many scholars—both in Canada and elsewhere—have raised subjective attitudes, opinions, and perceptions to the level of incontrovertible facts without adequately testing their validity. These attitudes and beliefs have ostensibly assumed a sacred status within the literature and to question any aspect of them would be risking scholarly heresy.

Beyond the aforementioned literature on Canadian culture and media, a number of other related book-length studies on the subjects have also been published over the past decade. Among these works are Gordon Pitts' *Kings of Convergence: The Fight for Control of Canada’s Media* (2002) and David Taras’ *Power & Betrayal in the Canadian Media* (1999). While Pitts' popular work spotlights Canada's private broadcasters, Taras’ more scholarly tome focuses upon the CBC, Canada's public broadcaster. Despite their differing target audiences and private–public broadcasting orientations, the books share an overriding concern about “the increasing power over information placed in the hands of fewer and fewer individuals” and also express angst regarding “the future of
these multimedia empires as globalization shatters national boundaries.\textsuperscript{\textcopyright} Perhaps more importantly, in both the academic and popular versions of the Canadian political economy vernacular, the terms globalization and United States have become virtually interchangeable.

\textit{Canadian Media Scholarship: An Assessment}

\textbf{Canadian Media Scholarship: An Exhausted Paradigm?}

Francois Demers (2003) argues that after reaching “the high-water mark in Canadian media scholarship” during the 1970s, the paradigm of domestic Canadian television is now exhausted. He attributes this situation to a variety of factors, most notably: (1) “The fragmented and chaotic nature” of the Canadian television marketplace “whose ability to exert control over its potential audience seems to have evaporated with the loss of its monopolistic structure”; (2) the constraints associated with understanding television as a tool of Canadian identity; and (3) “the exhaustion of the paradigm of cultural sovereignty, which while still dominating the scholarly discourse regarding television is in fact showing signs of fatigue.\textsuperscript{65}

The foregoing review of literature supports Demers’ assessment of the theoretical quandary surrounding research on Canadian television and related issues. More generally, the problems plaguing Canadian media research reflect the exhausted state of the critical–cultural communications paradigm as a whole. Reading through the research literature put forward by the critical cultural perspective, for example, evokes feelings akin to being trapped in the film \textit{Groundhog Day}. Simply put, the reader is presented with a seemingly endless cycle of nearly identical theoretical frameworks, hypotheses, methodologies, and findings. Oftentimes, studies conducted in the 1990s or 2000s
mirror studies conducted in the 1950s or 1960s. 66

As discussed earlier, over the past two decades, the international economy has undergone a fundamental transformation driven by a multitude of economic, political, social, and technological factors. Nonetheless, mass communication scholars—especially from the critical communications perspective—appear to be somewhat slow to acknowledge these critical developments; instead, they largely remain transfixed upon U.S. economic and cultural hegemony. As a result, they tend to undervalue the increasing power and prestige of countries such as China and India on the Asian continent and arguably even Canada on the North American continent. Likewise, they are also inclined to overlook evidence suggesting that the United States’ global cultural and economic dominance may be in decline.

With respect to research specifically on Canada, scholars have an even greater inclination to remain unquestionably committed to the view of the United States as a omnipotent regional and global force. At the same time, many of the same scholars underestimate the impact of Canada’s substantial demographic and economic growth in addition to a variety of other domestic developments over the past few decades. Taken together, these developments have significantly strengthened the Canada’s bargaining position both vis-à-vis its dealings with the United States as well as in international interactions.

Of course, communications scholars are not alone in their belated response to changes in the global arena. For example, throughout the 1980s and into the 1990s, many economists and political scientists continued to view the world through the prism of the Cold War and the East Bloc–West Bloc struggle and relentlessly used established
paradigms and tools such as neoclassical economics and game theory in their investigations. They sustained this course of action even though the Cold War had by and large faded away while at the same time, they were confounded by Japan’s newfound global economic success. Only recently, a number of economic “theoretical innovations,” such as the “new growth theory,” the “new economic geography,” and “new trade theory” have been developed to help better understand this new international environment.67

In part, the problems associated with the study of globalization and related phenomena are attributable to the tendencies and tensions within academia itself as individual disciplines focus upon ever narrower “slices” of the world via their own specific sets of theories, vocabularies, and methodologies. In a similar vein, ideologies and the fervency in which scholars hold them also has a decided effect upon estimations of national and international power.

Because globalization involves history, politics, culture, and technology, its study necessitates a multidisciplinary approach. As historian Philip T. Hoffman (2006) asserts, a scholar who wishes to delve into the topic of globalization should “share—or at least ought to share—a certain intellectual breadth: a willingness to consider the past [or present] from a wide variety of vantage points and to borrow intellectual tools from a wide variety of disciplines.”68 However, proponents of this approach also emphasize that historians, or in this instance, communications researchers should not be necessarily compelled to “master (and use) anthropology, economics, sociology, political science, literary criticism, and film studies.” Instead, researchers are merely asked to practice vigilance with respect to “useful sources, methods, subjects of study, and ways of
writing” irrespective of their field of study or methodologies.69

Additional Gaps in the Research Literature on Canada’s Film and Television Industries

Over and above the paradigmatic problems confronting Canadian media scholarship, there are also a number of discernable voids in the research literature, especially with respect to micro-level analysis of Canada's media milieu. For example, to date, relatively little communications research has specifically focused upon individual companies within the Canadian film and television industries. Likewise, there are relatively few studies in communications or other associated fields devoted to analyzing the growth and development of Canadian-based firms as they evolve from domestic enterprises to multinational conglomerates. Owing to this significant gap in the literature, a multitude of issues and questions remain to be explored, among them:

- If Canada is preordained to become a cultural and economic vassal of the United States, how does one explain the success of Canadian-based and led media companies such as Alliance Atlantis Communications in the United States and elsewhere?
- What are the characteristics of these companies?
- Do they differ from their Canada-centric counterparts?
- What steps did these now multinational firms in order to transform themselves into multinational corporations?
- Did they need to forfeit their Canadian identity to achieve international success? If so, at what point did this occur?
- How do U.S.-based multinational media conglomerates differ from their Canadian counterparts?
- For Canada's television production sector, are cultural and economic imperatives necessarily mutually exclusive?
- What, if any, approaches could the Canadian government, broadcasters, producers, and/or others take in order to more readily satisfy both cultural and economic obligations?
- Is the creation of a culturally and economically sustainable environment for identifiably Canadian television programming a realistic goal?

The paucity of research on individual companies is especially salient given their vital role in transforming intangible governmental cultural and economic policies into
tangible audiovisual products. On a related note, it is also at the company-level where the effects of changes in regulatory policies, industry practices, and technology can be observed and examined in their most elemental environment.

**Conclusion**

Communications, culture, economics, politics, and technology—alone and acting in concert—assert a decided influence upon the daily lives of Canadians, Americans, and virtually everyone living in the world today. Globalization embodies these factors and more importantly, signifies their collective power to transform society. The culture—globalization connection has received particular scrutiny since U.S.-produced cultural products have dominated the Canadian and many other foreign audiovisual markets throughout much of the twentieth century and into the twenty-first century. As discussed earlier in this chapter, the spread of United States’ cultural sprawl over the 49th parallel has raised grave concerns in Canada and elsewhere.

While it is recognized that the abovementioned factors and their allied processes play a significant role in shaping our civilization, we still know extremely few details about the phenomena. This scholarly void is largely attributable to the enigmatic (and expansive) nature of the component factors and their symbiotic associations.

As discussed earlier in this chapter, some theorists suggest that the United States and, more specifically, its corporate and political elites exert extensive control or hegemony over global culture. On the other hand, some more recent theories proffer a more nuanced view; namely, myriad factors beyond those that the United States has power over also play important roles in these processes.
Given the significance of these phenomena, researchers must necessarily investigate them in order to gain a greater understanding of their form and function. As stated above, this is not an easy task but it is not an impossible one. As will be outlined in chapter three, political economy, case study, and history possess a number of attributes that make them well-suited tools to investigate globalization and its allied processes.

1 “Perfect Strangers,” episode in Due South television series, directed by Francis Damberger (Toronto, ON: Alliance Communications, 1997).
4 Ibid.
8 Ibid.
10 Ibid.
14 Ibid., 5.
16 Ibid., 6. Williamson attributes globalization’s setback to policy barriers such as limitations on immigrations as well as higher tariffs and non-tariff barriers.

The Hudson's Bay Company (HBC), chartered in London, England on May 2, 1670 “is the oldest incorporated joint-stock merchandising company in the English-speaking world.” Originally headquarterd in London and “via an intermediary residence in Winnipeg, Manitoba,” its head office was relocated to Toronto, its present location, in 1987. Originally established as a trading company to “exploit the resources of northern Canada,” the company built and maintained “almost 500 trading posts” throughout western Canada and its ships sailed the Atlantic, Pacific, and Arctic waters. In the 1920s, the company unsuccessfully attempted to extend its fur trading activities to Russia. The company later expanded its enterprises to include land sales, oil and wholesaling, retailing, and even filmmaking. The firm served as a “major Allied purchasing and shipping agent in the First World War.”


Ibid.

Ibid.


28 Ibid., 165.
30 Ibid., 140.
31 Ibid., 144.
32 Ibid., 143.
34 Ibid., 165.
38 Ibid, 25.
40 Ibid, 115.


59 Ibid., 44.


64 Ibid.


68 Philip T. Hoffman, “Opening Our Eyes: History and the Social Sciences,” *Journal of the Historical Society* 6, no. 1 (March 2006): 93. Admittedly, the present study’s multidisciplinary and multi-methodology perspective has been shaped by the author’s own experiences as a librarian, instructor, and researcher. As a librarian, she has served as a subject specialist for an eclectic array of disciplines including Anthropology, Education, Law, Mass and Speech Communications, Political Science, Psychology, Sociology, Social Work as well as several of the natural sciences.
including Earth & Mineral Sciences and Plant Pathology. She has also taught classes and conducted research in a variety of subjects and settings.

Ibid., 94.
Chapter 3

Analytical Framework and Methodology

*Building an Analytical Framework to Study Canada’s Film and Television Industries in the Twenty-first Century*

Canada’s multidimensional cultural, economic, geographical, historical, and political ties with the United States, combined with the related issue of globalization are fundamental forces shaping the Canadian media landscape. Moreover, Canadian broadcasting and its allied media industries serve as a front line in Canada’s ongoing internal debate regarding the possible negative influences these linkages exert upon Canadian sovereignty. “Canadian broadcasting,” T. J. Allard (1979) asserts:

> has far too frequently been seized upon as a central theme for those who wished to support or attack socialism; to support or attack ‘private enterprise’; to support or attack a particular view on religion, morals or cherished theories concerning the kind of culture or education the writer feels the general public should or should not have.¹

Given this state of affairs, studies of Canada’s film and television industries tend to entomb these critical underlying issues within an emotionally charged rhetorical casement. This practice, in turn, frustrates efforts to fully scrutinize the issues. Undoubtedly, the destiny of Canada’s film and television industries in the Information Age is inextricably linked to policies and practices within and among domestic, continental, and global dimensions. Therefore, it is imperative for scholars to set aside the rhetoric, labels, and stereotypes when researching Canada’s cultural industries. Instead, scholars’ attention must focus upon the cultural, economic, political, and technological realities in which these industries operate.

With the above discussion in mind, this chapter outlines the analytical framework
used in the study which is principally derived from existing political economy theories. Notwithstanding the acknowledged limitations associated with political economy-based theories, as discussed in chapter two, with selected modifications these theories can still provide valuable frames of reference for exploring modern-day phenomena.

The analytical framework is further predicated upon the notion that corporations, governments, and populaces still can exert considerable influence upon globalization and allied processes. It also acknowledges the fact that the extent of these various actors’ individual and collective influence is situational and may vary widely across cases.

Beyond its political economy underpinnings, the framework is distinguished by two additional major characteristics: (1) flexibility, and (2) reliance upon a moderate “ideological lens.” Ben Rosamond (2003) refers to globalization as “a slippery and imprecise concept that is used in multiple ways.”\(^2\) Consequently, the theoretical framework one uses to examine globalization must be flexible enough to handle its myriad ambiguities and idiosyncrasies. Similarly, it should allow analysis of globalization at both the macro and micro levels as well as the intersections between the two since as Diane Vaughan explains, “[O]ur ability to offer a full causal explanation of any phenomenon rests upon exploring the macro/micro connection.”\(^3\)

According to David A. Wolfe and Meric S. Gertler, “The process of globalization takes different forms and proceeds unevenly along many fronts. As it does, it produces qualitatively different challenges for, and impacts on, countries, regions, and localities.”\(^4\) At the macro level, exploration of the historical, socioeconomic, and regulatory context in which a company operates is indispensable since it provides the foundation upon which any corporate strategy rests. Furthermore, realistic strategies—corporate or
otherwise—can only be formulated after careful consideration of a wide array of internal and external forces and trends. While context does not determine a company's developmental trajectory, it does suggest what kinds of barriers are likely to be encountered, and perhaps more importantly, what kinds of assets the company possesses. Finally, because context changes over time, it is helpful to develop baseline measures of different dimensions of the industry that can be used to assess development longitudinally.

As noted earlier, scholarly research on Canada’s film and television industries coalesces around a relatively small set of theories with dependency theory and political economy serving as the predominate frames of reference. However, almost exclusive reliance upon a single or a few related theories can prove to be a hazardous undertaking for several reasons. First and foremost, the repeated application of a single theoretical frame to a phenomenon poses a risk of promoting “academic groupthink.” Second, the practice may inadvertently encourage the depiction of a phenomenon in stark “black and white” terms albeit a “shades of gray” interpretation would probably more accurately represent reality. In response to this vexing problem, the present study employs a moderate theoretical lens that affords a less ideologically restrictive view of the phenomenon under study and permits freer exploration of its many nuances.

The policy basis for the proposed framework stems from the strong long-standing commitment of the Canadian government to protect Canadian cultural interests. It also recognizes the economic imperative to take advantage of the demand for media content in both traditional and new formats not only in Canada and North America but throughout the world as well. Canada stands at the crossroads of the Information Age, as
do other nations transitioning out of an industrial past to an economy focused on the production and distribution of information. After all, the rise of the information society and economy locates the communications infrastructure and media content at center stage. In their absence, it becomes harder to share cultural values and information with one's populace as well as the world beyond.

With the theoretical framework in place, the chapter's next section details the methodologies or “strategies of inquiry” utilized in the present inquiry. The section also discusses the selection, collection, organization, and evaluation of the evidence used in the study.

*The Strategy of Inquiry*

Denzin and Lincoln (1998) define a “strategy of inquiry” as “the skills, assumptions, and practices” used by a researcher “when moving from a paradigm and a research design to the collection of empirical materials.” This study uses a combination of two basic strategies of inquiry: the case study method and the historical method.5

**The Case Study Method**

For the purposes of the present endeavor, the term case study refers specifically to “an in-depth, multifaceted investigation … of a single … phenomenon … within its real-life context when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used.”6 The case study normally consists of four sequential stages: (a) design, (b) collection of evidence, (c) analysis of evidence, and finally, (d) development of “conclusions, recommendations, and implications.”7

A number of case study typologies and classification schemes have been
suggested by scholars. For example, Stake (1998) identifies three types of case studies:
(a) *intrinsic*, an investigation “undertaken because one wants better understanding of
this particular case;” (b) *instrumental*, the examination of “a particular case ... to provide
insight into an issue or refinement of a theory;” and (c) *collective*, the study of “a number
of cases jointly in order to inquire into the phenomenon, population, or general
condition.”

Alternately, Laws and McLeod arrange case studies into four categories:
(a) *descriptive*, “a detailed account of the phenomenon under study;” (b) *interpretive*,
the development of “conceptual categories or to illustrate, support, or challenge
theoretical assumptions;” and (c) *evaluative*, the weighing of “information to enable a
judgment to be made.” While some case studies fit neatly into one distinct category of a
given typology, others defy such tidy classification; instead, they represent a composite
of two or more case study types.

A wide variety of disciplines and fields use the case study method as a teaching
and/or research tool. A case study may employ qualitative methods, quantitative
methods, or a combination of the two; it can be used to investigate persons, places,
organizations, networks, and a vast array of other phenomena; and it can consist
of a single stand alone study or multiple comparative studies.

The case study’s popularity is attributable to a number of factors, most notably:

- It is compatible with a wide range of data collection techniques that allow it to be
  “pursued with equal success by the economist, the psychologist, the political
  scientist, the historian, and the sociologist.”

- It allows the collection and analysis of data to be undertaken by a single
  researcher.
• “It permits the grounding of observations and concepts about” cultural, economic, political, and social action and “structures in natural settings at close hand.”

• “It provides information from a number of sources and over a period of time, thus permitting a more holistic study of complex” networks, actions, and meanings.

• “It can furnish the dimensions of time and history to the study of cultural, economic, political, and social life, thereby enabling the researcher “to examine continuity and change in lifeworld patterns.”

The case study method’s multiple strengths make it “an ideal methodology when a holistic, in-depth investigation is needed;” “when ‘how’ or ‘why’ questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context.” Researchers have long been aware of the method’s benefits. For example, in a 1928 article published in the journal *Social Forces* Katharine Jocher commented, “[T]he case history provides a method to study the process of interaction of association by showing how various physical, mental, and economic conditions and events may affect, as well as identify, relationships.”

The Historical Method: A Natural Complement to the Case Study Method

Globalization, the major phenomenon of interest in the present study, is a historical process that has evolved over a long period of time. Therefore, no survey or laboratory-based experiment can capture the flow of historical forces that have shaped its development nor can they provide an in-depth longitudinal depiction of an individual company’s experiences with the phenomenon. Nonetheless, an amalgamated case study-historical methodological approach is well-equipped for this arduous task.

Frey, Botan, Friedman and Kreps (1991) define historical method as the description and evaluation of “important past events by compiling and analyzing relevant
documents” which helps place contemporary events in perspective. The historical method complements the case study method by offering an established methodological structure as well as imparting added flexibility and scalability. Moreover, a mixed case study-historical approach also meshes well with the study’s political economy framework since, as Vincent Mosco notes, “Political economy has traditionally given priority to understanding social change and historical transformation.”

Startt and Sloan identify four basic components of the research process that are equally applicable to the case study method and the historical method: “(1) compiling a complete record, (2) evaluating the sources that compose that record, (3) understanding the explicit and implicit meaning of those sources, and (4) explicating the essence of those sources in the history one produces.”

Alliance Atlantis Communications Inc. Case Study Design

The following section describes how the case study and historical methods outlined earlier have been applied in the Alliance Atlantis Communications Inc. investigation.

Criteria Used to Select Alliance Atlantis Communications Inc. as the Case Study Subject

As discussed in chapter one, several factors guided the selection of Toronto, Ontario's television production sector and more specifically, Alliance Atlantis Communications for in-depth analysis. First, Alliance Atlantis Communications is one of Canada's most successful media companies to date. Second, it was one of the first Canadian production companies to successfully sell its programming to a “big four” U.S. broadcast network for airing during prime time. Third, although a number of studies have been conducted on various aspects of Canada’s cultural industries, beyond the
Canadian Broadcasting Corporation (CBC), very little scholarly research has been devoted to individual television production companies. Taken together, these factors make an intensive case study of Alliance Atlantis an “intrinsically interesting historical or cultural entity in its own right.”

Selection of individuals and productions associated with Alliance Atlantis Communications for inclusion in the case study was based upon the following criteria:

(a) The relationship of the individual or production to the present day structure and operations of Alliance Atlantis Communications Inc.

(b) The time frame in which an individual was associated with Alliance Atlantis Communications Inc. or its predecessor companies.

(c) The type of production (e.g., feature film, made-for-television movie, television series) produced, co-produced, and/or distributed by Alliance Atlantis Communications Inc. or its predecessor companies and the time frame in which it was produced, co-produced, and/or distributed.

(d) The extent of available information pertaining to specific individuals or productions related to the case study.

Evidence Collection and Analysis Procedures

Startt and Sloan (1989) declare, “evidence is the grist of history” and undoubtedly the collection and analysis of data or sources are critical components of historical and case study research. In the legal realm, evidence refers to “testimony, writings, or material objects offered in proof of an alleged fact of proposition,” and this definition is similarly suitable for the purposes of the current study. Whereas jurists differentiate between direct evidence (i.e., “testimony of an eyewitness”) and indirect or circumstantial evidence (i.e., “the proof of a chain of circumstances pointing to the existence or non-existence of certain facts”), historians and Social Science researchers classify evidence into primary sources and secondary sources.
Primary sources, comparable to direct evidence, include original documents, “contemporaneous records, or records in close proximity to some past occurrence.” On the other hand, secondary sources—the counterpart to indirect evidence—“rest on primary sources, and they are not contemporaneous with the subject under study.”

Historical questions can only be answered by collecting and comparing accounts of a particular person, event, or organization recorded in primary and secondary sources and “winnowing out the discrepancies, and testing these against the accumulated weight of evidence.”

Given the value of evidence to the overall study, information from a wide variety of primary and secondary sources was gathered and analyzed, including:

- Ontario Film Development Corporation (OFDC) letters, memoranda and other communiqués
- Canadian Radio-television and Telecommunications Commission (CRTC) decisions, notices, orders; submissions to the CRTC by Alliance Atlantis Communications Inc. and its predecessor companies; transcripts of testimony by Alliance Atlantis Communications Inc. representatives at CRTC hearings; additional CRTC documents relevant to the study
- Canadian federal, provincial, and local government documents related to television and film production, distribution, and exhibition
- Federal Communications Commission (FCC) orders, decisions, and rulings; other U.S. government documents relevant to the study
- Alliance Atlantis Communications Inc. and its predecessor companies’ annual reports, press kits, and news releases
- Transcripts of speeches made by government officials and other individuals associated with the North American film and television industries
- The Film Reference Library's clipping files and Cinema Canada archives related to Canada’s film and television industries as well as to Alliance Atlantis Communications Inc. and its predecessor companies
• North American television and film trade publications (e.g., Playback, Canadian Film Weekly, Hollywood Reporter, Variety)

• Newspaper articles related to Alliance Atlantis Communications Inc. as well as North America’s film and television industries

A concerted effort was made to compile the most complete record of evidence possible. Following retrieval, a bibliographic record was created for each piece of evidence in an EndNote database created for the case study. A controlled vocabulary was also developed for the database in order to facilitate retrieval and analysis of the accumulated evidence. In addition, pertinent information from each piece of evidence was also added to a “Notes” field in the corresponding EndNote record. Following collection and cataloging, the evidence was analyzed using the five universal evaluation criteria for information quality identified by Alexander and Tate (1999): (1) authority, (2) accuracy, (3) objectivity, (4) currency, and (5) coverage.27

Yin stresses “it is important in reviewing any document to understand that it was written for some specific purpose and some specific audience other than those of the case study being done.”28 Therefore, possible biases of information sources were of special concern to the investigator. For example, some possible biases of the evidence consulted include:

• Canadian government documents
  Bias toward Canadian economic, political, and cultural interests (especially when comparing Canada to the United States).

• U.S. government documents
  Bias toward U.S. economic and political interests

• Publications geared toward the Canadian entertainment industry (e.g., Playback)
  Promotion of Canadian entertainment industry (i.e., stories predominantly supportive of the industry and its stakeholders).
• **Newspapers (e.g., Toronto Star, Globe and Mail, National Post)**
  Type and extent of coverage of Canadian media industries is dependent upon various factors including geographic location (e.g., Toronto and Vancouver newspapers focus much more on entertainment industry stories since these cities are industry centers), editorial staff, and ownership.

• **Scholarly publications**
  Bias inherent in the theoretical perspective(s) used to frame research (e.g., using a Marxist approach to studying media industries).

• **Company reports (e.g., annual, quarterly)**
  Companies tend to promote a positive self-image while downplaying any negative aspects.

On a related note, the Archives of Ontario and Library and Archives Canada house a substantial number of archival materials related to Toronto's film and television industries. However, privacy and other restrictions prevent full public access to the materials. Whenever possible, freedom of information requests were made to view materials considered of value to the study. In each instance, the provincial and federal authorities granted the investigator permission to view, at a minimum, selected portions of the requested files.

**Strategies Employed to Mitigate Methodological and Data Limitations**

“The craft of social inquiry,” notes Robert R. Alford, “lies somewhere between art and science. It combines the creativity and the spontaneity of art … and the rigorous and systematic character of science.” Nonetheless, both qualitative and quantitative research alike “must meet the tests of a scientific technique.”

Undoubtedly, every methodology and information source has inherent strengths and weaknesses. For example, the case study method’s major weaknesses center upon validity and reliability, considered by the scholarly community as two critical “criteria for judging the quality of research designs.” Scholars stipulate that the case study along
with other social science methods meet four essential tests of validity and reliability:\(^{32}\)

*Construct validity:* “the appropriate naming of a variable, be it a cause or an effect.”\(^{33}\)

*Internal validity:* “the accuracy of the conclusions drawn from a research study as determined by its design and conduct.”\(^{34}\)

*External validity:* “the generalizability of the findings from a research study based on whether the conclusions from a particular study can be applied to other people and other contexts.”\(^{35}\)

*Reliability:* “the consistency or similarity or replicability of observations.”\(^{36}\)

Case studies can satisfy the four prescribed validity and reliability tests by means of various strategies or “tactics.” The next section outlines the specific strategies used in the present study.

**Thoroughness and Triangulation**

To conduct a case study is to delve as deeply as possible into a specific phenomenon and to thoroughly scrutinize it. In other words, “every phase of the problem must be approached from every possible angle ... everything, whether it be a tangible, measurable factor or an intangible, immeasurable quality, and whether it bears directly or indirectly on the problem, must be noted and recorded by the investigator.”\(^{37}\)

An associated procedure, triangulation, is another basic technique employed by qualitative researchers to help assure the integrity of their investigations.\(^{38}\) Denzin (1978) specifies four types of triangulation: (1) *data triangulation*, the use of “as many different data sources as possible which bear upon the events under analysis;” (2) *investigator triangulation*, “the use of multiple rather than single observers of the same object;” (3) *theory triangulation*, the use of “multiple rather than single perspectives in relation to the same set of objects;” and (4) *methodological triangulation*, the use of multiple strategies
Blending data, researchers, theories, and/or methodologies helps minimize their individual shortcomings; facilitates a “stronger research design” and ultimately, results “in more valid and reliable findings.” In keeping with the precepts of triangulation, the present study employs both data and methodological triangulation.

One oft-mentioned shortcoming of the case study method is that it offers no provision for other researchers to review all of the evidence collected throughout the course of a given study. Outside researchers must make do with whatever selective evidence is provided in the initial investigator’s write-up of the project.

Inaccessibility to the complete record of evidence impedes the repeatability of a study, thereby raising serious reliability issues. One means of resolving this problem is to create a case study database that includes detailed records of all of the evidence gathered during the study and make it accessible to outside researchers. For example, all citations included in the study’s EndNote database are listed in the bibliography which can be found following appendix D.

**Generalizability**

Another major criticism of case study research is that the findings from a case are not applicable to other cases. In the natural sciences, in order “to make claims that two separate phenomena are related to one another, the researcher must examine a number of different instances in which both phenomena are present, and further, she or he must be able to demonstrate that the connection between the two is real, not artificially induced by some other variable or variables.”

While Yin (1984) concedes the generalizability or external validity problem has
proven to be a “major barrier in doing case studies,” he also points out that the criticism
is specious since it is based upon the contention that “single cases offer a poor basis for
generalizing.” This argument makes an implicit contrast to survey research wherein “a
’sample’ (if selected correctly) readily generalizes to a larger universe. However, Yin
asserts, “This analogy to samples and universes is incorrect when dealing with case
studies.”

Researchers using the case study method must also resist the temptation to
quantify data that is not intrinsically quantifiable, as Jocher counsels:

in the zeal to be scientific one must never lose sight of the fact that there is and
always will be qualitative data which cannot be measured quantitatively. And
although cases are similar, case of certain types are unique, and to try to make
statistical comparisons and correlations, not only leads to false assumptions and
wrong conclusions, but can be carried to the point of absurdity.

While it is agreed that quantitative assessments of various variables in a case
study may not be possible, as Feagin, Orum, and Sjoberg argue, “the case study may
suggest that two phenomena are related to each other, even though it cannot furnish proof
of their link in many relevant situations.” Moreover, they avow, the study of a single
case, even if “construed to be a deviant case, may help to illuminate how the more
general social process under discussion works.”

It should be emphasized that the Alliance Atlantis Communications case study is
one component of a comprehensive, multi-methodological examination of Toronto’s
independent television production sector, which the investigator began during the mid-
1990s. Therefore, although the findings derived from the present study are valuable in
and of themselves, when considered in conjunction with the previous research endeavors,
they will provide a comprehensive understanding of the subject.
Presentation of the Case Study's Findings

In order to situate the myriad changes that have taken place within Canada's domestic realm and globally over the past few decades in their proper context, the study narrative or report has been subdivided chronologically into three sections. Each individual section begins at the macro-level with a brief overview of the cultural, economic, political, and technological milieu of the era in question. Thereafter, the analytical focus narrows to the micro-level with an examination of Alliance Atlantis Communications Inc. and its predecessor companies' responses to the macro-level stimulants.

Conclusion

The theoretical framework, strategies of inquiry, and data sources outlined in this chapter are under no circumstances being held up as the best, or only possible, approach for studying Canadian television in the twenty-first century. Instead, the framework should be regarded as one of many potential frameworks and is subject to further refinements. Irrespective of the theoretical framework, methodology, and data selected for a particular study, it must fit the phenomenon to be investigated. A combined political economy—case study—historical approach to the examination of the globalization phenomenon, and more specifically, the development of a Canadian media company within a rapidly globalizing media milieu, satisfies this penultimate criterion in this instance.

In order to gain the fullest possible appreciation of Alliance Atlantis’ development, it is first necessary to understand the broader context in which the development took place. While the Canadian broadcasting landscape has many
similarities to its U.S. neighbor, it possesses a number of unique characteristics. Chapter four will provide an introduction to the Canadian mediascape, and television broadcasting in particular.


13 Ibid.

14 Ibid., 7.


18 Ibid.


27 Janet E. Alexander and Marsha Ann Tate, _Web Wisdom: How to Evaluate and Create Information Quality on the Web_ (Mahwah, NJ: Lawrence Erlbaum Associates, 1999). Based upon an extensive review of literature from a variety of academic disciplines including speech and mass communications, history, and information sciences related to source analysis, Alexander and Tate identified authority, accuracy, objectivity, currency, and coverage “as universal criteria that need to be addressed” both individually and collectively “regardless of the medium being evaluated.”


32 Ibid., 36.


35 Ibid., 350.


37 Ibid., 205.


44 Ibid., 15.
Previous related research studies include a longitudinal examination of the international online fan community that developed around the Alliance Atlantis-produced television series *Due South* and a related project which explored the series’ use of distinctively Canadian elements and how critics and audiences in Canada and elsewhere throughout the world reacted to their use. The projects, conducted between fall 1994 and summer 1999, involved the collection and analysis of approximately 2,000 newspaper, magazine, and journal articles (primarily from U.S., Canadian, British and Australian sources) related to the production of *Due South*, its cast members, and/or its fandom. In addition, searches on several search engines were regularly conducted for Web pages devoted to *Due South* as well as information about other Internet-related activities such as fan fiction, chat rooms and so forth. Postings to the alt.tv.duesouth were monitored on a regular basis. However, due to the large amount of daily postings, only selected exchanges (e.g., discussions about the campaign to save the show, how fans from different countries interpreted a particular episode or scene) were printed out or saved electronically. During this period of time, no attempts were made to communicate with the fans or any individuals associated with the production of *Due South* since it was felt that remaining an unobtrusive observer would provide the most natural picture of fan activities and communication. However, after the collection and analysis of the aforementioned sources, many questions regarding the fans; how they initially discovered *Due South* and its cybercommunity; as well as the extent of their activities remained largely unanswered. Therefore, in the summer of 1999, a Web-based questionnaire was created and circulated to members of the online community and interviews were also conducted with selected *Due South* Web page owners as well as members of *Due South’s* production team. All of the above projects were carried out while the author was employed as a librarian at Widener University, Chester, Pennsylvania. Additional information about the above projects is available at http://www.personal.psu.edu/users/m/a/mat1/.
Chapter 4

An Overview of the Canadian Media Landscape

Canada’s media industries are situated within a multilayered market environment comprised of domestic, North American, and international components. In many respects, Canada’s media landscape strongly resembles its U.S. counterpart albeit with several notable differences including: (a) a smaller domestic market, (b) a need for Canadian television programming to fulfill specific cultural obligations, and (c) a significant infusion of public funds into film and television production activities.

This chapter provides an overview of the Canadian television landscape and describes the function of Canada’s television industry within the context of North America's political, economic, and cultural milieus. Specifically, the chapter discusses the production, distribution, and exhibition of Canadian television programming in the domestic and international marketplaces. It also examines each of the above-mentioned differences between the U.S. and Canadian landscapes and their implications.

The Structure and Regulation of Canadian Broadcasting

The mandate for Canadian broadcasting is set forth in the Broadcasting Act (1991), section 3 which states:

The Canadian broadcasting system, operating primarily in the English and French languages and comprising public, private, and community elements, makes use of radio frequencies that are public property and provides, through its programming, a public service essential to the maintenance and enhancement of national identity and cultural sovereignty.¹

Canada's television broadcasting system combines public and private broadcasting components with the Canadian Radio-television and Telecommunications Commission (CRTC) serving as the statutory authority over the country's broadcasting
and telecommunications systems.

Although television broadcasts were available to the American public during the 1940s, the first Canadian television station licenses were not issued until 1952. In the meantime, Canadians living within range of U.S. broadcast signals could view programming offered by American stations. In fact, Canadian viewers were actively courted by a number of American border stations such as WBEN Buffalo (NY) which erected a “very tall antenna to reach the population of the Hamilton–Toronto area.”

The Canadian Broadcasting Corporation (CBC) introduced Canada's first public television stations in 1952. The CBC began establishing television stations in major cities throughout Canada as well as constructing networking facilities to link its stations and transmit content. Costs for the new system were covered by a parliamentary grant combined with advertising revenue. In addition, the CBC produced its own programming.

In 1953, Canada’s first private television stations were licensed and by 1961, two private networks, the English language CTV and the Quebec-based French language TVA had been launched. Approximately twenty years later, in 1974, the Ontario-based English language Global network was formed while in 1986, the Quebec-based French language Télévision Quatre-Saisons (TQS) network was formed. During the 1970s, provincial educational networks were also established in Ontario, Alberta, and British Columbia. As table 4.1 shows, television stations in operation across Canada as of November 21, 2006 included: 23 CBC owned and operated stations (English and French language), 104 private commercial, 5 religious, 7 educational, and 9 Aboriginal stations.
Canada’s early private television broadcasting stations were predominantly controlled by the country’s newspaper owners. Later, large station groups established informal networks throughout the country while independent stations lacking network affiliations were also commonplace in major Canadian cities. Over the past decade, the Canadian media industry has undergone substantial consolidation and conglomeration thereby leaving only a handful of companies owning the majority of the country’s newspapers, radio, television, and new media outlets.

**Canadian Cable Television Services**

**Discretionary or Pay Services**

Since the introduction of cable television in the early 1950s, Canada has been a leader in the development of a nationwide cable television system. In 1982, the Canadian government authorized cable operators “to distribute 'discretionary' or pay services” that could be of Canadian or other origin. Since that time, Canadian pay and specialty channels have proliferated with new channels appearing on a regular basis. Table 4.1 illustrates the number and diversity of Canada’s television services as of November 21, 2006.

**Digital Television**

Canadian digital television channels debuted in fall 2001, with services divided by the CRTC into two classes, Category 1 and Category 2. Category 1 services were designated “must carries;” Canadian cable and satellite television operators “employing digital technology” were therefore required to distribute the services “appropriate to their markets.” The Commission initially licensed approximately ten Category 1 services, giving priority “to commitments made to Canadian programming, and the innovative use
of the digital medium.”7 The CRTC established the following basic licensing

requirements for Category 1 services:

- Ramp up to minimum 50% Canadian content by last year of license term
- 7 year license term
- Canadian ownership, while encouraging international participation
- One-per-genre basis (category 1 services may not compete directly with each
  other or existing pay or specialty services)
- A business plan that must demonstrate the service’s ability to meet commitments
- Competitive licensing process8

On the other hand, Category 2 services were to be comprised of services launched

“on a digital-only basis.” The CRTC anticipated Category 2 services “to include premium

services geared to niche audiences and repackaged channels.”9 The CRTC’s basic

Category 2 licensing requirements included:

- A minimum 35% Canadian content (15% Canadian content for ethnic services)
- 7 year license term
- Canadian ownership, while encouraging international participation
- The service may be directly competitive with other Category 2 services
- The service cannot compete with any Category 1 licensee or existing pay or
  specialty service
- Streamlined licensing process10

Although the CRTC offered to “license an unlimited number of the Category 2

services on an open-entry basis as long as they meet certain basic criteria,” the services

would not enjoy guaranteed distribution. Instead, the channels were to “negotiate with
cable and satellite companies to be included in offerings.”11 All Canadian television

services that are germane to the Alliance Atlantis case study will be discussed in greater
detail in later chapters.
Table 4.1
Television Services Available in Canada as of November 21, 2006

<table>
<thead>
<tr>
<th>Service Type</th>
<th>English Language</th>
<th>French Language</th>
<th>Third Language</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Canadian Conventional (Over-the-air)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned and Operated</td>
<td>15</td>
<td>8</td>
<td>-</td>
<td>23</td>
</tr>
<tr>
<td>Transitional Digital</td>
<td>4</td>
<td>4</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Private Commercial</td>
<td>77</td>
<td>23</td>
<td>4</td>
<td>104</td>
</tr>
<tr>
<td>Religious</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Educational</td>
<td>4</td>
<td>3</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Aboriginal</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>Transitional Digital</td>
<td>10</td>
<td>3</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td><strong>Canadian Specialty, Pay, Pay-per-view (PPV) and Video-on-demand</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analog Specialty Services</td>
<td>30</td>
<td>14</td>
<td>5</td>
<td>49</td>
</tr>
<tr>
<td>Category 1 Digital Specialty Services</td>
<td>15</td>
<td>3</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>Category 2 Digital Specialty Services</td>
<td>49</td>
<td>3</td>
<td>26</td>
<td>78</td>
</tr>
<tr>
<td>Pay Television Services</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Pay-per-view Services (Direct-to-home, DTH) and Terrestrial</td>
<td>9</td>
<td>2</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>Video-on-demand (VOD) Services</td>
<td>14</td>
<td>-</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td><strong>Other Canadian Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Channels</td>
<td>133</td>
<td>33</td>
<td>-</td>
<td>166</td>
</tr>
<tr>
<td>Community Programming Services</td>
<td>11</td>
<td>1</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>House of Commons-Cable Public Affairs Channel (CPAC)</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td><strong>Non-Canadian Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Canadian Satellite Services Authorized for Distribution in Canada</td>
<td>83</td>
<td>6</td>
<td>45</td>
<td>134</td>
</tr>
<tr>
<td><strong>Total Number of Television Services</strong></td>
<td>474</td>
<td>106</td>
<td>87</td>
<td>667</td>
</tr>
</tbody>
</table>


**Canadian Government Regulatory Intervention in Broadcasting**

In a landmark 1951 report, The Royal Commission on National Development in the Arts, Letters and Sciences (commonly called the Massey Commission) predicted that television would become the principal mode of communication for the second half of the twentieth century. Canada's leaders envisioned broadcasting as “an engine of Canadian
culture” with its development controlled by the state. This view of broadcasting as a “strategic industry,” central to Canada's continuing process of nation building and self-assertion has remained in the forefront of Canada's domestic policy to the present day.13

Given the strategic importance accorded to broadcasting, it is not surprising that Canada’s federal and provincial governments have actively pursued numerous film and television-related initiatives intended to achieve one or more of the following goals: preserve and promote indigenous Canadian culture; encourage national cohesiveness; and/or foster an economically viable production sector. The following section takes a closer look at selected Canadian federal and provincial media-related initiatives.

Over the years, Canadian government intervention in the media industries has taken various forms including: restriction (e.g., tariffs, censorship bureaus, foreign ownership limits); promotion (e.g., exemptions from postal charges, subsidies, and tax incentives); ownership (e.g., the CBC) and direction (e.g., establishment of the Board of Broadcast Governors (BBG)—later the CRTC, license control).14

**Simultaneous Signal Substitution**

Two of the most controversial yet enduring cultural policies implemented by the Canadian government is simultaneous signal substitution (also known as simultaneous substitution, signal substitution, or simultaneous program substitution) and Canadian content quotas. According to the CRTC’s definition, “simultaneous substitution occurs when a broadcasting distribution undertaking (BDU) inserts the signal of a local or regional Canadian television station on the channel of a more distant station (e.g., a U.S.-based station) showing programming that is largely or substantially the same, at the same time.”15 As the CRTC’s definition states, when simultaneous substitution is
employed, the program content remains unchanged; however, the advertisements shown throughout the broadcast will be of Canadian rather than of foreign origin. As McDowell and Maitland (1998) point out, “over the past twenty years this policy has increased advertising revenues available to Canadian broadcasters and indirectly for Canadian program production.”

Simultaneous signal substitution is the key component of a “cross subsidization” process wherein the CRTC allows Canadian broadcasters to import foreign programming while requiring them to use a portion of the income derived from airing the programs to carry, produce, or purchase domestic programming. As Jeffrey and McAninch (1996) point out, the economic reality for Canadian broadcasters “has always been that it is only possible to stay in business and run Canadian shows by making profits brokering U.S. shows.” Moreover, the cost of purchasing U.S. television programming is often much less expensive for Canadian networks than producing their own. The financial problems associated with producing Canadian television programming will be addressed in greater detail later in this chapter.

An unintended consequence of simultaneous signal substitution has been the mirroring of program schedules between Canadian and U.S. stations which frequently translates into fewer Canadian shows airing in prime time although other policies and incentives such as Canadian content quotas have been introduced to mitigate this situation. Critics of simultaneous substitution such as Matthew Fraser contend that although the cross-subsidization process works in theory, the benefits derived from the process “have been marginal.” As Jeffrey and McAninch explain, English-language private broadcasters derive their profits “by selling audiences for imported U.S. shows to
advertisers, not by producing or purchasing shows of comparable quality in Canada nor by promoting homegrown stars.”

**Canadian Content Quotas**

Initially introduced in 1959 by the Board of Broadcast Governors (BBG), the forerunner of the CRTC, Canadian content quotas (CanCon) represent a second major regulatory instrument aimed at boosting the production and distribution of Canadian film and television productions. Canadian content quotas serve two primary purposes: “(1) to determine access to (Canadian) federal support programs,” and (2) to assess “television broadcasters’ conformity with CRTC regulations.”

Under the CRTC’s regulations, Canadian film or television production is defined via a points-based system determined by a number of factors including: (a) ownership of the production company, (b) nationality of the producer and key creative personnel, and (c) cost requirements for services paid to Canadians and incurred in Canada. However, somewhat surprisingly, the subject matter of the production is irrelevant for certification purposes.

On a yearly basis, Canadian private television stations, networks, and ethnic television stations are required, at a minimum, to devote sixty percent overall of their daily (i.e., between 6 a.m. and midnight) and fifty percent of their evening broadcast time (i.e., between 6 p.m. and midnight) airtime to certified Canadian programming. Conversely, the CBC is required to allot “at least sixty percent of its overall schedule” (i.e., 6 a.m.–midnight) to Canadian programming. Canadian content requirements for pay-tv, specialty and pay-per-view services differ and “are set by conditions” in their licenses.
CanCon quotas have been challenged on a number of points including the CRTC's definition of prime time as well as allowing news, sports and game shows to qualify as Canadian shows. Matthew Fraser and others charge that these provisos allow private networks such as Global and CTV to broadcast low cost in-house programs from 6 p.m. till 8 p.m. and after 11 p.m. to satisfy their required fifty percent CanCon quota. This permits the networks to simulcast American programming in the coveted 8 p.m.–11 p.m. time period.26

As an added complication, Canadian content requirements also have jurisdictional variations. For example, a 1991 Maclean’s article noted the C$1-million-per-episode cost of Counterstrike, a one-hour drama series co-produced by Alliance Communications Corp. and two French firms during the early 1990s could have saved money if each episode was completed “a day or even half a day ahead of schedule.”27 However, if the show wrapped early, it jeopardized its status as a Canadian production, since both Telefilm Canada and the CRTC take production expenses into account when determining whether a program qualifies as Canadian in terms of domestic content. Adam Haight, Counterstrike’s producer, also had to make sure that all episodes of the series shot in Canada included “at least seventy-five percent Ontario content in order to qualify for provincial subsidies.” “‘If we get an actor on the set and all of a sudden we find out that he's from Winnipeg, we could lose our funding,’” Haight explained to Maclean’s.28

Opponents of Canadian content quotas such as Acheson and Maule stress that “Measuring content by the nationality of inputs does not assure that Canadian stories get told, merely that stories get told by Canadians and Canadians get the jobs.”29 As Matthew Fraser asserts, “It would be churlish to suggest that quotas have never produced any
benefits in the cultural sphere. They can, to some degree, help stimulate artificial demand for domestic products, and this affords local producers an opportunity to increase their competitiveness. On the whole, however, content quotas—as amply demonstrated by CanCon quotas on Canadian television—have failed abysmally to achieve their stated objectives.\textsuperscript{30}

\textbf{Licensing Restrictions}

The CRTC also frequently supplements CanCon quotas by placing conditions on networks and individual stations licenses “over and above minimum regulatory requirement, to stimulate improvements in Canadian television programming.” Attaching conditions to licenses provides the CRTC with additional means to induce commercial broadcasters' to focus upon Canadian drama other “underdeveloped program genres” including children's programming.\textsuperscript{31}

\textbf{Foreign Ownership and Investment Limits}

The Canadian government has also used foreign ownership limits to help maintain Canadian ownership and control of the nation’s communications assets. For example, under the Broadcasting Act, the CRTC is prohibited from issuing broadcasting licenses to non-Canadian applicants.\textsuperscript{32} Under current Canadian law, non-Canadians may own only “up to 46.7\% of a broadcasting company (33.3\% of the holding company and 20\% at the licensee level).” However, non-Canadians may own up to 100\% of a Canadian broadcaster’s, non-voting shares “provided that the de facto control is not exercised by non-Canadians.”\textsuperscript{33} In addition, under the Investment Canada Act, 1985, c. 28 (1st Supp.), foreign direct acquisitions of Canadian businesses within the cultural sector (e.g., book publishing, broadcasting, periodical publishing, and film distribution) exceeding a C$5
million threshold and indirect acquisitions exceeding C$50 million are subject to government review, typically conducted by the Department of Canadian Heritage. Finally, all foreign investors in the Canadian cultural sector are required to file a notification with the Canadian government. Their investments, even if under the above thresholds, “could become subject to review should the Governor-in-Council decide to seek a review of the transaction.”

*The Economic Dimension of Canada’s Media Industries*

Television production and its sister cultural industries not only help to define and develop culture; they also play an important role in the Canadian economy. Although the cultural benefits derived from the production of indigenous Canadian television programming are difficult to quantify the economic impact of television production and other cultural industries are less so.

During the 1990s, Canada's film and television production industries emerged as two of the fastest growing and strongest sectors of the Canadian economy. By 1991, the cultural industries represented 2.44 percent or nearly C$15 billion of Canada's GDP and the industries enjoyed “growth rates well above those for the rest of the economy.” By 1994, Toronto ranked as the third largest film production center in North America, following Los Angeles and New York City.

As shown in table 4.2, Statistics Canada data indicates that in 2006, there were 349,519 Canadians employed in the country's information and cultural industries which span from book publishing to film and television production. As the table also illustrates, employment in Canada's information and cultural industries has steadily increased over the past few years, with 20,624 new jobs added between 2002 and 2006. Of the total
number of 2005 employees, 38,016 were working in the motion picture and sound recording industries while 39,552 were working in the broadcasting industry.

Table 4.2
Employment, Payroll Employment in the Canadian Information and Cultural Industries, 2002–2006

<table>
<thead>
<tr>
<th>Industry</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publishing Industries</td>
<td>86,087</td>
<td>x</td>
<td>82,512</td>
<td>85,371</td>
<td>85,787</td>
</tr>
<tr>
<td>Motion Picture and Sound Recording Industries</td>
<td>38,694</td>
<td>37,872</td>
<td>35,549</td>
<td>36,065</td>
<td>34,037</td>
</tr>
<tr>
<td>Broadcasting (Except Internet)</td>
<td>37,822</td>
<td>39,006</td>
<td>39,888</td>
<td>39,103</td>
<td>42,369</td>
</tr>
<tr>
<td>Internet Publishing and Broadcasting</td>
<td>x</td>
<td>x</td>
<td>434</td>
<td>1,006</td>
<td>1,583</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>119,764</td>
<td>125,999</td>
<td>130,441</td>
<td>134,758</td>
<td>139,228</td>
</tr>
<tr>
<td>Internet Service Providers, Web Search Portals, and Data Processing Services</td>
<td>x</td>
<td>x</td>
<td>19,860</td>
<td>19,125</td>
<td>19,368</td>
</tr>
<tr>
<td>Other Information Services</td>
<td>x</td>
<td>x</td>
<td>26,452</td>
<td>26,358</td>
<td>27,148</td>
</tr>
<tr>
<td>Total, Information and Cultural Industries</td>
<td>329,770</td>
<td>335,202</td>
<td>335,136</td>
<td>341,786</td>
<td>349,519</td>
</tr>
</tbody>
</table>


Note: Industries classified according to the North American Industry Classification System (NAICS), 2002-51.

Competitive Advantages Enjoyed by Canada’s Film and Television Production Sectors

Although the Canadian film and television production sectors have historically faced a number of disadvantages vis-à-vis the corresponding U.S. sectors, the Canadian sectors count a number of factors in their favor including: (a) lower labor and production costs owed to the historically lower valuation of the Canadian dollar (at times, up to forty percent less), (b) close geographic proximity to the United States, (c) linguistic and cultural similarities (at least in English Canada) to the United States, (d) scenery that easily passes for the United States, (e) skilled professional actors and crews “intimately
acquainted with the nuances of American television,” and finally (f) availability of state-of-the-art post-production facilities. As the subsequent chapters will illustrate, Alliance Communications and its predecessor companies, along with various other Canadian production companies, accrued significant advantages over U.S. and other competitors through their judicious leveraging of the above factors.

**International Trade Agreements and the Canadian Mediascape**

Over the past few decades, Canada has entered into a number of multinational agreements that have had domestic telecommunication policy implications. Among the three most notable agreements include the 1988 Canada–United States Free Trade Agreement (CUSFTA), the 1992 North American Free Trade Agreement (NAFTA), and the General Agreement on Trade in Services (GATS). The foregoing trade regimes structure and formalize the rules of trade as well as encouraging trade among the members. Consequently, these agreements place additional pressure on the signatory governments (i.e., Canada and the United States in CUSFTA, Canada, Mexico and the United States in NAFTA) to harmonize legal, regulatory, and economic practices domestically as well as across the continent. The impact of CUSFTA and NAFTA upon Canada’s cultural industries will be discussed in greater detail later in the study.

**Government and Private Subsidization of Canada’s Film and Television Industries**

**The Canadian Film Development Corporation (CFDC)/Telefilm Canada**

Federal, provincial, and local governments play a major role in financing Canadian television program production via various agencies and investment programs. The Canadian Film Development Corporation (CFDC) formed in 1967 and later renamed Telefilm Canada is the country’s preeminent federal film and television financing agency.
“Dedicated to the development and promotion of the Canadian television, film and new media industry,” Telefilm's stated mission is to provide:

financial assistance and strategic leverage to the industry in producing high-quality works—e.g., feature films, drama series, documentaries, children’s shows, variety/performing arts programs, and new media products—that reflect Canadian society, including its linguistic duality and cultural diversity.\(^4\)

Telefilm Canada does not produce or distribute programming itself. Instead, it is responsible for the private sector development of both Canada’s television and film production industries, acting as a “catalyst for investment, to attract financial participants from both the broadcast and business sectors, and to ensure those investors the best possible returns.”\(^4\) Telefilm Canada carries out its mandate by working with individual production, distribution and exhibition companies, as well as with federal and provincial government ministries and cultural agencies.\(^3\)

With an annual budget of nearly C$200 million, Telefilm administers a wide array of funds and programs that contribute to the development and production of Canadian feature films, television programs and other multimedia products. Telefilm's financial support comes in various forms including investments, advances, loans, and loan guarantees and grants. In addition to financing, Telefilm is also involved in “distribution, export, versioning, marketing and promotion at Canadian and foreign festivals and markets.”\(^4\)

**Other Production Approaches**

Given Canada's inherent market and structural constraints, in addition to securing production financing through various government programs such as Telefilm Canada and through the cross-subsidization process, Canadian broadcasters have traditionally followed one or both of the following approaches in order to meet their programming
needs and satisfy government regulatory obligations: (a) producing less costly programming and (b) entering into partnerships with production companies in other countries.45

Owing to the popularity of U.S. programs and the high production costs associated with drama production, Canadian broadcasters have traditionally favored less expensive programming such as news and public affairs, sports, documentaries, and children’s shows. However, the Canadian broadcaster’s programming propensities have repeatedly conflicted with the Canadian government’s cultural imperatives, especially with respect to drama programming.46

**Television Production Funds**

*The Canadian Television Fund (CTF)*

A wide variety of federal, provincial, and private television funding programs have been established to provide financial and other sundry assistance for Canadian film and television productions. One of the most important Canadian television funding programs is the Canadian Television Fund (CTF). The CTF’s origins can be traced back to the Canadian government’s establishment of the Canadian Broadcast Program Development Fund (CBPDF) in July 1983. The newly established fund, administered by the Canadian Film Development Corporation (later known as Telefilm Canada), was charged with four primary responsibilities: “(a) to stimulate production of high quality, culturally relevant Canadian television programs in targeted categories (i.e., drama, children's, documentary and variety programming); (b) to reach the broadest possible audience with those programs through scheduling during prime time viewing hours; (c) to stimulate the development of the independent production industry; and (d) to maintain an
appropriate regional, linguistic and private/public broadcaster balance in the distribution of public funds.\textsuperscript{47}

A decade later, in 1993, a second fund—the Cable Production Fund—a public-private partnership between the Canadian government and Canada’s cable industry was created. The Cable Production Fund was intended to “provide a financial incentive to both Canadian producers and broadcasters in order to increase the volume and quality of Canadian content television programming in the under-represented program categories” (e.g., drama).\textsuperscript{48} Over time, the Cable Production Fund evolved into the Canadian Television and Cable Production Fund. Later, the Cable Production Fund and Telefilm’s Canadian Broadcast Program Development Fund were merged together to form the Canadian Television Fund (CTF). Administration of the Fund’s two complementary programs—the Equity Investment Program (EIP) and the License Fee Program (LFP)—were then split between Telefilm Canada and Canadian Television Fund Board respectively.\textsuperscript{49}

\textit{Independent Production Funds}

Beyond the Canadian Television Fund, there is also a number of Canadian independent production funds. Table 4.3 lists CRTC certified independent production funds as of September 2006.
Table 4.3
CRTC Certified Independent Production Funds as of September 2006

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Purpose</th>
<th>Eligibility Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bell Broadcast and New Media Fund</td>
<td>Supports projects that include a new media component as well as a television component.</td>
<td>New media component must be carried out principally in Ontario or Quebec. Television component must be drama, variety, documentary, children’s, or educational programming.</td>
</tr>
<tr>
<td>Canadian Independent Film and Video Fund</td>
<td>Funds the development and production of informational, educational and training films, videos and multimedia programs.</td>
<td>Funding available for English and French language productions</td>
</tr>
<tr>
<td>Cogeco Program Development Fund</td>
<td>Supports development of prime-time television programming.</td>
<td>Eligible productions include dramatic television series, movies of the week or two-part miniseries for prime-time broadcast in English or French.</td>
</tr>
<tr>
<td>Quebecor Fund (Formerly known as Fonds Vidéotron)</td>
<td>Supports production of educational programs and edutainment with an interactive/multimedia component.</td>
<td>English, French or an Aboriginal language production are eligible for the fund.</td>
</tr>
<tr>
<td>Independent Production Fund</td>
<td>Supports production of Canadian television dramatic series for private sector broadcasters.</td>
<td>Eligibility limited to Canadian drama series.</td>
</tr>
<tr>
<td>e-Fonds Harold Greenberg</td>
<td>Supports production of English and French films; French documentaries, musicals, special events and video clips.</td>
<td>English, French or an Aboriginal language production are eligible for the fund.</td>
</tr>
<tr>
<td>Rogers Documentary Fund</td>
<td>Supports Canadian documentary programming</td>
<td>Eligibility limited to Canadian documentary programming in English and French.</td>
</tr>
<tr>
<td>Rogers Cable Network Fund</td>
<td>Provides equity financing for Canadian television programs.</td>
<td>Eligibility limited to Canadian programs which have a first window on one of Canada’s specialty programming services.</td>
</tr>
<tr>
<td>Saskatchewan Film and Video Development Corporation (SaskFilm)</td>
<td>Supports the film, video and new media community of Saskatchewan to enhance the quality, quantity and marketability of its products and resources.</td>
<td>Eligible projects include made-for-TV movies and series; short-form dramatic, animated, and children’s programming; and documentaries, educational, experimental, variety, and non-theatrical films and television programs.</td>
</tr>
<tr>
<td>Shaw Television Broadcast Fund</td>
<td>Provides equity financing for production of children, youth and family television programming.</td>
<td>Fiction and non-fiction programming including series, pilots, specials, documentaries, variety, animation and TV movies Preference given to productions in English, French or Aboriginal languages.</td>
</tr>
<tr>
<td>Small Market Local Programming Fund</td>
<td>Assists small market, independently owned television stations in meeting their commitments to local programming.</td>
<td>Eligibility limited to stations identified by the CRTC in Public Notice CRTC 2003-37.</td>
</tr>
</tbody>
</table>


From Script to Screen: The Canadian Television Production Process

The Four Sectors of Canadian Film and Television Production

Canadian Heritage designates four sectors of Canadian film and television production: (1) CAVCO (Canadian Audio-Visual Certification Office); (2) non-CAVCO,
(3) foreign location, and (4) in-house. According to Canadian Heritage's definitions, *CAVCO (Canadian Audio-visual Certification Office) certified productions* are “productions certified as ‘Canadian’ for the purpose of utilizing the Canadian Film or Video Production Tax Credit (CPTC). It does not include foreign productions that use Film or Video Production Services Tax Credit (PSTC), which must also get certification from CAVCO, but are not considered ‘Canadian’ productions.”

On the other hand, *non-CAVCO certified productions* are “‘indigenous’ productions that are certified as Canadian by the CRTC [rather] than by CAVCO.” The third sector, foreign location (shooting or production), are “film or video productions shot in Canada by U.S. or foreign studios and independent producers. In this type of production, the U.S. or foreign producer retains the copyright, but Canada benefits in the form of direct and indirect jobs and economic activity.”

Finally, *in-house productions* are “productions conducted internally by private broadcasters, the CBC, and specialty and pay services.”

**The Process of Making a Canadian Television Program**

“To make a TV show in Canada is to stroll through a seemingly endless maze of bureaucracy,” observed Doug Saunders in a 1998 *Globe and Mail* article chronicling one of Canada's recurring television-funding crises. Bureaucratic maneuvering, creativity, determination, and luck all play a part in successfully shepherding a television program from script to viewers’ television screens. For example, “Environmental Scan: Canadian Television and Programming Industry,” a 1998 report prepared by Coopers and Lybrand Nordicity Team in conjunction with Toronto Dominion Securities outlined the following steps a Canadian independent television producer normally must take in order to get his/her program aired by a television network.”
(1) The producer “pitches” his/her ideas to a variety of broadcast and cable networks.

(2) After weighing the potential merits of “pitches” by the producers, each broadcaster and cable network chooses a handful that may receive development funds and a commitment to air the pilot and/or series once it is produced.

(3) The producer uses the development funds to expand the idea, and prepares applications for funding from federal, provincial and other sources, arranges the remaining financing and pulls together the creative team.

(4) Once all the financing is in place, the production commences. The broadcaster and sometimes other financial participants often provide input to the producer throughout the production.

(5) The broadcaster then airs the series in exchange for an agreed upon license fee that can range between 10% and 20% of the overall budget. If the series performs as well then it may be renewed for future seasons. If the series does not perform well, the broadcaster has no choice financially but to air the remaining episodes in the series. Canadian broadcasters cannot afford to produce additional series for back up nor can they not afford to run episodes they have paid for.

(6) Once the series is produced, the distributor, who in most instances is also the producer for large budget drama series, then sells in foreign markets. Unless broadcasters hold some of the distribution rights, they will not receive any of this distribution revenue.

PriceWaterhouseCoopers’ “Assessment of the Economic Impact of the Canadian Television Fund” (2001) describes the television production industry as “a ‘hits’ business” since only one out of ten shows that air find a significant audience. This 10% of shows or ‘hits’ that manage to resonate with audiences “produce an above average return that covers the loss of the failures.”

Although the ‘hits’ model is equally applicable to the United States and Canadian markets, U.S. producers have an inherent advantage over their Canadian counterparts owing to the substantially larger U.S. market from which production costs can be recouped.

Unlike Canada, most U.S. production companies enjoy “synergies with the
Hollywood movie industry” offering an infrastructure of skilled technicians and actors, a worldwide distribution system and the Hollywood star system. Robert Lantos, assessing the situation from a Canadian producer's perspective states, “By virtue of not operating within the Hollywood system, one has much less access to money, much less access to the major creative talent—whether stars, directors or writers.” As also noted in the Assessment, the development of television pilots alone “can cost several million dollars each to produce, with no guarantee of success … Even when a producer lands a 'hit', it can take seven-plus years to reap the full value from that investment.”

Table 4.4 illustrates the four primary components of the production budget for a conventional television program: (a) above the line, (b) production, (c) post-production, and (d) other costs.

### Table 4.4
Components of the Production Budget for a Conventional Television Program

<table>
<thead>
<tr>
<th>Component</th>
<th>Includes:</th>
<th>% of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above the line</td>
<td>stars, director, script, development, producer fee</td>
<td>23%</td>
</tr>
<tr>
<td>Production</td>
<td>Cast, extras, production staff, make-up, sets, etc.</td>
<td>49%</td>
</tr>
<tr>
<td>Post-production</td>
<td>music, editing, sound, etc.</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>insurance, public relations, indirect costs, etc.</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>


A 1998 comparison of the costs of acquiring domestic Canadian programming versus purchasing U.S.-made productions indicated that while production costs in Canada were lower than those in the United States, “the cost of domestic programming to Canadian broadcasters in terms of license fees is significantly higher than competing U.S. programming costs.” This is due to the fact that U.S. programming can be sold less expensively in Canada and elsewhere since sales to U.S. broadcasters have already
covered its production costs. Consequently, "Canadian producers must turn to a combination of support mechanisms or foreign markets" in order to cover the substantial financing gap (up to 75% or more of costs) between the broadcasters’ financial contribution to a program and its overall production costs.

**Canadian Television Programming and the International Audiovisual Marketplace**

Telefilm Canada and Canada’s independent television producers have repeatedly cited the low license fees paid by Canadian broadcasters as a major detriment to securing adequate levels of private financing for productions. While independent producers in the United States, France, and Great Britain recovered between 80% and 100% of total production costs from domestic broadcasters, in Canada, license fees averaged only 14.9% of total production costs. Canada’s lower recovery costs consequently translated into higher levels of risk for private sector financers. Moreover, as Telefilm Canada’s 1985–86 Annual Report cautioned, “despite a substantial increase in industry activity, independent production still accounted for only a minor share of Canadian broadcasters' programming schedules compared to other countries.”

Given the difficulties with covering production costs in the domestic marketplace has forced Canadian production companies to seek out foreign production partners and other types of external funding sources. The following section examines three primary methods used by Canadian companies to secure foreign financial assistance: (a) treaty coproductions, (b) coventures, and (c) presales.

**Treaty Coproductions**

Irrespective of genre, multinational film and television production partnerships involving Canadian participants are divided into two primary categories—coproductions
and coventures. Canadian Heritage defines a treaty coproduction, often referred to merely as a coproduction, as a “production that is developed jointly by production companies in treaty nations (i.e., Canada and at least one other country that it has signed a coproduction treaty with).” Production companies engaged in treaty coproductions “are fully entitled to legislative and regulatory benefits in their respective countries.”^{60}

On the other hand, Telefilm Canada defines a coventure as a production “where no formal coproduction treaty exists between Canada and another country, or where the existing treaty is not being used.”^{61} Unlike treaty coproductions, production companies engaged in coventures are only entitled to limited legislative and regulatory benefits in their respective countries. It should be mentioned that Canada-U.S. productions fall under the coventure category since no official coproduction treaty currently exists between the two nations.^{62}

Coproductions and coventures emerged as one of the primary means to attract foreign investments in Canadian film and television projects. Recognizing the importance of foreign financiers and foreign markets to the Canadian production sector, the Canadian Film Development Corporation (CFDC) and later Telefilm Canada actively negotiated and renegotiated official coproduction treaties throughout the 1980s. They also sent representatives to numerous countries to “talk to producers and government people” about potential film and television production partnerships with Canada. Thanks to their concerted efforts, by 1986, the government of Canada had established coproduction treaties with France, Italy, the United Kingdom, the Federal Republic of Germany, Israel, Belgium, Algeria and Spain. As of December 2006, Canada boasted coproduction agreements with over fifty countries worldwide.^{63}
Coventures

While Telefilm Canada actively pursued official coproduction agreements, it also encouraged foreign producers and financiers to consider coventures with Canadian producers. By 1985–86, Canadian production companies had entered into fifteen coventures with U.S. partners including PBS, HBO, New Century, Disney Channel, Viacom and CBS. Telefilm Canada contributed C$16.1 million of the C$43.9 million combined total budget of the ventures. Beyond the United States, fifteen other coventures were produced with companies from the United Kingdom, Germany, France and other countries.

Presales

Presales represent a third major method of securing both domestic and foreign financing for Canadian television productions. A presale occurs when a television program is sold “to a distributer or broadcaster before the project has begun production.” Owing to the proportionally larger size of the U.S. television market, a Canadian-produced program sold to a U.S. broadcaster or cable network will generally garner a higher price than it would in the domestic Canadian market.

The Drawbacks of Coproductions, Coventures, and Presales

A January 1981 study of Canadian coproductions commissioned by the CFDC warned that “unacceptable creative imbalances” were “evident in the coproductions made by Canadians over the last seventeen years.” From the Canadian government’s perspective, however, the financial benefits and access to talent and markets outweighed any shortcomings of coproductions and coventures.

Unfortunately, over time, coproductions, coventures, and presales became
increasingly problematic for Canadian production companies. For example, while European presales allowed Canadian producers to recover up to fifty percent of their production costs, “to the extent productions were tailor-made for Canadian and pre-sold European markets, it became harder to design the programs for the American markets” as well. This situation was especially troublesome from a Canadian perspective given that “an after-the-fact sale to one of the U.S. networks often puts a [Canadian] production in the black.”

The eclectic mix of production deals also poses another serious logistical challenge for Canadian producers. As Patrick Loubert, president of Nelvana, one of North America’s largest animation houses points out, “almost every deal seems radically different ... There's no cookie cutter.” Moreover, since coproductions generally involve two or three studios and one or two broadcasters; in some instances, productions can even involve as many as a dozen partners. As a March 2000 KidsTV article on the topic explains, with so many parties working on a single production, there is an ever-present risk of the “‘too many cooks spoil the broth’ problem ... Input from too many executive producers may hold up and delay co-productions. And the process of splitting work between different studios which have a say in the project could also make things difficult.” Under certain circumstances, coproductions can inflate the total costs of making a program depending upon the amount of “production fees being taken from the pot.” Moreover, “production costs in one country may also be greater than those of another, and may be further exaggerated by currency exchange rates.”

**Canadian Television Drama**

Since enactment of the Broadcasting Act of 1968, television drama has played
a central role in the Canadian government's cultural policies. The special attention devoted to Canadian drama is owed to the fact that the government has historically regarded viewing of non-Canadian television drama as “a deeply destabilizing political force.” Nonetheless, television drama is the most expensive genre to produce. In a May 2003 report, “Dramatic Choices: A Report on Canadian English-language Drama” prepared for the CRTC and Telefilm Canada, Trina McQueen indicated that production costs for high-quality U.S. television dramas are now often calculated in millions of U.S. dollars per hour. Conversely, the per hour production budgets for Canadian dramas rarely exceed the C$1 million mark; even given the substantially smaller budget, a Canadian broadcaster who commissions a C$1 million Canadian drama series can still expect to lose approximately C$100,000 per hour on the investment. As Paul Attallah adds, the widespread availability and appeal of American television further complicates matters since the production values of the U.S.-produced programs have become “the de facto standard for Canada” as well.

The costs associated with the production of indigenous Canadian television programming is underscored by the fact that viewers in English Canada (but not in French Canada) have historically preferred foreign drama programming to indigenous Canadian drama programming. According to CMRI (Nielsen) data presented in a 2006 submission by the Canadian Film and Television Production Association to the CRTC, foreign programming accounted for 73.6% of the total Canadian English-language television audience share during prime time (i.e., 7 p.m.–11 p.m.) in 2005–06. With respect to viewership of drama programming, the audience share for Canadian drama series in the English-language market was a scant 2.5% versus 25.8% for foreign drama
News and public affairs is one of the few domestically produced programming categories that Canadian viewers strongly favor over their foreign counterparts. This propensity is reflected in Statistics Canada’s 2004 program viewing statistics as illustrated in table 4.5.\textsuperscript{76}

### Table 4.5
Television Viewing by Type of Program: All Canadians Two Years and Older, 2004

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Total Viewing Time (%)</th>
<th>Canadian Programs (%)</th>
<th>Foreign Programs (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All programs</strong></td>
<td>100.0</td>
<td>37.2</td>
<td>62.8</td>
</tr>
<tr>
<td>News and Public Affairs</td>
<td>24.4</td>
<td>18.4</td>
<td>6.0</td>
</tr>
<tr>
<td>Documentary</td>
<td>3.2</td>
<td>1.3</td>
<td>1.9</td>
</tr>
<tr>
<td>Academic Instruction</td>
<td>3.2</td>
<td>1.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Social and/or Recreational Instruction</td>
<td>1.1</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Religion</td>
<td>0.3</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Sports</td>
<td>6.5</td>
<td>2.9</td>
<td>3.6</td>
</tr>
<tr>
<td>Variety and Games</td>
<td>15.2</td>
<td>4.6</td>
<td>10.7</td>
</tr>
<tr>
<td>Music and Dance</td>
<td>1.0</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Comedy</td>
<td>10.0</td>
<td>1.6</td>
<td>8.4</td>
</tr>
<tr>
<td>Drama</td>
<td>27.3</td>
<td>5.3</td>
<td>22.1</td>
</tr>
<tr>
<td>Videocassette Recorder (VCR)</td>
<td>4.9</td>
<td>0.0</td>
<td>4.9</td>
</tr>
<tr>
<td>Other Television Programs</td>
<td>2.9</td>
<td>0.0</td>
<td>2.9</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, CANSIM, table 502-0004 and Catalogue no. 87F006XIE.
Note: Data are collected over the Fall period (4 weeks of November).

A number of reasons have been suggested by academics and policy makers for the Canadian television viewing audience's general aversion to their own dramatic programming including: (a) the lack of availability of Canadian dramatic programming due to the proliferation of American alternatives, (b) the “deep similarity between English Canadian and American values and cultural preferences,” and alternately, (c) Canadians simply do not like Canadian culture.\textsuperscript{77} Unfortunately, to date, research studies on this issue have been inconclusive.

"Industrial Dramas"

Exporting drama programming to foreign markets has become of the primary methods used by Canadian production companies to recoup production costs for drama
programming that the domestic market alone cannot make up for. Canadian broadcasters and producers alike have traditionally viewed “identifiably Canadian elements” as detrimental to economic and popular success. As a result, Canadian producers often attempt to minimize or completely eradicate identifiably Canadian elements for, as a Globe and Mail article gave notice, “It is a truism that you don't try to sell them [i.e., the United States] a TV show or film with a Canadian setting.” Instead, Canadian producers strive to produce programs that are almost indistinguishable from their American-produced counterparts, hoping that these so-called “industrial dramas” will gain favor in the U.S. and international markets.78

Although the purchase of foreign programming and the production of “industrial dramas” have allowed Canadian broadcasters and producers to remain economically viable, programs created via coproductions and coventures also have several significant shortcomings. First, coproduction and coventure agreements are often Byzantine in nature and frequently involve multiple partners spanning the globe. Given the need to take into consideration each of the various partners’ cultural and economic interests in the enterprise, the final creation may ultimately fall short of the Canadian government's established cultural objectives. As Richard Collins points out, “The project of creating a national television drama that engages with Canadian life and experience, and proceeds from a Canadian agenda and set of national priorities, conflicts with that of creating an economically feasible Canadian television drama industry.”79

The North American Syndication Marketplace

Through the years, a considerable amount of Canadian television programming has reached the U.S. market through the so-called syndication market. Syndication is “the
process or business of distributing a newspaper column, radio or TV program, or other material. *First-run syndication* refers to programs produced for initial release to individual stations. Conversely, *off-network syndication* refers to programs broadcast first on a network and then offered to individual stations.” As Blumenthal and Goodenough (1998) explain, syndication originated in the 1930s when “salespeople called on local radio program directors who purchased programming on a market-exclusive basis.”

In the United States, the amount of hours of network television programming supplied to affiliates varies by network. On average, the larger commercial networks such as CBS and NBC supply twenty to twenty-five half hours per day of programming to their affiliates while newer networks supply less. This leaves an appreciable amount of the affiliate's airtime left to be filled with non-network programming—much of it purchased from syndicators. Meanwhile, in the case of unaffiliated or independent television stations, all programming may be purchased from syndicators. According to Hal Erickson, although syndicated programming has frequently been characterized as “television's 'poor relation,' lacking the production polish of series financed by the networks and big sponsors,” it has traditionally appealed to U.S. television audiences.

In the early years, Canadian producers largely regarded the U.S. syndication market, like all other segments of the television export marketplace, as an ancillary activity of the broadcasting industry with programs rarely designed with export in mind. However, thanks to the revolutionary technological and regulatory changes which have taken place in Canada and throughout the world over the course of the past three decades, the foreign television export marketplace has become an increasingly important facet of the Canadian television industry.
Conclusion

Canada’s relatively small market size and its geographic, linguistic, and cultural proximity to the United States have been enduring features of the Canadian mediascape. Moreover, Canada’s broadcasting system has also historically played important roles above and beyond simply “broadcasting” information and entertainment. Canadian broadcasting has also served as a primary tool for uniting a geographically and ethnically disparate populace together as a singular nation. In a similar vein, broadcasting has been used to promote the notion of a “Canadian culture,” distinctive from its U.S. counterpart. Of course, Canada’s media industries have also made substantial direct and indirect contributions to the Canadian economy.

While Canadian regulatory policies such as Canadian content quotas and foreign ownership caps have helped protect Canada’s broadcasting system from outside domination, the instruments do not afford complete protection. As chapter five will illustrate, Canada’s nearness to the United States was both a blessing and a curse for the historical development of Ontario’s independent television sector.

3 Ibid.
5 Ibid.
7 Ibid.
8 Ibid.
9 Ibid.
10 Ibid.


13 Ibid.


23 Ibid.


25 Ibid.


28 Ibid.


Broadcasting Act, S.C. 1991, c.11; “Direction to the CRTC (Ineligibility of Non-Canadians), SOR/97-192, Registration April 8, 1997; Transport Canada, Policy Group, “Restrictions on Foreign Ownership in Canada” ([Ottawa, ON]: Transport Canada, August 2003). The “Direction to the CRTC” also stipulates: “Where the Canadian Radio-televison and Telecommunications Commission determines that an applicant is controlled by a non-Canadian, whether on the basis of personal, financial, contractual or business relations or any other considerations relevant to determining control, other than the beneficial ownership and control of the voting shares of a qualified successor by a Canadian carrier or its acquiring corporation, the applicant is deemed to be a non-Canadian.” The Telecommunications Act (1993, c.38) also restricts ownership of Canadian common carriers to “Canadian-owned and controlled corporations incorporated or continued under the laws of Canada or a province.”


Ibid.


The 20-chapter CUSFTA was finalized by October 1987; signed in 1988; and came into effect on January 1, 1989.


Ibid., 6.


This issue has been the subject of a number of books, articles, and conference papers, including: C. Leigh Anderson and Gene Swimmer, “An Empirical Analysis of Viewer Demand for U.S. Programming and the Effect of Canadian Broadcasting Regulations,” Journal of Policy Analysis and Management 16, no. 4 (1997): 525–540; and Lee B. Becker, “Conflicting Goals, Confused Elites, Active Audiences: Some Thoughts on Canadian Media Policy,” in Media Policy, National Identity and Citizenry in Changing Democratic Societies: The Case of Canada : Papers Discussed at a Conference with the Same Title Held at Duke University under the Auspices of Its Canadian
51 Ibid.
58 PriceWaterhouseCoopers, “Assessment of the Economic Impact of the Canadian Television Fund” (S.l.: Prepared by PriceWaterhouse Coopers on behalf of the Canadian Film and Television Production Association (CFTPA), 2001), 11.
61 Ibid.
62 Ibid.
63 Ibid.
66 Ibid.
69 Bruce Malloch, “Independent TV Producers: Looking Good, Moving Ahead,” Cinema Canada
no. 82, March 1982, 20.

70 John Daly, “A Global Vision: Canada's TV Producers are Teaming up with Firms in the United States and Europe For Canadian Animation Studios Such as Nelvana,” *Maclean's* 104, no. 41 (October 14, 1991): 38–39.


82 Ibid.

83 Ibid.


86 The growing importance of the international marketplace for Canadian production houses is reflected in the numbers and types of productions produced for and/or in association with foreign partners over the past three decades.
Chapter 5
The Early Development of Ontario’s Independent Television Production Sector

Chapter five provides a brief historical sketch of Toronto’s independent television production sector during its nascent years of the mid-to-late 1950s. Normandie Productions, an Ontario subsidiary of U.S.-based Television Programs of America (TPA) and Ottawa-based Crawley Films, two trailblazing Canadian production houses of the era are also profiled. As will be demonstrated in the study’s later chapters, these early companies served as models for Alliance Atlantis and other companies that came after them. Moreover, the companies shared many of the same challenges.

Television Arrives in North America’s Living Rooms

For the vast majority of North Americans struggling to make ends meet during the Depression years, television was, at most, a technological curiosity that very few members of the general public had any first hand knowledge of. However, thanks to RCA’s efforts at the 1939 World’s Fair and the Canadian National Exhibition (CNE)—two highly publicized and heavily attended events—television vaulted from relative obscurity to a household name. Using a combination of techniques commonplace today such as: (a) coverage of politicians’ speeches, (b) live remote broadcasts, and (c) allowing the general public to see themselves on the television screen and also “behind the scenes” of a broadcast (e.g., comparable to NBC’s Today Show in the United States and Citytv’s Breakfast Television in Canada).¹

RCA launched its promotional campaign of television on April 30, 1939, providing live coverage of the opening ceremonies in New York City which featured a
speech by President Franklin Delano Roosevelt. In addition, RCA offered daily telecasts from the RCA pavilion at the fair; invited Fair visitors “to experience television viewing” and to “walk in front of television cameras and see themselves on monitors.” RCA conducted a similar public demonstration of electronic television during the Canadian National Exhibition in Toronto. Despite television's triumphant debut, within months, continued commercial development of the medium was indefinitely suspended due to the outbreak of World War II.

Over five years later, in 1945, as World War II drew to a close, the Federal Communications Commission (FCC) resumed television licensing in the United States. However, in late 1948, television experienced yet another major setback when the FCC abruptly halted the issuance of new television licenses, citing the need to investigate interference problems. Despite television's back-to-back reversals, once the FCC lifted its licensing freeze in 1952, the ownership of television sets skyrocketed.

Meanwhile in Canada, by 1951 an estimated 146,000 Canadian households owned television sets albeit their viewing options were limited to U.S. programming aired by stations located near the U.S.-Canadian border. This unconventional arrangement lasted until September 6, 1952 when the Montreal station of the CBC transmitted the first Canadian TV pictures.

Beginning in the early 1950s, in order to meet government mandated content quotas, Canadian television programming was primarily produced in-house by the CBC for domestic consumption. During this period, Canada produced very little drama programming owing to its high production costs. Nonetheless, Canada's less expensive indigenously produced programming consisting of mainly sports and news-oriented
productions rarely directly competed with their American counterparts and offered “a guaranteed domestic market.” Consequently, Canadian television producers gained extensive experience in the news and documentary genres while garnering little or no experience with the drama or entertainment genres.

Much of the programming produced in Canada held little appeal to international buyers because of its “specificity” (e.g., sports, news, and public affairs programs that were largely of interest to Canadians only) or lack of production values, that as Paul Attallah notes, “Canadians themselves described as slow, awkward, and earnest.”

U.S.-Canadian Coventures

Owing to the growing demand for, and rising production costs of, television programming in North America during the late 1950s, coventures became a favored method for U.S. and Canadian production companies to pool their financial resources while also satisfying Canadian content quotas. The typical U.S.-Canada coventure of this era involved actors and production facilities imported from Hollywood while the filming took place at Canadian locales.

For U.S. firms, coventures offered lower production costs and “utilization of ‘frozen funds’—profits which those studios had built up in foreign countries and which by law could be spent only in those countries.” Conversely, for Canadian producers, coventures promised greater profits than could be earned via producing series exclusively for the Canadian domestic market. Coventures also allowed for the financing of productions that could not be financed by domestic sources alone.

The fact that the resulting programs were filmed also proved beneficial to Canada's nascent production sector, as a December 1957 Saturday Night article pointed
out, [t]he popularity of filmed television series proved to be “a real shot in the arm for Canada's fledging filmmaking industry … Satisfying the demand for these half-hour comedy-and-adventure series may double Canada's C$16-million annual film production within the next five years … three television series alone this year added C$5 million to Canadian production.”¹²

**Normandie Productions**

Two of the three series cited in the *Saturday Night* article—*The Last of the Mohicans* and *The Adventures of Tugboat Annie*—were produced by Normandie Productions, a Canadian subsidiary of the U.S. company, Television Programs of America (TPA). Formed in 1953 by Hollywood producer Edward Small in association with Michael M. Sillerman and Milton A. Gordon, Television Programs of America produced and distributed new films for the U.S. and international television market. The company’s series included *Lassie* as well as *The New Adventures of Charlie Chan*, and *Ramar of the Jungle*. Milton Gordon, who assumed TPA’s presidency, was an innovator in developing new ways of raising capital for film production.¹³

For Gordon and TPA, the establishment of a production presence in Canada offered an opportunity to create quota compliant programming for the Canadian and British markets which could also syndicated to other markets throughout the world. Consequently, in 1956, TPA established Toronto-based Normandie Productions Limited, with Gordon as its head along with Moe Howard of the Three Stooges and his son-in-law Norman Maurer as partners in the venture. A year later, in April 1957, TPA incorporated a second Canadian subsidiary, TPA Films Limited.¹⁴

TPA's formation of the two Canadian subsidiaries ushered in a “new look in
Canadian film-making through its unique financing deals and other production and
distribution practices.” These practices included the bartering of “a share of any profits
for a guaranteed CBC showing, and combin[ing] U.S. stars and direction with Canadian
supporting players.” In many respects, Normandie Productions’ focus upon so-called
“runaway” film and television productions for the international market mirrors Canada's
present day production services companies in Toronto and Vancouver. Like their
predecessors, the later generation of companies relies upon a combination of U.S.
and Canadian funding and casts; Canadian equipment and crews; and supporting actors.

Since Canada's film and television industry was still in its nascent stage, the
filming of television series in the country involved risks. “‘We were playing a very long
shot ... equipment, facilities and personnel were in very short supply and, while virtually
all film production is hazardous, this instance was even more so,’” conceded TPA's
president Milton A Gordon. “‘Had it failed to pass muster, we stood to lose a substantial
sum and production in Canada would have been held back.’”

**Hawkeye and the Last of the Mohicans (1957–1958)**

Using Ontario studios and locations, Normandie Productions in association with
the CBC “rolled out on schedule 39 episodes” of its first Canadian-made series, *Hawkeye
and the Last of the Mohicans* (aka *Last of the Mohicans*). A half-hour adventure
Western filmed in black and white, *Last of the Mohicans* starred John Hart as Nat
Cutler—better known as Hawkeye—a fur trader and hero of James Fennimore Cooper's
novel. The show co-starred Lon Chaney, Jr. as Hawkeye's faithful Indian companion and
blood brother Chingachgook, “the last of the Mohican tribe.” Debuting on September
27, 1957 and running until September 19, 1958, *Last of the Mohicans* aired in the United
States on Friday nights in the 8:00–8:30 p.m. prime time slot.\textsuperscript{18}

The series became one of TPA's most successful 1957 properties with episodes drawing viewers from all age groups. While the CBC guaranteed air dates for the episodes in Canada, the series was also syndicated to 150 stations in the United States and sold to networks in Australia, England, France and Central America. The multiple sales helped push the series well into the black.\textsuperscript{19}

\textit{The Adventures of Tugboat Annie (1957–1958)}

\textit{The Adventures of Tugboat Annie} (aka \textit{Tugboat Annie}) marked Normandie Productions second foray into Canadian television coproduction. The thirty-nine episode, twenty-five minute situation comedy and shot in black and white followed “the exploits of the wily female tugboat captain Annie Brennan (Minerva Urecal) and her rivalry with fellow tugboat owner Horatio Bullwinkle” (Walter Sande). Partially funded through a deal between the CBC and Associated Rediffusion of England combined with the presale of sponsorship to Lever Brothers, \textit{Tugboat Annie} proved to be yet another successful Canadian venture for Normandie.\textsuperscript{20}

\textit{Cannonball}

In July 1958, production began on a third Normandie coproduction, \textit{Cannonball}, a weekly syndicated series about two long-haul truck drivers. Shooting on location in the United States and Canada—in addition to the Canadian Film Industries' Toronto studios—the half-hour series featured Paul Birch and William Campbell as “two truckers ‘cannonballing’ on the international run between Canada and the U.S.A.”\textsuperscript{21}

\textit{Cannonball}’s executive producer Robert Maxwell, associate producer Peter Frank and producer Rudy Abel all previously worked on the TPA-distributed \textit{Lassie} series in
the United States. The CBC and Incorporated Television Company (ITC) bought the series for telecasting in Canada and the United Kingdom. Ultimately, thirty-nine episodes of *Cannonball* was produced and the series reportedly “thrived in syndication.”

**The Sale of Normandie Productions to Independent Television Corporation (ITC)**

In 1958, at the height of Normandie Productions' success, Gordon bought Small's share of TPA for US$2 million. However, soon thereafter, Gordon sold TPA, its subsidiaries and program library to Jack Wrather's Independent Television Corporation for US$13,500,000. In addition to the Canadian produced *Tugboat Annie, Last of the Mohicans,* and *Cannonball,* TPA’s other television properties included *Fury, The Count of Monte Cristo, Halls of Ivy, Special Agent 7,* and *New York Confidential.* At the time, Wrather, a Texas oilman, film producer and ITC’s board chairman predicted that the newly enlarged company would become “‘the strongest single factor in the television entertainment field in sales, distribution and financing in the United States and abroad.’”

Following ITC’s purchase of TPA, Wrather continued to expand his television interests through the ownership of the syndication services as well as through the purchase of various television stations throughout the country. However, Canada was not a major component of ITC's expansion efforts and, as a result, Normandie Productions faded from Canada's television production scene.

**Frank Radford “Budge” Crawley Jumps into Series Television with the RCMP**

Ottawa-based filmmaker Frank Radford “Budge” Crawley, president of Ottawa-based Crawley Films Limited along with his father, A. A. Crawley, president of Crawley, McConnell Limited decided to try their hand at television production. Recognizing the
contributions of U.S. film and television know-how to Normandie's success, Budge Crawley followed the TPA subsidiary's model more closely than his other Canadian counterparts. As D. Walker relates, Crawley “sniffed the economic wind, studied his overheads and decided the present size of his operations justified tele-film production. Moving cautiously, Budge Crawley found a Canadian backer in John G. McConnell, publisher of Weekend Magazine, studied TV films, huddled with U.S. producers, watched production in Hollywood and hired a competent script-writing team.26

Following Normandie's example, Crawley relied upon a combination of British, Canadian, and U.S. artistic and technical expertise. Stressing the need for his company to concentrate upon productions that could not be easily made in the United States, Crawley observed, “‘We will have to produce programs they cannot make in the States: otherwise, with their facilities and stages and people, they can make anything better, quicker and cheaper. We have to compete geographically.’”27

RCMP, a 30-minute series represented Crawley Films Limited initial foray into television production. According to Crawley, RCMP “‘has to be made in Canada: it's not the sort of thing that can be made with silica snow, one dog-team and a studio wind machine.’” Shot in the Gatineau hills north of Ottawa for the CBC, the BBC and Crawley, McConnell Limited the series was scheduled to be aired in the autumn of 1959 in Britain and Canada.28 In the United States, the RCMP series was sold to California National Productions, NBC's film branch.

The series’ complex financial structuring “would tire an IBM machine” and “will soak up a lot of overhead,” noted Saturday Night reporter Dean Walker. “‘Working from Ottawa, we have to be completely self-contained, demanding an enormous volume
of business,’” conceded Crawley. J. Alphonse Ouimet, general manager of the CBC, described the project as “‘an event of major importance for the whole Canadian television film industry.’” “The outlook of Canadian producers hinges on the success of Crawley's carefully-planned, Canadian financed and controlled Television series. If successful, other practical plans for Canadian series will find backing.” However, Crawley cautioned, “‘I hope Canadian financiers are cautious about film investments. They should be: a lot of money went down the drain once to fly-by-night outfits.’” In the end, Crawley reportedly “just barely broke even” with the project.

**U.S.-Canadian Coventions as a Training Ground for Canadian Talent**

Beyond the programs themselves, U.S.-Canadian coventions provided Canadians working both in front of and behind the camera much needed training and experience with all aspects of the television production process. Citing Normandie Productions' television production activities in Canada, Arthur Chetwynd, president of the Association of Motion Picture Producers and Laboratories of Canada predicted in late 1957 that “‘the future of the [Canadian] industry appears bright. The technical corps of Canada's production industry is being enlarged through training under key personnel imported for American-inspired projects and a profitable trade equipment business has grown around articles not available in this country a while back but now for sale here.’”

Chetwynd predicted the training opportunities “‘will reflect on the industry in later years by making more experienced personnel available in Canada. Also, by this system of production many of the dollars are staying on this side of the border. In the not-too-distant future we shall have less need to go to other countries for experienced film makers.’”
Toronto: The Next North American Television Production Center

Thanks to the increasing numbers of extant and proposed U.S.-Canadian co-ventures, some industry observers predicted that Toronto was destined to become a North American television production center. “So much behind-the-scenes talk of Television series to be produced here by U.S.A. interests,” Hye Bossin wrote in his July 9, 1958 Canadian Film Weekly column, “that this is bound to be a leading NA (North American) production centre if half of it is true.”34

Beyond providing a training ground for Canadian technical and other film and television personnel, Canada’s burgeoning television production sector also contributed to the country’s economy. As TPA’s President Milton Gordon noted, “‘The production budgets for thirty-eight Mohicans and thirty-eight Tugboats represent a sizable investment (C$21/2 million), the greater part by far going to Canadian performers and technicians.’”35

Gordon also suggested that based upon past experiences in other countries, Canada's television production sector was not only reaping economic benefits as a result of partnering with U.S. production companies but also acquiring valuable technical expertise in the process: “‘We think we have been of some help to furthering Canada's film industry,’” Gordon stated. “‘The history of feature films shows that, as American theatrical pictures widened their international scope; they served also to increase film production in other countries. TV film is already paralleling that growth and I think it will continue,’” he added.36

Toronto International Film Studios

If Toronto was truly committed to becoming a production center, the city needed a large well-equipped studio to handle a variety of film and television productions.
Consequently, in spring 1958, a front page article in *Film Weekly* announced the development of “a studio city … the first of its kind in Canada” in downtown Toronto. In addition, the studio project also purportedly included, a “beautiful 150-acre ranch near the outskirts of Toronto, easily accessible, which will be used for outdoor shooting.”

According to the *Film Weekly* article, upon completion, the facility would offer “a completely modern studio with a large stage and facilities for producing feature and television films and live broadcasts … animation and art departments and the usual facilities for dressing, makeup and wardrobe” as well as “a complete carpentry shop for the building of sets.” The new studio was to be operated by Toronto International Film Studios Ltd., a recently incorporated company, with N. A. “Nat” Taylor, one of the leading figures in the Canadian motion picture industry serving as the company’s president.

“‘We can see a great demand for studio space in the Toronto vicinity, and, while starting modestly, have plans to develop a very large plant,’” observed Nat Taylor. ““Expansion will, of course, depend on relative growth of the industry in Canada, which shows every promise of becoming big and important.’”

Toronto International Film Studios June 1958 opening ostensibly “enlivened the theatre-film-TV colony … and stimulated interest in greater TV and theatrical film production.” Several hundred guests from Canada's motion picture industry, ad agencies and other related fields attended the studio's official launch. One guest, Jack Karr of *The Star* reported, “‘Some day, Nat Taylor is sure, we're going to have our long-hoped-for picture industry here. Not another Hollywood, he insists, but an industry that will be turning out eight or ten pictures a year, good for our economy, our actors, and our
morale.’” Karr concluded: “‘So maybe you couldn't make a Ben Hur in these quarters. You could, however, make some of the less elaborate type of movies which countries smaller than this one turn out by the dozen.’”

Alex Barris of The Telegram confidently announced, “‘The old Canadian cry—‘When will there be a motion picture industry in this country?’—came another step toward being answered yesterday.’ Television commercials will inaugurate the studio and several Television series via U.S.A. producers are being negotiated for right now.” On the other hand, Nat Taylor, among others in Canada's film and television industry, envisioned a steady expansion of Toronto's production sector thus fuelling the demand for studio facilities. “‘We can see a great demand for studio space in the Toronto vicinity, and, while starting modestly, have plans to develop a very large plant … Expansion will, of course, depend on relative growth of the industry in Canada, which shows every promise of becoming big and important.”

Toronto's “studio fever” extended beyond the Toronto International Film Studio facilities. Canadian Film Industries, a studio-lab plant originally opened in 1948, announced a C$250,000 expansion of its production facilities. The company’s projected expansion would result in Canada's largest commercial sound stage, 85X150 feet.

While Toronto’s studio facilities were expanding a brisk pace during 1958, the city’s television production sector also marked a milestone with the sale of General Motors Theatre (1958) to the ABC broadcast network in the United States. Making its ABC debut on October 5, 1958, the CBC-produced hour-long drama anthology series aired on ABC under the title Encounter. Aired simultaneously by the CBC in Canada and by ABC in the United States—a rare television broadcasting arrangement for the late
1950s—*Encounter* also holds the distinction of being one of the first Canadian-produced programs to be sold to a U.S. broadcast network. *Encounter’s* “stories varied between romance, mystery, and adventure but all involved Canadians as characters and featured such Canadian and British actors as Patrick Macnee and Barry Morse.”46 Despite *Encounter’s* talented cast members, the series lasted only five weeks on ABC despite the fact that the network had originally agreed to broadcast thirty-nine episodes of the series.47

**Attempts to Delineate the Boundaries Between Canada’s Feature Film and Television Industries**

As television's popularity exploded during the latter half of the 1950s and the construction of Toronto's studio infrastructure continued, Canada's feature film and television production sector found itself mired in a quandary: How to establish the boundary between the feature film and television production segments of the sector. In 1956, Canada's production industry boasted a gross dollar volume of C$14,000,000. During this period, Canada's production sector boasted approximately sixty companies with 1,500 employees albeit “half the dollar volume and nine-hundred employees” were with the National Film Board, a federal government agency.48

In a summer 1958 address at the annual convention of the Canadian Council of Authors and Artists Arthur Chetwynd, president of the Association of Motion Picture Producers declared, “‘Films can be planned, produced and sold economically and efficiently in Canada, and most important, in all other countries with TV networks.’” Buttressing his claim, Chetwynd cited the Royal Commission's “‘insistence on a large Canadian content in TV programming ... the advantage of film over live production and Canada's rapid growth’” as “‘favorable factors for the Canadian motion picture
While Canada's feature film and television production sectors could count upon a number of factors in their favor, they still sorely lacked the necessary expertise and experience required undertaking large-scale production activities in either sector. “‘We need experts from England and other European countries where the film industry is old, as well as from the United States, to work with and, when necessary, guide our own technicians,’” Chetwynd readily acknowledged. “‘It is people that make pictures, not machines.’”

While everyone associated with Canada's film and television production sectors agreed upon the need to continue development of Canada's filmed entertainment industry, they were in vehement disagreement over whether Canadian government subsidies, personnel, and equipment should be concentrated on feature film production or television production. “‘The time is right to attempt the establishment of a Canadian television entertainment film production industry in Canada,’” argued Budge Crawley, President of Crawley Films Limited and past president of the Motion Picture Producers and Laboratories of Canada in a 1958 talk over the CBC Trans-Canada network.

As the 1950s drew to a close, the differences between Canada’s feature film and television production sectors remained unresolved. Instead, both sectors continued to develop, albeit with the television production sector at a greater pace.

Conclusion

The Canadian government regarded broadcasting as a vital tool for unifying the nation; however, making this vision a reality was problematic. From the start, Canadian independent television production companies faced head-to-head competition from their
U.S.-based counterparts who enjoyed immense competitive advantages. However, Canada’s “multilevel proximities” in terms of geography, culture, and so forth to the United States allowed it to offer an alternative location for television production beyond southern California. Also, thanks to the growing North American syndication marketplace, Canadians in front of and behind the camera gained vital first hand experience. Despite Ontario’s television independent production sector’s significant developmental strides during the 1950s, the sector experienced chronic funding problems which limited its growth. As will be outlined in chapter six, the Canadian government’s intervention in the sector during the 1960s and 1970s proved to both help and a hinder its development.


2 Ibid.


8 Ibid.

9 Ibid., 167.


11 Ibid.
17 D. Walker, “Television series Give Boost to Canada's Film-makers,” Saturday Night, December 7, 1957, 12; Blaine Allan, Last of the Mohicans, in Directory of CBC Television Series, 1952–1982, May 31, 1997, http://www.film.queensu.ca/CBC/L.html (accessed January 1, 2003). Sources differ on the number of episodes produced, number of stations various TPA series were sold to, etc. For example, Walker’s 1957 Saturday Night article states that Last of the Mohicans consisted of 38 episodes and was syndicated to 150 U.S. stations. On the other hand other sources, including Blaine Allan state, “The CBC guaranteed air dates for the thirty-eight episodes, which were also syndicated to 139 stations in the U.S.A. and sold to networks in the U.K., Australia, France, and Central America.”
21 Ibid.
22 Ibid.
24 Dennis Harp, “Wrather, Jack,” in The Encyclopedia of Television, http://www.museum.tv/archives/etv/W/htmlW/wratherjack/wratherjack.htm (accessed August 14, 2005); “TPA (U.S. & Here) Bought by ITC,” Film Weekly, October 1, 1958, 5. The Amarillo, Texas-born Wrather was an oil wildcatter who eventually assumed the presidency of an oil company founded by his father. Wrather later expanded his resources into real estate, hotels (e.g., the Disneyland Hotel in Anaheim, California), motion pictures, and broadcast properties (e.g., ownership of KRMB, KERO, and KEMB-TV in San Diego; part ownership of WNEW in New York City, etc). Wrather also produced the 1950s television series, Lassie, The Lone Ranger and Sergeant Preston of the Yukon. However, the Mountie-themed Sergeant Preston was filmed in the United States rather than in Canada.
Normandie Productions was missing from the 1959–60, 1960–61, and all subsequent editions of Stan Heller, ed., *Film and TV Weekly... Year Book Canadian Entertainment Industry* (Toronto, ON: Film Publications of Canada, Ltd.).


Ibid., 42–43. The “CBC, always paying more for local production, offers the Mountie series a network showing at C$4250 an episode, British and Australian showing should clear another C$10,000. U.S. network showing would add about C$35,000 and syndicated U.S. station-by-station selling could gross even more. Against a production cost of about C$35,000 per episode, Crawley reckons this a good risk.”

Ibid., 42.

Ibid., 43.


“Prod’n Gains in Skill & Equipment: Producer-Lab Ass’n Seeking Briefer Name—Chetwynd,” *Film Weekly*, January 1, 1958, 1.

Ibid., 3.


Ibid., 3.

Ibid., 1, 3. Other principals in the company were: General manager, Emile Harvard, who came to Canada in 1953 and was head of production for several domestic studios before establishing his own company, Harvard Production; Vice-president, David Griesdorf, executive vice-president and general manager of NTA Telefilm (Canada) Limited, a distributor of films for television; and Secretary-treasurer, H. S. Mandell, who held a “similar post in all companies controlled by the Taylor associates.”

Ibid., 3.

“TIF Studios Gets Trade Once-over,” *Canadian Film Weekly*, June 25, 1958, 1.6.

Jack Karr quoted in “TIF Studios Gets Trade Once-over,” *Film Weekly*, June 25, 1958, 1.6.

“TIF Studios Gets Trade Once-over,” *Canadian Film Weekly*, June 25, 1958, 1.6.


“C$250,000 Expansion for CFI—Gotlieb,” *Canadian Film Weekly*, June 11, 1958, 1, 3.


*The Internet Movie Database (IMDb)*, http://www.imdb.com. The show’s last telecast was November 2, 1958.

“Chetwynd Views Production Future,” *Canadian Film Weekly*, July 9, 1958, 1, 3.

Ibid.

Ibid.

Chapter 6

Culture, Commerce, and the Canadian Production Sector During the 1960s and 1970s

The 1960s and 1970s marked a period of profound cultural, political, and social change in Canada. In Quebec, secessionist voices were intensifying; at the same time, the country’s western provinces also experienced further alienation from their eastern brethren. In April 1968, at the height of Canada's internal political and social tensions, Pierre Elliot Trudeau took office as Canada's fifteenth Prime Minister. Trudeau, a staunch defender of Canadian Confederation, moved “toward a more nationalist position in economic relations with the United States” while also igniting a newfound sense of Canadian identity among the seemingly fractured populace.¹ Not surprisingly, Canada’s internal cultural, economic, and political convulsions combined with the Vietnam War, the Civil Rights movement and other fractious events then also taking place in the United States during this period profoundly affected Canada’s television production sector.

Governmental activism played a significant role in Canada’s cultural, economic, and social life, not to mention in its relations with the United States during the 1960s and 1970s. Consequently, the chapter begins with a brief overview of several seminal events which occurred in Canada and the United States in 1967 and 1968, two decisive years in both countries’ histories. This is followed by a discussion about two landmark Canadian federal legislative actions of the late 1960s, namely, the passage of a new Broadcasting Act and the establishment of the Canadian Film Development Corporation (CFDC). The chapter’s third section provides a review of television production activities in Toronto during the 1960s and 1970s. The chapter concludes with
a discussion of Canada’s ill-fated 1970’s tax shelter program that was intended to encourage private investment in Canadian film and television projects.

*Canada and the United States at the Crossroads: 1967–1968*

On several occasions in early 1968, journalists on both sides of the 49th parallel used the term *crossroads* to describe the difficult economic, foreign policy, social, and/or racial policy decisions that both Canadians and Americans would likely face in the coming months. In the United States, long-standing racial inequalities within American society erupted into violent confrontations as riots and civil unrest swept across the country, resulting in the loss of numerous lives and causing millions of dollars in damage. At the same time, the United States also suffered deep fractures owing to events in a previously little known country located on the other side of the world—Vietnam. By mid-1968, U.S. military forces in Southeast Asia surpassed 500,000 troops with American deaths rising above 11,000 for the year 1967 and exceeding 16,500 by the end of 1968.

Although Canada largely avoided the racial upheaval and antiwar protests experienced by the United States in the late 1960s, it was confronted with a serious internal quandary of its very own—Quebec separatism. Since Canadian Confederation in 1867, the country's Anglophone provinces successfully coexisted with Francophone Quebec, although the concept of a “free Quebec” remained an ever-present goal for at least a segment of the province's populace. While Quebec separatism was not a novel idea born of the 1960s, the successes of racial and other groups in the United States, France, and elsewhere to overturn once seemingly immovable social and political obstacles inspired its proponents to begin actively engaging in a Quebec independence
movement. The movement also received enthusiastic support from French President Charles de Gaulle much to the chagrin of Canada's leaders.\textsuperscript{5}

The separatists' efforts, mostly peaceful in nature, occasionally turned violent with bombings, riots, and other forms of civil disobedience.\textsuperscript{6} In February 1968, during the waning days of Prime Minister Pearson's tenure, Canada began drafting a second constitution intended to address issues raised by the Quebec debate such as bilingual rights. Headlines in the \textit{Toronto Star} the day before the first scheduled Constitutional meeting declared nothing less than “national survival” was at stake in the process.\textsuperscript{7}

Prime Minister Pearson's announcement of his retirement two months earlier had prompted the call for April 1968 federal elections to select a new Liberal Party Leader who would also ultimately serve as Prime Minister.\textsuperscript{8} Out of a group of nine candidates, Pearson's Minister of Justice, Pierre Elliot Trudeau would prevail.\textsuperscript{9} Encouraged by their successes in the April 1968 election, the Trudeau-led Liberal government launched a complete reexamination of Canadian public policy. “No element too entrenched or hallowed by tradition was to escape critical re-appraisal,” recounted a 2000 profile of Trudeau written shortly after his death.\textsuperscript{10}

Trudeau gave public notice that Canada would no longer act as “‘an international Boy Scout.’” Instead, Trudeau avowed Canada's national interests would now come first and the country's foreign policy would be an “‘extension abroad of national policies.’”\textsuperscript{11} He also actively pursued greater independence from U.S. influence by promoting Canadian control of its own economy.\textsuperscript{12} Like Quebec separatism, Trudeau's ideas were not wholly original. However, the changes they heralded, as \textit{Canada World View} notes, “reflected Trudeau's left-of-centre political philosophy, his distrust of Cold War attitudes
and his conviction that Canada could and should pursue a more independent path in world affairs.”13 As a Toronto Daily Star letter to the editor proclaimed, “it would appear that Canada is really finally growing up and cutting American apron strings. And it's about time!”14

The dramatic shifts in Canadian policies caused heightened tensions in Canada-U.S. relations.15 The United States expressed its displeasure of Canadian foreign policy initiatives including its decision to decrease support for the North Atlantic Treaty Organization (NATO) while at the same time taking a conciliatory approach to Cold War adversaries such as mainland China. Canada was not involved militarily in the Vietnam War but instead provided medical supplies and technical assistance and also later became involved in negotiations between the United States and Vietnam.16 Perhaps the most distressing Canadian foreign policy stance from the U.S. perspective concerned Canada's steadfast refusal to break diplomatic ties with Cuba following Fidel Castro's ascension to power in the early 1960s.17

In the realm of economic and trade relations, numerous disagreements between the two nations also came to the fore in the late 1960s. These included, among other things, Canadian measures to control foreign investment, impose energy export taxes, and to protect its cultural industries.18 Nonetheless, given the close ongoing economic relationship between the two countries, when the U.S. economy was under the weather, the Canadian economy also suffered as a result. This codependency was quite apparent with the Johnson Administration's January 1968 proposals to reduce the United States' steadily growing annual payments deficit.19

The recommendations which included the imposition of U.S. border levies on
imports and exports coupled with the placement of limits upon foreign travel by U.S. citizens elicited both concern and anger from the Canadian government. Canada's Finance Minister Mitchell Sharp warned if the United States implemented the proposed levies, “Canada would match [them] immediately.”

The transformation of Canada's domestic and foreign policy environment would also prompt Trudeau's Liberal government to begin formulating the “Third Option”—a policy intended to reduce Canada's vulnerability to the United States by increasing its trade with other regions. Nonetheless, despite these nascent efforts, Canada would remain “as closely tied to the United States as ever” throughout 1968.

The 1968 Broadcasting Act and the Establishment of the Canadian Film Development Corporation (CFDC)

Within this charged North American political atmosphere, in February 1968, Canada’s federal government established the Canadian Film Development Corporation (CFDC). The CFDC, later renamed Telefilm Canada, became the federal government's primary funding mechanism for film and television production. The Corporation was anticipated to provide a much-needed boast to Canada’s film and television production fortunes:

The CFDC has been a long aborning but the insider consensus is that when it finally gets off the ground, the current climate—originating from the success at home of [Paul] Almond and [Al] Waxman together with the reputations established in Hollywood and London by Canadians as writers, directors and actors—will enhance the chances of a feature industry getting off the ground in a substantial way.

The following month, in March 1968—one month prior to Trudeau's election—Canada's fourth Broadcasting Act gained royal assent. As Roger Bird explains, the Act reflected a number of concerns regarding Canadian broadcasting:
Lester Pearson's Liberal government was concerned about the continuing conflict between the CBC and the Board of Broadcast Governors (the forerunner of the CRTC), the pressure from all broadcasters for more licenses in the lucrative markets and the wave of technological change that was altering the whole shape of broadcasting. Behind all this was the public's growing conviction that television was having unpleasant and unpredictable social and political effects.24

The 1968 Act established the CRTC as an “independent” regulatory agency to replace the Board of Broadcast Governors (BBG). In reality, however, the CRTC’s independence would not be absolute since a provision of the Act allowed the federal cabinet “to instruct the CRTC as to ‘the classes of applicants to whom broadcasting licenses may not be issued.’”25 In October 1968, the federal cabinet took advantage of the proviso and began sending the CRTC a number of directives “which defined with some precision the act’s general notion that ‘the Canadian broadcasting system should be effectively owned and controlled by Canadians.’”26 As a result of these directives, foreign ownership of Canadian broadcasting and cable systems is limited to a non-controlling interest.27 Specifically, not more than 20 percent of a broadcasting entity’s board of directors may be non-Canadians; not more than 20 percent of its voting shares may be owned by non-Canadians; and the company may not be otherwise be controlled by non-Canadians.28

Although national security concerns traditionally provided the primary impetus for the imposition of foreign ownership limits, in Canada's case, economic—and to a lesser extent—cultural motives influenced their adoption. Within four years the limits served to “repatriate” C$125 million worth of broadcast undertakings out of a total of C$150 million.29 Nonetheless, as Dwayne Winseck notes, “it did so at the expense of fueling higher levels of corporate concentration in cable and broadcasting, as only those with deep pockets could marshal the requisite resources to acquire the U.S.-owned
The Shifting North American Audiovisual Marketplace of the Late 1960s and Early 1970s

The 1970s marked a defining moment in the evolution of communications technologies. On April 20, 1973, Canada assumed a leadership role in the deployment of telecommunications technologies with the launch of the Anik A-2 satellite. With the launch, Canada became the first nation in the world to make use of satellites for domestic communications. Two years later, in 1975, North American consumers were introduced to a machine capable of recording their favorite television programs. The device, referred to as a videocassette recorder or VCR, was sold by the Sony Corporation.

On the Canadian broadcasting front, on July 21, 1972, the CRTC issued a license to Global to operate a television network in southern Ontario. Two years later, Global TV airs its first broadcast on the network. Over the next few decades, Global continued to expand and diversify its media holdings throughout Canada. In doing so, it eventually entered into head-to-head competition with Alliance Atlantis on a number of fronts.

During the 1970s, Canada’s film and television industries began to garner increased domestic and international attention. In Canada, the Banff (Alberta) Festival of the Arts debuted on August 15, 1971. The event brought together Canadian film and television insiders to discuss and share their work. Five years later, on March 29, 1976, Ottawa’s Crawley Films received international notoriety when its feature-length documentary The Man Who Skied Down Everest became the first Canadian feature film to win an Academy Award.

The initial flurry of television production activity in Canada which began in the
The Renewed Demand for Syndicated Programming in the United States

In 1972, Canada boasted 139 production companies of varying sizes; one decade later, in 1982, this number would expand to 322 firms nationwide. This expansion was partially attributable to the FCC’s 1971 implementation of the Prime-Time Access Rule (PTAR) in the United States. The PTAR limited network affiliates in the top fifty U.S. markets to three hours of network prime time programming from Monday through Saturday night and ushered in a new wave of North American syndicated activity.

In lieu of producing programs locally, U.S. stations looked to syndicators to supply the necessary programming, thereby once again offering new sales opportunities for North America’s television production companies. The FCC’s move, in combination with the revised Canadian content regulations set forth in the 1968 Broadcasting Act provided an impetus for Canadian entertainment corporations to place a greater emphasis upon film and television production.
Musical-themed variety shows represented one major type of Canadian-produced programming that was inexpensive; satisfied Canadian content quotas; and proved to be a viable export to the United States. Like the 1950s, Canadian producers also found a renewed U.S. interest in youth oriented programming. The new demand for children’s fare was fed, in part, by the American Broadcasting Company’s (ABC) launching of the ‘After School’ special series in fall 1972. Airing at 4:30 p.m., ABC’s monthly series targeted young viewers between the ages of eight to twelve; each hour-long drama or comedy addressed a historical, social, or other topic of interest to children. The series also featured young actors in some or all of the leading roles. The renewed U.S. demand for Canadian-produced youth-oriented programming was accompanied by newfound interest in animal-related series.

Despite the new U.S. opportunities, Canadian production companies remained at a disadvantage given the historically small percentage of Canadian and other foreign produced programming aired in the United States. Indeed, the modicum of foreign-produced programming broadcast in the United States during the 1960s merely reflected American production companies’ continued need to comply with Canadian, British, and Australian content quotas. The Canadian television sector’s optimism was further dampened by the sale of Normandie Productions and the increasing involvement of the large Hollywood studios in television-related production activities in the United States.

“By the late 1960s, first-run syndicated dramas, comedies and adventure shows all but vanished” owing to the now adequate supplies of ex-network color programming in syndication. The decreasing demand for programming, in turn, discouraged syndicated producers “from going beyond such proven commodities as games, talk and
Among the few Canadian-produced dramatic programs to reach the United States during the 1960s were two daytime soap operas, the medical-themed *Moment of Truth* and the fantasy-horror *Strange Paradise*. Co-produced by CBC, Londonderry Air, and the National Broadcasting Company (NBC) and shot in Toronto with an American lead and Canadian supporting cast, *Moment of Truth* aired weekdays on the CBC in Canada and on NBC in the United States. *Strange Paradise* (1969–1970), a thirty-minute daytime fantasy-horror drama produced by the Strange Paradise Company—a partnership between the CBC, Crawley Films, Krantz, and Metromedia—was yet another notable U.S. Canadian television import of the late 1960s. Thirty episodes of *Strange Paradise* eventually aired prior to its cancellation in 1970.

While Canadian production companies continued their struggle to reach the U.S. television market, some also opted to pursue alternative opportunities beyond the realm of television production. For example, in 1969, Chicago-based trade book *Business Screen* ranked Ottawa’s Crawley Films as “the busiest producer of business films in North America. With twenty-seven new films and sixteen language versions, Crawley topped a survey covering 405 companies in the U.S. and fourteen in Canada.”

**The Expansion of Toronto’s Production Sector**

In August 1968, Pathe-Humphries acquired “the studio building and facilities of Dean Peterson Productions in downtown Toronto” and announced plans to enlarge and renovate the properties. “‘When completed,’” Pathe-Humphries president Harold Greenberg proclaimed, “‘the newly-acquired Toronto installation will be the most advanced sound studio facility in Canada—comparable and compatible with sound studios throughout the world.’”
According to Dean Peterson, this marked “the first of the major Canadian film production houses to follow a trend set in both the U.S. and Britain.” “‘Today,’ Petersen noted, ‘the big studio setup for a producer is already a thing of the past in these countries, with one or two exceptions—and even in these cases the handwriting is on the wall.’”47 Instead, Petersen argued, flexibility was now of the utmost importance to producers. “‘We need the creative freedom to produce film when and where our assignments take us; but what we also need is the availability of top-flight studio, technical and processing services provided by companies which, like ourselves, are moving towards greater efficiency by specialization.’” “‘As far as our company is concerned,’” he added, “‘this move releases us from the encumbrance of captive studio facilities and will allow us greater flexibility and versatility in production, as well as removing an overhead expense that was becoming increasingly hard to justify economically.’”48

**British Interests in Toronto’s Production Sector**

While U.S. interest in Canada’s television industry waned during the 1960s, individuals and companies from Great Britain continued to actively participate in, and make significant contributions to, Canadian television production. Expanding interests in international feature and TV production and distribution prompted prominent British-based film and television company Associated British Pathe (ABP) to set up operations in Toronto. According to ABP officials, the Toronto office’s main function was “to distribute British products for television throughout Canada.”49 The office’s activities included “all areas of distribution—theatrical, TV and non-theatrical—in Canada as well as to develop outlets for programs in the United States. In addition, the office’s head, Canadian David McLaughlin was to act “as liaison between Associated British and both
Canadian network and producers, to promote and develop coproduction projects,”
and was also to seek “North American product for distribution by Associated British-
Pathe throughout the UK, Europe and the rest of the world.”

The Canadian and British media industries have retained relatively close ties to the present day. As Canada's production sector matured, Canadian companies began setting up branch offices in Great Britain just as their British counterparts had done in earlier years. As will be discussed in more detail in later chapters, Alliance Atlantis Communications is among this group of Canadian media companies with a strong British presence.

**The Motion Picture Association of America's Jack Valenti Voices Concerns over Runaway Production**

The miniscule number of productions carried out by U.S., British, and Canadian companies in Canada during the late 1960s posed little threat to their U.S. counterparts. Nonetheless, the amount, however small, still raised concerns in some Hollywood circles.

In 1968, Jack Valenti, the newly appointed head of the Motion Picture Association of America (MPAA) publicly broached the issue of runaway productions in his first annual report after taking office. Citing “‘runaway production’” to Europe and other foreign locales, Valenti reassured U.S. production and related personnel “‘that MPAA member companies planned to increase by forty-six percent the number of feature films produced in the United States during 1968.’”

Valenti’s comments were symptomatic of the increasingly intertwined, albeit increasingly tense, linkages between the U.S., Canadian, and other foreign film and television sectors. These developments combined with the growing internal friction between Canada's feature film and television sectors cast a pall upon the Canadian media
industry as it prepared to enter the 1970s.

**Canada’s Tax Shelter-ignited Production Boom of the 1970s and Early 1980s**

During the 1970s, the Canadian federal government embarked upon an ambitious plan to employ economic incentives—particularly tax shelters—to elevate the country’s feature film sector into a world-class industry. Therefore, this section begins with an overview of the tax shelter legislation, specifically the Capital Cost Allowance (CCA), and thereafter discusses the major factors associated with the tax shelter system which ultimately led to disastrous consequences for Canada’s film and television industries.

**Capital Cost Allowance (CCA)**

Department of Finance Canada defines a Capital Cost Allowance (CCA) as “A [nonrefundable] tax deduction for business-related capital property that provides for the depreciation of these assets.” 52 An April 2006 brief on the CCA prepared by the Parliamentary Information and Research Service provides a further explanation of the CCA:

> The cost of depreciable assets, such as buildings, furniture and equipment, acquired for the use in business or professional activities cannot be deducted as an up-front expense when calculating net income for tax purposes. In recognition, however, of the fact that these assets wear out or become obsolete over time and are replaced, the federal government created the capital cost allowance (CCA).53

Since 1954, Canada had offered a sixty percent tax write-off for investments in Canadian feature-films. 54 However, the sixty percent write-off set a rather unsettling precedent virtually from its start, as Wyndham Wise notes, “investors were assured of a profit even if the film was a total failure.” 55 As Wise further relates, rather than helping Canadian producers to flex their creative talents, the tax loophole instead nurtured “a new type of film entrepreneur—the tax lawyers and accountants—who could make their way
through the complicated tax laws and ‘lever’ such investments on the basis of the original down payment.” These lawyers and accountants represented large investment groups and “were adept at legally exploiting a grey area over which there was very little regulation and no substantive government policy directive.” Owing to this system of film financing and the lackluster final products, by the mid-1970s, Canadian films were widely perceived as being “made to lose money” and therefore considered “box-office poison.”

The accounting and legal debauchery within the Canadian film and television industries reached new dizzying heights following John Turner, Canada’s Minister of Finance's 1975 announcement that investors would now be able to “deduct in one year, against income from all sources, one hundred percent of their investment in certified feature films.” In the spring of 1976, Canada’s tax laws were amended once again with the Certification Office’s establishment of a point system along with a reduction of the write-off on foreign film investment from sixty to thirty percent.

One of the most important underlying problems with the tax shelter program revolved around revenue guarantees. Specifically, if a production obtained a distribution guarantee, it would thereby no longer qualified for Capital Cost Allowance (CCA) benefits. This arrangement, contends Wise, “more than any other became the backbone upon which the artificial tax-shelter ‘boom’ in feature production was created” and its downfall as well.

**From Boom to Bust**

In 1978–79, Canada’s production sector was running at full throttle as banks, trust companies along with other institutional lenders and individuals eagerly invested in film
and television productions. Although Canadian bankers traditionally eschewed entertainment-related investments, “the CFDC's involvement as an interim lender,” helped allay their concerns about investing in Canada’s seemingly robust production sector. 62 1979’s *Bear Island* which starred Vanessa Redgrave and Donald Sutherland was one of the Canadian films which received substantial financial backing from Canadian banks. The fictitious tale of “meteorological experts on an Arctic island ... menaced by neo-Nazis” ultimately proved to be an abysmal failure at the box office. 63

The banks, “‘burnt’ by their experience with *Bear Island,*” promptly quit placing any additional funds into such dubious ventures, irregardless of the CFDC’s involvement. More importantly, the experience also strongly reinforced the banks’ suspicions that Canada’s film and television industries were “bad investments;” this conviction lasted for decades after the tax-shelter era, and to some extent remains to this day. 64

By 1980, the tax shelter “boom” had reached its final days. Canada’s financial institutions had lost their confidence in Canada’s film and television industries; Canadian films screened at the 1980 Cannes Film Festival received almost uniformly bad reviews; and the Canadian “tax shelter” films which were released in theatres were virtually all box office failures. In a further complication, in 1980, “the CFDC invested only fifty percent of the interim financing it had invested in the previous year” in Canadian productions. Taken together, these factors caused the “boom’s” ultimate demise. 65

If measured solely in terms of overall production, the one-hundred percent tax shelter program was a resounding success. As Wyndham Wise notes, “more feature films were made in a hectic thirty month period from the fall of 1978 to the spring of 1981 than
at any other time” in Canada’s history. Moreover, the era marked “a resurgence of feature filmmaking,” with an emphasis upon more costly “Hollywood-style” films. At the same time, a new kind of Canadian producer-entrepreneur had emerged who began emulating the practices of U.S. producers. These individuals “were determined to make ‘international’ films and television programs for the United States and other foreign markets.”

It is also important to note that while the majority of Canadian producer-entrepreneurs who came of age during the 1970s were adroit at the art of deal making, most were far less experienced in the art of filmmaking. Unfortunately, far too often, both the producer-entrepreneurs and the investors in Canadian film and television productions entered the business solely to reap a financial windfall with Canada’s tax laws aiding and abetting their efforts. Moreover, although Canada’s production sector made significant strides during the 1970s, it still lagged behind its U.S. counterpart. The U.S. film and television industries that the Canadian upstarts were attempting to compete against had almost a century of production experience under their belts along with a fully developed infrastructure at their disposal. Therefore, even Canadian producer/entrepreneurs who happened to be adept filmmakers faced an uphill struggle in gaining a toehold in the U.S. and international film and television marketplaces.

Despite the drawbacks associated with the tax shelter system of the 1970s, it did help support a new generation of Canadian independent television production companies through their formative years. This early financial nurturing allowed this select group of companies to eventually develop into formidable competitors in the Canadian and foreign audiovisual markets. Moreover, unlike feature films produced with tax shelter monies, in
a number of instances, the tax shelter-financed television programs won critical accolades in addition to attracting substantial domestic and international audiences.

**Conclusion**

As Canada’s television production sector entered its third decade, the sector had still failed to reach a sustainable state. Consequently, the sector was all too frequently at the mercy of the caprices of the federal government. Notwithstanding the enormous problems associated with the government’s tax shelter program, the government remained committed to its goal of developing an indigenous Canadian production sector. As will be discussed in chapter seven, during the 1980s, the government implemented a new multi-pronged strategy to help stabilize the sector that included a combination of regulatory instruments, subsidies, and other programs.

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3. *The World Almanac and Book of Facts, 1968 and 1969 editions*; Stanley Karnow, *Vietnam: A History* (New York, NY: Viking, 1983). Riots occurred in cities and universities in virtually all regions of the United States. Locations where riots broke out during 1967 included: Nashville, Tennessee (April); Texas Southern University in Houston (May); Tampa, Florida; Buffalo, New York (July); Newark, New Jersey (July), and Detroit, Michigan (July). Total property damage from the riots throughout the year was estimated to exceed US$100 million.

4. The U.S. National Archives & Records Administration. Record counts generated from the [Southeast Asia] Combat Area Casualties Current File (CACCF) (2005, November 14). CACCF Record Counts by Year of Death or Declaration of Death (as of 12/98) in Statistical Information about Casualties of the Vietnam Conflict. Record counts provided for informational purposes only, not official statistics. The Electronic and Special Media Records Services Division of the National Archives and Records Administration (NARA) has custody of several computerized data files with Vietnam Conflict casualty records. Of these, the [Southeast Asia] Combat Area Casualties Current File (CACCF), which is part of Records on Military Personnel Who Died, Were Missing in Action or Prisoners of War as a Result of the Vietnam Conflict, in the Records of the Office of the Secretary of Defense (Record Group 330), is considered the most comprehensive compilation of Vietnam Conflict casualty records. A description (ARC ID: 306742) is available through NARA's Archival Research Catalog (ARC). These statistics were generated from the December 1998 version of CACCF transferred to NARA from the Office of the Secretary of Defense (OSD), Washington Headquarter Services, Directorate for Information Operations and Reports (DIOR). This file has 58,193 records of U.S. military personnel who died between 1956 to 1998 as a result
of the conflict in Southeast Asia, including those declared dead from a missing or captured status. DIOR continues to maintain the CACCF and transfers updated versions periodically, http://www.archives.gov/research/vietnam-war/casualty-statistics.html#year (accessed November 14, 2005).

5 Robert McKenzie, “Paris: De Gaulle's 9-year drive to bring about a ‘Quebec Libre,’” Toronto Daily Star, December 2, 1967, 7. McKenzie reported that journalist-historian Jean-Raymond Tournoux published a document in his 1967 book, La Tragedie du General claiming that President de Gaulle had worked for years on a ‘grand design’ for an independent Quebec. Tournoux also claimed that de Gaulle planned “to incorporate Quebec in a consultative parliament of French-speaking countries as early as 1958” although the plan was apparently dropped due to France's involvement in Algeria at the time.


8 Under Canada's parliamentary system of government, the leader of the party with the most seats in the House of Commons serves as Prime Minister.

9 Trudeau, the first Canadian Prime Minister born in 20th century and the first French-Canadian Prime Minister since Louis St. Laurent. He was a former lawyer and law professor known for championing liberal causes and had been first elected to the House of Commons in 1965 as a member of the Liberal party. Trudeau received a law degree from the University of Montreal, studied political economy and economic theory at Harvard, and also studied at the Ecole des Sciences Politiques in Paris and at the London School of Economics. A number of works detailing Trudeau's career and personal life are available including: Andrew Cohen and J. L. Granatstein, eds., Trudeau's Shadow: The Life and Legacy of Pierre Elliott Trudeau (Toronto, ON: Random House Canada, 1998); Ramsey Cook, The Teeth of Time: Remembering Pierre Elliott Trudeau (Montreal, QC: McGill-Queen’s University Press, 2006); John English, Citizen of the World: The Life of Pierre Elliott Trudeau (Toronto, ON: Alfred A. Knopf Canada); and Martin Sullivan, Mandate '68 (New York, NY: Doubleday, 1968). Trudeau's memoirs have also been published—Pierre Elliott Trudeau, Memoirs (Toronto, ON: McClelland & Stewart, 1993).


12 Ibid.


15 Robert Russo, “FBI Spied on Trudeau for Decades,” CNEWS, 3 printed pages, January 22, 2001, http://www.canoec.ca/CNEWSTrudeauNews/010122_fbi-cp.html (accessed April 21, 2002); Geoffrey Stevens, “Trudeau on Blacklist,” National Post Online, February 17, 1968, http://www.nationalpost.com/features/0990/trudeau/092000remember2.html (accessed April 21, 2002). “Heavily censored” declassified FBI documents indicate the agency initiated surveillance on Trudeau as early as 1951 in the belief that he was either “a closet Communist or soft on communist leaders” and feared that he threatened U.S. security. Trudeau was later barred from entering the United States for a number of years. In a February 1968 interview, Trudeau stated that his attendance at a 1952 conference in Moscow was a likely factor in the U.S.’s actions: “I had been to the economic conference in Moscow in 1952 at a time when Stalin was at the height of his power and not many foreigners were going into Russia, especially at government-sponsored organizations, and needless to say I was roundly attacked when I got back for being a Communist.
... That was probably one thing that helped.” Trudeau noted that following an appeal of the decision, he was removed from the U.S. blacklist [while remaining, knowingly or unknowingly, under FBI surveillance throughout the 1970s]. The FBI also conducted surveillance on Trudeau's wife Margaret during her U.S. visits.


22 Wyndham Wise, “Canadian Cinema From Boom to Bust: The Tax-Shelter Years,” Take One, (December–March 1988), http://www.findarticles.com/p/articles/mi_m0JSF/is_22_7/ai_30155873 (accessed October 11, 2005). “The first step was outlined in the speech from the throne in 1965 and proposed that a Crown corporation be established with the responsibly of administering a CS10 million revolving fund. Legislation to establish such a corporation was introduced in June of 1966 and the Canadian Film Development Corporation. (CFDC) was brought into being in February 1968.”

23 “Film Developm’t Corp. to Start This Spring?” Canadian Film and TV Bi-weekly, January 31, 1968, 2.


25 Ibid.

26 Ibid., 406; Matthew Fraser, “Conversion of the Cable Chiefs: Moguls Want to Let in Foreign Money, Now They Own the Market,” National Post, April 20, 2000.


The All Channel Receiver Act “authorized the Commission to require that all television receivers shipped in interstate commerce, or imported into the United States, for sale or resale to the public be capable of receiving all channels allocated to television broadcasting. At that time, the capabilities provided in TV sets for tuning and receiving the UHF television service were significantly less than those for the VHF television service. Under the authority provided in the All Channel Receiver Act, the Commission adopted a number of technical standards to increase parity between the UHF and VHF television services. One element of these standards was a maximum UHF noise figure for television receivers. The noise figure is a technical measure for one of the factors that influences how well a television receiver displays a weak signal. Reducing the UHF noise figure of television receivers increases the quality of UHF reception.”


Howard J. Blumenthal and Oliver R. Goodenough, The Business of Television (New York, NY: Billboard Books, 1998), 35–36. The Prime-Time Access Rule (PTAR) “limited network affiliates in the top 50 markets to three hours of network prime-time programming from Monday through Saturday night—thus creating the 8:00–11:00 p.m. block known as prime-time. A new daypart called prime access (7:00–8:00 p.m. in the East and West, 6:00–7:00 p.m. Central and Mountain Time) also came in being.” “The rule was officially rescinded in 1995, effective 1996. Its legacy, however, continues.”


Ibid.

Ibid., 12.


Ibid.

“Crawley Films is Rated North America’s Busiest Producer,” Canadian Film and TV Bi-weekly, August 6, 1969, 1.

“Pathé-Humphries Acquire Peterson Studio Set-Up,” Canadian Film and TV Bi-weekly, August 14, 1968, 1, 4.

Ibid.

Ibid., 4.

Ibid.

“Canadian Office Opened by Associated-British,” Canadian Film and TV Bi-weekly, November 11, 1968, 5. The office’s “No. 1 property ... was Mountbatten, a series of 12 hour-long episodes based on the career of Lord Louis Mountbatten; McLaughlin previously served as the head European represent for Warner Bros.–Seven Arts television sales and prior to his European assignment led WB-7A’s Canadian TV operations in Toronto.”

Ibid.

“Valenti’s MPAA Report Stresses Home Prod’n,” Canadian Film and TV Bi-weekly, July 3, 1968, 1, 4.

Department of Finance Canada, “Capital Cost Allowance (CCA),” in “Glossary of Frequently Used Terms” (Ottawa, ON: Department of Finance Canada, 2005), http://www.fin.gc.ca/gloss/ (accessed December 27, 2005). A Library of Parliament brief on the Capital Cost Allowance provides a more detailed description of the deduction: “The cost of depreciable assets, such as buildings, furniture and equipment, acquired for the use in business. As of December 2005, there were approximately forty CCA classes described in the regulations to the [Canadian] Income Tax Act. The CCA rate applicable to each class is usually intended to reflect the economic life of the
assets of that class and businesses are allowed to deduct up to a fixed percentage of the
depreciated cost each year. Where the CCA rate is clearly in excess of that required to reflect the
economic useful life, it can be considered to be an accelerated CCA.”

Information and Research Service, April 3, 2006).

in Film and Television Productions” ([Hull, QC]: Canadian Heritage, 2002), 17.

55 Wyndham Wise, “Canadian Cinema From Boom to Bust: The Tax-shelter Years,” Take One
(December–March, 1998), http://www.findarticles.com/p/articles/mi_m0JSF/
is_22_7/ai_30155873) (accessed October 11, 2005).

56 Ibid.
57 Ibid.
58 Ibid.
59 Ibid. The provision also retroactively covering film productions started after November 18, 1974.
60 Ibid.
61 Ibid.
62 Ibid.
64 Wyndham Wise, “Canadian Cinema From Boom to Bust: The Tax-shelter Years,” Take One
(December–March, 1998), http://www.findarticles.com/p/articles/mi_m0JSF/
is_22_7/ai_30155873) (accessed October 11, 2005).
66 Wyndham Wise, “Canadian Cinema From Boom to Bust: The Tax-shelter Years,” Take One
(December–March, 1998), http://www.findarticles.com/p/articles/mi_m0JSF/
is_22_7/ai_30155873) (accessed October 11, 2005).
67 Ibid.
68 Ibid.
Chapter 7

**Boom, Bust, Rebound: Canada’s Federal and Provincial Governments’ Strategies to Create a Sustainable Production Sector**

While the Canadian film and television industries’ problems persisted into the new decade, the milieu in which they were situated was undergoing unprecedented political, socioeconomic and technological changes. Among the transformative events of this period were the ascendancy of Brian Mulroney and Ronald Reagan to national leadership positions in Canada and the United States respectively. Their elections reflected an emerging conservative ideological trend in both countries. This marked shift in philosophical orientation, in turn, profoundly affected the North American mediascape, especially since deregulation and free market mechanisms were basic tenets of the conservative creed.

The reorientation of Canada’s film and television industries toward more commercially-viable productions was guided by changes in political and economic philosophical orientations within an increasingly globalized market. This chapter begins with a brief survey of the changing political, economic, and technological conditions in North America during the 1980s. It also examines the strategies employed by Canada’s federal and provincial governments to revive the nation’s ailing production sector and their consequences.

*The Emergence of Deregulation and Free Trade as Dominant Political Philosophies in North America During the 1980s*

The Canadian film and television production sectors’ repeated setbacks illustrate the challenges associated with building and maintaining culturally and economically
viable media industries in the nation. Moreover, Canada’s faux production “boom” and subsequent “bust” of the 1970s and early 1980s further exacerbated this already difficult endeavor. By the dawn of the 1980s, Canada’s film and television industries and their government suitors faced an array of daunting—and sometimes conflicting—challenges including: (a) to insure the continued creation of indigenously Canadian productions, (b) to restore public confidence in Canada’s film and television production sectors, and (c) to reinvigorate the Canadian production industry “as a television-driven business with the emphasis upon the word business.”

During the early to mid-1980s, Canada’s federal government under the leadership of Brian Mulroney and the majority Conservative party, pursued a market-oriented, “less government” approach in both the domestic and foreign policy arenas. In the realm of Canadian communications, several additional internal and external factors also helped drive decisions policy, namely: (a) linkages between domestic communications law and international trade agreements; (b) the relationship of communications to economic development strategies; and (c) a desire for Integrated Broadband Networks (IBNs). Meanwhile, an array of influential Canadian business and industry groups actively lobbied Canada’s federal government in support of greater liberalization and deregulation of Canada’s communications industries. For example, Canadian and U.S. banks such as J. P. Morgan and Citicorp, among others, strongly advocated increased overall market liberalization and privatization in both North America and throughout the world.

The elemental shifts in political philosophy were accompanied by technological advances that were occurring at a torrid pace, often outstripping governmental efforts to regulate their use. Given this fluid environment, this section explores the major strategies
used by Canadian television production companies—with the assistance of Telefilm Canada and other government agencies and programs—to establish a foothold in the rapidly evolving international television export marketplace.

**North America’s Changing Television Scene**

Reflective of North America’s newly favored “less government” philosophy, the FCC relaxed several television-related regulations in the United States which, in turn, prompted an upsurge of production activities in both the United States and Canada. First, the regulation governing the amount of advertising allowed during children's shows was eased. This action encouraged syndicators to begin offering a number of new animated shows created primarily to market products based upon the program’s characters. Second, ownership caps which heretofore limited the number of stations any one television group could own were lifted. Largely as a result of these regulatory modifications, approximately three hundred new independent television stations were established between 1980 and 1985 in the United States.⁴

Despite the growing popularity of deregulation and market liberalization in both the United States and Canada during the 1980s, the CRTC began placing additional Canadian content requirements on CTV and other Canadian broadcasters in conjunction with their licensing renewals. The CRTC’s action was intended to help foster the production of more Canadian programming, especially drama, by the private sector. Since CRTC regulations also prohibited Canadian broadcasters from producing original programming for the television stations they owned, broadcasters were obliged to purchase programs from independent production companies.⁵

Canada’s film and television industries, still mired in tax shelter-related problems
started the 1980s on a lackluster note. *Cinema Canada*, recapping the sectors’ 1981 performance, reported “a preliminary count of twenty-seven feature films and six major television productions” produced throughout Canada with “only eight features qualifying as large budget films in Canadian terms, though even these would be modest films by Hollywood standards.” All of the features, with the exception of one film, *The Wars*, “were geared to the action, exploitation market.”\(^6\) Despite the industries’ anemic state, in 1982, Canadian audio-visual production (film and television) surpassed the billion dollar (Canadian) mark for the first time in history.\(^7\)

While the one-hundred percent Capital Cost Allowance (CCA) and its resulting negative externalities left Canada’s film industry in a distressed state, the country’s television production sector survived and even begin to thrive thanks, in part, to the same program. However, Canada’s television producers, not unlike their feature film counterparts, still faced myriad challenges working within the 1970’s tax shelter-centric environment.\(^8\)

From a television production standpoint, the tax shelter’s “biggest drawback” according to Norfolk Production’s President William Macadam was the timing of sales of the investment units. Since the majority of units were normally sold between September and December, it was necessary for producers to “take out some form of interim financing to pay the actual costs of production during the year.”\(^9\) Moreover, Macadam noted if a production relied upon interim money to cover its upfront shooting expenses later failed to find buyers for the units, “the interim financier could be left holding equity in a film he doesn't really want.”\(^10\)

Unfortunately, the scenario of interim investors being left “holding the bag”
were a “far-too-frequent occurrence” in Canada’s film industry and thus helped hasten the demise of the one hundred percent CCA. Moreover, as Macadam further argued, investors had mistakenly grouped “television producers in with the feature film people.”

Canada’s production sectors were dealt a staggering blow in late 1981 when the federal government announced that as of January 1, 1982 the six-year-old one hundred percent Capital Cost Allowance (CCA) for certified feature films, shorts, documentaries, as well as television and video productions “would be reduced to fifty percent.” Citing the Liberal government's desire to “close loopholes which high income bracket individuals were using to avoid paying taxes,” under the revised rules, investors were allowed to “claim only one half the normal full year's CCA in the year of acquisitions.”

The government’s announcement received a decidedly mixed response from Canada’s film and television circles. For some, the change portended the industries’ impending doom while others viewed it in a more favorable light; one industry insider even characterized the CCA reduction as a “blessing in disguise.” Despite the divergent opinions regarding the long-term repercussions of the CCA reductions, there was almost unanimous agreement on one point—the reduction would almost certainly cut the number of 1982 productions.

Beyond the announced CCA reductions, Canada's independent television producers' were also struggling with chronic public and private funding shortfalls. According to a 1980 survey commissioned by the Canadian Film and Television Association (CFTA), Canada's independent television producers “were in a financially
inferior position’’ compared to their counterparts in other countries. According to producer Pat Ferns, co-founder of Nielsen-Ferns, his company encountered few problems with securing international partners. Instead, ‘‘[t]he real problem is finding domestic money… In other countries, the costs are recouped in the native country, and sales to the rest of the world are treated as gravy,’’ observed Ferns. Ferns also pointed out that the Canadian networks ‘‘put their money into news and sports and information, conceding entertainment to the Americans.’’ Equating Canada's situation to Gaulist France, Ferns noted, the ‘‘government had control of the information and left the entertainment to the leftists. What they didn't realize was that the entertainment programs were much more influential. We've made the Gaulist mistake here.’’

Macadam long stressed that an ongoing independent television production industry ‘‘could survive only if the export market could be sufficiently exploited to generate production dollars.’’ Moreover, Macadam ‘‘criticized the Canadian networks for not paying a big enough share of the production costs’’ and therefore concluded, ‘‘that until and unless government, the Canadian networks, and the Canadian pay-television licensees understand this concept, ‘we will never have a viable production industry in this country.’’

**Strategies for Stabilizing Canada’s Production Sector**

Acknowledging the important cultural and economic benefits accrued from Canada’s film and television industries, Communications Minister Francis Fox stressed that the government's overall objective, was to insure ‘‘that there continues to be a good program production industry in Canada. We intend to see that the industry not only continues to survive but continues to flourish.’’ Achievement of these multiple goals,
however, would require nothing less than an extreme makeover of Canada's film and television industries. It also would require a similar transformation of the governmental infrastructure that provided financial support for, and regulatory oversight over, the industries. Perhaps most importantly, it would necessitate a fundamental reorientation of the Canadian government's cultural and economic policies with respect to the nation's film and television industries. As shown in table 7.1, audiovisual production in Canada was beginning to make a significant contribution to the country's economy.

**Table 7.1**
Audiovisual Production in Canada, 1982

<table>
<thead>
<tr>
<th>Film Production</th>
<th>Millions of Canadian Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFB/ONF (global production expenditures)</td>
<td>37</td>
</tr>
<tr>
<td>CFDC/SDICC</td>
<td>4</td>
</tr>
<tr>
<td><strong>Private Sector (production revenues)</strong></td>
<td></td>
</tr>
<tr>
<td>Feature films</td>
<td>20</td>
</tr>
<tr>
<td>Television films</td>
<td>36</td>
</tr>
<tr>
<td>Commercials</td>
<td>53</td>
</tr>
<tr>
<td>Educational and Industrial</td>
<td>43</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Private</strong></td>
<td><strong>154</strong></td>
</tr>
<tr>
<td><strong>Audiovisual Production by Television Broadcasters</strong></td>
<td></td>
</tr>
<tr>
<td>CBC/Radio-Canada Programming</td>
<td>400</td>
</tr>
<tr>
<td>Other TV Network Programming</td>
<td>320</td>
</tr>
<tr>
<td>Educational TV Programming</td>
<td>51</td>
</tr>
<tr>
<td>Cable Television Programming</td>
<td>38</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>1007</strong></td>
</tr>
</tbody>
</table>

*Source: Cinema Canada, no. 126; January 1986*

**The Establishment of the Canadian Broadcast Program Development Fund**

With this elemental change in mind, in March 1983 Communications Minister Francis Fox unveiled a new broadcasting strategy intended to provide Canadians with a greater program choice and to make the Canadian broadcasting industry more competitive. A key component of the government's new strategy, the Canadian Broadcast Program Development Fund, was subsequently launched on July 1, 1983. The Fund,
placed under the auspices of the CFDC, was charged with two main functions: (a) “to increase the quantity and quality of Canadian programming in the drama, variety, documentary and children's categories;” and (b) “to produce such programming using independent Canadian producers thereby supporting the development of a vigorous independent film and television industry.”

Peter Pearson, the CFDC’s administrator, stated the Fund represented: “‘a radical departure in Canadian cultural strategy.’” “‘[T]he production industry has changed.’” “‘Gone is the hyperbole of the tax-shelter years with their mirages.’” explained Pearson. “‘On hand is the new era of steady production for television, backed up by generous government investments, broadcasting support, and the entrance of new ‘major partners’ from abroad to put Canadian programs on the world map.’”

The Canadian Broadcast Development Fund presented a dual challenge for the CFDC namely, “fostering a healthy private sector production industry and of working with the Canadian television and film industries to develop a solid core of attractive programming.” Although sharing similar responsibilities as the CFDC, the Broadcast Fund made available new financial resources along with a “mandate of far greater flexibility.”

The Fund was established at a crucial point in the evolution of Canada’s production sector; the quality of Canadian productions were increasing; methods of financing were becoming more sophisticated; and there was a growing awareness of both the necessity and the potential of international markets and partnerships. The Fund provided the means to help stabilize the sector by helping reinforce its financial foundation. With the Fund’s establishment, the CFDC became “the federal government
agency responsible for private sector development in both the television production and film industries.”

With the creation of the Fund, the CFDC’s responsibilities were expanded to include both the management of the Fund’s monies as well as to use the Fund as an instrument for long-term industry development. Given these new responsibilities, on February 22, 1984 the CFDC’s Board of Directors decided to adopt a new name—Telefilm Canada.

“In its first year of operation (1984–85), the Fund invested more than C$43 million in sixty-five English-language and thirty-four French-language film and television projects with budgets totaling nearly C$142 million.” Of this total amount, C$9,138,917 was devoted to television projects—eighteen English language and fourteen French language—while loans were advanced for four projects (one in English and three in French).

The Redefinition of “Canadian” Productions

The transformation of Canada's film and television industries also included another important component—the redefinition of what constituted a “Canadian” program and the revision of Canadian content guidelines. In an effort to further Canada's cultural imperatives, federal and provincial production funding was tied to Canadian content regulations. Consequently, the government's definition of Canadian content played an integral role in the allocation of funding for individual productions.

Based upon the input by the Producers Council and many other stakeholders in Canada’s television industry, in spring 1984, the CRTC issued revised criteria for the recognition of Canadian programs. “Focusing [sic] primarily on ‘the two observable
aspects of any program: performance and production, the Commission adopted as the basis for its recognition of a Canadian program the requirements of the point system and cost criteria used for feature film production by the Canadian Film and Videotape Certification Office of the Department of Communications.\(^{33}\)

The revamped point system required all producers, executive producers, associate producers and presenters receiving screen credit to be Canadian citizens. Moreover, in order to qualify for Canadian certification; a program was required to earn a minimum of six points out of ten possible points based primarily on the nationalities of the lead performers, producer, director, and others.\(^{34}\)

**Implications of the Revised Canadian Content Rules for Canadian Producers**

The revised content guidelines received a mixed response from Ontario’s production community. While the definitional modifications affected virtually every production company operating in Canada at least to some degree, the impact upon individual companies varied based upon their production focus, financial arrangements and other miscellaneous factors.

Some producers such as Simcom’s Peter Simpson enthusiastically embraced the revisions. “‘They're terrific, very sane—a nice, logical next step. I feel very comfortable with them,’” Simpson stated.\(^{35}\) Likewise, producer Peter O'Brian opined that producers should have little to complain about regarding the revised guidelines:

Producers from outside Canada have their own means of financing. There are restrictions because the Canadian taxpayer is paying some of the cost. If you want to make a film with an American director, American talent, and American screenplay, you're welcome to finance it without the tax incentive. There's nothing wrong with that. But the guy who's trying to make a film with some indigenous or in some indigenous context should be entitled to all the advantages provided by the incentives.\(^{36}\)
Nonetheless, some individuals within the sector like Joel B. Michaels expressed
dismay over the emphasis the new policies placed upon Canadian content and their
overall nationalistic direction.37 “‘What really nags is the fact that movie-making is an
international art,’” Michaels argued. “‘Lee Remick has said that there should be no
curtains in the arts. It's like saying you can't buy a Renoir and hang it in the United States.
Any restrictions mean that the end result will be less good than it can be.’”38

Canada's Federal Government Makes Television Funding a Priority

Arguably, one of the most controversial components of the government’s new
film and television production strategy involved the decision to focus federal funding
and allied resources primarily upon television in lieu of feature film production. The
persistent difficulties in finding investors and in obtaining distribution for Canadian
feature films led some industry and government leaders to ask, “Should we be trying to
compete with the Americans in the feature film market, where, while the potential profits
are immense, so are the potential losses? While an investor may wish to shelter his
money under the capital cost allowance, he rarely has any desire to actually lose it, and
there is no surer loss than a picture which is shelved.”39

Television production afforded a number of advantages, counted among them:
smaller budgets, “more controllable costs, more predictable returns, and larger
audiences,” a wider array of potential funding sources, along with cheaper distribution
costs.40 Lower production costs—particularly in terms of made-for-television movies—
was a major selling point for television. “‘You are talking about a less speculative
budget, C$1.5–2 million rather than C$6–10 million, with a contract for payment on
completion,’” noted Robert Barclay, executive director of the Director's Guild of Canada.
“‘You can go to the bank if you have a contract and the money will cost you far less.’”

Moreover, added Bruce Malloch, “‘The return on television, while not as high as on a successful feature, is steady and assured enough to keep investors happy.’”

Besides the financial advantages, television programming also held the potential to reach far larger domestic and international audiences than feature films, as producer Paul Saltzman maintained:

Television reaches more human minds than features do. So, as a tool of communication, for putting out something into the air that contributes to the shape and soul of our universe, the fact is that television is a more powerful medium of communication. So therefore it's not a middle ground to anything. It's an end-ground in certain ways.

**Emphasizing a Business-like Atmosphere in the Canadian Production Sector**

The Janus-like nature of Canada’s cultural industries; the need to balance often countervailing artistic and commercial prerogatives lay at the heart of Canada’s feature film-television policy debate. Moreover, the tendency for Canadian producers to favor “auteur” or art house-type productions—especially with respect to feature films—in lieu of producing more popular fare also played an important role in the debate. Canadian producers, who historically received substantial government funding support, were under relatively little pressure to produce films and television programs intended to attract large audiences. Instead, productions often reflected the producers’ individual tastes and sensibilities while paying little or no attention to the tastes and sensibilities of mainstream audiences in Canada or elsewhere.

The cultural specter cast by the United States upon Canada also influenced the policy debate. Indeed, for some within Canada’s cultural industries, Canadian producers who opted to cater to mass or popular audiences were nothing less than “cultural traitors”
who willingly sacrificed Canadian culture at the alter of entertainment, the *almighty dollar*, and ultimately, the United States.

The federal government's message to Canada’s production community was unmistakably clear—From now on, producers would be compelled to take into fuller account the commercial dimensions of their activities. In practical terms, this required independent producers to, as Peter Pearson declared, “‘become absolutely aware of the needs of the Canadian broadcasters ... They're not interested in fiddles, they're not interested in diddles, they're not interested in tax loopholes. They're interested in quality prime-time programming.’”

Pearson further admonished independent producers:

> first of all that it's no longer home-movie time. Certainly, it's causing a lot of strain on a lot of filmmakers and production people because, in olden days, when we were all young and gracious, we got the CFDC money, and went off and made whatever we wanted, more or less. This time around, the broadcasters are there in terms of every question, from casting, through to budgets, completion guarantees, through to recoupment schedules. They want to know what the looks of those international deals are, because they're going to have to broadcast the foreign projects which are coming into Canada. It is no longer the cottage industry that most of us grew up with.

Canada’s independent television sector was now also expected to conform to a new set of professional standards. These new norms included having a cadre of “seasoned professional producers” who could create “‘audience-producing, business-like productions’” that “elicit the same kind of response as the American programming.”

**Opposition to the Televisual Shift**

Irrespective of the sundry advantages ascribed to television versus feature film production, the Canadian government’s decision to focus upon the television sector received a mixed reception from the nation’s film and television industries. One of the major underlying problems with television was psychological in nature; more
specifically, a long-standing stigma attached to it. Many individuals in the feature film industry—not unlike their U.S. counterparts—still regarded television as a “second class medium.” From their viewpoint, feature films still held a greater artistic and cultural “cachet” than their televisual brethren. To some extent, the notion of television as the poor cousin of feature filmmaking had diminished in recent years as prominent actors, directors and other individuals associated with the feature film industry temporarily or permanently “crossed-over” to the television sector. Nonetheless, feature filmmaking remained the more prestigious, culturally rich, and therefore, the often preferred production option.47

Responding to critics of television production, Bruce Malloch noted:

Perhaps it's time some people in the industry stopped considering films produced for television as somehow second-class citizens to films produced for theatrical release. While industry sources estimate that one in twenty-five feature films has returned money to its investors in the past two years, nearly all the independently produced television and non-theatrical films have generated returns.48

In a more bluntly worded rejoinder, Broadcast Fund Administrator Peter Pearson offered opponents to the televisual shift the following alternatives:

If one does not want to produce for the television, one has absolutely every right not to. But to not produce for television is to not produce, because television is now everything. Television is Michael Jackson and the Werewolves. Television is Smurfs, is stuffed dolls, television is information and there is no place to go except television. If, in fact, one wants to go back to Hyde Park corners and make small documentaries for small audiences and small attentions, there are still those corners. If one still wants to make C$20 million features, there are still those corners. But if one wants to reach, through distribution and exploitation system, the Canadian audience, one can only do it through television.49

The policy shift also raised concerns on another front, namely, the freedom of expression. Producer Rene Malo characterized television production as “‘censored production’” wherein “‘subjects are limited, have to see things in a certain way, can't say
certain words have to shoot in a certain way ... I don't know a lot of television directors known for contribution to culture, but I know a lot of film directors,”” Malo lamented.50

For still others, the new policy strategy served as tacit acknowledgement of the country's failure to foster a feature film industry. As a 1984 Cinema Canada editorial expressed, “In this shrinking from albeit ungainly, bureaucratic and oft-misguided attempts to generate a Canadian film industry/culture to the trimmer and more specific function of developing a television program industry lays an enormous admission of defeat.”51 On a more practical note, the editorial also added that the change “consecrates a new realism directed towards television as the locus of Canadian culture.”52

The Mid-1980s Resurgence of the Canadian Production Sector

The Creation of the Ontario Film Development Corporation (OFDC)

As Telefilm Canada readily admitted, funding remained a chronic problem for Canada’s television production sector even with the substantial infusion of federal monies. Given these circumstances, a number of provincial governments opted to follow Telefilm Canada's lead and began launching initiatives to help support film and television production within their jurisdictions. The Ontario Film Development Corporation (OFDC), founded in February 1986, represented one of the most ambitious of these provincial undertakings.

“Established with C$20 million in funding to invest in Ontario-based productions over the next three years,” the Corporation was to be administered by a thirteen-member board of directors selected from the media and arts community by Ontario's Premier.54 The OFDC was assigned two primary jobs: (1) “to stimulate employment and investment in the film and television industry through its production and development program and
(2) to attract production companies to use Ontario as a location through its marketing program.”

The Canadian federal and provincial governments' radical film and television policy makeover seemingly yielded almost immediate results. Fortuitously, the makeover occurred at the same time as domestic and international demand for audiovisual products was rising sharply owing to the growing number of cable channels and VCRs. This combination of political and technological developments provided ideal conditions for Canadian television production companies to grow and expand both at home and abroad.

During fall and winter 1984 Cinema Canada reported, “some industry people are predicting the busiest summer since the tax shelter boom of 1980.” This upswing in production was attributed to Broadcast Fund-related Canadian projects along with “a greater number of local independent low-budget films.”54 “Boom may be too strong a word yet,” Cinema Canada commented, “but technicians in Montreal, producers in Toronto and industry equipment suppliers in both cities all agree the film and television production industry is humming like it hasn't in years, and could well keep up the pact at least until Christmas.”55

“'Within the next year [1984–85],’” predicted Peter Pearson, “'there's every likelihood that production in this country [Canada] is going to double again, to a quarter of a billion dollars, which means that it's no longer ‘pat-a-cake-pat-a-cake’ and cart your movie down to the Film Canada Centre to get it sold.'”56 As an added boost to the sector, in March 1985 Telefilm Canada established new guidelines which broadened the Broadcast Fund to help “support script and project development and to participate in documentaries as well as the established categories of drama, variety and children's
Thanks to the Fund and its subsequent expansion, during 1984–85 Canadian broadcasters, both public and private, licensed an unprecedented number of independently produced Canadian television programs with the CBC serving as the major market for both French and English production. Prompted by these positive developments, industry analysts noted that investor interest in the industry was reviving, buoyed by their belief that the industry had finally escaped the boom and bust syndrome which plagued it in the past.

In early 1985, in the midst of Canada’s marked television production upswing, the CBC incurred substantial budget cuts. The cuts, prompted by the federal government’s push to reduce Canada’s burgeoning deficit, resulted in the cancellation or indefinite postponement of numerous productions. Since the CBC remained an important market for Canadian independent producers, the network’s budget reductions triggered yet another crisis in Canada’s television production sector. To help diffuse the crisis, Telefilm Canada increased its participation in specific projects from thirty-three to forty-nine percent of their total budgets. However, owing to the large number of projects eligible for increased participation, Telefilm Canada's resources soon became severely taxed. This series of events eventually led to reduced levels of Broadcast Fund participation and other related changes for projects in subsequent years.

During 1985–86, Telefilm Canada contracted or accepted a total of 226 projects: 77 for development and 149 for production during 1985–86. “Nevertheless,” conceded the Agency in its 1985–86 Annual Report, “many among even the most successful of Canadian production companies continue to be characterized by
undercapitalization and inadequate return on equity.”

**Ontario Reaps the Economic Benefits of Television Production**

Notwithstanding the problems associated with the CBC’s funding shortfall, by the mid-1980s, Canada’s television production sector, and Ontario’s in particular, showed signs of renewed vigor. Brian Villeneuve, executive coordinator of the OFDC's marketing program reported that “during the first eight months of 1985, the total money spent on productions in Ontario increased 130 percent compared to the same period one year earlier.” By the end of 1985, Ontario had shattered all previous records of total monies spent on film and television production within the province.

The Ontario production sector’s impressive 1985 performance was repeated the following year. “By the end of the first seven months of 1986, C$7 million more was spent on film and television production than” a year earlier as thirty-four productions pumped C$115.2 million into Ontario’s economy. The productions—seventeen foreign and seventeen Canadian—included feature films, television miniseries and made-for-television specials. Villeneuve added that it appeared that the trend towards increased production would continue in the immediate future. The big question, he said, is “‘What do we do for an encore in 1987?’”

The sector’s rebound was also highlighted in a November 1984 report on Ontario’s film and video industry commissioned by the Ontario Ministry of Industry and Trade. Frank Miller, Ontario’s Minister of Industry and Trade, commented that the report “‘reinforced the notion that the film and video industry is a highly wage-and-labor intensive industrial activity, offering substantial returns.’” Miller also noted “‘a growing mood of optimism within and towards the industry. If that upsurge can be reinforced then
Ontario's film and video industry will find itself playing an increasingly important role in satisfying market demand.” The upsurge, in turn, would lead to “increases in employment, salaries and wages, and corporate and government revenue,” Miller added.65

A 1987 City of Toronto committee report estimated 25,000 Toronto jobs were “directly involved in local film and television production with thousands more indirectly benefiting.”66 The increased production activity also raised the earnings of Canada's creative community. According to ACTRA reports, “the total income under Writer Agreements reached C$16,998,625 during 1985, up 23.2 percent from last year. Total earnings of ACTRA members, under all agreements, was C$83,980,262, a 21 percent increase from C$69,392,196 in 1984.”67

Clearly, television production was becoming an important component of Toronto’s economy. “Toronto could easily claim the title of Hollywood North,” announced a May 15, 1985 article in the Winnipeg Free Press, “as it now ranks third among North American cities in the production of films for commercial theatres and television and of TV commercials. Hollywood still ranks first, with New York second,” the article’s author noted.68

Beyond Telefilm Canada and the OFDC’s ongoing programs, the marked improvement in Ontario’s film and television industries’ fortunes during the mid-1980s was attributed to a variety of factors including: (a) the dollar exchange value, “a big factor for American producers” according to Brian Villeneuve; (b) the availability of trained support crews; and (c) location scouting.69 By the mid to late 1980s, Toronto’s production houses were enjoying unprecedented success both at home and abroad. The
next section takes a closer look at how the combination of above-mentioned factors helped reinvigorate Canada’s, and specifically Toronto’s production sector.

Since CRTC regulations prohibited Canadian broadcasters from producing original programming for the television stations they owned, they purchased it from independent production companies. Nonetheless, given the ever-present domestic market inadequacies, coproduction and other agreements with broadcasters and production companies in other countries were necessary to help defray production costs while at the same time supplying programming that met Canadian content standards. Therefore, out of necessity, television exports assumed a central role in the Canadian broadcasting system with programming “self-consciously designed as part of an export strategy.”

In a summer 1984 Cinema Canada interview, Peter Pearson summarized the unprecedented changes then taking place in film and television: “Technological innovation, expanded programming opportunities, growth in ancillary markets and more discerning audiences are revolutionizing the economics, creative requirements and distribution of film and television production.” Pearson further commented that given Canada’s “unique culture, lower production costs and more aggressive marketing,” the country was well positioned “to become a major presence in international film and television markets.”

The Canadian Cultural Campaign of 1986

While Telefilm Canada actively pursued production partnerships with the United States and other foreign nations during the mid-1980s, the impending Canada–U.S. free trade talks between the Mulroney and Reagan governments sparked new concerns about Canada's cultural sovereignty and the fate of its indigenous film and television industries.
CRTC chairman Andre Bureau, for one, warned of the dire consequences for the Canadian broadcasting industry likely as a result of free trade talks with the United States. Bureau predicted that the Canadian government would be pressured into making concessions unless Canadian private broadcasters made a far greater commitment to “Canadian content programming.”

On a second front, Federal Communications Minister Marcel Masse “led the potentially largest offensive for a concerted Canadian cultural policy since the pan-Canada euphoria of Expo ’67.” Masse's offensive was aimed at convincing his “cabinet colleagues of the need to surround upcoming free-trade talks with the United States with a legislative program repatriating the Canadian cultural domestic market in publishing, film and video.”

According to Stephen Roth, chairman of RSL Films, because of the lingering “‘paranoia with respect to our neighbor to the south,’” it was “‘much easier to get a coventure with a non-American entity than with an American.’” Nonetheless, Roth regarded Americans as “‘ideal partners because of their lack of ‘cultural chauvinism.’”

While cultural concerns garnered significant attention from the Canadian government and others during the mid-1980s, efforts encouraging more private participation in Canada’s television industry continued unabated. The increasing privatization of the industry was reflected by the rising percentage of private sector investment in television production activities. According to Telefilm Canada, “as a percentage of total financing, private investment has grown from only three percent in 1983–84 to nine percent in 1985–86. This was accompanied by parallel growth in participation by private broadcasters, accounting for “seven percent of the total in
1985–86, up from three percent in 1983–84. In essence, the Canadian government had successfully used “the levers of public ownership and public money to reinforce both the private production and distribution of Canadian programming.”

Perhaps most importantly from a production perspective, Canada also now boasted a new generation of Canadian producers whose creative and technical expertise rivaled, and in some cases, surpassed their Hollywood counterparts. While these young producers while unabashedly Canadian, they unhesitatingly pursued partnerships and sales in the U.S. marketplace. They also strived to achieve production standards comparable with U.S.-made programs. This new generation of Canadian up-and-comers defied longstanding cultural, economic, psychological, and other obstacles that had hampered so many past Canadian producers who attempted to effectively compete in the U.S. and other foreign media markets. As Anne of Green Gables producers Trudy Grant and Kevin Sullivan aptly predicted “with enough uncompromisingly Canadian films produced, in time the public—Canadian and otherwise—will recognize and warm to ‘the Canadian look of things,’ without having to look over the collective shoulder to see how they ‘match up’ to the rest of the world.”

The Canada–United States Free Trade Agreement (CUSFTA)

The increasing importance of the international audiovisual marketplace to Canadian television production companies reflected the trend toward globalized markets for assorted industries ranging from heavy machinery to textiles to television programs. The marked increase in international activity was, to some extent, spurred by a growing number of bilateral and multilateral free trade agreements. The Canada–United States Free Trade Agreement (CUSFTA) between Canada and the United States which went
into effect on January 1, 1989 was emblematic of these economic accords. The Agreement, which had been under negotiation since May 1986, faced stiff opposition from labor groups and politicians in both Canada and the United States. The CUSFTA became a focal point of Canada’s 1988 federal election as the Liberal Party rallied opposition against the proposed pact. However, Brian Mulroney’s Conservatives were able to overcome the Liberal-led assault against the FTA and it eventually gained passage in both Canada’s Parliament and the U.S. Congress.

Major provisions of the CUSFTA included: (1) “a schedule for the elimination of all tariffs on trade between Canada and the United States by January 1, 1998,” (2) the establishment of “a mutually beneficial framework for the fair and predictable treatment of investors,” and (3) “rules governing trade in services.” However, the Agreement also pointedly stated that, “with four very limited exceptions, nothing” in the pact would inhibit “either Party to pursue cultural policies.” According to the terms of the agreement, the four exceptions were specified as follows:

- the elimination of tariffs on any inputs to, and products of, the cultural industries, such as musical instruments, cassettes, film, recording tape, records, and cameras (Article 401);
- any requirements to sell a foreign-owned enterprise engaged in a cultural activity acquired indirectly through the purchase of its parent will be balanced by an offer to purchase the enterprise at fair open market value (paragraph 4 of Article 1607);
- both parties will provide copyright protection to owners of programs broadcast by distant stations and retransmitted by cable companies; this undertaking will be on a non-discriminatory basis (Article 2006);
- the requirement that a magazine or newspaper must be typeset and printed in Canada in order for advertisers to be able to deduct their expenses for advertising space in that magazine will be eliminated (Article 2007).

Moreover, the United States was allowed to “take measures of equivalent effect if Canada takes a measure under the exemption that is inconsistent with the Agreement.”
As will be discussed later, the presence of the cultural exemption clauses in the CUSFTA agreement and in later multinational trade pacts did not preclude problems from arising over the terms of the agreements and with respect to the larger issue of cultural versus economic prerogatives.

Conclusion

Fledging Toronto production companies such as Atlantis Films, formed by a group of Queen’s University students, and RSL Films (the forerunner of Alliance Communications) formed by Robert Lantos, a Hungarian émigré, produced a substantial amount of programming for both North America’s traditional broadcast networks and the burgeoning cable networks. These companies and their programming were helping to transform Toronto into an international television production center. As Bruce Malloch advised, “Perhaps it's time some people in the industry stopped considering films produced for television as somehow second-class citizens to films produced for theatrical release. While industry sources estimate that one in twenty-five features has returned money to its investors in the past two years, nearly all the independently produced television and non-theatrical films have generated returns.” The next chapter explores the early histories of these innovative firms.

1 Martin Brian Mulroney served as the eighteenth Prime Minister of Canada from September 17, 1984 to June 25, 1993. Mulroney was leader of the Progressive Conservative Party of Canada from 1983 to 1993. He became Prime Minister after his Progressive Conservatives won the most parliamentary seats in Canadian history.


157

9 Ibid.
10 Ibid., 30; “Television Production, Wave of the Future,” Cinemag, February 2, 1981, 13. While television dramas can be financed under the capital cost allowance, with the shelter investment applying to corporations as well as individuals, there is also the possibility of corporate sponsorship, bank loans against the property, and presales, not merely to television networks, but to video tape distributors, film libraries, and the other markets opened by the recent advances in video technology.

11 Ibid.
12 Ibid.
14 Ibid., 1.
15 Ibid.
17 Ibid, 6.
18 Ibid, 13.
19 Ibid.
20 “Norfolk Closes up Shop,” Film & TV World 5, no. 9 (September–October 1982): 1.
21 “Norfolk Withdraws From Production,” Cinema Canada nos. 90–91 (November–December 1982). Macadam also stated that no production industry in the western world could be viable unless it obtained 50 percent of its production costs from its domestic market.” Norfolk, for example, “received between 12–17 percent of production costs from the Canadian Broadcasting Corp.” according to Macadam.
23 Telefilm Canada, Telefilm Canada Annual Report, 1984–1985 (Montreal, QC: Telefilm Canada, 1985); Telefilm Canada, Telefilm Canada Annual Report, 1985–1986 (Montreal, QC: Telefilm Canada, 1986). In order to qualify for assistance from the Fund, a production was required to meet Telefilm Canada’s Canadian content standards and “have secured the financial participation of a conventional Canadian broadcaster who will guarantee to air the program to peak viewing audiences within two years of completion.”
25 Ibid.
27 Ibid.
28 Ibid.
32 “CRTC Adopts Canadian Definition,” Cinema Canada, April 1984, 24–25. A “Canadian” production was now defined as “a live, videotape or film production of any length for which the producer is Canadian: on which the production has earned a minimum six points (director-2; writer-2; leading performer-1; 2nd lead performer-1; head art dept.-1; d.o.p.-1; music comp.-1; editor-1) though at least the director or writer and at least one leading performer much be Canadian; and at least 75% or remuneration paid to individuals other than producer, key creative personnel or for post-production, must be paid to Canadians; and at least 75% of processing and final preparation costs must also be paid for services provided in Canada.” In some instances, exemptions to the definition were granted for productions. “Finally, a 150% time credit will be awarded for a drama carried by a licensee if the drama is produced by a licensee or independent production company after Apr. 15, 1984; is recognized as a Canadian production and achieves 10 points; is scheduled to commence between 7 p.m. and 10 p.m., or is intended for children at an appropriate children's viewing time. Each licensee will receive a dramatic programming credit for each showing of a drama occurring within two years from the date of first showing.”
33 Ibid.
34 Ibid.
36 Ibid., 13.
52 Ibid.
58 Ibid.
60 Ibid.
62 Ibid.
63 Ibid.
64 Ibid.
66 The report was cited in “Toronto Production Steady,” Cinema Canada, no. 147 (December 1987): 50.
75 Telefilm Reorganizes into Entertainment and Corporate,” Cinema Canada, no. 128 (March 1986): 32, 42.


Chapter 8

Selling Canadian Television Programming to the World

Notwithstanding persistent cultural and financial concerns, Canada’s television production sector reached new heights during the mid-to-late 1980s thanks to the convergence of a number of diverse factors including: (a) the rapidly expanding number of basic and premium cable channels, especially in the United States; (b) efforts by North America’s still predominant over-the-air broadcasters to retain their audiences by supplementing their regular schedules of weekly series with “event” programming such as movies-of-the-week and miniseries; (c) the growing popularity of videocassette recorders (VCRs); and finally (d) Canada’s federal and provincial governments’ establishment of various financial and marketing support mechanisms for Canadian production.

Chapter eight explores the major strategies employed by Canadian production companies—with the assistance of Telefilm Canada and other government agencies and programs—to adapt their production strategies to meet the demands of rapidly changing domestic and global audiovisual marketplaces. The chapter also highlights selected programming produced by the companies and sold in the Canadian and international audiovisual markets.

*Telefilm Canada*’s Media Marketing Strategy

Telefilm Canada’s 1985–86 Annual Report stressed, “The size of the Canadian market combined with the international scope of modern film and television production industries make more effective distribution and marketing essential to the future growth of Canadian independent production.”¹ Two years earlier, in the fall of 1983, the CFDC
formally adopted a media marketing strategy with three objectives: “(a) to increase financing for private television and film production, (b) to increase national and international distribution of Canadian product, and (c) to increase awareness and appreciation of Canadian television and film achievement at home and abroad.”

Citing a “natural synergy” between the promotion of Canadian cultural products at foreign festivals and marketing strategies, the CFDC and later Telefilm Canada, along with various other Canadian government agencies and trade groups began to actively support Canadian distributors and exporters. The CFDC’s support came in the form of promotion and advertising of Canadian programs; providing assistance for dubbing, subtitling and transferring film and video for marketing purposes; and participation in international festivals and markets. “A higher international profile, when combined with developments in other areas, ensures continued access to high quality Canadian productions for audiences in this and other countries,” concluded Telefilm Canada.

The American Initiative

A major proportion of international television-related deal making and sales takes place during a series of annual television festivals and markets held at Las Vegas, Nevada; Banff, Alberta; Monte Carlo, and numerous other locales throughout the world. Reminiscent of Middle Eastern bazaars of centuries past, a plethora of production companies of every size and description gather to: (a) pitch their project ideas to broadcasters and other potential partners and/or buyers; (b) screen previews of projects currently under production for broadcasters and syndicators; and (c) network with their industry colleagues. Each year, thousands of television production companies, broadcasters and others in the film and television industries engage in this ritual of
frenzied buying, selling, and negotiating.⁴

One prominent North American venue for television deal making is the annual convention of the National Association of Television Program Executives (NATPE). Considered a “launching pad” into the relatively difficult to break into U.S. market, NATPE features a mix of U.S. station and cable buyers along with a smaller contingent of Canadian and other foreign buyers. NATPE offers production companies a prime opportunity to “re-affirm the wooing of distributors that continues throughout the year” and also to recruit potential coventure partners.⁵ Most of all, a successful NATPE sale can lead to a slot on a U.S. broadcast or cable network.

Not surprisingly, competition among buyers and sellers at NATPE “is fierce.” For example, of the 150 to 200 new shows offered at NATPE annually during the mid-1980s, only four or five were eventually sold.⁶ Despite facing considerable odds, garnering NATPE sales was viewed as an essential step for Canadian companies that want to expand their horizons beyond Canada. As producer Trudy Grant pointed out, “Broadcast sales ... are what it takes to be considered seriously as an across-the-border business partner—and NATPE is where one learns about the purposely rigid American market and what it buys, as well as the difficult job of educating the Americans who import proportionally very little outside material.”⁷

Since Canada’s independent production houses of the 1980s were predominantly small-sized enterprises, it proved more feasible from both an economic and marketing standpoint for them to attend NATPE and other similar events as a group. For instance, Canada’s 1986 NATPE booth featured “a team numbering twelve Canadian exporters and five producers”: Isme Bennie International, Via Le Monde, Ralph C. Ellis
Enterprises, The Production Group, Thomas Howe Associates of Vancouver, Visual Productions 80 Ltd., Filmoption, William F. Cooke TV Programs, Atlantis TV, Ironstar Communications and Cinevista.8

Taking Canadian Television Programming Beyond the North American Marketplace

The United States was merely one of a number foreign markets targeted by the Telefilm Canada-spearheaded marketing campaign. For example, Europe also offered ample additional opportunities for Canadian companies owing to the continent’s high demand for programming and given pre-existing Canadian coproduction treaties with Great Britain, Italy, and West Germany. Indeed, Europe served as the preeminent “foreign presale market” for Canadian independents with successful presales raising as much of fifty percent of total production costs.9

Given this state of affairs, Cannes France’s MIP-TV, billed as the “largest annual world television market” understandably became a focal point for Canada’s European campaign. Held each April, MIP-TV draws audiovisual professionals from across Europe as well as from all other corners of the globe.10 Canada’s MIP-TV foray along with other foreign promotional efforts were made possible by Telefilm's Marketing Assistance Program (MAP) which picked up the tab “for fifty percent of advertising costs at foreign markets.”11

Thanks to Telefilm’s multi-pronged global marketing campaign, Canadian producers gained valuable international exposure. As a June 1985 Cinema Canada MIP-TV recap noted, “MIP was a very good market with some deals concluded and many serious contacts made.” More importantly, the campaign’s success was reflected on the Canadian production companies’ balance sheets.12 According to Telefilm Canada, in
1985–86, “total international sales of Canadian product exceeded C$24 million” with “a substantial proportion” of the sales representing an “outgrowth from the active participation of Canadian distributors and exporters at NATPE and MIP-TV as well the American Film Market, the London Multi-Media Market, and other markets.” Overall, Canada’s international sales registered a very impressive three hundred percent increase over the previous year. “‘You're looking at a phenomenal sales record, so we have to be doing something right,’” concluded MAP director Margo Raport.14

The Growth and Diversification of Toronto's Independent Television Production Companies

The increasing size and diversification of various Canadian production companies during the 1980s reflected the increasing international scale and scope of productions along with “changes in financial parameters.” Canadian production companies were “developing along the lines of American production.” Given “sufficient financial stability and a track record,” Canadian producers ultimately hoped to be able “to finance TV productions and films through their bank” rather than relying upon Telefilm Canada and other governmental funding sources.16 “‘Whatever their market, one fact of life all independents realize is they have to be export-oriented to survive,’” stated Bill Macadam, president of Norfolk Communications. “‘For the Canadian independent it's life and death to sell abroad [since] the independents will never get one hundred percent of their costs from licensing to the domestic markets.’”17

Other Canadian-produced series representing a variety of genres also garnered substantial domestic and international audiences during the mid-1980s. Included among these series were the following:18
• *Anne of Green Gables* (Period drama)
  Aired on the CBC in Canada and various PBS stations in the United States.
• *The Beachcombers* (Adventure-Comedy)
  Syndicated in the United States.
• *The Campbells* (Period drama)
  Picked up by the Christian Broadcast Network for airing in the United States. The show was also sold to Great Britain, Holland, and the Caribbean.
• *Check It Out* (Situation comedy)
  CTV’s supermarket-based situation comedy starring Don Adams; syndicated in the United States.
• *Danger Bay* (Family-Adventure)
  Aired on the Disney Channel in the United States.
• *The Edison Twins* (Family)
  Aired on the Disney Channel in the United States.
• *The Elephant Show* (Children’s show)
  Aired on various PBS stations in the United States.
• *Hangin’ In* (Comedy)
• *Kids of Degrassi* (Teen-oriented drama)
  Aired on various PBS stations in the United States.
• *King of Kensington* (Situation comedy)
  Syndicated in the United States.
• *The Raccoons* (Animated children’s show)
  Aired on the Disney Channel in the United States.
• *Seeing Things* (Mystery)
• *Vid Kids* (Music)
  Syndicated in the United States.

In addition to the above-listed diverse combination of successful Canadian productions, Telefilm Canada reported another sign of the strengthening Canadian production sector was the “growing levels of investment and production without Telefilm Canada participation.”¹⁹ As Calgary-based producer Eda Lishman noted, “‘I think what independent producers have to do at this point is not only budget things properly … but they have to make a product that is marketable … For those of us making baby steps at this point, we have to cover a lot of ground which was lost in the past, thanks to all those stockbrokers and lawyers.’”²⁰

By the mid-1980s, according to Canadian Film Development Corporation’s administrator Peter Pearson, Canada provided “a bedrock of family television series”
wherein “major creative people can get a kind of footing.”

Moreover, Canadian television production houses were rapidly accruing libraries of programming comparable to their American counterparts while also making valuable industry contacts abroad.

For example, Canadian production companies successes in Europe and were evidenced by Canadian sales at the Monte Carlo International TV Market in 1986 which included:

- **Atlantis’ Bradbury Theatre**
  “The complete, world-wide sales of the second series.”

- **Peter Ustinov's Russia**
  Deals to be closed at MIP-TV

- Montreal's Filmoption sale of *Company of Adventurers* to National Geographic

- The sale of twenty made-for-television movies by Visual Productions 80 Ltd. in several territories

- CBC Enterprises sale to several territories of the *Vid Kids* and *Danger Bay* series, as well as the made-for-television movie *Canada's Sweetheart: The Saga of Hal C. Banks*.

“‘We are out there selling our product and others are selling our product—and that product is making money!’” MAP director Margo Raport expressed confidently.

International success also boosted Canadian producers’ self-confidence and their overall image abroad as Rick Butler of Tapestry Productions encouragingly reported, Canadians “‘are being taken more seriously each year.’” According to Peter Pearson, Canadian companies who opted for making television series envisioned “themselves becoming a major industrial force” and this ambitious goal was finally within their grasp.

In a March 24, 1987 letter to Gail Thomson of the Ontario Film Development Corporation (OFDC), Atlantis Television International President Ted Riley reported that Atlantis’ TV arm “secured sales commitments totaling C$400,000” for Atlantis-produced programs at the 1987 Monte Carlo International TV Market. Riley also noted that although MIP-TV remained the more important of the two events “in terms of small
markets,” the Monte Carlo Market afforded Atlantis executives more opportunities to
“meet the ‘big boys’ owing to the Market’s intimacy in terms of its fixed number of
buyers and sellers.” Nonetheless, several significant challenges still needed to be
overcome before the goal could be fully realized. One of the most vexing of these
remaining challenges involved securing adequate amounts of production funding.

While Canada’s independent production houses faced stiff competition from
their foreign counterparts, they also faced domestic competition from “government-
funded film groups like the National Film Board and the Ontario Educational
Communications Authority.” Faced with formidable domestic competitors, Canada’s
independent producers were therefore forced “to sell to foreign markets,” where they
were compelled “to compete with international production standards.” As a result, “the
successful independents survived by recognizing how their product must be adapted to
the needs of the marketplace, in television, non-theatrical film, or a combination of
both.”

Carving Market Niches Beyond Feature Films

In a March 1982 Cinema Canada profile of Canada’s independent television
producers, Bruce Malloch wrote whereas “features disguising Canada as California, New
York, or Boston have failed at the box office, in terms of steady, ongoing production, the
companies outside the mainstream or feature film—the makers of television films,
documentaries, shorts, children's, educational, and industrial films—are this country's
film industry.”

While government incentives, most notably the one hundred percent Capital Cost
Allowance (CCA), failed to achieve their main objective of fostering a viable Canadian
feature film industry, they did have a positive impact upon Canada’s television production sector. Specifically, the tax shelter program helped sustain young Canadian television production companies during their early stages as they built up their “track records and coproduction contacts.” The program also helped finance programming that garnered critical and audience acclaim both at home and abroad. Moreover, the companies gleaned valuable lessons regarding the intricacies and potential pitfalls associated with domestic and international production. Given this accumulated wealth of practical experience, the companies were finally in a position to begin assuming a larger role in the North American and international television marketplaces.

**Syndicated Programming and Public Television**

By the end of the 1970s, “with notable exceptions like Norman Lear's *Mary Hartman–Mary Hartman*, syndicated television settled back into a syndrome of game shows, talk, music-variety and kidstuff.” Although Canadian television producers faced a diminishing demand for sales of drama programming in the syndicated market, they still managed to find U.S. outlets for their works. Among the Canadian-U.S. syndicated coventures of the early 1980s was *Shocktrauma*, “a two-hour television drama co-produced by Glen-Warren Productions of Ltd. of Toronto and Telecom Entertainment of New York.” The program was pre-sold “for broadcast by Telecom to a syndicated network of stations across the United States through its sponsor, General Foods Ltd.”

Beyond syndication, an increasing number of Canadian productions were reaching U.S. audiences through public television stations. For example, in 1984, the Canadian office of WTVS, Detroit Public Television, announced it had acquired a package of Canadian television productions for distribution in the United States. One year later, *Owl/TV* a
nature-science series co-produced by Toronto's *Owl Magazine* and the National Audubon Society aired on PBS stations. Among the other Canadian produced or co-produced programs—many of them geared toward adolescent viewers—that aired on PBS included *Anne of Green Gables*, the miniseries based upon the Lucy Maud book of the same name; the “‘Hill Street Blues for kids’” series *Degrassi Junior High*, and the “futuristic comedy” *Overdrawn at the Memory Bank* (discussed in greater detail in an upcoming chapter).38

**Movies-of-the-week and Miniseries: The “Features” of the 1980s**

Weekly scripted comedy and drama series along with made-for-television movies predominated North America’s prime time television schedules throughout the 1980s and into the early 1990s. This weekly fare was frequently supplemented with *event* programming such as miniseries or specials. However, owing to the substantial production costs associated with miniseries and made-for-television movies, the productions often came affixed with a *made-in-Canada* label.39

Productions took place in converted distilleries and warehouses in Vancouver and Toronto as well as neighborhoods throughout both cities. The sets were not glamorous or glitzy; instead, practicality ruled. Often faced with very tight budgets, the Canadian production teams had to rely upon their ingenuity in order to compensate for the shortfall.40

*Escape from Iran: The Canadian Caper* (1981)

One early Canadian-produced made-for-television movie was *Escape from Iran: The Canadian Caper*, a two-hour dramatic depiction of the Canadian Embassy's role in the escape of six American diplomats form Tehran, Iran. The movie, produced by
Canamedia, a then four-year-old Canadian production company, began production on March 9, 1981.\textsuperscript{41} *The Canadian Caper* represented “a number of firsts for the Canadian industry” according to the movie’s producer Lee Harris. It was the first Canadian produced, financed, and crewed TV-movie with a presale to a major American network, in this case CBS. It also “was the first movie of the week bought by CBS that was shot in 16mm.” Moreover, “unlike many Canadian television movies at the time which were released theatrically in Europe, Harris [instead] opted for international television sales.”\textsuperscript{42}

In another unusual move for a Canadian production seeking U.S. and international distribution, Harris relied almost exclusively upon Canadian acting talent with Gordon Pinsent leading the cast as Ambassador Ken Taylor. “The only reason we would cast an American is if we were unable to cast any [role] here,” explained Harris.\textsuperscript{43} Nonetheless, American talent was tapped for duty behind the camera; veteran director Lamont Johnson (e.g., *One on One, Visit to a Chief's Son, The Last American Hero*) was hired to helm the movie while Stanley Rubin served as co-executive producer along with Canadians Harris and Rob Iveson.\textsuperscript{44} Ultimately, the C$2 million plus production not only garnered significant audiences throughout North America and elsewhere, the movie also turned a profit thanks to its sale to CTV, CBS, and other foreign networks.\textsuperscript{45}

Another notable Toronto-filmed and/or produced telemovie of the early to mid-1980s was Embassy TV's *Heartsounds*, a 1984 made-for-television movie based on a novel by Martha Lear. The movie, sold to ABC-TV, starred Mary Tyler Moore and James Garner.\textsuperscript{46}
Miniseries

In the early 1980s, Toronto’s production sector also began to see an upswing in production activity devoted to miniseries. Among the high-profile miniseries shot partially in Toronto during this period was 1982’s *Little Gloria ... Happy at Last*. *Little Gloria* was a four-hour dramatization of the life of Gloria Vanderbilt. In May 1982, the production began shooting in the United States for two weeks and later moved to Canada for an additional seven weeks of filming. Budgeted at approximately C$6 million, the miniseries featured Christopher Plummer and Dean Hagopian in the lead roles and ultimately aired over two nights on NBC. The production, which \(^{47}\)

Two years later, in July 1984, *Evergreen*, a six-part miniseries produced for NBC began filming in Toronto following a one-month shoot in New York. *Mrs. Soffel* producer Edgar Scherick served as executive producer of the romance-drama which was budgeted at C$10 million; it eventually aired on NBC in 1985.\(^{48}\)

The Dawn of the Five Hundred Channel Universe in North America

While North America’s broadcast television networks remained the dominant choice for television viewers during the 1970s and 1980s, increasingly sophisticated satellite and cable networks, able to carry greater amounts of information at decreasing costs were beginning to make their presence felt on the television landscape. “In 1972, the FCC issued its ‘open skies’ decision authorizing domestic communications satellites, which significantly expanded the feasibility of using satellites to disseminate television programs. The ‘open skies’ decision led to the 1982 authorization of commercial Direct Broadcast Satellite (DBS) operations.”\(^{49}\)

Not surprisingly, these technological advances touched off an explosion of cable
networks that has continued to this day. Of course, these new venues required programming to fill their schedules; Canada’s television production companies were ideally positioned to help fill the United States’ burgeoning programming demands. The next section provides a brief historical sketch of premium cable television services in North America followed by a discussion of some notable Canadian programs that were produced for the new premium-cable channels.

**Premium Cable Debuts in the United States: HBO and Showtime**

In November 1972, Home Box Office (HBO) became the first American cable network to originate as a non-terrestrial broadcast television network. Initially available only on one cable system in Wilkes Barre, Pennsylvania, over the next two years, the Time Life Inc.-backed HBO grew to fourteen systems throughout New York and Pennsylvania. Four years later, in 1976, Viacom established the Showtime premium cable channel. The channel, originally created for a Northern California cable system, was expanded nationwide in 1978 thanks to satellite technology. Since that time, the two channels have engaged in a spirited rivalry.

Although contemporary feature films constituted the lion’s share of HBO’s and Showtime’s early program schedules, substantial customer turnover soon prompted both networks to begin searching for new avenues of programming. As a result, the networks’ core schedule of feature films was increasingly complemented by original series, sports events, specials, as well as movies made exclusively for airing on the networks themselves.50

*The Terry Fox Story (1983)*

1983’s *The Terry Fox Story* marked HBO’s first made-for-pay television-movie
project. Shot alternately in Toronto, Vancouver, and Newfoundland during the fall of 1982, the movie dramatized Canadian cancer amputee Terry Fox’s highly-publicized cross-country run across Canada on only one leg to raise money for cancer research. Canadian Robert Cooper produced the film for HBO and its Canadian partner CTV. Cooper also shared “the cost of financing through his new production company Robert Cooper Films II Inc.” Budgeted at C$2.4 million and directed by Ralph Thomas, the film included Eric Fryer in the title role as Terry Fox along with Robert Duvall and Chris Makepeace in supporting roles. 51

In fall 1984, Montreal-based production houses Astral Film Enterprises and International Cinema Corporation (ICC) shot The Park is Mine, a C$4.5 million action-adventure drama for a U.S. release on HBO “and a Canadian and world theatrical release.”52 The film, directed by Steven Hilliard Stern, starred Tommy Lee Jones as a Vietnam veteran who “takes forceful control of Central Park to remember those who served and died in the Vietnam War.” The Park is Mine subsequently made its HBO debut in 1986. On a lighter note, Astral also teamed with Holster Productions, the Bryna Company (U.S.), and HBO to produce the 1984 western-comedy Draw! featuring Kirk Douglas and James Cobourn.53

Among the other notable films produced for HBO during this period included three Robert Cooper Productions: (a) Between Friends (aka Nobody Makes Me Cry) (1983), a ninety minute drama featuring Elizabeth Taylor and Carol Burnett as two middle-aged women who, after meeting accidentally, develop a close friendship; (b) the thriller The Guardian (1984), starring Martin Sheen and Louis Gossett Jr.; and First Risk, “a dramatization of the Mafia–CIA rescue of Gen. James Dozier from Italy's terrorist Red
Beyond supplying programming for HBO and Showtime, Canadian production companies also produced series for other pay television venues. *33 Brampton Place*, described as “the first adult continuing dramatic series produced for pay-television,” completed shooting in late April 1982. The soft-porn soap opera was co-produced by Canada’s Global Television and ABA Productions of Chicago.55

**The Belated Arrival of Premium Cable Networks to Canada**

Although privatization served as a key plank in Canada’s Conservative-led government's agenda, the process of deregulation and liberalization in the country’s communications sector lagged almost a decade behind similar efforts in the United States.56 The slower pace of regulatory change was largely attributable to the fact that Canada opted to take a more incremental approach toward deregulation than in the United States along with ongoing concerns regarding U.S. cultural and economic influence in a more open environment.57

Given Canada’s anxieties regarding U.S. cultural hegemony, the CRTC prohibited distribution of HBO and other U.S. premium cable channels in Canada despite the fact that equivalent Canadian channels were not available to Canadian viewers throughout the 1970s. However, much to the chagrin of Canadian regulators, many Canadians received HBO and other U.S. cable offerings via an active grey market.58

While Canada’s independent producers eagerly awaited the introduction of pay television in Canada, they also recognized that “the advent of pay-tv would require an industry strategy ... one which involves more private enterprise.” As producer Pat Ferns pointed out, “the lack of strong executive production houses in Canada that can lever
money and resources in the Canadian market” hindered “product development” in the country.59

Ten years following pay television’s U.S. debut, it finally became a reality in Canada. In 1982, the CRTC awarded its first group of pay television licenses to a number of channels including C Channel, “devoted to Canadian culture”; Star Channel, “serving the Atlantic region”; First Choice, serving viewers east of the Manitoba–Ontario border; SuperChannel, providing services west of the Manitoba–Ontario border; and finally, Super Ecran, “serving the French language market.”60

Although First Choice aired a significant number of U.S.-produced films, it also needed to secure Canadian-produced films in order to comply with its Canadian content obligations. As a result, the channel announced in late 1982 that it had “committed close to C$9 million for acquisition and development of Canadian programming.”61 Joan Shafer, vice-president of programming development at First Choice indicated that the channel would “require 100–160 hours of original programming per year, with each show to be repeated an average of thirteen-to-fifteen times over two years.”62

First Choice soon also found itself in serious financial straits as it struggled to gather the large amounts of money required to purchase and produce programming. At the same time, it needed to attract a sufficient number of subscribers willing to pay for its programming. First Choice was finally rescued from its precarious position thanks to a 1983 CRTC ruling which allowed Astral Bellevue Pathe to provide a C$8.4 million bailout of the channel and to obtain a controlling interest in the company. Many observers felt that Astral President Harold Greenberg’s “strong ties to Hollywood and access to financing money” would bode well for First Choice’s future success.63
As expected, the other remaining Canadian premium cable channels also began asking the CRTC for reduced Canadian content requirements, arguing that programming “control” was necessary to their survival. The CRTC complied and starting in 1986, the channels were required only to show twenty percent Canadian programming overall while their expenditures on Canadian content were reduced from forty-five percent to twenty percent of subscriber revenue.64

In 1984, two years after issuing its first pay television licenses, the CRTC began issuing licenses for specialty channels. The initial group of specialty licenses were given to music video, sports, and news channels. Over the next two decades, specialty channels would play an ever-increasing role in the historical development of Alliance Atlantis’ predecessor companies and especially of Alliance Atlantis itself.

**Coventures Between Canadian and U.S. Premium Cable Channels**

Since regulatory policies formally restricted the distribution of Canadian and U.S. premium channels to their respective countries, it also meant that U.S.-based HBO, for example, was unable to compete head-to-head with Canadian-based First Choice. On a positive note, this situation allowed the U.S. and Canadian pay-tv channels to enter into coventures without fear of “sleeping with the enemy.”

The telemovie *First Risk* mentioned earlier included both First Choice and HBO as production partners. Meanwhile, First Choice and Showtime partnered on the 1985 thriller *Murder in Space*. These are just a few of the many Canadian-U.S. coventures produced for premium cable channels in both countries. Additional productions will be highlighted in subsequent chapters.65

Fledging Toronto production companies such as Atlantis Films, formed by a
group of Queen’s University students, and RSL Films (the forerunner of Alliance Communications) formed by Robert Lantos, a Hungarian émigré, produced a substantial amount of programming for both North America’s traditional broadcast networks and the burgeoning cable networks. These companies and their programming were helping to transform Toronto into an international television production center. As Bruce Malloch advised, “Perhaps it's time some people in the industry stopped considering films produced for television as somehow second-class citizens to films produced for theatrical release. While industry sources estimate that one in twenty-five features has returned money to its investors in the past two years, nearly all the independently produced television and non-theatrical films have generated returns.”66 The next chapter explores the early histories of these innovative firms.

Conclusion

Canadian television production companies faced an uphill battle both at home and abroad. While federal, provincial and local government programs helped alleviate some funding, marketing, and other challenges, many other problems remained. Despite the Canadian production sector’s less-than-ideal circumstances, the rapidly expanding global demand for programming helped provide an impetus for further development of the sector. Conditions were also favorable for the development of new companies within the Canadian sector. Chapter nine will introduce two of these new production companies: Atlantis Films and RSL Films.

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1 Ibid.
“Profile: Greene & Dewar Productions: Unusual and Unimpeachable,” in “Canadian Profile” (supplement to *Cinema Canada*), January 1986, 14–15; “Masse Heads Cultural Offensive,” *Cinema Canada*, March 1986, 32. Although the United States has traditionally ranked as one of the most lucrative foreign television markets, the Canadian market is also important since it “pays more [for television programming] than most other countries in the world.” In fact, “Canada represents about one-quarter of the total world market for U.S. film and TV output.” Consequently, establishing a presence in both the Canadian and U.S. markets can provide producers with a solid foundation from which to build further inroads into the international marketplace.


“Profile: Sullivan Films Distribution: Set for Take-off,” in “Canadian Profile” (supplement to *Cinema Canada*), January 1986, 12.


“Profile: Sullivan Films Distribution: Set for Take-off,” in “Canadian Profile” (supplement to *Cinema Canada*), January 1986, 12.

“MAP Marks First Year with Good Sales,” *Cinema Canada*, no. 128 (March 1986): 40.


“MIP-TV and MAP Bring Canadians Exposure and Program Sales,” *Cinema Canada*, June 1985, 43.

Ibid.

Ibid.


"MAP Marks First Year with Good Sales," *Cinema Canada*, no. 128 (March 1986): 32.


"MAP Marks First Year with Good Sales,” *Cinema Canada*, no. 128 (March 1986): 32, 40.

Ibid.

"MIP-TV and MAP Bring Canadians Exposure and Program Sales,” *Cinema Canada*, June 1985, 43.


"Ted Riley to Gail Thomson, March 24, 1987,” in Ontario Film Development Corporation (OFDC) files, Record Group, 47, File EM003. Atlantis 1987 Monte Carlo sales included *Tales of the Mouse Hockey League, Four Strong Winds, The Ray Bradbury Theater*, and *Brothers by Choice*.

"Ted Riley to Gail Thomson, 24 March 1987,” in Ontario Film Development Corporation (OFDC) Files, Record Group, 47, File EM003. According to Riley, Monte Carlo’s “fixed number of buyers and sellers” gave Atlantis and other sellers an “ample opportunity to meet with major buyers and secure the proper time needed to close deals.”


Ibid.


Ibid.

Ibid., 21.
Ibid., 19.
42 Ibid.
43 Ibid.
44 Ibid.
45 Ibid.
52 Astral and ICC produce for HBO,” Cinema Canada, no. 112 (December 1984): 56.
53 Ibid.
54 “Production Guide,” Cinema Canada, October 1984, 68. First Risk was a "coventure with Robert Cooper Productions, Toronto, in partnership with First Choice in Canada and HBO in the U.S."
62 Ibid.
Chapter 9

Atlantis Films and RSL Films: Toronto's New Generation of Independent Production Companies

Among the Canadian production houses that survived the fallout from Canada’s 1970’s tax shelter debacle were Toronto-based Atlantis Films and RSL Films, the forerunners of Alliance Atlantis Communications. Atlantis Films started out in the 1970s as a producer of Canadian industrial films under the name Birchbark Films; meanwhile, RSL Films began its life as a Montreal-based film distributor. However, over the next two decades, both companies became actively involved in production, distribution, broadcasting, and a variety of other media-related activities. As a result of their efforts, the companies became Canada’s most successful television production–distribution companies. This chapter traces the history of both companies from their founding in the 1970s through the 1980s.

Atlantis Films Ltd. Sets Up Shop in Toronto

Atlantis Films’ history is a quintessential tale of North American entrepreneurship, as a 1998 Variety profile explains:

The rags-to-riches Atlantis Films story has the making of a great TV movie. From humble beginnings four determined young Canadians, three of them film school grads, parlayed a US$150 investment and a shared passion for filmmaking into a global production–distribution company with annual revenues of more than US$150 million.¹

Atlantis Films’ founders Janice L. Platt, Michael MacMillan, Seaton S. McLean, and Nick Kendall first met and began making films while they were students at Queen’s University in Kingston, Ontario. Sharing a desire to make films, following their graduation in 1978, the 21-year-olds moved to a small Toronto house which doubled as
their living quarters and office area. As co-founder Michael MacMillan recalls, “‘We weren’t part of a film scene ... We were 21 years old with precious little relevant experience, contacts or money.’” The group initially called their new firm Birchbark Films but soon changed the company’s name to Atlantis Films because, as Variety’s Cynthia Littleton relates, it was “more impressive-sounding” and placed “the company first in the [Toronto, Ontario] phone book listings of production companies.” One year after Atlantis’ founding, Nick Kendall left the firm; several years later, in 1984, Ted Riley, another Queen’s University alumnus, joined the company. In 1985, another friend, Peter Sussman became a partner in the venture.²

\textit{Atlantis Brings Short Stories to Film}

Atlantis Films early productions involved making film adaptations of short stories and other literary works, an approach which proved both creatively and economically enriching for the firm. “‘It was fantastic, because every one was its own little film,’” MacMillan related. “‘Each one had a different story, cast, crew, writer and director. Each one was different.’”³ Between 1980 and 1985, Atlantis produced approximately “fifty half-hour adaptations of short stories.”⁴

Although Atlantis initially focused upon selling its programs to both the television and “non-theatrical market,” the company soon “‘realized as an economic model, television was the way to go.’”⁵ One notable early Atlantis production was \textit{The Olden Days Coat} (1981), a thirty minute children’s drama based on a short story by Margaret Laurence. Atlantis’ first trip to MIP-TV in Cannes, France was to sell \textit{The Olden Days Coat} internationally. The trip proved fruitful as the production was “sold to virtually every available market.” Following up on this initial success, in 1982, Atlantis sold its
first series, *Sons and Daughters*, to the CBC.⁶

Atlantis’ early works bore what would become the hallmarks of its early creations, namely, “high production standards, broad audience appeal and global marketability.”⁷ The quality of Atlantis’ productions was illustrated by the fact that one of its productions, *Boys and Girls* (1983) (one of the programs included in the *Sons and Daughters* anthology series) won a 1984 Academy Award. A second Atlantis production, *The Painted Door*, received an Academy Award nomination for Live Action Short Film the following year.⁸

As Michael MacMillan later explained, Atlantis's principals were “filmmaker-type producers” who filmed many of the productions themselves. He also stressed that the company’s “‘agenda’” was to “‘to tell Canadian stories as well as we could in a half-hour format.’” Perhaps more importantly, the half-hour productions were financially feasible—“‘a bite that we could take without indigestion,’” MacMillan noted.⁹

Atlantis’s Academy Award recognition not only boosted the company’s confidence and pride, it “‘also opened doors to America,’” according to MacMillan. These newly “‘opened doors’” afforded Atlantis an opportunity to develop projects for more traditional television formats and broadcasters in the United States.¹⁰

*Atlantis’ Early Television Series*

*The Ray Bradbury Theater*

*The Ray Bradbury Theater* represented the first significant project Atlantis developed in conjunction with a U.S.-based partner. Initially produced in 1985, the series was funded through a combination of HBO providing money upfront and Telefilm providing investments for production of the first three episodes. The series first aired on
HBO in the United States but later transferred to the USA Network following the sixth episode; it remained there until the end of its run in 1992. Meanwhile, in Canada, the series aired on the Global network.11

Given the infusion of foreign capital and the use of multiple broadcast partners, *The Ray Bradbury Theater* initiated “a new paradigm” of production for Atlantis Films. As Michael MacMillan later observed, Atlantis’ approach represented an “‘obvious response to reality.’” This reality included the continued difficulties of obtaining full financing of programs in Canada along with the increasingly fragmented nature of the North American and international media markets owing to the growing popularity of new technologies such as the VCR and the explosion of cable television networks.12

*Airwolf*

Atlantis Films became ensnarled in the U.S.-Canada runaway film and television production debate thanks to the company’s participation in the production of *Airwolf*. Created by Donald P. Bellisario, *Airwolf* was an hour-long action-drama series that revolved around the exploits of a high-tech helicopter (Airwolf) and its crew. From 1984–86 the series was filmed in Hollywood and aired on CBS during its Saturday (and later Wednesday) prime time schedule.13

In the summer of 1986, CBS cancelled *Airwolf*; the series was subsequently picked up by the USA Network for the 1987 season. However, owing to the substantial budget cuts associated with the move from a broadcast to cable network, production of *Airwolf* was moved from Hollywood to Vancouver, BC as a cost saving measure. In addition, *Airwolf*’s original cast members including Jan-Michael Vincent, Ernest Borgnine, Alex Cord were replaced by Barry Van Dyke, Anthony Sherwood, Michele
In Vancouver, Atlantis produced *Airwolf* under the name Atlantis Skyflight Productions, Inc. in partnership with Belisarius Productions and Universal TV. Unfortunately, Atlantis, and by extension and Canada’s television production sector as a whole, was characterized by some critics as “a running dog for low-end American programming.” *Airwolf* “carried the Atlantis Films name, it had a one hundred percent Canadian certified banner on it, and it was giving Canadians lots of work. But a U.S. style shoot ‘em-up that starred a gun-laden helicopter didn't exactly top my list of sets I'd like to hang around on,” confessed Kathryn Allison, a *Cinema Canada* reporter. However, Allison also acknowledged that, as time went by, “*Airwolf* began to get a good name around town, especially from the people who were working on it. It seemed that 'the comic book that moves' was giving work to lots of locals, and some interesting associations were being formed.”

*Airwolf* and *The Ray Bradbury Theater* were merely the first of many action and/or science fiction-oriented series produced or co-produced by Atlantis Films. Moreover, the company’s productions were becoming increasingly diversified with each passing year.

**Robert Lantos Arrives on the Canadian Production Scene**

While Atlantis Films was establishing its reputation as a high-quality and dependable Canadian-based production house, a nascent cross-town competitor, RSL Films, was also beginning to gain notoriety in the Canadian film and television scene. The driving force behind RSL Films was a young Montreal entrepreneur named Robert Lantos.
Once described in a *Globe and Mail* article as “a colorful and often controversial presence in Canadian culture,” Robert Lantos has undoubtedly been one of the most adroit navigators of Canada's cultural-economic-political labyrinth. Born in Hungary and raised in Uruguay, Lantos immigrated to Montreal with his parents in 1958. While still a graduate student in Communications at Montreal’s McGill University in the early 1970s, Lantos freelanced as a writer and worked as researcher for CBC radio. It was during this time that Lantos made his first of many forays into the feature film (and later the television) business; the initial venture being somewhat unconventional; namely, the distribution of erotic films.

Lantos rather unique entrée into film distribution came about while he was covering the New York Erotic Film Festival for the CBC. The films entered at the Festival represented a mix of 1960s experimental and underground filmmaking along with erotic cinema. While attending the Festival, Lantos came up with the idea of buying the Canadian rights of the prize-winners and bringing them to Canada for exhibition.

After successfully securing the rights, Lantos, with the help of a friend who was then president of the McGill University’s Student Council, arranged for the films to be screened during McGill’s Winter Carnival. Fortuitously for Lantos, the Carnival’s three screenings were a hit with audience members and Montreal film critics alike as favorable reviews appeared in both the *Montreal Star* and *Montreal Gazette*. Following the Carnival’s successful showings, Lantos accepted an offer from a local theatre to continue exhibiting the films there; after playing at the theatre for about twenty weeks and grossing approximately C$500,000 at that location alone, the films next traveled to other
theatres throughout Canada. During this time, Lantos partnered with Victor Loewy to form an independent distribution company, Derma Communications which was later changed to Vivafilm. Suffice to say, Robert Lantos’ first foray into the North American film industry proved very profitable.

**The Founding and Early Productions of RSL Films**

In 1975, Lantos partnered with Montreal attorney Stephen Roth to form RSL Films, a company they incorporated in order to purchase the rights for the Stephen Vizinczey book, *In Praise of Older Women*. Lantos also retained an ownership interest in his earlier venture, Vivafilm; however, by 1976, he was no longer involved in its day-to-day operations. In 1978, Lantos sold his interest in Vivafilm to Victor Loewy.

RSL Films initially focused upon producing films almost exclusively for theatrical exhibition. The company’s early films included the fantasy-themed *L’Ange et la femme*, filmed in black-and-white; and the aforementioned *In Praise of Older Women* (1978). Eventually, Lantos and Roth transferred their base of operations from Montreal to Toronto. The partners also began to closely follow what appeared to be a revolution underway regarding where, when, and how audiences viewed feature films and television programs. This “revolution” was sparked by the 1972 introduction of the videocassette recorder (VCR) for home use. As sales of new VCRs exploded, consumer demand for pre-recorded tapes to play on the new machines grew at an equally brisk pace. As a result, the home videocassette market was born.

Lantos and Roth seized upon the opportunities offered by the new videocassette marketplace. Videocassette sales would provide RSL a second chance to recoup some or all of its production costs for films that underperformed at the box office. It also would
give the company an option to market videocassette titles directly to consumers, thereby bypassing the need to secure theatrical exhibition deals. Moreover, RSL Films did not completely eschew its erotic film roots. The firm produced a series of sex-romps, erotic thrillers, and mysteries in partnership with sex-oriented entertainment companies such as Chippendales Productions Ltd. (*Ladies Night*, 1983) and Playboy Productions.²⁵

Sex rather than plotlines were the major selling point of most of RSL’s early-to-mid-1980’s productions. Among this group of films was the 1982 RSL-produced, Avco Embassy-distributed C$4M “romantic adventure film” *Paradise*. It was followed the next year by *Ladies Night* (1983). Billed as a 'sexy *Saturday Night Fever*', *Ladies Night* was set in a male strip club and starred Dan Haggerty—best known for his role as television’s *Grizzly Adams*—and Stella Stevens. However, pre-production on *Ladies Night* was temporarily suspended owing to confusion over production guidelines set forth for Canadian productions in Canada’s federal budget.²⁶

Other RSL “bedroom farces” and erotic thrillers produced during the early to mid-1980s included:²⁷

*Bedroom Eyes* (1984)  
Mystery/thriller directed by William Fruet; starred Dayle Haddon  
Produced for the Playboy Channel by Film Gallery, Moviecorp VIII, Premiere, and RSL; distributed by Fox Video (among others)

*Night Magic* (1985) (*Angel Eyes*, working title)  
“Musical comedy” directed by Lewis Furey; starred Carole Laure and Nick Mancuso

*One Night Only* (1986) (*New Year's Eve*, working title)  
Directed by Timothy Bond; starred Lenore Zann

*Perfect Timing* (1986)  
Directed by Rene Bonniere; starred Stephen Markle, Michele Scarabelli, Paul Boretski, and Nancy Cser
Separate Vacations (1986)
“Romantic comedy” directed by Michael Anderson; starred David Naughton and Jennifer Dale
Co-produced by RSL and Playboy Productions Inc.; distributed by Playboy Enterprises; shot in Toronto and Puerto Vallarta, Mexico

In addition to RSL’s various feature film/direct-to-videocassette forays, the company also actively pursued opportunities with America's nascent premium cable channels. HBO, Showtime, and other newly established channels offered a ready outlet for RSL’s relatively low-budget productions.  

Heavenly Bodies (1984)

Despite successfully making considerable inroads into the U.S. film and television marketplace during the early to mid-1980s, RSL also suffered its share of setbacks. One of the company’s most prominent failures occurred as a result of a 1984 attempt to score at the U.S. box office. RSL’s box office ambitions rested upon the aerobics dance-themed “contemporary musical” Heavenly Bodies. Directed by Lawrence Dane from a script by Dane and Toronto journalist Ron Base, Heavenly Bodies starred Cynthia Dale and Richard Rebiere.

In addition to Heavenly Bodies’ theatrical release, RSL also signed “a multi-million dollar deal ... with CBS/Fox for the world video cassette rights” to the film. At a fall 1984 Canadian film industry trade event prior to Heavenly Bodies’ debut, American agent Mark Damon of Producer’s Sales Organization (PSO)—the film’s international sales agent—extolled the production “... as an exemplar for Canadian cinema's access to U.S. markets.” He further “urged his audience of Canadian producers to use Heavenly Bodies as a model for coventures.”

Regrettably for RSL, critics and audiences in both the United States and Canada
proved far less enthusiastic than Damon about *Heavenly Bodies*. In March 1985, the MGM/UA-released film opened in 1504 theatres across North America, only to disappear from screens within two weeks.\(^{32}\)

*Joshua Then and Now (1985)*

On a positive note, *Heavenly Bodies’* box office woes did little to deter RSL from proceeding with *Joshua Then and Now* (1985), the company’s most ambitious project to-date. Based on a book by Mordecai Richler—who also wrote the screenplay—the film was to be directed by Ted Kotcheff. *Joshua* was produced with the involvement of Warner Bros. and featured American actors James Woods and Alan Arkin in the lead roles along with Quebec actress Gabrielle Lazure. It was to be distributed in North America by 20th Century Fox.\(^{33}\)

Shot on location in the Kingston, Ontario area; Montreal, Quebec; and London England, the approximately C$8 million project that employed sixty full-time technicians initially appeared to be going smoothly. However, as shooting continued, the production was beset with variety of problems which eventually caused RSL to relinquish control of the film to the completion guarantor, Motion Picture Guarantors.\(^{34}\) Despite *Joshua Then and Now*’s problem-plagued production history, with the film’s fall 1985 Canadian premiere, Robert Lantos and co-producer/partner Stephen Roth held the distinction of producing the “largest budget feature in Canadian film history.”\(^{35}\)

As a reflection of RSL Films’ multi-faceted production activities, in fall 1984, the company announced it was changing its name to RSL Entertainment Corporation.\(^{36}\) The newly renamed firm continued to pursue opportunities offered by emerging communications technologies. Meanwhile, it also continued to produce programming
for traditional broadcast network markets. RSL’s activities in the over-the-air broadcast arena included “the signing of a long-term agreement with Toronto's CITY-TV for national (i.e., within Canada) television syndication of its feature film library.”

In 1985, an RSL production reached America's public television audience with the 90-minute science fiction satire *Overdrawn at the Memory Bank* starring Raul Julia and Linda Griffiths. Co-produced by RSL, along with U.S. partners SFTV and WNET Channel 13, New York, the program which featured “state-of-the-art rock video technology” initially aired on CBC in September 1984. The program subsequently debuted in the United States as part of PBS's *American Playhouse* series in early 1985.

Robert Lantos and his associates epitomized the Canadian producer-entrepreneurs of the late 1970s–1980s. Rather than limiting their production activities to the Canadian and U.S. markets alone, RSL’s principals also cultivated and forged production and distribution deals with an eclectic array of international partners. Moreover, RSL's products were becoming as diverse as its partners; ranging from R-rated sex farces to dramas to science fiction. “‘Aside from my desire to make films and my fascination with movies which goes back to when I was a kid and saw two films every day of my life, I have a very strong entrepreneurial instinct,’” Lantos explained in a 1985 interview.

**Vivafilm International**

During the mid-1980s, Robert Lantos and Stephen Roth formed a second company, Vivafilm International, in partnership with Victor Loewy of Vivafilm. Lantos described the new venture as “‘foreign sales company to sell our (i.e., RSL’s) product, our films, abroad and also to pick up other films and sell them abroad.’” In a *Cinema Canada* interview, Loewy stated his belief that Canadian distributors had “a role
to play internationally.” “Given access to screens,” Loewy asserted, “we can make money.” Loewy added that it was “surprisingly easy’ to make international sales, especially compared to the ‘difficulty' which Canadian distributors encounter doing business locally.”

Stephen Roth and the Establishment of the Association of Canadian Film and Television Producers (ACFTVP)

While RSL Films busily expanded its production and distribution operations during the early 1980s, the firm’s co-founder Stephen Roth was also actively involved in Canadian film and television trade association activities, most notably with the Association of Canadian Film and Television Producers (ACFTVP).

In early 1984, Roth joined forces with fellow Canadian producer Pat Ferns along with some other former members of the Association of Canadian Movie Production Companies (ACMPC) to form a full-time lobby group to advocate on behalf of Canada’s independent feature film and television production companies. Ferns and Roth were later elected co-presidents of the new organization. Until that time, the ACMPC’s mandate limited membership to feature film producers. As Cinema Canada reported, “The move to revitalize the dormant ACMPC comes after months of unsuccessful negotiations to incorporate ACMPC members into an autonomous producer's group within the Canadian Film and Television Association (CFTA).”

The newly formed group was comprised of “15–30 members ... including [then-] present AMPC members Astral, RSL, International Cinema Corp, Robert Cooper Productions, Ronald Cohen Productions, and Cineplex.” Producer William Macadam asserted that the primary purpose of the group was “to form ‘one association with one focus: to create a viable feature film and TV production industry in this country
To help achieve this goal, the group intended to hire “a full-time lobbyist to speak on behalf of producer concerns.” Given the Canadian production sector’s instability, producers regarded the group’s mission as one of survival since as Macadam despairingly noted, “I don’t think there is a single viable company right now.”

Conclusion

Through a combination of technical and artistic expertise, entrepreneurial skill, foresight, flexibility, and perseverance, Atlantis Films and RSL Films were growing and prospering. Moreover, the companies were looking both inwardly and outwardly. They were assuming a dual Canadian and global perspective which was helping them to navigate the difficult waters of the domestic and international audiovisual markets. As chapter ten will illustrate, the companies continued to follow this trajectory throughout the 1980s and 1990s.

4 Ibid.
5 Ibid.
8 “Profile: Atlantis Continue Their Worldwide Success,” Canadian Profile (supplement to Cinema Canada), September 1985, 7; “Boys and Girls,” in Toronto International Film Festival Group, Film Reference Library, Canadian Film Encyclopedia (Toronto, ON: Toronto International Film Festival Group, Film Reference Library), http://www.filmreferencelibrary.ca/index.asp?navid=86 (accessed April 11, 2007). The 25-minute long drama, based on a short story by Alice Munro, was produced in 1983 for the CBC anthology series Sons and Daughters.
Ibid.


14 Ibid.


18 Ibid., 26.

19 Ibid., 26.


21 Ibid., 28. Although Lantos divested ownership of Vivafilm in 1978, RSL Films retained a producer-distributor relationship with the Montreal-based Vivafilm.

22 In *Praise of Older Women*, in *The Internet Movie Database* (IMDb); Robert Lantos quoted in Tom Perlmutter, “The Apprenticeship of Robert Lantos,” *Cinema Canada*, no. 127 (October 1985): 29. In *Praise of Older Women* was directed by George Kaczender and starred Tom Berenger, Karen Black, Susan Strasberg, and Helen Shaver. The film was shot in Montreal, Quebec. The film was financed via contributions from the CBC, Famous Players and private investors.

23 Ibid., 32.

24 Ibid.


30 Ibid.


32 Ibid; “Joshua Part of RSL Activity,” *Cinema Canada*, September 1984, 55. Meanwhile, RSL signed a multi-million dollar deal with CBS/Fox for the world videocassette rights to *Heavenly Bodies*. The film was “sold through the Producer's Sales Organization (PSO) to independent distributors in foreign territories.”


38 Ibid.


Ibid.


“FTA-ACMPC Jockey for Program Producers,” *Cinema Canada*, January 1984, 43; In the meantime, the CFTA board adopted an initiative to recruit new members. As of January 1984, the CFTA had “about 135 members within the production, post-production, and distribution sectors of the independent film and video industry, 75 percent of which are Ontario-based companies.” The CFTA wanted to “expand its membership in Eastern and Western Canada, and ... approached unaffiliated producers and members of the Canadian Association of Motion Picture Producers (CAMPP).”

Ibid.

Ibid.
The Formation of Alliance Entertainment Corporation

Like many other events in RSL’s history, its 1985 transformation into Alliance Entertainment Corporation was both an atypical yet auspicious event. In 1984, RSL Entertainment and its Montreal-based rival International Cinema Corporation (ICC) set out to acquire the television production rights for journalist George Jonas’ book, Vengeance, which chronicled an Israeli intelligence team’s efforts to hunt down the terrorists involved in the attack upon Israeli athletes at the 1972 Munich Olympics.1 ICC, “one of Canada's largest film companies,” was led by partners Denis Heroux in Montreal and John Kemeny in Los Angeles. During the previous three years, ICC’s productions included the French language feature film Les Plouffe (1981), directed by Gilles Carle and the Civil War era historical drama Louisiana (1984), starring Margot Kidder. The France–U.S.–Canada–Italy coventure Louisiana was variously aired on television as a miniseries or alternately, as a telemovie; meanwhile, in France, it was released as a feature film. Beyond Les Plouffe and Louisiana, ICC was also “involved in 'hybrid' production features and mini-series shot simultaneously in Quebec.”2

Vengeance, the project in which RSL and ICC were about to vie head-to-head promised to be a challenging undertaking. It would require “location shooting in five or six countries” and would involve French and Italian production partners.3 However, as the time for the bidding drew near, RSL and ICC reached a rapprochement. The companies agreed that it would be in their best interest to jointly acquire the property in lieu of engaging in a bidding war against each other.4 Their decision proved to be a
wise one as the collaboration worked out well. The resulting production, re-titled *Sword of Gideon* for U.S. distribution, featured Michael York, Rod Steiger, and Colleen Dewhurst in the title roles. The program ultimately aired as a four-hour miniseries on CTV in Canada and on HBO in the United States.

RSL’s and ICC’s successful *Vengeance* collaboration prompted the two companies to contemplate—and later—enter into a more permanent partnership in the form of a merger. The RSL Entertainment–ICC union resulted in a new Canadian film and television company, Alliance Entertainment Corporation. RSL's Robert Lantos and Stephen Roth along with ICC's John Kemeny and Denis Heroux were all equal partners in the new venture. “The foursome of Lantos, Roth, Kemeny and Heroux represent the closet Canada comes to having movie moguls of its own,” wrote Tom Perlmutter in *Cinema Canada*.

Perlmutter characterized Alliance Entertainment as “a last stand attempt to establish a U.S.-modeled approach to volume film and television production in Canada.” Alliance had a strong head start toward this goal thanks to the depth of experience the executives of both RSL and ICC brought to the new venture. For example, during the mid-to-late 1980s, Alliance produced a number of made-for-television movies for airing on U.S. broadcast and cable networks including:

*The Execution of Raymond Graham* (1985)
Based on a true story of a family’s attempt to keep a convicted murderer alive and of others who want him executed. The telemovie, directed by Daniel Petrie, starred Jeff Fahey as Raymond Graham along with Graham Beckel, George Dzundza, Morgan Freeman, Linda Griffiths, and Kate Reid in supporting roles. The movie aired on ABC.
Doing Life (1986)
Based upon a book by Steve Bello, this telemovie chronicled the life of Jerome “Jerry” Rosenberg (played by Tony Danza), a career criminal falsely convicted for the murder of two New York City police officers during a robbery. While in prison, Rosenberg earned a law degree and subsequently used his legal training to expose corruption and abuses within New York’s justice and prison systems. The movie aired on NBC.

Control (1986)
The telemovie that starred Kate Nelligan, Burt Lancaster, Ben Gazzara, and Kate Reid “dealt with a psychological experiment about survival in a nuclear shelter shooting currently in Rome.” A Canada–Italy–France coproduction between Alliance Entertainment Corporation, CristaldiFilm, and Les Films Ariane, the movie aired in Spring 1987 on HBO in the United States and CTV in Canada.

Alliance Entertainment and Atlantis Films Help Canadian Broadcasters Meet Their Canadian Programming Obligations

On November 17, 1986, CTV network president Murray Chercover unveiled plans for Mount Royal, a new prime-time television drama series which some in the Canadian press labeled “Canada’s answer to Dallas.” The series, “which revolves around the life of a wealthy French-Canadian patriarch and his relationship with his family” was to be co-produced by Alliance Entertainment Corporation in association with the CTV Television Network and TFI, a national French channel, under the Canada–France coproduction treaty.

A Cinema Canada article noted that CTV’s announcement of the series came on “the same day as the CRTC started hearings into the network's application for a five-year license renewal.” According to the article, “During the four days of hearings, CTV was criticized by some interveners and CRTC chairman Andre Bureau for not producing enough new Canadian drama.” When asked by the Cinema Canada correspondent if the announcement of Mount Royal was made in response to
criticism of the network for its lackluster record of funding support for indigenous Canadian dramas, Arthur Weinthal, CTV's vice-president of entertainment programming replied that “he did not view it that way.”\textsuperscript{13} Weinthal also noted that CTV’s commitment to Canadian drama would also include “specials and miniseries.”\textsuperscript{14} Irrespective of CTV’s true motives behind its decision to air \textit{Mont Royal}, the series assuredly helped the network increase the amount of scheduled prime time Canadian drama it aired each week from a total of two to three hours.

Ultimately, \textit{Mount Royal}’s attempt to capitalize upon \textit{Dallas}’ worldwide appeal failed miserably. Budgeted at C$16 million, \textit{Mount Royal} was “the most expensive weekly series ever mounted in Canada.” Nevertheless, the costly prime time soap opera never achieved high ratings; consequently, the series only lasted for half of the 1987–88 season. \textit{Mount Royal} undoubtedly proved a disappointment for everyone involved. However, for Alliance, the series’ failure was somewhat mitigated by the company’s numerous other successful ventures in Canada, the U.S. and elsewhere.\textsuperscript{46} Several of these additional ventures are discussed in the next section.


During the mid-1980s, Alliance continued to make inroads into North America’s growing cable market while also producing a variety of made-for-television movies and late-night dramas for traditional broadcast networks. Several of Alliance’s most successful dramas of this era aired as part of the long-running \textit{CBS Late Movie} and later the \textit{CBS Late Night} programming block. Since 1972, CBS had aired an assortment of original programming and reruns of prime time series first under the title \textit{The CBS Late Night Movie} (February 1972–January 1989) and later under the title \textit{CBS}
Late Night (February 1990–March 1991). The police drama Night Heat, one of Alliance’s most noteworthy late night series, was produced in partnership with U.S.-based Grosso–Jacobson Productions.\(^5\)

Night Heat was “‘one of those wild moments,’” recounted Larry Jacobson, the series’ co-executive producer. “‘It started with a proposal from CBS to take a video camera out on the streets of New York following cops around. Well, we soon learned you couldn’t show real people being arrested [the Fox-produced reality series Cops was still some years away], so I suggested using actors.’”\(^6\)

Although CBS later agreed to a revised proposal, the project laid “dormant” at the network owing to a “management shuffle.” The project was rejuvenated “two years later” when CTV’s Arthur Weinthal contacted Jacobson and stated that he “needed an hour show.” As Jacobson later related, “‘I told him about this one (i.e., Night Heat). He said it had to have Canadian actors. I went back to CBS and they were very leery about shooting a show in Toronto. We started with an order of six.’”\(^7\)

At first, Night Heat’s crew reportedly attempted “to duplicate New York city’s gritty look” by “burning cars on the streets, spray-painting graffiti on buildings and using prop garbage.” As Sonny Grosso, Jacobson’s partner noted, “‘We put garbage down on the street for a shootout and chase scene. Then we had our lunch break and, when we came back to work, Toronto's very efficient sanitation department had come along and cleaned the street up.’” Owing to the unexpected problems with creating a carbon copy of New York street scenes, Night Heat’s producers finally decided to “stop pretending” and instead, opted to openly display Toronto’s “clean streets, the streetcars, the crowds walking around after dark.” “‘Now, nobody thinks it's Manhattan,’” Grosso added.\(^8\)
In the summer of 1987, CBS briefly moved *Night Heat* up from its late night slot to a 10–11 p.m. prime time slot. Earlier in the year, Alliance had briefly flirted with U.S. prime time with *Mariah*, a weekly series it produced for ABC and Canada’s Global Television Network. Airing 10–11 p.m. Wednesdays, the “earnest, but rather grim” drama about life at Mariah State Penitentiary lasted less than two months, from April 1 to May 13, 1987.19 Like *Mariah*, *Night Heat’s* prime life was short-lived; in September 1987, *Night Heat* reverted back to its late night niche after six episodes aired.20

After *Night Heat* wrapped for the final time—following five years of filming in Toronto—*Toronto Star’s* television critic Jim Bawden paid a lengthy tribute to the show for, among other things, its unabashed use of “identifiably” Toronto scenery:

> Now let us praise *Night Heat*. That's right *Night Heat*, the cop show that's on CTV and late nights on CBS, the one that shows Toronto's gleaming streetcars zooming by right in the middle of a terse shootout, the one with the CN tower silhouetted in the night sky.21

*Night Heat* proved an impressive series in terms of Canadian coproductions of the 1980s. Ultimately, ninety-six episodes of *Night Heat* aired in Canada and the United States between 1985 and 1989. It ranked as CBS' top rated late night series for three years in row and was eventually sold to forty-four other countries worldwide.22

*Night Heat* also had an appreciable economic impact upon Toronto’s production sector. According to figures published in the *Toronto Star* and *Cinema Canada*, *Night Heat’s* producers “employed about forty-five people full time” and moreover, “proved a boon to Canadian writers, directors and actors.” At the same time, the production injected approximately C$74 to C$81 million into the Canadian economy.23

Not surprisingly, *Night Heat* raised Alliance Entertainment’s and the Toronto production sector’s status on both sides of the border. “‘As a building block for the
future, it's been mighty important,”’ observed CTV’s Arthur Weinthal. Robert Lantos, who supervised production for Alliance Entertainment, praised the series as “’a real pioneer.’” “It began as an experiment,”’ said Lantos. “’Now, it's a venerable institution.” Lantos added that Night Heat sent out a very specific message namely, “that Canadians could manufacture a mass appeal show. ‘Americans had come here to shoot their shows, but this was different. We'd done some movies that were on U.S. TV, but never a series. It was a test case and we graduated.’”

The Strong Get Stronger: Alliance's 1987 Merger with Robert Cooper Productions

In 1987, Alliance Entertainment Corporation underwent a second major merger, this time with Los Angeles-based, Canadian-owned Robert Cooper Productions. As with the earlier ICC merger, the principal owners of the newly formed corporation were all familiar names within North America’s film and television circles. They included: Alliance's Robert Lantos, Stephen Roth, and Denis Heroux, who was “responsible for much of Alliance's France–Canada coproductions;” Robert Cooper and David Ginsburg of Robert Cooper Productions; John Kemeny; and finally, Guardian Growth Financial Service Limited. Former Alliance president Stephen Roth was named chairman of the new firm while Ginsburg, former president of Robert Cooper Productions, was appointed president of the new firm.

Robert Cooper noted that the merger had been underway “for a long time,” and moreover, “the two companies merged from a position of strength and not a position of weakness. ‘You don't merge because of a restricted view of the past, but a clear vision of the future,’” emphasized Cooper. For his part, Alliance's Robert Lantos stressed that the merger represented “a major step towards the goal of growing into a fully developed
film and television company. ‘We remain committed to our Canadian roots and intend to stem and reverse the longstanding tradition in the Canadian entertainment business of fleeing south at the first flash of success in the pursuit of greater opportunity,’” proclaimed Lantos.29

As a result of the merger, Alliance instantly grew “about one third in size.” More importantly, Alliance had “joined with a Canadian company that,” like itself, “penetrated the U.S. film and television market.”30 However, as Denis Heroux also pointed out, the merger’s attraction lay not only in “stronger north-south links, but also improved links with Europe for Alliance.” For the remainder of 1987, the merged company was expected to “produce at least eighty hours of prime time television and four feature films.” In addition, Alliance was “also in the midst of developing an extra twenty-eight hours of prime time television for the American networks.”31

In November 1987, Alliance Entertainment also made a significant change in its executive ranks when its co-founder and president Stephen Roth left the company. Susan Cavan, Alliance’s in-house lawyer and business affairs director succeeded Roth in the position. With the promotion, Cavan reportedly became “the only woman president of a leading Canadian production company.”32

On August 23, 1989, the Board of Directors of Alliance Entertainment Corporation named Robert Lantos Chairman and Chief Executive Officer of the growing enterprise. Lantos, who previously held the post of Co-chairman along with Denis Heroux, was given oversight of the company's activities in film and television production, distribution and financing. Meanwhile, Heroux continued working for Alliance until 1990 at which time he became an independent producer.33
Alliance’s Return to CBS Late Night

During the mid-to-late 1980s, CBS’ late-night schedule boasted a number of Canadian-produced, Toronto-filmed action series. Several of the series were produced by RSL (later Alliance) or other companies that would later merge with Alliance such as Robert Cooper Productions. CBS derived substantial cost savings by using Canadian-produced programming. CBS only needed to contribute about one-third of the production costs for each series (e.g., reportedly “between C$110,000 to C$120,000 per episode of the hour-long Robert Cooper-produced drama Adderly”). In the meantime, Telefilm Canada contributed more funding toward the series than the American network. CBS realized additional savings as a result of the devalued Canadian dollar, not to mention approximately 20% lower union wage rates. Taken together, it was estimated that CBS and other U.S. networks could save up to 50% per hour on a series’ production budget if it was filmed in Canada.34


Basking in the success of Night Heat, in 1987, Alliance and Grosso Jacobson once again teamed up for two more CBS late dramas, Hot Shots (1986–87) and Diamonds (1987–89).35 Hot Shots, a one-hour drama revolved around the exploits of two young reporters for CrimeWorld magazine, Amanda Reed (Dorothy Parke) and Booth Savage. The series, produced for CBS and CTV, was shot in Toronto. The second hour-long series, Diamonds, followed the lives of Michael Devitt (Nicholas Campbell) and Christina Towne (Peggy Smithhart), co-workers on a television show called Two of Diamonds. The couple, who eventually fall in love, marry, and later divorce, meet up again some years later while working as private investigators. With Diamonds, Alliance
attempted to capitalize upon the success of several other then-popular prime time private investigator-lover series including *Moonlighting* and *Remington Steele.*

During its first season, *Diamonds* aired in the U.S. as part of *The CBS Late Night Movie* lineup but was later pulled for *The Pat Sajak Show,* a talk show featuring *Wheel of Fortune* co-host Pat Sajak. According to Sid Adilman, “Losing CBS, meant refinancing, which saw *Diamonds* become an official Canada–France coproduction and the addition of French actor Roland McDunn as a cast regular.” While *Diamonds* continued to air on Global in Canada, after its CBS cancellation, the series spent its final U.S. season on the USA Network.

**Crimetime after Prime Time**

After the failure of *The Pat Sajak Show,* CBS decided to roll out a “completely first-run late-night schedule under the umbrella title *Crimetime After Prime Time.*” Originally scheduled to debut on January 21, 1991, *Crimetime After Prime Time*’s introduction was pushed back to April 1991 owing to the onset of the first Gulf War.

All of the series were coventures “with foreign partners, using foreign crews and production people who have a share in creative control.” Also, with the exception of one series—*The Exile*—all of the *Crimetime After Prime Time* series were “set in the United States but filmed abroad.” The *Crimetime After Prime Time* lineup included:


- *Fly by Night* (Alliance Entertainment, Glen Warren Productions, and Western Sky Ltd. with France's Gaumont-Robur and Western International Communications)
  “About a pilot thrown out of the military who flies renegade missions.” Shot in Vancouver, British Columbia, the Cote d'Azur, and Nice France

- *Sweating Bullets* (Kushner-Locke and Canada's Accent Productions)
  “About a DEA agent turned detective.”
  Shot in Puerto Vallarta, Mexico.

Given Alliance Entertainment’s past experience co-producing late-night programming for CBS, it was natural that an Alliance coproduction—*Fly by Night*—was featured in the *Crimetime After Prime Time* schedule.43 *Alliance Insider* described *Fly by Night* (aka *Slick Air*, the series’ working title), as the:

story of Sally 'Slick' Monroe (Shannon Tweed), who earned her nickname by pulling off wild schemes and covering her failures with a flourish. Slick's latest effort is to set up a luxury security air charter with the help of Mack Sheppard (David James Elliott), one of the best multi-engine jet pilots in the world. Their 'up in the air' relationship is just part of the fun in this light hearted series.44

Despite Alliance’s promotional hype, *Fly by Night* and the rest of the *Crime Time After Prime Time* offerings received poor reviews. One less than enthusiastic critic, Miles Beller, offered the following assessment of *Fly by Night*:

The ‘chemistry’ generated on this late-night broadcast fizzles and sputters, resulting in a flat solution. Although the folks found on *Fly by Night* rub and bump against each other, the impression made is short lived. This is just so much tossing and turning for the camera's sake, interaction as diversion that's neither revelatory or amusing.45

**Other Notable Alliance-produced Television Series of the Late 1980s**

By 1989–90, Alliance Entertainment was supplying CTV with fifty-nine hours and Global Television with twenty-two hours of first-run original dramatic programming. A significant percentage of this programming involved U.S. partners and/or was sold for airing in the United States. Alliance's productions for CTV included “*Bordertown*, an action-adventure, half-hour western series,” and *E.N.G.* promoted as “a fast-paced
contemporary drama about a hard hitting TV news team ... Including repeats of the new shows and the rebroadcasting of productions,” it was anticipated that CTV would air “one-hundred hours of Alliance productions in the 1989–1990 season.”

**Bordertown (Produced 1988–1991)**

*Bordertown* (produced 1988–1991), set in the 1880s, followed the exploits of U.S. Marshall Jack Craddock (Richard Comar) who teams up with Royal Canadian Mounted Police Corporal Clive Bennett (John H. Brennan) to keep law and order in Bordertown, a town that straddles the U.S.–Canadian border. Filmed in British Columbia, *Bordertown* was an Alliance coproduction with Tele Image of France. A “regular top ten show in Canada” where it was broadcast on Global, *Bordertown* became “the highest rated original series on basic cable” during its tenure on the Family Channel in the United States where it also aired.


Alliance Entertainment also garnered critical acclaim with the hour-long drama *E.N.G. (Electronic News Gathering)* (1989–1994). Produced by Alliance in association with the CTV television network and Baton Broadcasting Inc., the series starring Sara Botsford, Art Hindle, and Jonathan Welsh was shot in and around Toronto. *E.N.G.* made its U.S. debut on cable network Lifetime Television in the fall of 1990. Although *E.N.G.* performed well in Canada, after a few months, Lifetime moved the series from its original 7:00 p.m. slot to a late night slot owing to lackluster ratings.

Throughout the late 1980s, Alliance also continued to produce made-for-television movies and theatrical pictures. Many of these projects were produced without financial assistance from Telefilm Canada. Instead, as Sid Adilman notes, the projects were “backed by American distribution deals and international sales guarantees.” For
example, in November–December 1987, Alliance co-produced the C$15-million feature film *Iron Eagles II—The Battle Beyond the Flag*, starring Louis Gossett, Jr. The film, a Canada–Israel coproduction, was shot in Israel. Meanwhile, in the made-for-television movie realm, Alliance produced *Children of Poverty* for ABC-TV. The telemovie, filmed in Montreal, was directed by American Larry Elikann and starred American actresses Mare Winningham and Dorian Harewood. *Children of Poverty* aired in Canada on CTV.  

*Alliance and Atlantis Take New Approaches to Funding Television Productions*

Alliance and Atlantis production funding strategies differed somewhat from many of their Canadian compatriots. Both companies certainly relied upon a variety of Canadian government funding mechanisms to help subsidize its productions. However, they relied even more so upon non-government funding sources. “‘If you do just cultural films, for which there is a lot of government money, you can’t build a business’... The notion of the independent producer who depends on the government to help him get through the year and between projects is not part of my business plan,’” explained Robert Lantos.  

The companies’ private investment-focused funding strategy was exemplified by Robert Lantos’ business plan at Alliance Entertainment. The plan included the production of both feature films and television series which would thereby afford “continuity and cross fertilization.” With respect to production funding, the plan called for “‘more market-driven projects’” in order “to be independent of government investments;” Alliance would only seek “Telefilm Canada investments on ‘indigenously culturally driven projects.’” It was evident that Lantos was putting his business philosophy into
practice at Alliance during the mid-to-late 1980s since the company boasted the largest “total budgets and number of projects” among Canadian production houses. For example, in 1988, Alliance’s combined film and television projects totaled C$57 million “with Telefilm Canada investments in only a few of them.”

Alliance and Atlantis’ European Expansion

During the mid-to-late 1980s, the European audiovisual market experienced many of the same economic and technological changes as its North American counterparts, including deregulation, liberalization, and the propagation of new cable channels and DTH services. Both Alliance and Atlantis assumed proactive stances toward the European marketplace.

For example, since Alliance’s inception in 1985, the company spent an average of C$60 million annually “on production, primarily with French and American partners.” As the Toronto Star’s Sid Adilman pointed out, “Alliance has forged more of those coproductions with France than any other Canadian producer.” Alliance’s successes in France, were attributed in large part to the fact that Alliance co-founder Denis Heroux was spending “two-thirds of the year in Paris.”

Lantos also expanded Alliance’s European presence beyond France via the establishment of an Alliance branch office in London, England in fall 1989. Lantos tapped Sally Davies, former Head of Business Affairs for Granada Film Productions tapped as the company’s London representative. In her new position, Davies was “responsible for seeking UK partners for productions developed by Alliance and also projects that have been developed here in the UK, that are of interest to Alliance.”

Atlantis Films also made significant European inroads during the latter half of
the 1980s. The company’s international distribution arm, Atlantis Releasing, established its European headquarters in the Netherlands and also set up a branch office in London. With this move, Atlantis became “the first Canadian film and TV distribution company to operate out of Europe.”

In addition to feature film and television production and distribution, Alliance and Atlantis were also actively engaged in other sundry activities during this period. For example, Alliance Equicap, Alliance Entertainment’s financing division provided funding for in-house as well as outside projects. Alliance’s diversification during the late 1980s and into the early 1990s was reflected in its adoption of a new appellation, Alliance Communications. The fall 1990 issue of *Alliance Insider* noted that the new name was “interchangeable in French and English.” Moreover, according to the publication, the new title signified “the range of Alliance activities, as well as the increasing importance of its French-language activities in Quebec in France, where Alliance has longstanding relationships with French co-production partners.” To top things off, the adoption of the new name also “coincided with the opening of Alliance's Paris office.”

**Conclusion**

Throughout the 1980s and early 1990s, Alliance Communications and Atlantis Films steadily expanded their domestic and foreign business interests. Diversification of their portfolios helped buoy them from the vicissitudes of the Canadian audiovisual market. The companies also enjoyed unprecedented success in the U.S. audiovisual market. However, one high-profile segment of the U.S. market was proving elusive; namely, U.S. network prime time. Neither company had yet managed to induce a U.S. broadcast network to place one of their series on the prime time schedule. Having a
television series on the prime time schedule (i.e., generally considered to be between 8 p.m. and 11 p.m. in the United States) afforded production companies both psychological and economic benefits. It was the highest-status segment of the schedule since it garnered the largest numbers of viewers. Consequently, programming which aired during prime time received the highest license fees of all television series. However, as the production history of *Due South* presented in chapter eleven will demonstrate, a number of informal barriers to entry made the task of getting an Alliance-produced series on U.S. prime time a difficult one.

1 “Alliance Communications Corporation: Toronto Film Reference Library: Pre-July 1998 Subject File” (accessed July 21, 2005); *The Internet Movie Database* (IMDb). Steven Spielberg’s 2005 feature film *Munich* was also based on Jonas’ book *Vengeance*.

2 Ibid.

3 Ibid; "1986 Production Guide: Canadian Television Series," *Cinema Canada*, June 1987, 40. Other partners in the production included Production Companies: Alliance Entertainment Corp./Les Films Ariane (France); CTV (Canada); HBO (U.S.); Rogers Cable Inc. (Canada); Societe Radio-Canada (Canada); and Telefilm Canada.


5 Ibid.

6 Ibid.


8 Ibid.


10 “*Mount Royal* is High Drama,” *Cinema Canada*, no. 137 (January 1987): 39.


12 Ibid. At the time, CTV broadcasted ninety minutes a week of regularly scheduled prime time Canadian drama. At the November CRTC hearings in November, CTV promised to increase the amount of drama by thirty minutes.

13 Ibid.

14 Ibid.


17 Ibid.


33 Alliance Entertainment Corporation, “Alliance Entertainment Corporation Announces New Corporate Structure” (press release), August 23, 1989. The press release is part of “Alliance Communications Corporation: Toronto Film Reference Library: Pre-July 1998 Subject File” (accessed July 21, 2005). Alliance Releasing was given an exclusive option to distribute all of Mr. Heroux's productions in Canada thereafter.


35 *Diamonds* production partners included Alliance Entertainment Corporation; Atlantique Productions (France); Global Television Network (Canada); in association with Gross Jacobson (U.S.) and the USA Television Network (U.S.).


40 CBS' news program *America Tonight* temporarily aired in the time slot until April 1991.


42 Ibid.


44 Alliance Entertainment Corp., *Alliance Insider*, Fall 1990.


According to Adilman, "Bordertown" topped ratings for original shows on the American version of the Family Channel with a total gross ratings of 2,466,750, according to the latest [1989] survey. Adilman also noted that four other Toronto-filmed series ranked on American Pay TV’s top nine original shows chart. "Rin Tin Tin K-9 Cop," 2nd, gross ratings of 1,673,500; "Alfred Hitchcock Presents," 3rd, gross ratings of 1,549,250; "Ray Bradbury Theatre," gross ratings of 863,750; and "Diamonds," 7th, gross ratings of 523,750. Also, "The Campbells" had gross ratings of 1,075,500 when it aired on the Family Channel. Finally, Adilman also points out that “American Pay TV is measured by gross ratings, not by the number of viewers, as are conventional networks.”


Alliance Entertainment Corp., Alliance Insider, Fall 1990.

Chapter 11

Of Mounties, Moguls, and U.S. Network Prime Time

Democracy and free trade were the watchwords for North America’s leaders as Canada and the United States crossed the threshold of the 1990s. In 1989, the world watched awestruck as the Berlin Wall, the symbolic Cold War era demarcation between the Democratic West and the Communist East was brought down by bulldozers and sledgehammers. In the months and years following the wall’s dismantlement, many Communist-led governments throughout Eastern Europe similarly came tumbling down.

While the West vanquished its Soviet-directed Eastern adversary without the use of military force, two other early 1990’s events involving the United States foreshadowed even more calamitous events a decade later. The first incident, mentioned earlier, was the 1990–91 Gulf War, a military conflict between Iraq and an UN-mandated coalition force led by the United States. The second incident was the February 26, 1993 bombing of the World Trade Center in New York City by fundamentalist Islamic terrorists. The bomb, set off in the Center’s underground parking lot, left six people killed and over one thousand injured.

Against this backdrop, in November 1992, Democratic candidate William “Bill” Clinton defeated George Herbert Walker Bush in the U.S. presidential election.1 Meanwhile, in Canada, Brian Mulroney remained Prime Minister until his retirement in June 1993. He was succeeded by Avril Phaedra “Kim” Campbell, who became the country’s first female Prime Minister. Unfortunately, Campbell’s tenure was short-lived. In October 1993, her party, the Progressive Conservatives suffered their worst defeat ever at the hands of the Liberal Party, headed by Joseph Jacques Jean Chrétien. On
November 4, Chrétien became Canada’s twentieth Prime Minister.\(^2\)

Despite changes in the party affiliations of North America’s leaders, both countries remained committed to the deregulation and trade liberalization policies initiated by their predecessors. Economic and technological forces also continued to exert pressure upon both the Canadian and U.S. governments to maintain their competitive, free market course of action. The North American Free Trade Agreement, more commonly known as NAFTA, symbolized the power wielded by these combined forces.

This chapter begins with a discussion of NAFTA and several high profile television-related disputes that cropped up shortly after the agreement came into force on January 1, 1994. At the same time, both Atlantis Films and Alliance Communications continued to make inroads into the North American and international media marketplaces. Their expansion was fueled, in part, through capital acquired through public stock offerings. While going public afforded both companies a much-needed infusion of domestic and foreign capital, the action also brought new challenges. The chapter’s second section examines Alliance and Atlantis’ activities during this watershed period in their histories. The chapter concludes with a case study of one of Alliance Communications most successful series, *Due South*.

*The North American Free Trade Agreement (NAFTA)*

“Five years to the day” after implementation of the Canada-United States Free Trade Agreement (CUSFTA), an expanded free trade area was created by the implementation of the North American Free Trade Agreement (NAFTA). The expanded trade area—“the largest free trade area in the world” to date—came about through the new pact’s inclusion of Mexico. Despite the addition of a third country, many of the
provisions from the earlier bilateral CUSFTA remained unchanged, including the cultural exemption clauses. Despite Canadian Prime Minister Jean Chrétien’s 1993 election campaign vow to renegotiate the agreement coupled with widespread opposition to it throughout Canada and United States, NAFTA went into effect on January 1, 1994.

Soon after NAFTA’s implementation, Canada and the United States became embroiled in several highly-publicized disputes over the terms of the Agreement with respect to foreign ownership of communications interests. The first dispute, which began in 1994, involved U.S.-based cable channel Country Music Television's (CMT) access to the Canadian market. Ragosta, Magnus, and Shaw (1996) summarize the dispute as follows:

> In 1994, after CMT had been on the air in Canada for a decade creating a market niche for 24-hour country music video service, the CRTC decided to block Canadian distribution of CMT's programming to make way for a Canadian-owned ‘clone’ service. Following a petition by CMT, the U.S. Trade Representative (USTR) initiated a Section 301 investigation, and, in March 1996, determined that the Canadian access policies leading to CMT's eviction are "unreasonable," are "discriminatory," and "burden or restrict U.S. commerce."

The CMT dispute arose over Canada's “excessively broad interpretation” of the cultural exemptions clause in the NAFTA agreement. Following the U.S. government's intervention in the dispute and “threatened retaliation” against Canada, a commercial settlement was reached in the case. As a result, CMT and New Country (the Canadian-owned country music cable channel) merged for purposes of the Canadian programming feed. Furthermore, the newly created entity included a large enough Canadian ownership interest to be deemed "Canadian" and therefore “eligible for favorable regulatory treatment including a ‘must carry’ commitment imposed on cable distributors.”

A second notable Canada–U.S. dispute revolved around whether Power DirectTV,
a U.S. affiliated “direct-to-home” (DTH) satellite distribution service would be eligible for a license to provide service to Canadians. In 1995, the CRTC received two applications, one from PowerDirect TV and the other from Express-Vu, a wholly Canadian-owned corporation, for licenses to begin offering DTH service. Initially, the CRTC granted a license to Express-Vu while denying Power DirecTV's application but was later overruled by the federal cabinet. Nonetheless, the conditions attached by the CRTC to Power DirecTV's eventual license proved “so onerous as to make the entire venture no longer worthwhile.”

Although the Express Vu service was eventually offered following ownership shuffles, it failed to attract Canadian subscribers since it did not offer the same scope of American programming as U.S.-based DTH services. It should also be noted that it was illegal for Canadians to purchase U.S.-based DTH services. Nevertheless, a thriving gray market for U.S. DTH services emerged in Canada and continues to the present day.

*Atlantis and Alliance Go Public*

In 1994, Toronto was expected to earn an estimated US$292 million from movie and TV production compared to US$24 million in 1983. At the time, the city ranked as the third largest film production center in North America, following Los Angeles and New York City. Not surprisingly, Alliance and Atlantis' growth mirrored that of Toronto's production sector.

A December 1994 *Vancouver Sun* article described Alliance Communications as “a sophisticated labyrinth of production, distribution, financing, and sales divisions that form the closest thing in Canada to a major studio.” In a similar vein, an August 15,
1994 Canada Newswire article described Alliance's rival Atlantis as “Canada's leading independent entertainment supplier specializing in television programs and specialty broadcasting. It is an award-winning producer and distributor focusing on English language television drama and comedy.”

Although Alliance and Atlantis were both growing concerns, their status as privately held companies meant that they were unable to raise substantial sums of cash through stock offerings, an option available to their publicly held counterparts. In order to compete head-to-head with larger production houses, particularly in the U.S., further necessitated that the companies' convert from private to public status. By the end of 1994, both Alliance and Atlantis were public corporations with their shares trading on the Toronto Stock Exchange.

**Alliance Maintains Canadian Control with Class A and Class B Shares**

In order to attract foreign investors while also complying with the Canadian government's foreign ownership limits, Alliance Communications subdivided its stocks into two classes, A and B. Under the two-tiered system, owners of Alliance's class A shares were entitled to vote on company matters while owners of class B shares were not granted voting privileges. This system allowed Alliance to sell class B non-voting shares to foreign investors without fear of relinquishing control to non-Canadians.

**Atlantis Expands Its Production as well as Broadcasting and Specialty Channel Interests**

While still heavily involved in television production, the newly public Atlantis Communications also actively pursued opportunities in the broadcasting and specialty cable arenas. In the mid-1990s, Atlantis Communications expanded its cable television interests via a series of acquisitions and investments.
Atlantis Acquires an Interest in the Canadian Youth-oriented Network YTV

In June 1994, Atlantis raised its minority interest in Canadian youth-oriented cable network YTV to 40.62% subject to the CRTC’s approval. At the time, YTV reached over 6,000,000 Canadian households and was experiencing a growing market share. Under the new ownership arrangement, YTV’s controlling shareholders, Rogers Broadcasting Ltd. and CUC Broadcasting Ltd. would each own 28% of the network. They also had “the right to acquire a total of 12% of YTV from Atlantis, pending approval of the CRTC.”

“Atlantis is keen to increase its interests in all sectors of the television business and this acquisition is certainly part of that strategy,” asserted Atlantis Chairman Michael MacMillan. According to the press release announcing the purchase, Atlantis was to pay “C$11 million in cash and the remainder, at the option of the sellers and subject to regulatory approval, will be settled in cash or in Atlantis subordinate voting shares, valued at C$15 per share.”

Life Network

Beyond its interests in YTV, Atlantis also was becoming a visible presence in Canada’s specialty cable channel subsector. In June 1994, the CRTC granted Atlantis a specialty license for You: Your Channel. According to the terms of the license, the national English-language channel was to “offer three main programming themes: (a) the great outdoors, (b) home and garden, as well as (c) health.” Several years after the license was granted, Atlantis requested, and received, the CRTC’s approval to rename the channel Life Network.

In early October 1995, Life Network began devoting a portion of its airtime to
programming from the U.S.-based Home & Garden Television (HGTV). Encouraged by the favorable audience response to the HGTV programming, Life Network’s and HGTV’s owners decided to jointly apply to the CRTC for a specialty license for a Canadian version of the U.S. HGTV channel to be named HGTV Canada. The new channel was to “offer a programming line-up focused on gardening and landscaping, building and remodeling, home decorating and interior design, hobbies and crafts and special interest programs.”

The Atlantis-controlled Life Network initially owned 80.2% of the new national specialty cable channel while U.S. partner HGTV owned 19.8%. However, HGTV planned to increase its ownership share to 33.3% thanks to the CRTC’s April 1996 decision to raise foreign ownership limits. Notwithstanding the CRTC’s 1996 boosting of foreign ownership limits, Atlantis and its Canadian counterparts were guaranteed majority ownership of any U.S.-Canadian cable ventures. Thus Canadian companies could enter into the agreements without fear of being eventually squeezed out by their Oftentimes-larger U.S. partners.

By December 1996, Life Network reached over 5 million Canadian households via cable. That month, Atlantis announced it had “agreed to increase its stake in Life Network from 80% to 100% through the acquisition of the remaining interest from the channel’s minority shareholders.” According to Atlantis’ executives, the acquisition was “in line with Atlantis’ strategy to enhance its interests in the cable broadcast segment and consistent with the Company's commitment to growth in the lifestyle information area.” Michael MacMillan, Atlantis Communications Chairman and CEO noted that Life Network not only held out the potential for domestic growth but “international
growth” as well. At the same time, Atlantis’ cable specialty channels were viewed as natural complements to the company’s core production activities since they provided an assured outlet for its programming. However, economic and technological factors later compelled Atlantis and its successor to reconsider the role of specialty channels within the company’s overall operations.

**Atlantis' Production and Post-production Acquisitions**

In addition to its growing specialty broadcasting interests, Atlantis also boosted its production and post-production holdings during the mid-1990s. For example, in August 15, 1994, Atlantis announced that it had “reached agreement on three strategic investments.” The investments included the acquisition of minority interests in two prominent Canadian regional production houses: Edmonton, Alberta-based Great North Communications Ltd., and Halifax, Nova Scotia-based Salter Street Films Limited. At the time of the announcement, Great North, an internationally recognized producer of documentaries and television programming, was co-producing Destiny Ridge, a drama series, with Atlantis. Like Great North, Salter Street Films was an internationally acclaimed producer of television programming such as the “groundbreaking, satirical sketch-comedy” series Codco that aired on CBC from 1988 until 1993. Since its 1979 founding, Salter Street also “produced or co-produced eight feature films” as well as various made-for-television movies. On the other hand, Atlantis’ third August 1994 “strategic investment” involved the purchase of Toronto-based post-production facility Soundmix Ltd., which it intended to operate “as an independent business unit.”

The press release announcing the trio of deals declared the investments “were part of Atlantis' longstanding vertical integration strategy” and were “expected to save on
production costs and improve revenue potential.” Atlantis’ minority interests in Great North and Salter Street Films gave the firm a foothold in Western and Atlantic Canada’s production sectors while significantly expanding its overall production capacity. “Each is the leading producer in its region and each is a successful, profitable business in its own right,” stressed Atlantis Communications’ Chairman and CEO Michael MacMillan. “By joining with them, we will gain access to high-quality programs for distribution as well as gaining regional production capability and perspective.” Meanwhile, the acquisition of Toronto-based Sound Mix augmented Atlantis’ existing production facilities business in the city that already consisted of a 50% interest in Cinevillage.

Atlantis’ interests also extended its production and distribution activities beyond Canada. By fall 1996, Atlantis had established branch offices in Los Angeles, California; Sydney, Australia; Amsterdam, Netherlands; and Barbados.

Alliance Communications’ Production Activities During the Early-to-mid-1990s

While Atlantis Communications was actively expanding its specialty broadcasting, production, and post-production holdings, Alliance Communications was also expanding its domestic and foreign production and distribution activities. Most importantly, Alliance’s Robert Lantos was achieving what a 1985 Cinema Canada interview described as, “the dream’ of every foreign producer alive, namely to penetrate the American system from within.”

By the early 1990s, several Alliance productions had briefly flirted with coveted prime time slots on U.S. broadcast networks albeit their tenures were woefully short-lived. However, in 1994, Alliance’s persistence finally paid off thanks to the comedy–drama series *Due South*. After briefly discussing several Alliance-produced series of the
early 1990s, the next section traces the production history of *Due South*, one of Alliance's most successful series ever, and also briefly explores the critical and audience reaction to the series both in Canada and the United States.


**Counterstrike (Produced 1990–1993)**

Alliance once again teamed up with Sonny Grosso and Larry Jacobson along with two French firms, CFC and Atlantique, to produce the action-adventure series *Counterstrike*. The hour-long series which starred Canadian Christopher Plummer as a wealthy crime fighter was filmed in English and dubbed into French. The series which began on French television in fall 1991 was also sold to CTV in Canada and the USA Network in America where it aired from 1991 until 1994.32 Beyond series television, in 1993, Alliance also announced a collaborative venture with Harlequin Enterprises to produce and market television programs and videos based upon Harlequin’s romance novels.33
Alliance Communications’ Troubled Tenure in U.S. Network Prime Time: The Due South Saga

Due South’s Production History

Since CRTC rules prohibited Canadian broadcasters from producing original programming for their own TV stations, in order for CTV to meet its 1993 licensing renewal obligations, the broadcaster needed to purchase its drama programming from an independent production company. However, given the high costs of funding drama production, CTV was also interested in entering into coproduction agreements with other countries to help defray the production costs. At the same time, Alliance Communications was still seeking a U.S. network prime time slot.

At an Alliance-sponsored luncheon in Toronto in 1993, Jeff Sagansky, then CBS Entertainment President, delivered a speech where he urged Canadians to become “involved more convincingly in continental coproductions or drama series and TV movies.” Answering the challenge, Alliance head Robert Lantos began discussions with Sagansky about possibly producing a series for CBS’ prime time schedule with CTV also later joining in on the talks.

The task of creating this new series fell to London, Ontario native and veteran Hollywood writer Paul Haggis. Prior to being hired for the Alliance project, Paul Haggis worked as a writer and/or producer on a wide array of U.S. television series including The Facts of Life, City, and The Tracey Ullman Show. Haggis also worked as a writer and creative consultant for the legal drama L.A. Law and as a director and producer on the short-lived Nell Carter CBS sitcom You Take the Kids. During this period, he also created the Chuck Norris karate-packed modern western Walker, Texas Ranger, which debuted on...
CBS in April 1993.\textsuperscript{37}

*Due South*, the end result of Haggis’ creative efforts, became one of the most successful—and most expensive—television series ever produced in Canada. It also was among the first Canadian television series to air on one of the big four American networks in prime time.\textsuperscript{38} The series debuted as a telemovie simulcast on CTV in Canada and CBS in the United States in April 1994 and was subsequently developed into an hour-long weekly series for broadcast on those same two networks as part of their 1994–95 television season.

Ostensibly set in Chicago, beyond a few obligatory exterior shots of the real Chicago, *Due South* was filmed entirely in Toronto and other Canadian locations with an almost entirely Canadian cast and crew. The series also showcased the music of many Canadian artists and featured the music as an integral part of the plot.

*Due South*’s fish-out-of-water premise featured Benton Fraser (Paul Gross), a Royal Canadian Mounted Police (RCMP) constable from the Northwest Territories that along with Diefenbaker, his deaf, lip-reading wolf, travel to Chicago in search of his father's killers. While there, Benton befriends Chicago police detective Ray Vecchio (David Marciano). This deceptively simple premise belied a complex, multi-layered show that some critics likened to a “Chinese puzzle box.” Episodes interwove farcical comedy with film noir. Inside jokes, some Canadian and some American, were cleverly inserted into the dialogue. Visual puns abounded. As one female respondent to a *Due South* audience survey commented, “You could not watch this show on cruise control.”

*Due South* performed well in the United States during its initial Thursday 8–9 p.m. time slot despite competition with popular NBC comedies *Mad About You* and
The show would prove to be the highest-rated new CBS program during the fall 1994–95 season and eventually finished tied for 58th (with Lois & Clark: The New Adventures of Superman) out of 142 series in Nielsen’s 1994–95 prime-time rankings.\(^{40}\)

With Canadian audiences of as high as 2.1 million viewers, Due South became “the highest-rated television series ever made in Canada,” consistently rating as in the top ten shows in Canada’s Nielsen ratings. Throughout Due South’s first season, Paul Haggis served as the show’s executive producer. He also wrote or co-wrote, directed, and even made cameo appearances in multiple episodes of the series.\(^{41}\)

Despite critical acclaim and respectable ratings Due South’s fortunes were short-lived on American network prime time television. Soon after its debut, Jeff Sagansky, President of CBS Entertainment and the show’s primary supporter departed the network. The loss of the show’s patron saint at CBS led to frequent preemptions, schedule shuffles, and episodes aired out of sequence.\(^{42}\) Due South’s cancellation by CBS at the end of the 1994/95 season marked the first of several “neardeath experiences.”\(^{43}\)

Due South's success came at a considerable cost for a Canadian production. The budget for the pilot movie alone was approximately C$5 million with a C$1.5 million production cost for each subsequent episode.\(^{44}\) According to Robert Lantos Due South’s first season production costs were “covered in advance by North American sales and a tax-shelter deal” with an “additional C$500,000 per episode in international sales—before the show was a hit.”\(^{45}\) The show also received funding from Telefilm Canada.\(^{46}\)

Since CBS' investment in Due South was critical for defraying the production costs of the program, CTV was unable to cover the financial shortfall caused by the American network's pullout at the end of the show’s freshman year. Nevertheless, Due
South’s respectable audience ratings in Canada and United States coupled with similar successes in Britain and Germany prompted CTV, Telefilm Canada and broadcasters in Britain and Germany to partially make up the funding shortfall and enabled Alliance to keep Due South in production for a second season. As Paul Gross observed, “I had thought we couldn’t afford to continue without CBS ... We had to figure how we could do another season with a reduced budget.” He also pointed out, “a tighter budget has forced us to resolve crunch situations through resourcefulness and imagination. Last year, when in doubt, we would blow up a car.”

Meanwhile in the United States, a fan group called the Friends of Due South organized an Internet-based campaign in Spring 1995 to protest CBS’ decision to cancel the show and “lobby the network to put the series back on television.” In November 1995 following “a deluge of fan mail and a change in management,” CBS reversed its cancellation decision and once again agreed to pick up the show beginning in December 1995 and air it during the Friday 8 p.m. (ET) time slot. Commenting on the CBS reprieve, Robert Lantos noted that “there’s always a price that one pays for doing business with the United States.” He added, “They would like it to be bigger in terms of action and scope.” Paul Gross agreed that although the American partners will always have suggestions, “it won’t change much,” he said, “unless they give us a whole lot of money—in which case we can blow some stuff up.” Besides a reduction in explosions, Due South appeared to survive its first near death experience with little discernible change in quality.

However, over the course of Due South’s second season, Paul Haggis’ participation in the series declined markedly. Given the seemingly imminent permanent
demise of *Due South* after season two, Paul Haggis along with sundry other members of *Due South*'s cast and crew, began to develop a new television drama, *EZ Streets*.

Building upon and extending characterizations, storylines, and themes initially explored in *Due South* and even earlier in *City*, Paul Haggis and his team fashioned a far more dark, violent, and morally ambiguous series than any he previously created, produced, or wrote.52

Not unexpectedly, following the 1995–96 season, CBS once again canceled the series. Although CTV and foreign broadcasters remained supportive of the show, serious doubts were again raised whether the series could remain alive without U.S. financing.53 In what Arthur Weinthal, CTV’s programming vice-president termed a “convergence of initiatives” involving CTV, Alliance, the BBC, TF1 in France and ProSieben in Germany produced sufficient production funding for a further twenty-six episodes of *Due South*. In Weinthal's words “‘We have sort of taken life in our own hands and not waited for other people to tell us we can do things.’” Regarding the lack of American involvement, Paul Gross commented: “‘We have no CBS involvement, which is both good and bad, I suppose. Good in the sense that there will be no meddling from American underwriters in the show’s design. Bad in that Yankee dollars had to be replaced with a complex round of financing from European broadcasters who have found *Due South* to be a major hit in their countries, too.’”54

During Seasons three and four, the look and feel of *Due South* changed significantly with many of the changes directly or indirectly linked to forced cutbacks in the production budget. David Marciano was replaced with Callum Keith Rennie, who joined the cast as Detective Stanley Kowalski. In addition to starring in *Due South*, Paul
Gross took on the added responsibility of executive producer and also worked on the show's writing team. *Due South* once again reached American audiences via first-run syndication in the United States during the 1997–98 season albeit the show was largely relegated to late-night time slots and received little promotion.\(^55\)

Despite the changes made in casting and other aspects of the production, for the most part *Due South* retained its global popularity. According to *Variety*, as of January 1999, *Due South* had been syndicated in 149 territories worldwide.\(^56\) In early 1998, following the completion of sixty-seven episodes, *Due South* permanently ceased production.\(^57\)

### The Use of Distinctively Canadian Elements in *Due South*

Unlike the vast majority of other Canadian-produced television programming seeking foreign distribution, *Due South*'s production team opted to emphasize rather than hide the show’s Canadian origins. The writers interwove a diverse array of distinctive Canadian elements (e.g., references to Canadian historical events, notable individuals, political issues) into each episode via dialogue, music, and story lines. Consequently, the show was imbued with a uniquely Canadian character despite its American setting.

Distinctively Canadian elements used in *Due South* ranged from references to Canadian historical and political figures and discussions about sports to more serious issues such as the disputed ownership of Inuit artifacts, the Quebec Question, Canada's official bilingualism. A number of these elements appeared in the form of inside jokes designed specifically for Canadian viewers, and seemed to serve as a nod and a wink from one Canadian to another. Examples of Canadian in-jokes included naming Fraser’s wolf after former Prime Minister John G. Diefenbaker and naming a villain after hockey
legend Hector “Toe” Blake.

Canadianness was also actively encouraged by CBS according to Robert Lantos. In a 1994 interview, he related that actors shooting *Due South*'s pilot “initially attempted to tone down their accents for the American audience.” Upon viewing the footage CBS' Jeff Sagansky “called Lantos with one suggestion: ‘Get those actors to start speaking Canadian.’”58 Unfortunately, CBS' zeal for maximizing *Due South*'s Canadianness did not initially extend to the casting for the show. For the *Due South* pilot, CBS wanted to get American actor John Schneider to play Fraser and find a Canadian actor to play the American cop. CBS also wanted “a recognizable” name such as James Coburn to play Fraser's father instead of veteran Canadian actor Gordon Pinsent. Ultimately, CBS' choices were successfully resisted by Toronto casting directors and Canadian actors were eventually chosen for the roles.59 Although CBS conceded use of Canadian actors, the network reportedly sent “copious notes about each script demanding more action and love interest” and other creative “suggestions” throughout their association with the series.60

In *Due South*, Paul Haggis highlighted the American-Canadian relationship. Describing his intentions, Haggis stated:

I live to lampoon the things I love, which includes the way we Canadians view ourselves as inferior and yet over-compensate by being more chauvinistic than the Americans. I love turning stereotypes on their heads. To do that, you first set up the stereotype, an archetypal Mountie who descends on Chicago, a fish out of water in big-city U.S.A. Then you have this ‘typical’ American, Ray Vecchio, ... a Chicago cop who wisecracks to Fraser after they demolish the bad guys, ‘We just took out seven guys. One more and you qualify for American citizenship’61

In a subsequent interview Haggis commented further:

I think Canadians will like the fact that we're offending Americans, and Americans think we're offending Canadians ... That's part of the fun. We're
starting a border war, but it's all done with love.\textsuperscript{62}

\textit{Due South} was originally envisioned by executives at Alliance and CBS as a Canadian version of \textit{Crocodile Dundee}. Paul Haggis used this fish-out-of-water concept as a vehicle to comment upon Canadian and American stereotypes as well as the relationship between the two nations.\textsuperscript{63} Describing how he derived the American and Canadian relationship expressed in the show, Haggis explained:

I am a citizen of one country and have lived in the other for 20 years, so I think I always felt like an outsider in both. There was so much I loved about the Americans, but their arrogance and egocentricity didn't make my top ten list. However, I was continually amused by the fact that they find it almost impossible to see their own flaws, or consider the possibility that they might be wrong. Canadians on the other hand are handicapped by the fact that they are ... well, they're Canadians. Enough said.\textsuperscript{64}

Haggis used the Mountie and the American cop as representations of each country. "What I wanted to put in the show was the Mountie that all American[s] believe is all of Canada, and the cop that all Canadians believe is all America—then have fun with everyone," explained Haggis.\textsuperscript{65} Another reason Haggis cited for using a Mountie as the show's central character was to play with the stereotypes that have been traditionally associated with that image. Haggis specifically drew upon \textit{Sergeant Preston of the Yukon}, an American-made, Mountie-themed television show from the 1950s for inspiration:

I remembered Sgt. Preston and his wonder dog Yukon King, and thought—these guys wouldn't last two seconds in big city USA—unless everything they thought and said, everything they believed in, truth, honor, compassion, civility, offering a helping hand to your enemy ... what if they all actually worked ... And wouldn't that drive a big city cop just crazy?\textsuperscript{66}

Canada in \textit{Due South} was often depicted as a pristine, pure, untouched, and serene wilderness inhabited by a polite and orderly populace. On the few occasions Toronto was identified as itself, it was portrayed as clean, courteous, friendly, civil, and family-
oriented. In contrast to Fraser’s civility and gentlemanliness and Canada’s bucolic environment, Americans were often portrayed as cynical, impatient, rude, violent, and basically ignorant of their northern neighbors. Ray Vecchio, Fraser’s Chicago detective partner, was described as a “cynical, rough-and-tumble, to-hell-with-procedure minion of the law.”67 The show’s setting, Chicago, served as the embodiment of Americans and America—dirty, dangerous, chaotic, unfriendly, and corrupt.

Critical and Audience Reactions to Due South

Citing Due South's use of distinctively Canadian elements, one television critic wrote, “Due South … will make a career of showing Americans a little Canadian culture,” while another noted it encouraged a “strong sense of northern Canadian nationalism.”68 However, some Canadian television critics took issue with the heavy use of Canadian stereotypes in the program. Paul Gross responded to the show's detractors stating, “It seems the Americans [as portrayed in Due South] are usually portrayed as being messy, sloppy, bumbling and ineffective, and we’re extraordinarily nice, heroic and capable and efficient.” “If we can spread that kind of disinformation about our country south of the border, I think it’s fantastic.”69

Although Paul Haggis originally expected protests from Americans concerning their portrayal, he thought that Canadians would understand his intentions and laugh along with him.70 On the contrary, Haggis faced a flurry of complaints from Canadian television critics, the RCMP, and even from Canadian schoolchildren over various aspects of the show. Canadian television critics especially took issue with the heavy use of Canadian stereotypes in the program.71

In a November 1999 posting to the Due South newsgroup, Haggis recalled, “The
Canadians were outraged. The Americans didn't even notice—or if they did, laughed. Completely the opposite reactions I expected. And the RCMP threatened to toss me in jail unless I removed a long list of items they found offensive to their image.”72 One incensed Canadian critic, Ian Johnston of the *Halifax Daily News*, objections centered on what he considered to be the improbability of the plot and the “clichéd use” of the Canadian Mountie and the American cop:

> I don't know what's worse; the idea that this silly TV movie got financing from Canada's federal-funding organization Telefilm; the possibility that Alliance canceled its fine series *E.N.G.* to make room for stuff like this crap; or that American viewers are going to have access to this bit of homegrown stereotyping. I expect this type of junk from American producers, but Canadians? Et tu, brute?73

Haggis expressed particular dismay with Canadian teachers who had their students write condemnation letters accusing *Due South* of showing Canadians as unintelligent. Haggis felt this and other Canadian criticism of the series was unwarranted since he felt the objections were based solely upon a superficial reading of the show.74

As time went on, Canadian criticism against *Due South* waned (though never completely vanished) as more Canadian critics and viewers came to accept its premise. Some critics like Greg Quill of the *Toronto Star* who initially panned the show, later changed his mind:

> So here's one we got wrong. *Due South*, a Canadian series premiering tonight ... is smart, funny, exciting and utterly engaging ... Its creator, Canadian Paul Haggis, a Hollywood veteran, and backers Alliance Communications and CTV (CBS is also an investor) have crafted a show that dares play with our perceptions about what TV can and can't do.75

As *Due South* gained popularity in Canada, the RCMP also changed their opinion of the show as they found “it inspired large numbers of young men to try to join the force.” Eventually, the Mounties even “agreed to provide a technical adviser” to the
show. Most American critics and viewers were apparently unaware of the “kerfuffle” occurring across the border. Instead, many American critics were busily comparing Benton Fraser to everyone from Nelson Eddy, Dudley Do-Right, and Sgt. Preston of the Yukon to Superman, a Boy Scout, and Felix Unger (the latter probably due to Fraser's fastidiousness and personal grooming habits).

Although American critics often acknowledged that there were jokes in *Due South* that they didn't fully comprehend, overall, they grasped the general concept of the show and understood that the stereotypes used were to be made fun of and not accepted as truth. As Tom Shales noted, “he (i.e., Benton Fraser) seems to embody all the most endangered values: decency, honesty, and compassion.”

**Due South’s Global Fandom**

A 1999 Internet-based survey of *Due South* fans from 17 countries worldwide indicated that respondents not only enjoyed the way American and Canadian stereotypes were lampooned but also liked other distinctly Canadian elements in the show as well. Among other things, Canadian respondents cited Canadian in-jokes, the way American and Canadian stereotypes were lampooned, use of Canadian folk music, references to Inuit folklore in episodes, and simply the fact the show was Canadian. Several Canadian respondents also mentioned that they were surprised that they liked *Due South* because it was a Canadian production. As one Canadian respondent explained:

> Canadians do this thing, which I hate but am sometimes guilty of, where we think that if something is produced in Canada, it can't be any good. I think that this show rose above that idea and showed people that it wasn't true.

American respondents cited a variety of reasons for liking the show: Benton
Fraser; Ray Vecchio; the relationship between Fraser and Vecchio; the interplay of American and Canadian stereotypes; that the main character was a Mountie; the theme of friendship; the American and Canadian in-jokes; the use of Inuit folklore; the music used; the dog; Ray Vecchio's car and other things. Many respondents also indicated that their initial attraction to *Due South* was because it was Canadian.81

Like the critics, American audience members surveyed compared Benton Fraser to Dudley Do-Right, Sgt. Preston and Superman. Viewers also admired the principles Fraser stood for: “duty, honor, responsibility, kindness, etc.”82

A number of respondents noted that they did not get all of the in-jokes although some of them were interested enough to pursue their meaning by either online interaction with fans from Canada and throughout the world or through independent research.83 One thirteen-year-old respondent was so impressed with Benton Fraser that he intended “to become Canadian, a Mountie, and live in the Northwest Territories when I grow up.”84

*Due South's* heavy reliance upon Canadian stereotypes, especially Mounties, and the image it evoked of the “frozen North” proved controversial in Canada since the country has long struggled to overcome these stereotypes. Those opposed to *Due South* were concerned with the danger that other countries would interpret the image of the Mountie as standing for everyone in Canada, but for the most part this fear appeared to be unfounded. Most American audience members viewed Benton Fraser as embodying a vanishing breed of humanity who just happened to come from Canada. Nonetheless, in less capable hands, the kind of stereotype bending that took place on *Due South* may have yielded disastrous results. Fortunately, Paul Haggis and other members of *Due South's* creative team were largely able, through the use of humor and sly
admonishments, to educate viewers and prompt Americans and Canadians to see past their assumptions.

Conclusion

Regardless of individual opinions about Due South's impact on Canada's overall cultural image, for the first time, a Canadian drama successfully competed with its American counterparts on a major network in prime time. These accomplishments are even more notable considering that Due South was later able to survive without U.S. financial support. Nonetheless, Due South's critical and popular success both at home and abroad came at a price. Although the financial benefits derived via the coventure agreement with CBS were substantial, Due South's dependence upon this funding source left the show very vulnerable to the network's whims. Due South's experience also demonstrates that despite domestic popularity, the production costs associated with Canadian drama programming remain unlikely to be recoverable from the Canadian market alone despite considerable government financial support. However, on a more positive note, Due South illustrates that identifiably Canadian dramas and the companies that produce them can successfully compete in U.S. network prime time provided they have the financial support and cooperation of like-minded counterparts in the United States and/or other countries.

1 Clinton received 44,909,806 votes or 43.01% of the popular vote versus 39,104,550 or 37.45% of the vote for Bush.
2 By early 1993, Canadian opinion polls indicated that Brian Mulroney would likely be defeated by the Liberals in the election to be held that year. As a result, in February 1993, Mulroney announced his retirement and was succeeded as Prime Minister by Justice Minister Kim Campbell.
236

5 Ibid.
6 Ibid.
10 Atlantis went public in 1993. The company traded on the Toronto Stock Exchange under the ticker symbol ATV.
16 Ibid. “HGTV Canada was one of only four U.S. partnered networks, out of 22 that applied” approved by the CRTC.
17 “Atlantis Communications Increases Ownership in Life Network to 100%,” Canada NewsWire, December 23, 1996.
19 “Atlantis Communications Increases Ownership in Life Network to 100%,” Canada NewsWire, December 23, 1996. According to the announcement, “the selling shareholders will receive a combination of cash and approximately 475,000 Atlantis Communications Inc. subordinate voting shares (or approximately 5% of the outstanding shares, bringing the total number of Atlantis Communications Inc. shares outstanding to 10.08 million shares following this transaction), to be issued from treasury.” The transaction was “scheduled to close in early 1997.”
20 Ibid.
21 Ibid.
25 Ibid. “Audio post-production includes the addition of sound effects, dubbing of dialogue and mixing various sound elements after a production has been filmed.”
26 Ibid.
27 Ibid.
28 Ibid.
32 Ibid.; Brian Donlon, “Producers go Global to Cut Costs,” *USA Today,* December 7, 1990, 3D.
"Romancing Television Viewers Worldwide: Collaboration Between Alliance Communications & Harlequin to Produce/Market TV and Video Romance Novels," PR Newswire, April 7, 1993.


Sid Adilman, “No Money Left for New Canadian TV Drama,” Toronto Star, April 21, 1999; Canadian Association of Broadcasters quoted in W. T. Stanbury, “Canadian-content Requirements: Description, Rationale, Politics, and Critique,” in The Electronic Village: Policy Issues of the Information Economy, ed. D. Orr and T. A. Wilson (Toronto, ON: C. D. Howe Institute, 1999), 228. CTV’s 1993 license renewal was conditioned upon meeting the following Canadian drama programming requirements: 3 hours per week of drama between 8–11 p.m. with 3.5 hours in the last two years of its license and 48 hours per year of Canadian dramatic features, miniseries, or limited series between 8–11 p.m., averaged over the license term.


John McKay, “Mountie Always Gets His Renewal: Dollars From Europe Rescue Due South,” Edmonton Journal, January 29, 1997, B7; Barbara Shecter, “Due South has Toronto Writers Seeing Red,” Financial Post, August 26, 1997, daily ed., 7. Due South’s origins have been in dispute almost since it began airing. In December 1994, a C$35 million lawsuit was filed by three Toronto writers against Alliance. The writers allege that the original idea for the show was contained in a movie script they submitted to Alliance in 1991. In late 1995, Alliance filed a C$20 million counterclaim against the writers for “intentional interference with the Alliance Companies’ and Robert Lantos’ economic and business relations.”


“Southern Exposure: Due South Uses Drama and Farce to Toy with Canada/U.S. Relationship,” Vancouver Sun, December 30, 1994, C7.


Anne Torpey-Kemph, “Polygram picks up *Due South*,” *Mediaweek* 7, no. 21 (May 26, 1997): 26; Kate O’Hare, “*Due South* Rises Again—at 2 a.m. in Seattle Market,” *Seattle Times*, September 14, 1997, Sunday final ed., 23. Paul Haggis served as Executive Producer of *Due South* during the show’s first season. Jeff King and Kathy Slevin replaced Haggis during season two while Paul Gross and R. B. Carney shared the duties during seasons three and four. Ironically, many of the stations that picked up *Due South* in syndication were CBS affiliates.

“World Travelers,” *Variety* (January 25–January 31, 1999), 71. The number of countries that *Due South* has reportedly aired in and/or has been sold to has varied widely depending on the date the information was published and the source. For the purposes of this paper, the number quoted by *Variety* in January 1999 is used. An attempt was made to verify the number with Alliance/Atlantis but no response was received.

Tyler McLeod, “*Due to Call it Quits*,” *Calgary Sun*, March 12, 1999, G15.


Paul Haggis quoted in Greg Quill, “With Apologies to Funny *Due South*: Series Starts a Border War but it’s all Done with Love,” *Toronto Star*, September 22, 1994, C5.

*Due South* Chicago Guardian: Season 1 Press Kit, Production Notes,” 1997.


Robin Berkowitz, “Setting a New Course: Midway Through its Third Season, the Syndicated Comedy-drama *Due South* is Clearly Headed for Laughter,” *Sun-Sentinel* (Fort Lauderdale, FL), January 6, 1998, Final ed., 3E.


74 Paul Haggis, interview by author, November 2000.
75 Greg Quill, “With Apologies to Funny Due South: Series Starts a Border War but It's All Done with Love,” Toronto Star, September 22, 1994, C5.
79 Marsha Ann Tate and Valerie Allen, “Duesers: A Case Study of the Due South Cyberfandom,” November 2000, http://www.personal.psu.edu/users/m/a/mat1/Duesersrevfinal1.html. The survey consisted of 203 responses from 17 countries across five continents. These countries included: the United States (147), Canada (22), United Kingdom (11), the Netherlands (6), Germany (3), Australia (2), Brazil (2), Belgium (1), Ecuador (1), France (1), Ireland (1), Israel (1), Italy (1), New Zealand (1), Portugal (1), South Korea (1), and Switzerland (1).
Chapter 12
Competitors Combine

The private sector and economic imperatives played an ever-increasing role in Canada's film and television industries during the mid-to-late 1990s. Against this backdrop, chapter twelve begins with an examination of Atlantis and Alliance’s activities during the latter half of the 1990s which culminated with the 1998 merger of the two companies. The merger, along with its immediate micro- and macro-level consequences are also explored in detail. In addition, Alliance Atlantis’ initial corporate structure and strategies for growth are outlined. The chapter concludes with a discussion of the CRTC’s 1997 revisions to Canada’s broadcasting distribution regulations along with the Commission’s subsequent 1998 Canadian Television Policy Review. The CRTC’s actions are of special significance to the present case study since they precipitated fundamental changes in Alliance Atlantis’ structure, strategies, and performance.

Alliance Communications’ 1995–1999 Productions Beyond Due South

While Alliance Communications expanded its distribution interests during the mid-1990s, the company’s primary focus remained upon television production-related activities. Despite Alliance Communications’ failure to keep Due South on U.S. prime time for an extended period of time, the company’s other television series were faring better. For example, the Alliance-produced half-hour animated fantasy series Beast Wars: Transformers, based upon the then-popular Transformers line of toys, aired for three years (1996–99) in Canada and the United States. Another Alliance-produced live action drama series, Black Harbour (1996–99), aired on the CBC in Canada and was sold to a number of foreign territories. Moreover, during this period, Alliance produced or
co-produced a variety of made-for-television movies and miniseries for the domestic and international marketplaces.

*Atlantis Communications' 1997 Acquisitions*

By the same token, Atlantis Communications also continued to expand production and other facets of its operations during the second half of the 1990s. For example, in 1997, Atlantis made several noteworthy additions to its already diverse television-related portfolio. First, it acquired a 50% interest in Toronto-based Calibre Digital Pictures, a digital effects and animation company. Then, in December 1997, the firm announced it had agreed to acquire 100% of Ironstar Communications Inc., a “Canadian television programming sales and distribution company,” together with Ironstar's catalogue of “over 300 hours of television programming.” Ironstar, “based out of Cinevillage, the Toronto office and studio complex” co-owned by Atlantis, had previously “handled second-window sales of Atlantis' product across Canada.” Under the terms of the sale, Ironstar's founder and president Derek McGillivray joined Atlantis as Vice President, Sales (North America).

Ted Riley, president of Atlantis' distribution division and McGillivray's new boss, indicated that the addition of Ironstar was “part of Atlantis' strategy to bolster its North American sales team in light of the company's growing U.S. activities.” Akin to Alliance Communications, Atlantis was strengthening its ties to the U.S. market; earlier in 1997, Atlantis was “awarded the distribution rights to the CBS program catalog in Canada.” Meanwhile, the company was also producing a number of series for U.S. cable channels and syndicators.

By the end of 1997, Atlantis Communications had grown into a formidable
Canadian-based media corporation with the following assets, among others:

- “A library of over 1,000 hours of television programming,” including “over fifty” made-for-television movies and “more than thirty-five drama series.”
- A broadcast division, Atlantis Broadcasting Inc., through which it owned and operated “two television channels, Life Network and HGTV (Home and Garden Television) Canada;” as well as being “the exclusive Canadian agent of a third channel, The Food Network.”
- A subsidiary, Atlantis Releasing, “an international producer and distributor of television programming worldwide, with offices in Toronto, Los Angeles, Sydney, and Amsterdam.”

Atlantis’ television productions also enjoyed continued success. For example, Atlantis’ syndicated science fiction series *Gene Roddenberry’s Earth: Final Conflict* gained notoriety as the “top rated new weekly syndicated hour-long series in the United States” during the 1997–98 season.

*The Merger of Alliance Communications and Atlantis Communications*

The U.S.-style media conglomerate envisioned by Robert Lantos some years earlier became a reality with the July 20, 1998 announcement of the merger between Alliance Communications Corporation and Atlantis Communications. The new company, called Alliance Atlantis Communications Inc., united two of Canada's largest entertainment companies into a studio-style television and film-production powerhouse. At the completion of the merger, Alliance Atlantis Communications was anticipated to “corner about 28 percent of the Canadian television-production market and rank among the top twelve entertainment suppliers in the world.”

On September 16, 1998, shareholders of Atlantis Communications Inc. and Alliance Communications Corporation voted overwhelmingly to formally approve the merger of the two companies, thereby creating Alliance Atlantis Communications Inc. However, in a somewhat surprising turn of events, Robert Lantos, the former
chairman and driving force behind Alliance Communications, opted “to accept a buyout” and left the company to pursue other film and television interests.\textsuperscript{15} With Lantos’ departure, former Atlantis Communications Chairman Michael I. M. MacMillan assumed the chairmanship of the new corporation.

Alliance Atlantis Communications established its home office in Toronto, Ontario with Canadian branch offices in Montreal, Quebec and Vancouver, British Columbia. In addition, the Company maintained foreign branch offices in Los Angeles, California; Sydney, Australia; and Shannon, Ireland.\textsuperscript{16}

From a macro-level perspective, the union epitomized Canada's continued transition to a market-oriented mediascape. Nonetheless, when viewed from a micro-level perspective, the merger appeared in a somewhat different light. Although Alliance Communications and Atlantis Communications shared a number of commonalities, the formerly independent companies firms still faced substantial challenges with respect to melding together differing corporate cultures, structures, and strategies.

Alliance Atlantis’ workforce was the first to experience the “dark side” of the amalgamation. Shortly after Alliance Atlantis executives touted the merger’s advantages to the firm’s shareholders and the general public, the company announced the elimination of 164 full and part-time positions. At the same time, Alliance Atlantis instituted a number of other measures meant to end duplication and reduce operating costs throughout the corporation.\textsuperscript{17} Ironically, the reduction in Alliance Atlantis’ workforce was mentioned under the heading “Benefits of the Merger” in Alliance Atlantis’ 1999 annual report.
The Rationale for the Merger

Officials of both Alliance Communications and Atlantis Communications heralded the merger of the two firms as a historic step for Canadian entertainment companies in their quest to become viable competitors in the global media marketplace. “‘To be better we need to be bigger,’” declared Alliance Atlantis’ newly appointed Chairman and Chief Executive Officer Michael MacMillan. Alluding to the consolidation and conglomeration occurring throughout Canada’s media industries and elsewhere, MacMillan noted, “We merged Alliance and Atlantis in order to create a company capable of growing and winning in this changing environment ... We merged to create a platform for future growth.”18

MacMillan also cited the complementary nature of new digital technologies and deregulation as a motive for the merger:

A continued lightening of the hand of regulation in Canada and internationally goes hand-in-hand with the Internet and other technological innovations that are transforming how consumers access entertainment and information.19

Therefore, MacMillan concluded, “vertical integration and horizontal consolidation will continue and Alliance Atlantis will be proactive to prepare for and lead this change.”20

Alliance Atlantis Communications’ Corporate Structure

Prior to their union, both Alliance and Atlantis engaged in television production, motion picture distribution, and cable channel ownership.21 Understandably, these areas continued to constitute the core activities of the new company. As illustrated in figure 12.1, Alliance Atlantis followed the U.S. model of conglomeration and vertical integration with the Company’s business activities carried out through three operating
units: the Television Group, the Motion Picture Group, and the Broadcasting Group.

**Figure 12.1**
Alliance Atlantis Communications Inc. Corporate Structure, 1999

Alliance Atlantis Communications Inc.

- **Television Group**
  Developed, financed, produced, acquired and distributed television series, movies and mini-series and licensed ancillary rights for the global market.

- **Motion Picture Group**
  Developed, financed, produced, acquired and distributed theatrical motion pictures worldwide—and exhibited motion pictures in Canada.

- **Broadcasting Group**
  Ownership, either wholly or in part, of seven specialty television networks and exclusive Canadian sponsor for the U.S. based Food Network.

Source: Corporate information from *Alliance Atlantis Communications Inc. 1999 Annual Report*.

“The Television Group developed, financed, produced, acquired, and distributed television series, movies, and miniseries” as well as “licensed ancillary rights for the global market … The Motion Picture Group developed, financed, produced, acquired, and distributed theatrical motion pictures worldwide—and exhibited motion pictures in Canada.” Finally, the Broadcasting Group “owned, either wholly or in part, seven specialty television networks: Showcase, Life Network, HGTV (Home & Garden
Television) Canada, History Television, Canal Fiction, Canal Histoire and,” pending regulatory approval, Headline Sports. The Group also acted as “the exclusive sponsor in Canada for the U.S.-based Food Network.”

Alliance Atlantis’ Initial Corporate Growth Strategy

Alliance Atlantis 1999 annual report described the new company as “a leading international creator, producer, distributor, and broadcaster of filmed entertainment.” Alliance Atlantis’ platform for future growth relied upon a combination of strengths derived from its predecessor companies. The Company’s three operating groups were expected to, in Michael MacMillan’s words, “capitalize on the efficiencies and opportunities provided by the merger.”

As a public company, Alliance Atlantis Communications was ultimately answerable to its shareholders. Michael MacMillan acknowledged the importance of shareholder’s interests in the Company’s 1999 annual report wherein he emphasized that “Growing shareholder value is a top priority for the Company.” On a more personal note, MacMillan added:

The senior management group of Alliance Atlantis is substantial shareholders in the Company and we are clearly disappointed with the stock performance in recent months. We believe that the patience of our shareholders will be well rewarded as the success of the merger and the execution of our growth plans are realized. The merger has greatly enhanced the strategic positioning of the Company for mid and long-term value growth.

MacMillan’s initial strategy for achieving greater “shareholder value” included “the creation of new business activity,” namely by leveraging the seemingly unlimited potential of the Internet. MacMillan provided two major justifications for the proposed Internet-based strategy. First, the Internet offered another means for Alliance Atlantis to reach its customers. Second, Alliance Atlantis specialty or thematic cable networks were
already “dedicated to serving precise communities of interest” who “will frequently go a long way out of their way to pursue that interest.” Therefore, Alliance Atlantis was afforded an opportunity to capitalize upon the marketing power of the existing thematic channels and extend it to cyberspace.26

**Alliance Atlantis’ Chairman Michael MacMillan Consolidates Power**

On January 12, 2000, Alliance Atlantis Communications underwent further restructuring when the Company's president Lewis Rose, along with David Ginsburg, the Los Angeles-based president of Alliance Atlantis Motion Picture Group, as well as seven other mid-level managers in the Los Angeles office were terminated. Alliance Atlantis CEO Michael MacMillan stated that the staffing reductions were “designed to streamline senior management operations … and simplify Alliance Atlantis’ corporate structure.”27

In addition to the managerial cutbacks:

- Alliance Atlantis’ new-media group and human resources departments were placed under the direct supervision of Michael MacMillan;

- Atlantis Films' cofounder Seaton McLean was transferred from his then-current position as president of Alliance Atlantis' television production group to fill the same role in the Company's motion picture production group, replacing the recently ousted David Ginsburg;

- “Peter Sussman, who previously shared responsibility for TV production with [Seaton] McLean,” was promoted to president, TV production. In addition, “he was to remain Alliance Atlantis’ senior executive in the company's Los Angeles office;” and

- The Company's feature film division was to be relocated to Toronto from Los Angeles.28

As *Variety* observed, Alliance Atlantis internal shakeup conferred “more power to MacMillan, as the company's three main operating divisions—television, motion
pictures, and broadcasting—will now all report directly to the CEO.”

“I think these are very useful changes,’ MacMillan remarked. ‘What we're trying to do is give us a more effective management structure.’ World Markets' analyst Adam Shine offered a more cynical view of Alliance Atlantis' restructuring, stating that it would “likely have little impact on the company's lackluster stock price.”

*Alliance Atlantis Communications’ Expansion in the International Television Marketplace*

Like its predecessors, foreign markets represented a significant portion of Alliance Atlantis’ total revenues. As figure 12.2 illustrates, by 2000, Alliance Atlantis’ revenues from other foreign sources were more than two times the company’s U.S. revenues.
Alliance Atlantis inherited a number of agreements with foreign media companies that were consummated by Alliance Communications or Atlantis Communications prior to their merger. Among these pre-existing pacts was Alliance Communications’ January 1998 licensing and production agreement with Luxembourg’s CLT-UFA. 32 Meanwhile, as table 12.1 shows, the company also earned substantial revenues from production financing obtained through Canadian government grants and refundable tax credits.33
### Table 12.1
Canadian Government Financing and Assistance Given to Alliance Atlantis Communications, Fiscal Years 1998–2000 ($C Millions)

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Participation by Government Agencies</td>
<td>24.1</td>
<td>26.9</td>
<td>21.10</td>
</tr>
<tr>
<td>Grants</td>
<td>14.9</td>
<td>23.3</td>
<td>20.80</td>
</tr>
<tr>
<td>Tax Credits</td>
<td>21.9</td>
<td>57.3</td>
<td>57.40</td>
</tr>
<tr>
<td>Assistance for Distribution of Certain Programs</td>
<td>10.9</td>
<td>8.5</td>
<td>9.10</td>
</tr>
<tr>
<td><strong>Total Government Financing and Assistance</strong></td>
<td><strong>$71.8</strong></td>
<td><strong>$116.0</strong></td>
<td><strong>$108.40</strong></td>
</tr>
</tbody>
</table>

Source: *Alliance Atlantis Communications 2000 Annual Report.*

Alliance Atlantis’ predecessors had established a good reputation for working with foreign counterparts. However, as noted earlier, these arrangements were not without their drawbacks, as former Alliance head Robert Lantos explained:

> most of Alliance’s productions are done with partners who have a say in everything from the choice of director and stars to the script. ‘Virtually all decisions are made collectively … This is not a world where there is a single inspired artist who goes away and comes back with his finished art. The costs and the risks are far too big for that.’

By 1999–2000, Alliance Atlantis was providing an eclectic array of movies-of-the-week, miniseries, and syndicated series to the United States and other foreign markets. Some notable Alliance Atlantis productions produced and/or sold to the United States during this period included:

**Series**

*Amazon* (1999–2000)
Syndicated hour-long action adventure series.

Syndicated fantasy series co-produced by Alliance Atlantis Communications, Coote Hayes Productions (Australia), and Tribune Entertainment (U.S.).

Hour-long drama series based upon Louisa May Alcott's characters and story.
Nightman (Produced 1997–1999)
Syndicated science fiction-action series co-produced by Alliance Atlantis along with Crescent Entertainment Ltd. (Canada), Glen A. Larson Productions (U.S.), and Tribune Entertainment (U.S.).

Co-produced with U.S.-based Gunn & Gunn Productions and Music Television (MTV), this series follows the exploits of a fictional boy band.

Total Recall: The Series (1999)
Science fiction series aired on Showtime in the United States.

An animated series produced in partnership with U.S.-based Cuppa Coffee Animation.

Miniseries
Nuremberg (2000)
A dramatization of the Nuremberg War Crime Trials that followed the defeat of Nazi Germany in World War II. The miniseries starred Alec Baldwin, Jill Hennessy, Christopher Plummer, Roger Dunn, and Colm Feore. The production aired on Turner Network Television (TNT) in the United States.

Salem Witch Trials (2002)
A two-part miniseries about the Salem Witch Trials which aired on CBS in the U.S. The miniseries all-star cast included Kirstie Alley, Henry Czerny, Gloria Reuben, Jay O. Sanders, Alan Bates, Shirley MacLaine, Susan Coyne, Colin Fox, Rebecca De Mornay, Nadia Litz, and Dixie Seatle, among others.

For the most part, Alliance Atlantis' productions enjoyed success south of the border; nevertheless, U.S. prime time remained elusive for Alliance Atlantis-produced series. Power Play, the next Alliance Atlantis-produced series after Due South to air on a U.S. broadcast network—UPN in this instance—during prime time, was cancelled after only two episodes aired owing to poor ratings.

In his fiscal year 1999 message to Alliance Atlantis’ shareholders, Michael MacMillan explained that the company was emphasizing “very commercially focused television series aimed at the global market … Commercially driven, internationally popular programming … will underpin the future profitability and library value of the
Television Group,” MacMillan wrote.\textsuperscript{36} He also reported that Alliance Atlantis' Television Group had “renewed its distribution contract with CBS.” As a result of the renewal, the Television Group continued to be the exclusive sales agent for CBS programs in Canada through 2003.\textsuperscript{37} Within the next year, Alliance Atlantis’ ties to CBS would grow even closer thanks to a series called \textit{CSI}. The show and its two subsequent spin-offs will be discussed in more detail later in the next chapter.

\textit{A Fiscal 2000 Snapshot of Alliance Atlantis}

Fiscal 2000 (i.e., the year ending March 31, 2000) marked Alliance Atlantis’ first full year of operations following its merger with Atlantis Communications Inc. As figures 12.3 and 12.4 show, while revenue from Alliance Atlantis’ Broadcast Group rose steadily between 1998 and 2000, the Television and Motion Picture Groups remained the Company’s most important operating groups in terms of revenue generation.
**Figure 12.3**
Alliance Atlantis Communications Revenue by Operating Group, 1998–2000

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast</td>
<td>23.0</td>
<td>59.6</td>
<td>93.4</td>
</tr>
<tr>
<td>Motion Picture</td>
<td>149.5</td>
<td>180.4</td>
<td>229.1</td>
</tr>
<tr>
<td>Television</td>
<td>196.5</td>
<td>382.5</td>
<td>412</td>
</tr>
<tr>
<td>Other</td>
<td>16.2</td>
<td>10.9</td>
<td>37.1</td>
</tr>
</tbody>
</table>

Source: *Alliance Atlantis Communications 2000 Annual Report.*
The CRTC’s Revised Broadcasting Distribution Regulations

Several CRTC actions of the late 1990s played an influential role in altering Alliance Atlantis’ developmental trajectory. In 1997, the CRTC announced revised broadcasting distribution regulations which “set out the regulations on the distribution of programming services in Canada.”38 As part of the revisions, the Commission announced on March 11, 1997 that broadcasting distribution undertakings (BDUs) would be required to participate in the production of new quality Canadian programming through a financial contribution to “be directed to a single, independently-administered independent production fund.”39 In a subsequent notice (CRTC 1997-98), the Commission stipulated that a broadcasting distribution undertaking:
must direct a minimum of 80% of its contribution to the Canada Television and Cable Production Fund (now called the Canadian Television Fund (CTF)); and

may direct up to 20% of its contribution to one or more independently administered production funds, other than the CTF, provided that it meets certain criteria.40

The Canadian Television Policy Review

In addition to revising Canada’s broadcasting distribution regulations, the CRTC also embarked upon a comprehensive review of Canadian television policy. The goals set forth by the CRTC in its 1998 review illustrated the Canadian government’s emphasis upon market forces to help the country develop a sustainable broadcasting and production industry. Among other things, the CRTC pledged to “further the development of a strong and viable programming industry” and vowed to:

explore how all participants in the system can work effectively to strengthen the Canadian presence on our television screens, and to support a healthy broadcasting and production industry capable of competing successfully at home and abroad … The Commission recognizes that a strong and competitive private sector is essential to fulfilling the goals of the Act, as is the public broadcasting sector and an effective regulatory framework.41

The Canadian Television Policy Review proceedings revealed the indispensable yet sometimes strained relationship between Canadian broadcasters and production companies. Testimony by Alliance Atlantis CEO Michael MacMillan and other company executives during the proceedings provided insights into the Company's views regarding the Canadian television industry and its regulatory environment at the end of the 1990s.

In testimony before the CRTC on October 15, 1998, Michael MacMillan outlined the positive aspects of the broadcaster-producer relationship in Canada:

During these past ten years, broadcasters have become stronger by virtue of significant ownership consolidation and market expansion allowing for economies of scale, national or quasi-national promotional ability and scheduling consistency. Over these same years the Canadian production industry has also
improved its ability to develop, finance, produce, promote and sell Canadian programs. The increased and experienced and talented actors, writers, directors and producers has resulted in Canadian programs earning Canadian audiences in growing numbers, programs like *E.N.G.*, *Due South*, *Traders*, *North of 60* or *Cold Squad*, and we are proud to have played a major role in the prime time drama successes enjoyed by both private broadcasters and the CBC.42

MacMillan also shared his vision of the future for Canadian broadcasters and producers:

The next few years will continue to see horizontal consolidation, as well as vertical integration. There is much to be said for this trend as it can focus resources on what matters, and that, of course, is programming. Both broadcasters and producers will be better able to make, promote and schedule programs that can earn audiences.43

However, MacMillan also cautioned that steps needed to be taken not to exclude “those who are not consolidated” or “those who are not vertically integrated are not shut out of the system.” “The challenge is to make sure that those who are vertically integrated do not have undue preference when they act as both the producer and the licensee of a particular program,” MacMillan continued.44 MacMillan's concerns revolved around the practice whereby “producers affiliated with broadcasters can self-deal and access tax credits, … Cable Fund money, … and … can qualify as Canadian content for CRTC minimum Canadian content level purposes.” Alliance Atlantis' proposed remedy to this problem involved setting “a percentage limit of Canadian content in each broadcaster's schedule where self-dealing exists. This would include shows where the broadcaster is the distributor.”45

MacMillan also addressed the chronic problems associated with indigenous Canadian drama, which the CRTC designated as an “underserved category” of programming. “We would hope that drama would be an important component part of any broadcast group's strategy,” MacMillan remarked. “It need not be ongoing series; it might
be feature films or television movies to greater degrees. But we would be—we think it would be very unfortunate if a strategy included the abandonment of the drama category.”

As usual, Canada’s proximity to the United States, in terms of geography, culture, and language played a prominent role in the issues broached by Michael MacMillan and other Canadian producers who testified during the proceedings. For his part, MacMillan offered a pragmatic assessment of the situation: “As long as we share a geography and a language with the U.S., we are going to have the same fundamental challenge.” In MacMillan’s view, for Canada to successfully meet the ongoing U.S. challenge required greater financial contributions for production from Canada’s broadcasters. “We structurally have the need to have supply side financing in this country,” stressed MacMillan. “It's not a temporary thing.”

At the time of the Canadian Television Policy Review, Alliance Atlantis was still fundamentally regarded as a production company, albeit with other assorted subsidiary interests. However, over the next few years Alliance Atlantis would undergo a fundamental transformation from a production-focused to a broadcasting-focused company. Consequently, Alliance Atlantis executives’ perspectives about broadcasting and allied regulatory policies changed in conjunction with company’s new developmental trajectory.

*The CRTC’s 1999 Television Policy Revisions*

The CRTC’s 1998 Canadian television policy review was one of a number of government-sponsored reviews and studies of Canadian communications-related policies during the late 1990s and early 2000s. Among the topics addressed in these inquiries
included: (a) Canadian content in film and television productions, (b) the Canadian government’s role in the country’s cultural industries, (c) the balancing of cultural and economic prerogatives in Canadian broadcasting, and (d) the creation of a viable Canadian feature film industry. These actions will be discussed in greater detail in the next chapter.

On June 11, 1999, following the conclusion of the Canadian Television Policy Review, the CRTC announced that new broadcasting regulations would be implemented on September 1, 2000. Among other things, the revised regulations were intended to help build a Canadian star system that mirrors the one in Hollywood. In order to promote indigenous Canadian programming, “entertainment magazine” and other formats were designated as “priority programming” alongside drama and children's programming. As a result, Canadian networks could now use any qualifying entertainment magazine and/or reality programs—which are far less cheap to produce than drama—to meet their CanCon quotas even in prime time.49

From an economic standpoint, the CRTC’s broadened definition of priority programming allowed Canadian broadcasters to divert their funding from high-cost drama programming to the far less expensive reality and magazine formats while still satisfying their Canadian content obligations. Not surprisingly, they quickly took full advantage of the new regulations.

Conclusion

At the end of the twentieth century, the CRTC, the Canadian production sector, and Alliance Atlantis Communications were attempting to adapt to quickly changing circumstances. In order to survive within this ever-evolving environment required
substantial adjustments in policies and practices. For example, market liberalization, deregulation, along with the rapid evolution of communications technologies including cable, satellite, and the Internet, fueled a frenzy of mergers and acquisitions in the Canadian and international media industries. If Alliance Atlantis wanted to continue to be a “contender” in the North American and international media milieus, it needed to engage in further horizontal and vertical integration. Chapter thirteen examines Alliance Atlantis’ actions in response to these changing conditions.


2 *Beast Wars: Transformers* was produced by Alliance Communications in co-operation with BLT, Mainframe Entertainment (Canada), Transformer Production Company Inc., and YTV (Canada).


4 Ibid. Ironstar's relationship with Atlantis dated back to its early drama production “The Olden Days Coat.”

5 “Atlantis Communications to Acquire Ironstar Communications,” Canada NewsWire, December 16, 1997. “Derek McGillivray was active in the television industry since 1972 and founded Ironstar Communications Inc. in 1981. Ironstar had earned a solid reputation as a distribution company selling Canadian product to over 40 territories in the international marketplace, and in distributing both Canadian and foreign product in Canada. Ironstar represented many Canadian producers, broadcasters such as CKND-TV, CFRN-TV, CJOH-TV, ATV and Mid-Canada, as well as product from numerous foreign suppliers, including All American in the United States, Nomad Films in Australia, and NHK in Japan.” In his new position, McGillivray was to report to Ted Riley, president of Atlantis Distribution Division and " work with him in Canada, as well as handling U.S. sales.”

6 Ibid.


8 Ibid.

9 Ibid.

10 Ibid.

11 Ibid.


Toronto-based boutique film production company. In 2003, Lantos returned to film distribution with “the acquisition of fifty percent of Toronto-based ThinkFilm” and assuming the presidency of the company. Lantos' involvement in the independent film distributor came three months after the expiration “of a contract that prevented him from competing with his former company, Alliance Atlantis Communications Corp.” Mr. Lantos and ThinkFilm, “a firm founded eighteen months earlier by industry veteran Jeff Sackman, were positioned to “go head-to-head in Canadian distribution with Alliance Atlantis.” (MacDonald, p. B1).

17 Michael I. M. MacMillan, “Message to Shareholders,” Alliance Atlantis Communications Inc. 1999 Annual Report (Toronto, ON: Alliance Communications, 1999), 7. MacMillan also noted, ”the Company has found it somewhat more challenging to merge the central service departments of the Company—departments such as finance, information technology, human resources and communications. These are the departments that were most disrupted by the merger, as the duplication (and elimination) of positions was substantial.”
18 Ibid., [3]. MacMillan explained the merger as follows: “We merged Alliance and Atlantis in order to create a company capable of growing and winning in this changing environment [i.e., the consolidation and changes occurring in the television and motion picture industries]. We merged to create a platform for future growth.”

19 Ibid.
20 Ibid.
24 Ibid.
26 Ibid., p. 7.
28 Ibid.
29 Ibid.
30 Ibid.
31 Ibid.
37 Ibid.


43 Ibid., 4591.
44 Ibid.
45 Ibid.
46 Ibid., 4603–4604.
47 Ibid., 4609.


Chapter 13

Redefinition and Realignment

As Canada and the United States ventured into a new millennium, both countries were enjoying a period of relative domestic tranquility. In the United States, President Bill Clinton had survived several contentious scandals and subsequent impeachment by the House of Representatives. Meanwhile, in Canada, Prime Minister Jean Chrétien’s tenure had also been rocked by two major scandals. The first scandal involved a questionable C$2 million loan by the Business Development Bank of Canada to a friend of Chrétien’s; the other involved misappropriation of public funds and fraud by some members of the Prime Minister’s staff. President Clinton’s peccadilloes later contributed to the November 2000 defeat of Democratic Party presidential candidate Al Gore by his Republican party opponent George W. Bush. Similarly, the scandals that had enveloped Canadian Prime Minister Chrétien's inner circle played a major role in relegating the Chrétien-led Liberal Party to minority status in the Canadian Parliament. Following Chrétien's retirement in December 2003, fellow Liberal Paul Edgar Philippe Martin, Jr. assumed the Prime Ministership, remaining in office until February 5, 2006.

In the Canadian domestic policy arena, Chrétien’s government supported reducing some of Canada’s ambitious social programs while also instituting personal and corporate tax cuts. In addition, the government continued to pursue deregulation and market liberalization in both the domestic and foreign arenas. With respect to Canada-U.S. relations, Jean Chrétien enjoyed a close personal friendship with Bill Clinton but the relationship between the two nations rapidly deteriorated following the election of George W. Bush in 2000.
However, the Canadian and U.S. leaders’ 1990s problems paled in comparison to the challenges they and their populaces would face following a series of coordinated terrorist attacks on September 11, 2001. The attacks targeted New York City’s World Trade Center and the Pentagon in Arlington, Virginia; a third planned attack on Washington, DC was thwarted in the skies over western Pennsylvania by the passengers of another airliner hijacked by the terrorists.

Although the “9/11” attacks did not force the closure of United States–Canada border crossings, heightened security measures created long delays at entry points. Subsequent fears of new terrorist attacks upon North America led to a complete overhaul in the rules and regulations governing the transport of goods and individuals between the two nations. Also in response to the attacks, Canadian armed forces joined U.S. and other countries in a multinational operation in Afghanistan to pursue al-Qaeda, the group which had claimed responsibility for the 2001 carnage. However, to the chagrin of the Bush administration and U.S. Conservative commentators, the Canadian government refused to join in the later 2003 U.S. invasion of Iraq.

Against this backdrop, this chapter begins with a discussion of U.S. efforts to stem runaway film and television production, particularly to Canada. The significant repercussions associated with the CRTC’s revision of Canada’s broadcasting distribution regulations, especially in terms of indigenous drama production, are also addressed. The chapter concludes with an examination of the first phase of Alliance Atlantis' transformation from a production-oriented company to a specialty broadcasting-oriented company.
Reality Bites

At the dawn of the twenty-first century, Canada’s production sector faced challenges on a number of fronts: (a) retaliation from the United States for its successful enticement of U.S. producers to film above the 49th parallel, (b) rapidly evolving communications technologies, (c) changing audience tastes, (d) a shifting regulatory environment, and (e) ongoing globalization of the audiovisual marketplace. As a sign of the sector’s increasing resiliency, it managed to successfully weather these myriad tempests.

U.S. Initiatives to Stem Runaway Production to Canada

While Atlantis and Alliance prospered throughout the mid-to-late 1990s, a potential threat to the companies, and Canada’s production sector overall, was brewing across the country’s southern border. The mushrooming number of U.S. runaway productions to Canada had triggered alarm within the U.S. production sector. According to Variety, “in 1999, filmmakers spent C$1 billion (US$680 million) in British Columbia, an increase of 32% from the previous year. Meanwhile, Ontario set a new high as well with US$638 million in production, up 26% from 1998.”

A 102-page list of film and television projects shot in Toronto between 1979 and 1999 revealed that the city regularly “impersonated” a multitude of other cities throughout the world. According to the list, Toronto had stood in for diverse locations such as: Saigon, Vietnam; Lucerne, Switzerland; Beijing, China; and even Tehran, Iran. For the most part, however, Toronto mimicked U.S. locales ranging from Harlan County, Kentucky to New Orleans, Louisiana circa the 1890s; and from Johnstown, Pennsylvania to Hamlin, Minnesota.
In January 1999, the Directors Guild of America (DGA) and Screen Actors Guild (SAG) jointly commissioned U.S.-based management consulting firm Monitor Company to “quantify the extent to which runaway production has been occurring since 1990, and identify the major causes.” According to the study's findings, in 1998, of the 1,075 U.S.-developed film and television productions identified, 285 (27% of total) were economic runaways, representing a 185% increase from 100 (14% of total) in 1990. Of the 285 economic runaways, 100 were theatrical productions; the majority, 185 were television productions (e.g., made-for-television movies, television series, and miniseries). In economic terms, the runaways represented a US$10.3 billion loss (i.e., “lost direct production spending plus the multiplied effects of lost spending and tax Revenues”) for the United States in 1998 alone. “This amount was five times” larger than the “US$2.0 billion runaway loss in 1990.”

The report identified Canada as the primary beneficiary of U.S. runaway productions, capturing 81% of the total. The report also noted that runaway productions to Canada had drastically increased over the past decade, from 63 productions in 1990 to 232 productions in 1998. Moreover, “TV movies have had the highest propensity to runaway to Canada, with 91% of the 139 TV movie economic runaways landing there.”

Spurred by the economic losses associated with production outsourcing or runaway productions, federal and state legislators in the United States began proposing tax credits and other measures intended to stem the hemorrhage of U.S. productions. Ted Riley, head of Alliance Atlantis’ distribution arm characterized the runaway phenomenon as “a global trend.” “In every sector of the economy,” Riley observed, “everyone is looking at budget savings. Budgets are increasing and we're seeing revenues flattening.”
Moreover, Riley contended, “Canada should not be portrayed as a villain in this affair,” since “it is the reality of the world.” Of course, Riley was not an impartial judge of the situation since runaway productions were an economic mainstay of Alliance Atlantis Communications.10

Over the long term, the threatened U.S. runaway production counteroffensive consisted largely of words in lieu of substantive actions. As a result, the efforts had little appreciable impact upon the Canadian production sector. Larry LeBlanc of Billboard reported that the “Canadian film and TV production centers of Toronto and Vancouver … would still be brimming with U.S. and U.S.–Canadian coproductions taking advantage of the low Canadian dollar.” The Billboard article estimated Toronto and Vancouver, BC were earning a combined “total of more than C$2 billion (US$1.3 billion) annually.”11

Although the United States’ runaway production skirmish with Canada caused little or no permanent damage to Canada’s production sector, a new set of more lethal tempests soon were to vex the sector. First, the sector suffered a serious economic backlash from the 9-11 attacks. Even though Canada was not targeted by the 9-11 terrorists, actual and feared disruptions at U.S. border crossings prompted many U.S. film and television producers to film in the United States rather than “running away” to Canada. At the same time, the rising Canadian dollar was also dampening U.S. enthusiasm for filming in Canada. Finally, there was the SARS (Severe Acute Respiratory Syndrome) outbreak which hit Toronto in the spring of 2003. The SARS epidemic appeared to originate in China’s Guangdong Province in November 2002. From there, the mysterious illness spread to a number of countries throughout the world,
including Canada, with Toronto suffering the brunt of the outbreak. As a result of the outbreak, production activities in Toronto came to a near standstill. “‘With SARS and the U.S. exchange rate, there are just too many unknowns here,’” Bob Decker, co-owner of a Toronto company that rented U.S. mailboxes and other props used in film and television productions, told the Toronto Star’s Rick Westhead. Producer David Yudain concurred with Decker’s assessment: “‘Many people are afraid to come up because of SARS and afraid to bring their families; it's like it's the plague.’”

The severity of the problems was reflected in the fact that in June 2003, only one “service deal” (i.e., U.S.-financed production) was currently shooting in Toronto. The production downturn also dealt a blow to the city’s economy since the film and television industries reportedly contributed “C$1.16 billion in business in the Toronto area, including C$886 million from major projects such as feature films and TV series.”

**The Battle Over Indigenous Canadian Television Drama Production**

United States’ initiatives drive to curtail runaway production and SARS were not the only problems confronting Canada’s film and television industries during the early 2000s. The industries, along with Canada’s government regulators, were also struggling to achieve seemingly incompatible cultural and economic goals. The serious repercussions for Canadian drama production which arose from the CRTC’s decision to broaden its definition of “priority programming” was emblematic of this dilemma. During January and February 2000, Canadian networks canceled four prime time Canadian-made dramas: CBC's *Riverdale* (distributed by Alliance Atlantis); two CTV television series, the Alliance Atlantis-produced *Power Play* (which had continued on Canadian television following its U.S. cancellation) and *The City*; as well as Global's
_Traders_ which was also produced by Alliance Atlantis. Sid Adilman lamented the loss of the Canadian dramas: “TV needs new prime time drama series; they're the promise of the future … But there will be no new Canadian dramas on the country's privately owned networks and semi-network, Global, next season.” Over the next few years, the number of indigenous Canadian drama series dropped even further, sliding from a high of twelve one-hour dramatic series in 1999 to three in 2003.

Sid Adilman also argued that Telefilm Canada and the Canadian Television Fund (CTF) shared part of the blame for Canadian drama’s demise. For example, Adilman claimed that during 1998 Telefilm Canada and the CTF “recklessly spent last season's money too fast and borrowed on next season's allotment.” Many of the existing and proposed drama series entangled in the funding muddle were Alliance Atlantis productions. Returning series such as CTV's _Cold Squad, The City, and Power Play_; Global's only Canadian prime-time drama, _Trader's_; along with WIC’s (Western International Communications) only drama, _Emily of New Moon_ received Telefilm Canada and CTF money. However, two proposed new Alliance Atlantis-produced drama series: _Desire_, a weekly half-hour anthology series for Showcase and _Justice_, “about federal justice trouble-busters for Global” were denied funding.

The CRTC’s broadcasting regulations which barred Canadian production companies “from investing in original programming for TV stations they own” added further complications to the funding chaos. For example, Alliance Atlantis was unable to invest in the proposed _Desire_ series owing to the fact that Showcase, the channel that intended to air the series, was owned by Alliance Atlantis. As Adilman noted, Showcase
could only air “Alliance Atlantis shows that have run on other channels first;” original Alliance Atlantis programming was verboten. Showcase, licensed by Alliance Communications prior to its merger with Atlantis, was intended to serve as a “rerun channel” which “also aired international series and specialty movies.” Nonetheless, Showcase, as part of its CRTC licensing obligations, was compelled “to spend money for an original Canadian drama series every season.” Under the circumstances, Showcase’s head executive Phyllis Yaffe stated that the channel was exploring the possibility of seeking foreign financing “for an initial six episodes” of Desire in lieu of the originally planned thirteen episodes.

One year earlier, in September 1998, CTV and its competitors Global and WIC (Western International Communications) made a request to the CRTC to end its twenty year restrictions upon Canadian broadcasters from producing their own Canadian entertainment shows rather than buying them. The broadcasters’ request was based upon a number of factors including: (a) the fact that Canadian “broadcasters now run recognizable Canadian series that are popular with viewers and advertisers ... but don’t share in foreign sales,” (b) increased costs of U.S. programming, (c) a desire for parity with Canadian producers who were already permitted to produce programming for specialty channels they owned and finally, (d) “the proliferation of specialty channels” with which the traditional networks’ programming was forced to compete. It should be noted that with the exception of Showcase, Alliance Atlantis was permitted to produce programming for the channels it owned.

The dearth of identifiably Canadian dramas prompted the Alliance of Cinema, Television and Radio Artists (ACTRA) and other groups within Canada’s performing arts
and production community to demand changes in the CRTC's guidelines in order
rescue indigenous drama production from near extinction. ACTRA contended that the
CRTC's 1999 television policy “sent Canada's drama industry on a downward
spiral by removing spending requirements for Canadian broadcasters and allowing them
to satisfy Canadian content requirements by filling their schedules with cheap reality and
magazine-style programming. Canadian culture and programming has now all but
disappeared from the airwaves.”

However, not everyone in Canada shared the view that the loss of Canadian
drama programming was tantamount to losing the country’s cultural soul. The July 14,
2002 Entertainment section of the *Toronto Star* featured a rejoinder to “Dying a Dramatic
Death,” an article decrying the loss of Canadian drama which appeared in the
previous day’s issue of the *Globe and Mail*:

I write to bury Canadian drama—not to praise it, nor to mourn it, nor to beat my
breast and tear my hair out and rend my garments over it. As a form, it's dead. Or,
if not quite dead, it's knocking on the same door through which CTV’s *The
Associates* and Global's *Blackfly* recently passed to their deserved oblivion. Now
can we please get over it and move on?

Despite the fact that not every person shared ACTRA’s and the cultural
nationalists’ dire predictions for a Canadian cultural milieu devoid of indigenous
television drama, most agreed that the production sector was ailing. However, no one was
quite sure how to cure its maladies.

*The Canadian Government’s Reevaluation of the Nation’s Media Industries*

Facing mounting pressure from ACTRA and various other groups, the
Canadian government decided the time had come “to reassess the definition of Canadian
content and ensure that the approach that is chosen is up to date and well suited to the
challenges ahead.” As a first step in the process, Canadian Heritage published “Canadian Content in the 21st Century: A Discussion Paper about Canadian Content in Film and Television Productions” in March 2002. The paper was meant to “initiate a public dialogue on Canada content” and posed the specific question “What is a Canadian film or television production?”

On April 2, 2002, Minister of Canadian Heritage, Sheila Copps, announced a formal review of the definition of Canadian content and its application to film and television production. The review was to also examine coproduction and theatrical distribution. The review process would involve consultation with stakeholders and “assessing whether the current system was up-to-date and well suited for the challenges ahead.” The review would culminate in a comprehensive report due in spring 2003.

In addition to encouraging public dialog on Canadian content, “in April 2003, the Canadian Senate Communications Committee initiated a formal inquiry into a series of broadcast issues which included concentration of ownership and convergence.” Around the same time, the Standing Committee on Canadian Heritage began an appraisal of “the present state of the Canadian broadcasting system.” The Committee’s recommendations were expected to “have a bearing on Canadian content.” In yet another related effort, the CRTC commissioned Trina McQueen to investigate the state of television drama production in Canada.

Following publication of the reports and/or recommendations resulting from the various inquiries, the CRTC issued a notice on September 26, 2003 seeking “comment on actions it might take to support the production and broadcast of more high quality, original, English-language drama and to attract larger audiences to such
programming.” Eventually, over three hundred parties responded to the CRTC’s request for input.30

The Revamping of the Canadian Television Fund’s Rules

The Canadian government’s comprehensive reconsideration of Canada’s film and television industries extended to the Canadian Television Fund (CTF). In November 2003, the CTF announced a revised set of funding rules. The most significant change in the CTF rules involved the redirection of most of the CTF’s funds to “a system of broadcaster envelopes, allocating funds to [broad]casters who, in turn, will dole out to producers on a per-genre basis subject to CTF approval.” The CTF also “earmarked a percentage to help boost English-language drama” with applications to be evaluated “on a point system … taking into account the marketing plan, content, the license fee and the broadcaster's ability to draw an audience.”31

The extensive efforts to find workable solutions to the problems associated with Canadian drama in particular, continued into 2004. On May 6, 2004, the CRTC solicited feedback “on a proposed package of incentives designed to increase the expenditures on, and the production of, high-quality, original, Canadian drama broadcast by English-language television licenses; and to encourage increased viewing to such programming.”32 According to the CRTC, the proposed “incentives would provide broadcasters additional advertising time if they air more original Canadian drama, spend more money on it, and prove they lead more viewers to watch it.”33

ACTRA announced it was “‘pleased that the CRTC has included the suggestion from ACTRA and its industry partners in the Canadian Coalition of Audio-visual Unions to allow broadcasters more ad time in exchange for airing Canadian drama.”
Nonetheless, ACTRA also emphasized that incentives alone would not solve the Canadian drama conundrum. Instead, it argued that the CRTC’s incentives needed to be coupled with “‘obligations for broadcasters, including the requirement to air a minimum number of hours of original Canadian drama during prime time.’” Thor Bisopric, ACTRA’s national president, stressed that the proposed obligations would not overly burden Canada’s broadcasters, especially given their position:

Canada's private broadcasters are doubling their profits by simultaneous substituting cheap U.S. programming. In their scramble to make money for shareholders, broadcasters have been allowed to conveniently ignore the Broadcasting Act and the standards to which they agreed in exchange for their licenses. The CRTC should live up to its mandate and impose content and expenditure requirements on private broadcasters.

The contention that ad incentives by themselves would not solve the problem was echoed by Paul Gross, who spearheaded ACTRA’s Campaign for Canadian Programming. “‘Nice carrot, but where's the stick?’” questioned Gross. He also concurred with Bisopric’s assertion that the CRTC had failed to take Canadian broadcasters to task for their lack of support for Canadian drama. “‘The CRTC should do what is necessary to make Canada's private broadcasters earn their licenses,’” argued Gross. “‘They've been pampered for too long.’”

The Emergence of Reality Television

Adding to the litany of challenges outlined above was a fast-growing television genre known as *reality* or *factual programming*. While actual and threatened strikes in the United States’ production sector during the early 2000s benefited Canadian production companies, the labor uncertainties also prompted U.S. broadcasters to search for “unscripted” or reality programs. This programming required no unionized actors and relatively few writers and/or other behind-the-scenes production personnel. U.S.
broadcasters purchased some existing European formats (e.g. *Who Wants to be a Millionaire, Making of the Band, The Mole*) and also bought new programs from a variety of North American (usually U.S.-based) production houses. Reality programming proved inexpensive to produce and was phenomenally popular with North American audiences. Not surprisingly, the reality genre soon posed a significant threat to scripted programming as the demand for more expensive television productions decreased.

**Survival of the Fittest**

Alliance Atlantis was able to partially offset the shrinking demand for movies-of-the-week and other programming by North American broadcast networks via sales of drama and other programming to the burgeoning numbers of new cable networks around the world. Nonetheless, Alliance Atlantis was unavoidably affected by North America’s shifting programming preferences away from dramas to reality shows.

During fiscal year 2000, Alliance Atlantis produced and distributed 277 television hours of programming of varying types. However, as a reflection of the drama-to-reality trend, Alliance Atlantis announced in fall 2000 that it planned to reduce the amount of drama programming it would produce in the future as a cost saving measure. Also, in acknowledgment of the increasing popularity of reality programming, Alliance Atlantis began buying domestic and foreign factual production houses. Most of these transactions were made by AAC FACT, Alliance Atlantis’ non-fiction programming label. One of the label’s major foreign acquisitions was U.K.-based Café Productions.

**The CSI Franchise**

During the early 2000s, in the midst of the reality programming surge and
Alliance Atlantis’ paring back of its in-house production activities (scripted programming in particular), the company achieved its greatest success to date in U.S. prime time with the forensic science drama series \textit{CSI: Crime Scene Investigation}. Debuting as a part of CBS’ Thursday prime time lineup in the United States, \textit{CSI} was somewhat of an anomaly for several reasons. First, the series was a castoff from another production company, Disney, who dropped the show during its mid-level stages of development. The series was only later picked up by Alliance Atlantis. Second, Alliance Atlantis opted to shoot \textit{CSI} entirely in the United States rather than its customary shooting location of Canada.\textsuperscript{43}

In 2002, CBS and Alliance, buoyed by \textit{CSI}’s consistently high ratings, created a spin-off of the series, \textit{CSI: Miami}. The new series starring David Caruso, was, as the name suggests, set in Miami, Florida rather than in Las Vegas, Nevada, the original \textit{CSI}’s locale. The spin-off also proved to be a hit with U.S. and international audiences. As a result, in 2004, CBS, Alliance, and the other partners in the two series created yet another spin-off—\textit{CSI: NY}—starring Gary Sinise and Melinda Kanakaredes.\textsuperscript{44}

“‘We are exceptionally pleased with the performance of the \textit{CSI} franchise,’” noted Alliance Atlantis CEO Phyllis Yaffe in summer 2006. Alliance Atlantis’ executives were justifiably happy with \textit{CSI} and its offspring given the company’s August 2006 sale of “international second-window rights to the \textit{CSI} franchise, of which it owned half, for US$225 million over ten years.”\textsuperscript{45}

\textbf{The Introduction of Digital Cable Services in Canada}

Fall 2001 marked the introduction of digital television channels in Canada. The first group of digital channels approved by the CRTC included eight sports-oriented
channels, four music channels, six movie channels, and a variety of special-interest channels.46

One year earlier, on November 24, 2000, the CRTC decided to issue licenses to 16 English-language and 5 French-language Category 1 digital pay and specialty television services (Decisions CRTC 2000-449 to 2000-469). In addition, the Commission also approved 262 Category 2 digital pay and specialty services, licensed in Decisions CRTC 2000-470 to 2000-731.47 The CRTC’s approval of the 283 new digital channels set off a frenzy of activity among incumbent broadcasters and new entrants.

Alliance Atlantis Seeks Opportunities on the Digital Frontier

As shown in table 13.1, operating revenues for Canada’s cable and other program distribution undertakings had rose steadily between 2001 and 2005. By the end of fiscal year 1999 (i.e., March 13, 1999), Alliance Atlantis already held “significant” ownership interests in seven Canadian specialty channels.48 However, the company was poised to make even further inroads into what appeared to be shaping up as a profitable media sector.
Keenly interested in expanding its cable presence, in 2001, Alliance Atlantis’ immediately took advantage of the newly available digital television channel opportunities, and applied for a number of category 1 and 2 services. Alliance Atlantis’ proposed expansion marked a turning point in Alliance Atlantis’ corporate trajectory as the company was becoming more active in broadcasting rather than in production activities.

Alliance Atlantis received 34 of the 283 new digital licenses. Seven of Alliance Atlantis' licensed channels were subsequently launched in fall 2001: Showcase Diva, Showcase Action, The Independent Film Channel Canada (subject to CRTC approval), Discovery Health Channel Canada, National Geographic Channel, BBC Canada, and BBC Kids. However, the CRTC also denied a number of Alliance Atlantis’ Category 1 and Category 2 applications, including the proposed Book Channel.49

**Fine Living**

In early September 2004, Alliance Atlantis launched yet another specialty channel, Fine Living. Walter Levitt, Alliance Atlantis’ Senior Vice President, Marketing and Creative Services, pitched the new channel as “the ultimate network for people looking to pursue their passions, realize their dreams, and maximize their precious time.”50 The Alliance Atlantis’ press release announcing Fine Living noted that its

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**Table 13.1**


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<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>4,605,986</td>
<td>5,215,672</td>
<td>5,818,813</td>
<td>6,350,440</td>
<td>6,818,022</td>
</tr>
<tr>
<td>Operating Revenues for Cable Television</td>
<td>3,926,591</td>
<td>4,268,922</td>
<td>4,615,178</td>
<td>4,995,770</td>
<td>5,347,841</td>
</tr>
<tr>
<td>Operating Revenues for Satellite and Other Wireless Television</td>
<td>679,395</td>
<td>946,751</td>
<td>1,203,635</td>
<td>1,354,679</td>
<td>1,470,181</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>4,268,916</td>
<td>4,278,761</td>
<td>5,066,841</td>
<td>5,245,177</td>
<td>5,445,725</td>
</tr>
</tbody>
</table>

debut would be accompanied “by an innovative marketing campaign” that included “guerilla street marketing”.

The street component of the integrated campaign, created with Montreal's Gearwerx, features several teams of individuals outfitted with television monitors mounted directly on their shirts. The monitors will run a loop of Fine Living promotional spots, to give passersby a sense of the channel's unique programming. Traveling throughout Toronto, in a vehicle wrapped with Fine Living ad creative, the street teams will visit high-traffic areas in the downtown core, including Famous Players and Alliance Atlantis theatres, during the next four weeks. The teams will distribute more than 70,000 Fine Living “tip cards” which provide practical, takeaway information complementing the channel's programming content. Each tip card offers a series of helpful hints, such as how to make your next dinner party a success, how to take great photos while traveling, and how to taste wine like a pro.

Beyond using “guerilla” tactics to tout the new network, Alliance Atlantis also relied upon conventional marketing techniques such as print and outdoor advertising which featured the network’s tag line “Live Like You Mean It.”

Three of Alliance Atlantis’ specialty channels—Fine Living, HGTV, and the Food Network—involves partnerships with the Knoxville, Tennessee-based E. W. Scripps Company, one of the United States’ oldest media conglomerates. Originally founded as a newspaper chain and operator of the Scripps Howard News Service, E. W. Scripps later expanded its media holdings into broadcasting and cable. As of September 2006, E. W. Scripps’ media interests included: (a) approximately twenty newspapers across the United States, (b) approximately ten television stations, (c) five cable networks (managed through its Scripps Networks unit), and (d) United Media which syndicates more than 150 comic strips. Eventually, Alliance Atlantis would own wholly, or in part, thirteen specialty cable channels.

Conclusion

In spite of the barrage of challenges facing Alliance Atlantis in the early 2000s, it
managed to survive. However, survival also meant sacrifice. Alliance Atlantis ongoing process of redefinition and realignment, most notably its decision to place a greater emphasis upon specialty broadcasting activities was having a demonstrable impact on the company’s structure and strategies. Chapters 14 and 15 continues the examination of Alliance Atlantis’ strategies to remain competitive in the domestic and international marketplaces.

1 At first, Chrétien denied lobbying the Business Development Bank of Canada to make the C$2 million loan to his friend, Yvon Duhaime, to whom Chrétien had sold his interest in a Quebec resort. However, in 2000, Chrétien admitted to lobbying the Bank which had initially turned down Duhaime’s loan application. As a result of additional lobbying by Chrétien, the Bank later approved a C$615,000. The controversy was sparked by the revelation that Chrétien had never been paid for his share in the sale of the adjoining golf course, and by criminal charges against Duhaime. The other major scandal during Chrétien’s tenure was known as the “sponsorship scandal,” and involved the misspending of public funds and fraud by the Prime Minister's Office staff. The sponsorship scandal was a major factor in the Liberal Party’s 2004 demotion from majority to minority status in Canada’s House of Commons and ultimately to the government's defeat in the 2006 elections.

2 The deterioration of U.S.-Canada relations was reflected in a highly publicized comment made by Francoise Ducros, a top aide to Chrétien in 2002. Ducros allegedly called President George W. Bush a “moron.” Ducros was forced to resign soon thereafter owing to the fallout over the comment.


6 Monitor Company, “U.S. Runaway Film and Television Production Study Report” (Santa Monica, CA: Monitor Company for the Directors Guild of America (DGA) and the Screen Actors Guild (SAG), 1999), 2.

7 Ibid., 2–3. According to the report, “a total of 308 movies for TV were produced in 1998; 139 (or 45%) of these ran away for economic reasons in 1998, up from only 30 productions in 1990. Out of a total of 534 theatrical productions in 1998, 100 (19%) were economic runaways, up from 44 in 1990” (pp. 2–3).

8 Ibid., 2.

9 Ibid., 3.


13 Ibid.  
18 Ibid. Desire was to “dramatize erotic stories about, and written and directed by, women.”  
19 Ibid.  
20 Ibid.  
26 Ibid., 1.  
34 Ibid.  
35 Ibid.  
36 Ibid.  
Atlantis Communications Inc., 2001). After its acquisition by AAC FACT, Café Productions was to operate as a wholly owned subsidiary of AAC FACT.


44 David Caruso starred in Paul Haggis’ 1997–98 CBS series Michael Hayes; Melinda Kanakaredes, on the other hand, guest starred in several episodes of Due South.


51 Ibid.

52 Ibid.

Chapter 14

Retrenchment

One of the North American media industries’ favored expressions of the mid-2000s was “repositioning … for the digital age.” However, how to go about achieving this goal remained elusive since no one knew for sure what the future would hold for broadcasters, movie studios, and others. Traditional broadcasters faced increasingly stiff competition from new media technologies such as social-networking Web sites, video-on-demand. Francois Demers (2003) summarized the challenges facing Canada’s traditional broadcasters at the beginning of the new millennium:

The major television networks attempt to appeal to general audiences but they now find themselves in an environment where the specialized networks and digital television—a service in which the CRTC approved the launch of 300 new channels in 2002—are collectively gaining audience every day. In addition, access through cable or satellites to the American channels has further fragmented the Canadian television market.

Some industry insiders predicted the imminent demise of broadcast television; others foresaw a bright future for traditional media. While new media technologies continued to evolve and grow, their development did not necessarily spell the end of traditional media. In September 2006, Les Moonves, President and CEO of CBS Corporation, predicted “I believe ten years from now, people are going to be surprised how similar the world is in terms of network television.”

Alliance Atlantis Undergoes Further Restructuring and Realignment

Alliance Atlantis Ceases In-house Production Activities

Irrespective of Moonves’ comments, the Canadian and international media industries were undoubtedly in a state of flux. Traditional media continued to provide the lion’s share of revenues for companies such as Alliance Atlantis. However, no one could
predict what impact new media technologies would have upon these revenues in the future. As shown in tables 14.1 and 14.2, Alliance Atlantis’ Broadcast Group and Television Group were major contributors to the company’s overall earnings between fiscal year 1999 and fiscal year 2001. For example, the Television Group experienced a C$40.1 million increase in earnings over the three-year period. Moreover, the TV Group represented 56% of Alliance Atlantis’ total revenue in fiscal year 2001.

**Table 14.1**


<table>
<thead>
<tr>
<th>In Millions of Canadian Dollars as at March 31st:</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast Group</td>
<td>12.9</td>
<td>29.7</td>
<td>40.8</td>
</tr>
<tr>
<td>Motion Picture Group</td>
<td>18.3</td>
<td>34.2</td>
<td>28.9</td>
</tr>
<tr>
<td>Television Group</td>
<td>32.0</td>
<td>49.2</td>
<td>72.1</td>
</tr>
<tr>
<td>Other (Loss)</td>
<td>(3.9)</td>
<td>(6.9)</td>
<td>(8.2)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59.3</strong></td>
<td><strong>106.2</strong></td>
<td><strong>133.6</strong></td>
</tr>
</tbody>
</table>

Source: Alliance Atlantis Communications’ 1999–2001 Annual Reports.

**Table 14.2**

Alliance Atlantis Communications Inc.: Percentage of Total Revenue by Segment of Company FY 1999–FY 2001

<table>
<thead>
<tr>
<th>Percentage as at March 31st:</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast Group</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Motion Picture Group</td>
<td>30</td>
<td>27</td>
</tr>
<tr>
<td>Television Group</td>
<td>53</td>
<td>56</td>
</tr>
<tr>
<td>Other (Loss)</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total (%)</strong></td>
<td><strong>100</strong> (C$771.6 million)</td>
<td><strong>100</strong> (C$806.1 million)</td>
</tr>
</tbody>
</table>

Source: Alliance Atlantis Communications’ 1999–2001 Annual Reports.

Notwithstanding the Television Group’s significant contributions to Alliance Atlantis’ revenue and earnings, in June 2002, the company announced it would “cut its television production in half in fiscal 2003.” The company’s announcement cited a “permanent downturn” in global demand for prime-time television series, miniseries and
independent films. Eighteen months later, in December 2003, Alliance Atlantis announced a second round of production cuts. The second round of cuts resulted in the elimination of sixty to seventy positions and the shut down of Alliance Atlantis’ in-house production companies, including Salter Street Films and Great North Productions.5

Alliance Atlantis’ exit from film and television production came at a considerable initial financial cost. Variety summarized the company’s financial charges as follows:

[The] financial charge includes US$201 million for the nine months ending Dec. 31, 2003. There is an extra US$33 million in charges that will affect previous years' results. Now the company is reporting a loss for fiscal 2003 of US$17 million, net earnings in 2002 of US$730,000 and a loss in fiscal 2001 of US$20 million. For the year ended Dec. 31, revenue was US$632 million, down from US$640 million the previous year.6

Despite Alliance Atlantis’ exit from in-house production, the company’s executives stressed that they remained dedicated to indigenous Canadian drama production through the commissioning and co-commissioning of drama programming for Showcase Television and the company's other specialty channels. For example, in a May 2003 Alliance Atlantis press release announcing Showcase's 2003–2004 program offerings, the company proclaimed that it was “commissioning and co-commissioning a robust slate of original Canadian drama.”7 The 48-plus hours of promised drama programming for Showcase was to include eight series and one miniseries. According to the release, the “slate marks a continuance of the channel's long-standing commitment to innovative, original series, miniseries and movies.”8

The Makeover of Alliance Atlantis’ Specialty Channels

Beyond the termination of in-house production activities, Alliance Atlantis also carried out a major revamping of its specialty channels. As of July 2005, Alliance Atlantis owned, partially or in full, thirteen specialty channels:
Of the seven channels partially owned by Alliance Atlantis, two were co-owned with British partners while the remaining four were co-owned with U.S. partners, most notably the E. W. Scripps Company, as discussed earlier. Many of the thirteen channels were “branded” merely by virtue of their already well-known names such as National Geographic Channel. However, a number of the less indelibly branded channels such as Life Network, Showcase, and HGTV underwent significant changes following their Debuts in an attempt to boost their brand identities.

Life Network was one of the first Alliance Atlantis channels to undergo alterations. In September 2000, Alliance Atlantis Broadcasting filed a request with the CRTC to change the terms of Life Network’s existing license. Among other things, Alliance Atlantis asked that the channel’s “nature of service description” be changed from providing “programming consisting of documentaries and information programming” to providing “specialty programming … consisting primarily of useful, reliable and entertaining information and documentary programming.” In addition, Alliance Atlantis requested that the “variety” programming category be added to the list of programming that the channel was permitted to air. The Life Network was turning away from the more staid “documentaries and information programming” to
“entertaining information” and documentaries. Alliance Atlantis was determined to offer trendy, hip, and entertaining specialty channels. It was also keeping a close eye on profit margins.

Showcase, on the other hand, began to be refashioned from what Playback described as a “second-window service for Canadian dramas” to a source for original, cutting-edge dramas such as *Slings & Arrows* which follows the exploits of an off-kilter Shakespearean theater company. The Toronto-produced series marked Paul Gross’s return to series television and was picked up for airing on the Sundance Channel in the United States. John Gill, Alliance Atlantis Broadcasting Senior Vice President of Programming/Dramatic Programming noted that Showcase’s programming slate was intended to push television’s boundaries. “I’ve hoped Showcase can develop more of [this sort of thing] in the future; boundary-pushing drama that isn't just about sex, which has tended to be one of the areas we've done really well with.” Gill also mentioned that Showcase would be seeking “other boundaries to push” in terms of comedies, documentaries, and reality programs. Taken together, Showcase’s programming makeover was an attempt to achieve one overarching goal, namely, to be “a self-sufficient channel.”

Life Network was striving to be more “entertaining” and Showcase was pursuing “cutting edge” drama; HGTV and Food Network channels were aiming to be more “fun”. In an effort “to increase the reach of both channels,” Alliance Atlantis decided to “make” their “programming seem fun, and not the type of ‘make work’ educational fare some fear,” reported Playback. In order to achieve its new “fun” image, HGTV relied upon programming fare such as *Handyman Superstar Challenge*, a
“revamped” Designer Guys (complete with “three new designers”), and the U.S.-produced Craft Corner Death Match. Meanwhile, Food Network’s new “fun” fare included Kitchen Crimes wherein “the worst of the worst kitchens in Winnipeg … vie for a C$5,000 makeover,” and Crash My Kitchen which featured staged “weekly cooking interventions for families who have lost their will to cook.”

The indigenous Canadian series offered by HGTV and the Food Network were not the type of Canadian content programming that the stewards of Canadian culture probably had in mind when they drafted the regulations. However, from an economic standpoint, the programming choices made a lot of sense. They were cheap to produce and often proved more popular with Canadian audiences than drama offerings. These sentiments were shared by Kirstine Layfield, Alliance Atlantis Broadcasting’s Senior Vice President of Programming/Lifestyle:

The fact that we have a lot of Canadian content isn't something we consider to be a challenge, but rather an opportunity. We often get a wider audience for some of our lifestyle programs than [broadcasters] do for their dramas.

In a June 2, 2005 interview with Daily Variety, Alliance Atlantis Chairman Michael MacMillan avoided speculating on Alliance Atlantis future direction, citing concerns that “he didn’t want to reveal too much to his competitors.” However, MacMillan did reveal that Alliance Atlantis was “looking at opportunities in specialty TV area, including starting new channels and revamping old ones.” However, he also noted that the company did not intend “to start up or buy conventional TV channels.”

In another sign of the growing importance of specialty broadcasting in Alliance Atlantis’ asset mix, MacMillan surrendered his position as Chief Executive Officer to Phyllis Yaffe, the former head of the company’s broadcasting division prior to becoming
its Chief Operating Officer in June 2005. As another part of the executive shuffle, MacMillan assumed executive chairmanship of the company where he was to concentrate “on the company’s long-term future.”

In addition to the makeover of its specialty channels and managerial adjustments, Alliance Atlantis also made a number of additional changes throughout the company including to its stock exchange listings.

**Alliance Atlantis Requests NASDAQ Delisting**

In July 2005, Alliance Atlantis asked the NASDAQ stock market to delist its controversial Class B common shares. Alliance Atlantis Executive Vice President and Chief Financial Officer, David Lazzarato, cited the “very low volume of trading” and “the ongoing listing and administrative costs” which he said made the listing “no longer cost-effective.” It was also noted that “as a registrant under the Securities Exchange Act of 1934,” Alliance Atlantis would “continue to have ongoing United States securities obligations, including those related to Sarbanes Oxley.” Irrespective of their NASDAQ delisting, Alliance Atlantis Class B common shares were to remain listed and traded on the Toronto Stock Exchange.

**Government, Industry, and Union Responses to Alliance Atlantis’ New Restructuring Initiatives**

Alliance Atlantis’ abandonment of its once principal activity—production—sent shockwaves through Canada’s film and television industries. Critics assailed the Company’s decision on a number of points. First, critics questioned Alliance Atlantis’ acquisition strategy; why, they asked, did Alliance Atlantis actively pursue control of successful independent production houses throughout Canada up until the time it announced its exit from production activities? Alliance Atlantis buying spree eradicated
some of the Canada’s most viable independent production houses which, in turn, left a huge void within Canada’s production sector which needed to be filled once Alliance Atlantis left the scene. Alliance Atlantis’ actions, as a result, further weakened the country’s already tenuous indigenous production sector.

The chorus of critics included Paul Gross who had been long associated with Alliance Atlantis and its predecessors. Gross decried the company's comprehensive restructuring, especially its decision to cease in-house production. His criticism centered upon the fact that Alliance Atlantis was built to a significant degree upon Canadian tax credits and other taxpayer funded subsidy programs. As we have seen, many of these programs were designed to foster indigenous Canadian production, especially in the drama genre. In essence, a Canadian “national champion” was turning its back on its suitors. Conversely, supporters of Alliance Atlantis restructuring decisions could point to the fact that Alliance Atlantis was a publicly held company and thus had an obligation to its shareholders (the majority of whom were Canadians). Therefore, the company was compelled to focus its energies upon profit-generating enterprises and thus adding to its shareholders' value. Moreover, Alliance Atlantis’ specialty channels were appealing to mainstream Canadian audiences.

During this period, Alliance Atlantis also experienced increasingly tense relations with Canada's entertainment unions. For example, in summer 2005, the Canadian Media Guild (CMG) alleged that Alliance Atlantis’ non-unionized broadcasting division was pressuring its approximately “100 Toronto-based technical employees” not to join the CMG. “Alliance Atlantis may be one of the most successful broadcasters in Canada … but that doesn't mean its success is automatically shared with its employees,”” CMG
campaign worker Scott Edmonds told *Daily Variety*.\(^{18}\)

**The Aftereffects of Alliance Atlantis’ Second Major Corporate Restructuring**

**The Status of Alliance Atlantis as of September 2005**

Alliance Atlantis’ restructuring efforts seemed to be paying off, at least in the short run. For the nine months ending September 30, 2005, the company reported revenues of C$752.0 million, an 8.4% increase over the same period during the previous year. The increased revenues were owed in large part to AAC’s interest in the *CSI* franchise which accounted for the Entertainment Division’s C$247.6 million in revenues, up 60.1% from the previous year.\(^{19}\) Meanwhile, strong advertising sales boosted the company’s broadcasting revenue by 14.9%, to C$199.2 million. On the other hand, Alliance Atlantis’ net indebtedness “decreased from C$443.6 million at September 30, 2004, and from C$428.6 million at December 31, 2004, C$374.3 million at September 30, 2005, a decrease of C$69.3 million and C$54.3 million respectively.”\(^{20}\)

In the years immediately following Alliance Atlantis’ highly-publicized and controversial exit from in-house production, however, the company’s practices appeared to be somewhat at odds with its proclamations. While Alliance Atlantis’ Chairman and CEO Michael MacMillan extolled “the benefits of exiting the capital intensive and low margin aspect of our past production activities,” the company’s bottom line was becoming increasingly reliant upon the revenues generated by *CSI* and its progeny, the company’s lone remaining major production venture.\(^{21}\)

Despite all of the positive fiscal developments, Alliance Atlantis also still experienced a drop in its third quarter 2005 net earnings compared to the third quarter of 2004, from C$18.9 million to C$12.2 million. The earnings slump, according to
Alliance Atlantis, was due to “foreign exchange and income tax fluctuations.”  

Undoubtedly, factors beyond the scope of the film and television industries could wreck havoc upon an otherwise fiscally prudent corporate strategy.  

*Alliance Atlantis’ Cyberspace Ventures*

According to the Organisation for Economic Co-operation and Development (OECD), by December 2005 Canada led the G7 nations in broadband penetration with 21.9 per 100 Canadians subscribing to broadband, compared to 16.8 per 100 in the United States. Moreover, an August 2006 report prepared for the CRTC by the Canadian Media Research Inc. indicated that taken together, cable television and direct-to-home subscription levels in Canada “increased over the past decade.”

The domestic and international market prospects offered by the myriad new broadband and Internet-based services proved irresistible to Alliance Atlantis. As a result, the company pursued various opportunities on the digital frontier in tandem with its retreat from traditional production, distribution, and exhibition activities. The next section looks at two of Alliance Atlantis’ 2006 digital ventures: NowPublic, “a participatory news network,” and blogTV.ca, “a video sharing service.”

In May 2006, Alliance Atlantis teamed up with Warner Bros. Television, Microsoft, current and former executives of Nokia, and a group of lesser known Internet companies including Register.com and Infospace. This eclectic group had joined together to provide US$1.4 million in so-called “angel funding” for a new Internet-based venture known as “NowPublic,” which was described as a “participatory news network.”

The phenomenal success of the YouTube video sharing service in the United States prompted Alliance Atlantis to launch blogTV.ca, a similar Canadian-focused
service in winter 2006. In a related development, the Alliance Atlantis co-produced hit television series *CSI* was also made available on the Web for downloading. Some industry insiders questioned the economic wisdom of CBS’ and Alliance Atlantis’ decision to offer their hugely profitable series for Web downloading. Their concerns about the Web download version of *CSI* centered upon: (a) the potential siphoning of *CSI* viewers from the traditional television broadcasts of the show, and (b) the possibility that international television buyers would no longer be willing to pay premium prices for the series. CBS President and CEO Les Moonves countered the criticisms, declaring, “We don't care how you get your content. By cable, over the air, over a telephone wire. We are going to get paid for that content over and over and over again.” Mooves, however, did concede, “We believe there will come a point where downloading achieves a certain revenue point that potentially could be hurting viewership throughout the world.” Nonetheless, he also underscored his belief that “there has to be a way to make that up and change the model” using techniques such as Internet-based advertising and video on demand.

**Alliance Atlantis’ High-definition Television (HDTV) Services**

In addition to its new cyberspace-based enterprises, Alliance Atlantis also introduced its first two High-definition television (HDTV) services—National Geographic Channel HD and Showcase HD—in 2006. The new channels were made available to the public through cable providers Rogers Cable and Shaw Cable as well as via DBS provider Star Choice.

As discussed in this and earlier chapters as well as illustrated in figure 14.1, Alliance Atlantis corporate structure had changed markedly between 1999 and 2006.
**Figure 14.1**
Alliance Atlantis Corporate Structure as of July 22, 2006

Source: CRTC
Production, once the firm’s flagship activity, had shrunken to co-producing the CSI franchise. During the same time, Alliance Atlantis’ specialty broadcasting interests steadily increased and by 2005 represented a substantial share of its business. At this point, motion picture and television distribution as well as exhibition were the last remaining major segments of Alliance Atlantis’ operations beyond broadcasting.

From an economic standpoint, Alliance Atlantis’ redirection of its energies from production to specialty broadcasting reduced the company’s debt, improved its bottom line, and enhanced “shareholder value.” While these were certainly admirable goals, the means used to achieve them were deleterious to its “corporate psyche.” In the years following Alliance Atlantis’ exit from production, the company seemed to struggle with its self-image. Alliance Atlantis’ executives and press releases repeatedly proclaimed the corporation was a “specialty broadcaster.” However, the words seemed hollow and without meaning, even when spoken by Michael MacMillan.

Conclusion

Back in the early 1980s when Michael MacMillan was a small Toronto producer, he spoke to the press about his love of filmmaking and expressed wonder at the success of the small group of filmmakers at Atlantis Films. However, by the mid-2000s when MacMillan sat at the helm of Alliance Atlantis Communications, his statements dwelled on the company’s bottom line and its maximization of profits. It is quite possible that MacMillan may not have fundamentally changed as a person but the circumstances that he found himself had changed drastically. He was no longer at the helm of a company with a net worth of C$150; instead, he now led a multibillion dollar multinational corporation with hundreds of employees and many shareholders.
Both Michael MacMillan and the company he headed appeared to lack the exuberance displayed in their formative years. This, in part, was arguably due to the fact that Alliance Atlantis existed in what could be termed a “muddled media milieu.” The domestic and international media industries were in the midst of an unparalleled transformation in which no one could definitively determine the final outcome. Policymakers and producers were struggling to regain their bearings in this sea of technological and other uncertainties. For MacMillan and Alliance Atlantis, this transition necessitated selling off the company’s non-specialty broadcasting assets. With the exception of specialty broadcasting, Alliance Atlantis was no longer expanding; it was contracting. Moreover, it continued to shrink its operations throughout 2005 and 2006. Alliance Atlantis’ prolonged contraction marked the beginning of the company’s final stage of existence as an independent entity, which culminated in its January 2007 sale to CanWest Global Communications. This period in Alliance Atlantis’ history is examined in the next chapter.

5 “TV, Film Giant's Exit Tears Hole in Canadian Industry,” The Record (Kitchener-Waterloo, ON), December 19, 2003, Friday final ed., B9.
8 Ibid.
11 Ibid.
14 Ibid.
16 Ibid.
17 Ibid.
24 Organisation for Economic Co-operation and Development, “OECD Broadband Statistics, December 2005,” www.oecd.org/sti/ict/broadband (accessed May 2, 2006). Canada ranked eighth out of a total of 30 OECD countries in broadband subscribers per 100 inhabitants while the United States ranked twelfth. Iceland was the overall OECD leader in broadband penetration with 26.7 broadband subscribers per 100 inhabitants.
26 J. D. Lascia, “$1.4 Million in Funding for NowPublic,” New Media Musings, May 31, 2006; Mark Evans, “Canada’s YouTube!,“ Northern Telecom...and Tech, December 6, 2006.
Chapter 15

Alliance Atlantis Communications’ Distribution and Motion
Picture Exhibition Activities

As discussed earlier, beyond television production, Alliance Atlantis and its
predecessor companies were also actively involved in movie distribution and other non-
production activities. However, these endeavors were frequently overshadowed by the
companies’ production-related ventures. Chapter fifteen examines Alliance Atlantis’
non-production businesses. It begins with a brief overview of Alliance Atlantis’
activities in the motion picture distribution and exhibition sectors which included the
Motion Picture Distribution Income Fund, an income trust that Alliance Atlantis used to
control its UK-based distribution and related interests. The second half of the chapter
focuses upon several seminal events involving Alliance Atlantis that transpired during
2006 and early 2007. Among these events was a highly publicized 2006 dispute that
revolved around Alliance Atlantis’ distribution activities. The dispute was followed soon
after by an event of even greater magnitude—the company’s January 2007 sale to its rival
Canadian media conglomerate, CanWest Global Communications, which is also
discussed in the last section of the chapter.

An Overview of Alliance Atlantis’ Non-production Activities

Alliance Atlantis Motion Picture Group

Alliance Atlantis Motion Picture Group, one of Alliance Atlantis’ original
corporate divisions, was initially responsible for the development, financing, production,
and distribution of theatrical pictures worldwide. It also was in charge of Alliance
Atlantis’ motion picture exhibition business in Canada. In addition, the Group
sold programming to major Canadian and UK broadcasters. By the early 2000s, Alliance Atlantis’ was “the largest distributor of motion pictures in Canada, measured both by number of releases and theatrical box office receipts.”² As of September 2003, Alliance Atlantis reported that its motion picture catalog included “approximately 6,000 titles representing approximately 14,000 of programming rights.”³ As shown in figure 15.1, Alliance Atlantis’ motion picture distribution sales were divided into three product lines: (a) videocassettes and DVDs (62%), (b) theatrical distribution (21%), and (c) television (17%).

**Figure 15.1**
Alliance Atlantis Communications Inc. 2004 Motion Picture Distribution Sales by Product

![Bar Chart](chart.png)

Source: Alliance Atlantis Communications Corp.

According to a September 2003 Alliance Atlantis’ press release, the company’s
“business model” for distribution was “based on a portfolio approach to content acquisition.” “Distribution rights for motion pictures” were “obtained primarily under long-standing output agreements with leading U.S.-based independent studios” which included:

- New Line Cinema
  Major U.S. film studio founded in 1967; it later became a subsidiary of Time Warner.
- Miramax Films
  Studio originally based in New York City; later purchased by the Walt Disney Co.
- Dimension Films
  Studio name used by Bob Weinstein within Miramax Films; it later became part of the Weinstein Company.
- The Weinstein Company
  Studio founded by Harvey and Bob Weinstein after leaving the Disney-owned Miramax Films.
- Focus Features
  Specialty films unit of Universal Pictures

Alliance Atlantis Expands Its European Interests

Throughout their collective history, Alliance Atlantis and its predecessor companies’ production and other activities were decidedly cosmopolitan. As shown in figure 15.2, while Canada remained Alliance Atlantis’ primary market, by the mid-2000s, the company’s sales to the United Kingdom actually surpassed its U.S. sales albeit by a slim margin of one percentage point. Nonetheless, the prominence of the UK market demonstrated that Alliance Atlantis had made significant strides in the British Isles since Alliance Entertainment and Atlantis Films’ establishment of branch offices in London over a decade earlier.

In 1999, Alliance Atlantis’ European ties were significantly tightened when it entered into a “wide-ranging deal” with German-based Kinowelt Medien AG which gave Kinowelt a 50 percent interest in Alliance’s UK film distribution unit, Alliance
Atlantis Releasing. The Canadian and German companies also joined together to create a
UK-based motion picture distributor, Momentum Pictures.\(^6\)

However, over the next two years, the joint venture began to deteriorate owing to
financial problems at Kinowelt. After Kinowelt’s shares plummeted over 70% between
January 2000 and January 2001, the company decided to sell a portion of its Alliance
Atlantis’ stake in order to raise much-needed capital. The sale consisted of approximately
6.3 million class B non-voting shares of its Alliance Atlantis’ stocks. However, Kinowelt
retained 479,842 Alliance Atlantis class A voting shares, which accounted for about 13%
of Alliance Atlantis’ total class A shares.\(^7\)

Three years later, in 2004, Alliance Atlantis once again expanded its European
distribution interests, this time via the purchase of Spain’s largest independent film
distributor, Aurum Productions, S.A. for C$74 million. ““This acquisition is part of our
clearly articulated strategy to expand into continental Europe, and provides the
Partnership with a strong and growth-oriented position in the Spanish market,”” explained
Patrice Théroux, President and Chief Operating Officer of Motion Picture Distribution.\(^8\)

““From our No. 1 position in the Canadian film distribution market to our growing
Momentum Pictures operation in the UK, we believe this move in continental Europe
provides us with a solid foundation for further strong growth, including to other potential
new markets such as France and Germany,”” Théroux added.\(^9\) With the acquisition of
Aurum, Alliance Atlantis also gained greater leverage in its distribution negotiations
with Hollywood and European studios since it could now acquire distribution rights for
feature films in three international markets—Canada, the United Kingdom, and Spain.\(^10\)
In fall 2003, Alliance Atlantis spun off its profitable film distribution unit into an income trust fund, the Movie Distribution Income Fund. According to Alliance Atlantis Chairman and Chief Executive Officer Michael Macmillan, the fund was intended “to accelerate Alliance Atlantis’ debt reduction efforts, surface value in the Company’s motion picture distribution business and to provide a partner to help finance future growth opportunities in that business.”

Variety’s Tamsen Tillson reported that income trust funds were gaining popularity “because they allow a company to raise funds while minimizing corporate taxes.”

In addition to the creation of the Movie Distribution Income Fund, Alliance Atlantis also spun off its Canadian and UK distribution business, “into a separate, limited partnership called Motion Picture Distribution LP,” in which Alliance Atlantis held a
controlling interest or 51% of the total shares. Meanwhile, the Movie Distribution Income Fund held the remaining 49% of the shares. Motion Picture Distribution LP represented the “only asset” of the Movie Distribution Income Fund which traded on the Toronto Stock Exchange (ticker symbol FLM.UN).

As a result of the dual spin-offs, Motion Picture Distribution LP became the largest motion picture distributor in Canada. An August 2006 Alliance Atlantis press release described Motion Picture Distribution LP (MPD) as:

- a leading distributor of motion pictures in Canada, with a presence in motion picture distribution in the United Kingdom (Momentum Pictures) and Spain (Aurum). The Company distributes filmed entertainment to theaters, on DVD, and to television broadcasters.

Motion Picture Distribution and the Motion Picture Distribution Income Fund's fortunes rose and fell based on the public appeal of the films and programs they distributed. For example, while the Income Fund earned a C$13.1 million profit for the three months ending March 31, 2004, it reported a loss of C$4.6 million for the same period in 2005. The loss was attributed to “two expensive Canadian box-office flops, Cursed and New Line Cinema's Son of the Mask.”

Despite the losses, in October 2005, Motion Picture Distribution acquired “Canadian and certain other television library assets from Fireworks Distributing Corporation, an indirect subsidiary of CanWest Global Communications Corporation.”

“The Fireworks library contained over 1,200 hours of programming,” including “over 1,100 hours of TV series and approximately 115 hours of movies-of-the-week and miniseries, most of which were produced between 1998 and 2004.” According to Patrice Théroux, President and Chief Operating Officer of Motion Picture Distribution, the Fireworks library “dovetails nicely with our existing library and we expect to
generate significant interest in these properties."19 The Fireworks library was merely the latest in a series of acquisitions of partial or full libraries by Alliance Atlantis Communications since the late 1990s. Earlier, Alliance Atlantis had acquired content from Telescene, Peace Arch Entertainment, Cinemavault, Norstar, and Cineplex Odeon Films.20

**Alliance Atlantis’ Motion Picture Exhibition Activities**

In addition to film and television distribution, Alliance Atlantis also pursued opportunities in the motion picture exhibition sector. For example, in spring 2000, Alliance Atlantis joined Famous Players in a “strategic alliance” with Canadian cinema exhibitor Galaxy Entertainment “to build new state-of-the-art theatres and refurbish existing complexes in midsize Canadian cities.”21 In a statement announcing the partnership, Michael MacMillan explained what benefits Alliance Atlantis expected to accrue from the arrangement:

> The continuing expansion of high-quality screens in smaller markets across the country ensures the right kind of play for our releases. Besides offering market support for many of our smaller Canadian films, we believe Galaxy will occupy a unique space in Canada's film exhibition industry.22

Galaxy Entertainment was certainly not an unknown entity to Alliance Atlantis since Galaxy’s offices were located at Alliance Atlantis’ Bloor St. office building in downtown Toronto. Moreover, Alliance Communications’ co-founder and CEO Robert Lantos was a co-owner of the firm.23 In effect, Galaxy owed its existence to the transnational conglomeration of the global media industry during the 1990s and early 2000s. Galaxy was founded in 1999 by Ellis Jacob along with other former employees of the Cineplex Odeon Corporation. Two years earlier, Jacob and his colleagues had lost their Cineplex jobs when the company merged with U.S.-based Loews Theatres; this
resulted in a transfer of Cineplex’s home office from Toronto to New York City.24

By fall 2003, Alliance Atlantis' exhibition interests consisted of a 24-screen chain of upscale cinemas in Canada which it owned in partnership with Famous Players, a subsidiary of Viacom Inc.25 The theaters were managed by the company's Motion Picture Distribution division.

**Alliance Atlantis Lowers the Curtain on Its Exhibition Ventures**

In 2005, Alliance Atlantis’ exhibition interests began falling victim to the company’s rigorous retrenchment campaign. Alliance Atlantis' liquidation of its theater chain started with the late summer–fall 2005 sale of five movie houses (24 total screens) in Ontario and British Columbia that it jointly owned (through Motion Picture Distribution LP) with Cineplex Galaxy.26 The cinemas, which Alliance Atlantis “originally shared” with Famous Players, had operated under the Alliance Atlantis brand since 1999. However, in July 2005, the theaters became “tokens” in a high-stakes media merger involving Cineplex Odeon. In this instance, Cineplex Odeon merged with the aforementioned Famous Players, another major Canadian exhibitor.27 As a result of the merger, Cineplex Odeon now controlled a large percentage of movie houses throughout Canada. Cineplex Odeon’s domination of theatrical exhibition in many parts of the country prompted Canada’s federal competition bureau to force Cineplex Odeon to sell a number of its theaters to other Canadian exhibitors.28

**The 2006 Motion Picture Distribution Controversy**

After jettisoning its exhibition interests, Alliance Atlantis’ film distribution division which still consisted of Motion Picture Income Trust and Motion Picture Distribution LP remained the company’s only major non-television operation.
Nonetheless, as shown in table 15.1, Alliance Atlantis Motion Picture Distribution Group registered the largest percentage of 2004 sales (34% of sales from domestic distribution) among the company’s three primary operating groups. In addition, as table 15.2 indicates, although revenues from Alliance Atlantis Broadcast Group’s operating and developing channels increased between FY2002 and FY2003, its Motion Picture Distribution Group registered an even larger increase. Moreover, the Motion Picture Distribution Group was Alliance Atlantis’ biggest revenue source during this period of time.

Table 15.1
Alliance Atlantis Communications Inc. 2004 Sales by Group/Division

<table>
<thead>
<tr>
<th>Group/Division</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motion Picture Distribution</strong></td>
<td></td>
</tr>
<tr>
<td>Domestic distribution</td>
<td>34</td>
</tr>
<tr>
<td>Momentum</td>
<td>9</td>
</tr>
<tr>
<td>Aurum</td>
<td>6</td>
</tr>
<tr>
<td>Cinemas</td>
<td>1</td>
</tr>
<tr>
<td><strong>Entertainment Group</strong></td>
<td>26</td>
</tr>
<tr>
<td><strong>Broadcast Group</strong></td>
<td></td>
</tr>
<tr>
<td>Subscriber</td>
<td>11</td>
</tr>
<tr>
<td>Advertising and Other</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Alliance Atlantis Communications.
Table 15.2
Alliance Atlantis Communications Inc.: Consolidated Summary of Alliance Atlantis’ Operating Groups, FY 2002–FY 2003 (in Millions of Canadian Dollars)

<table>
<thead>
<tr>
<th>In Millions of Canadian Dollars as at March 31:</th>
<th>2002a</th>
<th>2002 %</th>
<th>2003b</th>
<th>2003 %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadcast Group-Operating Channels</td>
<td>129.8</td>
<td>14.7</td>
<td>164.0</td>
<td>18.8</td>
</tr>
<tr>
<td>Motion Picture Distribution Group</td>
<td>318.0</td>
<td>35.9</td>
<td>384.2</td>
<td>44.0</td>
</tr>
<tr>
<td>Entertainment Group</td>
<td>412.3</td>
<td>46.6</td>
<td>303.4</td>
<td>34.8</td>
</tr>
<tr>
<td>Other</td>
<td>13.7</td>
<td>1.5</td>
<td>1.5</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>873.8</td>
<td>98.7</td>
<td>853.1</td>
<td>97.8</td>
</tr>
</tbody>
</table>

Sources: Data from Alliance Atlantis Communications Inc. Fiscal 2002–03 corporate reports.

Despite the Motion Picture Distribution Group’s substantial contribution to Alliance Atlantis’ overall sales and revenues, the company’s leadership was determined to refocus their energies almost exclusively upon specialty broadcasting. Therefore, it was obvious that the Group’s days were likely numbered. According to Michael MacMillan, Alliance Atlantis’ decision to hold onto or let go of its distribution business was going to be a strictly financial one. The division “‘is not a core business of ours,’” MacMillan declared. “‘It is a separate public company controlled by us, and whether we hold on to that core stake is going to be a financial decision as opposed to a strategic decision.’”29 However, it is unlikely that MacMillan could foresee how contentious Alliance Atlantis’ decision-making process regarding its distribution business would become over the next year.

During the summer of 2006, the inner workings of Alliance Atlantis Communications received considerable attention at home and abroad. Prominent media publications such as Variety and The Hollywood Reporter along with major North
American and British newspapers followed the curious goings-on at Motion Picture Distribution (MPD).

In the August 14, 2006 issue of *Variety*, Tamsen Tillson reported that “Alliance Atlantis Communications brass remained mum ... as analysts pressed them to come clean on offers for the Canuck distribution subsidiary that it controls.” For some time, rumors had been circulating that Motion Picture Distribution (MPD) was a takeover target. However, Alliance Atlantis received public condemnation and potentially faced serious penalties over its alleged rejection of potential buyers of MPD “without informing its minority shareholders.”\(^{30}\) Alliance Atlantis denied the allegations and stated that “it was not considering offers until it finished an internal review, probably in the fall (of 2006).”\(^ {31}\)

**The Departure of Victor Loewy from Motion Picture Distribution LP**

“Things are getting curioser and curioser in the Great White North,” divulged Variety’s Adam Dawtrey as events swirling around Motion Picture Distribution (MPD) reached a fever pitch in July and early August 2006.\(^ {32}\) Among the most notable of the intriguing summertime goings-on at Alliance Atlantis involved the July 19 firing of MPD Chief Executive Officer Patrice Théroux and his associate Paul Laberge by the company’s board of directors (which was dominated by Alliance Atlantis representatives).

The firings also triggered the departure of MPD chairman Victor Loewy. Loewy was one of the few remaining executive holdovers from the former Alliance Communications and RSL Films. Loewy was widely viewed as a key personage in Alliance Atlantis owing to his extensive knowledge and experience in domestic and
international distribution as well as his wide-ranging business connections. Loewy’s departure also jeopardized MPD’s distribution deal with Miramax as well as its home video joint venture with Universal, both of which were up for renewal in 2006. Perhaps in greatest peril was MPD’s deal with New Line; it included a “key man clause” which gave New Line thirty days to exercise its option to cancel its deal with MPD if Loewy left the company.33

The fallout did not end with MPD’s imperiled distribution deals. Once word of the July 19th “coup” reached the financial markets, MPD’s stock value dropped 30%; at the same time, Alliance Atlantis’ suffered a 10% decline in its valuation. The 30% decrease in MPD’s stock value translated into a US$200 million loss for the company’s shareholders with Alliance Atlantis taking the brunt of the losses as MPD’s majority owner.34

The Motion Picture Distribution (MPD) controversy was ostensibly precipitated by published reports that two financial groups, Goldman Sachs and London-based hedge fund Marwyn Investments had been preparing “buyout bids” in cooperation with MPD executives, including Théroux and Laberge.35 Alliance Atlantis Chief Financial Officer (CFO) David Lazzarato who replaced Loewy as MPD’s chairman adamantly denied the rumors. Lazzarato asserted that Alliance Atlantis was “‘conducting a strategic assessment of our position in the motion picture business,’” and the company was “‘not predisposed to selling our interest in MPD until the completion of the review’” at the end of September 2006.36

In the days following the July 19th incident, Marwyn (“supported by Citigroup”) presented a formal takeover offer for MPD at C$10 per share, “nearly double” the
then-current price. Nonetheless, Alliance Atlantis rejected the offer “out of hand;”
moreover, it reportedly told “Goldman Sachs not to bother submitting a bid.”

The furor over MPD began when London-based Marwyn Investments gave public
notice “of a cash offer of C$394 million to C$414 million (US$354.6 million to
US$372.6 million), valuing the shares at $9 to $9.45.” In addition, veteran MPD
executives Victor Loewy, Patrice Théroux and Paul Laberge were purportedly tapped to
head the venture. Alliance Atlantis reportedly authorized MPD’s executives to explore
potential suitors for the income trust. Nonetheless, when prospective buyers were brought
“to the table,” as Adam Dawtrey relates, Alliance Atlantis “had second thoughts” about
selling its movie library. Alliance Atlantis’ indecisiveness frustrated both MPD
executives and the outside parties interested in buying the income trust alike. The stand-
off ultimately led the MPD board to conclude, behind Loewy’s back, that the best course
would be to fire Théroux and Laberge.

In August 2006, Motion Picture Distribution initiated lawsuits against Théroux
and Laberge for alleged “breaches of their legal duties to the partnership.” In addition,
MPD attempted “to obtain an injunction to enforce” what the company “believed” was a
“a non-compete clause” in Loewy’s contract. Enforcement of the non-compete clause
was crucial since rumors were flying that Loewy was forming a new distribution
company to compete head-to-head with his former employer. MPD board member and
compensation and Governance committee chair David Richards defended the actions:
“‘We must do everything we can to enforce our rights for the benefit of the business and
our unitholders.’” Alliance Atlantis ultimately secured the injunction from Ontario court,
thus derailing Loewy’s presumed plan for a new distribution venture. Despite the
seemingly acrimonious relationship between Loewy and his former employer, in mid-September 2006, Variety reported that Loewy was “on the verge of returning” to the Alliance Atlantis “fold as a top executive at Motion Picture Distribution.” It seems that Loewy had assumed an “If you can’t beat them, rejoin them” attitude.

The mid-summer tumult involving MPD was indicative of the acute problems afflicting the company. Even before the July 19th incident, MPD’s executives were struggling with the income trust structure since it “made it hard, for example, to finance further expansion in Europe.” The uproar left MPD’s and Alliance Atlantis’ shareholders and distribution partners questioning the fate of their investments in the firm. Meanwhile, analysts predicted Alliance would “try to sell off the European arm, buy out the Income Trust and reintegrate” the remainder of the Canadian distributor into its broadcast business.

On a more positive note, Alliance Atlantis posted second quarter 2006 (ending June 30th) consolidated revenue of C$253.2 million, a 5 percent increase from the previous year’s period. Meanwhile, “net earnings increased C$15.3 million to $26.0 million in the quarter.” The company’s improved revenue and earnings was attributed to “the continued strength of the broadcasting business and strong sales of the CSI franchise.” The company also recorded gains in broadcasting revenue, up 6% to C$76.8 million; advertising revenue, up 3%; subscriber revenue, up 11%; and entertainment revenue, up 8% to C$195.2 million.

Conversely, Motion Picture Distribution’s (MPD) revenue declined 7% from the prior year’s period, to C$82.3 million. Nevertheless, there was at least one bright spot for Alliance Atlantis’ war-torn motion picture distribution unit—the Montreal-shot
bilingual action–comedy *Bon Cop Bad Cop*, which Alliance released on August 4, 2006 in Quebec and two weeks later Canada-wide. The feature film, which featured “dialogue split almost evenly between French and English,” became “the second highest-grossing Quebec-made pic ever in its home province,” earning C$8.7 million (US$7.8 million) in box office receipts after six weeks in Quebec theaters. In addition, the film grossed over $US1 million in the rest of Canada. *Bon Cop Bad Cop*’s success in both francophone Quebec and Anglophone markets was quite a feat for a Canadian-produced feature film since Quebec films rarely performed well outside of the province and vice versa.46

Unfortunately, Alliance Atlantis had little time to bask in its Canadian cinema triumph as ominous “rumblings” began to emanate from Alliance Atlantis’ Bloor St. headquarters: Possibly more than Alliance Atlantis’ distribution business would soon be displaying a “for sale” sign.

**The January 2007 Sale of Alliance Atlantis Communications to CanWest Global Communications Inc.**

As of December 20, 2006, Alliance Atlantis’ major assets consisted of:

- **Production:** *CSI* (co-producer)
- **Motion Picture and Television Distribution:** *CSI* (distributor of the franchise); 51% limited partnership interest in Motion Picture Distribution LP
- **Broadcasting:** thirteen specialty channels47

The vacillating and infighting within Alliance Atlantis’ executive ranks fueled speculation about the company’s future. Some industry insiders predicted that Alliance Atlantis would put itself up for sale; others expected the company to sell off portions of its assets such as the cable networks. The rumors were finally put to rest on December 20, 2006 when the Alliance Atlantis issued the following announcement:

Alliance Atlantis Communications Inc. (AACI) ... is exploring strategic alternatives. As part of the process, AACI together with Southill Strategy Inc.
(Southhill), AACI’s controlling shareholder (owned by AACI’s Executive Chairman, Michael MacMillan, and Seaton McLean) have recently sought expressions of interest from selected potential buyers as to their interest in purchasing AACI.48

Nevertheless, the same Alliance Atlantis’ announcement also noted that Southhill (i.e., MacMillan and McLean) had yet to decide to sell its controlling interest in Alliance Atlantis: “Southhill may decide not to sell its interest.” If so, “a sale of AACI is unlikely to occur.”49 Once again, Alliance Atlantis’ executives failed to make a decisive decision regarding the company’s future direction. Instead, Alliance Atlantis’ employees, shareholders, and everyone else having a vested interest in the company were left in the all too familiar position of wondering what the immediate future held for this storied Canadian media corporation.

This time around however, the speculation ended fairly quickly. On January 10, 2007 Alliance Atlantis announced that rival Winnipeg, Manitoba-based broadcaster CanWest Global Communications Corporation, in partnership with New York-based investment firm Goldman Sachs Capital Partners, had agreed to take over the company. According to Hollywoodreporter.com, under the terms of the C$2.3 billion (US$1.96 billion) takeover offer, CanWest Global was to “contribute an initial C$132 million ($113 million) for an initial 17% stake in a new company” while Goldman Sachs would pay the “majority of the initial C$2.3 billion purchase price.” As a result of the sale, CanWest would gain control of Alliance Atlantis' thirteen cable channels. Alliance Atlantis’ other remaining assets were expected to be disbursed as follows:

- The company’s movie distribution arm would be “controlled by a still-to-be-determined Canadian partner of Goldman Sachs.”
Goldman Sachs would assume Alliance Atlantis 50% stake in the *CSI* franchise; CBS Productions, which owned the other 50% stake in the franchise would “take over” international distribution of the three *CSI* series.\(^5\) Alliance Atlantis’ assets would simply augment CanWest Global’s already extensive domestic and foreign media interests that included Canada’s Global Television Network as well as specialty cable channels, radio stations, and networks in New Zealand, Australia, Turkey, Singapore, Indonesia, Malaysia, the United Kingdom, and the United States. Moreover, as of January 2007, CanWest also ranked as Canada’s largest publisher of daily newspapers. On the other hand, New York-based Goldman Sachs, CanWest’s partner and financier, was described as a “leading global investment banking, securities and investment management firm.” Like CanWest Global, Goldman Sachs was also involved in an eclectic array of businesses located throughout the world.\(^5\)

CanWest Global CEO Leonard Asper enthusiastically welcomed the addition of Alliance Atlantis, and its specialty channels in particular, to his company’s fold. “‘Today’s transaction is consistent with CanWest’s strategy to enhance its existing television business and expand its presence in the fast-growing specialty television sector,’” Asper declared.\(^5\) Alliance Atlantis Chairman Michael MacMillan, who intended to depart the company following its sale, echoed Asper’s sentiments: “‘The combination of CanWest's conventional and specialty television businesses and Alliance Atlantis' thirteen specialty television channels create an excellent foundation for future growth in both businesses.’” Goldman Sachs Capital Partners Managing Director Gerry Cardinale shared Asper’s and MacMillan’s viewpoint: “‘We are looking forward to this relationship with CanWest to support the expansion of its television business and to facilitate the combination of two great Canadian media companies.’”\(^5\)

Alliance Atlantis’ specialty cable channels were especially attractive investments
for CanWest Global and Goldman Sachs owing to their growing viewership which, in turn, led to increased advertising revenues. As Paul Holman, marketing director at Dominion Bond Rating Services explained, “‘specialty channels, in years gone by, were not treated that seriously, but they have really come into their own in the past few years.’”\(^{54}\)

Notwithstanding the effusive support for the sale of Alliance Atlantis by the parties directly involved, it certainly was not a “done deal” since it still required the CRTC’s approval. Indeed, several aspects of the sale were certain to invite intense scrutiny by the CRTC. By far, the sale’s most serious regulatory problem centered upon what role U.S.-based equity firm Goldman Sachs would play in the day-to-day operations of the former Alliance Atlantis. Canada’s foreign ownership limits continue to bar foreign companies from owning more than a 20% operating interest in domestic Canadian content carriers. The question of “implicit” versus “explicit” interest was of special concern in this instance because the Canadian partner, CanWest was to contribute such a small percentage of capital (17%) toward the purchase. Common sense suggests that if an individual or company contributes the lion’s share of the capital toward the purchase of another company, it would expect to have a comparable level of control over the purchased firm's operations.

In order to comply with Canada's foreign ownership limits, Canadian-based CanWest Global was required to “retain voting and management control” of the newly acquired Alliance Atlantis’ broadcast assets. Under the terms of the sale, Alliance Atlantis would operate “‘an indirect wholly-owned subsidiary of CanWest Global’” until 2011. At that future date, CanWest Global expects “to have a roughly 50% stake in the
combined business” and thus would be able to fully integrate Alliance Atlantis’ television business into CanWest Global’s organization.⁵⁵ Following integration, CanWest Global would also have “an option to buy out Goldman Sachs.” “Until then, CanWest Global can invest up to US$200 million in the aligned TV businesses.”⁵⁶ Meanwhile, Goldman Sachs would “have representatives on the board of the company” in order to protect its shareholders interests.⁵⁷

In an attempt to allay concerns over Goldman Sachs’ involvement in the planned venture, Asper assured that “we've cleared this with a number of legal counsel and are satisfied this will satisfy Canadian law.”⁵⁸ However, as of mid-April 2007, it still remained to be seen whether the CRTC would ultimately give its blessing to the takeover given Goldman Sach's significant involvement in the sale. Thus, the saga of Alliance Atlantis Communications had yet to reach its penultimate ending.

Chapter sixteen considers Alliance Atlantis Communications’ and the Canadian production sector’s past, present, and future within the Canadian, North American and global media milieus.

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3 Ibid.
4 Ibid.
7 Ibid.
9 Ibid.
10 Ibid.


Ibid.

Ibid.

Ibid.


Ibid. Galaxy was “majority owned by a partnership that includes Onex Corporation and film industry execs such as Robert Lantos and Ellis Jacob, former CEO of Cineplex Odeon and then-current CEO of Galaxy.”


“Behind the Scenes at Famous Players,” *Access Control & Security Systems Integration*, September 2001. The article described Famous Players as: “Famous Players is Canada’s top-grossing and fastest-growing theatrical exhibitor. The company operates 871 screens in 99 theaters throughout Canada, predominantly in metropolitan areas such as Toronto, Vancouver and Montreal. These theaters include those operated in partnership with IMAX Corp. and Alliance Atlantis Communications Inc. Famous Players employs approximately 7,400 people nationwide and is internationally-recognized for its technology and innovation in theater design and guest services. Since 1997, the company has opened 45 state-of-the-art movie theaters as part of the largest expansion in its history.”

Sean Davidson, “Alliance Selling Its Theaters,” *Playback*, August 1, 2005, News section, 2; “Cineplex Entertainment LP and Motion Picture Distribution LP Announce Sale of University 4 Cinemas,” Business Wire, October 13, 2005. According to the Business Wire release, “Cineplex Entertainment LP owns, operates or has an interest in 129 theatres with 1,263 screens (after giving effect to the 7 theatres and 80 screens in Quebec to be divested pursuant to a consent agreement with the Canadian Commissioner of Competition) and is the largest motion picture exhibitor in Canada. Headquartered in Toronto, Canada, the company operates theatres with the following six top-tier brands: Cineplex Odeon, Coliseum, Colossus, Famous Players, Galaxy and Silver City. Proudly Canadian, Cineplex Galaxy Income Fund, which owns approximately 50.5% of Cineplex Entertainment LP.” On the other hand, Empire Theatres Limited was described as “a 100% owned subsidiary of Empire Company Limited with its corporate headquarters in Stellarton, Nova Scotia. As of October 7, 2005, Empire Theatres owns and operates 54 theatres (plus one drive-In)
representing 403 screens from coast to coast in Canada. (including one IMAX theatre in Halifax and a Joint Venture consisting of 4 theatres and 24 screens in Western Canada). As a result of this acquisition, Empire Theatres will operate 55 theatres representing 407 screens across Canada (including the Joint Venture and IMAX). Empire Company Limited (TSX: EMP.NV.A) is a diversified Canadian company headquartered in Stellarton, Nova Scotia. Empire's key businesses include food distribution, real estate, theatres and corporate investment activities.”

31 Ibid.
35 Daily Variety reported Goldman Sachs and Marwyn Investment’s interest in MPD in early August 2006.
43 Ibid.
45 Ibid.
48 Ibid.
49 Ibid.
56 Ibid.
57 Ibid.
58 Ibid.
Chapter 16

Review and Assessment of Alliance Atlantis Communications and Its Predecessor Companies' Development Within the Canadian, North American, and International Media Milieus

The mid-1970s to early 2007, the time frame spanned by the preceding case study, represents a historical era filled with extraordinary economic, political, and technological events that fundamentally transformed North America and the rest of the world. Without a doubt, these interrelated acts also: (a) accelerated the globalization process, (b) prompted the restructuring of domestic and international regulatory regimes as well as markets, and (c) altered the structure and conduct of individual companies operating within their domestic milieu as well as the broader international milieu. With this in mind, chapter sixteen begins by reflecting upon some of the major theories outlined in chapter two (i.e., the literature review) and their application to the real world events and issues addressed in the Alliance Atlantis case study. The chapter’s second section revisits the guiding questions posed in chapter one and responds to them based upon the information and insights gleaned from the case study. The chapter concludes with some brief parting thoughts about the present state of the Canadian production sector as well as its possible future direction.

Some Reflections upon Theory and Practice

On January 30, 2007 at 2:33 p.m., Statistics Canada estimated the country’s population to be 32,815,039; by July 1, 2031, this number is expected to reach 39,029,400. As these population statistics illustrate, Canada is a growing nation. In addition to its expanding populace, Canada also boasts a state-of-the-art
communications infrastructure, a first-class educational system, a highly skilled workforce, and other assorted attributes that well-position it for success in the Information Age economy. In addition, Canada’s influence in international economic and political forums such as the G7, the World Trade Organization (WTO), and the United Nations is steadily increasing. While the United States remains Canada’s largest trading partner, Canada is diversifying its trading partnerships, most notably with Asia and the European Union.

Put simply, Canada is an emerging economic and political force on both the North American and international stage. Indeed, Canada’s current circumstances stand somewhat in contrast to Dallas Smythe’s depiction of the nation as a pseudo colony or dependency of the United States. Today, Canada is better prepared economically, politically, and in other respects to withstand the United States’ “twitches and grunts” than in past years. Canada’s growing propensity to remain steadfast on a variety of issues including the Iraq War and territorial rights to waterways in the Far North, in spite of intense pressure from the United States, attests to Canada’s increasing self-confidence and strength.

Despite Canada’s improved bargaining position vis-à-vis the United States and the rest of the world, deep-rooted linkages between Canada and the United States remain. These historic ties continue to influence Canada’s cultural, economic and political life. Nonetheless, especially in the case of Canada’s media industries, the globalizing media milieu provides Canadian companies with alternative outlets to parlay their products beyond the Hollywood-dominated North American market. In other words, the United States is no longer the only game in town for Canadian media companies as new market
opportunities continue to spring up throughout Europe, Asia, and elsewhere.

As noted earlier, Alliance Atlantis Communications and its predecessor companies were established and developed during a watershed period in North American history. On the technological front, North America experienced: (a) the continued diffusion of basic cable, (b) the introduction of premium cable services, (c) the introduction of direct-to-home (DTH) satellite services, (d) the introduction of home videocassette recorders, and later (e) the introduction of Internet-based communications.

Concurrent to, and abetted by, the revolution in communications technologies was a seismic shift in political and economic philosophies. This shift involved a multinational effort to deregulate and liberalize markets throughout the world. Moreover, new emerging markets, especially in Asia, fueled an increasing import-export trade with North America. This combination of developments in communications, economics, and politics created ideal conditions for the growth and expansion of the Canadian television production sector and its component companies. With this in mind, the following section addresses major market-related factors that contributed to Alliance Atlantis Communications and its predecessor companies’ success in North America and beyond.

**Major Market-related Factors That Contributed to Alliance Atlantis Communications and Its Predecessors' Success in the North American and International Media Milieus**

The competitive advantages enjoyed by the English-language Canadian production sector, as outlined in chapter four (e.g., geographic, linguistic, and cultural similarities to the United States; lower labor costs; favorable exchange rate), provided the foundation for Canadian-based companies within the sector to build upon. The sector’s
advantages also helped the companies effectively compete with their frequently larger and more well connected Hollywood-based counterparts. As a result, Canadian production companies were able to supply filmed entertainment to the North American and international audiovisual markets that: (a) conformed to U.S. and international production standards, (b) was less expensive to produce than comparable U.S. productions, and (c) was readily accepted by North American and international audiences.

Alliance Atlantis’ predecessor companies were in an ideal position to capitalize upon the Canadian production sector’s competitive advantages. They skillfully capitalized upon the Toronto production sector’s phenomenal growth throughout the mid-1980s and 1990s that was fed by the burgeoning domestic and international demand in programming, especially from U.S. cable channels. The Toronto-based firms were well prepared to take full advantage of the city’s many domestic and runaway production opportunities. Moreover, in the case of Atlantis Films, the company also had the well-equipped Cinevillage studio complex at its disposal for productions.

Alliance Atlantis and its predecessors’ deft responses to changing market conditions and more importantly, their knack for being at the forefront of emerging market trends also contributed to their overall success. Moreover, the companies also benefited from following a multi-format, multi-genre, multi-distribution approach. The companies were able to supply everything from shorts to feature films; children’s stories to sex farces; sketch comedies to science fiction; and documentaries to dramas. The companies also capitalized upon the popularity of miniseries and made-for-television movies for traditional over-the-air networks as well as premium and specialty
cable channels. Meanwhile, they also were in the vanguard of direct-to-videocassette production.

Alliance Atlantis and its predecessors' market agility was largely owed to the entrepreneurial skills and foresight of the companies' leaders. Robert Lantos, Michael MacMillan, and other company executives successfully shepherded a diverse range of projects through the labyrinth of domestic and international production and distribution. From their earliest days, the companies actively pursued partnerships with Canadian and foreign counterparts to produce television programming, feature films, and related products that satisfied the needs of all parties involved. In addition, the companies progressively extended their reach into selected European markets through strategic acquisitions of, and/or entering into partnerships with, local media companies that were already rooted in their respective domestic markets.

Alliance Atlantis and its predecessors relied, in part, upon government tax credits and other subsidies to finance and market productions in both the Canadian and international audiovisual markets. For example, during its early years, Atlantis Films made prudent use of marketing and other services provided by Telefilm Canada and the Ontario Film Development Corporation for these purposes. Perhaps more importantly, the companies relied even more heavily upon private funding sources. The companies principal dependence upon private funding sources necessitated that they remained cognizant of public tastes and other sundry market factors. Close scrutiny of market conditions may have been less important to the companies had they chiefly relied upon Canadian public funding. Nonetheless, over the long term, the companies’ decision to pursue a market-oriented approach proved beneficial as they extended their sales and
operations beyond Canada.

The Role of Regulatory Policies in the Development of Alliance Atlantis Communications and Its Predecessor Companies

The Influence of Canadian Regulatory Policies Upon Alliance Atlantis and Its Predecessors' Development

Canadian and U.S. regulatory policies played a substantive role in the development of Alliance Atlantis and its predecessor companies. In Canada, foreign ownership caps, channel licensing restrictions, and Canadian content quotas were among the most notable rules and regulations that benefited the companies. For example, Canadian foreign ownership caps and content quotas indubitably helped shield Alliance Atlantis and its predecessor companies from foreign subjugation. In addition, the caps in combination with licensing controls also afforded the companies sufficient flexibility to enter into partnership agreements with foreign broadcast and cable networks without fear of eventually being taken over by their foreign (particularly U.S.) partners. Of course, such regulatory protections can also at times prove troublesome, as Alliance Atlantis’ 2007 proposed sale to a group which included U.S.-based Goldman Sachs attests.

Canadian content quotas also aided Alliance Atlantis and its predecessors’ development in several ways. The Canadian government's emphasis upon the production of indigenous Canadian programming allowed the companies to use government subsidies to help finance a number of high quality, distinctively Canadian programs. Later, the CRTC's redefinition of Canadian content with its reduced emphasis upon the drama genre gave Alliance Atlantis an added incentive to drastically cut back on its high-cost, high-risk production activities. The CRTC’s revised definition also benefited Alliance Atlantis in its role as a broadcaster since the company could substitute less
costly reality programming for drama programming while still satisfying the CRTC’s mandated content quotas.

The CRTC’s approval of Alliance Atlantis and its predecessors’ ownership of cable specialty channels and digital cable channels was yet another key regulatory factor in shaping the companies' development, especially during the 1990s and early 2000s. The CRTC's sanctioning of the various channels enabled the company to shift from a production/distribution-centric enterprise into a specialty broadcasting-centric one. Had the CRTC denied the companies’ applications, Alliance Atlantis’ history would have undoubtedly followed a radically different trajectory.

The Influence of U.S. Regulatory Policies Upon Alliance Atlantis and Its Predecessors' Development

Together with Canadian regulatory policies, a variety of U.S. broadcasting regulations also affected Alliance Atlantis and its predecessors' development. In terms of U.S. regulatory policies, two FCC rules stand out: (1) the Prime Time Access Rule (PTAR) and (2) the financial interest and syndication (fin-syn) rules. As discussed earlier, the Prime Time Access Rule “required that network affiliates in the top fifty markets take no more than three hours of network programming in the four-hour prime time block, including reruns of a program that was formerly on the networks.”\(^2\) The Prime Time Access Rule proved a boon to the U.S. syndication market, a chief outlet for Alliance Atlantis and its predecessor companies’ programming. Of course, this lucrative outlet for Canadian and U.S. independent production companies alike dissipated when the FCC rescinded the rule in 1995, effective August 30, 1996.

Alternately, the financial interest and syndication (fin-syn) rules prohibited U.S. “networks from acquiring any financial interest in the broadcast of outside-produced
programs … other than the right to exhibit the programs on the network.” The fin-syn rules were significantly reduced in 1991 and completely repealed in 1995. Following their repeal, independent producers such as Alliance Atlantis were progressively forced to relinquish “significant back-end ownership to the networks…who commissioned their programs.” Last but not least, the FCC's approval of numerous basic, premium, and satellite cable services set off the frenzied demand for programming which Alliance Atlantis helped satisfy.

Additional Factors That Influenced the Development of Alliance Atlantis Communications and Its Predecessor Companies

Alliance Atlantis and Its Predecessor Companies’ Executives Cultivation of Foreign Business Relationships

In addition to the above-described market and regulatory factors, a number of other factors also played a prominent role in the development of Alliance Atlantis Communications and its predecessor companies. For example, Alliance Atlantis executives’ adroit long-term cultivation of business relationships with foreign networks such as CBS was one of the companies’ most effective techniques to break down both formal and informal barriers to entry in the U.S. and other foreign markets. Alliance Atlantis and its predecessors faced daunting challenges as they tried to crack the U.S. television market, especially when they attempted to secure a prime time slot on a major over-the-air network. Not surprisingly, large entrenched U.S. media conglomerates enjoyed a decided advantage in placing their programming on the U.S. airwaves; moreover, they regularly garnered the choicest prime time slots. As Alliance Atlantis-produced Due South’s brief tenure on CBS demonstrated, internal network politics play a extensive role in determining what series are aired; when they are aired; and how long
they will air if they post mid-range ratings.

However, as Alliance Atlantis’ subsequent dealings with CBS also illustrated, persistence can pay off for a foreign company such as Alliance Atlantis in the U.S. marketplace. Alliance Communications’ head Robert Lantos expended considerable time and energy to get the Canadian company’s foot in CBS’ door. Once in, Lantos and his successors doggedly worked to pry it open further. As illustrated earlier, their persistence ultimately paid off handsomely. In the decade after *Due South* aired on CBS, Alliance Atlantis co-produced not one, but three, of the network’s highest rated prime time series with the phenomenally popular *CSI* franchise.

Alliance Atlantis and its predecessors’ executives followed a similar approach toward gaining greater access to the French, British, Spanish, and other foreign audiovisual markets. In most cases (including the United States), the company’s strategy also included the establishment of branch offices in the respective countries’ most important production center.

Despite their attractiveness, foreign business ventures present a unique set of risks owing to unanticipated economic and political events, including changes in communications and business laws and regulations; ever-fluctuating foreign exchange rates, and so on. With specific respect to production activities, coproductions and coventures with foreign partners necessarily involve compromises in terms of creative flexibility.

Notwithstanding the assorted perils associated with foreign business ventures, Atlantis Communications, and later Alliance Atlantis Communications, managed to reap substantial financial rewards from the practice. For example, Alliance Atlantis
secured a stronghold in the Canadian specialty broadcasting arena by forging multiple partnerships with the BBC, National Geographic, Home & Garden TV, the Food Network, and other well-known and respected “brands.” From a marketing standpoint, it is far easier (and less costly) to attract Canadian viewers to a new cable specialty channel attached to an already recognizable brand in lieu of building a “brand name” from scratch.

The Importance of Steering Clear of Major Scandals

Alliance Atlantis and its predecessor companies’ management practices also contributed to the companies’ success. For the most part, Alliance Atlantis and its predecessors’ executives managed to steer clear of corporate scandals that brought down a number of major Canadian production companies over the past few decades. For example, a 1999 scandal involving the misappropriation of governmental funds by executives of Montreal-based CINAR, one of Canada's largest exporters of children's programming. The highly publicized goings-on led to fears that government-sponsored film and television funding programs would be jeopardized by the revelations.5

Finally, the significance of Atlantis and Atlantis 1994 decision to go public and its subsequent consequences cannot be understated. Over the years, pressure from stockholders and Bay St./Wall St. interests intensified as the companies’ dependence upon private funding sources increased. While taking a company public affords an immediate financial infusion to the corporation’s treasury, it also fundamentally alters the dynamics of the company, even if the firm’s former owners retain a significant percentage of the total shares. In the case of Alliance Atlantis, outside pressures were mitigated by the company’s issuance of class B non-voting shares, they were still
evident. For example, in the years before Alliance Atlantis’ predecessors “went public,”
they undertook a number of creatively and financially risky projects that probably would
not have been “green-lighted” if the companies had been publicly held at the time.

The Impact of Alliance Atlantis’ Developmental Trajectory Upon the
Canadian Mediascape

May arguments—both pro and con—can be made with respect to what impact
Alliance Atlantis’ developmental trajectory has had upon the Canadian mediascape. Any
proffered response will vary depending upon the criteria used and the perspective from
which the determination is made. Given this caveat, the next section examines several
major strategic decisions made by Alliance Atlantis Communications and its predecessor
companies’ executives over the course of their combined history and their domestic
implications.

One of most important strategic decisions by Alliance Atlantis executives
involved the reorientation of the company from a production and distribution-oriented
company to a specialty broadcasting-oriented firm. From a financial standpoint, the
company’s departure from in-house production and its corresponding embrace of
specialty broadcasting proved to be profitable move. As pointed out earlier, broadcasting
involves less financial risk and requires less upfront dollars that television or feature film
production. It also afforded immediate financial returns as opposed to production
wherein investments may take years to realize a profit, if ever. Moreover, Alliance
Atlantis repositioning proved fortuitous for the company’s stockholders since they
received a higher return upon their investment.

Nonetheless, much more than Alliance Atlantis’ “bottom line” was at stake when
the company ceased in-house production activities. For example, a number of individuals
who worked in Alliance Atlantis' Television Group lost their jobs as a direct result of the company’s decision. In addition, an indeterminate number of other companies in Toronto and elsewhere that provided sundry products/services for Alliance Atlantis’ productions also suffered economic losses as a result of the decision. Moreover, the Canadian audiovisual market lost one of its major suppliers of indigenous Canadian drama programming. Over the years, Alliance Atlantis had received substantial subsidies from Canada's federal and provincial governments to produce Canadian drama programming; moreover, the company had derived considerable profits and international prestige from the programming.

While the cessation of Alliance Atlantis in-house production operations in combination with the marked decrease in Canadian drama production overall dealt a painful blow to the Canadian television production sector, the loss did not prove fatal. Instead, the production vacuum left by Alliance Atlantis was gradually filled by a mix of small and medium-sized Canadian producers such as Decode Entertainment, Nelvana, Rhombus Media, S & S Productions, among others. Today, these Canadian companies and their brethren continue to supply both the Canadian and international audiovisual markets with a wide array of productions.6

It also should be noted that Alliance Atlantis was not completely absolved of its Canadian drama production obligations after ending its in-house production activities nor after the CRTC redefined “Canadian content.” As a specialty broadcaster, the CRTC still required Alliance Atlantis to direct a specified portion of its specialty channel programming budgets to Canadian drama and other high priority programming categories. These CRTC-mandated funds help subsidize the programming made by the
aforementioned Canadian production houses.

*Future Prospects for Canada’s Film and Television Industries*

Canada's television production sector epitomizes the abstruse and somewhat fragile multinational synergies that make up the twenty-first century global media milieu. Consequently, the future development of the Canadian television production sector will depend upon a complex and ever-changing array of economic, political, and technological factors not only in Canada and the United States but also throughout the world.

*Government Regulatory and Subsidy Considerations*

In today’s globalized media milieu, the CRTC faces enormous challenges in trying to develop practical policies suited to the modern-day dynamic, globalized media environment. While the CRTC must necessarily protect the Canadian public interest in doing so, it must be careful not to inadvertently “over regulate” and thereby stifle the entrepreneurial spirit required in a free market driven system. Furthermore, excessive reliance upon government financial support and regulatory policies to achieve some measure of sustainability within the Canadian media industries makes them unduly vulnerable to changes in governmental prerogatives.

Without a doubt, achieving a workable balance between cultural and economic imperatives remains one of the most vexing problems facing the CRTC. For example, as set forth in the Broadcasting Act, Canadian broadcasters *do have* a legal obligation to Canada’s populace based upon their ascribed role as a “public service essential to the maintenance and enhancement of national identity and cultural sovereignty.” On the other hand, with the exception of the CBC, Canadian broadcasters *are also* for-profit corporations that have a further obligation to maximize their shareholders’ investments.
In actuality, Canadian media companies may not necessarily place the Canadian “public interest” (e.g., culture) at the forefront of their business dealings. In fact, there is no guarantee that a Canadian controlled company will be any more protective of “Canadian” values and interests than a foreign company. Ultimately, the degree of a company’s “Canadianess” largely depends on the values of its owners. Therefore, it is important for the CRTC to take both cultural and economic imperatives into consideration when formulating future broadcasting policies.

As the Alliance Atlantis case study demonstrates, a combined regulatory-subsidy approach can assist in the development of an indigenous production sector populated with companies that are capable of successfully competing in the international audiovisual marketplace. However, as the 1970s—early 1980s Capital Cost Allowance debacle also shows, even well intentioned regulatory policies can bring about deleterious results.

The inherent bureaucratic nature of Canada’s federal government-sponsored funding programs can pose major problems for the individuals and companies they are meant to assist. Producers must successfully complete a Byzantine and time consuming application process. If the agency subsequently approves some of all of the requested funds, the producer still faces additional challenges. Most notably, is the fact that government-funding programs typically only cover production costs for thirteen episodes of any given television series per year. This number is far fewer than the twenty plus episodes frequently needed to achieve sales of a series to the United States and many other foreign markets. In addition, over the years, the funding programs have been plagued by major scandals, accusations of favoritism and elitism in the selection of projects for funding.
Despite their acknowledged drawbacks, Canada’s film and television subsidy programs have achieved positive results as well. Nevertheless, it is uncertain whether Canada's federal, provincial and local governments will be willing, or able, to continue subsidizing the production sector. For example, a growing number of Canadians are questioning the sheer amounts of government subsidies that flow to large domestic and multinational media conglomerates such as Alliance Atlantis and Walt Disney Corporation. These critics argue that the subsidies improve the company's bottom line at the expense of the Canadian taxpayers.

*Foreign Ownership Limits*

The Canadian government also faces ever-increasing domestic and international pressure to lessen or even eliminate foreign ownership restrictions on Canadian broadcasting and other allied cultural enterprises. Critics of the limits argue that they restrict access to foreign capital and may provide an artificial support mechanisms for poorly performing Canadian companies. On the other hand, proponents of maintaining foreign ownership limits at their present level contend that they “are adequate to lure new investment capital to the sector without compromising Canadian control over the fragile broadcast system and further undermining our cultural sovereignty.”

The Canadian government is currently “rethinking” Canada’s competition policies with a formal review of the policies expected prior to the release of Canada’s 2008 budget. In the meantime, the Governor in Council has directed the CRTC “to rely on market forces ‘as much as possible.’”

Even if current Canadian ownership restrictions remain in place, Canadian media companies are likely to remain appealing investments for U.S. business interests. As
discussed earlier, Canadian television and film audiences have long been accustomed to, and in many cases prefer, U.S. audiovisual products to their domestic fare. Moreover, many U.S. media companies already treat Canada and the United States together as a combined “North American” market.

**Technological Considerations**

While regulatory policies and subsidy programs may continue to play an important role in helping shape Canada’s film and television industries’ future development, technology will likely be the primary driver of their development. The rapid evolution of new communications technologies pose enormous uncertainties for the industries. Moreover, the rapid pace of technological change can render even the most carefully crafted rules and regulations obsolete in short order.

Canada’s film and television industries, will assuredly face increasing competition from Australia, New Zealand and a number of other countries. Conversely, emerging markets in Asia and elsewhere will offer new markets for Canadian-made audiovisual products. While Canada does not enjoy a climatic conditions analogous to southern California, the country and its film and television industries possess a number of positive attributes that can help them remain viable both today and tomorrow. Alliance Atlantis CEO Michael I. M. MacMillan summarizes the qualities companies must possess in order to achieve future success:

Successful companies in the future must occupy the strategic ‘sweet spot’—The place where the business and art of content creation and ownership...intersects with the business and art of content marketing and packaging.

**Concluding Observations**

As the preceding study exemplifies, a plethora of powerful and fast-changing
technological, economic, and political forces are fundamentally reshaping the world.

These forces have opened a Pandora’s box of philosophical and practical dilemmas for academics, policymakers, businessmen, and the general public to ponder. They also have prompted reconsideration of existing paradigms about these forces act by themselves and in tandem.

Notwithstanding the diversity of forces at play, several key lessons can be drawn from Alliance Atlantis Communications and its predecessor companies’ experiences in the North American and international media markets:

Firstly, national governments, corporations, and the populaces of medium-sized countries can still exert a degree of influence over the globalization process. Secondly, media companies based in these middle-sized countries can survive, and even thrive, in a globalized economy. However, the extent of any individual company’s success at home and abroad will vary based upon the abovementioned multiplicity of macro level forces. Moreover, the companies must learn to play by “global market rules;” in other words, they must learn to run with the big dogs. Thirdly, the Canadian film and television industries can derive cultural and economic benefits from the globalizing media marketplace. For example, “Canadian culture” can be shared with other countries through Canadian-produced audiovisual products and vice versa. Also, Canadian media companies can expand their reach into emerging markets. Fourthly, small and medium-sized non-U.S. based media companies can more effectively compete in the international media marketplace if they follow some basic strategies: (a) “work well with others” (i.e., they are willing to partner with other Canadian and foreign companies); (b) actively seek out domestic and foreign market niches that they can readily fill; (c) are flexible and
amenable to change; (c) have capable and visionary leadership; (d) capitalize on opportunities afforded by new technologies; (e) are tenacious; and last but not least (f) are lucky.


3 Ibid., 137.

4 Ibid., 137.


8 “Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives,” Canada Gazette, December 27, 2006.

9 Stephen Barrington and Margaret McKegney, “Oh! Canada: As the Actors Strike Drags on, More and More Production Companies Are Heading to the Great White North,” Advertising Age, August 21, 2000, 1.

## Canadian Communications and Telecommunications Acts

<table>
<thead>
<tr>
<th>Name of Statute</th>
<th>Short Title</th>
<th>Citation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bell Canada Act</td>
<td>Bell Canada Act</td>
<td>1987, c. 19</td>
<td>“An Act respecting the reorganization of Bell Canada.”</td>
</tr>
</tbody>
</table>

Chronology of Canada’s Media Industries, Including Important Dates in the History of Alliance Atlantis Communications Inc. and Its Predecessor Companies

1852
The first Telegraph Act is passed in Canada.¹

1866
The first permanent transatlantic telegraph link is built, via a submarine cable between Ireland and Newfoundland.²

1876
Alexander Graham Bell patents the telephone.

1880
The Bell Telephone Company of Canada is incorporated by a special act of Parliament.³

1884
Paul Nipkow demonstrates how to send images over wires.⁴

1893
“An amendment to Bell Canada’s charter is incorporated by a special act of Parliament.”⁵

1900
19 transatlantic cables are now in place with Nova Scotia having the highest concentration.⁶

1901
“The first wireless (radiotelegraph) trans-Atlantic signals are sent from Cornwall, England to St. John’s Newfoundland.”⁷

1902
“Canada’s first wireless station is established in Glace Bay, Nova Scotia.”⁸
1905
Canada’s first legislation on wireless telegraph, the Radiotelegraph Act, is passed.9

1913
“The Radiotelegraph Act encompasses the radiotelephone sector.”10

1918
Canada's “Department of Naval Service, under the authority of the Radiotelegraph Act (1913), issues the first experimental broadcasting license to a radio station XWA in Montreal, Quebec.” XWA is owned by the Marconi Wireless Telegraph Company of Canada. The station later becomes CFCF.11

1919
“XWA/Montreal is the first radio station to broadcast regular programming.”12

1923
“Canadian National Railways (CN) installs radio equipment on trains.”13

Vladimir Zworkin patents the iconoscope, the camera tube widely regarded as “the cornerstone of modern TV.”14

1925
Charles Jenkins (U.S.) and John Baird (Great Britain) “demonstrate the mechanical transmission of pictures over wire circuits.”15

1927
Bell Telephone and the U.S. Commerce Department conduct the first long distance demonstration of television between New York City and Washington, DC.16

Philo Farnsworth files a U.S. patent for the first complete electronic television system.17

1928
The Government of Canada forms the Royal Commission on Radio Broadcasting (aka the Aird Commission), chaired by Sir John Aird (1855-1938), president of the Canadian Bank of Commerce. The Commission's charge is to study the state of broadcasting in Canada “and make recommendations on its administration, management and monitoring, and to assess its financial needs.”18
1929
The Royal Commission on Radio Broadcasting's report (Report of the Aird Commission) “recommends the creation of a Canadian broadcasting network, to be supervised by an independent federal agency.” Moreover, it recommends that once created, the network should "broadcast its own materials."19

1931
March 15: “American film director Varrick Frissell and his crew of 26 are killed in an explosion on board the SS Viking while filming additional footage for The Viking, the first Canadian feature film shot with synchronous sound.”20

The first Canadian television station, VE9EC, goes on the air in Montreal, Quebec. The station is jointly owned by radio station CKAC and Montreal newspaper, La Presse.21

1932
May 26: “The Canadian Radio Broadcasting Act is passed, incorporating many of the recommendations set forth in the Aird Commission’s 1929 report. The Act … creates the Canadian Radio Broadcasting Commission (CRBC) which is to regulate and control all broadcasting in Canada and provide a national broadcasting service.”22

“The first trans-Canada telephone system is completed (the Copper Highway).”23

The U.S. Federal Radio Commission issues the first television license (W3XK) in the United States to Charles Jenkins.24

1933
May: The Canadian Radio Broadcasting Commission (CRBC) begins English and French language transmissions.25

“The Canadian Radio Broadcasting Commission (CRBC) extends its reach and expands its programming. It also acquires CN's facilities.”

1936
November 2: The Canadian Broadcasting Corporation (CBC) replaces the Canadian Radio Broadcasting Commission (CRBC). The CBC is given “powers to regulate private stations and support and promote Canadian culture.”26

1938
Frank Radford “Budge” Crawley (1911–1987) and his wife, Judith (1927–1999), establish Crawley Films.27
1939
The National Film Board of Canada (NFB) is created.
Television is demonstrated to visitors at the World’s Fair in New York City.

1941
“The Federal Communications Commission (FCC) approves and issues the National Television Standards Committee's (NTSC) standards for black and white television.”28

1946
“Canada's first drive-in movie theatre opens in Hamilton, Ontario.”29

1947
October 30: Canada and twenty-two other nations sign the General Agreement on Tariffs and Trade (GATT) in Geneva, Switzerland.30

1948
January 1: The General Agreement on Tariffs and Trade (GATT) takes effect.
Cable television is introduced in Pennsylvania as a method of getting television reception to rural areas.31

1949
April 8: Vincent Massey is appointed chairman of the Royal Commission on the National Development in the Arts, Letters and Sciences (Massey Commission). The Commission's charge “is to assess the state of Canadian cultural affairs and advice on government policy regarding radio and television broadcasting, the National Film Board, the National Gallery, the National Museum, the Public Archives and the planned National Library.”32

1950
The FCC approves the first color television standard in the United States.33

1951
June 1: The Massey Commission report is tabled in the House of Commons. The report recommends “that a Canada Council for the Encouragement of the Arts, Letters, Humanities and Social Sciences be established. It also supports federal spending on universities, CBC control of the new television media, a national library, a national endowment fund to support writers, artists, theatres, and orchestras, and the development of a domestically owned publishing industry.”34
1952

*September 6:* “Canada's first television station, CBFT in Montreal, Quebec (part of the CBC French network), begins transmitting.”

*September 8:* Canada's first English-language television station, CBLT, operated by the CBC, begins broadcasting in Toronto.²⁵

*October 11:* “*La Soirée du hockey* is first broadcast from Montreal, Quebec.” The featured game was between the Montreal Canadiens and the Detroit Red Wings.³⁶

*November 1:* *Hockey Night in Canada* first broadcasts a Toronto Maple Leafs game from Maple Leaf Gardens in downtown Toronto.³⁷

1953

*January 19:* Bell Canada provides the first permanent television link between Canada and the United States. The link transmits U.S. programs from Buffalo, New York to the CBC in Toronto.

*October 20:* Canada's first private television station goes into operation in Sudbury, Ontario.³⁸

The FCC replaces the existing U.S. color television standard with a new standard which continues to be used to the present day.³⁹

1954

A 60 percent capital cost allowance (CCA) is introduced to encourage private investment in feature films. However, the allowance makes “no distinction ... regarding the origin of the film (or later videotape).”⁴⁰

1955

*January 7:* “The 2nd session of the 22nd Parliament meets until July 28 [in Ottawa]. Opening ceremonies are broadcast on television for the first time.”⁴¹

The Royal Commission on Broadcasting is appointed with Robert MacLaren Fowler (1906–1980) as chairman.

1956

“Ampex introduces the first practical videotape system, which improves the visual quality of broadcasts and allows the center of television production to move from the New York networks to Hollywood’s studios.”⁴²

Robert Adler invents the first practical remote control (Zenith’s *Space Commander*).⁴³
1957

*February 9:* “The first half-hour episode of CBC TV's *Adventures of Pierre Radisson* airs" in Canada. The series is also aired in the United States under the title *Tomahawk.*”

*March:* “The Royal Commission on Broadcasting under the chairmanship of Robert MacLaren Fowler, releases its report recommending the establishment of a Board of Broadcast Governors (BBG, the predecessor of the CRTC) to exercise the regulatory powers formerly exercised by the CBC.”

*March 28:* “The Canada Council is established in Ottawa to encourage Canadian arts, humanities and social sciences. The council pledges C$10,000 to support Canadian scholarly writing and publishing.”

*November:* “A Royal Commission on Canada's Economic Prospects, chaired by Walter Gordon (1906–1987), completes its final report … The Commission expresses deep concern about the acquisition by foreigners, mostly American, of Canadian resources and business enterprises.”

1958

The Fowler Report results in the Broadcasting Act, which establishes a fifteen-member Board of Broadcast Governors (BBG) to regulate all Canadian broadcasting and sets the stage for the licensing of private broadcasters.

1959

Nat Taylor opens the Toronto International Film Studios in Kleinberg, Ontario, near Toronto, with two of the largest sound stages outside of Hollywood.

Crawley Films of Ottawa, Ontario launches the *RCMP* series, a coproduction with the British Broadcasting Corporation (BBC).

1960

The Board of Broadcast Governors (BBG) announces that “television programs must have 45% Canadian content from April 1, 1961, and 55% from April 1, 1962.” The BBG defines a ‘Canadian’ production as “any program produced by a licensee, productions made in Canada as well as the broadcast of events taking place outside Canada in which Canadians were participating (e.g., NHL hockey), or which were of special interest to Canadians (e.g., The World Series).”

The BBG licenses four private Canadian broadcasters to compete with the CBC/SRC: Tele-Metropole and CFCF in Montreal; CFTO in Toronto; and BCTV in Vancouver.
1961

*April 1:* “The 45% Canadian-content rule for Canadian television programming established as part of the Broadcast Act, 1958, goes into effect.”

*October:* Two private television networks in Canada go on the air. The Canadian Television Network, an English language network, begins broadcasting from Toronto, Ontario and Halifax, Nova Scotia. Meanwhile, TVA, a Quebec-based, French language network, begins broadcasting from Montreal.

*December 19:* “Prime Minister Diefenbaker and Queen Elizabeth II inaugurate a transatlantic cable, carrying voice, picture and teletype messages. It is the first link in a new round-the-world Commonwealth communications system.”

1962

The Canadian Television Network changes its name to CTV.

“The 55% Canadian-content rule for television programming as determined under the Canadian Broadcasting Act, 1958, becomes effective.”

Crawley Films produces *The Tales of the Wizard of Oz*, the first animated series for Canadian television.

The All Channel Receiver Act requires UHF tuners to be included in television sets sold in the United States.

AT&T launches *Telstar*, the first satellite to carry television.

1963

Allan King and Don Haig establish Film Arts as an editing and post-production facility in Toronto.

Canada signs its first coproduction agreement with France.

The Alliance of Canadian Television and Radio Artists (ACTRA) is formed.

1964

A new committee on broadcasting, chaired by Robert Fowler, is established. The Committee later recommends a new authority to replace the Board of Broadcast Governors (BBG).
1965

*October 13:* “The Canadian Film Development Agency is formed as a Crown corporation to help the Canadian private film industry produce feature films.”

More than 90 percent of Canadian households own television sets.

1966

*October 1:* “Color-television broadcasting is inaugurated [in Canada] by the CBC.”

*October 24:* “SATCOM, Canada's first satellite communications earth station, begins operations near Mill Village, Nova Scotia.”

1967

The Canadian Film Development Corporation (CFDC) “is created to support the Canadian feature film industry.”

1968

*February:* The Canadian Film Development Corporation (CFDC) is officially launched with an initial budget of C$10 million.

*April 1:* The Broadcasting Act creates the Canadian Radio-television Commission (CRTC) to replace the Board of Broadcast Governors (BBG). The CRTC is granted the authority to issue broadcast licenses, establish program standards, and impose Canadian content regulations on television programming aired in the country.

*April 20:* A Canadian-U.S. expedition, sponsored by the CBS network and “led by Ralph Plaistead of St. Paul, Minnesota, reaches the North Pole after 42 days on 4 snowmobiles.”

1970s

Earliest public use of direct broadcast satellite (DBS) antennas or dishes in North America.
1970
TV Ontario begins broadcasting.

May 22: The CRTC announces new minimum Canadian-content regulations for television. Under the revised regulations, the CBC and private broadcasters will be required to air a minimum of 60% Canadian programming “to apply to the entire broadcast day and during the period 6:30 p.m. to 11:30 p.m.” The revised quotas take effect on October 1, 1970 for the CBC, and on September 30, 1971, for private broadcasters.63

October 5: British trade commissioner in Montreal, Quebec, James Cross, is kidnapped from his home by FLQ (Front de libération du Québec) terrorists.

October 10: Quebec labor minister, Pierre Laporte, is kidnapped in the Montreal suburb of St. Hubert by FLQ terrorists. One week later (October 17, 1970), Laporte’s body is discovered in the trunk of a car in St. Hubert, QC. The kidnappings and other associated incidents prompt the Trudeau government to invoke the War Measures Act which confers emergency powers “upon the Governor in Council in the event of war, invasion, or insurrection.”64

December 3: British trade commissioner James Cross is released unharmed after police surround the house where he is being held captive by FLQ terrorists.

1971
The Nelvana Studios opens in Toronto. The company, founded by Michael Hirsh, Clive Smith and Patrick Loubert would ultimately become Canada's most successful animation house.

August 15–August 21: The first Banff Festival of the Arts is held in Banff, Alberta.

1972
July 21: The CRTC grants a license to Global to operate a television network in southern Ontario.

November 9: Anik A1, Canada's (and the world's) first geostationary domestic communications satellite, is launched from Cape Canaveral, Florida. “Operated by Telesat Canada, it is designed to improve television to communities in the Far North.”65

The CRTC introduces regulations “allowing television broadcasters to ask the larger cable system operators to delete incoming U.S. program signals where a local broadcaster owns the Canadian rights to the identical program or program episode, and substitute it with the Canadian signal.”66
“The CRTC defines a Canadian program” updating “criteria based on Canadian talent and Canadian facilities, but no points system.”67

“ACTRA (Association of Canadian Television and Radio Artists) presents its first Canadian industry awards.”68

Home Box Office (HBO), the first premium cable service in the United States, is launched.

1973
January 27: North Vietnam and the United States sign a cease-fire agreement.

February 19: “The Trans-Canada Telephone System inaugurates Data-route, the world's first national digital system for commercial use.”69

March 29: The last U.S. troops leave Vietnam.

April 20: The telecommunications satellite Anik A2 is launched from Florida.70

October 17: The Organization of Petroleum Exporting Countries (OPEC) raises the price of oil by 70%.

Harold Greenberg buys Astral Films. The company later became Astral Bellevue Pathe.

1974
January 6: The Ontario-based Global television network is formed.

“The Capital Cost Allowance (CCA) in the Income Tax Act is extended to feature film production. The CCA allows Canadians to deduct 100% of their investments in Canadian film production.”71

A Canadian content point system is introduced for the first time “for the purposes of the Capital Cost Allowance, administered by CAVCO” (Canadian Audiovisual Certification Office). “The CCA program distinguishes between Canadian and other productions.”72

Mid-1970s
Robert Lantos forms Derma.
1975

May 1: Canadian communications satellite Anik A-3 is launched.

The Sony Corporation of Japan markets its first Betamax videocassette recorder (VCR) as part of a TV-VCR combination.

Bill C-58 (aka the Income Tax Act amendment) is passed by Canada’s federal Parliament. The legislation prohibits tax deductions for companies who run commercials on U.S. television programs aimed at Canadian audiences or advertise in Canadian editions of foreign-owned magazines and also allows Canadian networks to substitute their signal for U.S. channels on cable is introduced.73

RSL Films is formed in Montreal, Quebec by Robert Lantos and Stephen J. Roth.

1976

March 29: Crawley Films’ The Man who Skied Down Everest wins the Academy Award for best feature-length documentary. This is the first Canadian feature film to win an Oscar.

Bill C-58’s provisions go into effect in Canada.74

JVC begins marketing videocassette recorders (VCRs), albeit in a different format than Sony’s models (i.e., the Betamax system).

Canada’s federal government transfers regulatory oversight telecommunications from the Canadian Transport Commission to the CRTC whereupon the CRTC’s official name is changed to Canadian Radio-television and Telecommunications Commission.

1977

SCTV goes on air locally in Toronto on Global TV. It later moves to Edmonton, Alberta for the 1979 season.

14% of U.S. homes receive cable.

1978


1979

June 4: Joe Clark is sworn in as Prime Minister of Canada.

August 16: Former Canadian Prime Minister John Diefenbaker dies.
Inflation skyrockets throughout the world.

Dutch inventor Joop Sinjoi and Japanese inventor Toshi Tada Doi invent the compact laser disc.

The Banff Television Foundation is formed and holds the first Banff Television Festival.

1980

February 18: The Liberal Party wins the most seats (147) in Canada's federal election; Pierre Trudeau once again becomes Canada’s Prime Minister.

1981

SCTV is picked up by NBC for two seasons.
HHK demonstrates their HDTV system to the Society of Motion Picture and Television Engineers Winter conference in San Francisco, California.75

Atlantis produces the 30-minute film "The Olden Days Coat," the company’s first drama.76

1982

March 8: The British House of Commons passes the Canada Act of 1982, ending British legislative jurisdiction over Canada.


April 17: Queen Elizabeth signs Canada’s patriated constitution.

May 4: The CRTC announces the call for applications for network licenses to distribute new Canadian discretionary specialty programming services (Public Notice CRTC 1983-93).77

The CRTC licenses six pay-television services, including two national—First Choice Canadian (FCC) and C Channel—and four regional. This inaugurates pay television in Canada.

The FCC authorizes Direct Broadcast Satellite (DBS) service in the United States and grants “the first of several construction permits.”78

HBO enters arrangement with CBS and Columbia Pictures to form Tristar Pictures.
1983

February: C Channel goes on air in Canada; six months later it goes off the air.

July 1: The Canadian Broadcast Development Fund (administered by Telefilm Canada) is established. The Fund’s purpose is “to ensure the production of high-quality Canadian television programming in the under-represented categories of drama, variety, children’s and documentary.”

Late 1983: Harold Greenberg's Astral Bellevue Pathe with the backing of the Bronfman family buys First Choice Canadian (FCC). FCC later becomes The Movie Network.

First Choice Canadian signs an agreement with the U.S.-based Playboy Channel.

Direct Broadcast Satellite (DBS) operations begin in the United States with service commencing in Indianapolis, Indiana.

1984

February 22: The Board of Directors of the Canadian Film Development Corporation (CFDC) approves a motion making the Corporation's new official name Telefilm Canada.

September 4: The Conservative Party wins 211 seats in Parliament; the Liberals win 40; and the NDP, 30. Conservative Party leader Brian Mulroney becomes Prime Minister of Canada.

September 17: Brian Mulroney is sworn in as Prime Minister of Canada.

The CRTC revises its definition of a Canadian program. It “introduces a 10-point system which is harmonized, but not identical, to the Canadian Audio-Visual Certification Office (CAVCO) system.”

The CRTC begins issuing licenses for specialty television services in Canada.

Francis Fox, the Liberal federal minister of communications, issues Canada's National Film and Video Policy.

Brian Mulroney's newly elected Conservative government announces a C$75 million cut to the CBC/SRC.

ACTRA undergoes restructuring and is renamed Alliance of Canadian Cinema, Television and Radio Artists.

RSL Films changes its name to RSL Entertainment Corporation.

Atlantis Films wins an Academy Award for “Boys and Girls,” one of six half-hour dramas based on short stories written by Canadian authors and aired on the CBC.
Ted Riley starts Atlantis’ international distribution arm Atlantis Releasing.83

**1985**
Pay-per-view begins in the United States.

The CBC broadcasts *Anne of Green Gables* over two nights. The miniseries attracts a record audience of five million Canadian viewers.

RSL Entertainment Corporation merges with Montreal-based International Cinema Corporation (ICC), founded by Denis Heroux and John Kemeny, to form Alliance Entertainment Corporation.


46% of U.S. homes receive cable.

**1986**

*May:* The Canadian and U.S. governments begin negotiating the Canada-United States Free Trade Agreement (CUSFTA).84

*June 19:* Canada’s new Competition Act and Competition Tribunal Act come into force.

The Ontario Film Development Corporation (OFDC) is established.

Atlantis Films relocates to “Cinevillage, a four-acre production studio in Toronto.”85

**1987**

*October:* The 20-chapter Canada-United States Free Trade Agreement (CUSFTA) is finalized.86

*November:* Alliance Entertainment Corporation founding partner Stephen Roth leaves the company. Susan Cavan, Alliance’s in-house lawyer and business affairs director is named president of the company. “The promotion makes Cavan the only woman president of a leading Canadian production company.”87

The CRTC’s television regulations are revised. The regulations retain the 60% overall and 50% prime time Canadian content guidelines while also placing “a greater reliance on conditions of license to fine-tune Canadian content contributions.”88

Alliance Entertainment Corporation purchases Montreal-based film distributor Vivafilm (owned by Victor and Irene Loewy).
Alliance Entertainment Corporation merges with Los Angeles-based Robert Cooper Productions.

Atlantis Releasing opens new offices in Amsterdam, the Netherlands and Sydney, Australia.  

1988
The Canada-United States Free Trade Agreement (CUSFTA) is signed.  

The CRTC “expands the definition of Canadian content to include animation productions.”  

Robert Lantos buys out four partners’ 20% equity stake by Cineplex Odeon.

1989
January 1: The Canada-United States Free Trade Agreement (CUSFTA) goes into effect.  

After a lengthy court battle with his original partners, Izzy Asper takes control of the Global Network in Toronto and announces his desire to build a third national network.

1990
The Canadian Audio-Visual Certification Office (CAVCO) expands the definition of Canadian content to include animation productions following the lead of CRTC which had done so in 1988.  

Bill C-40, the new Broadcasting Act, is proclaimed after being passed in the Senate.  

Alliance Entertainment Corporation changes its name to Alliance Communications Corporation.  

Atlantis Films opens an office in Los Angeles.  

1993
December 15: The General Agreement on Tariffs and Trade (GATT) is replaced by the creation of the World Trade Organization (WTO).  

The Cable Production Fund is created. The Fund “provides a financial incentive to both Canadian producers and broadcasters in order to increase the volume and quality of Canadian content television programming in the under-represented program categories.” The Fund’s resources are allocated on a first come first serve basis.
Robert Lantos takes Alliance public and creates Alliance Communications Inc. Alliance is now the largest producer and distributor in both film and television in Canada and is a major player in the North American marketplace.

A minority interest in Atlantis Films is sold to the Interpublic Group of Companies (IPG).\(^9\)

Atlantis Films becomes a public company with its shares trading on the Toronto Stock Exchange. The initial public offering raises $42 million.\(^7\)

**1994**

*Due South* goes on air prime time on the CBS network in the United States and CTV in Canada.

Atlantis Communications receives the CRTC’s approval to launch national cable channel Life Network.\(^8\)

“Atlantis makes strategic investments in four companies: Soundmix, Great North Communications, Salter Street Films and Credo Group.”\(^9\)

Atlantis Communications’ Life Network “applies to the CRTC for a cable network, Home & Garden (HGTV).”\(^1\)

Atlantis Communications’ acquires Casablanca Sound & Picture.\(^1\)

“Atlantis Releasing and TeleMunchen Gruppe of Germany enter into a multiyear venture to co-acquire and co-finance movies for worldwide distribution.”\(^2\)

**1995**

*January 1*: A new tier of specialty cable channels including Bravo!, The Discovery Channel and Showcase go on the air in Canada.

*November 23*: The CBC announces that it will discontinue airing all U.S.-produced television programs during prime time.

The Canadian Film or Video Production Tax Credit (CPTC) is created. The CPTC replaces the Capital Cost Allowance (CCA). “The tax program is designed to encourage Canadian content productions and to develop an active domestic production sector.”\(^3\)

The newly elected Ontario Tories under Mike Harris make significant cutbacks in the Ontario Film Development Corporation (OFDC), freezing production funding and decreasing the amount of funds available for the Ontario Film Investment Program, Ontario’s tax-rebate program.
Due South is cancelled by CBS after one season but continues on the CTV network and is syndicated worldwide.

1996
July 1: Harold Greenberg, chairman of the board of Astral Communications, dies.

July 23: A nationwide survey indicates that 29% of Canadian adults have used the Internet.

The Cable Production Fund evolves into the Canadian Television and Cable Production Fund, “a private, non-profit corporation (now the Canadian Television Fund) … The Fund combines the resources of the Canadian Broadcast Program Development Fund and the Cable Production Fund, and adds a government contribution.”104

Telefilm now “only supports Canadian productions that obtain at least 8 out of 10 points.” In the past, Telefilm usually required 8 points albeit “there was no formal requirement to do so.”105

The OFDC loses its funding for production and marketing, but retains the Ontario Film Investment Program.


The FCC approves the Advanced Television Systems Committee (ATSC) HDTV standard for the United States.106

“Atlantis completes an agreement with CBS to exclusively represent and sell the network’s programming catalog in Canada.”107

1997
October: History Television is launched. Alliance Communications owns 88% of the new network.

October: HGTV Canada is launched. Atlantis Communications owns 67% of the new network.

December 5: Alliance Communications Corporation purchases the assets of Citadel Entertainment, LLC.

December 19: Alliance Communications Corporation purchases 100% of the outstanding shares of Norstar Entertainment Inc.

Baton Broadcasting takes control of the CTV network.
“Atlantis Communications enters into an agreement for the proposed cable launch in Canada of the Food Channel.”

Atlantis Communications buys 50% of Calibre Digital Picture.

Atlantis Communications launches Atlantis Management.

“HGTV and Atlantis Communications' sponsorship of the Food Network secure national cable carriage” in Canada.

Atlantis Communications submits five new cable channel applications to the CRTC.

1998

May 21: Alliance Communications Corporation purchases 75% of the outstanding shares of Odeon Films Inc.

June 30: Alliance Television Production president Michael L. Weisbarth resigns to become an independent producer.

September 16: Shareholders of Atlantis Communications Inc. and Alliance Communications Corporation vote to approve the merger of Alliance Communications and Atlantis Films.

September 21: Alliance Communications merges with Atlantis Films to form Alliance Atlantis Communications (i.e., Alliance Atlantis Communications purchases 100% of the outstanding shares of Atlantis Communications Inc.). Atlantis Films’ Chairman Michael MacMillan assumes leadership of the new firm. Robert Lantos, Alliance’s former Chairman, opts to accept a buyout and leaves the new company to form his own boutique production company Serendipity Point Films, based in Toronto.

The Canadian Television and Cable Production Fund is renamed The Canadian Television Fund (CTF). In addition, the Fund “refocuses on Canadian content due to oversubscription of the Fund.”

The “CTF’s License Fee Program adopts a voluntary ‘Distinctively Canadian Bonus.’”

CanWest Global buys the television stations owned by WIC (Western International Communications) Broadcasting of Vancouver, British Columbia. The purchase completes Global's 10-year goal to create Canada's third national network.

John Bassett, newspaper publisher, original owner of CFTO-TV in Toronto and co-founder of the CTV network, dies at age 82.
During the [fiscal] year ended March 31, 1999: Alliance Atlantis Communications Inc. sells the remainder of its investment in Mainframe Entertainment Corp.

Subsequent to March 31, 1999: Alliance Atlantis Communications Inc. is awarded two new French-language specialty licenses. The Company uses the licenses to broadcast Canal Histoire and Canal Fiction, the equivalents of the Company’s existing English-language channels, History and Showcase.

Fall: The CRTC approves Alliance Atlantis’ application to acquire a 48% equity interest in Sportscope Television Network Ltd., operator of the 24-hour *Headline Sports* specialty television network.116

The Canadian Television Fund (CTF) replaces its bonus system with four requirements to qualify for the program: (1) the project “must reflect Canadian themes and subject matter, (2) achieve 10 out of 10 points, (3) be owned by Canadians, and 4) be shot and set primarily in Canada.”117

1999–2000

The CRTC revises the Canadian Television Policy, the “first comprehensive” revision since 1986. The new policy “retains 60% Canadian content overall and 50% in prime time for private stations.” It also “adds peak time Canadian content requirements (7 p.m. to 11 p.m.) for the largest Canadian television groups.” The new policy takes effect in 2000.118

2000

January: French language specialty networks *Series*+ and *Historia* are launched. Alliance Atlantis Communications owns 50% of both networks.

February 7: Rogers Communications announces plans to acquire Groupe Vidéotron Ltée in a C$6 billion stock deal. The merger combines the two Canadian companies’ cable and fiber optic networks.

February 8: The British Columbia government announces that the province's film and television industry earned more than C$1 billion in 1999, ranking the province third in North America after Los Angeles and New York.

February 15: Thomson Corp. announces that it has placed all but one of its 130 newspapers up for sale in order to move the company to electronic content.

March: Cinar founders, Ronald Weinberg and Micheline Charest are forced to resign from the company.
July 31: Hollinger CEO Conrad Black announces plans to sell most of his Canadian newspapers to CanWest Global in a C$3.5 billion deal.

October: Food Network Canada, the Canadian equivalent of the U.S.-based Food Network is launched.


December: The CRTC approves the purchase of the CTV network by Canadian telephone company BCE Inc.

FY 2000: Alliance Atlantis acquires 48% equity interest in specialty network Headline Sports.

Corus Entertainment of Toronto, owners of YTV and part owners of Teletoon, purchase Nelvana for C$530 million.

Alliance Atlantis acquires Edmonton, Alberta-based documentary house Great North Productions.

2001

February: Alliance Atlantis purchases UK-based factual programming producer Café Productions.

June: The CRTC rules that cable companies can purchase pay television and specialty television networks.

FY 2001: The CRTC awards Alliance Atlantis with 34 new digital specialty channels.

June 26: Alliance Atlantis announces the intended launch of seven digital specialty channels in fall 2001. The channels to be launched include: Showcase Diva, Showcase Action, The Independent Film Channel Canada (subject to CRTC approval), Discovery Health Channel Canada, National Geographic Channel, BBC Canada, and BBC Kids.

Fall: Digital television channels are introduced in Canada.

FY 2001: Alliance Atlantis partners with German-based Kinwelt Medien AG to launch United Kingdom-based motion picture distributor Momentum Pictures.

The Canada Feature Film Fund (CFFF) is established. The Fund “requires project to have a minimum of 8 out of 10 points.”

Alliance Atlantis acquires Salter Street Films. The sale “closes subsequent to year end.”


2002

*February 6:* Mayor Mel Lastman on behalf of the City of Toronto, and James Villeneuve, Chair of the Toronto Economic Development Corporation, announces plans to create Canada's largest film and television production facility, to be built on Toronto's waterfront.

*April 2:* The Minister of Canadian Heritage, the Honourable Sheila Copps, announces a review of the definition of Canadian content as it applies to film and television production.

*May 9:* The pilot episode of Alliance Atlantis co-produced *CSI* spin-off *CSI: Miami* airs on CBS in the United States.

2003

*January:* Robert Lantos, founder and former chairman-CEO of Alliance Communications acquires a 50% stake in North American distributor ThinkFilm. Lantos will also become chairman of the company. Until this point, Lantos has been prevented from serving as a film executive owing to a non-competition clause in his 1998 Alliance Atlantis departure agreement.\(^{120}\)


*October:* The Movie Distribution Income Fund is launched.

*December:* Alliance Atlantis announces it will shut down Salter Street Films as well as its branch offices in Vancouver, British Columbia; Edmonton, Alberta; and London, England. The Company also announces that “with few exceptions,” it will cease film and television production activities.

*December 10:* Alliance Atlantis announces it is cutting its entertainment group in half. The move means a loss of 70 of the 150 people working in the division, including top executives Seaton McLean and Peter Sussman. The company also states it is reviewing the “dollars and cents of its production efforts.”

2004


*June 4:* Alliance Atlantis reports major losses in financial charges due to its exit from film and television production.\(^{121}\)
June 7: Toronto-based post-production company Magnetic North purchases rival Casablanca from Alliance Atlantis. The newly formed company will be called Casablanca Magnetic North.\footnote{1}

September 3: Alliance Atlantis launches English language specialty channel Fine Living. The channel is owned in partnership with U.S.-based Scripps Networks.\footnote{2}

September 22: CSI: NY begins airing weekly as part of CBS and CTV's fall schedule.

November 16: Alliance Atlantis discloses that a cost accounting error on its CSI television will reduce the company’s operating earnings this year by C$25.2 million (US$21 million).\footnote{124}

Alliance Atlantis sells Halifax’s post-production firm Salter Street Digital to a group led by Rob Power. The newly purchased company will be renamed PowerPost Production.\footnote{125}

2006

July 19: Veteran Alliance Atlantis executive, Victor Loewy quits as chairman of Movie Distribution Income Fund, after the Fund’s board of directors dismissed CEO Patrice Théroux and general counsel Paul Laberge.\footnote{126}

September 14: Variety and other media outlets report that Victor Loewy is in discussions to return as a top executive at Motion Picture Distribution.

December 20: Alliance Atlantis releases a press release announcing it is “exploring strategic alternatives.” The release also states that Alliance Atlantis controlling shareholder Southhill Strategy Inc. (co-owned by Alliance Atlantis Executive Chairman Michael MacMillan and Seaton McLean) “have recently sought expressions of interest from selected potential buyers as to their interest in purchasing” the company.\footnote{127}

December 21: Alliance Atlantis introduces two High-definition television (HDTV) services—National Geographic Channel HD and Showcase HD in Canada.\footnote{128}

2007

January: Pending regulatory approval, Alliance Atlantis Communications will be sold to CanWest Global Communications.


\footnote{2 Ibid.}
3 Ibid.
6 Ibid.
7 Ibid.
8 Ibid.
9 Ibid.
10 Ibid.
11 Ibid.
12 Ibid.
13 Ibid.
15 Ibid.
16 Ibid.
17 Ibid.
20 Ibid., 407.
26 Ibid., 418.
27 Ibid., 423–424.


35 Ibid., 463.

36 Ibid., 463.

37 Ibid., 463.

38 Ibid., 466.


43 Ibid.


45 Ibid., 475.

46 Ibid., 475.

47 Ibid., 477.


51 Ibid., 495.

52 Ibid., 498.


54 Ibid.


57 Ibid., 520.

58 Ibid., 528.

59 Ibid., 529.

60 Canada, Canadian Heritage, Film, Video, and Sound Recording, “Canadian Content in the 21st Century: A Discussion Paper About Canadian Content in Film and Television Productions” (Hull, QC: Department of Canadian Heritage, Film, Video, and Sound Recording, 2002), 17. “The Canadian Film Development Act defines a Canadian film as one with significant Canadian creative, artistic, and technical content and Canadian copyright ownership.”

62 Ibid., 541.

63 W. T. Stanbury, *Canadian Content Regulations: The Intrusive State at Work* (special issue of *Fraser Forum*) (Vancouver, BC: Fraser Institute, August 1998), 82.


69 Ibid., 581.


74 Ibid.


81 Ibid.
82 Ibid.
85 Ibid.
97 Ibid.
98 Ibid.
99 Ibid.
100 Ibid.
101 Ibid.
102 Ibid.
104 Ibid., 19.
105 Ibid., 19.
108 Ibid.
109 Ibid.
110 Ibid.
111 Ibid.
112 Ibid.
113 “Alliance Communications Corp.—Weisbarth returns to independent production,” Business Wire, June 30, 1998.

Ibid.


Ibid.


## Appendix C

### Channels Owned by Alliance Atlantis Communications Inc.

<table>
<thead>
<tr>
<th>Type of Channel</th>
<th>Channel Name</th>
<th>Language</th>
<th>Subject(s)/Genre(s)</th>
<th>Ownership</th>
<th>Date Launched</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analog Specialty</td>
<td>National—Category 1</td>
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<tr>
<td>Specialty</td>
<td>Food Network Canada</td>
<td>English</td>
<td>Cooking/Lifestyle</td>
<td>Alliance Atlantis Broadcasting —57.58% Corus Entertainment —22.58%</td>
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<td></td>
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<td></td>
<td></td>
<td>Scripps Howard Broadcasting Co. (U.S.)—19.84%</td>
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<td></td>
<td></td>
<td></td>
<td><strong>Headline Sports</strong></td>
<td></td>
<td><strong>Channel not mentioned in the Company’s 2004 annual report</strong></td>
</tr>
<tr>
<td>Category 2</td>
<td>National—Category 2</td>
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</tr>
<tr>
<td>Specialty</td>
<td>HGTV Canada (Home &amp; Garden)</td>
<td>English</td>
<td>Lifestyle</td>
<td>Alliance Atlantis Broadcasting —80.24% Scripps Howard Broadcasting Co. (U.S.)—19.76%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Decision CRTC 2000-461, November 24, 2000 (service approved); The U.S. service was withdrawn “from the Lists of Eligible Services upon the launch” of Discovery Health Network (see Broadcasting Public Notice CRTC 2002-9 (February 18, 2002).
<table>
<thead>
<tr>
<th>Type of Channel</th>
<th>Channel Name</th>
<th>Language</th>
<th>Subject(s)/ Genre(s)</th>
<th>Ownership</th>
<th>Date Launched</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
<td>National</td>
<td>Historia</td>
<td>French</td>
<td>History—Documentaries; Films; Original programming</td>
<td>Alliance Atlantis 50%; Astral Broadcasting Group 50%</td>
<td>January 2000</td>
<td>French language equivalent of History Television</td>
</tr>
<tr>
<td>National</td>
<td>History Television (H&amp;E)</td>
<td>English</td>
<td>History</td>
<td>Alliance Atlantis Broadcasting —100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National—Category 2</td>
<td>Life Network (Your Channel)</td>
<td>English</td>
<td>Lifestyle</td>
<td>Alliance Atlantis Broadcasting 100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td>Series+</td>
<td>French</td>
<td>Drama</td>
<td>Alliance Atlantis 50%; Astral Broadcasting Group 50%</td>
<td>January 2000</td>
<td>French language equivalent of Showcase;</td>
</tr>
<tr>
<td>National—Category 2</td>
<td>Showcase</td>
<td>English</td>
<td></td>
<td>Alliance Atlantis Broadcasting 100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital Specialty</td>
<td>BBC Canada</td>
<td>English</td>
<td></td>
<td>Alliance Atlantis Broadcasting (via Jasper Broadcasting Inc.) 80% British Broadcasting Corporation (BBC) (UK) 20%</td>
<td></td>
<td>Channel license approved via CRTC decision 2000-484</td>
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<tr>
<td>National—Category 2</td>
<td>BBC Kids</td>
<td>English</td>
<td>Family</td>
<td>Alliance Atlantis Broadcasting (via Jasper Broadcasting Inc.) 80% British Broadcasting Corporation (BBC) (UK) (via Jasper Junior Broadcasting Inc.) 20%</td>
<td></td>
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<tr>
<td>Type of Channel</td>
<td>Channel Name</td>
<td>Language</td>
<td>Subject(s)/Genre(s)</td>
<td>Ownership</td>
<td>Date Launched</td>
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<tr>
<td>National—Category 1</td>
<td>Discovery Health Network</td>
<td>English</td>
<td>Health</td>
<td>Alliance Atlantis Broadcasting (via Discovery Health Channel Canada ULC) 80% Discovery Communications (U.S.) 20%</td>
<td>Channel license approved via CRTC decision 2000-461</td>
<td></td>
</tr>
<tr>
<td>National—Category 2</td>
<td>D.I.Y. Television</td>
<td>English</td>
<td></td>
<td>Alliance Atlantis Broadcasting 68.1% The E. W. Scripps Company (U.S.) 19.9% Corus (Canada) 12%</td>
<td>CRTC 2005-513 (license approval)</td>
<td></td>
</tr>
<tr>
<td>National—Category 2</td>
<td>Fine Living</td>
<td>English</td>
<td>Lifestyle</td>
<td>Alliance Atlantis Broadcasting (via HGTV Canada Ltd.) 80.24% Scripps Howard Broadcasting Co. (U.S.) 19.76%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National—Category 2</td>
<td>Girls TV</td>
<td>English</td>
<td></td>
<td>Alliance Atlantis Broadcasting (via Showcase Television) 100%</td>
<td>CRTC 2005-517 (license approval)</td>
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</tr>
<tr>
<td>National—Category 1</td>
<td>The Independent Film Channel Canada</td>
<td>English</td>
<td>Feature films</td>
<td>Alliance Atlantis Broadcasting (via The Independent Film Channel Canada, Inc. and, in turn, Showcase Television Inc.)</td>
<td>CRTC decisions 2000-459 and 2001-55 (license approval)</td>
<td></td>
</tr>
<tr>
<td>National—Category 2</td>
<td>Military Television</td>
<td>English</td>
<td>Military</td>
<td>Alliance Atlantis Broadcasting (via History Television Inc.) 100%</td>
<td>CRTC 2005-564 (license approval)</td>
<td></td>
</tr>
<tr>
<td>Type of Channel</td>
<td>Channel Name</td>
<td>Language</td>
<td>Subject(s)/Genre(s)</td>
<td>Ownership</td>
<td>Date Launched</td>
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</tr>
<tr>
<td>National—Category 2</td>
<td>National Geographic Channel (NGC)</td>
<td>English</td>
<td>Nature</td>
<td>Alliance Atlantis Broadcasting (via NGC Channel Holdings Inc. and, in turn, NGC Channel Inc.) 80%</td>
<td>2004-0482</td>
<td>Channel license approved via CRTC decision 2000-482</td>
</tr>
<tr>
<td>National—Category 1</td>
<td>One: The Body, Mind and Spirit Channel**</td>
<td>English</td>
<td></td>
<td>Alliance Atlantis Broadcasting (via One: The Body, Mind and Spirit Channel Inc.) 37.77% Other parties 47.22%</td>
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<td></td>
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<tr>
<td>National—Category 2</td>
<td>Parent TV</td>
<td>English</td>
<td></td>
<td>Alliance Atlantis Broadcasting (via Life Network Inc.) 100%</td>
<td>2005-557 (license approval)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PrideVision</td>
<td>English</td>
<td>Gay and Lesbian</td>
<td>Alliance Atlantis owns minority interest</td>
<td></td>
<td>**Channel not mentioned in the Company’s 2004 annual report</td>
</tr>
<tr>
<td></td>
<td>The Score**</td>
<td>English</td>
<td></td>
<td>Alliance Atlantis owns minority interest</td>
<td></td>
<td>**Channel not mentioned in the Company’s 2004 annual report</td>
</tr>
<tr>
<td>National—Category 2</td>
<td>Scream</td>
<td>English</td>
<td></td>
<td>Alliance Atlantis Broadcasting (via 3924181 Canada Inc.) 49% Other parties 51%</td>
<td></td>
<td>**Channel not mentioned in the Company’s 2004 annual report</td>
</tr>
<tr>
<td>National—Category 2</td>
<td>Showcase Action</td>
<td>English</td>
<td></td>
<td>Alliance Atlantis Broadcasting (via Showcase Television Inc.) 100%</td>
<td>2000-675</td>
<td>Channel license approved via CRTC decision 2000-675</td>
</tr>
<tr>
<td>Type of Channel</td>
<td>Channel Name</td>
<td>Language</td>
<td>Subject(s)/Genre(s)</td>
<td>Ownership</td>
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<tr>
<td>National—Category 2</td>
<td>Showcase Diva</td>
<td>English</td>
<td></td>
<td>Alliance Atlantis Broadcasting (via Showcase Television Inc.) 100%</td>
<td></td>
<td>Channel license approved via CRTC decision 2000-674</td>
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<tr>
<td>National—Category 2</td>
<td>ZTV</td>
<td>English</td>
<td></td>
<td>Alliance Atlantis Broadcasting (via Showcase Television Inc.) 100%</td>
<td></td>
<td>CRTC 2005-518 (channel license approval)</td>
</tr>
</tbody>
</table>

2 The license is owned and operated under a partnership agreement between Alliance Atlantis Broadcasting and Astral Broadcasting Group Inc.
3 The license is owned and operated under a partnership agreement between Alliance Atlantis Broadcasting and Astral Broadcasting Group Inc.
4 NGC Network International, LLC owns 20% of NGC Channel Holdings Inc. while Alliance Atlantis Communications owns 80%. NGC Channel Holdings, in turn, owns 80% of NGC Channel Inc.
Appendix D

Glossary of Terms Used in the Study

**ACTRA. See Alliance of Canadian Cinema, Television and Radio Artists**

**Advanced Television (ATV):** “New television technology that provides better audio and video quality than the current standard television broadcast system. High Definition TV (HDTV) is a form of ATV.”¹

**Affiliate:** “A broadcast station that airs a network’s programs and commercials, but is not owned by that network.”²

**Aird Report:** The first (1929) Canadian federal government report on broadcasting conducted by the Royal Commission on Radio Broadcasting.

**Alliance of Canadian Cinema, Television and Radio Artists (ACTRA):** A Canadian actors union.

**Analog:** “‘Shorthand’ for the word analogous, which means similar to. The signal being sent—voice or video—is sent as a stream of changing radio waves and is similar to what is received. This produces a nearly square video picture with generally a 480 line resolution picture.”³

**ATV. See Advanced Television**

**Ancillary rights:** “The right of an individual, group, or company to develop other markets in relation to a film,” television program, or other audiovisual production.⁴

**Audience segmentation:** “The process of dividing up or grouping a target audience based on common characteristics related to behaviors or predictors of behavior, such as geographic region, demographics, psychographics, and product usage. Audience segmentation helps to target media messages and key strategies.”⁵

**Audio post-production:** “Includes the addition of sound effects, dubbing of dialogue and mixing various sound elements after a production has been filmed.”⁶

**Barter deal:** “A three-way financing arrangement, whereby a corporate sponsor may invest in a production in return for free commercial time from the broadcaster who will be airing the production.”⁷

**Basic cable service:** “The standard package of cable services that cable companies provide to all subscribers in their service areas.” In Canada, the basic package must include the following priority Canadian services: CBC English and SRC French network services; local and regional stations; and provincial educational services. Large cable
systems must also include” TVA, the aboriginal service APTN, and the proceedings of the House of Commons and its various committees in their basic package. All Canadian cable systems also usually include Canadian specialty channels and major U.S. networks as part of their basic service.8

Board of Broadcast Governors (BBG): “The [Canadian] government organization that took over regulation of both public and private radio broadcasting (1958-68) when the CBC ceased its regulatory function.”

Broadband: (1) “A descriptive term for evolving digital technologies offering consumers a signal switched facility offering integrated access to voice, high-speed data services, video-demand services, and interactive information delivery services.” (2) “An analog transmission technique for data or video that provides multiple channels. A cable TV system, for example, employs analog broadband transmission.”

Broadcast license: Permission granted by an authorized government regulatory body to persons or organizations to carry out broadcast activities. The Canadian Radio-television and Telecommunications Commission (CRTC) is responsible for issuing broadcast licenses in Canada while the Federal Communications Commission (FCC) is responsible for licensing broadcasters in the United States.

Broadcast: “To transmit a signal over the spectrum to be received by two or more receiving devices.”

Broadcast Program Development Fund: A Telefilm Canada funding program designed to assist Canadian “filmmakers and broadcasters to develop broadcast-quality programs.”

Broadcaster: “A body that, in the course of operating a broadcasting undertaking, broadcasts a communication signal in accordance with the law of the country in which the broadcasting undertaking is carried on, but excludes a body whose primary activity in relation to communication signals is their retransmission.”

Broadcasting: “Any transmission of programs, whether or not encrypted, by radio waves or other means of telecommunication for reception by the public by means of broadcasting receiving apparatus, but does not include any such transmission of programs that is made solely for performance or display in a public place.”


Broadcasting undertaking: “Includes a distribution undertaking, a programming undertaking and a network.”

Cable penetration: “The number of homes actually served by cable in a given area, expressed in a percentage of homes passed.”
**Cablecasting:** The use of cable systems to disseminate information and television programming to their customers.

**Cable system:** “A localized communications network that distributes television, Internet, and telephone services by means of coaxial cables and/or fiber optics.”

**Canadian Association of Broadcasters (CAB):** National “trade organization whose membership includes private radio and television stations, networks, and specialty services in Canada.”

**Canadian Broadcast Program Development Fund:** Established by the Canadian government in July 1983, the Canadian Broadcast Program Development Fund “has four overall objectives: (a) to stimulate production of high quality, culturally relevant Canadian television programs in targeted categories, i.e. drama, children's, documentary and variety programming; (b) to reach the broadest possible audience with those programs through scheduling during prime time viewing hours; (c) to stimulate the development of the independent production industry; (d) to maintain an appropriate regional, linguistic and private/public broadcaster balance in the distribution of public funds.”

**Canadian content:** “Material developed by Canadians and/or that contains Canadian information. In broadcasting, filmmaking, and publishing, Canadian content is determined by reference to a specific set of criteria and in some cases a point system designed to encourage a dominant and recognizable Canadian contribution.”

**Canadian content quotas (aka Canadian content rules, Cancon):** “Under the terms of Section 3 of the Broadcasting Act, Canada's broadcasting regulator, the Canadian Radio-television and Telecommunications Commission (CRTC), established a system of ‘quotas’ to regulate the amount of Canadian program content in the American-dominated television and radio broadcasting systems. Canadian content rules, which came to be known as ‘Cancon,’ were devised to stimulate Canada's cultural production by ensuring greater exposure for Canadian artists in Canada's marketplaces.”

**Canadian Film and Television Production Association (CFTPA):** “A nonprofit trade association comprised of Canadian film, television, and interactive media companies with offices in Ottawa, Toronto, and Vancouver. The association negotiates and manages labor agreements, and actively lobby the federal and provincial governments on taxation policy, immigration, trade, copyright, and broadcasting and film policy.”

**Canadian Film Development Corporation (CFDC):** The forerunner to Telefilm, it began operations in 1968 with a “mandate to foster and promote the development of a feature film industry in Canada through the provision of loans, grants and awards to Canadian producers and filmmakers. Unlike the National Film Board of Canada (NFB), or the Canadian Broadcasting Corporation, the CFDC was expected to become a self-financing agency, interested as much (if not more) in the profitability of the films it supported as in their contribution to Canada's cultural life.”
Canadian Radio-television and Telecommunications Commission (CRTC): Canada’s regulatory agency overseeing broadcasting and telecommunications; set up in 1968. The agency was given its current name in 1976.

Canadian Television Fund (CTF): A public-private partnership created by the Canadian government and the cable industry with a mandate “to enhance the creation and broadcast of high-quality and culturally significant” Canadian television.” The CTF was originally “composed of two complementary programs, the Equity Investment Program (EIP), administered by Telefilm Canada and the Licence Fee Program (LFP), administered by the Canadian Television Fund.”

Canadianization: “The creation of a balance of TV programming and media products to meet the reality that imported content far outweighs domestic content.”

Capital cost allowance: (1) “This was a tax deferral program administered by the Canadian Audio-Visual Certification Office of the Department of Heritage, designed to encourage private investment in Canadian productions. A private investor financing a production that was certified Canadian was entitled to deduct 300 per cent of his or her investment from personal income tax, over a period of two years. This was replaced by the Federal Tax Credit in 1995.” (2) “A tax provision whereby investors in films received a percentage tax deduction for investing in the cost of making a film.”

Cash/barter syndication: “A combination of cash syndication and barter syndication in which the station gives up commercial time in addition to paying a license fee for the rights to air a program. Typically the station has more commercial inventory to sell than a straight barter agreement and has a lower fee than a cash only agreement.”

Cash syndication: “A transaction whereby the station pays the syndicator a cash license for the right to air a show over a period of time (i.e., six runs over four years). In a cash agreement, the station bears all the risk; the syndicator gets all the money regardless of how well the program performs. All commercial inventory is sold by the station, hence no national spots. Many popular off-network shows … are sold on a straight cash basis.”

CBC (Canadian Broadcasting Corporation): Canada’s publicly owned national radio and television network.

Commercial leased access: “Manner through which independent video producers can access cable capacity for a fee.”

Commercial media outlets: Outlets “owned by private groups or individuals, and exist as profit-seeking enterprises.”
Community Antenna Television (CATV): “A service through which subscribers pay to have local television stations and additional programs brought into their homes from the antenna via a coaxial cable.”

Conglomerates: “Large companies that own film studios as one of many holdings.”

Convergence: In the communications context, “convergence means that providers of communication systems can deliver products and services that compete with the products and services now delivered by other networks.”

Coproduction (see also Treaty Coproduction): (1) “The term commonly used for any production that qualifies as an official coproduction under the terms of treaty agreements signed between Canada and several foreign countries. Official coproduction status provides the production with all the benefits of an indigenous production in both co-producing countries.” (2) “A film made by two production companies.” (3) “A film made jointly by filmmakers in two countries, generally to share expenses, increase audiences, and save on costs through cheaper labor or a better tax situation in one of the countries.” (4) “A moving image work resulting from the joint efforts of two or more production companies sometimes based in different countries.”

Country of production: “[T]he country where the principal office of the production company or the individual producer of a moving image work is located. The country of production is considered the country of origin.”

Coventure: “Coproductions made outside Canada's existing film and TV treaties.”

Cross-subsidization: The use of one public revenue source to partially or wholly finance another public project.

Cultural industries: “Companies engaged in the production of commodities that reflect and develop societal values, i.e., publishing, filmmaking, and sound recording.”

Cultural sovereignty: “A term meant to imply full control over the production and distribution of cultural products within a particular country or group.”

Culture industry: “The term used by the Frankfurt School to refer to the industrialization of culture and specifically the production of movies, books, recordings, and broadcasting programs.”

Department of Communications (DOC) (Canada): “The federal ministry that until 1993 had responsibility for communications and culture.”

Development: (1) “The work necessary—which may include acquiring the property, writing script drafts, budgeting, packaging of stars, director, and other creative personnel—to get a project to the point where it receives production financing. This is the stage in the production process when money is hardest to raise and most at risk.”
“Turning a concept or initial idea for a film into the screenplay read to be put on the screen. Such a process includes negotiating the rights to material and writing the outline, treatment, and various versions of the screenplay until it is considered ready for production.”

**Development deal:** “A contractual agreement between a film company and an individual such as a producer, director, and sometimes screenwriter. The film company agrees to pay the individual a certain amount of money to develop a project that the film company will have first rights to produce.”

**Digital:** (1) “Any type of information that can be output, transmitted and interpreted as individual bits of binary information (the use of the numbers 0 and 1), using electrical or electromagnetic signals that can be modulated to convey their specific content. A TV picture will be more like a rectangle and have up to 1,080 lines of resolution, producing a crisper picture.” (2) “Digital information uses the binary code of computer language. Television and audio analog signals are converted to a digital bit stream. With computers these ‘bits’ of information are endlessly interchangeable. Letters, numbers, sounds and images are reduced to a sequence of computerized digital pulses or ‘bits’ of information comprised of zeros and ones. A digitized audio signal provides sound comparable to compact disks.”

**Digital Television (DTV):** “Television broadcast in a digital format—in contrast to analog formats such as NTSC and PAL. Permits HDTV, multicasting, and enhanced TV.”

**Digital Video (DV):** “Any video format that relies on digital technology for recording and/or editing. For example, video recorded with a digital camera or edited on a nonlinear editing system.”

**Direct Broadcast Satellite (DBS):** “A high-powered satellite that transmits or retransmits signals which are intended for direct reception by the public. The signal is transmitted to a small earth station or dish (usually the size of an 18-inch pizza pan) mounted on homes or other buildings.”

**Direct-to-home (DTH) satellite television services:** “A signal transmission system using satellites of sufficient power to be received by a dish-shaped antenna of about 20 inches in diameter.”

**Direct-to-video release:** (1) A film that can not find a distributor for a theatrical release either in this country or abroad and that, as a result, is released directly on video cassette for rental or purchase. (2) A low-budget film made directly for a video release.

**Director:** (1) “The person with overall creative control of the production, which includes having input in casting and script, and translating the script into film or video form by choosing the images and molding the performances.” (2) “A person who is in charge of a television show, on the set or in a control booth, during the actual production.
process.” The person who has overall responsibility for interpreting meaning and expression during the production of a moving image work. The extent of the director's involvement can depend upon the individual, or production company, or practices within the country concerned.

Distant signal: “A television channel from another market imported and carried locally by a cable television system.”

Distribution: (1) “The making of moving image works available to the general public; the sale, lease, and rental of moving image works.” (2) “The marketing of films to exhibitors, the distribution and arrangement for the transportation of films to theaters, and the promotion of the film to the public are called distribution. The people or companies that perform these tasks are distributors. For commercial theaters, distribution is by rental, though films at later stages can be rented, leased, or purchased by institutions. As well as arranging for a film's exhibition, distributors are responsible for the financial success or failure of the picture and undertake considerable marketing strategies and advertising to persuade people to attend it.” See also distributor; distribution fee.

Distribution fee: “The money paid to a distributor by an exhibitor specifically for the distributor's overhead and the cost of releasing a specific film. The fee is figured on a percentage of the rental fee, which is itself a percentage of the gross receipts of the box office. The distributor keeps some 30 percent of the rental fee, with the rest of the money going for such costs as production, prints, and advertising. The term also applies to the contractual fee for distributing a film in nontheatrical and ancillary markets.” See also distribution; distributor.

Distributor: “The person or corporate body which sells, leases, rents, or in some manner makes available moving image works.” See also distribution; distribution fee.

Documentary: “Creative interpretation of reality or fact, often dealing with travel, science, and historical subjects and of no less than one-half commercial TV hour in length. It may consist of a number of episodes if there is a continuing theme. Documentaries can be features, shorts, mini-series or series. Categories included are: (a) social documentaries—detailed studies ... of real people and/or events; (b) one-off single documentary specials transmitted within the format of an established current affairs or information program; (c) programs presenting a single issue, subject or theme of a social, political or general (but not special) interest.”

Drama (format): “A scripted screenplay in which the dramatic elements of character, theme and plot are introduced and developed so as to form a narrative structure. Does not include sketches within variety programs, characterizations within documentary programs, or any other form of program or segment within a program which involves only the incidental use of actors. Usually identified by the producer's intention.”

Dramedy: Filmed entertainment that incorporates elements of both drama and comedy genres.
**Dub, dubbing, postdubbing**: (1) “To record dialogue and various sounds, and then integrate them into the film after it has been shot. This is done for scenes where the original recording is faulty, for scenes where it is simply more convenient to add dialogue and other sound later, and for films playing abroad which require new dialogue in the native language of the host country. Dubbing in dialogue is also called post synching.”

(2) "The replacement of one voice for another.”

**DVD (Digital Video Disc or Digital Versatile Disc):** “A disc the size of an audio CD that can store a feature-length film and include interactive features. There's no consensus on what DVD stands for, but when it was introduced to the consumer market in 1997 it was known variously as the ‘digital video disc’ and the ‘digital versatile disc.’”

**Early fringe:** “The daypart between daytime and prime time, generally 5:00–7:00 p.m. Eastern Standard Time (EST).”

**Episode:** “An individual part of a series or serial.”

**Equity investment:** “An investment arrangement by which the investor gains an ownership interest in an asset.” For the purposes of this work, the asset would be a film or television program.

**Export value:** “Tracks the value of international participation in the Canadian production industry. The term ‘export value’ as opposed to just ‘export’ has been used to better reflect the nature of film and television production in Canada. First, this indicator acknowledges that film and television productions are intangible products and portions of the copyright can be exported to foreign countries. Second, this indicator accounts for the budgets of productions shot in Canada, even when the copyright is held by a foreign entity. The export value includes foreign presales and distribution advances for all CAVCO certified projects; estimates of presales and distribution advances for non-CAVCO certified productions; and foreign location shooting in Canada.”

**Federal Communications Commission (FCC) (United States):** “Commission established in 1934 that is the regulatory agency governing the broadcasting industry in the United States. The FCC reports to Congress and assigns broadcasting frequencies, licenses stations, and oversees interstate communications. The FCC is roughly the American equivalent to the CRTC.”

**Federal tax credits:** “A replacement for the federal Capital Cost Allowance program, intended to provide rebates to qualified taxable Canadian corporations for investment in Canadian productions that meet CAVCO (the Canadian Audio-visual Certification Office of the department of Heritage) certification requirements.”

**Financial interest and syndication rules:** “The FCC regulations forbidding TV networks from owning interest in or syndicating most programming that they carry.”
**First run syndication:** “The national distribution of programs produced for initial release into syndication rather than airing on a network first.” *See also off network syndication.*

**GATT (General Agreement on Tariffs and Trade):** Multilateral institution established in 1947 to provide oversight of the international trading system. In 1995, GATT was replaced by the World Trade Organization (WTO). *See also World Trade Organization.*

**Genre:** (1) “Groupings of television programs defined by their narrative structure, thematic content and style of sound and image.” (2) “Specific kinds of media content, e.g., entertainment, information, news, advertising, etc. Each category is defined with traditional conventions, but categories may overlap.”

**High-definition television (HDTV):** “An improved television system which provides approximately twice the vertical and horizontal resolution of existing television standards. It also provides audio quality approaching that of 35 mm film, and audio quality equal to that of compact discs.”

**Independent producer:** A producer “that owns a private production company and is not a broadcaster.”

**Independent Production Agreement (IPA):** “Collective agreement between ACTRA—Canada's actors union, the Canadian Film & Television Production Association which represents major Canadian producers and its Quebec counterpart L'Association des Producteurs de Films et de Télévision du Quebec with North American producers.” The agreement governs wages and workplace standards for Canadian actors, except in British Columbia, where a separate labor agreement reigns.

**Independent station:** “A station that is not affiliated with a network.”

**Infant industries:** “Businesses in a particular area, e.g., culture, that are new to a certain jurisdiction and hence unlikely to be able to compete with existing business, e.g., foreign-owned business.”

**In-house production:** “Refers to productions conducted internally by private broadcasters, the CBC, and specialty and pay services. In-house production includes sports and news programming.”

**International Coproduction:** “A moving image work resulting from the joint efforts of two or more production companies based in different countries.”

**Late fringe:** “A TV daypart that follows prime time, usually from 11:30 p.m. to 1:30 a.m. EST (or later).”
License fee: “A payment made by a broadcaster in return for the right to broadcast a program on a specified number of occasions over a specified length of time.”

Location, Location shoot: “Any site where the production may shoot that is not in a studio.”

“Majors”: “The key Hollywood-based studios that produce and distribute major motion pictures, such as Columbia, 20th Century Fox, Warner Bros., and Paramount.”

Mass media: “Any form of communication produced by a few for consumption by many people. Mass media are channels of communication through which messages flow. As the messages go through the channels, they are distorted. When people receive media messages they have no opportunity for immediate feedback with the producers of the messages.”

Miniseries (Format): “A limited series of drama which is less than 13 hours in total length, and which is either made to be broadcast in several sequential parts featuring a major continuous plot for which there is an expectation of an ending resolving the major plot tensions, or an anthology of drama works for television made to be broadcast under one generic title. Individual episodes must be 55 minutes or longer unless the material is for children in which case it must be 25 minutes or longer.”

Motion Picture and Video Industries: “Industry grouping under the North American Industry Classification System (NAICS). This industry group comprises establishments primarily engaged in producing and/or distributing motion pictures, videos, television programs or commercials; exhibiting motion pictures or providing post-production and related services.”

Multiplexed programming: “Programming broadcast by a pay television service that is distributed on two or more channels of a cable television undertaking. This provides staggered viewing start times for any given program.”

Must carry (United States): “A 1992 Cable Act term requiring a cable system to carry signals of both commercial and noncommercial television broadcast stations that are ‘local’ to the area served by the cable system.”

Narrowcasting: “The delivery of cable programming to a small community or audience where that programming addresses the audience’s specific needs or desires. It is the opposite of broadcasting.”

National Association of Television Program Executives (NATPE): “The organization comprised of television program executives representing the broadcast networks, independent stations, producers, cable networks, etc.”

Network: “In broadcasting, a group of stations affiliated by contract and usually interconnected for the simultaneous broadcasting of programs (e.g., ABC, CBS).”
Nielsen, A.C.: “A media research company that surveys the viewing levels of all TV stations in all markets in the United States and issues reports at least four times a year for each market.”

Off network syndication: “Commonly known as ‘re-runs’, programs that have aired at least once on a network and are now available for any station to purchase the rights to air it.”

Pay-per-view service: (1) CRTC definition: “A purely discretionary service, typically consisting of movies and special events. It is offered via cable or direct satellite feed on a ‘pay per program’ basis. Pay-per-view services offer subscribers the option of selecting the specific programming they want to watch—and pay for.” (2) FCC definition: “Programming (usually movies or special events) that a cable subscriber specially requests to receive for a single fee added to the monthly cable bill.”

Pay television service: “A television service such as those consisting of movies only which are offered via cable or direct satellite feed on a per channel basis (e.g. SuperChannel in Western Canada and The Movie Network in Eastern Canada or the Family Channel). Advertising on pay television is prohibited by CRTC regulations. All pay TV services are authorized for cable TV carriage on a discretionary basis only.”

Pilot: “The first episode of a television series which, regardless of its length, introduces a potential television series, e.g., a made-for-television movie can also be a pilot.”

Premium channels: “Channels not included in a cable provider’s regular service tiers. There are additional monthly fees charged for receiving premium channels.”

Presale: “A sale made to a distributor or broadcaster before the project has begun production.”

Prime Time: “A continuous period of time not less than 3 hours per broadcast day as designated by the station. Usually 8–11 p.m. Eastern Standard Time (EST), 7–10 p.m. Central Standard Time (CST), and 8–11 p.m. Pacific Standard Time (PST).”

Prime Time Access Rule (PTAR): “An FCC rule forbidding network affiliates from carrying more than three hours of network programs and off network syndication in the four hours starting at 7 p.m. Eastern and Pacific time, 6 p.m. Central and Mountain time. The FCC has recently reversed this regulation.”

Producer (independent producer): “The person who bears the administrative and financial responsibility for a moving image work. In practice, the role of a producer may be much wider and can include artistic involvement.”

Production company: “The name of the company under whose financial, technical, and organizational management a moving image work is made. In a broad sense, the production company is responsible for the overall creation of the work.”
Production date: “The year in which the production of moving image work was completed; or sometimes the period of time from the beginning of shooting until completion of the work.”

Production financing: “The financing needed for completion and delivery of a project, including the pre-production, production, and post-production phases.”

Rating: “Indicates the estimated percentage of population that has the opportunity to be exposed to the advertising message.”

Runaway productions (aka Economic runaways): U.S.-developed feature films, made-for-television movies, television programs or series “which are filmed in another country for economic reasons.”

Satellite: “A radio relay station that orbits the earth. A complete satellite communications system also includes earth stations which communicate with each other via the satellite. The satellite receives a signal transmitted by an originating earth station and retransmits that signal to the destination earth station(s). Satellites are used to transmit telephone, television, and data signals originated by common carriers, broadcasters, and distributors of CATV program material.”

Series: “A group of separate works related to one another by the fact that each work bears, in addition to its own title proper, a series title proper applying to the group as a whole. The individual works may or may not be numbered.”

Signal substitution: See Simultaneous signal substitution

Simultaneous substitution: See Simultaneous signal substitution

Simultaneous signal substitution (aka Simultaneous substitution; Signal substitution): “Occurs when a broadcasting distribution undertaking (BDU) inserts the signal of a local or regional Canadian television station on the channel of a more distant station (e.g., a U. S.-based station) showing programming that is largely or substantially the same, at the same time.”

Specialty television service: “Generally offer a specific type of programming aimed at a specific audience group (e.g. The Sports Network, MuchMusic, YTV, etc.). Most specialty services have lower limits on the maximum amount of advertising they can carry than do conventional television stations or networks, which aim their services at a broad spectrum of the population. A specialty TV service may be authorized for distribution either as part of the basic cable TV service, or as part of a discretionary package of services. Specialty services normally generate their revenues from a combination of advertising and subscriber fees.”
Subscription Television (STV): “A special service providing additional programs in encoded form to television viewers who pay a monthly rate. Devices that attach to the subscriber’s set are able to decipher transmitted signals that have been scrambled.”¹¹⁹

Superstation: “A term originally used to describe WTBS in Atlanta; superstation is now used to describe any broadcast television station that has its signal distributed nationally via satellite or cable (i.e., WGN in Chicago, WSBK in Boston, WWOR and WPIX in New York, etc.).”¹²⁰

Syndicated programming: “Programming that is produced for national distribution, but which is shown on individual local stations rather than on a national network is called a syndicated program. These programs may be sponsored either locally or nationally.”¹²¹

Syndication exclusivity (Syndex): “Syndication exclusivity provides exclusive rights for a local television station to air a syndicated program in its home market. It is used primarily as a safeguard against syndicated programs airing on superstations.”¹²²

Syndication financial interest (Synfin): “A FCC rule that prohibits the broadcast networks from having any financial interest in the syndication of programs that have aired on their networks. The rule was repealed in 1996, allowing the networks to have a financial interest in syndicating their programs.”¹²³

Syndication sales: “Sales of TV programs or films made on a station-by-station basis.”¹²⁴

Syndicators: Companies that sell programs to individual stations rather than to the networks are known as syndicators. Often the production company will have its own syndication company to sell its own program packages to stations.¹²⁵

Telecast: “To broadcast on television, thereby making a work available to an audience. See also Broadcast, distribution.”¹²⁶

Telefilm Canada: A Crown Corporation of the Canadian federal government with a mandate “to support the development and promotion of television programs and feature films by the Canadian private sector. Telefilm is neither a producer nor a distributor and it is not equipped with a production studio; instead, it acts primarily as a banker and deals principally with independent Canadian producers. To this end, Telefilm invests over C$100 million annually through a variety of funds and programs that encompass production, distribution and marketing, scriptwriting, dubbing and subtitling, festivals and professional development. Telefilm Canada also administers the official coproduction treaties that exist with more than twenty countries, including France, Great Britain, Germany, Australia and New Zealand. Until 1984, Telefilm Canada was known as the Canadian Film Development Corporation (CFDC).”¹²⁷

Television series: “A group of programs created or adapted for television broadcast with a common series title, usually related to one another in subject or otherwise. Often,
television series appear once a week during a prescribed time slot; however, they may appear with more or less frequency. Television series are usually created to be open-ended, not with a predetermined number of episodes. In a fiction series, the programs typically share the same characters and basic theme.\footnote{128}

**Theatrical release:** A commercial screening in a cinema.\footnote{129}

**Tier:** “Levels of cable television service providing selected channels.”\footnote{129}

**TV Movie** See made-for-television movie

**Twinning:** “The contractual linking of two productions, one Canadian and one foreign, so that each is eligible for the support given to indigenous productions in its country of origin, and any financing secured can be cross-collateralized across the two productions. Also called pairing.”\footnote{130}

**Two-way cable TV capability:** “Interactive services offered by cable systems, for example, home shopping, banking and polling services.”\footnote{131}

**Ultra High Frequency:** “The part of the radio spectrum from 300 to 3000 megahertz that includes TV channels 14–83, as well as many land mobile and satellite services.”\footnote{132}

**Vertical integration:** “The involvement of cable systems in other links of the video distribution chain, such as program production and supply.”\footnote{133}

**Very High Frequency:** “The part of the radio spectrum from 30 to 300 megahertz which includes TV channels 2–13, the FM broadcast band, and some marine, aviation and land mobile services. VHF Drop-Ins Full power VHF TV stations that may be squeezed into locations that do not comply with the FCC’s spacing requirements.”\footnote{134}

**Video-on-demand:** “A service which will allow consumers to ‘dial up’ programming such as a movie or other program from a central information bank.”\footnote{135}

**Volume of Production:** “The total expenditures on film and TV production in Canada (i.e., the sum of all the production budgets of productions in Canada).”\footnote{136}

“**Window**”: “A period of time during which a purchaser of rights (e.g., theatrical, free, TV, pay TV) receives the exclusive right to exhibit the production.”\footnote{137}

**Working Actors Group (WAG):** “An informal coalition of Canadian actors led by Toronto actor Nick Mancuso, formed to lobby for better conditions: more pay, better hours, proper recognition of residuals. Even more broadly, the group wants to address fundamental inequities that exist within Canada’s film and television industry, including de facto American control of Canadian cinemas, and a tax structure that rewards foreign investment in film and TV, even while denying the fruits to Canadian actors.”\footnote{138}
Working title: “A title given to a film or videorecording during the course of its production.”

World Trade Organization (WTO): Established on January 1, 1995; replaces the Secretariat of the General Agreement on Tariffs and Trade (GATT). It assumes the oversight role of the world trading system. See also General Agreement on Tariffs and Trade (GATT).

2 Ibid.
3 Ibid.
13 Copyright Act (Canada) [R.S. 1985, c. C-42], http://www.canlii.org/ca/sta/c-42/sec2.html.
18 Ibid.
62 Ibid., 103.
65 Ibid.
68 Ibid.
72 Canadian Film and Television Production Association, and l’Association des producteurs de films et de television du Quebec, “Annex C: Glossary of Terms,” in *The Canadian and Television Production Industry—Profile 2003* ([Ottawa, ON?): Canadian Film and Television Production Association in conjunction with Canadian Heritage, 2003).
76 Ibid.


Ibid.

Ibid.

Ibid.


Ibid.

Ibid.

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Canadian Film and Television Production Association, and l'Association des producteurs de films et de television du Quebec, “Annex C: Glossary of Terms,” in *The Canadian and Television Production Industry—Profile 2003* ([Ottawa, ON?]: Canadian Film and Television Production Association in conjunction with Canadian Heritage, 2003).


Bibliography

Introduction

The following is a bibliography of sources consulted in conjunction with the Alliance Atlantis case study project. The majority of the sources fall into five primary categories: (1) globalization, (2) Canadian culture, (3) Canadian broadcasting, (4) Toronto’s television production sector, and (5) Alliance Atlantis Communications and its predecessor companies’ productions and other activities.

Arrangement of Entries

The bibliography is arranged into eleven sections: (1) library and archives collections; (2) government documents; (3) interview and speech transcripts/correspondence; (4) books, book chapters, and reports; (5) theses; (6) journal articles; (7) conference and working papers; (8) magazine and film/television trade paper articles; (9) news articles and press releases; (10) Web-based resources (with no known direct print equivalent); and (11) miscellaneous resources.

All entries are listed alphabetically, using a word-by-word scheme, according to the author’s last name or title, if the author(s) are unknown. Canadian or British spellings of English words are retained as are French spellings of words.

Library and Archives Collections

Archives of Ontario
77 Grenville St.
Toronto, Ontario, M5S 1B3
http://www.archives.gov.on.ca/english/index.html
Library/Collections Consulted: Archives of Ontario Library; Ontario government records
The Film Reference Library
2 Carlton Street, East Mezzanine
Toronto, Ontario, M5B 1J3 Canada
http://www.filmreferencelibrary.ca/index.asp
Collections Consulted: Special Collections (Cinema Canada Collection, Atom Egoyan Archive); film production files; Book and Periodicals Collection

Library and Archives Canada
395 Wellington Street
Ottawa, Ontario, K1A 0N4 Canada
http://www.collectionscanada.ca/index-e.html
Collections Consulted: Reference Collection; Newspaper Collection

Pattee Library and Paterno Library
The Pennsylvania State University
University Park, PA 16802 USA
http://www.libraries.psu.edu/
Subject Libraries/Collections Consulted: Pattee Library stacks collection; News and Microforms Library; Schreyer Business Library; Social Science Library (i.e., Canadian, U.S., and international documents collections)
Primary Electronic Databases Used: Academic Universe; CAT (PSU Libraries Web catalog); Communication and Mass Media Complete; Dissertation Abstracts; E-STAT (Canadian statistics); Film & Television Literature Index; Film Literature Index; Hoover’s Online; JSTOR; MUSE; New York Times Historical; Television and Cable Factbook Online; UNSTATS

Rutherford Library
University of Alberta
Edmonton, Alberta
http://www.library.ualberta.ca/
Collections Consulted: Reference Collection; Electronic databases

Toronto Reference Library
789 Yonge St.
Toronto, Ontario, M4W 2G8 Canada
http://www.torontopubliclibrary.ca/index.jsp
Collections Consulted: Business Information Centre; Main Reference Centre; Performing Arts Centre; Periodicals and Newspapers Centre; The Toronto Star Newspaper Centre

University of Ottawa Library
65 University Priv
Ottawa, Ontario K1N 6N5 Canada
http://www.biblio.uottawa.ca/index-e.php
Collection Consulted: Reference collection; Main book collection
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———. “Production in Ontario 2002 with Assistance from Ontario Media Development Corporation.” Toronto, ON: Ontario Media Development Corporation, 2003?

———. “Production in Ontario 2003 with Assistance from Ontario Media Development Corporation (OMDC).” Toronto, ON: Ontario Media Development Corporation, 2004?

———. “Production in Ontario 2004 with Assistance from Ontario Media Development Corporation (OMDC).” Toronto, ON: Ontario Media Development Corporation, 2005?

———. “Production in Ontario 2005 with Assistance from Ontario Media Development Corporation.” Toronto, ON: Ontario Media Development Corporation, 2006?


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P–R


*Interview and Speech Transcripts/Correspondence*

A–C


———. “Prime Time for Canada: What We Do Matters,” Notes for an address by Françoise-Bertrand, Chairperson, Canadian Radio-television and Telecommunications Commission to the Canadian Film and Television Production Association's Annual Conference, Ottawa, ON, February 3, 1999.


Cole, Janis. [Interview by Marsha Ann Tate regarding the Canadian film and television industries as well as attitudes toward Canadian-produced feature films and television programs, April 2001].

Interview and Speech Transcripts/Correspondence

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Frulla, Liza. “Speaking Points for the Honourable Liza Frulla, P.C., M.P., Minister of Canadian Heritage and Minister Responsible for Status of Women at the Canadian Film and Television Production Association’s Prime Time in Ottawa Luncheon, Ottawa, ON, February 3, 2005.”

Interview and Speech Transcripts/Correspondence

G–I


Gross, Paul. Email correspondence with Marsha Ann Tate regarding Due South and related issues, 2002.


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