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Co-producer, *Happy Birthday To Me*

The less the government does, the better it is going to be. We already have too many regulations. An increase and a tightening would be suicidal.

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

The climate that was here last year

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

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

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

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