

Movie goers gobble up Canadian-made Meatballs

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Southam News

MONTREAL — The Canadian feature film Meatballs, now playing at 1,100 movie houses across the U.S., is fast on its way to breaking all box office records.

Budgeted for \$1.6 million, its producers say it could not have been made without an initial loan of \$250,000 from the Canadian Film Development Corporation (CFDC). Now there's talk of Meatballs grossing \$100 million.

An exceptional success story it is but not a fluke in the new world of Canada's movie industry.

In 1977 all feature film production in Canada was budgeted at only \$6 million. This year the total budgets of films in which the CFDC will invest will surpass \$100 million, says executive director Michael McCabe.

He attributes the explosion in Canadian film-making to three factors: the 100 per cent tax write-off for movie investments introduced by the Trudeau government in 1977; the coming to maturity of Canadian producers and production teams to make international films; new encouragement policies by the CFDC.

The Canadian tax incentive program for films came into effect just as a similar program in the U.S. came to an end.

In an interview last winter on the set of a joint Canadian-Israeli-French production in Israeli-occupied Egypt veteran American actor Tony Curtis predicted the U.S. industry would take steps to ensure that Canadian film makers did not enjoy a tax advantage for long.

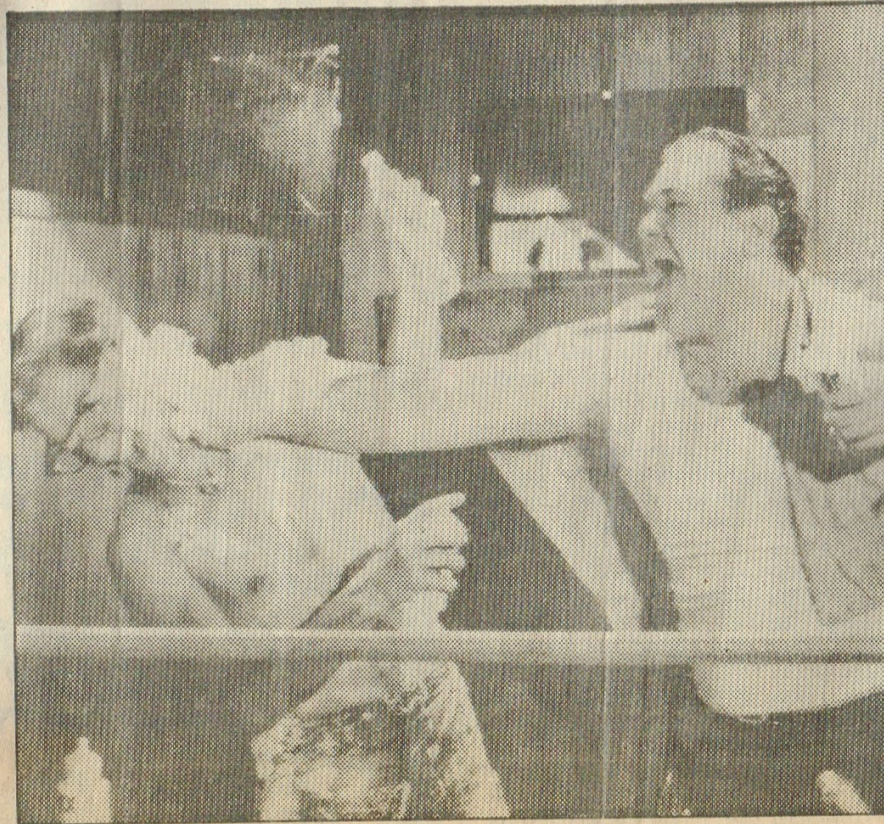
McCabe agreed in an interview this week that the danger of future U.S. interference was real if the Canadian industry continues to expand.

"Canadian production is not threatening the American monopoly yet," he said. "When it does their government will intervene with our government on the American industry's behalf."

He said he has recommended that the Clark government keep the tax incentive on the books for another five years with an early announcement to reassure investors that the rules won't change.

Secretary of State David Macdonald has indicated to McCabe he will support the recommendation.

McCabe said he believes the tax



A scene from Canadian hit Meatballs

incentive has been useful in giving the industry an initial shove but can't be used to build it up over the long term.

"When it is removed we must have arrived at the point where producers can show investors that they can make money without tax incentives."

The corporation's executive-director said the problem for the Canadian industry in the future could be selling its products through a distribution system controlled by Americans.

"We can make a lot of pictures but can we sell them? Will the U.S. majors pick up our pictures for distribution?"

Last year the big American studios distributed only 25 films made by independents from all over the world. None of them were Canadian.

This year U.S. Paramount bought Meatballs for \$3.8 million. Universal is distributing the Canadian film Running.

The CFDC philosophy since McCabe took it over a little more than a year ago is that Canadian films must be able to compete with the best in the world.

The corporation used to encourage smaller films aimed at the Canadian market place. They

usually failed commercially even at home.

While pushing the development of Canadian stars and Canadian content the CFDC does not discourage producers bringing in big American or international stars.

Before 1978 the corporation typically would invest \$200,000 of government funds if a producer could raise \$600,000 privately. In 10 years of operation the agency spent \$25 million in this way, getting \$10 million back from film revenues.

McCabe decided the CFDC could make a greater contribution by helping on a 50-50 basis with initial costs such as the money needed for the acquiring of rights, script writing, the holding of a director and stars.

Money to cover these "upfront" costs is the most difficult for a producer to raise. Once he has a good script, director and stars it is much easier to find private capital to go into actual production.

The corporation's \$4.5 million investment budget has become a revolving fund that last year put out \$7.5 million. This year the same \$4.5 million will benefit producers' starting-up costs to the tune of between \$12 million and \$15 million.