



“The tongueless man gets his land took.”

Notes for Remarks

by

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Thank you, _____, for your kind words of introduction.

Honoured Head table guests, Canadian Club members and guests, good afternoon. It's a real privilege for me to be invited to speak to you today.

I want to recommend a book to you. It is one of the better commentaries I know about what's behind the one thing still preserving us as a nation -- and that is our Canadianness. In other words, our culture.

Not culture as in high art and the National Ballet, but culture as the dictionary defines it: "The concepts, habits, skills, arts, instruments and institutions of a given people in a given period." In other words, our collective memories, attitudes and dreams.

The book I want you to read, ironically, is written by an American -- Andrew Malcolm, the former Toronto bureau chief for the *New York Times*. It is also a decade old, published the year after Malcolm left Canada. In *The Canadians*, he sketches scenes that do not -- could not -- exist anywhere else on earth except along the 49th parallel. On that thin, often invisible line stretching over one-fifth of the earth's circumference, curious things happen.

Some families sleep in Canada and eat in the United States, simply by crossing from one side of their house to the other. Planes land on a Canadian runway and take off on an American one simply by taxiing a few seconds. Virgil Lane's U.S. mail route dips into Canada a couple of hundred yards to Joe Bush's house, and kids play international catch across the this frontier - the longest undefended border in the world.

Such quaint and charming scenes symbolize much more than simply a warm feeling of hands across the border or international civility.

They stand for something much more challenging.

To me, they speak to the fact that there really is no border anymore between Canada and the United States. In 1985, when Malcolm wrote *The Canadians*, the satellite dish, let alone the Internet had not yet been widely popularized; and the dreaded phrase, the Information Highway wasn't even under construction. Sure, we were bombarded by images of the United States because we happen to live just down the bed from the biggest elephant on earth. But when was there a time when that wasn't happening? For many years the geography and language that we share with the most powerful and expansionist nation on earth have posed Canada a unique identity challenge - a challenge not faced to the same degree by any other country in the world.

Recently, the end of the Cold War, NAFTA, information technology and global trading blocs have blurred national boundaries, and made the line dividing the United States and Canada nearly invisible. In fact, just last month the U.S. Immigration Department launched a frequent border-crossing card for Canadians that lets you go to the front of the line at the airport and pass through without inspection.

So if people and goods and information can all cross with amazing ease from the U.S. into Canada, and vice versa, then what makes us Canadians? It's hard to say the border serves any purpose anymore, except to annoy the citizens of the United States and Canada when they wait in line to cross it.

I believe that the factors which make up a nation have changed -- substantially, quickly and in many cases, invisibly. In our post cold war and our free-trading world, less and less is a nation defined in military or trading terms, and more and more are nations coming to be defined according to their culture and language.

These developments, of course, make Canada's unique challenge even more acute.

For the past year I've been carrying around in my wallet a now pretty tattered article by Michael Valpy. His column in the Globe and Mail that particular day was entitled "The Tongueless Man Gets His Land Took". That's an old Cornish proverb. "The Tongueless Man Gets His Land Took". It sums up exactly the situation we're in as a nation.

Valpy was quoting U of T political scientist Franklyn Griffiths asking and I quote: "If we spend something like \$4.5 billion a year on defence, what is it that we are defending?" unquote. He challenges the need to keep our military establishment at current levels when what is actually under attack is not really militarily defensible. Prof. Griffiths writes "The state of our cultural life is now of greater importance than the state of our armed forces in determining our ability to make choices for ourselves in a world where military challenges to our country have diminished." Unquote. He suggests transferring funds away from military expenditures and instead to allocate these funds to the defence of our sovereignty in the form of renewed support for culture and communications. His point has direct application today: I'm sure Prof. Griffiths would agree that our federal resources are better spent on Telefilm Canada than on the Airborne Regiment.

While being a threat, communication technology also represents an extraordinary opportunity for Canada -- an opportunity to build a major industry and with it, thousands of new jobs. And importantly, it's an opportunity to secure our identity as Canadians by giving new life and new expression to our culture.

Can television and computers do all this ? Do they have the power, or is it a lot of hype?

The reality is that in the U.S., cultural products like movies and magazines and TV series are now America's second most important export, exceeded in dollar value only by aerospace products. In other words, Bugs Bunny is fast catching up to the Patriot Missile as the leading source of income on America's trade balance sheet.

Here in Canada, you may be surprised to know that we are the second largest exporter of television programming in the world, next only to the U.S., and we are significantly larger than Great Britain.

Keep that in mind when you think about those BBC dramas the British seem to make so well and sell all over the world. Canadians sell more television programs to more countries and reach more people. Canadians are very good at it. Our film and television industry in Canada now earns annual revenue of over 3 billion dollars, creating tens of thousands of jobs in the process.

The best part is that these are terrific "new economy" jobs; they're "above the neck jobs", highly skilled, highly paid and create renewable resources whose value is enhanced with reuse as opposed to using finite depletable resources.

In our business, we call technology the hardware -- the satellite dishes, cable lines and computer laptops. And we call what gets put on it -- movies, 24 hour news, programming of every kind -- the software.

Whichever hardware delivery systems are ultimately favoured, they will be of no value whatsoever without the software.

Nobody buys a t.v. set, a laptop or a satellite dish in order to enjoy the physical device itself. No - we buy those devices for one reason only - so that we can use, learn from or be entertained by the software.

Now that the information highway is being built, the big question is, who's going to fuel it? Who's going to provide the many hours of programming each week needed to fill the dozens of channels that Canadians and the world will be watching?

If we let people from beyond our borders do it for us, don't be surprised if we end up looking and acting and talking like people from beyond our borders. If we don't bring Canadian stories to the screen, stories written by Canadians about Canadians located in Canadian neighbourhoods, and starring Canadians, guess what? The only way we'll learn about the world is by hearing England's, Japan's, or in our case, American stories, which bombard us with a tidal wave of American values, American history and American hopes, day and night, in our dens, our cars, our airplanes -- and eventually in our dreams.

We'll wake up one day not knowing who we are. Worse still, we won't even recognize or be able to acknowledge that there's a problem.

When many Canadian teenagers can't name their own Prime Minister or can't identify that Ottawa is our capital, yet they know that Washington is the capital of the United States, the problem isn't illiteracy or even a bad education system; the problem is when they're out of school, which is most of the time, their cultural mentors, their gods, if you will, are almost all from somewhere else.

But if we provide our own software -- if we tell our own stories -- we'll not only recapture some of our dissipating identity, we'll become leaders in the kind of job-intensive, value-added, export-driven industry that will drive our economic growth in the information age.

The company that I head, Atlantis Communications, tells stories for a living. In other words, we provide the software to fuel the hardware.

We tell Canadian stories particularly well. One of those stories, Farley Mowat's *Lost in the Barrens*, won an Emmy Award, and another, Alice Munro's *Boys and Girls*, won an Oscar. Canadians seem to like our shows too; our programs have won twenty-three Gemini Awards; last week we were nominated for 19 more.

We started the company in 1978 and for the first several years, we literally lived above the "shop" in a small house on Church Street. I was the cameraman on our first dozen shows. Thank heavens, we soon made enough money that we could hire a real cameraman; I wouldn't recommend any of those early shows for their stunning visual effects.

Along the way, we've learned an important lesson, which is that if you're going to compete at all on a global scale and in the next century, you not only have to control the means of production, but the means of distribution. And, you must have achieved the necessary critical mass.

That's why Atlantis went public on the TSE in 1993, why Atlantis recently bought 28% of the YTV Network, and why Atlantis has a controlling interest in the newly launched specialty channel, life network.

It's also why we have offices in Los Angeles, Amsterdam, Sydney and Barbados supplementing our headquarters in Toronto. It's why we have found the balance between making distinctly Canadian stories and selling to the world marketplace. Now, 80% of our licence fee revenues (which is the money broadcasters pay us to rent our programs) comes from outside Canada. Only 20% is from within Canada.

The products we create are ones of long term value, usable, watchable, exportable over and over again. The intangible copyrights we control create an ongoing income stream for Atlantis and for Canada. Welcome to the information economy.

In 1994, Atlantis will have enjoyed revenues of over \$100 million, derived from licensing television programs to almost 200 broadcasters in just about every country in the world with commercial television. We sell to all broadcasters in Canada. In the USA, Atlantis produces programming for ABC, NBC, CBS, Fox, HBO, Showtime, Disney Channel, Nickelodeon, USA Network, Family Channel and on and on.

Atlantis invents ideas, hires writers and directors, creatively develops, organizes, finances, sells, interim finances, insures, hires the cast and crew, shoots, edits, distributes, owns and controls the television shows from when they are a gleam in the eye of our producers to when they are a completed program and part of our ongoing library for exploitation.

In doing so, we are building a library of significant value.

In 1994, Atlantis produced t.v. series or t.v. movies in British Columbia, Alberta, Manitoba, Ontario, New Zealand, South Africa, and Tennessee.

We started Atlantis with \$300 of capital, which, 17 years ago, was also our life savings. We're entrepreneurs. We plan to keep building and growing to take advantage of the fact that we happen to be in the growth industry of this half-century.

Atlantis has a terrific management team, capable of achieving growth while maintaining focus. One of my colleagues, Kevin Shea, who is President and COO of Atlantis, is at the Head Table today.

Our plan is to become one of the world's leading suppliers of software. We will do so by ensuring that we continually adapt to and lead the changes in our industry.

One current change is that the three "pillars" of our industry are blurring - that is - the three pillars of production, broadcasting, and signal distribution. Just as the four pillars of the financial community have blurred (or crumbled, depending on your point of view), we see the role of the program supplier (our historic role) and the program packager (the broadcasters' historic role) blurring or merging.

That's why we have made our moves with YTV and life network. We intend to continue to adapt, to make such moves to ensure that we are in the right place on the playing field.

After 17 years of heading Atlantis, I am the ripe old age of 38; we intend to be at this for quite a while. As far as we are concerned, we're still merely hammering in the foundation of our long term growth.

Atlantis does not stand alone. Our Canadian Broadcasting System contains many terrific success stories, and is the envy of many other countries. Canadian viewers receive a wide selection of excellent Canadian channels and a full range of U.S. offerings as well. We've developed very successful conventional over the air broadcasting in Canada, represented at the Head Table by Mr. I.H. "Information Highway" Asper. Mr. Asper's company, Canwest Communications, has demonstrated a very successful worldwide strategy, through its recent acquisitions of key broadcast networks in New Zealand, Australia and Chile. Canwest is an example of the great opportunities available to those who have vision, leadership and who live in Winnipeg.

As well, Canada has developed extraordinarily successful specialty channels. TSN and YTV started as channels that Canadians grumbled about being offered by their cable companies and are now highly watched, devotedly followed channels that many Canadian households couldn't imagine being without.

By the way, on the topic of introducing new specialty channels, I'm pleased to say that the Nielsen rating information we received on Friday reinforces our belief that Canadians want to watch Canadian channels if given the opportunity. For life network, Nielsen reports to us that the ratings on our top ten shows last week achieved an average of 70,000 viewers. This is double our predicted audience. We are confident that, over time, these class of '95 channels will also become as indispensable to Canadians as have YTV, TSN and Newsworld.

It's popular to CRTC-bash these days, and I'll have no part of that. Let's not forget that, through a carefully constructed program of legislation, incentives and tax inducements, the CRTC and other federal ministries and agencies have created a broadcasting system that does all a government can to give the home team a fair chance. In doing so, the CRTC balances the interests of broadcasters, producers, consumers, advertisers and signal distributors.

Ottawa has tried and largely succeeded in creating a level playing field for Canadians to tell their own stories in their own way on their own networks.

I categorize the federal government philosophy into what I call the Four "A"s.

The first "A" is access. In other words, Canadian channels should be readily available to as many Canadians as possible. This is achieved by the "priority carriage" rules which ensure that Canadian channels will receive prominent "shelf space" on cable television (i.e. that they won't be hard to find on your cable menu).

The second "A" is abundance. Through the federal and provincial funding agencies, cable operators, pay and conventional broadcasters, there are a number of investment funds and other benefits to help Canadian producers move their bright ideas from inside their heads to inside your television set. Also to ensure abundance, the CRTC licences new Canadian channels to broaden choice and variety, and insists that Canadian channels carry a minimum level of Canadian programs.

The third "A" is "affordable." To do this, the widest number of channels should be offered to the most people at the lowest cost.

This is primarily achieved by packaging Canadian channels alongside American channels so that as many Canadians as possible subscribe, thus lowering the per household price. The alternate scenario would be to separate each channel on its own, resulting in fewer viewers for each channel at a much higher price per subscriber. It's not a pretty picture. Remember C-Channel? It'd be a bit like a newspaper selling each section on its own.

My final "A" is "acclaimed", and it means that if we concentrate on being excellent at creating our own stories, we don't have to fall back on being mediocre producing someone else's stories. For too many years, you found Canadians trying to tell American stories and, not surprisingly, they generally got told badly. Telefilm Canada and other mechanisms have provided some of the financing necessary to create top quality shows that Canadians want to watch. The impressive viewing statistics available in recent years are testimony to this.

The four "A"'s as I call them are guided by two basic principals.

First, that the Canadian production, broadcasting, and signal distribution systems should be owned and controlled by Canadians and that such broadcasting and distribution signals should originate in Canada. Such ownership rules are not unusual; just ask Rupert Murdoch. He was forced to give up his Australian citizenship and become an American citizen before the U.S. government would allow him to buy Fox.

Second, that as an economic matter there should exist a distinct border between Canada and the U.S. One should be able to buy and sell Canadian broadcast rights to programs distinct from U.S. broadcast rights.

There's a copyright issue here as well. For example, Atlantis sells the Canadian rights to Farley Mowat's LOST IN THE BARRENS to the CBC. We then sell the American rights to The Disney Channel. So Disney puts its signal up on the big American satellite, Direct TV. The Canadians who buy DTH or Direct-to-Home signals delivered to pizza-sized dishes, guess what they receive? The Disney Channel, of course.

And neither Atlantis nor CBC receives a dime from Disney for what is basically a second sale of the Canadian rights, and a flagrant violation of copyright laws. In simple language, that's theft. And the Canadian consumer with pirate satellite dishes in the so-called "gray market" bringing in U.S. channels containing Canadian programs are nothing more than accomplices to information highway robbery. And, of course, the ringleader in this heist is the DTH satellite company who pretends that its unaware or unable to do anything about it.

This is why the CRTC must enforce Canadian copyright laws and at the same time Canadian cultural sovereignty by permitting only satellite services that are licenced in Canada, that originate in Canada and that contain channels on the CRTC designated list. If the Ministries of Industry and Heritage or the CRTC fail to take these steps to enforce our copyright laws (and the Canadian distinct market) you can expect Atlantis and others to enforce our rights in court. We expect any such action to be unnecessary.

In a world with burgeoning media, the future belongs to those who can provide the messages, who can tell the stories.

Here in Canada, as nowhere else on earth, that economic opportunity has become a cultural imperative; and, it is also something else - a tongue with which to tell our stories.

But now that we've become world leaders in a business that can actually help us declare our independence in the world, please let's not do that very Canadian thing and throw it all away just as we're on the verge of really taking off.

Some of you may have heard the story about the Canadian on vacation in Maine, set to enjoy a lobster dinner. There are two big pots of lobsters ready to be put on to boil. One of them has a lid; one doesn't. "What's with the lid?" the tourist asks. The Fisherman says "Oh, that's to keep them in the pot." "Well why don't you put a lid on the other one?". "No need for the lid" says the Fisherman. "That pot's full of Canadian lobsters; if one of them breaks away and tries to get out of the pot, the others will all just pull him right back in."

Let's not do that to our communications industry.

It has taken us more than 127 years to decide if we want a country. That issue, needless to say, is still up in the air. But for those of us who have already made that decision -- and I assume everyone attending a Canadian Club luncheon has -- then having made that choice, we now have to decide what we're prepared to pay for it.

I would modestly suggest that whatever the bill comes to, it is infinitesimal compared to the very real cost of living in a country that, at the end of the day, is not a country after all.

Thank you very much.

