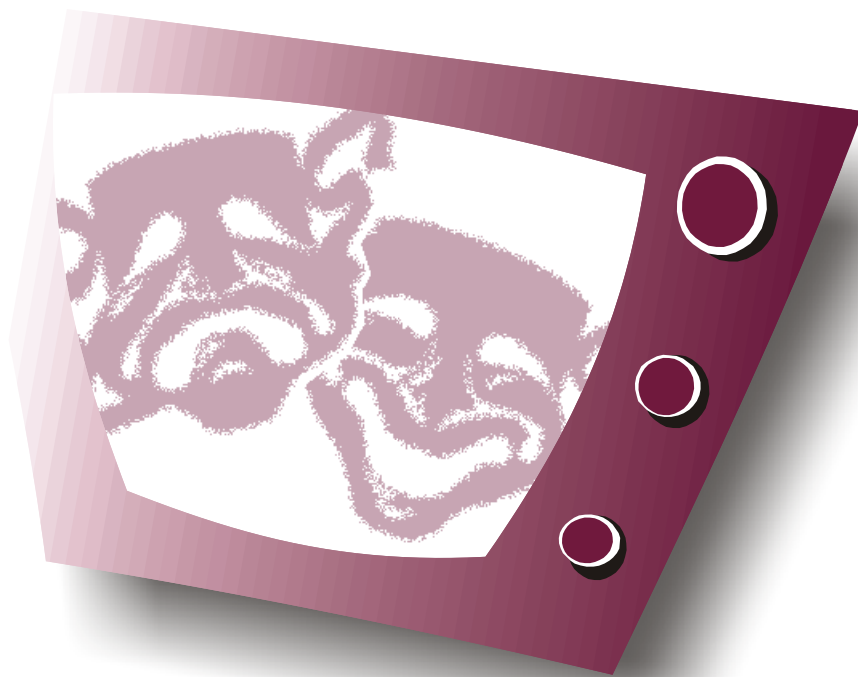


Dramatic Choices



*A report on Canadian
English-language drama*

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I. Introduction and Appreciation

A distinguished broadcaster told me recently that, long ago, he had been asked by the CBC to study the state of drama¹ production. He amused himself by starting his report with the first sentences of 11 other studies commissioned on the same subject.

I thought of continuing his tradition, but I can't. His report, and its predecessors, are missing and presumed dead. And achieving healthy success for drama remains a riddle wrapped in a mystery inside an enigma. But perhaps, as Winston Churchill went on to say, there is a key. This report asserts that the key is a new focus on audience.

Drama has never had a golden age, an easy time, a rosy past. Since production started in 1952, there has been only one weather report for drama: continuing cloudy, threats of a storm, some sunny breaks.

This report must focus on the clouds and the threats of a storm: threats that are particularly ominous today.

At least, however, we can begin with some appreciation for the sunny breaks.

Our drama has filled every role that can be asked of a nation's story telling.

It has created memorable characters: Anne, Relic, the King, Joey Jeremiah and a dog called Diefenbaker. It has imagined our history with care: Trudeau, Dieppe, the Dionnes. It has taken us to the heart of our country's darkness: *Milgaard*, *Boys of St. Vincent*, *Conspiracy of Silence*. It has inspired us, saddened us and delighted us with stories of our own heroes and villains: Terry Fox and Lucille Teasdale; Evelyn Dick and Betsy Bigley. It has invented communities where all human passions played for us each week: *Traders*, *Street Legal*. It has, yes, it has produced stars: Sonja, Cynthia, Megan, Jackie, Gordon, Paul, Colm, Bruno, Al---we all know their last names.

In a bittersweet achievement, it has introduced our talent to larger and richer countries; and we have lined up with the world to watch our own telling the stories of others.

Most important, Canadians have created drama that has a distinctive voice, with two very different traditions.

¹ Note to the reader: Please imagine the words "English Canadian Television" in front of the word "drama" wherever it occurs in this report; unless the context clearly makes that inappropriate. I have used a number of examples of specific dramas. I thought it best not to use any currently on air.

The first tradition is embodied in our most popular series. Though there is no statistically valid comparison over the years, most would agree that a list of the all-time favourites would include the *Anne of Green Gables* strands, *King of Kensington*, *Beachcombers*, *Due South*, *Kids of DeGrassi*, and a number of others.

These programs share characteristics. In general, the leading roles in these series were not people of power, riches and glamour. They were heroes because they had moral strength, personal courage and human empathy.

In most of these series, the location is so particular and vivid that it is almost a character. In the stories, life is a struggle but happiness exists. There is much humour, but it is driven by personality, rather than by one-liners. Sadness and grief do befall the characters, but troubles are rarely caused or resolved by violence. Instead, they are solved by debate, compassion, tolerance, determination and skill. Long before *CSI*, we valued coroners.

These most-popular Canadian shows are a stark contrast to the most popular American series.

Canadians love to see rich and beautiful stars, leading costly and difficult lives around flowery swimming pools, or in the famous neighborhoods of New York. Canadians are highly entertained by explosive confrontations in the Oval Office, the inner-city E.R., the state courts, and in mean and menacing underworlds. In all the world, Americans do this kind of programming the most expensively and the most engagingly; and we are attracted to it in our millions. But when we choose to watch Canadian, we choose very different series.

The second tradition in our drama is the melding of the documentary and the fictional in movies and mini-series. These issue-oriented limited series and one-offs are the earliest tradition of our drama.

Interestingly, the CBC produced almost no adult drama series in its first decade, confining itself mostly to productions of theatrical plays and some children's series. This was in contrast to SRC, where series television started in volume as soon as television was inaugurated.

In the 1960's, Ron Kelly's *Open Grave* movie shocked a nation with its documentary-like story of the return of a modern Christ, and inspired a tradition that television drama would tackle the most difficult social issues of the country.

In the 70's and 80's, CBC continued on this dramatic path, with, for example, the creation of *For The Record*, one of its most popular anthologies. *For the Record* was current affairs drama, dealing with hot issues from euthanasia to the death of the family farm. It was almost always under furious attack from those it offended, from banks to provincial premiers.

In the 80's movies and mini-series like *You've Come a Long Way*, *Katie* (alcoholism), *Conspiracy of Silence* (racism against Aboriginals), and *Boys of St. Vincent* (child abuse by priests) were intense, uncompromising and highly-rated.

In the 90's and now, this tradition continues. CTV's *Signature* series, for example, regularly draws more than a million viewers for movies on subjects like teenage gambling, bullying, and unionization.

Professor Mary Jane Miller, our most distinguished scholar and writer on drama, argues that our writers, producers, and executives have always been more comfortable than the Americans with ambiguity in characterization, literate dialogue, sometimes open endings and often complex subtext.

There is an honorable tradition of success in drama, although it rests on very many fewer works than in most other countries. There is a clear voice, though it speaks more softly and not as often as in most other countries.

There is no failure in our drama that relates to some inherent national inability. But we have asked of our artists that they overcome, not only the immense difficulties of their own profession, but also all the accidents of geography, technology and economics that stand between them and their audiences.

II. It's Only Money

The achievements in drama have occurred against all odds; and they conceal the central problem, which is financing.

Drama is the most expensive and the most risky of all forms of television. When it succeeds, and attracts large audiences, it is also the most profitable. Because the potential profits are so large, Americans spare no expense in making drama series.

Last October, the *Hollywood Reporter* published its list of licence fees paid for dramatic series. The licence fee is about 70 per cent of the show budget. The highest licence fee reported was for *E.R.* at US \$8,350,000. Per hour! That would make the total budget, in 70 cent Canadian dollars, \$17 million. Per hour!

E.R., like *Friends* and *Frasier*, is in the stratosphere even for American shows. A more representative cost might be *West Wing* at over \$3.5 million Canadian per hour.

A Canadian producer and broadcaster might be inspired by the critical acclaim and high ratings (until this year) of *West Wing* to produce a similar series called *PMO* (fill in your own joke here). The producer might have a total per hour budget for *PMO* of \$1 million. Here's what she can't buy that the Americans can:

1. Stars. The producer might see the Prime Minister's press secretary as the lead role in the series; and might believe that Kiefer Sutherland would be excellent in a Jim Munson-like role. The very lowest probable cost, if Kiefer felt very patriotic: \$500,000 per episode. Jennifer Aniston gets more than US \$1 million for *Friends*. Ray Romano has just signed for US \$1.5 million for *Everybody Loves Raymond*.

The producer would forget about a star, and look for a good actor who would likely get \$20,000 per episode. She will then hold her breath to see if she can keep him. One producer told me the story of an actress contracted for a small recurring role in a top Canadian series for \$60,000 a season. She was offered exactly the same work in an American series for \$60,000 per episode. She begged to be released. She is in Los Angeles now, with hundreds of other Canadians with similar stories.

2. Writers. A series like *West Wing* will use between 6 and 12 writers in a season. *PMO* will be lucky to afford four.

3. Extras. In *West Wing* the press conference room will be filled with 30 actors playing reporters, even for a scene which lasts only a couple of minutes. On screen, the full room will generate a sense of excitement and tension. In *PMO* the press encounter might include two or three reporters in a mini-scrum
4. Sets. The *West Wing* sets on the Warner's lot cover thousands of square feet, fully dressed. A camera can follow C.J. for five minutes through the sets as she leaves her office, walks down the hall to talk with Toby; walks down another hall towards the President's ante-room, enters the Oval Office and finds the President on the Patio. During her walk, an assistant director will have directed another 30 actors in background activities. The viewer will have a complete illusion of being in a busy White House. In *PMO* the press secretary will leave his office and walk across an empty hall to see the Prime Minister.

The list goes on, through shooting days, second units, extra locations, hit music and all the production values that Canadians see every evening. The expensive grammar of American television is the lingua franca for our viewers. Canadian producers must compete with talent, cunning and stories that are intensely relevant to their viewers. They do well. On a program budget cost per viewer, Canadian shows do as well or better than American shows. Unfortunately, this is no one's measure of success.

Moreover, before *West Wing* was picked up by NBC, the network had commissioned about 100 different scripts; and funded 10 to 20 pilots at a cost per hour of anywhere between US \$2 and \$4 million each. And hundreds of thousands of dollars will have been spent on audience research.

Here in Canada, the network that chooses to produce *PMO* will have commissioned, perhaps, five other scripts. There will be no pilots and no audience research.

Almost everyone involved with *West Wing* has become very wealthy (or, even more very wealthy). The studio and the network will show handsome profits. The producers, the stars and the writers will take home millions; with the promise of more to come from foreign sales and syndication. When *Cheers* was sold into syndication, the producer, concerned about whether he should buy his dream home, called his agent for reassurance. The agent told him: You can buy the biggest house in your area code.

No one who works on *PMO* will become wealthy. The cast and crew will be paid union scale. The producer will have fees, if they were not deferred to make the financing. The Canadian distributor, these days, is not likely to make back his advance for a very long time. Telefilm is unlikely to recoup more than 5 per cent of its equity investment.

If the broadcaster is the CBC, it will have used, for one hour of drama, resources which could have funded three or more hours of arts, documentaries or journalism: all important to its mandate.

If the broadcaster is a private network, the network will not make its cost back, let alone a profit, from the commercial revenue in the program. Even though the broadcaster paid only 20 per cent of the program cost, it can anticipate losing about \$100,000 per hour.

No broadcaster has ever made money on drama. It exists entirely and only because of political and regulatory will.

Today, there are serious questions about whether that will is strong enough for the survival of drama.

III. The Current Situation

One of the mandates of this report is to describe the current situation in drama.

The current situation is not good.

How bad it is depends on the length of string used to measure it, and there are many pieces of string being used.

An optimist might see some long-term good news in the numbers presented in the most recent "Broadcast Policy Monitoring Report" issued by the CRTC last November. The statistics do show significant increases in spending over the last reported five years, 1997-2001.

Private Conventional Television

Genre (\$ 000)	1997	1998	1999	2000	2001
News (Cat. 1)	218,621	229,512	237,223	229,931	235,149
Other Info. (Cat. 2 to 5)	24,277	26,427	27,080	26,174	35,141
Sports (Cat. 6)	36,281	31,426	29,901	26,727	24,952
Drama & Comedy (Cat. 7)	47,576	85,211	74,450	80,229	72,270
Music/Variety (Cat. 8 & 9)	4,561	7,979	5,727	5,520	4,422
Game Show (Cat. 10)	217	179	220	41	1,590
Human Interest (Cat. 11)	35,639	36,781	28,777	25,017	20,321
Other (Cat. 12 to 15)	-	-	-	-	965
Total (Cat 1 to 15)	367,172	417,516	403,377	393,638	394,810

Includes ethnic stations & funding from the CTF

Source: CRTC Financial Database

On private conventional television, there has been a 52 per cent increase in spending on drama from 1996/97 to 2000/01.

CBC Television

Genre (\$ 000)	1997	1998	1999	2000	2001
News (Cat. 1)	30,719	53,790	97,606	100,047	59,200
Other Info. (Cat. 2 to 5)	28,314	52,605	48,079	40,086	37,143
Sports (Cat. 6)	77,935	119,302	128,455	95,031	141,046
Drama & Comedy (Cat. 7)	35,945	35,325	62,016	62,407	46,212
Music/Variety (Cat. 8 & 9)	13,834	19,166	12,218	8,156	5,982
Game Show (Cat. 10)	-	-	-	-	-
Human Interest (Cat. 11)	17,008	31,167	4,667	18,568	9,962
Other (Cat. 12 to 15)	-	-	-	-	-
Total (Cat 1 to 15)	203,755	311,355	353,041	324,295	299,545

Excludes CTF funding

Source: CBC Annual Reports

At the CBC, there was a 29 per cent increase.

While specialty channels do not report their expenditures on drama as such, it is worth noting that their spending on Canadian programs increased by 120 per cent over the five-year period.

But the immediate past in the tables shows a more alarming picture. In the last year reported, spending on drama on private stations and on the CBC has declined sharply: on the CBC by 26 per cent and on private stations by 10 per cent. There is a strong anecdotal belief that in this program year, 2002/03, spending has further declined. This is supported by CTF figures for 2002/03 which show a decline of 19 per cent in total drama hours supported; and a 41 per cent decline in series hours.

These changes reduce the visibility of drama, a genre that has always been a misty feature of the television landscape. To put this into context, there are 7 major English conventional systems and 11 analog specialty services licensed to do drama. Each has four hours of prime time a night. That's a total of 26,280 hours, of which distinctively Canadian drama totals about 240 hours of original programming. (source: CTF and CRTC research and data)

Approximately 240 hours of new drama is a small base which has declined, and the future is full of threats.

The government budget in February removed \$25 million from the funding of the CTF program. As well, the reserves available to the CTF declined from \$30 million to about \$8 million. And a decision to allow small cable systems to forego contributions to the Fund in favour of their community channels meant a reduction of \$4 million.

About half the CTF funds go to drama; and two-thirds go to English drama. The fund will thus have about \$17 million less for drama in the broadcast schedules of 2003-04.

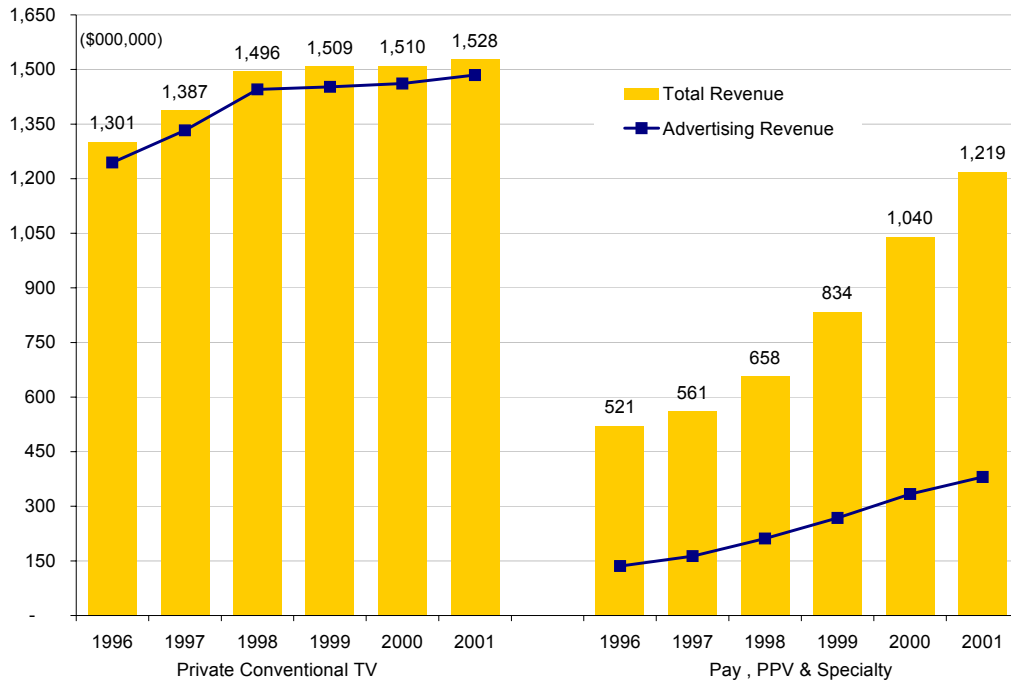
The government has refused to guarantee even its reduced level of funding past the broadcast year 2004-05.

In the next five to seven years, many of the "benefits" programs, undertaken as part of the 90's rush to buy and sell broadcast companies, will disappear. In particular, the BCE benefits which will add \$75.5 million over seven years to drama funding will expire, as will the CanWest Western Independent Producers' Fund, which supports drama as well as other genres.

Should the CRTC accept an application before it to divert CTF funding to local programming, a further \$15 million will be gone, which would likely reduce the drama envelope by \$5 million.

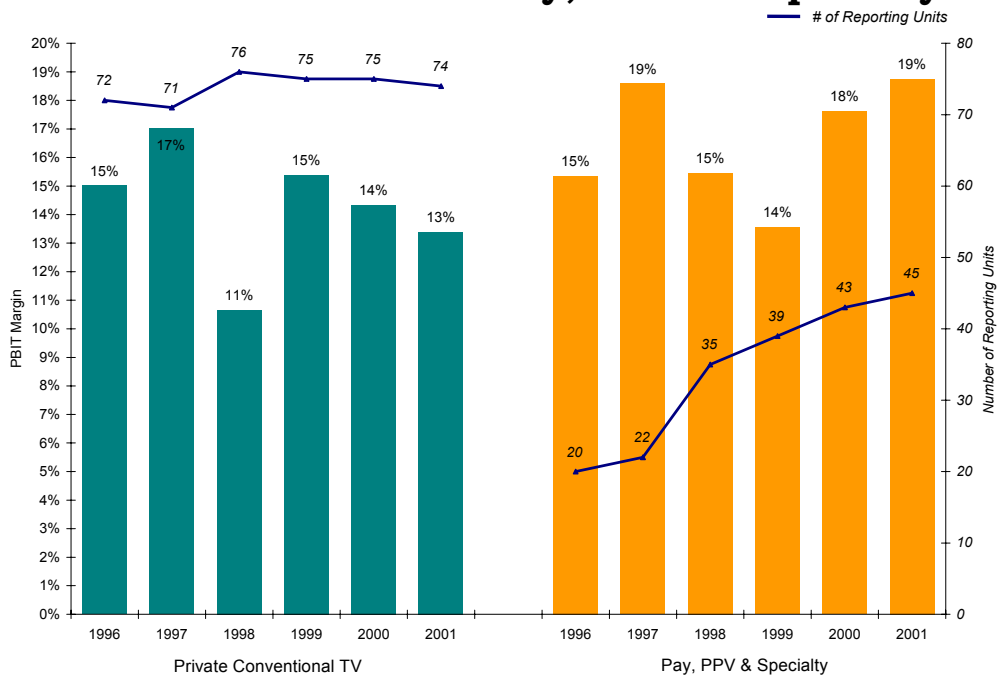
As well, both CBC and the private conventional broadcasters continue to lose audience share to specialty channels. Revenue for private conventional television has been essentially flat for the past three years; and profit margins have declined.

Revenues English-Language Private Conventional Television and Pay, PPV & Specialty Services



*Includes ethnic & bilingual services
Source: CRTC Financial Database*

Aggregate PBIT Margins of English-Language Private Conventional Television & Pay, PPV and Specialty Services



Source: CRTC Financial Database

The large national broadcasters are the major contributors to high impact drama; and it is unlikely that specialty channels, although they are growing, will have resources to invest in programming to replace the conventionals.

Looking ahead to the next five years, it seems that both the public and the private funds for drama are imperiled. But there is some opportunity to change this gloomy outlook. The broadcasters I spoke to do believe that successful Canadian programming, especially in drama, would be an economic breakthrough for them. (Some broadcasters are more optimistic than others about whether this is a possible goal.) The chaos and anger with the current system may provide the will for participants to work together and accept real change. The Chair of the CRTC is personally committed. The professional associations and the talent unions are working together.

IV. Who Cares? Making the Case for Drama

Although drama has achieved much, it is after all, only one of a number of ways of telling stories about Canadians. Many other forms, like documentaries, have national roots that are stronger, and are more flourishing than drama. News, sports, current affairs and children's programming have earned their cultural keep from the beginning. Even a good cooking show can have a strong cultural flavour.

It is not a truth universally acknowledged that every Canadian of intelligence must be in want of drama. One respected public sector programmer wrote to me: "What if it's too late? What if we are embarking on a risky, expensive mission with little hope of achievement? What if we jeopardize our real achievements and world wide success in documentaries, current affairs and children's in a quixotic, doomed adventure?"

The *National Post's* Matthew Fraser, the leading national commentator on media policy, believes that the drama production industry is already a continental one; and he dismisses the drama initiative as an "exercise in bureaucratic self-preservation and interest group politics."

A recent poll by Canadian Media Research showed that a majority of Canadians believe it is important to have Canadian drama programs. However, among the youngest group surveyed (18-24) more than half disagreed with this goal and a full third strongly disagreed.

Certainly, the government has felt no political imperative to strengthen or even to maintain drama. If any voices were raised about this spring's cut to the CTF budget, they did not prevail.

Perhaps the central failure of drama has been the inability of its proponents to make a compelling public case for its significance, and its potential.

I think that is because so many policy makers and members of the elite watch little television and do not understand the quite amazing relationship Canadians have with television. It is, simply, the most powerful form of communication yet developed by humankind; so enticing and satisfying that we push all other possible activities aside to spend an average of 24 hours a week with the flickering blue screen. Most readers of this report will spend less time than that; which means that many of their fellow citizens spend more.

The time we spend with television has stayed almost constant for 50 years, even though we have become more educated and more affluent; and even despite the compelling attractions of the Internet.

Over a lifetime, the average Canadian will spend more hours on television than on career or education; more hours on television than in reading, religion, parenting, travel, museums, sports, art galleries, talking to friends---more hours with television than any other activity through which humans learn to perceive their country, their world and their own place in it.

And when we watch television, we are, most of the time, watching drama: the single most popular genre of all. If, as Moses Znaimer once said, all television is educational; and if, as Northrop Frye once said, the dramatic form is always more satisfying to the imagination than the documentary form, then drama is our chief educator, and the ruler of our imagination.

The power of television to change minds and hearts is recognized by the hard-headed leaders of just about every consumer business existing. In Canada, each year they spend 2.5 billion dollars presenting television messages they believe will change our behaviour; and most of these messages are developed as little dramas.

Here is just one anecdote about the perceived power of drama. Alliance Atlantis is producing for CBS this spring, a mini-series on Hitler as a boy and young man. The series has provoked what one newspaper called “a storm of criticism” from groups who believe that this drama has the power to make millions sympathetic to Hitler: that four hours of television might overwhelm sixty years of education and history. The series is based on a readily available book the publication of which was not criticized. The BBC plans to make a documentary on the subject: there has been no adverse comment. It is only the power of drama that is feared.

And yet, despite every evidence of the power of drama, Canadian policy makers have been more or less happy to leave it to the Americans. Of the drama we watch, 91 per cent is American and 9 per cent Canadian.

On this subject, drama producer David Barlow wrote: “An interesting phenomenon occurs when a country looks to a foreign culture for its popular entertainment over a long period of time. If a society consistently chooses the dramatic fantasies of another culture, they come to believe that their own reality is not a valid place on which to build their dreams. Their reality simply isn’t good enough for dreaming.”

It’s hard to reconcile the reality of our viewing with the objectives of the *Broadcasting Act*, which through all its many versions, has insisted that programming respond to the tastes and interests of Canadians. Drama is the most appealing form of television for most Canadians. If they are not watching Canadian drama, it is hard to see how the Act is being upheld.

As Charles Dalfen said to the CAB’s most recent convention: “Poll after poll suggests that Canadians wish to remain a distinctive and independent people. But in television drama, we don’t occupy our own prime time. As a Canadian, I ask myself: is this the mark of a cultural colony?”

Much has been written about the economic impact of television production: the jobs it creates, the companies and businesses it supports. In today's economy, many think that the jobs it creates are of a kind that is vital to our future.

The Conference Board of Canada, in a way, echoes David Barlow about the importance of dreaming: "Canadians must become more innovative. Improvements in our innovative capacity are critical to productivity growth and to wealth creation."

The federal government's Innovation Strategy has as its central aim "to increase the supply of highly qualified people who can create and use knowledge."

Television drama requires and develops a fusion of artistry and technology; and exists in a constant state of innovation.

As we look to the future of Canada, most of us understand that it is in our interest to cede some of our traditional sovereignty to international organizations; and also, that like it or not, we will have to harmonize some of our national policies with those of the United States of America. What, then, will being Canadian mean in a more continental, more international world? A robust culture will help us imagine our future and respect our past; and there is no more powerful way to develop that than through television drama.

In every other television genre, and in almost every other art, there is no question of survival. Our achievements are well-regarded internationally and enjoy the respect of Canadians. Other artists and other television creators need not leave their homes to do their best work, or indeed, any work. In every other form of television, we are successful. Television drama is our last cultural frontier.

We can make a case for drama as an act of building our future, understanding our present, caring for our past. We can make the case for drama in political terms, in economic terms, in cultural terms; and even in spiritual terms, as nourishment for our individual humanity. But we must make the case collectively, convincingly and very quickly.

V. What Not to Do

The Canadian Coalition of Audio-visual Unions presented the most comprehensive and well-researched submission I received. I was impressed by the submission, by my meeting with the group, and by their determination to work fiercely to change the situation for drama. Many of their ideas are reflected in my recommendations; but one of their central points is not.

Although they were much more polite about saying it; in essence, this point was that the CRTC and the private broadcasters were a sort of “Axis of Weasels” who had cozily arranged a policy regime that favoured corporate greed over the public interest; and that this policy was almost exclusively responsible for the distress of drama. I should mention that this is a view shared by a number of producers who wrote vivid and encompassing denunciations of the policy and of the broadcasters.

The CCAU solution was simple: overturn, by regulation, the licences recently granted to the major private broadcasters and impose a stern regulatory regime, with comprehensive rules on drama hours, originals, spending, CTF credits and scheduling.

The CCAU had the advice of Peter Grant, one of the country’s most learned and diligent regulatory lawyers, so I accept their assertion that this would be within CRTC jurisdiction.

I strongly believe that it would also be horrible public policy and against the interests of drama.

Broadcasters went to their hearings in good faith. The hearings were exhaustive. A large number of intervenors appeared representing all stakeholders; and there were thousands of written submissions. The decisions imposed a wide range of conditions and a new policy on broadcasters, who have made business plans and financial commitments based on the seven-year licences issued. To say after two years “Sorry, guys, just kidding” would make a shambles of all future licence hearings.

A reversal of policy as sought by the CCAU would pit broadcasters against producers and programmers; and create a divisive and bitter atmosphere at a time when collegiality is essential. There would undoubtedly be appeals to cabinet, with the usual gleeful media coverage of a catfight between prominent artists and well-known executives. If the cabinet appeals were unsuccessful, broadcasters would heed the new rules grudgingly and to the letter. The CRTC would require squads of forensic auditors and enforcement police; and everyone would be spending money on lawyers.

Drama deserves better than to be a forced and resented obligation. It needs the commitment and willing partnership of broadcasters.

The new CRTC policy certainly doesn't help drama. But the evidence for pronouncing it guilty of murder is unconvincing.

Profile 2002, the report produced by the CFTPA, APFTQ and the Department of Heritage lists a number of factors for the decline in fiction production. The report does mention the new policy. It also notes the contraction in international markets; and the changing nature of the Canadian broadcast environment. To this list, I would add the revenue issues of conventional television and a strong new audience interest in reality programming. It is worth noting that the concern over declines in television drama are not confined to Canada.

And a closer look at expenditure tables confirm that other factors besides the television policy are at work. The following figures are expenditures on drama by conventional English-language licensees, excluding CTF top-ups. (Source: CRTC Financial Data Base)

1997/98: 48.7 million
 1998/99: 50.1 million
 1999/00: 52.9 million
 2000/01: 58.8 million
 2001/02: 53.9 million

In the first year of the new policy, drama expenditures by private television were up by about 11 per cent. In the second year, drama expenditures declined by 11 per cent, but were still ahead of the last year of the old policy. It is not possible to draw a firm conclusion from these figures.

The CCAU suggests that undersubscription to the drama envelope was a result of the new policy. The drama envelope was indeed undersubscribed in 2000-01; and in 2001-02. A study of the CBC's expenditures for drama and for sports suggests that another reason for the undersubscription could have been the CBC's excellent coverage of the Olympic games in Sydney. And the revenue issues of private broadcasters were also at play.

CBC Television

Genre (\$ 000)	1997	1998	1999	2000	2001
News (Cat. 1)	30,719	53,790	97,606	100,047	59,200
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Sports (Cat. 6)	77,935	119,302	128,455	95,031	141,046
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Total (Cat 1 to 15)	203,755	311,355	353,041	324,295	299,545

Excludes CTF funding

Source: CBC Annual Reports

In any case, the Fund's drama envelope was healthily over-subscribed last year. In the present sad year, broadcasters had brought forward the largest slate of big-budget distinctively Canadian drama projects ever, most of which will die—not because of the CRTC policy, but because of cuts to the Fund.

Continuing with the theme of “what not to do,” I have had several interesting conversations about various European regulatory regimes and their possible application to Canada. I have also read the very thorough report prepared for the CRTC by Barry Kiefl of Canadian Media Research Inc. on *International TV Programming and Audience Trends 1996-2001*.

Mr. Kiefl's report and my personal visit to Australia this year have convinced me that we need a made-in-Canada way of achieving the success that European countries have had in successfully developing prime-time domestic drama. And it has been impressive. In five years, Italy has doubled its prime-time drama and developed a top 20 hit list with shares of 25-35% of viewing. Germany and France, once dependent on U.S. material, now have 50 per cent prime-time drama in their schedules. Even in Australia, where you are never far from an episode of *Everybody Loves Raymond*, domestic drama accounts for 30 per cent of the schedule.

But Mr. Kiefl concludes that the television market in the United States is the only market in the world that resembles that of Canada. From his report, I see three major differences between Canada and the European countries he studied:

1. The public broadcaster is dominant. In Britain, BBC 1 is the top-rated channel. In other countries, public broadcasters have audience shares of 30 per cent or more.
2. Cable and satellite services are being introduced, but they are in a minority of homes. In Australia, many homes are still graced by TV antennas, a time-warp scene for older visitors from Canada.
3. In the European Union, advertising revenue for private television stations rose 70 per cent, between 1996 and 2000.

The European broadcast industry seems to be in a situation not seen in Canada for more than a decade. It is unlikely that their regulatory models would apply to our country.

Our best chance is to find our own particular path to success; and that path should lead directly to finding new audiences.

VI. The Audience Strategy

Drama deserves better than the small gains of the 90's. We deserve a flourishing drama community, a wide range of formats, more stars, hit series, international acclaim. We should play to win.

Winning means larger audiences. For that, we need an integrated funding and regulatory mechanism that encourages and rewards audience gains. And we need to find a way to align the commercial interests of private broadcasters with the success of drama.

All stakeholders win if audiences to drama can be increased.

Larger audiences will help with the political will to enrich the CBC and the National Film Board.

Larger audiences will build stronger production companies and create jobs.

Larger audiences will give artists connection, inspiration and validation.

Larger audiences will help the profitability of private broadcasters and make drama a better business decision as well as a good cultural decision. In time, larger audiences will mean commercial profitability. Commercial profitability will mean more hours of drama, and larger budgets.

And of course, larger audiences will mean that we have pleased or challenged or delighted more Canadians.

A disciplined audience strategy would mean de-emphasizing one of our most ingrained regulatory and funding habits, which is equating air time, and only air time, with success.

Our job in the broadcast system, as defined by the Act, is certainly to “offer” and “provide” Canadian programming and that does mean time must be set aside for those programs. But the Act also enjoins us to provide programs that appeal to the “interests” and “tastes” of Canadians, and the only real measure of that is audiences.

The notion that we could have lots of popular, successful drama may seem unthinkable after 50 struggling years and in the midst of fragmentation. It is as unthinkable as Italy's success in drama was five years ago. It is as unthinkable as the notion that one belle province can deliver audiences higher than all the rest of the country put together. It is as unthinkable as Canadian wines winning connoisseur awards. It is as unthinkable as Canadian books becoming best sellers all over the world.

An audience strategy is the most impossible way to ensure the success of drama; except for every other way.

VII. Five Essential Tools for Audience Building

This report proposes a five-year strategy to increase audiences to drama. The recommendations are intended to provide drama creators with five essential tools for audience success:

1. Political Will
2. New Money for Drama
3. Shelf Space
4. Broadcaster Incentives
5. Star Building and Promotion

VIII. Recommendations

1. Political Will

The audience strategy requires an initial extra infusion of public funds, and a considerable one. That means drama will remain an act of political will over the next few years. The recommendations in this category suggest methods and processes for encouraging and supporting this political will.

- a) The Minister of Canadian Heritage could help enormously by endorsing an audience strategy for drama as a goal of her department; and the backing of her endorsement by the Prime Minister's office would be an important act for Canadian culture.
- b) The CRTC should hold a public process on drama, to elicit comments on the various reports that will be made public over the next month or two and to set the stage for an audience strategy for drama. It would be important that all stakeholders make presentations at this process, including CAVCO, the provincial funds and the private funds.

After the hearing, the CRTC should, by regulation and within the framework of the current licences, put into place the initiatives it considers most appropriate. It should set goals for audience building. These goals should take account of the various audiences required to lessen dependence on subsidy and, eventually, to achieve commercial profitability. The CTF should also adopt these goals as part of their funding.

The CRTC should hold a smaller, yearly round-table on drama to discuss the achievement of the goals, and how they might be fine-tuned.

- c) The stakeholders in drama should form a drama caucus. The Caucus would make the case for drama on a regular basis to politicians and policy makers in all departments and at all levels of government. The Caucus could issue a yearly "report card" assessing the performance of all involved; a document which could be provided to the CRTC yearly round table. As well, the Caucus should draw attention to, and celebrate, success.

2. New Money for Drama

These recommendations propose new money directed at audience building and a simpler way of accessing existing funds.

They center on a new five-year fund of \$30,000,000 per year to support and reward audience building, including pilots and development, with particular emphases on writers, and writer-producers.

This section also recommends radical changes to simplify access to the current Canadian Television Fund.

2.1 The Audience Building Fund

The government should initiate a new \$30 million yearly fund specifically targeted at audience building, to be run by the CTF.

In its first year of operation, the fund would be exclusively devoted to the funding of scripts and pilots. Writers and writer-producers would be given priority. In subsequent years, one-third of the funds would go to scripts and pilots, and two-thirds to assisting with production financing for the best of the scripts and pilots. The production funding would be directed to improving audience building aspects of the project: extra money for stars, a larger team of writers, hit music rights, location shooting, extra production days, or even additional episodes of series that have shown potential for increased audiences. Applicants with a trackrecord of audience success would be given priority.

Sources for this new fund could include:

- restoration of the \$25 million cut to the CTF, with the English drama portion diverted to the new fund
- a settlement between the government and the broadcasters on their payment of CRTC fees, on condition that a substantial part of the English television overpayment go to the audience fund
- a CRTC decision that, of the ten per cent benefits paid at the time of a sale of a broadcast company, half would go to the audience fund
- savings in administrative costs at the CTF as a result of re-organization (see below)
- and a top-up from general revenue

If the audience-building strategy succeeds, the government's investment would be well rewarded in public benefits, and not only cultural benefits.

The increase in production will create more highly-skilled knowledge workers of the kind that leaders agree are essential to Canada's future success. These new jobs are not only artistic. Television production inspires the development of new technology; it requires electronics and information technology; it needs legal, financial, and marketing skills; and it is linked to Internet development.

Successful drama creates wealth for its producers, distributors, and exhibitors; and for the companies they own or work for. This will produce additional tax revenues and lessen the demands for subsidies.

2.2 No inroads into CTF funding

During the audience-building strategy, the CRTC should impose a moratorium on any application to divert the contributions to the CTF to any other purpose.

2.3 Changes to the CTF

The system of funding allocation practised by the Canadian Television Fund has been described by Bill Mustos, CTV's senior vice-president of drama, as "complex, contradictory, and labyrinthine." He was being far too polite, and I speak as a member of the Board. Full of the best possible intentions, we have created a hellish path; and we need to start over.

It is surprising that this hideous system has produced, in general, excellent results. Thoughtful people and sore losers quibble about particular decisions; but in general Canadian television has been enormously enriched by the CTF. The staffs of both the Equity Investment Program and the Licence Fee Program are excellent. The Board has shown a remarkable ability to set aside competitive conflicts for the greater good of the industry.

Nevertheless, the pain of the process wastes great amounts of money, time and energy. It dulls the creative focus. It simply isn't good enough to help with a new focus on audience building.

The fund, which has both private contributions from the cable and satellite companies, and a government contribution, operates under a contribution agreement with the Department of Canadian Heritage.

- a) The Department of Heritage should issue new and clear objectives for the Fund. The Department should bring forward any changes in legislation required to achieve these goals; and the Board of the CTF should, in response, devise a new system of operation. This should be done with the highest possible speed.
- b) The CTF's long-term committee is working on proposals for reform. Among the possibilities are funding envelopes for broadcasters, which might provide more stability and fewer rigid guidelines; and the splitting of the fund into two one-stop programs: one for big-budget, high-impact proposals and one for smaller, more routine proposals. Each of these has the potential to make things easier for applicants, and each has potential for new difficulties and problems.

While these models are being worked through, the Boards of Telefilm and of the CTF need to take immediate action. They should convene an emergency joint meeting, and order their staffs to implement, for the fall tranche of funding, a one-stop application procedure. The staffs of both programs would consider all joint applications together and release the results simultaneously. While this would not solve all the administrative problems, it would give some quick relief to beleaguered producers and broadcasters.

2.4 Consider Quebec models of drama production

In his report to the CRTC on French-language drama, the respected writer, Guy Fournier, notes that there is a great cost gap between English and French productions. The French productions are, in general, about two-thirds less expensive than the English productions. He notes: [translation] “This situation is even more ironic when you consider that the average French-language drama will be seen by five times more viewers than its English language counterpart.”

While these cost differences may be a result of the perceived need to compete with American production values, there may be lessons for English producers to learn.

Mr. Fournier recommends that a task force of qualified people examine this issue. I agree. Telefilm might lead this task force, and could arrange dialogues between producers from each culture.

3. More Shelf Space

These recommendations recognize the increasing viewership and resources of specialty channels and endeavor to position them as a source of innovation and change in the models for drama.

One of the tools in building audiences is to do more drama production and to encourage innovation. These recommendations, and some of the broadcaster incentives, are meant to encourage more production: to put more horses into the race for audience success.

- a) The CRTC should notify specialty services not presently licensed to carry drama that they will receive applications for amendments to allow drama programs, where the subject of the drama is relevant to the genre of the service.

Permission to carry drama should be contingent on a promise to provide at least 6.5 hours of original programming per year.

These new drama licensees would not be allowed to apply for funding to the CTF or the audience building fund. However, they would have no regulatory obligations or strictures at all, and would make no commitments except to the time and, of course, Canadian content. This should free them to pursue entrepreneurially and creatively innovative drama, which could freshen the entire system.

After two years, if the drama has achieved goals for high audiences set by the CRTC, the services could apply to the audience building fund.

- b) The CRTC could encourage afternoon soap operas and edgier drama aired just after midnight by allowing a 150 per cent credit against daytime Canadian content requirement.

- c) It could also encourage live-action children's drama by allowing a similar credit. The credit would be capped at one hour per day, in order not to discourage other forms of children's programming.

4. Broadcaster Incentives

These recommendations are intended to make it easier for drama programmers at the networks to pitch for more drama; and to make it easier for bottom line executives to say yes. The recommendations also reward broadcasters who achieve "hit" status. These incentives will serve as positive reasons for networks to schedule and promote drama in the best possible way.

Broadcaster incentives may be controversial to those who believe that broadcasters should simply be required to provide drama in return for having the privilege of having a licence. Unfortunately, this is not quite as grand a privilege as it used to be.

The CRTC reports that broadcast revenues have been flat for the last three reported years, and that profits have declined steadily during that period.

Drama programs lose more money than any other genre. In this environment, broadcasters have been doing less drama. Interestingly, for the drama they do, they have been coming to the CTF with bigger projects and better licence fees. CTF figures show a rise in non-CBC licence fees of 17.5 per cent over the last 4 years. This suggests an interest in drama that could be developed with incentives and with an audience-based strategy. If we can align broadcasters' financial interests with the production of drama, we will make significant progress.

- a) The CRTC should restore the 150 per cent credit for ten out of ten (distinctively Canadian) drama, so that it applies against overall Canadian content.
- b) The CRTC should allow a one-minute exemption from the 12-minute limit on advertising for each original hour and one repeat, of ten out of ten drama carried. The number of minutes earned would be totaled at the end of the broadcast year and could be used in the next broadcast year in any program the broadcaster chooses. This credit would be available only when a broadcaster has paid a licence fee of 25 per cent of budget.
- c) The CRTC should allow a 200 per cent credit against Canadian content for each hour of "hit" drama which draws one million viewers on conventional or 500,000 on specialty. The credit would be capped at one hour per week, and would apply only if the broadcaster had paid a 25 per cent licence fee.
- d) To encourage equity investment by broadcasters, the CRTC should allow all at-risk equity investments to count toward program expenditure requirements.

- e) To encourage the production of drama pilots, pilots which are not aired should be given a 50 per cent priority program credit if the broadcaster has paid a 25 per cent licence fee.

The CBC, as the public broadcaster, should continue to be the leader in providing the largest amount of drama programming. Based on my conversations, I believe the present leadership is committed to that and committed to providing high-impact, high-audience drama. However, it would be appropriate for the CBC to make a specific promise on drama.

The CBC should commit to maintaining its level of drama expenditures at the historic high level of \$62 million per year. To assist with that commitment the CRTC could reconsider its decision to forbid CBC from running first-run Hollywood movies. The extra commercial minute incentive would also apply to the CBC.

The National Film Board should contribute to the drama initiative by commissioning a significant amount of drama with its traditional emphasis on innovation, diversity and communities.

5. Star Building and Promotion

These recommendations concern increased promotion for drama stars and drama programs.

- a) The CRTC should allow third party promotion expenses for ten out of ten drama to count as program expenditures.
- b) The CRTC should require BDUs to make 25 per cent of local availabilities in foreign cable services available for the promotion of drama, without cost. In the spirit of incentives, the CRTC should also allow BDUs to use 25 per cent of the remaining avails for PSAs, cable services, and other non-core services, such as Internet.
- c) The CRTC should allow “star system” entertainment magazine programs aired outside prime time to claim either:
 - 50 per cent priority programming credit; or
 - 125 per cent credit against daytime Canadian content credits.

IX. Conclusion and Thanks

Moving to an audience strategy for drama will, of course, provoke the quintessential Canadian question: “What if it doesn’t work?” The answer is simple, and sad. The CRTC and the government can monitor the progress until the next licence renewals. If there is no progress, these groups can decide to end the audience building fund; and return to the usual panoply of regulatory dictates. In the many years that these instruments have been in force, they haven’t produced a healthy drama scene; but they have kept it breathing. I hope that’s not what we have to settle for.

It has probably not been possible to commit to a goal of larger audiences in the past. Fifteen years ago, for example, the CBC was the only real player in drama programs. There were very few independent production companies. Craft skills and infrastructure were limited. The funding system, with private funds, tax credits, provincial incentives and national programs, was in its infancy.

All those things exist now. Our movies and mini-series are already attracting American drama size audiences. Hit series will take longer, but they are achievable. I have no doubt that drama, and all those who create and nurture it, can play to win.

I would like to thank Charles Dalfen, Chair of the CRTC, for inviting me to take on this task. Because of his request, I have had the good fortune to meet and speak with nearly 100 individuals, and to read submissions from about 20 others. Each one of them contributed vision, wisdom, passion or common sense; and often all four, a particularly Canadian combination. If this report is optimistic, it is because of the energy of the people I spoke to. This is especially true of Mr. Dalfen. His career was already fully successful when he became Chair of the Commission. He didn’t need to do that; and having done it, he didn’t need to take on drama: the most intractable, complex issue in Canadian broadcasting. I was honoured to be asked to help him.

I was delighted when Richard Stursberg, Executive Director of Telefilm, became a co-funder of this report. He is an original thinker and an incisive analyst; and was an important resource. Janet Yale, the excellent Chair of the CTF, helped review the report and made a number of important suggestions.

I would also like to thank the CRTC’s Nick Ketchum, who has been such an enormously helpful and intelligent guide through this process.

As the Caplan-Sauvageau report noted, the writing of reports about broadcasting is a small, but honourable, cottage industry. I wish it were smaller. My particular hope is that drama becomes so successful that no one ever again has to write or read a report about it. That’s an exciting prospect.

Trina McQueen