



**Canadian Broadcasting Corporation**

**Comments**

**Public Notice CRTC 2003-54**  
**Support for Canadian Television Drama**

**November 28, 2003**

## RESPONSE OF THE CANADIAN BROADCASTING CORPORATION

### CRTC CALL FOR COMMENTS: SUPPORT FOR CANADIAN TELEVISION DRAMA BROADCASTING PUBLIC NOTICE CRTC 2003-54

1. The Canadian Broadcasting Corporation welcomes the opportunity to participate in the Commission's review of policies and approaches that might be pursued to increase the provision of, and viewing to, indigenous Canadian drama.
2. This review is particularly timely given the November 6, 2003, response of the Government of Canada to the Report of the Standing Committee on Canadian Heritage *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*.
3. In acknowledging that it is not enough simply to make Canadian programs available on Canadian TV screens, the Government has announced that it will:

“[T]ake steps to align its regulatory and funding mechanisms so that they place stronger emphasis on attracting audiences to Canadian programming. In particular, the Government believes that real strides in viewership for English-language drama need to be made. Success in attracting audiences will obviously differ for the various genres of Canadian programming.”

4. The CBC/Radio-Canada is pleased with the Government's commitment to Canadian drama and its commitment to the alignment of the regulatory and funding mechanisms within the system for the greater development of audiences. These are key requirements if the drama dilemma is to be solved.
5. In these comments, the CBC/Radio-Canada provides its responses to the specific questions raised by the Commission. However, prior to responding to the Commission's questions, the CBC/Radio-Canada believes it is important to establish five key considerations:
  - 1) the challenging economics of Canadian programming;
  - 2) the necessity of Government funding and support mechanisms to sustain Canadian programming, and more particularly, drama;
  - 3) the role of drama at the CBC/Radio-Canada;
  - 4) the different needs of public and private broadcasters; and
  - 5) the role of regulatory incentives.

#### **The Challenging Economics of Canadian programming**

6. Every country in the world struggles to create domestic programming due to US dominance. We cannot ignore the attractiveness of high budget and high value U.S. programming to audiences. This challenge is compounded in Canada by the close proximity and ubiquity of American programming. US programming continue to draw considerable Canadian audience, especially in the English-language market. The value proposal is there for both audience and broadcasters that can schedule this programming at a fraction of its cost.

7. Market forces continue to make it more profitable to carry foreign programming rather than programming that reflects Canadian values and perspectives. Consider:
- In the English-language market, the production cost of high-impact Canadian programming that will attract audiences remains considerable - \$2 M to over \$2.5 M per hour. In order to achieve maximum broadcast licence points for big budget drama under the newly announced CTF regime, Canadian broadcasters will pay licence fees of \$300,000 per hour for Canadian programming, which in turn is likely to generate only \$65-90,000 in advertising revenues. For the French Canadian market, it is five times more expensive to produce Canadian programming than to acquire translated American shows.
  - Simulcast rights to popular U.S sitcoms and dramas can be purchased for between \$100-125,000 per hour, which is roughly a third of the cost of licencing a Canadian program. Purchases of these rights also benefit – at no cost - from aggressive publicity that the U.S. networks use to promote these American shows. The popular U.S. series attract large audiences and command premium advertising rates in Canada; the most successful ones generate revenues of between \$350-450K per hour, which amounts to three to four times their cost, and five times the revenue that top Canadian programming can generate.
  - Canadian television producers in the English-language market recover their costs through a combination of public subsidies and foreign sales. Up to 65 percent are public monies such as the Canadian Television Fund, tax credits, provincial film commissions and CRTC-mandated private funds. Licence fees – public or private – account for up to 30%. The rest is earned through foreign sales.
8. Despite these market forces and given our funding structure and mandate, CBC/Radio-Canada has repeatedly demonstrated that quality distinctive Canadian drama that is properly funded, scheduled and promoted can go a long way in attracting a large number of Canadian viewers to Canadian stories. For instance, *Shattered City* attracted an average of 1.5 million the two consecutive nights it was shown. However, as noted, the recreation of this dramatic event in Canadian history also had a steep cost.
9. This is the quality and production value Canadians expect if they are going to shift away from their viewing of foreign programs. A daunting task, but as the Commission rightly said in its public notice:
- It is through television drama that most Canadians participate in their national culture and share in the evolution of social values and stories of human passion.
10. In response to the question “How do we support high-quality Canadian drama?” our response is that only through a well-balanced regulatory and funding system can we expect to succeed.

## **The Necessity of Government Support Mechanisms to Sustain Canadian programming, and More Particularly Drama**

11. Regulatory incentives cannot on their own be a substitute to access to adequate funding mechanisms for both public and private broadcasters. Responsible broadcasters can only operate within their financial means, be it the bottom line for the private broadcasters or the need for CBC/Radio-Canada to balance its budget.
12. As Trina McQueen aptly put, “the central problem ... is financing.”<sup>1</sup>
13. Unfortunately the means by which we financially support Canadian programming are under strain. Private broadcasters’ profits are under pressure in an increasingly competitive television market. Since they are beholden to their shareholders, who rightly demand profit, this reduces the level of money available to projects that are unprofitable, such as Canadian drama. In respect to public financing, CBC/Radio-Canada’s appropriation was recently cut by \$10 million and inflation and rising costs of goods and services also have placed added demands on our base funding. In addition, funding to the CTF has been reduced and the Fund’s entire future is far from clear with a new government coming into power. The only bright spot in public funding is the recent increase in the domestic tax credit, but is unclear at this time whether this signals an incremental increase in funding or a shift away from other public funding mechanisms.
14. Failure to access adequate funding through the CTF or tax credits or other means, the availability and sustainability of distinctive Canadian drama on our television screens in both the English and French markets is in jeopardy.

## **Drama, Canadian programming, and the CBC/Radio-Canada**

15. In initiating the current process, the Commission noted the central role of drama in the cultural identity of Canada.
16. The Commission also concludes, “Canadian drama should be a cornerstone of the Canadian broadcasting system.”
17. This is both a laudable goal, and an important challenge for the different components of the Canadian broadcasting system.
18. CBC/Radio-Canada is mandated to provide radio and television services across the country, incorporating a wide range of programming that informs, enlightens and entertains Canadians. To do this, CBC/Radio-Canada brings together thousands of Canada’s best creative artists, technicians, producers, directors, journalists and performers. The national public broadcaster is the catalyst that provides them with the necessary creative environment and resources to develop innovative and distinctive Canadian programming.

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<sup>1</sup> *Dramatic Choices*, page 4.

19. In meeting this mandate, the CBC/Radio-Canada must balance its prime-time schedule through the airing of a variety of programming elements audiences demand in those hours, ranging from comedy, dramas, feature films and, performance programs, to documentaries, news and public affairs programs.
20. CBC/Radio-Canada is the home of Canadian content – the largest single source of audience to Canadian programming, capturing one-third of all viewing to Canadian programming in prime time, when most people are viewing. In the last broadcast year (2002-2003) Canadian programming aired on the English Television Network generated 1.3 billion hours of viewing. Francophone audiences spent 900 million hours viewing Canadian programs on Radio-Canada during that same period.
21. CBC/Radio-Canada offers not only a high level of Canadian content over the whole day, week after week, but offers a balanced schedule of Canadian programs of different types. While news and public affairs account roughly for one-quarter of the whole day's schedule, Canadian variety and children's programs represents another quarter, Canadian comedy/drama programs account for one in six hours aired, while Canadian sports programs represent one-tenth of the whole day schedule.
22. We attract those audiences with a balanced schedule that recognizes that while drama is an important part of our schedule, we must constantly also respond to the needs of those who seek information. Thus we must be as responsive to the 1 million Canadians who recently watched *Grand Theft Auto*, the season debut of *Marketplace* – with those who seek diversion through drama – such as the 1.5 million Canadians who recently viewed each part of the two episodes of *Shattered City*, or the 1.131 million Francophones who watched the dramatic miniseries *Jack Carter* and the 717,000 who turned to the public affairs magazine *La facture* during the week of September 15, 2003.
23. Important Canadian current affairs programs like *The Nature of Things*, *Marketplace*, *La facture*, *Zone Libre* and *l'Épicerie*, that would probably not exist if it hadn't been for the public broadcaster, represent a large part of our prime time schedules, but all must compete with drama for a place in those schedules. It is all about balance.
24. For CBC/Radio-Canada television drama comes in many forms, and is far more than the program genre that is considered by many to be the -typical drama program -- a one-hour continuing series aired at the same time over 13 or more weeks.
25. At CBC's English Television service drama programs are drawn from all the CRTC's category 7 drama genres, not just one of them. The same is equally true for Radio-Canada. Thus English Television airs episodic drama series, such as *Da Vinci's Inquest*, alongside other forms of drama including comedy series such as *An American in Canada*, comedy sketches such as *22 Minutes* and *Air Farce*, one-offs such as *Betrayed*, *Many Trials of Jane Doe*, *The New Beachcombers*, and high impact mini-series or movies of the week such as *Shattered City*, *Trudeau*, *Last Chapter*, *Random Passage* etc. We are also notable for providing Canada drama programming outside the evening viewing period as part of our childrens and youth programming schedules.

26. As seen in the following charts, in 2002-2003 CBC English television service dominated the list of popular Canadian drama/comedy series aired during the broadcast season with 6 of the top 10 programs.
27. And among Canadian drama/comedy specials, 11 of the 15 most popular of this type of program were aired on CBC. CBC is the only English-language broadcaster that receives a larger proportion of its viewing to its Canadian comedy/drama programs than to its foreign comedy/drama programs.

### Audience to Canadian Drama/Comedy Series 2002-03 Broadcast Year

RANK	NETWORK	PROGRAM	AMA (000)
1	CBC	Royal Canadian Air Farce (Fri)	799
2	CTV	Just for Laughs Gags	680
3	CBC	Da Vinci's Inquest	649
4	CBC	Red Green Show	610
5	CTV	The Holmes Show	556
6	CBC	Just for Laughs	551
7	CBC	American In Canada	536
8	CTV	Cold Squad	523
9	CBC	This Hour Has 22 Minutes	512
10	CTV	Mysterious Ways (r)	497

Note: Prime time shows only, September 2, 2002 to April 6, 2003.

SOURCE: Nielsen Media Research

### Audience to Canadian Drama/Comedy Specials 2002-03 Broadcast Year

RANK	NETWORK	PROGRAM	AMA (000)
1	CBC	Royal Canadian Air Farce New Year's Special	1,879
2	CBC	Dave Foley's True Meaning of X-Mas	1,522
3	CTV	100 Days in the Jungle	1,057
4	CBC	Betrayed	925
5	CTV	Tagged: The Jonathan Wamback Story	900
6	CBC	The Joke's On Us: 50 Years of CBC Satire	817
7	CBC	Talking to Americans (r)	806
8	CBC	CBC All-Star Comedy Homecoming	798
9	CTV	Stolen Miracle	786
10	CBC	Just For Laughs NWYR	764
11	CBC	Many Trials of Jane Doe	735
12	CBC	Royal Canadian Air Farce Countdown	734
13	CBC	The New Beachcombers	723
14	CBC	Royal Canadian Air Farce New Year's Spl ( r)	697
15	CTV	A Colder Kind of Death	621

Note: Prime time shows only, September 2, 2002 to April 6, 2003.

SOURCE: Nielsen Media Research

28. As for our French Television service, Radio-Canada has traditionally played a prominent and innovative role in the production of French-language drama. This type of program has made a strong contribution, in many ways unlike any other programming genre, to the achievement of the unique requirement set in the Broadcasting Act that calls for the national public broadcaster to our «contribute to shared national consciousness and identity» (Section 3 (m)(vi))
29. Radio-Canada has been and remains a driving force in the production of high-quality Canadian drama. It has always set the standard, constantly innovating and developing new talents, always looking for unique ways to present stories audiences can intimately relate to, which provide a deep sense of shared historical, cultural, political and social values. This leadership role has had a profound and positive impact both our audience and their expectations for programming to meet their needs, and on the commercial broadcasters who have been challenged to meet the standards set by Radio-Canada programming. Given the large and significant offering of high quality drama Radio-Canada has broadcast over the past 50 years, there is little question that CBC's French television service has probably contributed more to a sense of shared identity amongst Francophones of this country than any other institution.
30. Television drama is not merely a part of Radio-Canada's mandate -- it is at the very core of its identity and the relationship Radio-Canada has build over the years with francophone audiences across the country. The current funding crisis has very direct consequences on Radio-Canada's ability to continue its leadership role and to respond to the continuing high expectations of its audience in the fulfillment of its mandate

### **The different needs of public and private broadcasters**

31. Notwithstanding the recent changes made to the CTF guidelines, which allow for a dedicated broadcaster envelope of funding, CBC/Radio-Canada still remains convinced that it is both unfair and unacceptable that productions for the national public broadcaster should have to compete for funding with those for the private sector, as for instance is still the case for English-language drama under the new CTF guidelines. In our view, the needs, objectives and goals of the public and private sectors are so clearly distinct and dissimilar that they therefore cannot and should not be treated as interchangeable equivalents. We believe that the creation and funding of an entirely separate drama envelope that fully takes into account our unique mandate and the demands that are consequently placed on the national public broadcaster, is one significant way in which CBC/Radio-Canada's contributions to Canadian drama, and to the Canadian broadcasting system can be maximized.
32. In this respect, we share the concerns that were expressed by Guy Fournier who concluded in his report to CRTC that it is becoming increasingly difficult for Radio-Canada to provide entertaining programming that reflects its mandate, given uncertain financial considerations and policies that are increasingly more oriented to industrial rather than cultural considerations. Fournier posed the dilemma in these terms:

If government assistance is to continue, won't the government eventually be tempted to put Radio-Canada on the same footing as private television with respect to all of its entertainment programming and maintain its status as a subsidized public broadcaster for the other part of its mandate only?

33. The fundamental differences between the public and private broadcasting sector are, indeed, already amply reflected in the CRTC's own regulations and policies. For instance, the cornerstone of the 1999 Television policy is the priority programming requirement, which is only applicable to private sector commercial broadcasters. Different requirements, specific only to CBC/Radio-Canada and reflecting its unique mandate and role in the Canadian broadcasting system, were set out for the Corporation in the January 2000 television network licence renewals, in the course of which the Commission commented:

"The CBC [English network] has long been a key source for original Canadian dramatic programming, including family dramas such as the *Avonlea* saga, gritty adult series such as *DaVinci's Inquest*, satires like *The Royal Canadian Air Farce* and *This Hour Has 22 Minutes*, and Canadian feature films and made-for-TV movies. Through the broadcast of such programs, the CBC has supported Canadian producers, employed Canadian performers and provided Canadian viewers with high quality entertainment."

and

"The Commission commends the CBC [French network] for its role as a leader in the broadcast of French-language dramatic programs. The selection of innovative programming on the Corporation's French-language television service is an example to all French-language broadcasters. The Commission encourages the CBC to continue this leadership role."

34. Though the McQueen report and the Nordicity model both address options that may be useful for private sector broadcasters, they give very little consideration to the needs of the CBC's English-language television service. We can see no way in which their proposed audience-based incentives can be applied to CBC or to our endeavours to maintain a significant role in the production of and viewing of high quality, uniquely Canadian drama.
35. Increased, stable and predictable financing is what the CBC/Radio-Canada needs. Over the past three years the Corporation benefited from the addition of \$60 million each year to our funding base that we committed in its entirety to the creation of programs for our radio and television services. Retaining that funding, and increasing it over time, is absolutely critical to our ability to sustain our Canadian television schedules going forward into the future.

### **The role of regulatory incentives**

36. In its recommendations to the Government of Canada in support of Canadian programming, the Standing Committee on Canadian Heritage urged the Government to place a strong emphasis on measures and incentives to ensure Canadian audiences view Canadian programming.



37. In response the Government agreed that success in doing so could not be equated with simply making Canadian content available on television screens -- with giving it air time, but should also be measured importantly in terms of attracting and growing Canadian audiences for these programs. Based on this important reality the Government declared that:

..., the Government will take steps to align its regulatory and funding mechanisms so that they place stronger emphasis on attracting audiences to Canadian programming. In particular, it believes that real strides in viewership for English-language drama need to be made. Success in attracting audiences will obviously differ for the various genres of Canadian programming. As well, the CBC has a unique mandate not shared by private broadcasters. This too will have to be taken into account in assessing viewership.

38. Over the decades of the 80s and 90s the Commission has increasingly relied on the use of regulatory incentives as a public policy device and the McQueen report, the Standing Committee on Canadian Heritage and the Government itself continue to build on this approach.

39. In her report, McQueen proposes five incentives as a means of fostering an increase in the amount and of the scheduling of drama on English television. They vary from a Canadian content credit of 150% for the delivery of 10 point Canadian drama programs, to an extra commercial minute for the broadcast of each original hour and repeat of 10 point Canadian dramas, to a 200% Canadian content credit for any "hit" drama drawing more than 1 million viewers to a conventional TV station, to a priority program credit for the production of drama pilots where broadcasters have paid a 25% licence fee. And to encourage equity investment by broadcasters, CRTC is encouraged to allow all at-risk equity investments to count towards program expenditure requirements. It is noteworthy that all but one of these five proposed incentives is geared specifically to the private broadcasting sector.

40. These are valuable proposals of benefit to the private sector, particularly those broadcasters who embrace the Commission's vision and desire to improve and increase the Canadian drama on our television screens. Incentives can be introduced, and should prove beneficial to those broadcasters who want to do something positive in this area and take steps to air more Canadian programs and provide more Canadian drama as part of their schedule.

41. Unfortunately, however, as well intended as the proposed incentives are they will not assist in the creation of a single new Canadian drama to be aired on CBC/Radio-Canada.

42. CBC/Radio-Canada faces all the same funding pressures as private broadcasters, and this consequently affects the volume of all programming, including drama, that we can support. With our funding level again reduced, and with CTF financing levels lower than previous years, absent new sources of funding, we cannot expect to sustain our program services even at current levels in the years ahead.

43. While the McQueen report suggests some economic incentives for increasing Canadian drama in private broadcast schedules, we believe that these incentives

alone will not create enough economic benefit to allow the production of more drama given its high cost. Additional funding is needed to complement such incentives. Without new monies, these incentives would increase the demand for available funds, which already exceeds supply, with the potential result that CBC/Radio-Canada's current access to such funds would be further diminished for all players.

44. Given this reality, we ask the Commission to consider the unique circumstances of CBC/Radio-Canada when it announces measures to encourage the production and broadcast of new Canadian dramatic programs as part of this current review. Strong public support for current CBC/Radio-Canada initiatives and of its needs, and acknowledgement by the Commission of the unique contribution of the CBC/Radio-Canada in bringing distinctive and innovative Canadian programs and stories to Canadian audiences, would be an important positive measure CRTC could take in this proceeding.

### **Conclusion**

45. The harsh reality is that short of addressing the economic challenges of Canadian programming, little sustainable progress will be made. What is required is a fundamental review of the regulatory expectations that apply to private television and a concerted effort between government, funding agencies and the Commission to address Canadian drama with a new set of thoughts.
46. In a world of limited resources, it is time to recognize that not all players can be expected to deliver the same contribution and as such access to funding and to incentives should be commensurate with their contribution rather than adopting a one-size-fits all approach. It is also appropriate to recognize that the private and the public broadcasters operate in fundamentally different circumstances and as such need different tools to enhance their contribution to Canadian programming and Canadian drama.
47. Of utmost importance to the CBC/Radio-Canada is the access to increase stable funding to sustain its capacity to maintain a largely Canadian schedule, its high-impact drama strategy and its regular drama series, Secondly, continued access to historical level of CTF funding is paramount. However, it is time to create a separate envelope for public television to be used entirely on programs produced by independent producers.
48. The worst enemy of Canadian drama is the lack of funds and the inability of funding mechanisms to be aligned with the program planning cycle. It takes 3 to 4 years to bring a project like *Random Passage* from concept to air. The lack of predictability and yearly debates on how much funding is available from all sources to fund a multi-million dollar program is counter intuitive to sustaining innovative and high impact drama that will make a difference with viewers.
49. All of which brings us back to the essential points we made earlier with respect to the use of incentives. Incentives should be designed and crafted for who are committed to distinctive Canadian programming. And where incentives are not a viable option – as is the case for CBC/Radio-Canada given our unique nature – other funding options should be conceived and adopted.

50. It is our view that a regulatory process that recognizes and embraces the need for these parallel approaches may ultimately succeed where past, well-meaning attempts have always failed.

Our response to CRTC's questions follows.

### **CRTC QUESTIONS SPECIFIC TO ENGLISH-LANGUAGE DRAMA:**

**Q1. What are the most important elements necessary to ensure an appropriate quantity of original Canadian drama on English-language television, and to attract larger audiences to such programming?**

The key element to assure an adequate volume of drama in Canada is making more financing available for its production. This is a reality that has always existed and one that as yet has produced no real solution.

This reality manifests itself in the fact that from the very start of television broadcasting in North America, for every hour of Canadian drama on our English television screens there has been something close to 50 hours of American drama available. The not surprising result is that we are culturally swamped because we are so woefully under-resourced to compete with this onslaught of foreign product.

Yet despite this, the fact is that Canadian broadcasters have demonstrated a healthy demand for drama, as evidenced by the significant over-subscription in the drama envelopes at LFP and EIP over the last few years. But without additional funding and a more fundamental review of the poor economics of the Canadian drama market, there will be no easy solution to this problem.

In our view, regulatory incentives that provide what is really only a limited economic benefit to broadcasters (such as more advertisements or reducing the amount of other priority programming they have to do) will not create enough economic benefit through the redeployment of expenditures or through access to new revenues to allow broadcasters to finance additional drama unless other new money to fund dramas is also brought into the system as a whole.

Absent new revenues, or new funding mechanisms, regulatory "incentives" that actually cause broadcasters to spread their drama dollars across more productions, may in fact erode both the quality of those programs and consequently the audiences to them.

Much has been made of the suggestion that what the English language television sector needs are more episodic dramas – weekly series that can be found in the same spot in the schedule week after week, and across different broadcast seasons, over time building audiences and increasing their popularity. Series do, of course, have an important role to play in the Canadian broadcasting system, but they bring with them some of their own constraints, including the costs associated with producing multiple episodes, the need to build loyal audiences who will return to the program week after week, and the need for advertisers who are prepared to support the program as it grows its audience at a level sufficient to sustain it.

In this respect it is noteworthy, in our view, that many of the most recognized Canadian drama successes are not continuing series, but highly resourced miniseries or limited series - a drama sub-genre that is worthy of recognition as serving the goal of bringing Canadian drama to Canadian audiences. The CBC's recent audience experience – averaging 1.5M viewers each of two nights – with *Shattered City* is a case in point. Similar successes were achieved in past seasons with the broadcast of *Trudeau*, *Random Passage*, and *Anne of Green Gables*.

Talent development is another key element in ensuring that audiences for our dramas grow. The fact remains that we have a small population, and accordingly, our pool of established talent - writers, directors, actors - is smaller than that of the U.S. and many other countries. The same creative talent is used over and over again on the dramas made across the public and private broadcast sector. As well, our talent is often attracted by U.S. opportunities. Accordingly, our efforts to renew our talent base and maintain a critical mass of creative talent for both present and future production need to be increased and deserves to be fostered and encouraged by positive regulatory approaches.

While it is conceivable that incentives for higher audiences may be a good means of motivating the production of drama by the private television sector, they will not assure the provision of high level programs or that are culturally significant. This is particularly so when those programs are destined for broadcast by national or provincial public broadcasters whose mandates include important cultural or educational components.

**Q2. How effective are regulatory requirements, or regulatory incentives, in achieving the objectives of increasing the amount of original, English-language drama programming and attracting larger audiences to that programming?**

While regulatory requirements have assured a certain quantity of drama, they have not been designed nor have they operated to increase audiences to the drama telecast. Regulations or incentives designed to create more drama without a complementary infusion of funding will not build audiences. In fact, they might reduce them if the same amount of money in the system is spread across more tonnage.

A generally applicable regulatory approach, which takes into account these factors, and which is fine tuned to the known capacity of all major players in the industry to generate the desired product, would be a positive way for the Commission to achieve its goal.

Audience measurement is playing a critical role in the CTF's revised rules for the financing of Canadian television productions. We recommend that the Commission should work closely with Telefilm and the CTF to establish a standard common to all in this area.

**Q3. If regulatory requirements, or incentives, can be effective tools in fulfilling the Commission's objectives, what specific proposals should the Commission adopt? Such proposals should be as detailed as possible, and the reasons for their effectiveness set out.**

As we have noted earlier, we believe that increasing the financing available for drama production is the key to increasing its supply.

The Commission may be able to help the industry to increase drama funding by:

1. encouraging or requiring that "benefits package" monies are deployed directly to the CTF Fund generally or specifically, to its drama envelope. Currently, there are a number of independent production funds with separate administrative structures and differing objectives, guidelines and accessibility – for example, some are limited to projects destined for private sector broadcasters or specific broadcasters and others are limited to producers from specific regions. In addition to increasing the funds available for drama production, our suggested approach would allocate limited funds in accordance with a single set of objectives and thereby reduce the number of potential “disconnects” in the system, reduce the need to harmonize between different parts of the funding system, reduce administrative duplication and ultimately direct more money to the production of programs.
2. as an alternative to the foregoing, reviewing the role of private production funds against the needs of the system, with a view to increasing the funds for drama production, harmonizing objectives, increasing efficiencies and making such funds accessible to all projects in qualified genres, so that the programs which best meet the Commission’s key objectives (rather than the particular fund) are financed, without exclusion due to a producer’s location or the broadcaster’s public or private status.
3. exploring an arrangement with the private broadcast sector whereby a portion of the current overpayment of licence fees – perhaps 30% -- would be voluntarily redirected to the Canadian drama portion of the CTF on an annual basis by licensees with revenues over \$1 million per year, at such time as the overpayment issue is resolved.

We also encourage the Commission to consider regulatory incentives aimed at improving the quality, popularity and freshness of the dramas being conceived and produced as a means of meeting the goal of audience growth. Examples could include: incentives for development, testing of new programs and new program concepts, innovation, piloting, mentorship and encouragement and use of new talent. Currently no instrument exists which could aid in the creation of pilot programs, and minimize the risks associated with pilots that may or may not ever be broadcast. Experimenting is necessary in order to create new, original programming, but it means that there will be failures as well as successes. If we are to increase the affection of audiences for our dramas, we may wish to re-examine current requirements to broadcast – in some cases in prime time - all programs produced with certain forms of public assistance such as the CTF and tax credits.

We caution, however, that while audience growth is a laudable goal, audience measurement for drama should only be one of a number of useful indicators to gauge success by, as they are not a sufficient means to assure the provision of programs of high quality that are culturally significant.

## **CRTC QUESTIONS SPECIFIC TO FRENCH-LANGUAGE DRAMA**

### **Q1. How can the Commission help ensure the continued production of popular, original, French-language drama?**

The French-language market has reached a plateau, as the potential audience has stopped growing. In this context, audiences for specialty services have a profound effect on the market share of conventional broadcasters. In addition to this recent development, the CBC's French television service cannot compete with the promotional resources of today's private-sector groups because of its mandate, budget constraints and operating limitations. Private groups benefit by controlling several media that either fall outside the jurisdiction of the CRTC—daily and weekly print publications in particular—or are unregulated, such as the Internet.

Owing to its generally declining audiences and diminished advertising revenues, the absence of compensation through direct public funding, as well as the combined effect of CTF's more limited resources and new governing rules, Radio-Canada may no longer be able to produce so-called high-volume drama series with budgets of one million dollars or more per one-hour episode. The Corporation has managed to come this far by reducing the number of episodes and augmenting the value of its licences. As Guy Fournier noted in his report, this practice does not encourage viewer loyalty over the long term.

Yet this has traditionally been a niche where we have thrived, allowing us to provide French-speaking audiences with works of exceptional quality that have become cultural phenomena with their own place in television history. The successes we achieved with series such as *Lance et compte*, *Les filles de Caleb*, *Blanche*, etc. motivated private broadcasters to try their hand at it as well, thereby increasing the volume and quality of drama programming on French-language television.

Radio-Canada's withdrawal from the genre would leave the field to private broadcasters, who, concerned with making returns on their investments, will think twice before taking such a significant financial risk. In the end, therefore, French-speaking viewers could be completely deprived of this type of high-quality production.

Although for the next two years Radio-Canada's requests will no longer be competing with those of private broadcasters, the fact remains that CTF funding will be allocated to each broadcaster partly based on the ratings of Canadian programs in that broadcaster's schedule.

Maintaining this competitive funding environment poses a long-term problem, however, particularly as regards the production of certain types of drama series.

Indeed, we fear that it will become increasingly difficult to produce drama series that are bold and innovative (in either form or content), that reflect our history, or that provide a springboard for new talent. For instance, French Television series such as *Bunker*, *La vie, la vie* and the soon-to-be-aired *Grande ourse* could become more risky to finance, since they do not ostensibly offer the same potential viewership—and, consequently, the same guarantees or prospects of future CTF funding—as series that bank on tried-and-true formulas or are produced in more conventional formats.

But it is precisely these types of drama series that are central to Radio-Canada's mission and that are the hallmark of public television.

In this respect, we share the concerns that were expressed by Guy Fournier in his report, where he concluded that it is becoming increasingly difficult for Radio-Canada to provide entertaining programming that reflects its mandate, given uncertain financial considerations and policies that are increasingly more oriented to industrial rather than cultural considerations. Fournier posed the dilemma in these terms:

*If government assistance is to continue, won't the government eventually be tempted to put Radio-Canada on the same footing as private television with respect to all of its entertainment programming and maintain its status as a subsidized public broadcaster for the other part of its mandate only?*

CBC/Radio-Canada has come to the conclusion and continues to believe that, despite the recent changes to the CTF, the only way to avoid this scenario in the long term would be to recognize the distinctive, meaningful role that public broadcasting must play through the very nature of its mandate, by granting it a separate budget allocation with its own specific set of rules.

That is why we see two possible courses of action, which could just as easily assist the production of French-language drama series as English-language ones:

- 1) Identify new funding sources that would be strictly reserved for these types of high-budget productions by conducting, among other things, a review of private production funds to support the production of unique works strongly in line with the goals of the *Broadcasting Act* and therefore deserving of high-level public funding.
- 2) Recognize the distinctive, meaningful role that public broadcasting must play through the very nature of its mandate, by granting it a separate budget allocation with its own specific set of rules.

**Q2. What specific requirements or incentives designed to support English-language drama may apply to French-language drama?**

Experience has shown that a Canadian production is far more likely to appeal to a large French-language audience when they are double-shot rather than dubbed. The CRTC could implement a bonus program for this type of Canadian drama production to reflect the additional expenditures incurred. There are several advantages to double shooting:

- 1) It reaches new and wider audiences.
- 2) It can deal with issues of interest to all Canadians, whichever official language they speak.
- 3) It encourages stories conceived with the sensibilities of French- and English-speaking Canadians in mind, rather than those of the foreign market.

**Q3. Should the Commission develop separate and distinct regulatory regimes or incentive programs for the two language markets?**

Yes but we believe the CRTC should also recognize the distinct realities of public and private broadcasters, and implement separate regulatory regimes. Neither Trina McQueen's report nor the complementary analysis by Nordicity propose any measures likely to help French Television fulfill its mandate by producing quality French-language drama programming.

**Q4. Viewing trends show that specialty services are progressively increasing their viewing shares with potential negative impacts on advertising for the conventional networks. Consequently, will the networks be able to continue producing drama programs of the same quality and quantity, and should specialty services play a greater role in French-language drama?**

Dramas, through their ability to draw large audiences, play a major role in the positioning and identity of conventional networks. Contrary to specialty channels, whose programming consists largely of reruns, conventional networks have a greater need for original programs.

CBC/Radio-Canada considers dramas to be one of the key elements of its mandate. It makes every effort to offer Canadian drama series with cultural, social or historical content that showcases the creative work of writers, actors, producers, set designers, musicians, etc.

The considerable financial resources required to produce quality drama series already make them a difficult proposition for even the largest conventional networks. These so-called "high-volume" drama series cannot exist unless they draw large audiences and generate substantial advertising revenues for the broadcaster. Granting specialty services a more active role in drama production runs the risk of increasing competition for limited resources and boosting the volume of low-budget dramas at the expense of higher-risk projects that require more substantial funding.

Certain drama series have been made possible by co-productions between specialty services and conventional broadcasters: for instance, *Ç'ta ton tour Laura Cadieux*, a series that successively aired on Séries+ and TVA. The necessary financial arrangements were made without requiring any changes to existing regulatory structures.

**Q5. "Reality" television has had an enormous impact on Quebec television. Could this new genre become a threat to scripted French-language drama, or provide a new way to reflect a changing society?**

Reality TV has enjoyed phenomenal success with viewers, both in Quebec and around the world. This phenomenon deserves further reflection as to what it is that draws viewers to this type of programming.

We do not believe that reality shows are a new reflection of a changing society. The rules of the genre are more akin to those of game shows: first and foremost. Reality TV is a format sold around the globe, and built around a set of rules, time-limited challenges, referees, commentators, winners and losers. It offers a new take on human values such as individualism, rivalry, and pettiness—attributes that are, granted, part and parcel of human nature-- , but they are not necessarily cornerstones of our societies.



It is unsettling to see that producers of this type of program are trying to tap into public funding in the form of tax credits, claiming that they are producing documentary programming—despite the fact that the most recent amendments to eligibility criteria in Quebec’s provincial budget specifically exclude this type of program.

No consideration should be given to the question of whether or not this type of production, be granted public funding of which drama productions would, in turn, be deprived. This would only make matters worst for real Canadian drama that is already short of funding.

### **OTHER QUESTIONS:**

#### **Q1. The definition of drama: proposals for changes to the current definition of drama (category 7) where such changes could further the objectives of this proceeding**

The Corporation has only one comment to make with respect to the definition of Canadian drama programs and that has to do with the new genre of reality television.

It is clear to us that the definition of a drama program must explicitly exclude programs such as reality television productions, which we define as follow:

“A program or series of programs which present the lives of real persons who have been placed in a context of partial or complete isolation, and under surveillance of cameras, and who must respect a certain number of rules of the game in order to win a prize or other compensation.”

It strikes us as profoundly unreasonable that we can pretend that a reality television show belongs to the drama category (any more than a long-form documentary does), even though it may share some common dramatic components, such as a concept, a cast, and a general plot.

#### **Q2. Specialty services: proposals that may encourage specialty services to play a greater role in the creation and presentation of Canadian drama.**

Significant financial resources are needed to produce high quality dramatic programs, a fact that already makes it difficult for mainstream broadcasters, even those with significant financial resources at their disposal, to provide and sustain drama programming in their peak hour schedules. With limited resources available in the CTF Fund for drama programming to begin with, we believe that those monies need to be carefully husbanded and put where they will do the most good. Generally speaking, the greatest impact continues to be made by over-the-air broadcasters. Consequently we suggest that the Commission should not place a greater reliance on the specialty sector to provide the high impact drama it believes the system requires, and should instead continue to rely on specialty services to play the complementary role they were originally designed to provide in the Canadian broadcasting system. This would be in keeping with the *Broadcasting Act*, which states that the programming provided by alternative programming services should (sect. 3 r) (i) “be innovative and be complementary to the programming provided for mass audiences” and (sect. 3 r) (iv) “as far as possible, be acquired rather than produced by those services.”