

The Crisis in Canadian English-Language Drama

A Report Prepared by the Canadian Coalition of Audio-Visual Unions

Executive Summary

The Canadian Coalition of Audio-Visual Unions (CCAU) is pleased to release its report on the state of Canadian drama. In preparing this report, the CCAU conducted an in-depth study of the exhibition, production, viewing and financing of Canadian drama. We also closely analyzed the regulation of Canadian dramatic programs by the CRTC. Our findings, which we summarize below, are very telling: Canadian English-language drama is now in a state of crisis.

Research

Drop in the Production of Canadian Drama

Since the implementation of the CRTC's 1999 Television Policy, there has been a significant decline in the production of Canadian dramatic programs. According to the CTF's most recent Activity Report, English-language drama was undersubscribed for the second year in a row in 2001-2002. \$9 million of CTF funds for dramas were therefore redistributed to other program categories.

The CRTC's 2002 Broadcasting Policy Monitoring Report tells a similar story. The exhibition of dramas qualifying for the 150% time credit -- 10 point productions typically supported by the CTF -- saw a significant decline between 1999/2000 and 2001/2002. The number of 10-point Canadian dramas aired on CFTO-TV decreased by 34% in 2000/2001 from the previous year, and by 49% in 2001/2002 compared to 2000/2001. The results were more catastrophic on Global: the number of 10 point dramas aired fell by 89% in 2000/2001 and by 75% in 2001/2002.

Scheduling of Canadian Drama

In preparing this study, the CCAU reviewed the schedules of CIII-TV (Global), CH (Global) and CFTO-TV (CTV) from September 1, 2002 to November 30, 2002. This research shows that:

- there are very few hours of Canadian dramatic programs broadcast in the peak viewing period by Canada's major English-language private broadcasters;
- there are even fewer hours of Canadian dramas broadcast during the month of November, which overlaps with the BBM sweep weeks;
- an increasing portion of priority programming is made of programming other than drama;
- the amount of priority programming broadcast by private conventional broadcasters from September to November fell well below the 8-hour weekly target. It is likely that the

shortfalls are and will be made up in the summer period when viewing levels are significantly lower.

The CCAU also reviewed the programming schedule of the CBC's English-language television service for the period of September 1, 2002 to November 30, 2002. That research indicated that the CBC aired significantly more priority programming, and far more Canadian dramatic programs than CIII-TV, CH and CFTO-TV.

Declining Expenditures

The research conducted by CCAU shows that broadcasters are spending less on Canadian drama. In 2000-01, private TV broadcasters in English Canada spent \$60.5 million on Canadian drama. However, this amount was reduced to only \$54.7 million in 2001-02, a decline of almost 10%. The CBC/SRC spent \$62.4 million on Canadian drama in 2000-01. The following year, the CBC/SRC reduced its spending on Canadian drama from \$62.4 million to only \$46.2 million, a reduction of 26%.

These reductions have contributed to the shortfall in Canadian drama. It is of particular concern that private TV broadcasters outside Quebec reduced their Canadian drama expenditures by almost 10% in 2001-02 while increasing expenditures on U.S. programming by almost 15% in the last two years. This in CCAU's view is unconscionable.

Ratings for Canadian Drama

CCAU also took a close look at the ratings for Canadian drama as part of this study. The overall ratings in Anglophone households for Canadian drama on all channels and services dropped to 4% in the Fall 2001 BBM sweep, from the 1997 to 2000 levels ranging from 4.1% to 5.1%. (It is likely, however, that these levels understate the popularity of Canadian drama because of the bias towards U.S. simulcast programs during sweep weeks.) Canadian drama series also do not show up in the top 20, let alone the top 10 program series, watched in English-Canada. There are many reasons why Canadian drama series have difficulty in getting comparable ratings to simulcast U.S. series, including scheduling issues, simulcast incentives, lack of promotion, lack of sufficient volume, and other factors. But contributing to the problem is the decline in Canadian drama expenditures by broadcasters, and the move by private stations from 10-point distinctive drama to repeats of industrial drama.

Local Drama in Other Countries

Many countries around the world support the development and presentation of local drama. In Europe, and Australia where there are quotas in place for the broadcast of local dramatic programs, there has been to increase the quantity of local drama on television. A report by the European Commission indicated that in 2000/2001, European broadcasters devoted an average of 62% of their transmission time devoted to fiction to European dramatic programs.

There has also been the increase in popularity of local drama as a result of quota systems. In countries like Germany, Italy and Spain, where U.S. television drama had formerly dominated prime time, the emergence of attractive and well-produced local drama, produced in response to the quota, has reversed this position in the past few years. In Australia, the Australian Broadcasting Authority introduced a drama quota in that country for the first time in the late 1980's. Australian dramas account for 5 of the top 10 rated primetime dramas in Australia.

There are key lessons that Canada can learn from the overseas experience with local drama:

- Support for local drama comes from the free-to-air TV stations, not specialty services;
- local television stations overseas support local drama financially far more than is the case in Canada. In 2000, commercial broadcasters in Australia spent 11.9% of their total program expenditure on local drama; in 2002, by contrast, Canadian private TV stations in English Canada spent 6.1% of their program budget on local drama;
- TV stations in other countries also contribute a far higher proportion of the budget for local drama productions than is the case for Canada.

Recommendations

In order to help remedy this crisis in Canadian drama, the CCAU has developed a number of short- and long-term recommendations:

Short-term Recommendations

The CCAU recommends the following:

- ***Hold a CRTC proceeding on Canadian drama in 2003:*** Following its receipt of the McQueen Report this spring, the CRTC should initiate a public proceeding to investigate the various ways in which the presence and production of Canadian dramatic programs may be strengthened. We recommend a formal oral hearing, or alternatively a less formal roundtable. Participants should include both public and private broadcasters. CCAU would be pleased to participate in a CRTC proceeding on the review of Canadian drama.
- ***Strengthen CTF; No reduction or dilution of BDU contribution:*** The recent federal budget extended funding to the CTF for two years, but cut the funding by 25%. In order to strengthen the CTF, which plays a crucial role in supporting Canadian drama, the CCAU is of the view that contributions by broadcasting distribution undertakings to the CTF must be maintained and enhanced. 35% of the CTF's funding budget is provided by BDUs. The CCAU therefore recommends that there be no further dilution of the requirements by BDUs to the CTF under the *Broadcasting Distribution Regulations*.
- ***The CRTC should consider enacting regulations requiring major TV broadcasters to broadcast a minimum number of hours of distinctive original Canadian drama:*** CCAU recommends that the CRTC consider enacting a regulation amending the

Television Broadcasting Regulations, 1987. The new regulation would require the holders of public and private licences under the *Broadcasting Act*, except where authorized otherwise by condition of licence, to broadcast at least 2 hours per week of new original 10-point Canadian drama. The regulation would apply only to original hours.

- ***Consider introduction of incentives to broadcasters:*** In order to provide incentives to private broadcasters to air Canadian drama, the CCAU recommends that the CRTC allow the 150% credit in the priority programming conditions of licence to be applied not only to the 8-hour rule but also to the 50% Canadian content requirement for evening hours applicable to the private broadcasters. The effect of this would be to allow an extra half hour per week of U.S. simulcast programming to be broadcast for every new 10-point Canadian drama program that is run in prime-time that week. This is a major financial incentive for broadcasters to commission 10-point Canadian drama.
- A second possible incentive would be permit the private broadcasters to reduce the Canadian content level during day-part (6 a.m. to 6 p.m.) from 65% to 60%. This would permit an additional half hour in the daytime to be filled with U.S. acquired programming, hopefully allowing broadcasters to reduce their day-part costs but to maintain or increase their revenues.
- ***Permit specialty broadcaster licences to be amended to increase flexibility to air new Canadian drama:*** English-language specialty licensees should be permitted to include original Canadian drama in their schedules. Many specialty services such as *TSN*, *The Discovery Channel* and *HGTV*, are completely prohibited from airing any Canadian drama. All of these services are, however, required to make expenditures on Canadian programming by condition of licence, but the programming cannot include Canadian drama. The implementation of this recommendation could result in up to \$11 million more in the system for the production of Canadian dramatic programs.
- ***Provide updated or additional information on station performance:*** Canadian should be allowed to review broadcasters' financial records in order to evaluate the manner in which CRTC policies are being applied, and the extent to which broadcasters are contributing to the broadcasting system. The CCAU recommends that broadcaster's financial information be released on an on-going basis, in the same way that it was released at the licence renewal hearings for CTV, Global and TVA in 2001.
- ***Access to information on Canadian drama scheduling:*** Another important type of information that should be made available to interested parties is the actual scheduling of the priority programming broadcast by the major station groups. This information would be extremely useful in assessing the exhibition levels of Canadian dramatic programs. CCAU also recommends that the Commission permit interested parties to have access to the electronic logs filed by the stations, in order to carry out special studies.
- ***Clarify application of CTF credits:*** The CRTC continues to permit the CTF top-up credit to be claimed by specialty broadcasters, which reduces their spending requirements

by a commensurate amount. In order to give the system more integrity, and to clarify what is actually being spent, CCAU recommends that the CRTC issue a circular indicating that the licence-fee top-up will no longer count as a credit towards spending by any broadcaster.

Long-Term Recommendations

- ***Hold licence renewal hearings for CBC, CTV and Global in early 2005:*** The current licences for the CBC expire on August 31, 2007. The licences for CTV and CanWest Global expire on August 31, 2008. Those for CHUM and Craig expire on August 31, 2009. However, the licence conditions in those licences can be reviewed and, upon the Commission's own motion, amended at the end of the fifth year of the licence. The CCAU recommends that the Commission hold a special "licence review" hearing for CBC, CTV and CanWest Global in early 2005, which should specifically focus on the situation in Canadian drama.
- ***Review need for drama expenditure requirements from private TV broadcasters:*** In the 1999 Television Policy, the CRTC eliminated expenditure requirement for large private conventional television broadcasters. The policy of dropping expenditure requirements for conventional broadcasters needs to be revisited in the 2005 licence review, because the current system provides an incentive for broadcasters to spend less rather than more on Canadian drama. The CCAU believes that the Commission must require broadcasters to contribute more money to Canadian drama.
- ***Review tightening of priority rules:*** A second initiative that should be considered at the 2005 review hearing should be the tightening of the Commission's priority program rules. There are currently no requirements on broadcasters to air dramatic programs. The CCAU recommends that the rules be amended to require a certain minimum number of the 8 hours of priority programs that must be aired each week consist of dramatic programs.
- In addition, the priority programming rules do not set out any requirements for the broadcast of first-run programming. Consequently, broadcasters may broadcast re-runs in order to satisfy the Commission's priority programming requirements. The CCAU recommends that the rules be adjusted to require that a certain number of the hours of dramatic programs that must be aired during the peak viewing periods consists of first-run programs.
- Further, the priority programming rules do not set out any specific requirements with respect to the period of the year during which broadcasters must air their priority programming. In order to ensure Canadian dramatic programs are available throughout the broadcast year, the CCAU recommends that broadcasters be required to broadcast the eight hours of priority programming per week averaged quarterly throughout the broadcast year.