

ACTRA Backgrounder: 2006 Election Issues



1. WILL YOUR PARTY ISSUE AN ORDER TO THE CRTC TO IMPOSE BOTH CONTENT AND SPENDING REQUIREMENTS ON PRIVATE BROADCASTERS?

Through its 1999 Television Policy, and recent decisions on satellite radio, the CRTC has become an enabler of U.S. product dumping.

Ask...the candidates in your branch ridings if their party will take action to give Canadians a voice on their own airwaves by:

- requiring private conventional TV broadcasters to spend at least 7% of their advertising revenue on Canadian drama;
- require private broadcasters to air at least two hours of original Canadian drama week; and
- direct the CRTC to adopt a new policy that will uphold Canadian content requirements for all new technologies such as mobile TV and internet broadcasting which now would escape regulation under the CRTC's new media policy.

We want the candidates in this election to give Canadians a voice: Commit to support a direction to the CRTC to restore Canadian dramas to television screens and Canadian voices to our airwaves. Canadians are losing their jobs and their voices!

In 1999, there were 12 one-hour English-language Canadian TV drama series being aired. In November, 2005, there were only three first-run Canadian one-hour dramas broadcast on Canada's three major networks: *ReGenesis* (Global), *DaVinci's City Hall* (CBC) and *This is Wonderland* (CBC).

This decline is the direct result of the CRTC's disastrous *1999 Television Policy*. In the 1999 policy, the CRTC expanded the definition of Canadian 'priority programming' to

include much cheaper programming, such as entertainment magazine and reality shows. At the same time, the CRTC increased the definition of prime time to include the hours 7 to 11 p.m. seven days a week (previously it was 8 to 11 p.m. Monday through Friday), and tossed out the requirement that broadcasters had to spend a percentage of their revenues on Canadian content. Now, broadcasters are free to meet their Canadian content obligations with repeats and licensing cheap reality-style programming.

The effect of these changes has been profound. Canadians can no longer see their experiences reflected on television and the broadcasters are failing in their obligations under the *Broadcasting Act* to produce Canadian stories.

Here's what Canada's private TV broadcasters have been up to since 1999:

- they spent four times more on U.S. and foreign drama than they did on Canadian shows – \$354 million versus \$68 million in 2004;
- they spend more on foreign programs than their counterparts in the U.S., U.K. and Australia AND pay the lowest average licensing fees on domestic drama. Canadian English-language broadcasters cover 18% of production costs for an indigenous drama; in the U.S., broadcasters cover 81% or more;
- they cut spending on Canadian drama and variety programming by 20% between 1998 and 2002; and
- they're making record revenues.

Last year, the CRTC attempted to correct the problem by creating a program of incentives without new regulations. At best, the incentive program is an experiment that will span the upcoming licence renewals of the major conventional broadcasters, leaving little hope that the CRTC will on its own initiative impose expenditure and exhibition requirements as a condition of licence for private broadcasters.

Canadian content is also being sacrificed for new technology.

Recently the CRTC's satellite radio decision set a dangerous precedent allowing Canadian digital radio to be dominated by U.S. programming. Mobile TV is up next – the government needs to step in and direct the CRTC to correct this trend and change its policy so that Canadians have an opportunity to hear their own voices on new and emerging technologies.

2. WILL YOUR PARTY COMMIT TO INCREASED, STABLE SUPPORT FOR THE CANADIAN TELEVISION FUND, TELEFILM AND THE CBC?

Our cultural institutions need stable, multi-year funding so they can focus on what they do.

Ask...the candidates in your branch ridings if their party will commit to:

- make funding the Canadian Television Fund (CTF) a permanent budget commitment and raise the contribution to match inflation and set additional increases of 10% each year over five years.
- make a permanent funding commitment to Telefilm Canada of at least the current level of \$230 million and index increases to inflation
- make an increased, stable funding commitment to the CBC for the next five years so it can continue to carry out its mandate

Canadian Television Fund and Telefilm Canada

Telefilm Canada and the CTF are streamlining their operations and funding programs, allowing creators to focus more time making film and TV and less time navigating applications and deadlines. However, the enhanced cooperation between the two funding agencies must not result in funding cuts for either body. Both need increased, permanent funding to ensure the continued production of quality Canadian films and TV shows.

The CTF currently has an annual budget of approximately \$250 million: \$100 million is from the federal government and the rest comes from cable companies and direct-to-home satellite service providers. Over time, costs related to TV program development and production has increased while the real value of federal support has decreased. When the federal government created the CTF in 1996, it committed to allocating an additional \$100 million per year. Nine years later, the federal allocation remains at \$100 million. Netting out inflation, that value in real spending power terms is now only \$80.3 million or 20% less than it was worth almost a decade ago.

The CTF is essential for the production of quality, distinctively Canadian TV programs, yet artists, producers and broadcasters are forced to direct energy and resources each year to make the case for funding and ensure that the CTF is adequately funded in the budget. Government assistance to domestic television drama productions is not unique to the Canadian experience. European governments assist domestic television productions through, among other vehicles, direct funding from the tax base.

Telefilm helps develop and promote feature films through its Canadian Feature Film Fund (CFFF). The CFFF's key role in developing drama production is more important than ever at a time of crisis in English-language drama production and when Canadian films still haven't reached 5% of our national box office.

Canadian filmmakers face an uphill battle in a market dominated by Hollywood. We applaud the fact that the 5% box office target for Canadian films is within reach while recognizing that such an achievement means Canadians still really aren't seeing their own films.

This year the Parliamentary Standing Committee on Canadian Heritage and the Department of Canadian Heritage both reviewed the Canadian feature film industry. The reviews underlie the importance of Canadian films and the need for government funding to ensure films written, directed and performed by Canadians continue to be made. Telefilm requires certainty of its funding levels. Long-term, stable budgetary commitments are needed to ensure that Telefilm can make lasting and meaningful contributions to the growth of Canadian film and TV production in general, and of drama production in particular.

CBC

The CBC has a unique mandate: to showcase Canada's national identity. Developing, producing, and broadcasting high-quality Canadian dramatic programming is one of the best ways for the CBC to meet its mandate. Unfortunately, the CBC's ability to do so has been damaged by a decade of budget cuts, a season without its flagship Hockey Night in Canada and a crippling lockout of CBC workers by CBC management.

About \$930 million of the CBC's \$1.3-billion annual budget comes from the federal government. Although past budgets have included increases to the CBC, the \$390 million cut over the '90s has yet to be restored. Further compounding the CBC's ability to produce drama, the guarantee of 50% of CTF monies to the CBC was eliminated in 1999.

The CBC cannot create and implement long-term strategies to succeed because it faces continued uncertainty about its future. The public broadcaster must be given the resources and stable, multi-year commitments it needs to meet its obligation to reflect and promote Canada's national identity with new Canadian dramas, comedies and other programming.

3) WILL YOUR PARTY KEEP THE CURRENT LIMITS TO FOREIGN OWNERSHIP OF OUR AIRWAVES TO ENSURE THAT CANADIANS CONTROL OUR BROADCASTING INDUSTRY?

Even with Canadian majority ownership of our broadcasters, we're fed a steady diet of U.S. programming. Our culture is already being marginalized and would be more so with a relaxing of ownership rules. If we don't own our airwaves, we don't own our country. Foreign companies can already own 47% of Canadian airwaves, but they want more.

Ask... the candidates in your branch ridings if their party will commit to maintain current limits to foreign ownership of Canadian airwaves to ensure that our broadcasting and telecommunications industries are controlled by Canadians, for Canadians.

Increased foreign control of Canadian broadcasting would damage Canada's sovereignty over cultural policy, jeopardize Canadian content regulations and deepen the crisis in Canadian TV drama. Relaxing ownership restrictions in the telecommunications sector would have a serious impact on broadcasting.

There is a link from telephone companies to culture. As technology converges, telephone, cable and broadcasting companies are competing to provide the same services. The link is critical because we now must care equally about Canadian content on television as about whether a foreign company owns a telephone line.

Two Parliamentary Committees have taken opposing views on limits to foreign ownership of Canadian broadcasting and telecommunications. The Industry Committee has recommended relaxing limits on foreign ownership and the Heritage Committee recommended maintaining existing restrictions. In February 2005, the federal government announced a review of the telecommunications sector including the CRTC, regulations and foreign ownership. This has important and far-reaching implications for our telecom and cultural industries. The Industry Minister, David Emerson, is on record as approving further competition in the industry.

The digitization of content along with the incredible growth in current network capacities has redefined the telecommunications sector and erased the boundaries between it and the broadcasting sector. Broadband is the term now used for the capacity to transfer huge amounts of information at high speed, whether over fiber optics, satellites, wireless or cable and will become the chosen conduit for future media delivery.

Controlling our own communications systems is an essential and longstanding principle of Canadian cultural and communications policies. According to *The Broadcasting Act*, "the Canadian broadcasting system shall be effectively owned and controlled by Canadians." *The Telecommunications Act* states, "A Canadian carrier is eligible to operate as a telecommunications common carrier if it is a Canadian-owned and controlled corporation incorporated or continued under the laws of Canada or a province."