



## **We need more Canada on TV: The crisis in Canadian TV drama**

Canadian English-language drama has become a rarity on prime time TV schedules since the CRTC relaxed the rules for private broadcasters. In its *1999 Television Policy*, the Commission eliminated the drama expenditure requirements and allowed broadcasters to count cheap reality and entertainment magazine TV shows as 'priority programming.' In 1999, the CRTC also expanded the definition of prime time from 8-11 p.m. Mon.-Fri. to 7-11 p.m. every night. Out of these 28 hours a week of prime time only eight have to be priority programming.

The result has been disastrous. Thousands of hardworking Canadians, including but not limited to, our members, have lost jobs. And millions of Canadians have lost opportunities to see and share stories that are the product of our culture.

Broadcasters have demonstrated that they will not meet their obligations under the *Broadcasting Act* unless the CRTC directs them to do so. Original, quality, scripted drama is the most expensive kind of programming to produce. The median budget for a one-hour Canadian drama is \$1.46 million (less than one-third the median budget of U.S. productions). The relatively small Canadian market and low broadcaster licence fees make it extremely difficult to get these projects made. As drama is the most costly (and risky) form of priority programming, broadcasters have huge incentives to opt for the lower cost Canadian programming – such as entertainment magazine programs – to meet their priority programming requirements.

In 1999 before the new television Policy came into effect, over-the-air (OTA) broadcasters aired 12 one-hour fully Canadian dramas on TV, totalling 186 hours of programming. Fast-forward to 2008 when OTA broadcasters aired only 119 hours of one-hour dramas. When we look at the prime-time television schedules the week of April 27<sup>th</sup> to May 3<sup>rd</sup>, we note that CTV had two hours of scripted Canadian drama scheduled, while Global had just one hour – that's out of a possible 28 prime time hours on each channel.

Since 1999, while overall program spending by OTA broadcasters has increased, spending on Canadian drama has declined. In 2000, English-language private OTA broadcasters spent \$62.1 million on Canadian drama. By 2008, that number had dropped to \$53.8 million. At the same time, spending on foreign and U.S. programming by Canadian private broadcasters increased from \$422.3 million in 2000 to an all-time high of \$775 million in 2008. The ratio of English language foreign drama to Canadian drama was 5:1 in 2000 but had jumped to 9:1 by 2008. The increase was not gradual but the result of a sudden jump in spending in Hollywood in 2006 after consolidation provided Canadian broadcasters with deeper pockets.

**Why does Canadian TV drama matter?**

***It's who we are:*** Canadian drama is culturally important to our country. In order to know ourselves, we must be able to tell and see our own stories – written, directed, produced and starring Canadians – on our airwaves. Our airwaves belong to us, the public. Broadcasters exploit them as a privilege and part of their obligation in exchange for this privilege is to contribute to our cultural identity by supporting, promoting, airing and celebrating fully Canadian stories. This is the law under the *Broadcasting Act*.

***It's popular:*** Even with more entertainment options than ever before, TV is still the most popular and influential cultural medium – and drama is still the most watched form of TV content. Seventy-one percent of Canadians believe it is important to have access to Canadian TV programming distinct from U.S. programs (Harris-Decima, February 2008). Even in the 'off' late spring season 18 of the top 30 shows in Canada were dramas, including repeats of Canadian dramas *Flashpoint* and *Corner Gas* (BBM May 18-24). *Flashpoint* and *Corner Gas* are consistently in the top 30 both in first airing and in repeats, demonstrating that when Canadian drama is properly funded and promoted and given space on the schedule, it can attract large audiences.

### **Why should you care?**

***It's the law:*** The *Broadcasting Act* states that the broadcasting system is owned and controlled by Canadians, and that it should serve to 'safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada.' The *Act* states that each broadcaster shall 'make maximum use, and in no case less than predominant use of Canadian creative and other resources in the creating and presentation of programming.' The *Act* also requires that private networks 'contribute significantly to the creation and presentation of Canadian programming.'

***It's economically necessary:*** A healthy independent audiovisual production sector is vital to our economy. In 2007/08, the film and TV industry represented \$5.2 billion in production, making it a critical part of Canada's \$85 billion cultural industries. In 2008, the film and television industry generated 131,600 highly-skilled jobs, including 51,700 full-time jobs directly in production, and a further 79,900 spin-off full-time jobs in other industries in the Canadian economy.

***It's economically viable:*** Canadian private broadcasting is not on the verge of collapse. Broadcasters are profitable and can afford to invest in Canadian drama. While low by historical standards, they still made a profit. The softening of advertising revenues came on the heels of years and years of often record-breaking profits, and even then, the decline in revenues doesn't appear to be cataclysmic.

According to the CRTC, in 2008 private conventional TV broadcasters made total revenues of \$2.1 billion, a 1.5% decline from the previous year. Local advertising, which totalled \$387.3 million, remained almost unchanged, and national advertising sales fell to \$1.47 billion, a decrease of only 3%.

Despite claims to the contrary, Canadian programming can pay its own way. A new study by Nordicity commissioned by ACTRA, DGC, WGC and the CFTPA, demonstrates that Canadian programming can make profits for broadcasters. With consolidation and the emergence of large corporate broadcast groups that

own conventional and specialty TV channels, broadcasters are well-positioned to generate positive financial returns from Canadian programming.

***Expenditure requirements work:*** Canadian programming expenditure and exhibition requirements are a condition in the pay and specialty broadcasters' licences. As pay and specialty broadcasters become more profitable, they spend more on Canadian programming. Last year, over the 156 channels, the sector spent \$168 million on Canadian Drama. This is a formula that works – for the broadcasters, for the Canadian industry and for the furthering of Canadian culture.

However successful, strong results in this sector do not make up for the decline in OTA spending. Pay and specialty channels have smaller revenues on a per broadcaster basis, so their expenditure requirements are, proportionally, small. OTA television is the only medium capable of reaching the mass audiences and generating sufficient economic returns to reinvest in big budget dramatic series.