

Putting audiences first



By Glenn O'Farrell
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ON television screens during the recent holiday season, a proud Canadian took on the world. Our very own Canadian Idol, Ryan Malcolm, competed for the title of World Idol in a head-to-head popularity contest on a world stage.

This competition is not unlike the one seen on television screens every day of the year, when Canadian television programs go toe-to-toe with foreign programs for their share of audiences in this fragmented, competitive world. It's no secret that Canadian dramatic programs have to fight hard to attract, gain and maintain what audiences they can.

In spite of this, Canadians have one of the best broadcasting systems in the world.

The Canadian Association of Broadcasters, a voice for the majority of television stations and specialty and pay services, has repeatedly called on the federal government to work with the industry to implement strategies to boost viewership of Canadian programming. An action plan from the government is necessary to ensure the survival of current television programs on a going-forward basis.

Audience building

With the flexibility provided by the CRTC's 1999 Television Policy – necessary to meet the ever-changing appetites of Canadian viewers – private broadcasters are devoted to continuing to build a strong, vibrant and distinct Canadian broadcasting system. Broadcasters are committed to playing a role in building audiences for Canadian programs and *must* be part of the process. But the process of developing a comprehensive action plan must begin now.

When it comes to television programming, broadcasters and the government know that audiences have to come first. If cultural objectives are to be met, government policies need to be in place to support a broadcast system where large numbers of Canadians see quality homegrown programming. The regulatory environment must provide incentives to private broadcasters, bound by market realities and shareholder returns, which will provide them with the flexibility required in pursuing an audience-building strategy for Canadian dramatic programming.

The report by Trina McQueen on

dramatic programming (Dramatic Choices, 2003) suggested numerous audience-building strategies, many of which the CAB fully supported in its recent submission to the CRTC on the support for Canadian drama.

In this intervention, private broadcasters proposed the creation of new incentives for broadcasters to build audiences, public funding for dramatic production that meets demand and a stable and flexible regulatory environment. Given that environment, CAB members are committed to increasing viewership to dramatic programming from the current 11% level to 15% in a period of five years.

A fragmented audience

Originally, the regulatory contract between private broadcasters and the CRTC was rooted in a complex paradigm of public policy objectives, yet its economic workings were fairly straightforward. Canadian programming, to be provided by private broadcasters, would be financed by its commercial revenues or by a cross-subsidy flowing from revenue derived from U.S. programming.

However, as the broadcasting system evolved and Canadians demanded access to more choice – now made possible through advances in technology – the original commercial underpinnings of the regulatory contract became strained. Since 1996, the number of English- and French-language services licensed by the CRTC has tripled, growing from 38 to 118.

Market realities

Production budgets for Canadian drama are sickly thin in comparison to the U.S. shows against which they must compete for audiences. Canadian conventional broadcasters *earn*, on average, \$275,000 an hour on those U.S. shows. This offsets the cost of airing Canadian dramatic programming, which typically *loses* \$100,000 an hour. Incentives are needed to encourage investments in program development – an important component of an audience-building strategy.

The single largest cost of business for broadcasters relates to programming expenditures. Canada cannot sustain heavy front-end costs in script

development, pilots, and audience research and testing. These R&D investments help U.S. drama producers create successes that capture Canadian audiences, year after year. Many of the challenges associated with funding dramatic programming are beyond the control of broadcasters alone.

The reality in Canada is that given our market size and the cost of producing high-impact domestic programming, the commercial marketplace sustains certain genres of Canadian programming – news, sports, some documentaries – however, it is incapable of sustaining other programming categories such as drama.

A comprehensive action plan

The Canadian government has long recognized the need to support the production of Canadian programming content that is not market-sustainable – through critical financial mechanisms such as the Canadian Television Fund and tax credits.

Unfortunately, these financial mechanisms have not kept pace with the increase in CRTC-awarded licences for new programming services.

This has resulted in a serious disconnect between the cultural objectives of the Canadian government and the means to achieve them. This disconnect became crushingly evident in the last budget, which cut \$25 million from the CTF.

What the system needs now is a coherent, clear-cut, stable action plan. Its absence is painfully obvious. The broadcast system needs a new deal to ensure that audiences are drawn to market sustainable programs.

A first step towards this sustainability is the reinstatement of the full \$100 million to the CTF in 2004. Next, a clear direction from government, via the fall federal budget, that the industry comes together with government (Canadian Heritage, Finance, the CRTC) to develop the action plan before the 2005 budget. This is the only strategy that would ensure stability for producers and programmers.

We all must be committed to a plan for the future, or risk jeopardizing big opportunities for the future of the small screen. •

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correction

THE amount of assistance the Actors' Fund delivered to entertainment professionals in 2002/03 was \$376,500. Incorrect information appeared in an article in the Dec. 15 issue.