



CFTPA

*Representing television, film
and interactive production in Canada*

ACPFT

*Porte-parole de l'industrie de la production
cinématographique, télévisuelle et interactive au Canada*

**Remarks by the
Canadian Film and Television
Production Association (CFTPA)**

to

**House of Commons
Standing Committee on Canadian Heritage**

Study on

**The Evolution of the Television Industry in Canada
and its Impact on Local Communities**

May 6, 2009

CHECK AGAINST DELIVERY

NORM BOLEN

Good afternoon Mr. Chair and Members of the Standing Committee. We submitted a detailed brief early last week. We trust you have had a chance to review it.

My name is Norm Bolen. Three weeks ago today I was appointed as President and CEO of the Canadian Film and Television Production Association. Presenting with me is John Barrack. He is the Association's National Executive Vice-President and Counsel. Fortunately for me John has been with the organization for close to 10 years. John is well-versed in all CFTPA affairs as well as all issues related to the independent production industry.

I am privileged and honoured to be leading the CFTPA. As many of you know we are the national association that represents some 400 Canadian independent film, television and interactive media production companies. These companies do business in every region of the country.

Before joining the Association I was the Executive Vice President, Content, for Alliance Atlantis Communications. I had overall programming responsibility for 13 Canadian specialty networks. I was also responsible for Alliance's web-based and emerging new media content and all broadcast operations. Previous to that I spent 21 years at the CBC. There I was a journalist and executive,

including the head of Network Television Current Affairs. Most recently I was a Director with mDialog. This is an online high definition video sharing service. I also served as chair of the Banff World Television Festival. I co-chaired of the Hot Docs International Documentary Festival. And, I was a Director of the National Screen Institute.

As you can tell, my entire career has been about Canadian content, television broadcasting and new distribution platforms. I believe strongly that television broadcasting in Canada is now at a crossroads. The key decisions to be made over the near term by officials, including the CRTC, will lay the foundation that will define our system for the next generation of Canadians.

We believe we owe it to Canadians to ensure that a solid foundation is in place. This foundation must support a strong, meaningful and distinct television broadcasting system.

But, let us be clear. Such a foundation will exist only if Canadian independent producers and the content they create are recognized as cornerstones of that system. This will ensure that the programming available on our broadcasting system is diverse, distinctively Canadian and inclusive of local communities.

Any deviation from such a course would relegate our television broadcasting system to little more than a mammoth pipeline to flood Canada with foreign, and mostly American, content.

Looking at the communications sector from a macro perspective, it is safe to say we are well into the Digital Revolution. This will undoubtedly continue to have a very profound effect on Canadian society, our economy and our culture.

This is why we are advocating the need for a Digital Media Strategy for Canada. Britain, France and Australia have all launched such initiatives in the last year. They have done so to secure their place at the forefront of the global digital economy. Canada must not fall behind in this area. Ensuring a concerted strategy for Canada in this area will mean stronger social, cultural and economic prosperity for Canadians as we move further into the knowledge-based, technology era.

We encourage the Standing Committee to give serious consideration to recommending the launch of national consultations towards this goal. Such a review should take into account the need for a modernized legislative and regulatory framework. It should also examine the role of the key federal institutions. Lastly, the review must also a look at how to improve our system of financial support to the independent production sector.

John.

JOHN BARRACK

Independent producers play a fundamental role in our broadcasting system. We provide Canadian television viewers with a Canadian perspective on our country, our world, and our place in it. We help foster Canadian cultural choices and reflect the rich diversity of this country. Independent producers are dynamic trade and cultural ambassadors who actively showcase Canadian communities to Canadians and to the world. This vital role has long been promoted through federal policy and it is explicitly recognized in the objectives of the *Broadcasting Act*.

Our sector as a whole is big business and it makes a very sizable contribution to Canada's economy. The hundreds of small- and medium-sized businesses each year:

- generate \$2.3 billion in Canadian content production activity;
- are responsible for more than \$230 million in exports;
- sustain quality jobs for close to 60,000 Canadians in every region of the country;
- service another \$1.8 billion worth of foreign location activity;
- sustaining an additional 44,000 jobs.

Independently produced Canadian programs are exported to hundreds of countries around the world. They receive critical acclaim both at home and abroad. And, they achieve audience success.

We have recently begun to see reverse simulcast substitution. Hopefully, this is the beginning of an ongoing trend. This clearly demonstrates what can happen when a Canadian program is properly financed and promoted:

- *Flashpoint* is the first Canadian drama series since *Due South* to air in network primetime in both Canada and the U.S. It airs on CBS in the U.S. and on CTV in Canada;
- *The Listener* will have its North American premiere on June 4 on NBC. It too will air in Canada on CTV;
- *The Bridge* will air on CBS in the U.S. and CTV in Canada;
- *Copper* was developed as a series for Global. It was picked up by ABC in the U.S. This production is slated to shoot this summer in Toronto.

Moreover, *The Guard*, *The Border* and *Being Erica* are also all broadcast in Canada and on smaller US networks.

We firmly believe that the *Broadcasting Act's* objectives related to the independent production sector are fundamental to the success and distinctiveness of our broadcasting system. The importance of these

objectives only increases as the system continues to evolve in which new forms of content delivery are emerging and borders evaporating. They help ensure independent producers have access to their own broadcasting system and promote a diversity of voices and views from across Canada.

We respectfully submit that it must be a priority for the Government of Canada and all its institutions to ensure the long-term well-being of the Canadian independent production sector, within a healthy broadcasting system. This can only be achieved through a solid partnership between independent producers, broadcasters, BDUs and governments both provincially and federally.

In fact, through such partnerships our sector has grown over the last decade. Despite this growth, however, the hundreds of small- and medium-sized companies in our industry remain financially very fragile and corporate capacity has not improved overall.

A number of factors hinder the growth of our sector. These include:

- The unprecedented consolidation in the television broadcasting sector;
- the shift towards digital technologies and the migration to multi-platform distribution; and,
- A significant decrease in foreign sources of financing over the last several years.

These factors have had a significant impact on producers' businesses. The Canadian independent production sector, which is key component of our broadcasting system, has never faced greater challenges.

It is against this backdrop that we are surprised by and disappointed with the overall direction and tone of the private OTA television broadcasters' licence renewal applications. As we speak, these public hearings are ongoing before the CRTC.

Contrary to what you may hear, the system is not broken. We recognize, however, that it is under strain.

Today, rather than addressing what we believe are relatively low regulatory obligations, private over-the-air (OTA) television broadcasters are attempting to reduce or outright eliminate their priority programming requirements. They also want to step away from having to acquire programming from independent producers. And, they want to decrease their local programming obligations. In short, independent producers have to fight for their survival.

We are deeply concerned that broadcasters are using so-called "structural problems" and the current economic downturn as an excuse to reduce their commitments to Canadian priority programming and independent production.

This is a rabbit hole that only leads to the dark side of Wonderland. Reduced obligations would become the new status quo. This outcome would represent a significant weakening of the broadcast system that has been carefully built over the years. The current framework has served broadcasters, independent producers, the creative community and, most importantly, Canadian audiences, very well. It is absolutely not time to throw the baby out with the bathwater.

It is our strong view that the “solution” being proposed by broadcasters to the challenges they face is without doubt the wrong one with respect to Canadian independent production. It would be completely inconsistent with the policy objectives of the *Broadcasting Act*.

We note that the impact of the economic slowdown is not limited only to broadcasters. It affects virtually all Canadians and Canadian businesses, including the independent production sector and the creative community. Broadcasters have stopped taking pitches from independent producers for new programs and are holding off green-lighting programs that have been in development. This is causing significant uncertainty in the Canadian independent production sector.

Norm.

NORM BOLEN

We acknowledge that conventional television faces some business challenges. We would point out, however, that a key factor in their financial challenges is the ever-escalating amount of money they are spending on acquiring foreign, and mostly U.S., programming. Broadcasters also must accept responsibility for the huge debt loads they are carrying from the major asset acquisitions they have made over the last several years.

Private conventional television still draws the largest audiences in peak viewing hours. We also highlight that Canada's television broadcast ownership groups remain strong and profitable as a whole.

The most pressing economic challenges facing the conventional television sector are mainly cyclical and short-term in nature. The economy is already showing signs of renewed life. Many economists predict that by this time next year a recovery will be solidly underway.

The proposals put forward by broadcasters fail to take into account a number of measures implemented by the CRTC to help them deal with the challenges they face. One of those is the Commission's decision in its 2007 Conventional Television Policy to gradually eliminate advertising time limits for OTA television stations. This measure will certainly bear fruit as the economy recovers.

Broadcasters also fail to take into account the additional revenues they stand to earn from cable and satellite TV companies for the delivery of their signals in distant markets. And, we are certain that the proposed changes to the eligibility criteria for the Local Programming Improvement Fund (LPIF) could help sustain local news and programming.

We have stated repeatedly that all elements of the Canadian broadcasting system must be healthy in order for Canadians to receive the maximum benefits of a distinct Canadian broadcasting system.

As we already noted, however, independent producers have been struggling with their own challenges. And this has been the case long before the current added difficulties related to the economy. These challenges have only been exacerbated by the significant level of consolidation that has occurred in the Canadian broadcasting system over the past number of years. This has tilted the balance of power even further in favor of large corporate broadcast groups in their dealings with independent producers. It has effectively reduced both the business prospects available to producers and the employment opportunities for the entire creative community across Canada.

We have therefore urged the CRTC to hold firm to the *Broadcasting Act's* overriding policy objectives. We have asked the Commission to not surrender to the current exaggerations orchestrated by the private OTA broadcasters. To make changes to the regulatory regime for OTA television as it relates to priority programming and independent production would most certainly weaken the Canadian broadcasting system and result in less Canadian content choices for Canadians.

We would support, however, other efforts by both the federal government and the CRTC to address the challenges currently facing local conventional television stations, and particularly those stations located in smaller markets. These include the:

- proposed changes to the LPIF, and
- plan to move up the implementation date of its new distant signals policy.

In our view, these measures will go a long way to help strengthen the OTA television sector.

In closing, we would like to reiterate the need for a national Digital Media Strategy. This will ensure that Canada is well positioned to be at the forefront of the global digital economy.

We thank the Committee again for inviting us to appear, and we look forward to answering any questions you may have.