

ORAL REMARKS

By

THE CANADIAN FILM AND TELEVISION PRODUCTION
ASSOCIATION
(CFTPA)

CONCERNING

APPLICATIONS BY CHUM LIMITED
TO OPERATE
NEW ENGLISH-LANGUAGE
TELEVISION STATIONS
IN EDMONTON AND CALGARY
(16 JUNE 2003 Public Hearing)

16 June 2003

(check against delivery)

Good afternoon, Mr. Chair and Members of the Commission. My name is Elizabeth McDonald and I am the President and CEO of the Canadian Film and Television Production Association. With me this afternoon is Julia Keatley, past chair of the CFTPA. Julia is the Executive Producer of Keatley Films, the producer of the Canadian drama series, *Cold Squad*. She is also one of CFTPA's two television producer representatives on the Board of Directors of the Canadian Television Fund.

The CFTPA represents over 400 companies that finance, produce, distribute and market films, television programs and multi-media products in English. Our members are present in every region of Canada, from coast to coast to coast. In an ever-consolidating media world, it is the voices of independent creators who provide diversity to the Canadian broadcasting system. Our members obtain the rights from authors and others with stories to tell, employ writers to prepare screenplays, hire directors, actors and craftspeople to make the stories into programs and conduct all the business dealings to finance the provision of these stories to Canadian and foreign audiences. As such, we have a vital interest in the program practices and commitments of our major customers – Canada's television, pay and specialty broadcasters – particularly in cases when a broadcaster is applying for new television services.

From our written submission, it is clear that the CFTPA supports CHUM's applications to extend its service to Alberta. A strong presence in Alberta will provide CHUM with a comparable economic

and audience base to that of Craig and, to a lesser extent, of CanWest and CTV. While these parties will inevitably argue that the introduction of a new player in the Alberta market will cause them financial harm, it is really only the Commission that is in a position to determine whether the Alberta market can comfortably sustain a new entrant.

Since the introduction of CHUM's first over-the-air television station, back in the early 70s, this applicant has deliberately chosen to present itself as an alternative to the "mainstream" Canadian (and US) conventional networks. It's style is vibrant, extremely local, and reflective of the cultural diversity of each community it serves. While CHUM now owns and operates conventional TV stations in Canada's largest metropolitan centres (Toronto, Vancouver and Ottawa) as well as some of its smaller urban communities (including London, Barrie and Windsor), it has managed to maintain its integrity as an alternative broadcast choice.

With its emphasis on movies, long-form drama and drama series, as well as documentaries, CHUM is a strong supporter of Canadian independent film and television producers, including first-time filmmakers. We are especially pleased to note that its prime-time schedules are not determined on the basis of simultaneous substitution opportunities.

Julia Keatley:

CFTPA is pleased to support these applications by CHUM. Their proposed Alberta TV stations will build upon CHUM's "patented" style that combines extremely local news and information programming, primarily produced in-house, with a strong commitment to drama and documentary programming in partnership with the independent production community.

CHUM's "Alberta Indie Initiative" promises \$15 million over 7 years in licence fees and development funding for Alberta producers and writers to create "priority" programming that will appeal to viewers within the province and nationally. This is almost double what CHUM committed to acquire CKVU-TV Vancouver from CanWest Global, just 2 years ago.

In formulating this proposal, CHUM has consulted extensively with the production community and listened to our needs. By far the largest portion of the promised funds (85%) will be allocated for licence fees. \$300,000 has been set aside each year for script and concept development. And half a million dollars will be made available for bridge financing of CHUM-supported projects. What this means to us is that this broadcaster knows and understands our business needs and has developed various means of support at all stages in the development and realization of productions. As we said in our written submission:

“This initiative will be of immediate and continuing value to the production community in this province, particularly for small- and medium-sized companies. CHUM’s offer of advanced development investment in the form of a “non-recourse” loan, to be paid back on commencement of principle photography and of bridge financing, recognize the cash flow challenges faced by producers.”

In total, CHUM has proposed more than \$81 million in Canadian program expenditures over 7 years, representing just under 38% of projected revenues. CHUM has also made a firm financial and exhibition commitments to drama programming.

As a producer of drama, I am a firm believer that this genre of programming is a key element of Canadian cultural expression. While many programming categories are important vehicles for telling our stories, it is drama that enables a creator to tell a story in a creative and entertaining way. And CHUM’s drama commitment is broad. It encompasses Canadian feature films and made-for-TV movies as well as drama series.

CHUM has promised that at least 4 of the 8 hours of priority programming on the Alberta stations and on CITY-TV in both Toronto and Vancouver will be drama programming. And, in keeping with its goal of reflecting the community, CHUM intends that the Alberta drama initiative will “trigger a minimum of 2 one-hour culturally-diverse drama series”. These commitments to Canadian drama are stronger than those that have been made to you by any other

English-language private Canadian broadcaster.

Consistent with past interventions regarding conventional television stations, CFTPA's support for these applications is contingent on CHUM's willingness to commit that at least 75% of the priority programming broadcast each week on the new Alberta stations will be obtained from non-affiliated independent producers. We have recommended that CHUM file annual reports with the CRTC on its commissioning and acquisition of "original" productions, including information related to the licence fees paid to related party and unaffiliated producers. Above and beyond the 8 hours per week of priority programming, CFTPA considers that conventional and specialty broadcasters should not be entitled to self-produce more than 25% of original Canadian production. We trust that you will discuss this with CHUM and seek a commitment in this regard. This is extremely important to us. For producers to become successful, we must be able to fully exploit the copyright we hold in our productions. Absent this, we are really only line producers and cannot build the kinds of businesses able to invest in new productions.

There can be an unfair imbalance in the broadcaster/producer relationship where the broadcaster (as in the case of CHUM) owns a number of different outlets and several windows (both conventional and specialty television services). To address this, we have embarked on terms of trade discussions. We are pleased to advise you that our discussions with CHUM have been positive and

productive, in keeping with this broadcaster's firm commitment to the Canadian independent production community.

Elizabeth McDonald:

You have heard a lot in recent days about the importance the CTF as a source of production financing. As producers, we recognize its importance. However, CTF-supported productions represent just 14% of all production in Canada. And CHUM's Alberta stations propose to combine in-house, acquired and commissioned programming, some of which will seek CTF support.

As Jay Switzer said last week at Banff, if we are to succeed in making programs that will attract Canadian audiences, it is essential that we recognize the economic realities of this industry and build partnerships across sectors. This means investing in, promoting and scheduling Canadian productions at times when viewers are available. This means a strong commitment Canadian programming in prime time.

It would be remiss of us not mention that in this application CHUM has made an important contribution to the CFTPA's National Mentorship program targeted at emerging aboriginal and ethnic producers. We believe that this program really speaks to the future of television production in Canada and we are grateful that CHUM has recognized this as well.

Mr. Chair, Members of the Commission, almost two weeks ago, I appeared before you in what you thought would be my last appearance. You spoke very kindly at that time and I would like to take this last moment to make some reflective comments. First, as a woman in this industry, I would like to note for the record that it is thanks to the CRTC's role in addressing issues of gender portrayal, that over the past eight or ten years the role of women as panel participants (both as applicants and as interveners) has changed significantly.

We are no longer merely "faces" to give you the impression of gender balance. We now speak from positions of trust and authority, and we are acknowledged for having made real contributions to Canada's broadcasting system.

Over the past few weeks we have heard from all sides about the difficulties facing our industry. The CRTC will have a real challenge to bring these disparate voices together. We have no doubt that you have the knowledge and skill to sift through the raucous din, to listen to reasonable positions and to find the right answers.

On behalf of Sandra Macdonald (my predecessor at the CFTPA) and myself, I would like to thank the Commission for its recognition of the essential place of the creative community within the Canadian broadcasting system. Although independent producers are not "licensees", they create much of the programming that broadcasters

air in fulfilment of their regulatory obligations. Our membership is proud of their accomplishments and pleased at the support you have extended to them.

Thank you for your attention today and we would be pleased to answer any questions you may have.