



**Canadian  
Association of  
Broadcasters**

**L'Association  
canadienne des  
radiodiffuseurs**

October 25<sup>th</sup>, 2005

***SENT VIA EMAIL***

Ms. Diane Rhéaume  
Secretary General  
Canadian Radio-television and  
Telecommunications Commission  
Ottawa, Ontario  
K1A 0N2

Dear Ms. Rhéaume:

**Re: Broadcasting Public Notice CRTC 2005-81 – Viewing and  
Expenditure Incentives for English-language Television Drama –  
Call for Comments**

1. The Canadian Association of Broadcasters (CAB) – the national voice of Canada's private broadcasters, representing the vast majority of Canadian programming services, including private television and radio stations, networks and specialty, pay and pay-per-view television services – is pleased to submit its comments in relation to *Broadcasting Public Notice CRTC 2005-81 – Viewing and Expenditure Incentives for English-language Television Drama – Call for Comments* (BPN 2005-81)
2. The CAB supports the Commission's view that its drama incentive program must strike the right balance between fulfilling the Commission's objectives of increasing the production, broadcast, viewing and expenditures on high quality, original, Canadian dramatic programming and at the same time establish targets that are simple to use and attainable. The CAB submits that in order for private broadcasters to assist the Commission in meeting these objectives that realistic targets must be established at the outset to ensure broadcasters can actively participate in the incentive program.

*Separate Viewing Targets for Conventional Station Groups and Specialty Services*

3. The CAB agrees that it is appropriate to establish separate viewing and expenditure targets for conventional station groups and specialty services

that recognize each sector's distinct regulatory regime and approach to scheduling and licensing Canadian dramatic programming.

*Viewing Target for Conventional Television*

4. The Commission has proposed that English-language conventional stations increase the hours of viewing that they attract to English-language Canadian drama to 16.5% of viewing to all drama broadcast by these services over a five year period. The Commission noted that this increase would equate to an approximate 80% increase over the current industry average of 9.2%.
5. The CAB submits that an 80% increase in viewing over a five year period is unrealistic and unlikely to be attained. In its submission in relation to Broadcasting Public Notice 2003-54 – Support for Canadian Television Drama – Call for Comments, the CAB noted that after 50 years of effort by broadcasters, producers and governments, Canadian drama draws a stable 11% of total drama viewing across the system. The CAB further suggested that providing certain conditions, such as stable funding to the CTF and the introduction of an incentive program for Canadian drama, a realistic and achievable viewing objective would be an increase to 15% of all viewing over five years, i.e. a 40% increase.
6. Applying this 40% increase to the conventional sector, the CAB submits that English-language conventional stations that wish to access the incentives should be expected to increase the hours of viewing that they attract to English-language Canadian drama from the current industry average of 9.2% to 12.9%.
7. The CAB notes that while its conventional television members all agree that a 40% increase in viewing over five years is an appropriate industry objective, there are differing views on the approach that should be used to achieve this goal. Given the complexity of issues associated with the use of viewing data for the three largest English-language conventional station groups, the CAB will defer to the comments filed separately by each of these groups on the appropriate annual viewing target that should be established for their stations.

*Viewing Target for Specialty Services*

8. The CAB supports the Commission's proposal to treat English-language specialty services that broadcast drama programming on an individual basis under the incentive program. The CAB agrees that a single industry objective is impractical given the different regulatory requirements under which each of the specialty services operate and the wide range of viewing to Canadian drama on these services.
9. Furthermore, the CAB submits that it is a reasonable expectation that each English-language specialty service that broadcasts drama programming and wishes to access the incentive program, increase the level of viewing to English-language Canadian television drama by 7.5% over a five year period. An annual increase of 1.5% appears reasonable

for services wishing to access the incentives. However, the CAB notes that services that currently record low percentages of viewing to Canadian English-language drama will have a bigger challenge in meeting the annual target than those services enjoying high percentages of viewing to Canadian English-language drama. For example, services recording 1% viewing to Canadian English-language drama as a percentage of viewing to all drama will be required to more than double their performance in order to achieve the annual target.

10. Moreover, the CAB notes that while the Commission did not identify an industry objective for the specialty sector, if each specialty service eligible to participate in the drama incentive program achieved an annual target of 1.5%, this would result in an approximate total increase in viewing of 25% to English-language drama for the sector over five years.

*Expenditure Target for Conventional Stations*

11. In Public Notice CRTC 2004-32 Proposed Incentives for English-language Canadian television drama – Call for Comments, the Commission established an overall industry objective for expenditures on Canadian drama of 6% of the total revenues earned by the Canadian private conventional television industry, to be achieved over a five year period.
12. In BPN 2005-81 the Commission indicated that expenditures on English-language television drama by the private, English-language conventional television industry, excluding CTF top-ups and benefit-related spending, represented 3.3% of that industry's total revenues in the 2003-2004 broadcast year. Accordingly, the Commission proposed an annual increase of slightly more than half of a percentage point per year in order to achieve the industry expenditure target of 6% over five years. This represents an 80% increase in expenditures for the private English-language conventional television sector over five years.
13. The CAB notes that the Commission has thereby proposed an 80% increase in both viewing and expenditures over a five year period for the private English-language conventional television sector. The CAB has suggested a 40% increase in viewing is a more reasonable and attainable industry objective for the incentive program and submits that while there is no direct relationship between viewing and expenditures, for the expenditure incentive to be attainable by broadcasters a similar range of expectation would be appropriate.
14. Moreover, the CAB notes that when the 6% expenditure objective was set, the Commission believed that the private English-language conventional television sector's current spending on Canadian English-language drama was 4% of the industry's total revenues. Therefore an industry objective of 6% over five years would have represented a 50% increase for the sector.

15. The CAB therefore submits that an annual increase of 0.3% in the overall industry objective, rather than the 0.5% and 0.6% levels suggested in the public notice, would represent a more realistic target that would incent broadcasters to increase their expenditures.
16. The CAB thanks the Commission for the opportunity to provide its comments on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Keeble', with a stylized flourish at the end.

David Keeble  
Senior Vice-President, Policy and Regulatory Affairs

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