



**CMF Performance Envelopes in the  
English market-  
Is it time to reduce the CMF funds  
earned by limitless repeats?**









2013

# Introduction







- CMF broadcaster performance envelopes (along with the “Total Hours Tuned” [THT] as a measure of broadcaster success) were introduced in 2005-6. Since that time, there has been significant broadcaster consolidation in the English language market.
- As CMF’s most significant funding allocation factor weight (at 40%), the data that follows examines whether THT (as it is currently defined) remains an appropriate way to reward broadcasters for audience success.
- Specifically, is there a need to immediately change the way CMF funds are allocated so that CMF does not reward increasingly consolidated broadcasters for recycling Canadian programs to Canadian audiences?

# CMF's performance envelopes were designed a decade ago, when more broadcasters were investing in original programming...

## 2005

Network	Conventional	Spec./Pay
	■	◆
CTVglobemedia	■	
 Canwest	■	
 Astral Media <sup>®</sup> <small>pour diverser votre monde</small>		■
 SHAW		◆
 CORUS ENTERTAINMENT		■
<b>CHUM</b> LIMITED	■	■
 ROGERS		◆
 ALLIANCE ATLANTIS		■
 Bell		◆

## 2013

Network	Conventional	Spec./Pay
	■	◆
 Bell *	■	■
 SHAW	■	■
 Astral Media <sup>®</sup> *		■
 CORUS ENTERTAINMENT		■
 ROGERS	■	■

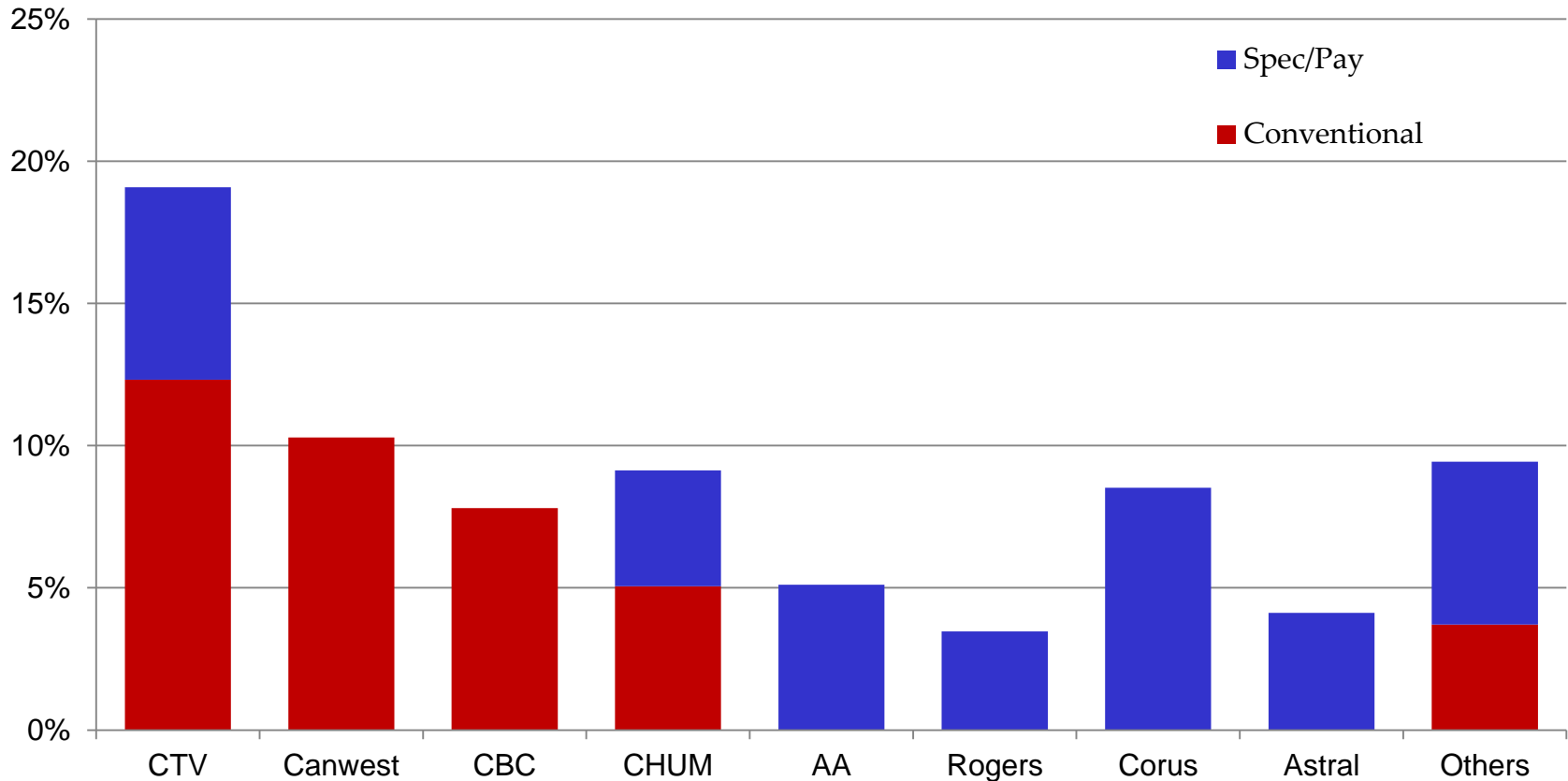
\* Note: Pending merger of Bell and Astral waiting CRTC approval

### Legend: Market Presence

Major ■ Minor ◆

# ... and large specialty channel owners were competition to conventional players

## 2005-06 Audience Shares By Broadcast Group



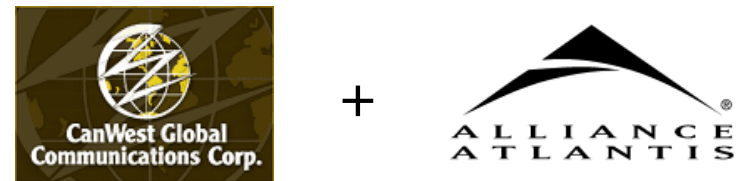
Source: BBM 2005-06 Brd year (All Day)

# Since then, the English market has undergone a wave of consolidation ...

July 2006: \$1.7 billion



January 2007: \$2.3 billion



June 2007: \$375 million

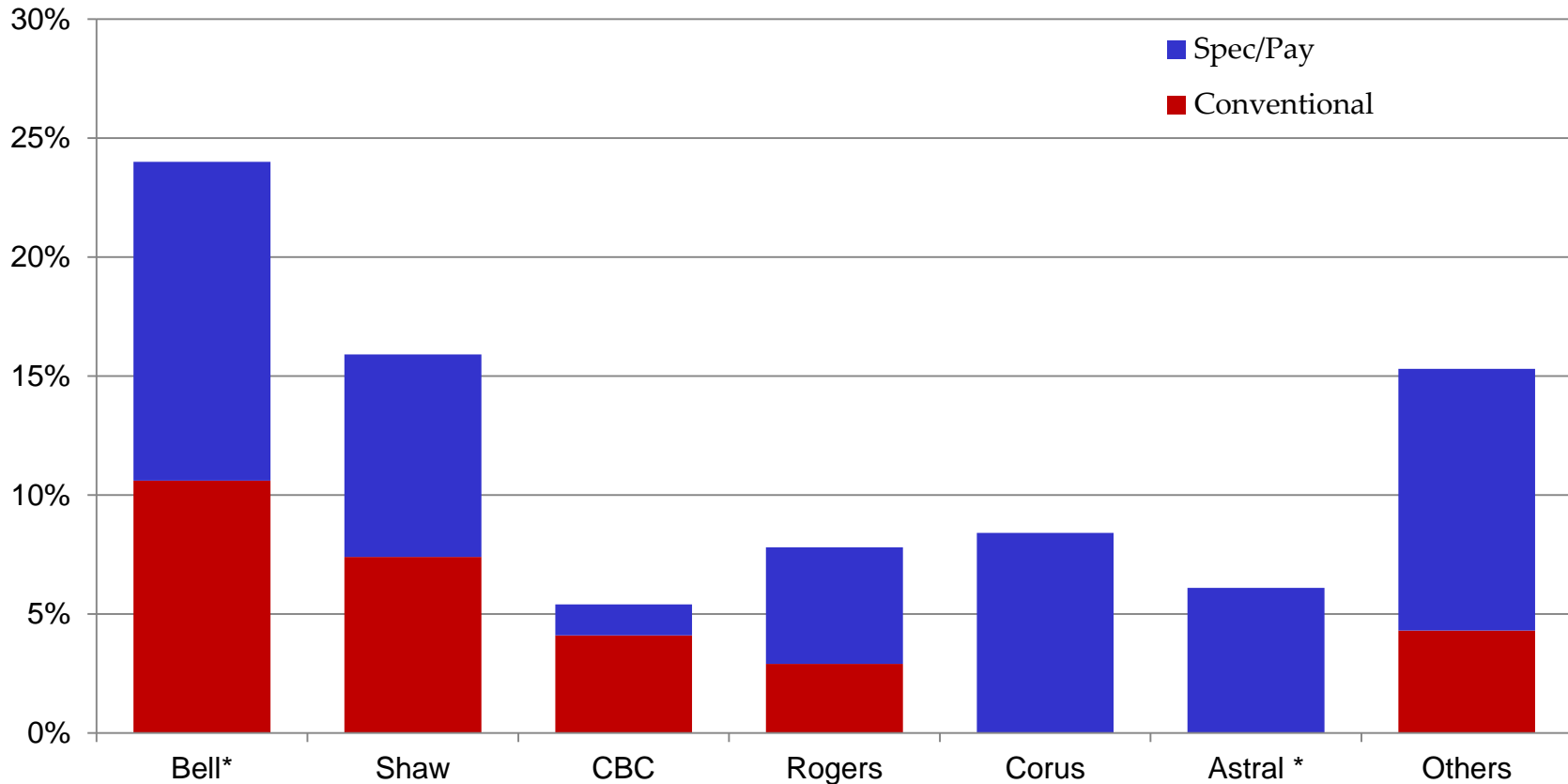


Pending: \$3.38 billion



# ... and now conventional stations and specialty services are under the same ownership group

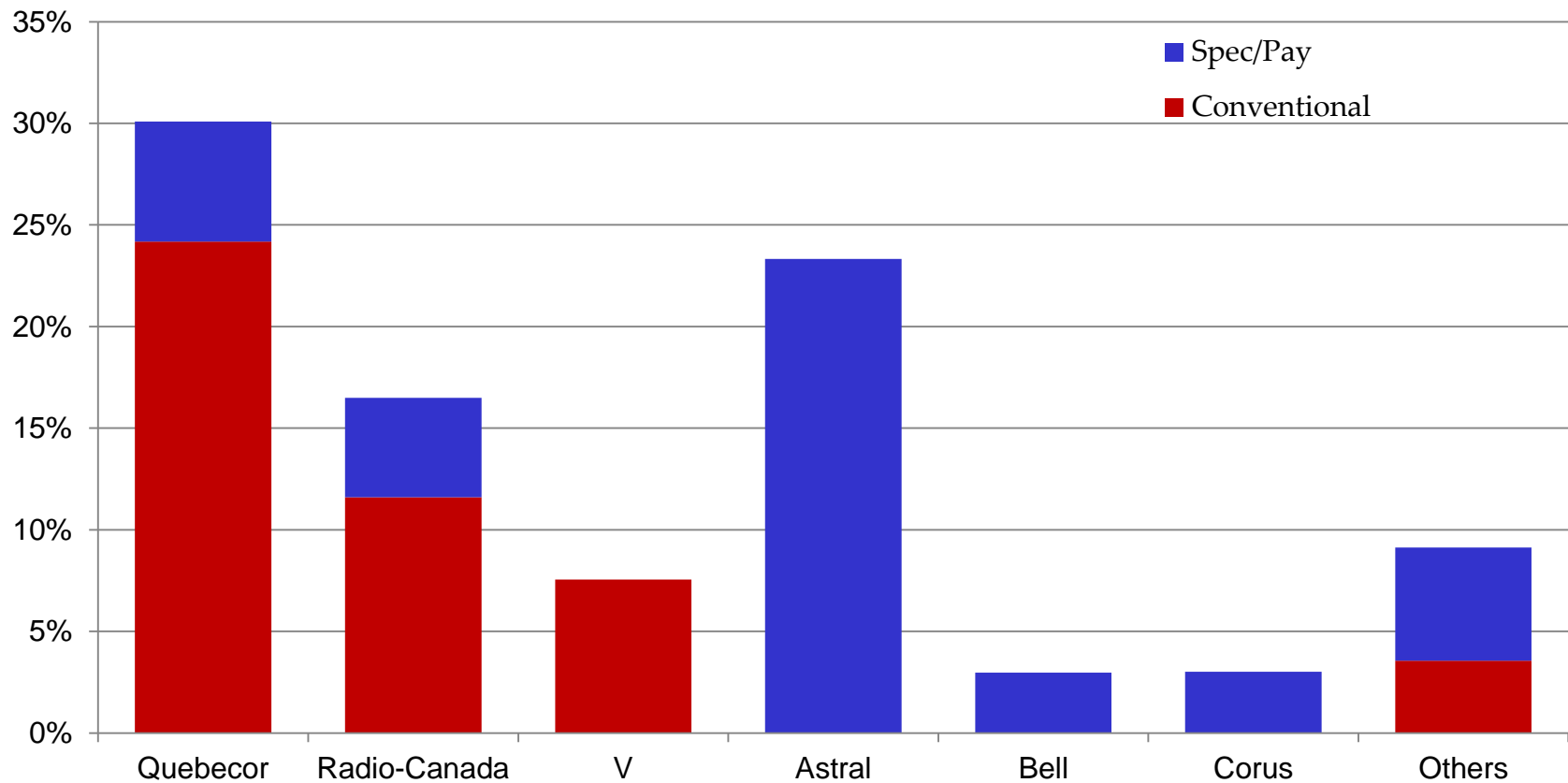
## 2011-12 Audience Shares By Broadcast Group



Source: BBM 2011-12 Brd year (All Day) \* Note: Pending merger of Bell and Astral waiting CRTC approval

# However, this is not the case in the French market

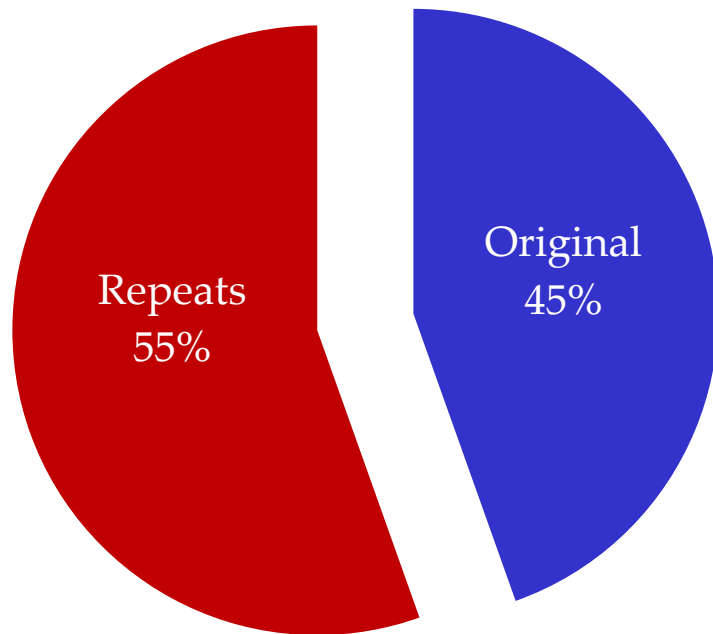
## 2011-12 Audience Shares By Broadcast Group



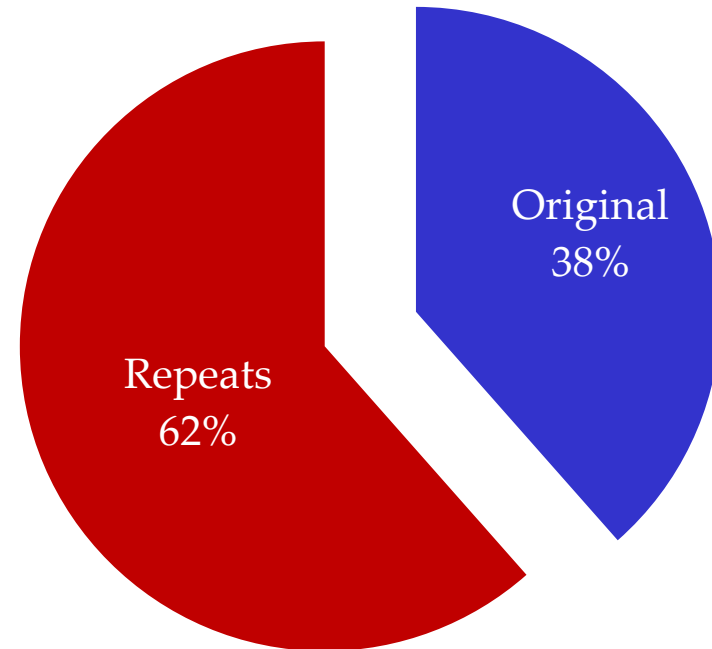
Source: BBM 2011-12 Brd year (All Day)

# As the industry consolidates, repeats of CMF funded English Drama programs have increased (even in just the one year for which data is available)

2010-11 English Drama Audiences  
By Type  
%



2011-12 English Drama Audiences  
By Type  
%

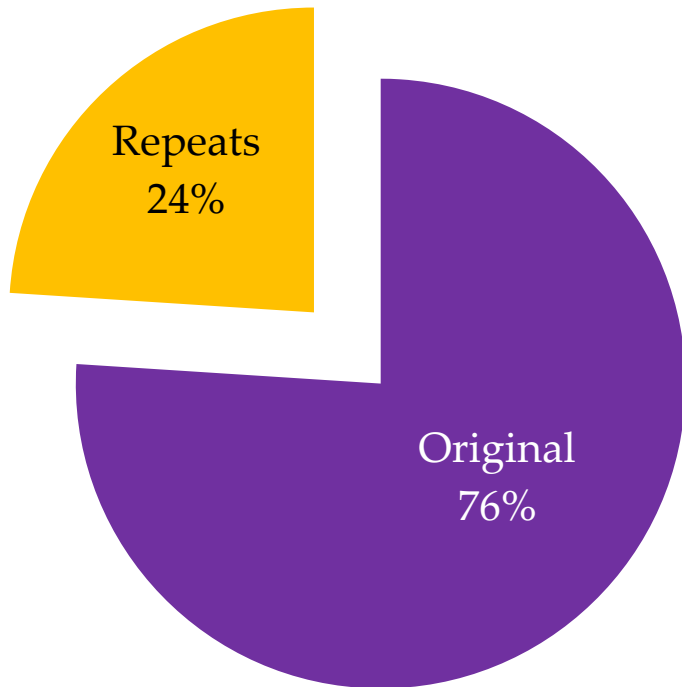


Source: THT/OFR submissions for 2010-11 (audited) and 2011-12 (unaudited)

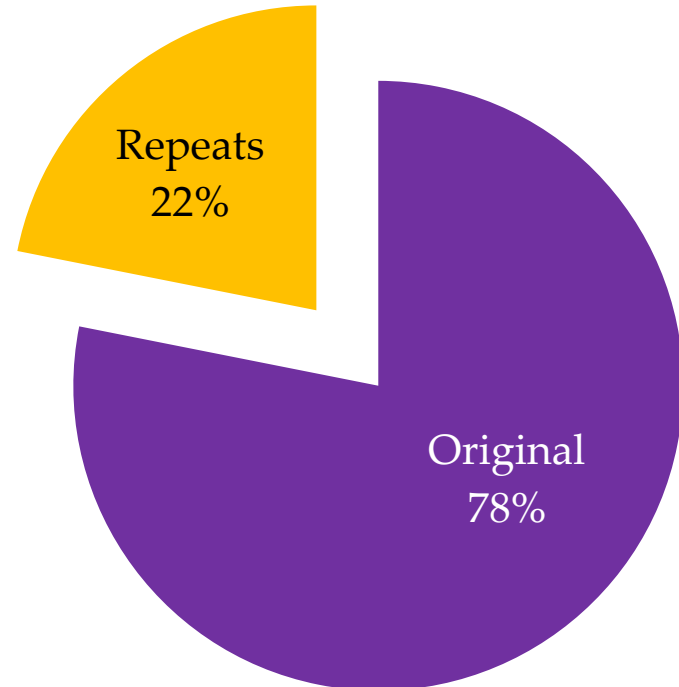


# However, again, the French market is a different reality

2010-11 French Drama Audiences  
By Type  
%



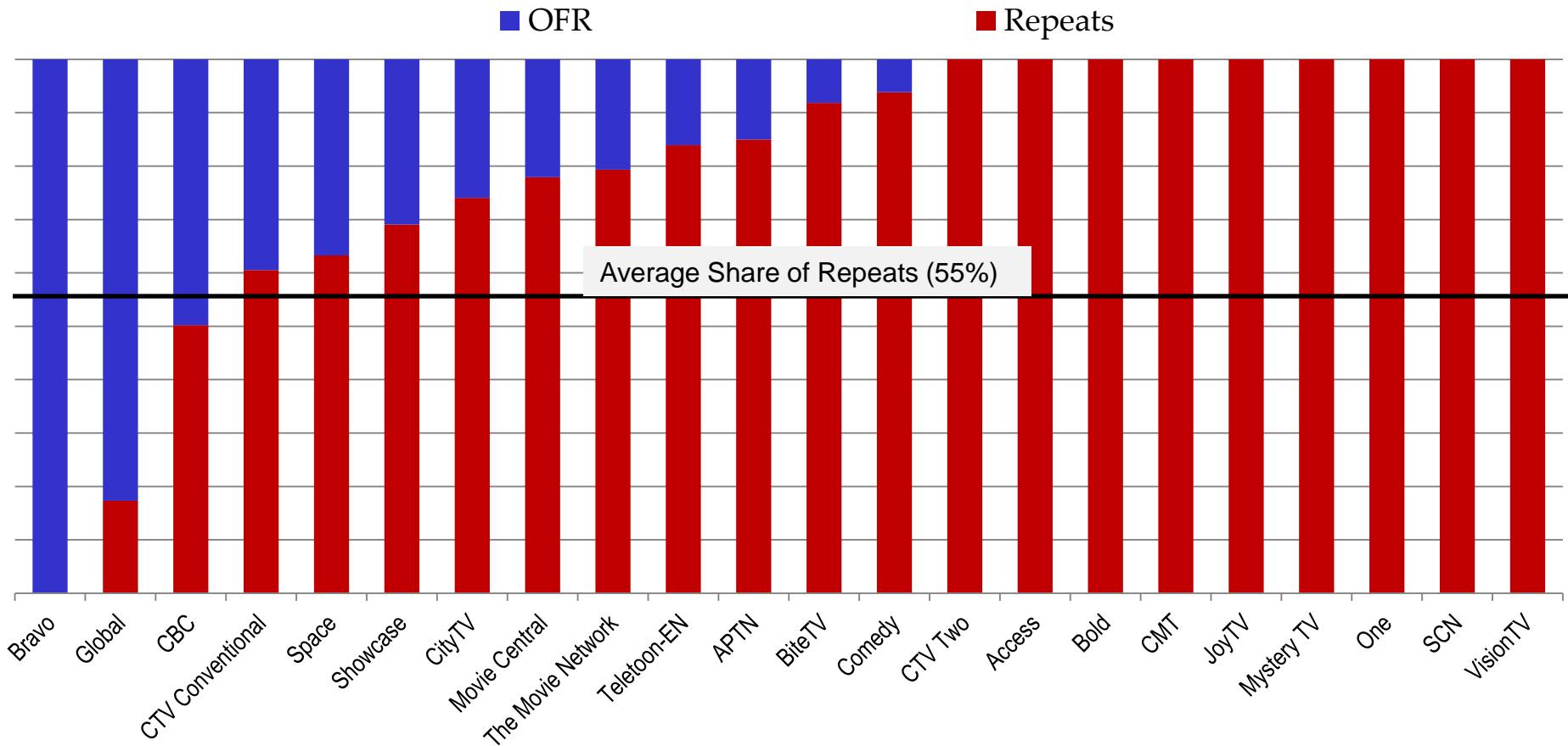
2011-12 French Drama Audiences  
By Type  
%



Source: THT/OFR submissions for 2010-11 (audited) and 2011-12 (unaudited)

# In 2010-11, almost half of the English language channels offered only repeats...

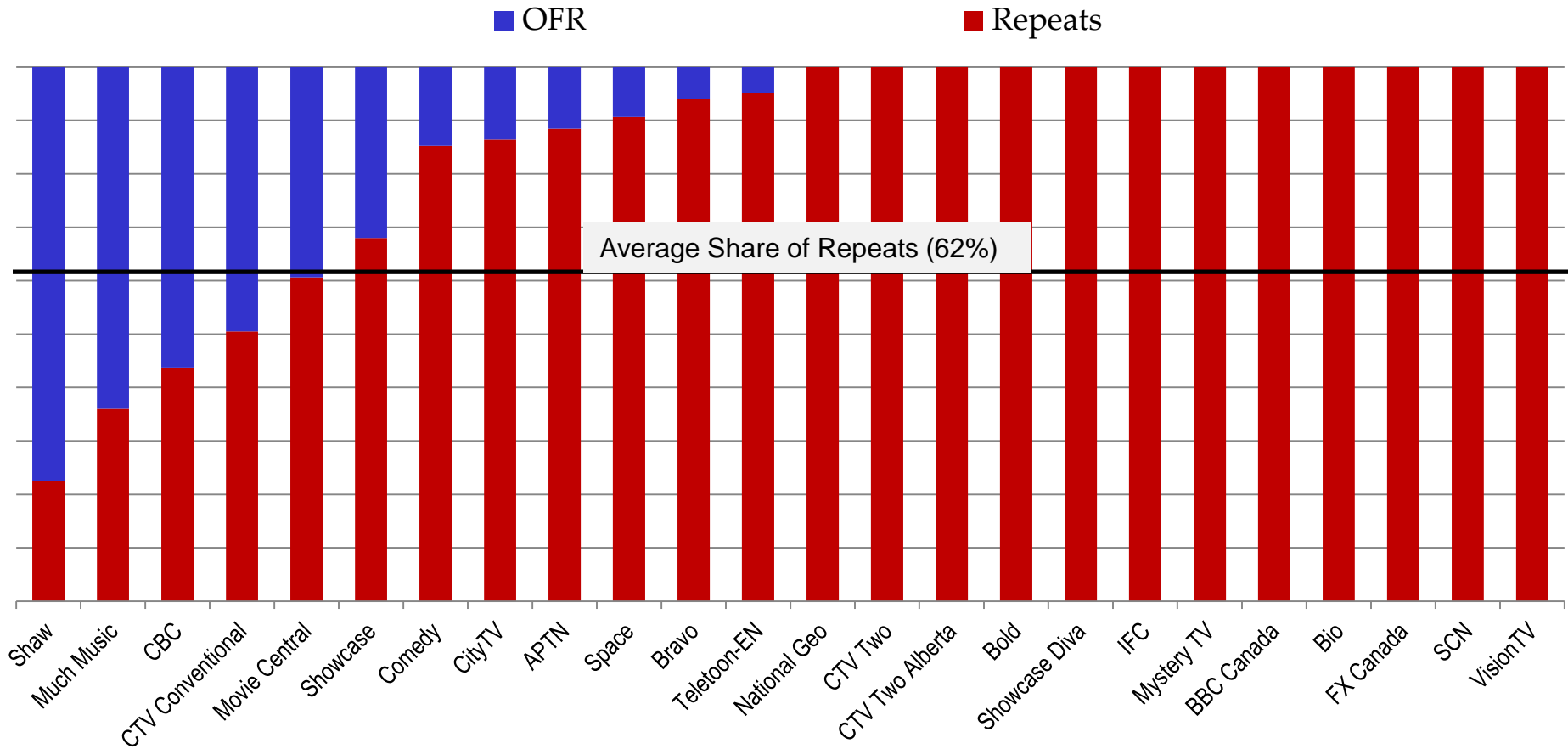
## 2010-11 Drama Programs by Type by Channel



\* Source: CMF 2010-11 audited submissions by broadcasters.

... and in 2011-12, the trend increased

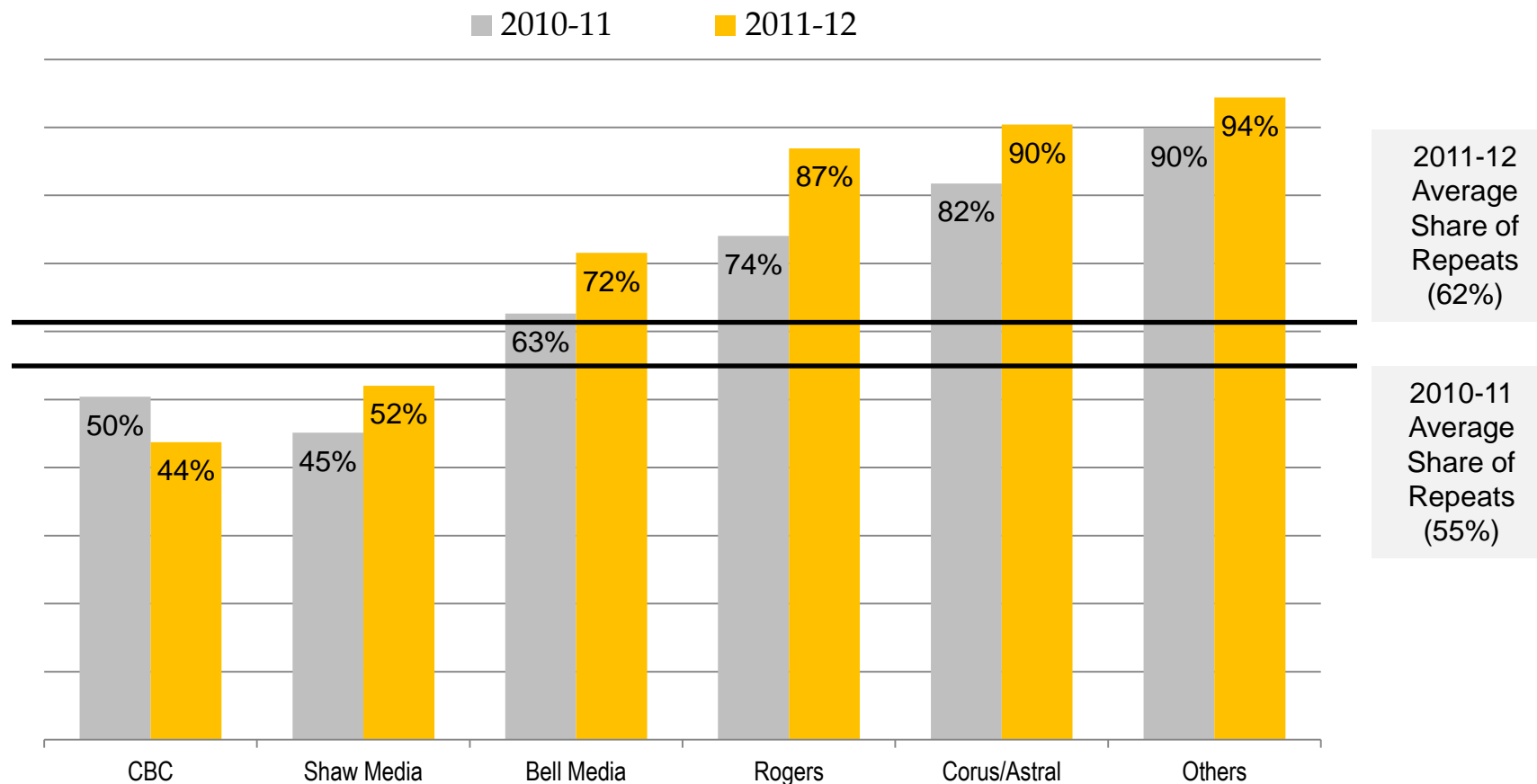
## Estimated 2011-12 Drama Programs by Type by Channel



\* Source: CMF 2011-12 UNAUDITED submissions by broadcasters.

# And with only CBC bucking the trend, all other English language broadcasters continue to increase repeats

## Year-to-Year Comparison of CMF Funded Drama Repeat Programs By Broadcast Group



Source: THT/OFR submissions for 2010-11 (audited) and 2011-12 (unaudited)

# Broadcast Group Repeat Patterns – A look at individual programs

- A look at individual programs offers insight into trends in programming strategies of the various English broadcaster groups.
- Conventional stations are using specialty channels within their ownership group as second and third windows for CMF funded Canadian drama.
- This brings 3 central benefits:
  - (1) the broadcast groups can recycle Canadian programming commissioned by one of their other channels at little/no cost;
  - (2) the broadcast groups can satisfy their CRTC imposed exhibition requirements at little/no cost; and
  - (3) the broadcast groups can significantly increase the THT for all of their channels (and, as a result, increase the CMF money which the broadcast group gets).

# Selected Programs - Flashpoint



**Estimate of CMF  
Earned from Repeats of  
Flashpoint in 2011/12\*  
= \$6.8M**

- In broadcast year 2010-11, Flashpoint, one of CTV's Canadian programs captured 55.4M total hours tuned (THT)
  - With 46% of hours from original first run (OFR) programs
- It played on the main CTV One network only
- In broadcast year 2011-12, Flashpoint, achieved significant THT with 93.8M
  - but only 18% of those hours came from the telecast of original first run programs
- Flashpoint was repeated on:
  - CTV One
  - CTV Two in Alberta, and
  - Bravo
    - The repeats on Bravo generated 46.7M in THT (or an estimated \$4.1 M in CMF dollars)

\*Estimate is based on audience actuals and 2012-3 drama envelope allocations

# Selected Programs – Combat Hospital



**Estimate of CMF  
Earned from Repeats  
of Combat Hospital in  
2011/12\* = \$800K**

- In broadcast year 2010-11, Global enjoyed success with its new program Combat Hospital achieving 17.7M total hours tuned (THT)
  - All hours were original first run
- It played on the Global network only
- In broadcast year 2011-12, Global canceled Combat Hospital while achieving 13.7M in THT
  - With only one-third of broadcasts being original first run programs
- It played on:
  - Global
  - Showcase
  - Mystery, and
  - Showcase Diva

\*Estimate is based on audience actuals and 2012-3 drama envelope allocations

# Selected Programs - The Listener



**Estimate of CMF  
Earned from Repeats  
of The Listener in  
2011/12\* = \$2.3M**

- In broadcast year 2010-11, CTV broadcast The Listener garnering 25M total hours tuned (THT)
  - With over half (56%) of hours from original first run (OFR) programs
- It played on:
  - CTV One, and
  - Space
- In broadcast year 2011-12, The Listener increased THT by 50% to 39.1M
  - With only one-third of hours being original first run programs
- It played on:
  - CTV One
  - CTV Two
  - Bravo, and
  - Space

\*Estimate is based on audience actuals and 2012-3 drama envelope allocations



# Selected Programs – Murdoch Mysteries



## Estimate of CMF Earned from Repeats of Murdoch Mysteries in 2011/12\* = \$3.1M

- In broadcast year 2010-11, Rogers broadcast Murdoch Mysteries totalling 24.8M hours tuned
  - About one-quarter (26%) of hours were to original first runs
- It played on the City TV network only
- In broadcast year 2011-12, Rogers continued its broadcasts garnering 41.4M in THT
  - With 13% of hours being original first run programs
- It played on:
  - City TV and
  - FX Canada
- Beginning in 2012-13, Murdoch Mysteries has moved to CBC

\*Estimate is based on audience actuals and 2012-3 drama envelope allocations

# Selected Programs – Ron James



**Estimate of CMF  
Earned from Repeats  
of Ron James in  
2011/12\* = \$228K**

- In broadcast year 2010-11, CBC presented Ron James, generating 8.3M total hours tuned
  - Half (50%) of hours were to original first runs
- It played on the main CBC network only
- In broadcast year 2011-12, Ron James achieved audience numbers 6.2M in THT
  - With 58% of hours being original first run programs
- It played on the main CBC network only

\*Estimate is based on audience actuals and 2012-3 drama envelope allocations

# Selected Programs – Republic of Doyle



**Estimate of CMF  
Earned from Repeats  
of Republic of Doyle in  
2011/12\* = \$630K**

- In broadcast year 2010-11, CBC presented Republic of Doyle, generating 20.3M total hours tuned
  - Almost two-thirds (64%) of hours were to original first runs
- It played on the main CBC network only
- In broadcast year 2011-12, Republic of Doyle continued to strong audience numbers achieving 22.4M in THT
  - With 68% of hours being original first run programs
- It played on the main CBC network only

\*Estimate is based on audience actuals and 2012-3 drama envelope allocations

# Selected Programs – Rick Mercer



**Estimate of CMF  
Earned from Repeats  
of Rick Mercer in  
2011/12\* = \$1.5M**

- In broadcast year 2010-11, CBC's Rick Mercer series, generating 34.6M total hours tuned
  - One third (33%) of hours were to original first runs
- It played on the main CBC network only
- In broadcast year 2011-12, Rick Mercer achieved audience numbers of 28.3M in THT
  - With 38% of hours being original first run programs
- It played on the main CBC network only

\*Estimate is based on audience actuals and 2012-3 drama envelope allocations

# Conclusion

- As consolidation in the market continues it is time to review the CMF Performance Envelope rules in the English market to ensure that:
  - the central goal of the CMF fund (i.e. the production and presentation of original quality Canadian programs) is still being met;
  - THT is really a proxy for audience success and not an added economic benefit for large broadcast groups without any added obligation to telecast original Canadian programs; and
  - An unintended consequence of the current CMF system is to add an inappropriate economic incentive to the already existing economic incentive that exists when a broadcaster repeats a show it has already paid for.
- Such undue weighting towards repeats could be rectified if the CMF:
  - Introduced caps on the % of THT that can be comprised of repeats;
  - Weighted repeats which occurred on channels other than the original commissioning broadcast channel (limit of 1) at half value; and/or
  - Reduced the % factor weight for THT and increased the % factor weight for original first run programming (“OFR”).