



Canadian Conference of the Arts
The Role of the CBC/SRC as a
Public Broadcaster in the 21st Century
Presentation to the Standing Committee on Canadian Heritage
February 23, 2007

Executive Summary

1. While the CCA welcomes the opportunity of this public debate about the mandate of the CBC/SRC in the 21st century, we must point to the fact that what is required is a full-picture examination of the Canadian Broadcasting ecological system and how efficient it is at ensuring that the national objectives set out in the *Broadcasting Act (1991)* are met. It is essential in our view to link the over-the-air television policy review, the CBC mandate review, the Canadian Television Fund review, the new media and other related issues within the context of a global strategy to ensure the production and exhibition of audiovisual Canadian cultural products on all possible platforms.
2. The CCA does not believe that technological changes require changing any of the provisions of the Act or modifying the mandate of the public broadcaster, which is at the core of the overall objective of making quality Canadian programming available to all Canadians in both official languages and on all possible platforms.
3. The CCA believes that the CBC should be present on all distribution platforms and that adequate funding mechanisms must be found for it to pursue appropriate programming strategies, the determination of which, being an arms' length institution, fall exclusively under the responsibility of its Board and management.
4. The real debate is about means and political will, not about cultural objectives or mandates for the public broadcaster. Countless studies over the years have recommended adequate, stable and predictable funding for the CBC, and yet, nothing has been done by the successive governments over the past 30 years, except for successive cuts to CBC subsidies (now lower in real dollars than in 1975) which have sent the organization lurching from one crisis to another and, according to some, losing its way in the process.
5. It is the CCA's contention that the government of Canada is responsible for ensuring appropriate and predictable level of resources for the public broadcaster to fulfil its mandate, mindful of the breadth of section 3 of the *Broadcasting Act* and the new platforms it must occupy to meet those objectives in the current technological environment.
6. As part of an overall solution to the funding and exhibition of Canadian programming, the CCA recommends that all forms of distribution systems be regulated by the CRTC in the appropriate fashion and that all be asked to contribute to program funding and talent development the way traditional broadcasters and distributors are. The CCA is further of the opinion that CBC/SRC should be freed as much as possible from relying on commercial revenue to fulfill its public mandate.

7. The CCA supports the fact that a substantial part of the Canadian Television Fund (CTF) should be dedicated to independently produced programs to be aired on the CBC on whatever platform deemed appropriate. Contrary to recent attacks on the Fund, we deem that the CTF is an effective and accountable instrument to achieve the objectives of the *Broadcasting Act* and that it can evolve into a multi-platform model for funding Canadian visual content. The idea of a similar fund for Canadian audio content should be envisaged.
8. Finally, we believe that some changes should be brought to the governance model of the CBC.
 - First, to extend the arms' length relationship of the government to the CBC, the Board should be empowered to select, appoint and, if necessary, dismiss the President of the CBC.
 - Secondly, Board members should be appointed by the government with reference to a profile established by the CBC Board itself, with some form of oversight by this Committee.
 - Thirdly, we support the idea that the Board should include CBC/SRC employees' representatives, respectively elected by their peers in each official language community.

Mr. Chair, Committee Members,

We are grateful to the Committee Members for deciding to undertake this review, building as it does on the substantive work carried out by this Committee in *Our Cultural Sovereignty* and, fortuitously following on your intensive hearings on the Canadian Television Fund which, like the CBC, is an essential part of the overall ecology of the Canadian Broadcasting system as defined by the *Broadcasting Act (1991)*.

Founded in 1945, the Canadian Conference of the Arts (CCA) is the oldest and most broadly based forum to discuss policy issues affecting the interests of artists and arts and cultural organizations and industries in all disciplines and all walks of life. A non-partisan group, the CCA is dedicated to the advancement of Canadian Cultural Citizenship. The CCA pursues this objective through the impartial information it generates, the public debates it organizes or participates in, as well as the advocacy work it conducts in cultural policy issues on behalf of all Canadians.

It has been the CCA's contention for quite some time that any debate about the role of the CBC/Radio-Canada must be cast within the global ecology not only of broadcasting, but also of the production and distribution of Canadian audio-visual cultural products and the financing needed to pay for the creation of truly Canadian programming, as sought by Parliament in the *Broadcasting Act*.

One of our main concerns is that this and other serious cultural issues are being looked at through piecemeal and disjointed processes, without proper consideration to the interdependence of the various parts of a system put in place over the past half century. The recently appointed internal CRTC Task Force on the CTF is a perfect illustration of this disjointed approach to cultural policy making.

Given the complexity of the issues raised in the Committee's questions, and the limited time available to you and to participants in this process, we have decided to respond very briefly to all the questions raised. The CCA does not pretend to have an answer to all and we have taken the liberty to raise questions about the questions themselves.

1. *Explain how, since 1991, and to what degree the CBC/Radio-Canada has carried out each part of his legislative mandate as stated above?*

With respect, the CCA's view is that this question, while interesting, is not necessary to determining either the appropriate role of the CBC in the future or how best to fund it.

2. *List the principal changes that have occurred in the broadcasting sector in Canada and the impact these changes have had on each component of the legislative mandate of the CBC/Radio-Canada?*

According to the recent review conducted by the CRTC at Cabinet's request, changes in technology have not yet had a serious impact on Canadian broadcasting. We agree that while it is true that many Canadians spend time away from broadcasting to work or entertain themselves online, overall the amount of time Canadians spend with both

television and radio has been remarkably stable for decades. But this masks generational differences in behaviour which are crucial to any debate about the future of Canadian audiovisual products, a reality which belies the CRTC's renewed decision that now is not the time to intervene!

The main impact of new technologies is on the financing of the system. In our view, the principal change that affects every broadcaster today, along with the CBC, is the CRTC's decision to license almost four hundred specialty and pay television services. While increasing choice for those Canadians who can afford and want digital service, the CRTC's decision has increased the impact of fragmentation of audiences. At the same time, the CRTC has encouraged extremely high and still-growing levels of concentration of ownership.

One of the results of all this is the exacerbation of the competitive relationship between the public broadcaster, forced to seek commercial revenue to fulfill its mission, and a now highly-consolidated and strong privately-controlled distribution and broadcasting system whose sole and very legitimate mandate is to satisfy shareholders.

Having said that, technological changes should have no impact on the mandate of the CBC/SRC, which should encompass all platforms through which cultural content is distributed.

3. *Explain, where applicable, how the wording of each component of the stated mandate of the CBC/Radio-Canada should be modified?*

As mentioned above, the CCA believes that ***the mandate of the CBC/SRC set out by Parliament in the technologically neutral Broadcasting Act (1991) is entirely appropriate and should not be modified.*** What requires urgent review is the financial structure of the Canadian broadcasting/distribution sector and the proper overall strategy needed to realize the objectives of the *Act*.

4. *Does the governance structure of the CBC/Radio-Canada continue to satisfy the needs of the Corporation and to address the new realities of the broadcasting sector in Canada? If not, what changes would need to be made?*

We believe that the Corporation itself is best placed to determine whether its governance structure satisfies its requirements. We also wonder what "new realities of the broadcasting sector in Canada" really would justify a change to its governance structure. We have seen no evidence as yet of an inability on the part of the CBC's Board to manage the Corporation effectively.

That said, we do believe that some changes should be brought to the governance model of the CBC.

- First, to extend the arms' length relationship of the government to the CBC, the Board should be empowered to select, appoint and, if necessary, dismiss the President of the CBC;

- Secondly, Board members should be appointed by the government with reference to a profile established by the CBC Board itself, with some form of oversight by this Committee;
- Thirdly, we support the idea that the Board should include two CBC/SRC employees' representatives, respectively elected by their peers in each official language community.

5. *Would the Corporation be better able to carry out its mandate if stronger partnerships were forged between the CBC/Radio-Canada and private broadcasters? If so, explain how?*

The CBC and private broadcasters have 'partnered' since broadcasting began in Canada. A prime example is the CBC affiliate structure that enabled new or well-established private broadcasters to obtain programming to entertain their audiences, as well as financial assistance to support their stations. More recently, the CBC has on several occasions worked with private broadcasters in successful licence applications.

Yet, financial necessity simultaneously drives the CBC to compete with the private sector for television audiences and to enter into partnerships with its own competitors. We note by the way the comparative rarity of private broadcasters entering into partnerships with each other.

The CCA considers that the fundamental problem with the CBC's current mandate has nothing to do with the CBC's demonstrated ability to partner with the private sector – and everything to do with how the Canadian broadcasting system at large is underfunded.

6. *Is the CBC/Radio-Canada able to carry out its legislative mandate with the parliamentary votes and funding it currently receives?*

No. As the appended chart demonstrates, the CBC now relies heavily on non-Parliamentary funding to maintain itself. Adjusting for inflation, these data show that the CBC's operating and capital appropriations from Parliament are now at the same levels granted thirty years ago.

Financing the CBC is at the centre of the whole broadcasting system, unless the legislators want to amend the *Act*, change its cultural objectives, restrict the CBC to some platforms and substantially increase cultural requirements of private broadcasters whose track record in this area is spotty at best – particularly regarding drama, one of the most far-reaching and effective form of cultural expression.

The CRTC must be given credit for its foresight in helping to establish the Canadian Television Fund, at a time when CBC funding was severely cut by the government of the day. The Fund, which has been unfairly attacked these past weeks by media barons, has enabled the private production sector to grow and thrive, in both official languages, benefiting many in our creative communities in each official language. Other ways of financing Canadian audio-visual production have been created along the way,

as part of a mixed, disjointed and not always fair investment strategy in cultural production.

As part of an overall solution to the funding and exhibition of Canadian programming, the CCA recommends that all forms of distribution systems be regulated by the CRTC in the appropriate fashion and that all be asked to contribute to program funding and talent development the way traditional broadcasters and distributors are.

Finally, the CCA is of the opinion that CBC/SRC should be freed as much as possible from relying on commercial revenue. The CCA also supports the fact that a major part of the Canadian Television Fund (CTF) should be dedicated to independently produced programs to be aired on the CBC.

7. *Which services offered by the Corporation have represented a greater financial burden in recent years?*

With respect, the CCA has some difficulty with the phrasing of this question, which presupposes that any service offered by the CBC should be considered a “burden”. The effect of this supposition is to establish a preference for self-financing programming, which as many private broadcasters tell the CRTC almost annually, is difficult to achieve in Canada unless one wishes to offer Canadians a schedule that is predominantly foreign in content.

Unlike private broadcasters, the CBC and its management have a legal duty to meet the relatively detailed mandate set out by Parliament in the *Broadcasting Act, 1991*. It is not up to the CBC, for instance, to decide to eliminate service to Francophones in order to improve service to Anglophones or vice-versa. Parliament has not established that any specific functions undertaken by the CBC are any more or less important than any others, and neither should it in our opinion.

8. *How can the CBC/Radio-Canada diversify its revenue sources and increase its earnings?*

The possibility for the CBC to diversify its sources of revenue is limited by the realities under which it is forced to operate. Having wrung pretty much everything possible from its physical assets, the CBC can only generate revenue by increasing revenues from advertising, the sales of programs and merchandising on which it owns rights or through specialty or pay services it owns. Yet, there are problems at every level:

- The easiest way for the CBC to increase its revenues would be to adopt the model of Canada’s private broadcasters, and offer Canadians predominantly foreign drama and general content programs. This runs diametrically opposite to its mandate, while generating revenue from selling ads on all platform would just exacerbate the tension with the private sector;

- Cuts to the CBC budgets throughout the '80s and '90s and the decision to create a private production sector through the Canadian Television Fund means that outside of news, the CBC does not own much of the rights for the programs it broadcasts.
 - Throughout the creation of specialty services in the '80s and '90s, the CRTC almost excluded the CBC from operating any specialty services apart from Newsworld and RDI, although some, like Country Canada and Documentary, are trickling back to it as private sector partners shed the less lucrative licences.
 - As for pay services, the only one run by the CBC, its pay audio network, Galaxie, has been very successful so far.
9. *List the challenges facing the various CBC/Radio-Canada services, specifically:*
- a. *French and English language radio services, including services broadcasting in Northern Canada and CBC/Radio-Canada International;*
 - b. *French and English language satellite radio services;*
 - c. *French and English language television services, including continuous news channels (RDI, Newsworld) and partnerships with private broadcasters;*
 - d. *Internet services;*
 - e. *New communications and information platforms.*

With respect, these are important questions better addressed by the CBC itself, assuming it has the appropriate resources to pursue its mandate. The CCA believes that the main challenge confronting the CBC is to ensure its presence on any communications platform available to Canadians. The CBC's ability to meet this challenge rests not only upon adequate, stable and multi-year funding, but also upon licensing approvals from the broadcast regulator.

10. *How and to what extent should CBC/Radio-Canada programming be re-examined, in particular:*
- a. *News and current affairs programming;*
 - b. *Sports programming;*
 - c. *Arts and cultural programming;*
 - d. *Children's and youth programming.*

With respect, the CCA does not understand why the drama category (which includes both dramatic and comedic programming content) is absent from this question. This category of programming is the most important contribution to the expression of our national cultural identity and at the core of the CCA's preoccupations.

It is also unclear what the Committee seeks to know from the term "re-examined": does this refer to quality, quantity, popularity or financing?

Having said this, the CCA acknowledges that these are important questions to address in the global review of the Canadian broadcasting system and how it operates to achieve the objectives set by Parliament in the *Broadcasting Act*.

11. *Does CBC/Radio-Canada programming offered by the various services adequately account for and reflect Canada's regional and linguistic diversity?*

Yes, given the current funding situation of the CBC.

12. *How and to what extent does the emergence of new media impact the way in which the CBC/Radio-Canada carries out its mandate as Canada's public broadcaster?*

New media provide another platform for the CBC to provide programming to Canadians and reach new audiences. They may also exacerbate the financial problems of the Corporation if government does not provide it with adequate funding through possibly a variety of means.

13. *Which technological changes pose a special challenge to the CBC/Radio-Canada? Conversely, which changes have made the Corporation better able to carry out its mandate?*

With respect, the CCA does not understand the purpose of this question. Technology does not pose challenges: lack of funding to deploy and use new technologies poses the challenge. From that point of view, the main challenge in this area today must be the transition of television services to digital/high definition.

14. *Will the growing number of new communications and information platforms prompt the Corporation to re-evaluate some of the services offered to Canadians?*

The CBC offers Canadians its services using a variety of platforms, and the existence of new platforms has enabled the Corporation to improve its ability to engage with Canadians. If this question targets distribution issues, we note that the recent CRTC hearing on its over-the-air Television Policy has shown how reluctant all broadcasters and Canadians at large are when it is suggested that their "free" over-the-air transmission may be identified as a service to cut for savings.

15. *How and to what extent has the emergence of new media had financial implications for the CBC/Radio-Canada's overall budget?*

This question may have two meanings: how new media have cost the CBC in lost commercial revenue or what resource reallocation they have required within dwindling CBC revenue to create content for new media. Neither the CCA nor anyone but the CBC we believe has access to the CBC's internal financial documents to determine the answer to either question.

16. *Would it be to the advantage of the CBC/Radio-Canada if the Canadian Radio-television and Telecommunications Commission (CRTC) were to regulate the new media sector? If so, what approach should the CRTC take?*

Yes. Actually, it would be to the advantage of the *whole Canadian audio-visual sector* if it did so,

The Commission determined in *New Media* that it had jurisdiction to regulate broadcast content delivered by the Internet, but then forbore from regulating this content. On the basis of *New Media* the CRTC then also decided in April 2006 to exempt distribution undertakings that deliver broadcast services in part using the Internet, from regulation. Specifically, in *Regulatory framework for mobile television broadcasting services (Mobile television)*, the CRTC concluded that mobile television services are exempt from regulation because they are new media and because the CRTC had not been given any “evidence ... to indicate that new media broadcasters have been responsible for any significant loss in television audiences for licensed Canadian broadcasters” (underlining added).

Unfortunately, this “no-harm” test is not the test set out by Parliament in section 9(4) of the *Broadcasting Act, 1991*. Section 9(4) specifically requires the CRTC to determine whether regulating a new media broadcaster will contribute materially to achieving Parliament’s broadcasting policy – **not** whether that broadcaster’s new media service will make other broadcasters lose money.

In our view, instead of asking whether existing broadcasters are hurt by new media and mobile television services, the CRTC should be asking how our broadcasting system benefits – or does not benefit – from the application to these new media of the CRTC’s licensing and regulatory authority.

The CCA believes that the CRTC’s 1999 *New Media* policy of exempting new media from regulation was fundamentally flawed. This decision has created a two-tiered regulatory system with implications for existing ‘conventional’ distributors, and the broadcasting system’s financial capacity. In the particular case of mobile television decision, for example, nothing has been demanded of a very large and important private sector ‘entrant’, BCE.

The CCA believes that the CRTC’s choice to forbear from regulating new media and treat all distribution systems equally when it comes to contributing financially to the creation of Canadian cultural content is neither fair nor appropriate in terms of the CRTC’s mandate to implement Parliament’s broadcasting policy for Canada. Not only does the *New Media* policy fail to achieve the objects of Parliament’s broadcasting policy, but in the medium term, it threatens the financial viability of Canadian program production by removing from consideration substantial resources that could increase the quantity and quality of Canadian programming.

The CBC could benefit if the CRTC used the correct legislative test and determined that companies that deliver audio-visual content through the internet, to mobile telephones or other wireless technology must contribute to Canadian content financially. If such contributions were directed to the CTF and other independent production funds, more money would be available to produce more and higher quality programming, which the CBC and other programming services could then carry. After several decades of financial cutbacks, however, the CCA believes it is simply counterproductive to continue

to ask the CBC to do more with less, while the broadcast regulator allows every other element in the broadcasting system to do less with more.

17. *Explain how new media help the CBC/Radio-Canada better reflect the country's regional diversity, while meeting the special needs of the regions?*

New media platforms offer Canadians the opportunity to access their national public broadcaster easily and they provide new possibilities for the delivery of more local content.

18. *How have public broadcasters in other countries been affected by new media?*

The CCA has not yet undertaken extensive study of the impact of new media on other national public broadcasters. In the United Kingdom, Australia and France, however, the countries' national public broadcasters have clearly moved to use new media to improve their citizens' access to their programming content.

In the UK, the BBC has a website explaining the availability of BBC news, sports, games, academic tutorials, film reviews, traffic, weather, and program schedules through new media: see < <http://www.bbc.co.uk/mobile/web/index.shtml>>.

In Australia, ABC's website about its new media content lists several games and a variety of programs dealing with a variety of topics including history, geography, and business:
see < <http://www.abc.net.au/newmediashowcase.htm>>.

In France, Radio France's website presents a variety of podcasts and other multimedia content:
see < <http://www.radiofrance.fr/services/rfmobiles/podcast/>>.

Given the fact that most Canadians live within 50 miles of the world's largest exporter of audio-visual content, the CCA believes that if the cultural objectives of the *Broadcasting Act* and its mandate for the CBC have any real meaning, Canada's public broadcaster should be equipped with the resources required to enhance Canadians' ability to access news, information and entertainment telling stories about themselves and their views of the world, whatever distribution platform suits them best at any given moment.

APPENDIX: CBC'S BUDGET OVER TIME

