



**Canadian Media Guild**

**La Guilde canadienne des médias**

CWA/SCA CANADA

November 2, 2009

Robert Morin  
Secretary General  
CRTC  
Gatineau, QC

Submitted electronically

Dear Mr. Morin:

Re: CRTC 2009-614

1. The Canadian Media Guild has presented considerable research to the Commission in recent proceedings on options to ensure the transition to digital television in smaller communities – and a continuation of free, local signals. Over the last several years, we have also presented several proposals on how the Commission could redirect money from within the broadcasting industry, notably a portion of the significant revenues earned by broadcasting distribution undertakings (BDUs), toward the production of quality Canadian programming.
2. We have presented these ideas on behalf of our 6,000 members who work in the media across the country. We have also always tried to reflect the interests of the millions of Canadians who deserve access to high-quality local and national broadcasting that is affordable. This perspective is often overshadowed by the dominating presence of the industry players in public proceedings.
3. TV is a key element in the country's ongoing efforts to preserve and enhance our cultural sovereignty. Its power explains why people turn to TV to find out what is going on in their community, their country and their world.
4. The current battle in the industry for the hearts and wallets of “consumers” – *Local TV Matters* and *Don't tax my TV* – misses this key point about the real **importance of the medium of television and why it must have a public service element that understands us as citizens** and doesn't merely treat us as consuming eyeballs.
5. In CRTC 2009-614, the issue of “value for signal” and related affordability factors is presented as separate from the issues related to the digital transition. In our view, all of these issues must be viewed together to **ensure our broadcasting system includes a strong element of local, community-based television that is responsive and**

**accountable to local audiences.**

6. We fear that even if the TV networks succeed in negotiating a monetary value for their local signals, the number of local signals will diminish over time under the “hybrid plan” for the digital transition. If a network can negotiate privately with a BDU for compensation for the distribution of its signal, and if that network isn’t required to have a local transmitter, how would the smaller stations within those network groups survive? The networks would be much better off financially if they simply negotiated distant signal deals and sent along their big-city signals to the smaller markets.
7. **The networks could then drop the local programming requirements in the less profitable areas and still reach those viewers for the lucrative national ad buys via a signal from Toronto or Vancouver.** If they were successful in their private negotiation with the BDU, these networks would also enjoy some kind of compensation from the BDU. They would therefore get more money and have fewer costs. For much of the country, they would hold the status of “conventional specialty” channels on cable or satellite, and not local over-the-air (OTA) stations with transmitters and local programming obligations. What would stop them from doing this?
8. While we heartily support the Local Program Improvement Fund targeting smaller markets, we don’t believe this carrot would be enough to save small-market stations under the very likely scenario described above.
9. Furthermore, if broadcasters shut down free signals in all but the 29 cities on the hybrid list, all TV viewing will be done by cable or satellite outside those cities. It is not clear how a new entrant, and especially a small or independent entrant, could break into a small market. How would their carriage be negotiated and ensured?
10. We firmly believe it to be a mistake to drop the requirement for stations to provide an over-the-air signal and local programming in order to benefit from simultaneous substitution and priority carriage. In the overall scenario being presented by the broadcasters – value for signal and hybrid DTV transition – this principle is lost.
11. **From a consumer perspective, it is troubling that 11 million Canadians – those who live outside of range of the 29-city hybrid list – stand to lose access to a free alternative to cable and satellite to receive their local and regional station(s) under the hybrid plan.** BDUs will have an even more powerful position in those communities than they do right now and consumers will have lost the very important ability to opt out if subscription prices rise beyond their reach. We predict that, according to the prevailing wisdom in the industry, subscription rates will increase and local TV will be reduced.
12. **More distressing is the fact that very few Canadians have been made aware of what is slated to happen to their local OTA signals in 2011.** Over the last few weeks, we have tried to make as many people aware as possible through the use of an online campaign as well as newspaper and radio ads in selected smaller cities and communities.

This has generated nearly 2,000 individual responses to the CRTC notice, which is impressive – especially given that we are a small player and our campaign was undoubtedly drowned out by the big-budget rivalry between the broadcasters and the BDUs.

13. In the Canadian Media Guild’s view, **a holistic approach is needed to Canadian broadcasting, and one that fits with an overall digital strategy for the country. The government and the CRTC must work together to make this happen**, and to make sure that public and community broadcasters are able to fully contribute to the goals of the *Broadcasting Act*, particularly when it comes to providing accessible quality Canadian and local programming of all kinds. The coming examination by the CRTC of the community TV sector (CRTC 2009-661) is one important part of the equation and decisions should not be made now that would pre-empt any role for the community sector, especially when it comes to small-market local OTA television.
14. By the same token, the government needs to ensure that our national public broadcaster, CBC/Radio-Canada, has the public funding necessary to fulfill its role, including strong local presence in communities large and small, availability of quality programming in minority Official Languages and Aboriginal languages, leadership in information and current affairs programming that doesn’t necessarily command premium advertising rates, and Canadian priority programming in prime time.
15. Ideally, the government should both increase CBC’s programming budget and, *in addition*, provide a capital grant that could be rolled out over several years, to upgrade its over-the-air transmitters to digital. CBC could then take a lead role in multiplexing, perhaps in partnership with community TV stations, in the smaller communities. **We urge you to include these recommendations related to CBC/Radio-Canada in your report to the Minister under the OIC.**
16. In previous Commission proceedings, we have put forward a local, digital multiplex model that we believe is a crucial element of the future of Canadian broadcasting for smaller communities. The model would provide affordable local and Canadian TV at an affordable price for broadcasters. Further, by improving the amount of service available for free, we believe OTA broadcasters could grow their viewership and counter some of the effects of the fragmentation they lament.
17. As we presented in our intervention on CRTC 2009-411, the results of our survey in Kamloops indicate that one third of cable viewers in that city would choose six free stations over their cable subscription. And 42% of people under the age of 35 said they would go with the 6-channel free TV option if it was available.

#### **Answers to selected questions posed by the Commission**

18. *What would be the impact, if any, on the availability of local television services should the Commission adopt such a (“value for signal”) regime?*  
As we noted, in paragraphs 6 and 7 above, **we are concerned that such a regime could**

**well lead to the reduction of local TV services, especially in smaller communities.** Coupled with a “hybrid model” for the transition to digital, a value-for-signal regime could well result in a further decline in commitment to small-market local TV by the major broadcasting groups.

19. *How can the Commission balance the objectives of affordability and ensuring the provision of local news and Canadian programming?*

By ensuring an OTA signal for all local stations, as we recommended in our intervention on CRTC 2009-411, the Commission would be providing an affordable option for local viewers to view their local programming. By encouraging multiplexing in smaller markets, local stations could consider adding over-the-air programming streams from other broadcasters in the region to offer an attractive and affordable OTA option for viewing of Canadian channels in their area.

20. *Within the context of affordability, should specific measures be implemented to address the issues identified in paragraph 9 to ensure that consumers have sufficient choice and the ability to make informed choices with respect to the types of programming service offerings available from cable and satellite television providers?*

In our view, the broadcasters need to do a better job of informing Canadians of where their signal is available for free, over the air, and how to receive it. Canadians are not able to make informed choices right now since there is so little information available from broadcasters on *all* of the various options available to access their signals, including over the air.

21. *What impact would the adoption of a hybrid model have on consumers?*

As noted above, 11 million Canadians would be denied the option of having no BDU subscription under the “hybrid model” for the digital transition. **There is a basic fairness problem in this approach given that the rest of Canadians – who live in major cities – will continue to be served with free OTA signals.** Furthermore, we believe smaller cities stand to lose local service as the major broadcast groups move to a more “conventional specialty” model that would be based in the major markets.

22. We request to appear before the Commission during public hearings on CRTC 2009-614. We believe that, as an organization, we have a unique perspective and information on the issues of local and OTA television that is otherwise not available to the Commission.

Respectfully submitted,

Karen Wirsig  
Canadian Media Guild

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