



Canadian Media Guild

La Guilde canadienne des médias

CWA/SCA CANADA

Oral Remarks

CRTC 2009-411

November 20, 2009

Thank you very much for allowing us to appear before you today. My name is Lise Lareau and I am president of the Canadian Media Guild, which is a union representing 6,000 media workers across the country. We are the biggest union at CBC/Radio-Canada and also represent employees at TVOntario, TFO, APTN, and others. I am joined today by Karen Wirsig, who is the Guild's communications co-ordinator and prepares our briefs to the Commission.

As you may recall, the Canadian Media Guild has developed a keen interest in the transition to digital TV. We originally looked into it because of the impact on our members in transmission at CBC. But then we realized that we were the only group paying close attention to an issue that will fundamentally change how Canadians get their TV. We've become the voice for the people who don't know this is going to happen, and probably couldn't afford to be here anyway.

We are very concerned that the digital transition, as it's currently planned, will leave some 11 million Canadians without the option of tuning to free, over-the-air channels. It is our view that OTA is crucial to the future of local TV. We do realize that, in this room, we are swimming upstream on that point. In fact, we may have given up on the whole idea a long time ago, except that we constantly meet and talk to people who agree with us and who have found no voice in proceedings such as these.

At the same time, we're also amazed at how many people don't know ... or have forgotten ... that free TV signals are still available over the air. The conventional broadcasting industry has done a very poor job in educating people about the various ways to access their programming, and most especially how to receive it for free, over the air. In fact, I talked to a Member of Parliament from Alberta not that long ago who regretted the fact that he couldn't get his local station on his satellite package. When I mentioned that he should try hooking a TV up to rabbit ears, he had no idea that was still possible. And unfortunately, it may soon not be. I often tell people that the fact you can get TV for free is one of the best kept secrets in the country. And -- that it may well disappear for a large group of Canadians is a bigger secret still. That's why we urged the Commission in our written submission to work with the government and broadcasters to come up with a communications strategy on OTA and the transition to digital.

We get one call or email per week from people who have found our website and want information on whether and how they can hook up to OTA TV. About three weeks ago, a woman called saying she had always used rabbit ears in Montreal but didn't know it was still possible after she moved to Ottawa until she saw it at a friend's house. People like her don't sign up for cable packages, they just use their TVs as doorstops and spend their free time online. She was really happy to know she could get a few stations over the air in our Capital City. This week, somebody wrote in from Aurora, just north of Toronto, saying they had dropped their cable subscription because of cost and wanted to know about over-the-air options. A little research suggested that they should be able to get CKVR in Barrie with a simple set of rabbit ears. If they do that, CKVR is in for some dedicated viewing from that household!

People in the *business* of television broadcasting – people who constantly lament the effects of fragmentation on their bottom line – should pay more attention to the fact that OTA delivers them less fragmented audiences. OTA is directly linked to the survival of local TV and we can't understand why so few people in the industry make that link. Instead, we are apparently one of the only sources in Canada of plain-language information about OTA and the coming changes. Perhaps that's because we're one of the few organizations involved in this proceeding without a business interest in the outcome. We don't stand to make, or lose, money from any decision.

I should note here that a phone survey we commissioned in Kamloops, BC, which is appended to our intervention, indicated that 76% of people in that city know little or nothing about the digital transition. And Kamloops is ahead of most given that the local daily paper has actually covered the issue several times over the last few years -- since Kamloops lost CBC over the air. In that poll, 84% of people said it is unfair if their city loses all free TV service while people in big cities will continue to get it.

For now, viewers across the country – like the ones in Kamloops and the family from Aurora I mentioned a moment ago – have options other than BDUs to receive at least one channel for free. After 2011, it is quite possible that 11 million Canadians won't. They will then be utterly at the mercy of a limited number of BDUs – probably one cable company at most and two or three DTH providers – and whatever rates those BDUs want to charge.

As we pointed out in our written submission, we do not believe that a “free” satellite service – or a “skinny” cable package for that matter – will survive very long in this environment. People simply don't trust Cable and Satellite to hold the line on their fees for very long. And for good reason. To quote from an email we received a few years ago from a woman in Salmon Arm, “we are unable to get CBC TV without cable and are unable to get CBC Newsworld even WITH cable. For four or five years, we were able to get CHBC, Family Channel, CNN and Knowledge Network for about \$10 a month. We now must pay \$30 per month for the above, plus a lot of U.S. junk that we don't want. We have cancelled cable and lost everything.” [UNQUOTE]

It's clear to us that keeping a skinny *over-the-air* option is the best measure you have to keep BDU rates in check, short of re-regulating them entirely.

In our view, the Commission and the government must keep these Salmon Arm and Aurora households in mind as you implement our country's broadcast legislation and policy. Consumers who can afford it will always be able to get 200 channels of some kind, whether there is regulation and public support or not. One question is whether the 200-channel universe people will be able to find quality Canadian content somewhere on the dial if they choose to watch it. Perhaps more important is whether the citizens of this country will have continuing and long-term access to their local and community stations and their public broadcasters as contributors to important local, regional and national conversations.

[KAREN]

We get the sense you are frustrated by a lack of consensus on the way forward for the clearly troubled broadcast industry. Because so many of our members' lives depend on the health of this industry, we are anxious about this, too.

We therefore have two initial proposals to make about a way forward. We have elaborated on them before but feel we should repeat them again today:

NUMBER ONE: Foster the establishment of digital multiplexes in communities where over-the-air, local TV is currently marginal – in part due to lack of choice and lack of DTH carriage. Again, we propose Kamloops as a test site for such a project, where up to six broadcasters could share a single digital transmitter and test the viability. The market research we appended to our submission in this proceeding suggests that one-third of people in Kamloops, including one-third of cable subscribers, would prefer a 6-channel, over-the-air package to what they are receiving now. That's a significant group. The cost per broadcaster to participate would not be prohibitive ... in fact, for the national networks, it would represent a fraction of what they spend annually on wardrobe allowances for example. The government and the CRTC could perhaps provide an incentive to this by covering the cost of communicating the project to viewers in Kamloops.

In addition, as you have seen in our written submission, we have asked that you expand your list of communities where digital over-the-air transmission is mandatory.

NUMBER TWO: Maintain the LPIF at its current 1.5% of BDU revenues. We appreciated that you listened to concerns from us and other groups about local news when you created the program in the first place. We are all beginning to see the fruits of that investment ... at CBC – as well as at stations in Victoria, Windsor and Hamilton that probably owe their survival to it. The newly independent smaller market stations are an inspiration for local TV.

In our written submission, we said we were opposed to LPIF money being used for the digital transition. This was primarily in response to the Freesat proposal that involves diverting contributions from the LPIF toward the cost of that program. We have seen the request made by the independent small-market stations to use one-third of LPIF money to ease their digital transition. If such an allowance were time-limited and if that one-third reverted back to supporting incremental programming after a set time, we support that request.

AND FINALLY. The antics of the last few weeks and months have perhaps distracted us all from the fact that these proceedings are about a framework for **group-based** licence renewals of the **big private networks**. When those networks were in the process of becoming big groups, they told the Commission and Canadians that getting bigger would mean synergies and economies of scale, that they would be in a better position to contribute to the Canadian broadcasting system. We suggest

that it's time to call them on that fact. Adding specialty stations was partly a risk management strategy: the income on those stations is much less vulnerable to fluctuation precisely because of the steady stream of cable and satellite fee revenues. (And of course we can see why the private networks want to get more from that pot.) But as you examine the individual private groups next year, it may well become evident that, if the local aspect of their business truly does matter, they will find new ways of financing and promoting it from the many benefits their broadcasting groups already enjoy in the system. On the other hand, you may be persuaded that they do need further help to make their local stations viable. Frankly, we don't have enough information to judge.

What we can tell you is that, from our perspective, CBC and Radio-Canada do need access to further financing to fulfill their mandate as the main public components of the system. CBC suffered very large cutbacks this year, not so that they could provide a boost to their share price but simply to cope with the effects of a commercial revenue drop on an already very precarious funding situation. As you know, the CBC uses commercial revenues to make up for the lack of inflation protection in its parliamentary appropriation and to finance new initiatives, which are not covered in the appropriation. The cuts mean that, although we understand the new LPIF has been very timely and helpful, our members are scrambling to preserve local TV and radio service across the country with fewer resources. The cuts also mean there is less documentary and current affairs production. And if there were to be any cut to the parliamentary appropriation, we could very well see local station closures. We realize that the public broadcaster is not central to this proceeding but we get the sense you are open to ideas here and we wanted to dust off a proposal we put before the Commission a number of years ago, one that could help CBC – and other conventional broadcasters – produce quality Canadian programming for prime time.

In 2006, we proposed that the Commission create a Canadian Broadcaster Programming Fund accessible to both public and private broadcasters to pay for Canadian programming aired in prime time and made available on other platforms.

Such a fund would serve as a complement to the new Canada Media Fund and the LPIF but would be different in two key ways. First, it would support local and regional programming, including and beyond news and current affairs, in markets of all sizes. Second, it would support local and national current affairs programming in addition to drama and other priority programming funded by the CTF. The new fund would be a mechanism to ensure that any new money from cable and satellite revenues be directed to spending on Canadian programming in prime time. In 2006, we recognized that it would be difficult to prevent cable and satellite companies from passing the cost of the fund onto their subscribers. After all, these companies raise their rates at any time and for any reason anyway; all the better if they have the opportunity to blame someone else on the bills they send out to consumers, as they have this year with the LPIF. We therefore proposed that it be clearly identified as a one- to two-dollar monthly contribution by cable and satellite subscribers to the

production of quality Canadian programming that they could watch on their TV screens at the most convenient time of day, and also find on other platforms.

We urge you to examine this idea in light of the current debate over value for signal. What worries us about private negotiations over this value between broadcasters and BDUs is that those services that are commercially marginal **but important to public policy** will get **totally marginalized**.

[LISE]

In conclusion, we don't believe there is a silver bullet to save the broadcasting industry in Canada or anywhere else in the world. In this country, we have a specific set of circumstances that make our challenges more significant than elsewhere, such as:

- a large geographic expanse with a relatively sparse population
- a chronically underfunded national public broadcaster
- a neighbour whose cultural output vastly overshadows ours
- a domestic industry that knows it's easier to make money by exploiting our neighbour's ready-made and well-promoted product than by exploring its own home-grown possibilities

With these challenges in mind, our three modest proposals – digital over-the-air multiplexing in smaller markets, maintaining the LPIF at its current level, and exploring the creation of a Canadian Broadcaster Programming Fund – are prongs of a potential renaissance of a single tier of universally accessible, quality Canadian television.

Thank you for listening to us today.