Canadian Media Guild
La Guilde canadienne des médias
CWA/SCA CANADA

January 24, 2008

Konrad von Finckenstein
Chair
Canadian Radio-television and Telecommunications Commission

VIA ELECTRONIC SUBMISSION

Dear Chairman von Finckenstein:

Re: Broadcasting NPH 2007-10-3

1. We are pleased to submit comments to you about our comments on the so-called "fee for carriage" issue, and specifically on **how we believe the CRTC could establish a new source of revenue to secure the future of local television**. The Canadian Media Guild represents 6,000 media workers in Canada. We would welcome an opportunity to further discuss our proposal at the hearing scheduled for April.

2. Cable and satellite TV subscribers, with the assistance of the CRTC, are in a position to make an important contribution to securing the future of local TV programming in Canada. The Canadian Media Guild is pleased that the CRTC has decided to re-examine the question of so-called "fee for carriage." The CMG is in favour of using new cable and satellite revenues to increase original Canadian TV programming, and particularly local news and current affairs.

3. CMG believes that a strong case could be made to subscribers for supporting local conventional stations with a portion of their fees, as long as there is a guarantee that their contribution would translate into improved programming and greater viewer choice. We believe it is important to ensure that the needs of BDU subscribers – Canadian TV viewers – remain the principal focus of any new policy. Therefore, we believe it necessary for the CRTC to maintain a strong role to ensure those needs are met.

4. Much of the CRTC's emphasis in recent years has focused on the establishment and growth of a competitive discretionary services environment in Canada, something that has been achieved, according to NPH 2007-10:

5. "The Canadian pay and specialty sector is robust, with over 170 services in operation. In 2006, Canadian specialty, pay, pay-per-view (PPV) and VOD services overall earned $2.5 billion in revenue, with profit before interest and taxes (PBIT) of 22.95%."

6. While this is very encouraging news for the specialty channels, we feel there has been a lack of focus on those factors that are negatively affecting the programming offered by conventional local broadcasters. As many other intervenors have pointed out, specialty channels enjoy revenue from both advertising and BDU fees. At the moment, conventional stations rely solely on advertising and have real concerns about the future of their business models. Meanwhile, those conventional stations are the primary source on TV of professional local programming.

7. In the policy announcement related to that proceeding (BPN 2008-4), the CRTC stated that "[i]t is from local media that most Canadians receive the information that is critical to their understanding of local, regional, national and international issues. Local media help to shape Canadians' views and to equip them to be active participants in the democratic life of the country."

8. In recent years, the CMG has consistently raised the alarm about the availability and quality of local TV programming, particularly news. That concern was echoed by the more than 1,800 people who took the time to comment on the Diversity of Voices proceeding, with the help of Campaign for Democratic Media. In previous comments on CRTC proceedings, we have documented the decline in local TV newsgathering.

9. A Nanos poll, released on January 24, 2008, suggests that 77% of cable and satellite subscribers place a high value on local TV news. Furthermore, 68% thought the fees they pay to their cable or satellite company already support the production of local news.

10. The CRTC has the opportunity now to create a new source of funds for conventional broadcasters that could guarantee the continuation of local news and current affairs programming.

11. Here are the **principles** we believe should guide the process:

- **Conventional broadcasters should only access cable/satellite fee revenue where they continue to provide an over-the-air signal and local programming.**
- **100% of the new revenue must be invested in new, original local programming.**

- **The amount a conventional station receives should be established by the CRTC, based on specific criteria. The amount should be revoked if the criteria are not met.**
- **Both public and private broadcasters must have access to the fees.**

12. We firmly believe that maintaining an over-the-air presence would be necessary in order for broadcasters to receive any revenue from BDU fees. As we pointed out in our comment on NPH 2007-5:

13. "Free access to local TV is not replaceable by any new media; it is geographically-rooted and able to deliver a live broadcast to a mass audience in a specific place using a widely available technology with a reasonable one-time cost, a TV and antenna.

14. "Canadians still turn to conventional TV for things they can't get elsewhere: coverage of emergencies and local occurances, to find out what's happening in their community, and to watch live events. Free local TV should provide a universally accessible service for information and entertainment reflecting a diversity of perspectives, experiences and ways of life. In fact, free local TV can be an important means for communities to explore, redefine and celebrate their differences."

15. In our comment on BN 2006-5 (OTA policy), we suggested that the CRTC establish a fund, using the proceeds from a small monthly fee increase for cable and satellite subscribers, to fund additional Canadian programming and, in the case of public broadcasters, programming that runs without commercials.

16. While the principle of that proposal stands, we propose two key amendments:
    1) Due to changes in the local TV landscape since 2006, and the further threats on local programming due to cutbacks at Canwest Global and Citytv and the bankruptcy protection sought by TQS, **we now urge the CRTC to dedicate any new revenue from cable and satellite subscribers to *<u>local</u>* programming**.
    2) Instead of creating a fund, we propose that the CRTC grant OTA licensees a per-subscriber share of BDU fees at licence renewal, based on proposals for increasing local programming. We note that a BDU should have to pay a conventional station the per-subscriber rate assessed by the CRTC in the local market served by the station ***whether the BDU carries the local station or not.***

17. We do not believe that access to BDU revenue should be left to private negotiations between broadcasters and BDUs. The CRTC should fix the amount a broadcaster is to receive, per subscriber in a particular market, in exchange for commitments to increase the production and broadcast of local programming in that market. It should ensure these improvements are made as promised and, if they are not, the revenue stream should cease to flow until the undertakings made

are carried out as promised.

18. Under our proposal, existing regulations dictate that conventional stations receiving revenue from BDU fees would have priority distribution on cable, given that they would continue to provide an over-the-air signal and local programming. Cable subscribers would have guaranteed access to a basic package dominated by Canadian local stations and national channels (see our original comment under NPH 2007-10). Fees would only be assessed for satellite subscribers who live in an area served by a local OTA station, and these subscribers would continue to have the option of tuning to a local over-the-air station for access to local information programming.

19. This new source of revenue would help ensure that local programming survives the "continentalization" of television.

20. As an example of how this process would work, Public Broadcaster A with a local station in Windsor would appear at its licence renewal with a proposal to add two 30-minute current affairs programs per week. It would provide a business case for the programs, including full description and costing. The CRTC would, based on the merits of the proposal under the *Broadcasting Act* and an evaluation of the costing, decide on a per-subscriber rate to be paid by all BDUs with subscribers in the Windsor market. That rate may cover the full cost of the program, or a part thereof.

21. We are not advocating that a fee be paid by the BDU to a broadcaster simply in exchange for carrying that broadcaster, without any increased local programming. We therefore cannot propose a single, specific rate. The amount of revenue flowing to a broadcaster should depend on the improvements to which the broadcaster commits and on the anticipated costs of those improvements. If the fee per subscriber was set during licence renewal, the process would mirror what currently exists for basic cable channels.

22. Our proposal is focused on increasing the quantity of local programming because we acknowledge that it is very difficult for the CRTC to assess improvements in the quality of local programming. However, we believe it is also incumbent on broadcasters to commit to, and report on, the measures they have taken to generate quality local programming. These measures might include increased investment in local newsgathering as well as the introduction of new original programming. Equally important would be for broadcasters to adopt real and sustained initiatives to hire people of colour, Aboriginal people and people with disabilities in order to fully reflect the communities they serve with their local programming.

23. We would be pleased to discuss our views further at the hearings into this matter.

Sincerely,

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