Canadian Media Guild

La Guilde canadienne des médias

CWA/SCA CANADA

Oral Remarks

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Seating chart:

Your left

Your right

Lise Lareau National President Canadian Media Guild	Karen Wirsig Communications and Policy Canadian Media Guild	Brian Olsen Olsen Enterprises

My name is Lise Lareau and I am national president of the Canadian Media Guild, a union that represents 6,000 media workers across Canada. Our biggest group of members work at CBC and Radio-Canada outside of Quebec.

I am joined today by Karen Wirsig, who does communications and policy development for the Guild, and by Brian Olsen, of Olsen Enterprises, whom we engaged to research options for the move to digital television in Canada.

We will be using most of our time today to describe a practical and viable option for ensuring that Canadians continue to have **free** access to local TV. We see our proposal as an attractive alternative to the Freesat option that has been presented at this hearing.

Local stations are the very cornerstone of the Canadian TV system. They provide the original local programming that connects people to what is going on in their communities.

The local stations also have the best chance of reflecting the full diversity of the viewers they serve, as long as they actually have people and resources to make local programming. And they continue to be popular and important sources of local news … a threatened but crucial element of democratic participation in this country.

For all the hand-wringing about the end of television, there is no evidence to support the diagnosis that viewers have fled for newer distractions. A late March report from the US Council for Research Excellence suggests quite the opposite.

The Council discovered that American eighteen- to twenty-four-year-olds spend, on average, about three-and-a-half hours per day watching ***live television.*** That's quite a bit more than the two hours and forty-nine-and-a-half minutes total they spend in front of computer screens on an average day.

We recognize that the Canadian TV system is different from the one in the U.S. But we know that what people want from TV on both sides of the border is not very different.

If we make it more difficult for people to watch … and we take away the **local** and **live** programming they can't get from any other source … **we will help kill television in this country**.

The US networks are way ahead of ours in making sure they connect with their local viewers. They've invested in digital TV and in communicating the facts and benefits of the change with their viewers. And they are doing the opposite of what Canadian

TV executives are begging you to allow them to do: US stations are boosting local news and reducing their reliance on syndicated programming.

The Bloomberg news service recently reported that:

"Instead of paying for reruns of Seinfeld at 11 pm and Access Hollywood at 4:30 am, News Corp's WJBK-TV in Detroit decided to air more local news. Since making the changes last year, the Fox station's late-night news is attracting 65 percent more viewers ages 18 to 49, those most sought by marketer***s***, according to Nielsen Co. data. The morning newscast is up thirty-three percent.

"TV station owners, facing a record drop in advertising, are pushing their news crews to fill expanded schedules, allowing programmers to eliminate more costly syndicated programs such as Dr. Phil.

"In Los Angeles and San Francisco, stations are **adding** as much as twelve hours of news a week to schedules."

The piece goes on to say that "local news advertising has held up, partly because people ***watch live*** instead of using digital recorders that skip commercials."

The CRTC is on the right track with your focus on providing direct support for local programming … as you propose to do with the Local Program Improvement Fund … and on finding a solution to preserve free access to local TV for Canadians.

The Canadian Media Guild has been calling for a broadcaster fund since 2006 … financed from cable and satellite revenues … and we were very pleased to see you introduced such a fund for local news last October.

You have been asking other witnesses about increasing the size of the LPIF, and we are fully in support … if it further allows the Fund to fulfill its stated purpose of enhancing local programming. We will also be bringing that message to the Heritage Committee next Monday, in the context of their local TV study. We the government should match the LPIF funding coming from cable and satellite revenues.

We urge you to do everything you can to use the LPIF to support innovative proposals such as the one being developed by CHCH employees … whom we don't represent, by the way … and civic leaders in Hamilton.

The CHCH initiative is important on a couple of levels. First: success there of a station devoted to local programming could serve as a model to reinvigorate local TV in other smaller markets across Canada … the ones that have been hardest hit by the cuts at newspapers and in TV and radio stations, where some 3,000 jobs have been

lost in the last year.

Second: without CHCH, nearly 1 million people in Hamilton–Niagara would be left without a single TV station to tell local stories. That would be a travesty. As Globe and Mail columnist John Doyle pointed out last week, "Local TV news ensures that key social needs are met. The news is about your community, not some distant city. The weather forecast is for your area, not an entire province. The local sports team gets the recognition it needs to survive and thrive. Local heroes are celebrated. Local villains are exposed. What's really soul destroying is the feeling that your town, your community doesn't matter."

It's time to stop using the local stations – along with their employees and viewers –as pawns in a game about who is going to pay for broadcasting.

I will now turn it over to Karen Wirsig to explain our proposal for digital over-the-air TV.

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The Guild is concerned about the broadcasters' so-called hybrid plan for the transition to digital TV. We believe it undermines the local television system, denies equitable access to Canadian programming and is a short-sighted business decision.

After all, free, over-the-air TV is not some dinosaur from a prehistoric era. The survey conducted by The Strategic Counsel for the industry working group reveals that the largest group of respondents who watch TV over the air is made up of people between the ages of 18 and 34. Nearly two-thirds of the OTA respondents watch audio-visual content over the internet. If you make it more difficult for the internet-surfing crowd to watch live television, you might well lose them altogether and for good.

A number that gets used often is that 9% of Canadians will be left out of the digital transition … and at least one broadcast executive said that he can live with that. But we have not seen detailed research anywhere about how many viewers and TV sets in Canada currently get signals over the air.

Our estimate, from our written submission, is that some 9 to 12 million Canadians would no longer be able to receive local TV over the public airwaves. **That means one-third of Canadians … the ones who live in the so-called "virtual contour" areas … would be disenfranchised**.

Those who watch over-the-air would simply be shut off. Those who do pay monthly fees for television service right now would no longer have the choice that my

colleague Lise's family is poised to make: to get rid of the monthly bills and watch the digital and analogue TV signals available for free at their Toronto home.

And we are surprised that OTA broadcasters have not presented more research into what proportion of their audience is actually watching over the air. The Canadian Media Guild put evidence on the record at the 2006 OTA policy hearing about the importance of OTA viewing for CBC and Radio-Canada. The research pointed out that "the shrinking off-air audience is a primary reason for CBC audience share losses in recent years." The 12.4% of Canadian households with at least one TV set connected to an OTA antenna in 2006 provided more than 16% of CBC viewing and about 21% of Radio-Canada viewing that year.

Last week, Commissioner Arpin quoted TVO as saying some 22% of their audience share comes from over-the-air viewing.

Why would a broadcaster want to deliver their most faithful audience into the 500-channel universe?

Broadcasters in the US have been much more forward-thinking. CARTT.ca reported recently that broadcasters discovered during the transition that one-third of American cable and satellite subscribers had at least one TV connected to an OTA antenna. As CARTT pointed out: "34.5 million Americans relied on off-air TV in their kitchens, bedrooms or elsewhere in their homes. Should Canadians with TVs there simply disconnect and replace them with laptops? Or would we rather they keep watching TV in their kitchens?"

We also suspect that Canadian broadcasters' reluctance to invest in transmission infrastructure in the smaller communities is related to their lack of enthusiasm to provide any kind of local service to smaller markets. This is probably because smaller markets are less attractive to national advertisers. The idea of a "conventional genre" specialty channel is not something that instills a lot of confidence for the future of local TV. If you change the rules to allow national networks to have "virtual" local stations, local programming will become even more of an afterthought than it is right now and it would be more difficult for a truly local new entrant to succeed.

We estimate that the broadcasters' hybrid plan would leave 977 communities behind in the digital transition. The list is in our original submission and we attached again to our remarks. Of those, 202 have at least three OTA stations and a further 216 currently have two. A full 80% of transmitters in those 2-plus locations are already sharing sites.

So what do we think should happen?

We believe multiplexing ***is*** the solution in at least these 418 communities that currently have more than one transmitter that would otherwise go dark during the transition. Broadcasters could share infrastructure and costs and even improve on what is currently available for free over-the-air in those communities.

Our solution is in line with the Freesat model proposed last week in that it involves providing multiple local and regional services at standard definition.

However, ours is a local solution, responsive to local needs and interests, leaving control over the signal in the broadcaster's hands and preserving a local frequency for broadcast purposes.

In a city such as Kamloops, our model would involve the installation of a single transmitter to serve the three existing broadcasters: the Pattison E! affiliate, Global BC and Radio-Canada. Three more … CBC, Knowledge Network and CTV, for example … could be invited to join and share the capital and reduced operating costs.

The cost to viewers with analogue sets, meanwhile, is a $60 digital converter box, and **not** a five hundred dollar satellite dish and set-top box. The incremental cost to OTA viewers with a new digital TV set is nil.

With a 50% increase in free available channels, we believe you would find new converts to OTA viewing in a city such as Kamloops.

How would this smaller-market transition be funded? Our government stands to raise billions of dollars when it auctions off the freed-up spectrum after the transition. Part of this one-time windfall should be used to support the transition in smaller markets. The U.S. government set aside funds to assist broadcasters in smaller markets and to help viewers get the equipment they needed.

I now turn it over to Brian to deal with some of the technical and cost issues related to our proposal.

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The proposal, for which I provided the research in Appendix 1 of the Guild's written submission, is based on the process known as multiplexing that is practiced around the world in connection with digital OTA transmission. It involves transmitting several channels over a single frequency, using a single transmitter equipped with a multiplexer.

In fact, multiplexing is being widely used by broadcasters in the U.S. right now. In the U.S. case, broadcasters who multiplex each use their allotted frequency and their single transmitter to broadcast multiple channels.

Multiplexing is even being used right now in Ottawa by the Sun station, which currently provides both an HD and an SD signal from its digital transmitter.

With this box, I can pick up the two Sun channels, as well as the CBC and Radio-Canada digital channels from my Ottawa home. I am impressed by the quality of the converted signal on my analogue TV.

Living in Toronto, Lise and Karen pick up many more digital stations, Karen using a $60 box like the one I have here on her analogue set and Lise using a new TV with digital receiver. There is a significant list of digital channels already available in Toronto, a list that grows substantially for households with a rooftop antenna that can pick up the Buffalo stations.

In Buffalo, 13 US broadcasters are using multiplexing to provide 24 channels for free over the air. In Detroit, there are 20 channels available from 12 OTA broadcasters. In Seattle, there are 34 channels available from 13 OTA broadcasters. We have attached the program guides to our remarks for your reference.

Of course, Canadian viewers along the border are also able to receive these signals for free. Furthermore, US viewers are able to receive free Canadian signals in the border area, signals that are threatened to be taken away from one-third of Canadian viewers after the switch to digital.

In Europe, multiplexing has been used a bit differently. In the UK, for example, multiplexing was used to transmit signals from a variety of broadcasters to provide an impressive amount of free digital TV. In the UK, they started out with standard definition and are adding transmitters to provide HD over the air.

Our proposal for the small markets in Canada could be similarly modular and scalable. Current technology allows the multiplexing of up to six standard definition channels, or two HD channels, on a single frequency and transmitter. As you can see in the US case, it also allows for the blending of HD and SD.

What we're proposing for smaller markets is multiplexed SD signals to begin. This allows for more signals on less equipment, and therefore lower per-broadcaster costs. However, as we see in the UK case, it would be possible for broadcasters to add transmitters in any location and shift to HD signals, as it becomes economically feasible.

We researched the costs related to upgrading transmitters in the 977 communities to be left behind by the hybrid plan. Our costing estimates, based on bids from suppliers, come in a bit lower than the costs estimates in the Spectrum Expert report commissioned by the CRTC.

We estimated that the average cost of upgrading the 977 sites is one hundred and fifty-six thousand dollars per site, including the cost of the multiplexer. The Spectrum Expert estimate is two hundred and fifty-three thousand dollars per site.

We used slightly different assumptions. We did not include a full 25% contingency for all sites, nor did we budget for building and power modifications. But we're comfortable with the Spectrum Expert estimates.

To give you an example of what we believe the transition process would entail from an infrastructure standpoint, I will walk you through our assumptions for upgrading Kamloops, which currently has three analogue signals.

We originally estimated a cost of eighty-eight thousand dollars, based on the frequency and power of the existing transmitters. We have revised that estimate to bring it in line with the assumptions made by Spectrum Expert and believe the Kamloops upgrade could be done for one hundred and fifty-nine thousand and one hundred dollars. The revised estimate covers the cost of the equipment, as well as engineering studies, shipping, project management, installation … and travel and accommodation for the installers. This compares with the Spectrum Expert estimate for Kamloops of two hundred and thirty-five thousand, two hundred dollars.

The costing assumes a hot cut over from analogue to digital and might involve an interruption of TV service ranging from a few hours to a day or two.

Assuming six broadcasters participated, under our estimate the per-broadcaster capital cost would be around twenty-six thousand, five hundred dollars. Under the Spectrum Expert estimate, it would be thirty-nine thousand, two hundred dollars. Even if only the three existing broadcasters in Kamloops participated, the costs for each would somewhere in the fifty-three to seventy-nine thousand range.

These estimates are well below the cost of one million dollars per transmitter cited in the industry working group submission.

And Kamloops OTA viewers would now enjoy up to six good quality SD TV signals, all providing original Canadian programming.

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We would now be pleased to take your questions.