

A PLAN FOR A VIBRANT AND SUSTAINABLE CBC/RADIO CANADA

Minority Report by Senator Art Eggleton

**In response to the Standing Senate Committee
on Transport and Communications report on
the CBC/Radio Canada**

July 2015

INTRODUCTION

When the Senate adopted the order of reference for the Standing Senate Committee on Transport and Communications to review the Canadian Broadcasting Corporation/Radio Canada (CBC) in the changing broadcasting landscape, I hoped we would have a good fulsome debate about the future role and function of the CBC. I knew that there would be differences of opinion, including ideological divergences, but I was hopeful that we would develop a report that would guide the CBC into the future. However, the committee spent much time discussing sensational issues, such as the compensation of on air personalities, and alleged individual improprieties. Although important, these issues stretched the scope of the study and sufficient time was not devoted to the way forward.

Furthermore, the committee's report does not fully reflect the overwhelming evidence we heard from Canadians about our national broadcaster. Although there are some good recommendations (a few of which are noted in my conclusion), there are troubling recommendations that I will explain in this document. Overall, this effort was a lost opportunity.

Therefore, I felt compelled to write a minority report to express my opinion about the future of the CBC. My intent was to have this perspective attached to the main report. Unfortunately the majority on the committee wouldn't allow for different views to be included even though this is a regular practice in the House of Commons and has been done in the Senate from time to time.

DO CANADIANS WANT THE CBC?

Overwhelming yes!!! We heard that sentiment time and again. They not only want the CBC but they want a healthy, vibrant and well-funded CBC that lives up to its mandate in the broadcasting act, "*of programming that informs, enlightens and entertains.*" And for many it is not only about filling market gaps, as the committee suggests, it is about bringing Canadians together. Here are examples of what the witnesses said:

"CBC has been an essential part of the creation and development of the pool of professional performing, writing and journalistic talent in our country. CBC has been critical to the development of an infrastructure on which private broadcasting and an independent production industry could thrive and grow — both an incubator and a vehicle for showcasing our talent internationally." (Ferne Downey, April 8th, 2014)

"As a result of these experiences, I am convinced more than ever that Canada needs a national institution such as the CBC to bind us together because we're a very diverse country; we're a very large country." (Tony Manera, June 11, 2014)

CBC/Radio-Canada is an important cultural resource in the country. The public broadcaster is present in small and large communities across Canada and provides them with services in both official languages and in eight aboriginal languages, with public interest always at the forefront. The public broadcaster tells Canadian stories and reports on global news from a Canadian perspective. This is what makes the national public broadcaster a precious

resource with 78 years of history behind it. CBC/Radio-Canada is the largest news service in the country across all platforms. No major private broadcasters have a national scope. None of them have a presence in the Canadian north. CBC/Radio-Canada serves communities in six time zones, with 88 radio stations, 27 television stations, 10 all-digital services and 5 specialty television services, including ICI RDI and CBC News Network. CBC is present in 54 communities across the country. The 2011 chart we have provided shows that the large private companies are only present in 13 to 31 communities in the country. The goals of our public broadcaster and those of private broadcasters are as different as night and day. The privates seek audiences for profit; CBC pursues audiences to inform, enlighten and entertain. It's an important difference that is too often missed. (Marc-Philippe Laurin, October 8th, 2014)

"CBC/Radio-Canada is the only network that brings together all Canadians at the same time... Without CBC, I don't think the country would have the same values, especially given that we welcome people from a wide range of ethnic backgrounds from all over the world. CBC/Radio-Canada is often the benchmark newcomers rely on to learn about Canada."
(Louise Poirier, February 18, 2015)

These sentiments are consistent with the views of the wider Canadian public. Polling conducted by Nanos in 2014 said that 88 % of Canadians think the CBC plays an important role in strengthening Canadian culture and identity.

CHANGING LANDSCAPE

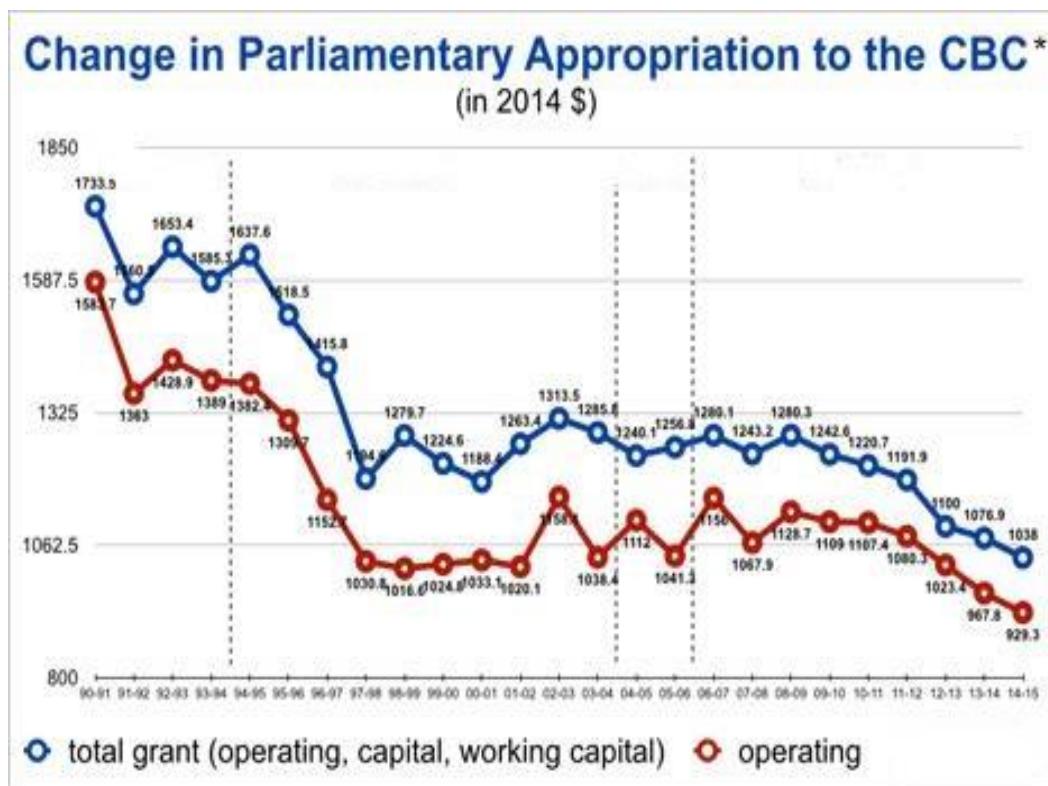
As the committee's report accurately points out there are emerging challenges and changes to the landscape in the broadcasting business. There is vertical alignment and concentration where a select few companies own most of the stations, content and the vehicles in which people consume media and news. There is the rise of the internet where more and more people are accessing content online from a variety of sources, such as Netflix. But there are also longstanding challenges that can't be ignored. Ian Morrison, from the Friends of Canadian Broadcasting rightly said before committee:

The basic challenges facing Canadian policy-makers and broadcasters in 2014 are similar to those described by the Aird Commission in 1929. I'm going to give you five of those:

- *first, providing Canadian content in sufficient quantity and quality to compete for audience attention with the flood of production from elsewhere, principally the United States;*
- *second, making that content universally accessible to all Canadians who want it — it was actually five time zones at the time but now six time zones with more geography than population and with two official languages;*
- *third, ensuring that both the production and the distribution of Canadian content are economically viable and sustainable in the absence of a profitable business model;*
- *fourth, using the system to both celebrate and share the rich diversity of this country's regions and peoples as opposed to some monolithic centric vision;*
- *and fifth, maintaining the independence of the system from undue influence or control by special interests of any kind, either political or commercial.*

Another challenge some members of the committee spent a lot of time on was the ratings of the CBC. Ratings are important but placed into context ratings are not the only measure of success. The broadcasting landscape is fragmented in Canada (especially in English Canada), with over 700 channels available on cable packages. Even with that the CBC (both English and French) still pulls in the second highest prime time ratings in Canada with predominately Canadian shows, compared to the predominately American (especially in English Canada) lineup on the private broadcasters. It also has a strong “reach” where 87% of Canadians watch or listen to the CBC every month.

We also have to take into consideration the funding situation the CBC finds itself in. Due to continual decreases CBC’s funding has never been lower. Although there is room for improvement the CBC does what it can. With a renewed vision and strengthening, the CBC can reach the heights we expect from our public broadcaster.



VISION FOR THE CBC

The CBC does need renewal. It needs to meet these new and emerging challenges but also continue to meet the challenges that it has faced since its inception. To do this it needs to build off its strengths and become a unique presence in the broadcasting landscape; unique in style, quality and enlightened programming that other broadcasters do not deliver.

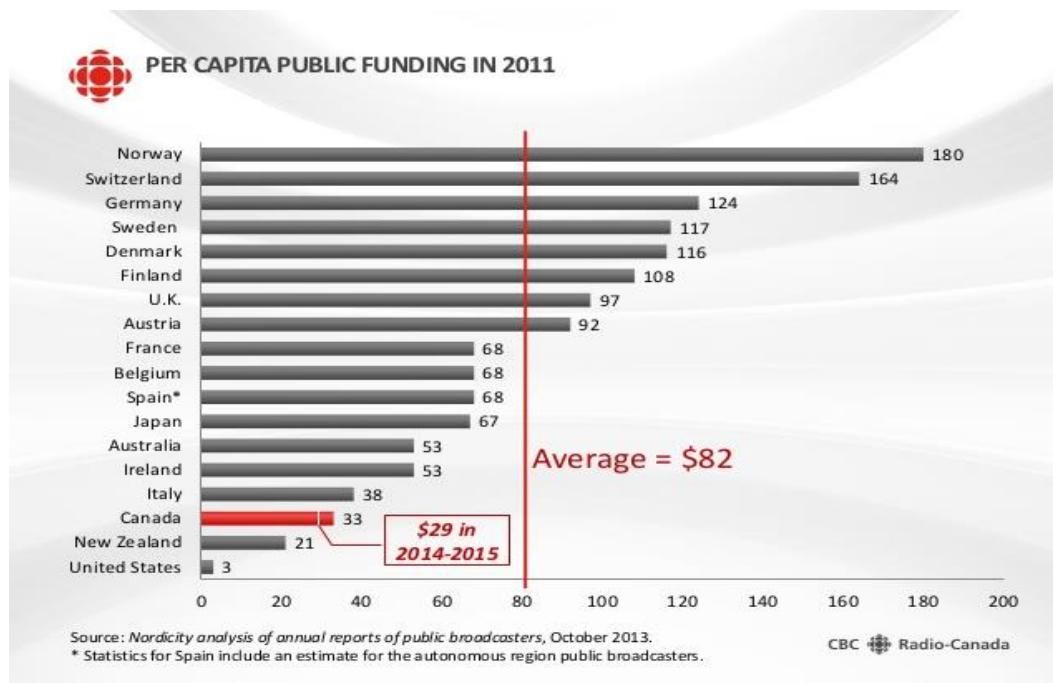
Many witnesses shared that the CBC in the past tried too much to compete with the private broadcasters. Instead of insightful and distinctive programming the CBC created and

commissioned programming to achieve the highest possible ratings and ad dollars. Laudable on the surface this strategy hasn't been working well enough; instead in many areas it had lowered the quality of programming to fit the lowest common denominator.

In testimony before committee and in their strategy *2015: Everyone, Every way* the CBC seems to recognize this. You can already see the changes in type of TV shows that are now airing on the network. Shows such as, Schitt's Creek, the Book of Negroes and X Company, are more contemporary in style and format. But the CBC needs the means to further meet this challenge long-term.

FUNDING

The CBC has continually seen its funding decrease over the last number of years to the point where it is becoming untenable. Research shows that the CBC receives only \$29 per capita per year. This is significantly below the average of \$82 per capita funding for public broadcasting in other industrialized countries.



Although the committee's report describes this funding situation the members themselves are silent on this issue. They did not advocate for more funding for the CBC. I disagree. Most witnesses disagreed. The government should commit to the goal of increasing CBC's per capita funding to at least \$40 which is approximately half of what other industrialized nations spend per capita every year. It should also be adjusted to inflation. This can be done in two ways. First, the government has to stop the budget cuts and commit to incremental increases in funding over time. Part of this should include a pledge for stable, predictable, multi-year funding commitments to the CBC. This would allow the CBC to plan better and execute more effectively.

Second, the government should explore other forms of funding that could either enhance or eventually replace parliamentary appropriations if sufficient funding is found. This should be

to enrich the CBC rather than as the majority of the committee suggests only “...to minimize the Corporation’s dependence on government appropriations.”

Other countries use other forms of funding. In the United Kingdom, the BBC is primarily funded through a licence fee, where any household watching or recording television are required to have a television licence. This generates 3x the amount of funding compared to the CBC. Similar funding arrangements also exist in Norway, Germany, and Sweden. Finland recently instilled a public broadcasting tax collected annually from citizens and corporations.

Some other options Canada could explore are:

- Creating a sufficient corporate tax on revenues from telecom companies to be directed to the CBC. This option has already been successfully tried. A special fund was set up by the CRTC in the wake of the economic recession in 2008 to support local programming. The fund lapsed in 2014 but generated \$600 million from a 1 per cent tax on revenue collected from cable companies;
- Requiring any “over-the-top” streaming service, such as Netflix, that earns more than \$25 million a year in Canada to pay into the Canadian Media Fund or directly to the CBC for Canadian programming.

One option that should not be pursued is a PBS style based on viewer donations, which is listed by the committee as a possible option. As Wade Rowland rightly pointed out, *“While a user-supported service may make some sense in the abstract, the fact is that Canada simply is not populous enough, nor well-enough endowed with foundations and philanthropists, to support a broadcast system that would provide anything like the level of service currently expected of the CBC. The real effect of implementing such a strategy would be to eliminate the CBC as a viable cultural institution.”*

These changes are needed to ensure that the CBC’s product is of high quality and that Canadians are reflected in their public broadcaster throughout the country.

Recommendation #1

The Government of Canada should commit to increasing CBC’s per capita funding to at least \$40 which is approximately half of what other industrialized nations spend per capita every year. This should be done incrementally on an annual basis.

Recommendation #2

The Government of Canada should provide stable and predictable funding for the CBC over 5 year periods and adjust the funding to inflation.

Recommendation #3

The Government of Canada explore other funding models for the CBC.

With an increased commitment by the government to better fund the CBC, the organization would no longer need revenue from commercial advertising. All CBC mediums should then

get out of the commercial advertising business. As many witnesses pointed out this would provide unique programming that is different than what conventional cable provides. It also follows the model of Netflix and HBO for continuous programming without commercial interruption which so many viewers enjoy and follows the CBC's highly successful model for radio. Further, as Wade Rowland pointed out, *"when CBC Radio was liberated from the commercial treadmill in 1978, it did not, despite predictions, wither into irrelevancy. It experienced a remarkable renaissance in creativity and quality that listeners continue to enjoy today. There is no reason to doubt that something similar could happen in television."*

The gold standard of public broadcasting, the BBC, doesn't have any advertising. This has been very successful as it allows distinct programming and *"keeps them independent of commercial interests and ensures they can be run purely to serve the general public interest."* (BBC webpage)

Recommendation #4

Eliminate commercial advertising on all mediums of the CBC.

GOVERNANCE

There was much discussion at the committee about the governance of the CBC. Currently the board and president are appointed by the Prime Minister. Critics believe that this *"approach to the governance of CBC/Radio-Canada is deeply flawed, lacks transparency, and results in a board that is not strong, diverse or accountable to Canadians (the true shareholders of CBC/Radio-Canada)."* (Canadian Media Guild Submission)

A new approach is needed to increase accountability, transparency and competence. Unlike the majority of the committee I believe that the board should not be appointed by the Prime Minister alone. A new process, either an arm's length selection process or an all-party selection committee, should select the board. Other countries such as Norway and Germany have similar features in their selection process. This would increase trust and accountability with Canadians and safeguard the independence of the institution.

Recommendation #5

The Government of Canada should create an arm's length process or all party-parliamentary process for appointing board members. The selection process should be based on qualifications and experience in the arts and culture, journalism, business and broadcasting fields.

Further, the President should have proven expertise in business and the broadcasting industry and be chosen by the Board and not the government.

Some witnesses were concerned that major changes to programming at the CBC, such as the reduction in local news recently announced for some markets, should be more open and transparent. Canadians should have an avenue to voice their ideas and concerns before major changes happen.

Recommendation #6

The CBC should improve public accountability and hold public consultations when making major programming changes.

‘SUPERFUND’ OR NEWS?

The committee’s report recommended that “*A portion of CBC’s funding should be reallocated to an external ‘superfund’ that would help finance the creation of Canadian content, such as Canadian history and nature documentaries and high-quality comedy and drama, which could then be broadcast on the CBC/Radio Canada.*” Although the idea of a superfund is worth exploring as a separate fund it shouldn’t come out of CBC’s funding. The CBC is already cash strapped and this would further cripple the organization.

Further, if the idea is to increase Canadian content such as comedy, drama and documentaries then reallocating money away from those areas of the CBC wouldn’t make sense. So where would the money come from? It would have to come from the news and journalism side of the CBC.

Some senators on the committee seemed skeptical of the CBC having a news service. They questioned whether the CBC should get out of the news business because the private broadcasters also provide a source of such news.

Witness after witness disagreed with that sentiment. They said how important it was to have a strong and vibrant news service at the CBC; one that provides distinct local, regional, national and international perspectives and contributes to a healthy democracy. Instead of the taking money away the CBC should be investing more to provide thoughtful and critical insight on stories affecting Canadians. Here is a sample of some of the testimony:

“Since the Internet age, some have said that access to a colossal amount of information has never been easier, that the private sector provides high-quality news and cultural programming, and that, as a result, democratic governments can afford to get out of broadcasting. While these assertions are understandable, I would argue that governments should think twice before considering them. On the contrary, I believe that if we wish to preserve democratic values, it is vitally important for the citizens of each democratic country to be able to access a wide variety of sources, including at least one major source independent of corporate and financial interests. By setting stringent journalistic standards, presenting in-depth discussions on major issues and providing guaranteed access to a wide range of viewpoints, a public broadcaster plays a critical role in maintaining the public's ability to think critically. This critical thinking serves as a healthy check against propaganda and extreme ideologies.” (Alain Saulnier January 28, 2015)

“There is the one reliable, trusted friend. It is an earned authority, and they turn to their news or for news or for information to the CBC. We have to recognize that.” (Kady MacDonald Denton, October 27, 2014)

“Television journalism on the CBC, despite some of the flaws that I pointed out in the document that I presented to you, is still regarded as the very best, and it has been for the 10 or 11 years that we've been undertaking national surveys of anglophones. The same is true on

the francophone side of having the very best national news...Both English and French CBC are considered to be journalistic leaders, to be very believable, to have the high credibility scores and so forth." (Barry Kiefl, April 2, 2014)

The CBC also needs to continue to invest in international news. CBC is unique in how it covers international news especially compared to private broadcasters. In a complex and changing world we need to see the world through Canadian eyes and perspectives. This was clearly pointed out at committee.

"I don't think that CBC and CTV and Global coverage of international issues is necessarily the same at all. So CBC has correspondents around the world and CTV and Global largely don't. They rely on other networks. They rely largely on American networks. For instance, if there is a war and you're relying on American correspondents to cover it, if it's a war that you're not in, they're probably going to be bringing different perspectives to the news than a Canadian correspondent would bring." (Kelly Toughill, October 21, 2014)

JOURNALISTIC INDEPENDENCE

There was also a concern expressed that didn't make it into the committee's report. This concern was regarding changes brought in by the government in 2013 through Division 17 in the Budget Bill C-60. The legislative change provided *"new powers that allow the government to be at the bargaining table when CBC/Radio-Canada and its employees' unions are discussing what constitutes news, news programming, how assignments are made and the role of producers."* (Canadian Media Guild Submission)

Many Canadians and organizations spoke out about this change at the time. They believe it will lead to direct political interference and reduce journalistic independence at the CBC.

Recommendation #7

The changes made under Division 17 of Bill C-60 should be repealed.

ONLINE

There has been a distinct rise in online "over-the-top" streaming services in Canada. Netflix subscriptions in Canada continue to increase dramatically. Bell (Crave TV), Rogers and Shaw (Shomi) have all created online streaming services in an attempt to tap into a growing market. The CBC does have many online media players (in French and English) that can be tapped into to get access to their shows and content. However it does not have a direct streaming service similar to Netflix. It should invest in such a service and make it free to Canadians to help make their content more universally accessible to all Canadians who want it.

Recommendation #8

Increase CBC's online presence by creating streaming apps, similar to Netflix, for a wide range of services such as, xbox, Sony Play Station, Android streaming devices, Apple TV etc.

CONCLUSION

The CBC is just as important now as when it was created decades ago. The committee had some recommendations that I support, including: the modernization of the broadcasting act; increasing Canadian film's presence on the CBC; more transparency in its operations and restrictions on outside paid-employment; the board appointing the ombudsman; and broadcasting more performances by Canadian artists. However, there are troubling ones which I outlined that hurt not only the viability of the CBC but its quality.

I believed I have offered some positive ways forward. Canadians need a strong and vibrant public broadcaster to support and protect our national identity, tell our stories and to entertain and inform us.

Art Eggleton