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Remarks by the
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Thank you, Madame Secretary.

Before beginning our remarks, I would like to introduce the members of our panel.

My name is Sjef Frenken, and I chair the Forum's Board of Directors. After working in private radio in Ottawa and Toronto I spent twenty-four years at the CRTC, including a stint as director of broadcasting policy, and worked on a very broad range of broadcasting files.

To my right is John Harris Stevenson, the Forum's vice-chair. John has worked in community broadcasting for more than 25 years. In addition to being a past president of the Community Radio Fund of Canada and National Campus and Community Radio Association, he has led community radio stations in Halifax, Guelph, and Ottawa. John is currently completing a PhD in Internet governance at the University of Toronto, researching Google and its global technological infrastructure.

To John's right is Al MacKay, a forty-five year veteran of the broadcast industry and a member of the Forum's Board. In addition to working as a radio and television broadcast journalist, Al was a vice-president and station manager during a 25-year career at CJOH Television in Ottawa, and later ran CPAC, the cable public affairs channel, for three years.

To my left is Monica Auer, the Forum's Executive Director. Monica worked at the CRTC in the 1980s in broadcast policy and analysis, and at the CBC in the 1990s in broadcasting and telecommunications matters, after which she became a lawyer.

To Monica's left is Dr. Mark Bourrie, who was a reporter at the *Globe and Mail* from 1981 to 1988, at the *Toronto Star* from 1988 to 1994 and at the Parliamentary Press Gallery for 21 years, winning several major journalism awards along the way. Mark has taught at the journalism faculty of Concordia University, and is now lecturing at Carleton University and the University of Ottawa. FRPC retained Mark's services as an expert in journalism.

Beside Mark is Doug Wilson, who in addition to degrees in economics, accounting and finance is also a Chartered Professional Accountant and a Certified Management Accountant. After five years at the Canada Revenue Agency auditing, investigating and testifying in tax evasion prosecutions, Doug worked in a number of capacities at the CRTC for 30 years, including Director of Industry Analysis where he led the audit and verification of broadcasting licensees' annual returns. Doug has lectured on financial and management accounting at both Carleton University and Algonquin College, and the Forum retained Doug's services as an expert with respect to financial reporting issues in broadcasting.

I will now move to our remarks.

I Introduction [Sjef Frenken]

- 1 Mr. Chairman – whether by accident or sound planning, this hearing is taking place at just the right time. Journalism – in all its forms – is under assault in this country.
- 2 The news business has become the news – with newspapers cutting back or ceasing print publication, and the electronic media outlets going through cycle after cycle of lay-offs and cuts.
- 3 No one can say with any certainty what the landscape will look like after all the upheavals end.
- 4 Nor can the CRTC do anything about the print media.
- 5 You can do something about electronic journalism – and in particular, local news offered by licensed television stations.
- 6 AI will now address local news and centralcasting.

II Local news and centralcasting [AI MacKay]

- 7 Previous CRTC decisions have created large corporations driven purely by the bottom-line results and have put the future of local television stations, and their news operations, in jeopardy. With no set requirement for hours of original local news, operators have reduced newsroom expenditures and, in some cases, cut back on newscast production.
- 8 BCE has told you a local physical presence is no longer needed in a digital age – we disagree. The local station is very much at the heart of a community. If you are doing it right, your newscasts, your anchors, your civic engagement and support of local organizations, are all woven into the fabric of the community.
- 9 Some intervenors suggest that where a newscast is assembled and broadcast from doesn't matter today. They argue that having a storefront operation, shipping pieces to be packaged in a central location, a system known as centralcasting, is just fine.
- 10 We disagree. Centralcasting removes control from the people who actually live and work in the communities they are supposed to be reflecting.
- 11 The overall content is not chosen in the local communities, and the order in which stories are presented is not decided in local communities.
- 12 We therefore oppose the proposed definition for 'local programming'. By omitting any reference to local editorial and production control, all programs broadcast out of central hubs to individual communities will count as local programming. We don't think that's right.

13 A legitimate regulatory solution within your jurisdiction is to set clear conditions of licence for hours of original local news produced in, and broadcast from local stations.

14 A closing observation, if I may, Mr. Chairman. As I read through some of the submissions, this what I thought I heard:

- Canadians depend on local news, research shows local news is important – but we can't afford to do it
- There is strong interest in local news from viewers of all ages – but we can't sell it
- Local news is the primary contribution of a local station to its community – but we don't really want to do it unless it is profitable or at least breaks even
- This service, which the stations say is so important and of interest to its audience, and which is so critical to the Canadian broadcasting system, is now the responsibility of Commission to fix.

15 I'm old school. I had thought that providing well-resourced and substantive news and information programming was an accepted responsibility by a licensee, for being given access to publicly owned airwaves.

16 Maybe the problem – as Andrew Coyne noted in a recent column of the woes of the print media – is that people are not buying what they're selling

17 Television newscasts have remained much the same since they came into being in the 1960's. There are a lot more bells and whistles, fancy graphics, flashy sets – but the way the content is prepared and presented is basically the same.

18 Maybe it's time for broadcasters to think about a new model.

III **Professionalism in broadcast journalism** [Dr. Mark Bourrie]

19 I will be focussing on the idea that community channels can or should undertake television newscasts, from the perspective of journalistic professionalism.

20 This idea is more of a Pandora's box than a good solution to Canadian journalism's problems. The overarching reason is that professional journalism requires more than just an interest in current affairs; it demands significant resources.

21 Much of journalism's value-added comes from the analysis of facts by journalists who work full-time on beats or in geographic areas, and can therefore contextualize the information they present. For example, a paper like the now-defunct *Guelph Mercury* would field 30 journalists in a mid-sized market, where a TV station might have six to ten full-time trained videographers.

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- 22 Community channels cannot duplicate that level of coverage. Yes, their volunteers can record a few community events like sports and sporadic important public meetings. But they cannot and do not engage in investigative reporting, report daily on current local events, or provide the up-to-the-minute information needed in emergencies. That requires full-time, professional journalists, who have been trained and continued to be trained.
- 23 And even if they are familiar with professional journalists' *Codes*, standards and practices, volunteer reporters cannot be expected to know defamation law. This means that if they have a mandate from the channel to report on controversial issues, they will face serious legal risks.
- 24 Private and public television stations can undertake these risks because they hire trained professionals, because they can afford and have insurance, because they have 24-7 access to legal counsel, and/or because they have the resources to go to court.
- 25 To be clear, as newspapers collapse, communities' need for local television journalists to provide understandable, relevant, timely factual reporting is greater than ever. Canadians are entitled to this information. But without a significant and ongoing commitment of resources how will community TV channels replicate local TV journalism?
- 26 In my view, it would be a serious mistake to see journalism as a hobby or passion. It is a profession. It demands training, experience, time and significant financial resources.

IV Community media and local programming [John Stevenson]

- 27 I will be addressing a couple of questions concerning community television.
- 28 The community channel as it was originally conceived in the 1970s is long gone. It has become in most instances a watered-down version of commercial broadcasting, lacking in innovation and vitality, one that is no longer centred on the local.
- 29 We do not argue that these community channels have no value, but in the past 15 years that value has decreased significantly. The stewardship of community television is in the wrong hands.
- 30 Community broadcasting should mean community ownership and control. Our position on this is purely practical: community governance means more varied and challenging programming that reflects local communities. We recommend that community control over community channels be increased.
- 31 Even if this is done, community television will only be relevant if it focuses on programming that is high quality, innovative, and hyper-local.

32 To accomplish this, the Forum suggests that community television production be slowly but surely decoupled from BDU control. We recommend that a portion of BDU contributions to community channel program production be directed to independent, local video production, and be administered by an independent party at arms-length from both BDUs and community television organizations. Absent a television equivalent of the Community Radio Fund of Canada, this support could be administered by the Canadian Media Fund.

33 Not only should BDUs be obligated to broadcast this supported programming, it should also be made available through exempt services such as YouTube. We also see the value in some portion of this funding being made available to pilot new and innovative ways of producing and distributing community video programming.

V Today's broadcasting structures and the CRTC's *Annual Return* [Doug Wilson]

34 Mr. Chairman and Commissioners. I was asked by the Forum for an opinion on the annual return reporting process for conventional television licensees. I will summarize my answers here.

35 One of the questions I was asked had to do with the degree to which the CRTC's current annual return process is accurately reflecting the financial status of individual television stations.

36 As the Commission is aware certain of the annual return data for each of the largest ownership groups has been published on an aggregated basis since 2008, however the annual return data for the individual stations included in the aggregate are kept confidential and are not available for public review.

37 What this means is that it is not possible for the public to undertake any informed analyses of the financial and operating results of individual stations, including for example, what expenses have been incurred by, or allocated to or from, a particular station or stations, or to another station or other stations.

38 The second part of this question had to do with whether the aggregated financial results reflect what is really happening in Canadian television.

39 The individual financial operating results, or annual returns, of each licensed originating station that make up the aggregate return are, along with the aggregate results, audited by Commission staff. They therefore presumably reflect the answers to the questions asked by the annual return form.

40 Finally, I was asked whether the development of centralcasting business models ought to be reflected in the annual return form.

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- 41 In my opinion, any time there is a fundamental change in the way in which a business operates, the financial reporting system should be changed, as necessary, to properly disclose the revised operation of the business.
- 42 The introduction of central broadcasting hubs, or centralcasting, is a fundamental change in the conventional business model for packaging and distributing programs to local TV audiences.
- 43 Therefore, as the purpose of the annual return is to properly report the financial results from operations of the individual TV undertaking(s), and the central hub is a critical component affecting those operations, the CRTC should adjust its annual return to properly disclose this.

VI **Concluding remarks** [Monica Auer]

- 44 I will end with four points.
- 45 First, the Forum does not support a new local news fund. Local service is a fundamental part of conventional broadcasters' regulatory bargain. Vertically integrated companies in particular already enjoy many benefits, including 92% of total private TV revenues in 2014.
- 46 If VIs are now pleading that they cannot make money from their very large TV audiences and are threatening to close local stations, they should return those licences, but with a year's warning to allow others to apply for them. The CRTC has the authority and legitimacy to, and should then set conditions of licence for, specified and rising hours of, and expenditures on, original, local television programming.
- 47 The SMITS coalition made a solid case for an increase in the SMLPF, however, and we support that.
- 48 Second, section 34(6) of the BDU *Regulations* says terrestrial BDUs must allocate 2% to community channels. If they are expected to spend more, the regulations should say "no less than 2%".
- 49 Third, the late disclosure or absence of relevant data about local TV stations' programming and financials reduced non-broadcasters' effective participation in this hearing. The CRTC's annual *Monitoring Reports* ought to include data about each TV station's original programming and its source, by programming category.

50 Fourth and last, the Forum agrees that Canadians are seeing “the biggest journalistic fire sale” in the history of Canadian news.

51 Local TV news is in such trouble that this hearing’s decisions could have very dramatic effects for dozens of local communities, whose right to be informed is in crisis.

OTTAWA—Under the guise of a migration to the digital world, Canada’s news media is undergoing **the biggest journalistic fire sale of its history**. It is taking place on such a scale that it might be more appropriate to call it a liquidation of information-gathering resources

Chantal Hébert National Affairs, “Canada’s national fabric is paying price for depletion of journalistic resources: Hébert”, *Toronto Star* (Jan 21 2016), <http://www.thestar.com/news/canada/2016/01/21/canada-national-fabric-is-paying-price-for-depletion-of-journalistic-resources-hbert.html>, bold font added

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The real crisis arising out of the massive media disruption of the past decade is communities are losing the journalists who tell people what’s really going on where they live.

We are all drowning in media; so much information everywhere, shared by our friends, aggregated in news feeds and always at our fingertips. What we don’t notice is fewer reporters are covering court cases or digging behind the scenes at city hall. It’s easy to find out about Prince Harry’s latest love and hard to find anything about local school trustees or the latest local theatre production.

Newspapers still do a pretty good job of this. It’s not well-known that **local TV broadcasting is in far bigger trouble.**

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Bob Cox, “Democracy suffers collateral damage: Postmedia cuts show the need to examine local news funding” *Winnipeg Free Press*, (21 January 2016), <http://www.winnipegfreepress.com/breakingnews/Postmedia-cuts-show-the-need-for-a-look-at-how-local-news-is-funded-366085411.html>, bold font added

52 That may sound like Cassandra.

53 Of course, Greek myth tells us that Cassandra’s prophecies came true – her curse was never to be believed.

54 We will end more positively, however, by recalling Oscar Wilde’s comment, that

A map of the world that does not include Utopia is not worth even glancing at, for it leaves out the one country at which Humanity is always landing. And when Humanity lands there, it looks out, and, seeing a better country, sets sail. Progress is the realisation of Utopias.

55 Of course, the Utopia we should all be aiming towards is section 3 of the *Act*.

Thank you for your time, Mr. Chairman, Commissioners and Commission staff; we welcome your questions.