



## **Renewing the licences of Canada's largest private broadcasters**

### **To strengthen Canada's television system**

Remarks by  
Forum for Research and Policy in Communications (FRPC)

On

Renewal of television licences held by  
large English- and French-language ownership groups  
Broadcasting Notice of Consultation CRTC 2016-225  
(Ottawa, 15 June 2016)

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*[Sjef Frenken]*

Thank you, Madame Secretary.

Good morning. My name is Sjef Frenken. With me today are Al MacKay, Doug Wilson, Mark Bourrie, and Monica Auer.

## **Introduction**

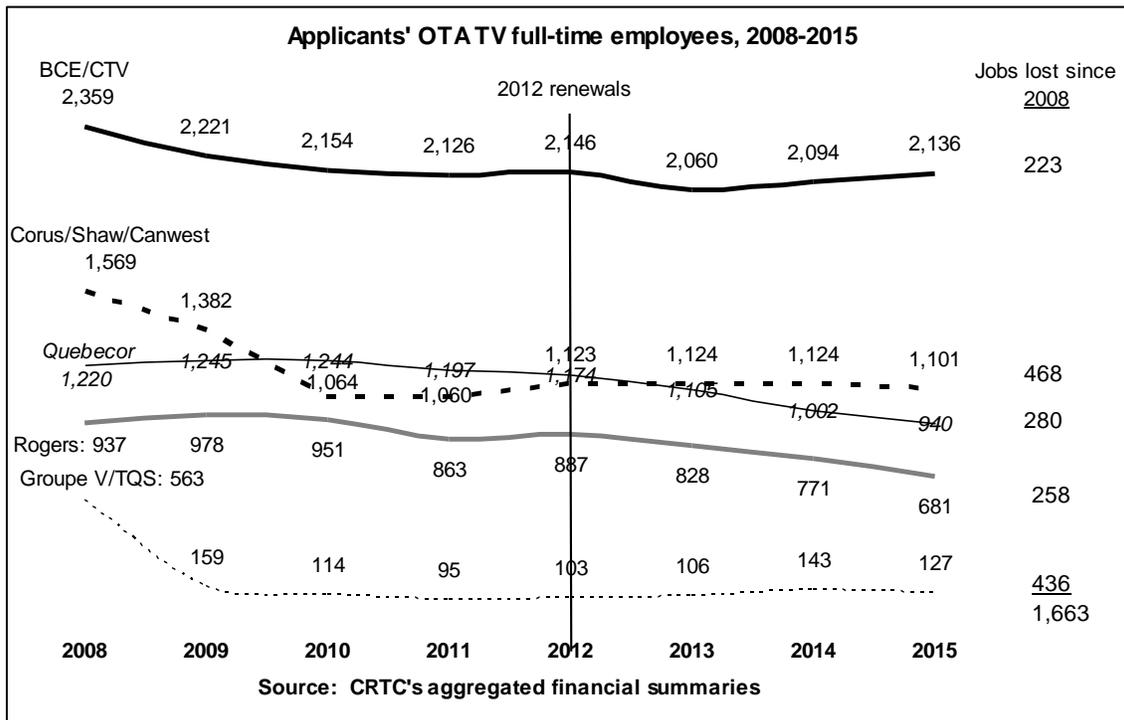
- 1 Mr. Chairman, and Commissioners - thank you for inviting the Forum to appear before you today.
- 2 As you may recall, the Forum is a non-profit, non-partisan organization established to undertake research and policy analysis about communications.
- 3 The Forum's written intervention sets out our evidence, analysis and recommendations about the applications you are considering.
- 4 Neither our positions nor our recommendations have changed. Today we wish to address three key issues raised by the evidence and discussions you have already had in your November 22<sup>nd</sup> hearing, and the first two days of this hearing.

*[Al MacKay]*

## **Issue 1: Local news: clear, enforceable and enforced conditions of licence for the exhibition of original local news and local news expenditures**

- 5 The old adage says all politics is local. So is the most essential journalism. Whether it is reporting that holds local public figures to account, coverage of events, or stories that connect diverse communities in the market, local TV stations over time have established a bond of trust with viewers who rely upon them for solid, responsible reporting about what is going on.
- 6 Without this trust, you have nothing, especially in today's social media environment where, as President Obama has said, if everything is true, then nothing is true.

- 7 However, as you know, this bond has been strained for the past decade, as broadcasters have cut costs to deal with new challenges and newsrooms have had fewer resources with which to do their work.
- 8 Eroding this trust has meant not just the loss of actual news coverage – but since 2008 the loss of more than 1600 full-time jobs in those communities.
- 9 These are skilled jobs in the editorial, technical and production departments that provide employment opportunities as per section 3 of the Act, and jobs which add to the economic base of the communities served by the licensees.



- 10 Of the fourteen categories of programming provided by Canadian broadcasters, the one that is absolutely essential to the public interest, and vital to a 'civically' engaged society, is news. Survey data from the Talk TV hearing underlined the high importance Canadians place on local news and local programs.

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- 11 Without good journalism, good citizenship is in peril. Without employment opportunities to practise the craft, journalism's future is jeopardized.
- 12 Looking to the outcomes of this renewal process, we have two very simple recommendations for you.
- 13 First, the CRTC should prohibit the applicants in this proceeding from reducing their expenditures on local news below their 2015 expenditure levels, both in absolute terms, and as a percentage of their gross revenues.
- 14 Second, the CRTC should require the applicants in this hearing to broadcast, by condition of licence, a defined amount of original Category 1 news produced by their individual stations, each week.
- 15 Dealing with our first recommendation, Regulatory Policy 16-224 allows vertically integrated broadcasters to allocate up to \$67 million to their stations' local news from their BDU operations.
- 16 Local news operations will be strengthened if vertically integrated licensees add this additional money to their current local news expenditures, to hire more reporters and expand local coverage. But the LPIF experience is evidence that this will only happen if these expenditures are added to existing budgets. The CRTC therefore needs to ensure there is public documentation of the use of these new funds. These requirements should be set by condition of licence.
- 17 As for the amount of any Local Programming Expenditure, or LPE, requirement, the CRTC's data show that TV stations' 2015 Category 1 news expenditures amounted to 21% of BCE's TV stations' revenues in 2014, 26% for Corus and 16% for Rogers – the English-language groups. If lower LPE levels are set as a percentage of TV station revenues, local news operations will not be strengthened. The situation in Quebec raises concerns beyond LPE, and we would be happy to comment on that on December 9th.

18 Moving to the exhibition issue - before policy decision 2016-224 'news' consisted of newscasts, newsbreaks and headlines – that is, Category 1 news as defined by the CRTC's television program categories' description.

19 But news can now include Category 2a programs. The Forum strongly opposed this change in its reply in the 2015-421 proceeding. And here's why.

Television Program Categories

**Category 1 News:** Newscasts, newsbreaks, and headlines. Programs reporting on local, regional, national, and international events. Such programs may include weather reports, sportscasts, community news, and other related features or segments contained within "News Programs."

**Category 2a) Analysis and Interpretation:**

Programs on various topics that include analysis or discussion, for example, talk or panel shows, consumer affairs or reviews, newsmagazines and documentaries that do not fall under category 2b). This category excludes programs presenting information primarily for entertainment value. CRTC, <http://www.crtc.gc.ca/canrec/eng/tvcat.htm>

20 It will not ensure that broadcasters maintain or increase their actual newsgathering - crews on the ground – capacity.

21 It will not ensure that they maintain or increase their presence in all the communities they serve, including those outside the urban centres.

22 It will not ensure that local TV stations adequately fulfill the responsibilities expected and required of them in the communities they are licensed to serve, and from which they draw revenues under the CRTC's local advertising policy.

23 The redefinition could benefit broadcasters. They could replace actual newsgathering and on-the-street news reporting, with less costly talk and panel shows.

24 Of the two categories, however, programming that simply talks about or analyses the news does not provide communities with *actual* news – which is what citizens desperately need.

25 Nothing prevents broadcasters from carrying both locally *reflective* news and locally *relevant* non-news programs. Doug Wilson's report in our intervention supports our view that the circumstances of Canada's largest communications companies permit them to do both.

26 Moving to exhibition, 2016-224 says that all licensees must “broadcast a minimum level of local news”, adding that “local television stations *may*” meet the requirement of locally reflective news by offering “seven-day-a-week original local news coverage distinct to the market”.

61. ... the Commission is of the view that the definition of local presence set out in Broadcasting Regulatory Policy 2009-406, as modified below to encompass innovative news production practices, remains appropriate as a guideline. Accordingly, the Commission considers that one of the means that local television stations may use to meet their obligation to provide locally reflective news is to maintain a local physical presence, which may include:

- providing seven-day-a-week original local news coverage distinct to the market;
- ensuring that editorial decisions on content are made in the market;
- employing full-time journalists on the ground in the market; and
- operating a news bureau or news gathering office in the market.

Broadcasting Regulatory Policy CRTC 2016-224

27 However, in Decision 2016-8, the Commission clearly said it will only enforce specific

conditions of licence. It has said it cannot enforce ‘mays’, ‘mights’, expectations or commitments.

28 Therefore, by means of this licence renewal process, the Commission must clearly stipulate what TV stations *will* provide in terms of original local news, distinct to the market, through conditions of licence, for original Category 1 news.

29 We believe at least 60% of these news hours should be locally reflective; picking up on the precedent set in 2016-224’s community TV requirement policy that 60% of the programming provided by BDU-run community TV channels be locally reflective. We can further elaborate on how we reached that 60% figure for locally reflective news in questioning, if you wish.

30 To conclude on this issue, in recent speeches, Mr. Chairman, you have said the Commission’s role now is to focus on outcomes rather than making rules, and that it should leave outdated concepts behind.

31 On-the-ground reporting is not an outdated concept – it is the foundation of solid journalism, of newscast programs. Provided with that hard news coverage, the public can be involved and engaged in all aspects of the life

of their community. Requiring Canadian broadcasters to preserve, and indeed, to strengthen their news service, is the most basic way for broadcasters to meet their community responsibilities.

- 32 It helps to ensure that Canadian citizens can more fully participate in their democratic lives, an objective that you have underlined as a key element of the Commission's mandate. As you said the other day in Laval - "It's a question of citizenship".

## **Issue 2: Clear enforceable and enforced conditions of licence for the exhibition of and expenditures on first-run drama**

- 33 Our second issue involves content created by Canadians. Figure 1 in our written intervention showed that in the past seven years, the gap between private TV stations' foreign and Canadian programming expenditures has decreased, in part because broadcasters have reduced their spending on foreign acquisitions. But the gap *is* shrinking.
- 34 The CRTC's decision to replace the requirement that private conventional TV stations devote 55% of their broadcast year to Canadian programming with a requirement for 3 hours a day, or 17% over the year, allows broadcasters to focus their resources on high-quality homegrown drama.
- 35 Maintaining current requirements for CPE and PNI gives broadcasters the impetus to devote significant resources to programs that reflect the Canadian experience.
- 36 The CRTC's audience data show that after sports and news, Canadians most enjoy drama. But its data also show that very little of this drama is Canadian. Why would Canada so abandon the field in such a critical genre, to foreign providers?
- 37 The problem, in our view, is that the CRTC's current TV regulations and its current conditions of licence are silent about, and therefore do not result in, original first-run drama created by Canadians.
- 38 Our cultural system and our Canadian society needs more content created by Canadians for Canadians. Requiring more first-run drama will bolster

business and employment opportunities, raise audience interest and strengthen our society – the classic win-win-win. But the only way to achieve this is to amend broadcasters' current conditions of licence to require expenditures on, and exhibition of, original, first-run drama.

*[Monica Auer]*

### **Issue 3      Strengthening accountability with data**

- 39      Our third and final issue involves accountability.
- 40      The CRTC has published and continues to publish extensive data about broadcasters' financial performance, which are useful. We are recommending that the forms that collect the data should be updated to collect information about, among other things, the staffing, programming expenses, and studio capacity of individual stations and of centralcasting hubs.
- 41      We are also suggesting that the CRTC provide more data about the programming performance of Canada's TV programming services. Section 3 of the *Act* is silent about financial performance, yet is nearly verbose when it comes to programming. But without current or historical data about programming from broadcasters' TV logs it is impossible to evaluate how Parliament's objectives are being met.
- 42      Our written submission also noted the lack of data about broadcast journalism in Canada. We therefore asked Dr. Bourrie to examine the availability of journalistic TV resources.

*[Mark Bourrie]*

- 43      While very few statistics about newsroom staffing changes have been published, I was able to determine that TV stations are losing their capacity to cover small communities in the Atlantic provinces, Ontario and the Prairies.
- 44      Some stations now rely on freelancers; others no longer have studios, including stations in Wingham and Pembroke.

- 45 As for political coverage, TV station membership in the Parliamentary Press Gallery has increased – but is declining in the provinces. There are no private TV members in the PEI and Nova Scotia press galleries, and Newfoundland doesn't have a press gallery at all.
- 46 The problem is that TV stations are cutting their journalistic resources, at the same time that many newspapers – on which TV has traditionally relied to identify stories it could cover in greater depth – are also cutting back.
- 47 Online news services are not yet filling these gaps. 2016-224 concluded that these are not yet providing “accurate and timely information about local and municipal events ... in smaller communities ....” (para. 21).

*[Monica Auer]*

- 48 The Forum is suggesting that the CRTC ask broadcasters specific questions about journalistic presence in the annual returns process, and publish the results in the CRTC's annual statistical and financial summaries.

*[Sjef Frenken]*

## **Conclusion**

- 49 Commissioners, and Commission staff, we have appreciated the opportunity to appear before you.
- 50 Your colleague, Commissioner MacDonald, recently addressed the Ontario Association of Broadcasters and said among other things, that
- “times change, innovation happens, and technology marches forward. We can't stop it, we certainly shouldn't ignore it, so our only choice is to adapt to it.”
- 51 The Forum entirely agrees, with the proviso that any adaptations must implement Parliament's broadcasting policy for Canadians as it currently stands – because that is the law.

- 52 The renewal of the licences before you offers a significant opportunity to strengthen Canadian television for Canadians, and to meet their concerns.
- 53 The measureable result of this process should be more hours of original, first-run content created by Canadians, and more hours of original, locally-reflective news for all of the communities served by TV stations.
- 54 Yet as Decision 2016-8 showed, this result can only be achieved with clear conditions of licence for minimum levels of expenditures on, and the exhibition of, original content produced by Canadians. And in turn, Parliament and Canadians will only know of these achievements, if the data describing them are also reported.

Thank you for your time; we would be happy to respond to your questions.