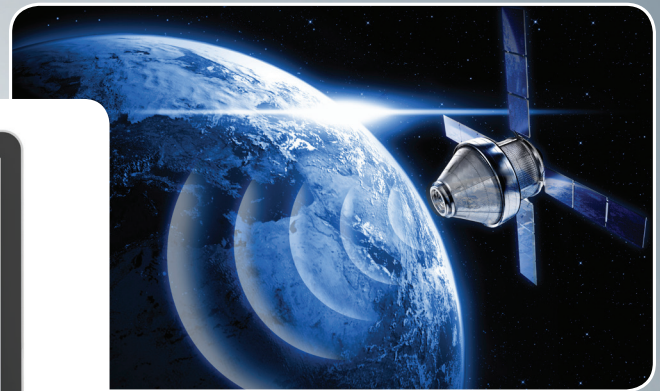


# Time for Change:

## The CBC/Radio-Canada in the Twenty-first Century



### Report of the Standing Senate Committee on Transport and Communications

July 2015

The Honourable Dennis Dawson, Chair  
The Honourable Donald Neil Plett, Deputy Chair

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**Ex officio members of the committee**

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**Other Senators who have participated from time to time in this study:**

The Honourable Senators Batters, Charette-Poulin, Cordy, Dagenais, Fortin-Duplessis, Hervieux-Payette, Joyal, Maltais, Massicotte, McInnis, Munson, Oh, Smith (*Saurel*), Tardif, Verner, P.C. and White

**Staff Members:**

Daniel Charbonneau, Clerk of the Committee

Terrence Thomas and Dillan Theckedath, Analysts, Parliamentary Information and Research Service, Library of Parliament

Mona Ishack, Communications Officer, Senate Communications Directorate.



Excerpt from the *Journals of the Senate* of Monday, December 9, 2013:

The Honourable Senator Housakos, for the Honourable Senator Dawson, moved, seconded by the Honourable Senator Fortin-Duplessis:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report on the challenges faced by the Canadian Broadcasting Corporation in relation to the changing environment of broadcasting and communications; and

That the committee report to the Senate from time to time, with a final report no later than June 30, 2015 and that the committee retain all powers necessary to publicize its findings until 180 days after the tabling of the final report.

After debate,

The question being put on the motion, it was adopted.

Gary W. O'Brien

*Clerk of the Senate*

\* \* \*

Excerpt from the *Journals of the Senate* of Thursday, June 11, 2015:

The Honourable Senator Dawson moved, seconded by the Honourable Senator Moore:

That, notwithstanding the order of the Senate adopted on Monday, December 9, 2013, the date for the final report of the Standing Senate Committee on Transport and Communications in relation to its study on the challenges faced by the Canadian Broadcasting Corporation in relation to the changing environment of broadcasting and communications be extended from June 30, 2015 to July 30, 2015; and

That the Standing Senate Committee on Transport and Communications be permitted, between June 22, 2015 and July 30, 2015 and notwithstanding usual practices, to deposit with the Clerk of the Senate a report, if the Senate is not then sitting, and that the report be deemed to have been tabled in the Chamber

The question being put on the motion, it was adopted.

Charles Robert

*Clerk of the Senate*





SENATE



SÉNAT

STANDING SENATE  
COMMITTEE ON TRANSPORT AND  
COMMUNICATIONS

COMITÉ SÉNATORIAL PERMANENT  
DES TRANSPORTS ET DES  
COMMUNICATIONS

OTTAWA

July 20, 2015

First and foremost, we would like to thank all Senators who participated in the Committee's extensive review of the CBC/Radio-Canada's viability and relevance in a changing media environment.

We also wish to thank the many witnesses who shared their expertise and offered their views on the future of the CBC/Radio-Canada.

Our comprehensive report reflects the Committee's consideration of extensive witness testimony at public hearings as well as through fact-finding visits.

We have come up with a list of recommendations that we are confident will be valuable to the CBC/Radio-Canada, as well as to the Government of Canada, as the CBC's mandate, governance, funding and programming are modernized to reflect our current media environment. Respect for the Canadian public, as both media consumers and taxpayers, is at the heart of each and every recommendation.

We would like to thank Daniel Charbonneau, the Clerk of the Committee for his organization and guidance throughout this process, as well as our Library Analysts Terrence Thomas and Dillan Theckedath, for their assistance in research and drafting of this report.

Sincerely,

A handwritten signature in blue ink, appearing to be "Dennis Dawson".

The Honourable Dennis Dawson, Senator  
Chair

A handwritten signature in blue ink, appearing to be "Donald Neil Plett".

The Honourable Donald Neil Plett, Senator  
Deputy Chair



Over the past several decades, the communications landscape has experienced explosive growth in the number of channels, radio stations and other sources available, the convergence of broadcasting and telecommunications enterprises, and the introduction of Internet-based video and audio. In this highly fragmented landscape, the CBC/Radio-Canada's role becomes less clear. In December 2013, the Standing Committee on Transport and Communications received an Order of Reference to examine the challenges facing the CBC/Radio-Canada in the changing broadcasting and communications environment.

Over the course of more than 40 hearings, site visits, and fact-finding missions, the committee met with numerous witnesses and stakeholders, who provided insight into this complex subject. This report reflects what the committee learned and provides recommendations for both the public broadcaster and the government to address some of these challenges.

Historically, the CBC/Radio-Canada provided national broadcasting services to help address gaps in the market caused by Canada's proximity to the United States, the use of two official languages, and the vast geography of the country.

Given that the *Broadcasting Act* was last revised in the pre-smartphone, pre-multi-platform era of 1991, the committee believes strongly that the Act must be modernized. This would reflect the realities of providing public broadcasting services in the new world of Netflix, iTunes and YouTube and other sources of information and entertainment. Additionally, the CBC/Radio-Canada must ensure its services reflect all regions of Canada to all Canadians.

From the outset, the committee learned that if the public broadcaster is to adapt to this new world, it will need to examine and modify its governance structure, business practices, and the ways in which it manages the organization.

There was much discussion about how to fund the CBC/Radio-Canada. The committee understands the complexity of this particular issue, but is also concerned about ensuring value-for-money for Canadians. As such, this report includes several recommendations for the CBC and the government, related to funding the national broadcaster, and various approaches for consideration.

Ultimately, viewers will not tune in to any television or radio service if its programming is not appealing. CBC/Radio-Canada should focus its activities on those areas currently underserved by the private sector. The Corporation should ensure that its efforts lead to the airing of high quality programming, featuring Canadian achievements, participation and excellence in cinematography, drama, arts and sports.



MANDATE

The committee recommends that:

**Recommendation 1**

The 1991 *Broadcasting Act* be modernized to reflect the current environment.

**Recommendation 2**

CBC/Radio-Canada's mandate be amended to include increases in the presentation of Canadian history and Canadian film.

**Recommendation 3**

CBC/Radio-Canada ensure that its programming reflects all regions of Canada.

GOVERNANCE

The committee recommends that:

**Recommendation 4**

CBC/Radio-Canada's Board of Directors appoint and manage the president and CEO.

**Recommendation 5**

CBC/Radio-Canada appear before and report annually to the appropriate committees of both Houses of Parliament.

**Recommendation 6**

CBC/Radio-Canada be more transparent in its operations, specifically with regard to the disclosure of financial information, procurement and contracts, and salaries; and it must make such disclosures easily accessible to the public.

**The committee recommends that:**

**Recommendation 7**

**The Corporation's content be archived (CBC/Radio-Canada Library) to enable easy access by Canadians.**

**Recommendation 8**

**CBC/Radio-Canada divest itself of its current real estate holdings and lease facilities and office space required for its operations.**

**Recommendation 9**

**To the extent possible for efficiency and to minimize the CBC/Radio-Canada's administrative burden, the Corporation's management and administrative functions be consolidated to the current head office located in the National Capital Region, while ensuring the maintenance of an operational presence in each region of Canada for all anglophones and francophones on the English and French networks, and on other platforms. (The regions are: Atlantic Canada, Quebec, Ontario, the Prairies, British Columbia, and the North.)**

**Recommendation 10**

**As a public broadcaster, the CBC/Radio-Canada must be mindful of its use of public funds, and review all non-executive salaries and compensation to ensure they are in line with those for comparable positions with private broadcasters.**

**Recommendation 11**

**The Board of Directors of the CBC/Radio-Canada conduct a thorough review of all internal policies to reverse the trend of implementing effective policy only after serious incidents have occurred, and to ensure that such policies reflect a modern professional workplace.**

**The committee recommends that:**

**Recommendation 12**

**The Board of Directors of the CBC/Radio Canada implement stringent restrictions on the external activities, including outside paid-employment, of all senior staff and on-air talent to prevent any possible conflicts of interest.**

**Recommendation 13**

**The Board of Directors of the CBC/Radio-Canada appoint an ombudsman for each of its official language services, provided that he or she is not a current or recent employee (within the previous 2 years) of the Corporation.**

**Recommendation 14**

**Both CBC/Radio-Canada Ombudsmen report to the Corporation's Board of Directors to ensure accountability at all levels of the Corporation, including the Senior Executive Team.**

**FUNDING**

**The committee recommends that:**

**Recommendation 15**

**CBC/Radio-Canada, in consultation with the Government of Canada, explore alternative funding models and additional ways to generate revenue to minimize the Corporation's dependence on government appropriations.**

**Recommendation 16**

**CBC/Radio-Canada examine the costs and the benefits of commercial advertising on both the English and French services.**

**The committee recommends that:**

**Recommendation 17**

**A portion of the CBC/Radio-Canada’s funding be reallocated to an external “superfund” to 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 CBC/Radio-Canada.**

**PROGRAMMING**

**The committee recommends that:**

**Recommendation 18**

**CBC/Radio-Canada focus on showing high-quality programs that are unlikely to be offered by commercial broadcasters.**

**Recommendation 19**

**CBC/Radio-Canada invest in and offer services in those areas where the Canadian public’s needs are underserved by the private sector. As a public broadcaster, CBC/Radio-Canada needs to use its resources to complement what is offered to Canadians through other sources.**

**Recommendation 20**

**CBC/Radio-Canada review how resources are allocated within the organization with respect to the amounts and proportion of total spending going to various programming genres.**



**The committee recommends that:**

**Recommendation 21**

**CBC/Radio-Canada discontinue all in-house production of non-news and current affairs programming, and instead emphasize the broadcasting of performances by Canadian artists and cultural events, such as the Royal Winnipeg Ballet, the Toronto Symphony Orchestra, the Royal Nova Scotia International Tattoo, the Edmonton Opera, and the Orchestre symphonique de Montréal.**

**Recommendation 22**

**CBC/Radio-Canada air more amateur sporting events such as Canadian Interuniversity women's and men's sports, minor league sports, etc.**



## **Chapter 1**

### **INTRODUCTION<sup>1</sup>**

In 2010, millions of Canadians watched the Winter Olympics being held in Vancouver. Four years later in 2014, millions of Canadians watched the Winter Olympics from Sochi, Russia, but the viewing experience was much different.

In 2014, Canadians enjoyed multi-platform, watch-anywhere broadcasts of the Sochi Winter Olympics, in which CBC/Radio-Canada's live coverage was shown on televisions, tablets and smartphones. Clearly, broadcasting changed rapidly between the two Olympics. The iPad, which is a key driver of this multi-platform world of broadcasting, was not introduced until several months after the Vancouver Olympics finished. Moreover, in September 2010, Netflix, which transformed both how we access and consume online video, became available in Canada.

On December 9, 2013, the Senate of Canada gave the Standing Senate Committee on Transport and Communications (hereafter, the committee) an Order of Reference for a study of the Canadian Broadcasting Corporation/Société Radio-Canada. The core of that Order of Reference is:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report on the challenges faced by the Canadian Broadcasting Corporation in relation to the changing environment of broadcasting and communications.

At the end of November 2013, when the Order of Reference for this committee was being drafted, Rogers Communications added to the demonstration of how broadcasting in Canada was changing. For \$5.2 billion, Rogers bought, for a 12-year period, all national rights to National Hockey League games on all platforms and in all languages. Rogers will be able to monetize these NHL rights by showing games on conventional television, specialty channels and on computers, tablets and smartphones.

In 2004, Radio-Canada announced it would no longer broadcast NHL hockey games in Quebec.<sup>2</sup> In 2002, RDS, the specialty sports channel, had purchased the French-language rights to the games of the Montreal Canadiens, and, soon after, reached an agreement with Radio-Canada to allow it to broadcast simultaneously with RDS the Saturday night games. This agreement ended abruptly after the 2003-2004 season.

The changing environment affects all Canadian broadcasters, private as well as public, but the committee is focusing on the national public broadcaster, the CBC/Radio-Canada, because parliament is directly involved with the CBC/Radio-Canada through the approval of appropriations to, and review of, the national public broadcaster.

Part of this study examines the changing environment within which the Canadian Broadcasting Corporation/Société Radio-Canada operates. With the convergence of broadcasting and telecommunications firms, with the associated emphasis on multi-platform broadcasting, and the entry of other players such as Netflix in the communications sector, conventional television broadcasting, as we know it, has changed dramatically and will continue to change. The question facing CBC/Radio-Canada is: “Can we stay relevant in this new environment and, if so, how?”

Although the CBC/Radio-Canada’s coverage of the Winter Olympics was impressive, as is their day-to-day coverage of news and public affairs, the Corporation receives over \$1 billion of government funding, for its operations, especially conventional television. Radio-Canada does better than the CBC in terms of television ratings, but both have ratings below those of their private-sector competitors. The committee felt it was time to re-examine the role of the public broadcaster and answer several important questions:

- Are the reasons for the creation of a public broadcaster in the 1930s, when radio was the only means of broadcasting, still relevant today, when conventional broadcasting is being transformed to Internet-based communications?
- Is there a demand for certain types of Canadian content that is not currently available through private-sector broadcasters?
- What can the CBC/Radio-Canada do that the private sector cannot or will not do?
- Is there a gap in private broadcasting that the CBC/Radio-Canada should fill?
- In times of fiscal restraint, could the resources allocated to the CBC/Radio-Canada be used more efficiently to provide and promote Canadian content?

During the period of this study, the committee travelled across Canada, hearing from and exchanging views with stakeholders from all regions of the country. It held 44 days of hearings in Ottawa, Halifax, Québec, Montreal and Toronto. The committee also undertook fact-finding trips to Winnipeg, Yellowknife, Edmonton and London, England. These trips included site visits to and consultations with public and private broadcasters.

The hearings and fact-finding visits have, as is usual with parliamentary reports, shaped the structure of the report. Four issues dominate this report – mandate, governance, funding and programming – and a separate chapter, containing recommendations, is devoted to each.

Technology, especially advances in the ability of the Internet to handle large video files, is behind the changing environment in broadcasting and communications. This committee has a history of studying the influence of technology on the media, and it has tabled several reports in the area:

- *Wired to Win* (May 1999) [Interim Report, April 1997]
- *Canadian News Media* (June 2006) [Interim Report, April 2004]

## **Time for Change: The CBC/Radio-Canada in the Twenty-first Century**

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- *Plan for a Digital Canada.ca* (June 2010)
- *Canadian Broadcasting Corporation – Radio Canada International* (May 2013)

The current report follows the Order of Reference and has a special focus on the CBC/Radio-Canada.



## **Chapter 2**

### **HISTORY OF BROADCASTING AND THE CHANGING COMMUNICATIONS ENVIRONMENT IN CANADA**

This chapter provides information – short, selective histories – about the CBC/Radio-Canada and the private sector players in what was simply broadcasting but is now, more accurately, communications in Canada.

The histories are intertwined by changes in technology, which have shaped “the changing environment of broadcasting and communications,” the key phrase in committee’s Order of Reference. Both public and private broadcasters are affected by the changes in technology, but not in the same way.

The combination of technology and entrepreneurship transformed the structure of the private sector, and this transformation may have accelerated in recent years. As a history of cable television in Canada noted:

The key that unlocked an entirely new world of communications over the past 20 years was digitization. While creating entirely new industries, sectors, companies and ways of communicating, it also unraveled most of the organizations, structures and entire industries that embraced it.<sup>3</sup>

The transformation also greatly increased choice of content available to consumers; in fact, according to one witness before the committee, by early 2014, Canadians had almost 750 channels to choose from.<sup>4</sup>

It is interesting to note, as an example of this transformation, how private-sector communications companies are also now involved with content:

The cable industry, which originated in the distribution of television programming, gradually transformed, along with other kinds of communications companies, into organizations focused not only on content distribution but on ownership and production of content itself. The fierce debates of the previous 20 to 30 years about “content vs. carriage” and the then-necessity of separating the two functions became increasingly distant and irrelevant.<sup>5</sup>

The broadcasting (or communications) world is now being led by listeners and viewers. The effect of this may fall heavily on the CBC/Radio-Canada, which is a pure broadcaster and, as such, was on the sidelines while broadcasting and telecommunications converged for the private-sector players, and as the audience for the national public broadcaster fragmented in the face of all the new choices.

In sharp contrast to the present, the communications landscape of the earliest days of radio broadcasting in Canada was much different, but it did shape what became public broadcasting in Canada.

At the end of the 1920s, with the exception of two government-owned stations in Manitoba, radio broadcasting in Canada was conducted by private stations, “for the purpose of gain or for publicity in connection with the licensees’ business.”<sup>6</sup> The stations were relatively small: the largest four of the 78 licensed private commercial broadcasters in 1929-30 had stations with 5,000 watts, and the average for the others was about 400 watts. For comparison, the Aird Report recommended a network of high-powered stations across Canada, with the core of the network being seven 50,000 watt stations.<sup>7</sup>

The small stations that existed when the Aird commission was examining radio broadcasting in Canada did not have the resources to contemplate the powerful national network envisioned by the Aird Report, specifically:

This lack of revenue has, however, tended more and more to force too much advertising upon the listener. It also would appear to result in the crowding of stations into urban centres and the consequent duplication of services in such places, leaving other populated areas ineffectively served.<sup>8</sup>

The Aird Report recommended:

... the end of private broadcasting in Canada in favour of a limited number of high-power stations owned and run by a government company. This was justified as the only way to provide adequate financing for Canadian broadcasting (receiver-licence fees could be utilized to pay for programs, network lines, and transmission) and to prevent the further spread of American radio into Canada (many Canadians could receive American stations directly, and four Canadian stations were affiliates of NBC and CBS by 1930).<sup>9</sup>

The Aird Report ultimately led to the *Radio Broadcasting Act* of 1932, which established the Canadian Radio Broadcasting Commission (CRBC). In addition to being the federal public broadcaster, the CRBC was the regulator of all Canadian radio stations. It was only months before this that the Privy Council in London affirmed that broadcasting in Canada came under federal jurisdiction.<sup>10</sup>

The CRBC faced financial and political pressures, and existed only from 1932 to 1936. As a short history of the Commission explained, its chairman:

... became distressed by the government's refusal to supply enough money which he felt was needed to provide adequate radio service. His budget was far less then (sic) the \$2.5 million that had been recommended in the Aird Report and he reluctantly turned to advertising to help make up the difference.<sup>11</sup>



The CRBC established the foundations for any subsequent national public broadcaster, and, in 1936, the *Canadian Broadcasting Act* created the Canadian Broadcasting Corporation as a Crown corporation. The new Corporation retained the regulatory function that had been given the CRBC, so it complemented, competed with and regulated the private broadcasters that were to be an ever-present part of the Canadian broadcasting system. It was not until the *Broadcasting Act* of 1958 established an independent regulator, the Board of Broadcast Governors (BBG),<sup>12</sup> that the Corporation lost its regulatory function.

The early years of the CBC/Radio-Canada show a national public broadcaster recognizable today. Then, it was to broadcast to all Canadians, offer Canadian content, offer programs in both official languages, act as a bulwark against the cultural invasion of American programming and – a perennial problem – do everything expected of it with what many argued was insufficient funding.

Technology has, of course, played a part in the history of the CBC/Radio-Canada, but it is more accurate to say that the Corporation has used technology to meet the demands on it than to say that technology has constantly changed the structure and operations of the CBC/Radio-Canada. The following are some of the uses of technology by the CBC/Radio/Canada:

- 1940 – Residents of remote communities benefit from radio service as low power relay transmitters were installed for their benefit.
- 1944 – The basic national radio network was renamed the Trans-Canada Network and the Dominion Network was also formed, linking CJBC Toronto with 34 private stations to offer an alternative lighter service.
- 1958 – First coast-to-coast live television broadcast with completion of the microwave network from Nova Scotia to British Columbia. (Extended to Newfoundland the next year.)
- 1960 – The opening of shortwave service to the High Arctic.
- 1967 – The first broadcast of taped television in the North.
- 1973 – First live television service to the North, via the Anik satellite.
- 1995 – The Corporation established its Web presence through CBC.ca and at Radio-Canada.ca.<sup>13</sup>

Private broadcasters also make use of technology, but they have also been transformed by technology, as changes in technology have created profit-making opportunities that some private-sector firms were able to exploit. The pursuit of profit has transformed the firms involved, and the industry itself.

The pursuit of profits is part of the market constraint on private-sector firms. Unlike the national public broadcaster, but subject to possible regulatory constraints, a private-sector broadcaster can look at the implications for its profits before offering Canadian content or providing service to a

remote region. Furthermore, the pursuit of profits will constantly push a private-sector broadcaster to seek what its customers want.

Consumers want greater choice in the number and variety of programs. In terms of television programs, in the 1950s, Canadians were limited to watching what was broadcast on the CBC/Radio-Canada.<sup>14</sup> To the extent that Canada's private-sector broadcasters widened the choice of available viewing shows the influence of technology on Canadian broadcasting.<sup>15</sup>

The earliest expansion of choice, however, shows the influence of regulatory oversight more than technology. Before 1958, the CBC/Radio-Canada, as broadcasting regulator, had approved licences for 35 private television stations, with the condition that they carry programs from the public broadcaster's television network. Soon after the BBG took over the regulatory function for broadcasting, it held hearings for second television stations in Canada's eight largest cities; in 1960, the BBG invited independent stations to apply to set up a private television network.

There are five examples of technological advances that expanded consumer choice in broadcasting: cable, cable converters, Direct-to-Home (DTH) satellites, digital television and the Internet. Cable allowed the transmission of higher quality signals compared to the average over-the-air signal, as well as allowing for up to 12 channels. The set-top cable converters allowed the reception of considerably more channels; in 1973, Rogers introduced the first cable converter in Toronto, and this expanded choice to 30 channels. DTH satellite distribution increased choice again; in November 1999, Star Choice was able to offer more than 200 channels. The launch of digital television was, at the time, seen as an unprecedented event:

... the Canadian television community virtually exploded into a vast array of channels with the launch of digital television on Friday September 7, 2001. Canada made unprecedented television history with the largest digital channel launch in the world and the largest single development in the history of specialty television. Over fifty specialty channels catering to practically every interest imaginable were suddenly available, along with specialty features such as an on-screen programming schedule, complete with show descriptions.<sup>16</sup>

As we come to the present, we see that high-speed Internet has changed the way people consume video entertainment. The Internet allows access to such services as YouTube and to various video streaming services, of which Netflix is probably the best known. Mentioned more than 200 times during the committee's hearings, Netflix has been a true agent of change. Some of Canada's traditional broadcasters have been able to fight back with their own streaming services, such as Shomi (Rogers and Shaw), CraveTV (Bell) and Club Illico (Vidéotron). It is very clear that such services are major contributors to the changing communications environment, in which such disruptive technologies pose new challenges to the role and nature of all Canadian broadcasters.

There are devices that did not necessarily increase the number of channels or programs available but did alter the viewing experience. Personal video recorders (PVRs) enabled the time-shifting of scheduled programs, allowing consumers to watch programs on their schedule and not that of the broadcaster. Smart phones and tablets led to multi-platform offerings of programs; the CBC/Radio-Canada exploited the abilities of these devices for its programming of the Sochi Winter Olympics, but it is the private broadcasters, with converged operations, that can best monetize multi-platform broadcasting.

Since the early years of the CBC/Radio-Canada, there has been a trend in Canadian broadcasting of more private broadcasters entering the industry and increasing the choices for listeners and viewers; the result has been a shrinking audience for the national public broadcaster. In recent years, this fragmentation of audience has continued, with the competition coming from alternatives to traditional broadcasters. These competitors also include services such as Netflix and YouTube. The entry of these newcomers has resulted in smaller audiences for all broadcasters, leading to suggestions of the eventual demise of traditional broadcasters.<sup>17</sup>

As converged communications companies, many of Canada's private broadcasters can continue to earn revenue as providers of Internet or mobile telephony services. This is not an option for the CBC/Radio-Canada, which is a pure broadcaster. Some may wonder whether the national public broadcaster has a long-term future in a world of almost unlimited programming choices. But the CBC/Radio-Canada continues to offer all Canadians the choice of Canadian content, an option that could disappear with an entirely private-sector, market-oriented communications sector. The rationale for the Canadian public broadcaster will be discussed in the next chapter.



### **Chapter 3**

#### **RATIONALE FOR THE CBC/RADIO-CANADA**

##### **Is the CBC/Radio-Canada a Given in Canadian Broadcasting?**

As Canada's national public broadcaster, the CBC/Radio-Canada has been in existence for almost 80 years. It has evolved from a collection of radio stations, mainly in Canada's larger cities, to an extensive broadcasting network, offering about thirty services. Moreover, this network stretches from coast to coast to coast, with production, transmission and distribution infrastructure and approximately four million square feet of real estate.<sup>18</sup>

CBC/Radio-Canada delivers programming in English, French and eight Aboriginal languages, and offers the following services:

- Eight radio services in English and French: CBC Radio One, CBC Radio 2 and CBC Radio 3, Première Chaîne, Espace musique, Bande à part, Première plus and Sports extra.
- Two general-interest television networks, CBC Television and Télévision de Radio-Canada, broadcast over the air, by cable and by satellite.
- Two 24-hour cable news networks, CBC News Network and Réseau de l'information de Radio-Canada (RDI), which focus on broadcasting news and information.
- CBC North, a regional service in the North that broadcasts in English, French and eight Aboriginal languages.
- An international radio service (Radio Canada International) that broadcasts Canadian information and culture programs via the Internet, analog and digital shortwave and satellite.
- Internet services in English and French: CBC.ca, Radio-Canada.ca, cbcnews.ca, cbcspports.ca, Tou.tv, CBC Music, CBC Books, Espace.mu and Radio Canada International.
- Specialty services, owned in whole or in part by CBC/Radio-Canada: *documentary*, ARTV, TV5MONDE, Explora.
- Services for mobile Internet sites, iPhones, SMS alerts, CBC News Express and RDI Express live and on-demand.
- CBC Records/Les disques SRC, CBC Mobile Productions/Productions mobiles de Radio-Canada and CBC Shop/Boutique Radio-Canada.<sup>19</sup>

To fund these services, CBC/Radio-Canada has received an annual parliamentary appropriation for operating expenditures of over \$1 billion, a further appropriation for capital, and hundreds of millions of dollars in indirect funding.

In light of such factors, the CBC/Radio-Canada is a major broadcaster, one so large and ubiquitous that it is almost unimaginable to think of Canada without it. And since its operations are taken for granted, few question the rationale for its existence.

As Colin Hoskins, Stuart McFadyen and Adam Finn noted in 2001, “(P)revious work [analyzing the CBC/Radio-Canada] started with the existing role and structure of the CBC and considered how this should be changed.”<sup>20</sup> In other words, previous studies have avoided the general question of whether there was still a place for a national public broadcaster in Canada, and, instead, have studied and discussed possible policies for parts of the CBC/Radio-Canada.

In contrast, Hoskins, et al. (2001) took a different approach. They asked, “If there were no CBC, would we create one?” and, picturing a Canadian broadcasting system with no national public broadcaster, examined what programming then offered by the CBC would be absent from or under-produced by the private sector.<sup>21</sup>

The results of the analysis presented by Hoskins, et al. (2001) will be discussed at the end of this section/chapter. What is important now is that the lack or underproduction of some CBC/Radio-Canada programming by private broadcasters is an example of market gap, which is at the centre of any defense of public broadcasting.

### **Market Gaps, the Efficiency of the Market, and Merit Goods**

The overriding rationale for any public broadcaster, including the CBC/Radio-Canada, is that it does something that the private sector does not. In 2007, Mark Thompson, the former director general of the BBC, argued that the only economic justification for the BBC or any public intervention in broadcasting was market failure. There would be no need for the BBC or other public service broadcaster, if all public service objectives could be met by private-sector broadcasting.<sup>22</sup>

The opposite of market failure might be termed market success, but it is more often called economic efficiency or market efficiency<sup>23</sup> by economists. Generally, there are three aspects to this efficiency:

1. The market will produce a given quantity of a good (or service, either of a given quality) at the lowest possible cost;
2. The market will ensure that anyone who values a good (or service) at more than its cost of production will be able to consume the good; and
3. The market will ensure that all goods and services that consumers value more than they cost to supply will be produced.<sup>24</sup>

The market, when working well, allocates resources to their best use, and this is important in a world of scarcity and competing demands for what should be produced, especially those products that may need to be produced with government support. But there are reasons why the market might not work well in broadcasting, such as:

- Broadcasting is a public good;

- Quality broadcasting is a merit good;
- Consumers are not fully informed;
- Broadcasting produces externalities;
- Economies of scale exist in broadcasting (Non-competitive markets develop); and
- Spectrum scarcity.<sup>25</sup>

That the CBC/Radio-Canada is taken as a given by most Canadians has, perhaps, kept committee witnesses from discussing the rationale for the public broadcaster or the role of the market in Canadian broadcasting.

One witness, Michael Hennessey, President and CEO, Canadian Media Production Association (CMPA), did recognize both the usefulness of the market and its limitations.

[T]he CMPA believes in choice and competition. But we need to be careful when someone says rely solely on the market or solely on consumers to drive the future. These are critical and essential elements, but consumer choice, to me, is a shallow thing without diversity; and the market is a glass half empty if the marketplace cannot contain Canadian goods and services.<sup>26</sup>

This comment leads to a related rationale for a public broadcaster in Canada, namely the need for Canadian cultural content in the Canadian broadcasting system. This recognized need, which is coupled with the desire not to allow Canadians to be flooded by programs from the United States, goes back to the Aird Report of 1929.<sup>27</sup>

Canadian cultural programming is an example of a merit good, which is a good that has a social value above the value the market places on it. Education and health are two examples of merit goods. Although the Aird Report did not refer explicitly to merit goods, it certainly emphasized the educational and nation-building potential of a national radio service.

The potentialities of broadcasting as an instrument of education have been impressed upon us; education in the broad sense, not only as it is conducted in the schools and colleges, but in providing entertainment and of informing the public on questions of national interest....

...At present the majority of programs heard are from sources outside of Canada. It has been emphasized to us that the continued reception of these has a tendency to mould the minds of young people in the home to ideals and opinions that are not Canadian. In a country of the vast geographical dimensions of Canada, broadcasting will undoubtedly become a great force in fostering a national spirit and interpreting national citizenship.<sup>28</sup>

The Aird Report led to the establishment of the Canadian Radio Broadcasting Commission (CRBC) in 1932, which evolved into the Canadian Broadcasting Corporation (CBC/Radio-Canada), a Crown Corporation, in 1936. The objectives of informing, enlightening and

entertaining – today’s mandate for the CBC/Radio-Canada – can be seen in the Aird Report of 1929.

The rationale for today’s CBC/Radio-Canada is based on the need to fill market gaps, especially in serving remote areas and providing merit goods. Although the two needs are related, a distinction is sometimes made between the emphasis on the market in broadcasting, its failure or efficiency, as relating to Canadians as consumers; in contrast, the emphasis on merit goods relates to providing value to Canadians as citizens. This distinction often amounts to dividing policy that emphasizes economic factors from policy that emphasizes political and social factors.

Canadians are, of course, both consumers and citizens – and they are also the shareholders in the public broadcaster. Whatever role a Canadian takes on with respect to the CBC/Radio-Canada, he or she should have an interest in the efficient running of the public broadcaster.

### **The Rationale for CBC/Radio-Canada and the Structure of its Costs**

As discussed, the rationale for a public broadcaster is that it addresses a market gap, which can include the under-provision of merit goods. A concern that emerges under this rationale is that the public broadcaster does not face market pressures to minimize its costs. A private-sector firm competing in the market has an incentive to minimize its costs; if it does not, while competitors are minimizing theirs, it will find its prices above those of its competitors and it will lose business to these competitors.

Private-sector firms have a strong incentive – survival – to minimize their costs. Public broadcasters lack this incentive, at least on a day-to-day basis. One witness in Halifax likened the Corporation’s organizational health to that of a human, using the word “obese”:

I’d like to add here that the CBC, in human terms, is obese and I think the message is basically get thin or die. In summary, if the CBC is to be preserved, it needs to be streamlined and re-organized from top to bottom.<sup>29</sup>

In contrast, another witness in Halifax disputed this:

Fewer and fewer people are working there, so it’s obviously a lot slimmer. They buy more and more productions....

I don’t think it’s obese. I think that’s an easy cheap shot you can make of any organization that’s funded with public money. I don’t think the evidence would support it.<sup>30</sup>

The following two tables provide some evidence on relative costs between the CBC/Radio-Canada and private broadcasters for three broadcast services (conventional television, AM radio and FM radio). In all cases, average salaries at the CBC/Radio-Canada are above the averages at



private-sector broadcasters; the margins range from 12% to 51%. The average size of broadcasting operations, in terms of employee per station, is also larger for each of the broadcasting services of the CBC/Radio-Canada than for the corresponding services of the private broadcasters.

**Table 1: Employment and Average Salaries, 2013**

<b>CBC/Radio-Canada and Private Broadcasters</b>							
	<b>CBC/Radio-Canada</b>			<b>Private Broadcasters</b>			<b>% Margin</b>
		Average	Average		Average	Average	CBC/R-C over
	<i>Stations</i>	<i>Staff</i>	<i>Salary</i>	<i>Stations</i>	<i>Staff</i>	<i>Salary</i>	<i>Private</i>
	#	#	\$	#	#	\$	
Conventional Television	27	6,136.90	97,728	92	6,083.50	87,228	12
Radio AM	17	443	94,794	129	2,385.70	62,875	50.8
Radio FM	64	1,735	98,851	556	7,892.70	67,170	47.2

Source: CRTC, [Financial Summaries for Broadcasting Sector](#).

**Table 2: Staffing per Broadcasting Station, 2013**

<b>CBC/Radio-Canada and Private Broadcasters</b>		
	CBC/Radio-Canada	Private Broadcasters
	<i>Average Staff/Station</i>	<i>Average Staff/Station</i>
Conventional Television	227.3	66.1
Radio AM	26	18.5
Radio FM	27.1	14.2

Source: CRTC, [Financial Summaries for Broadcasting Sector](#).

If a public broadcaster were only to address market gaps, it would not compete head-to-head with private sector firms, and it would be possible that the cost structure for public broadcasting would be different from the cost structure of private broadcasters. It is also the case that the objectives of the CBC/Radio-Canada could involve higher costs, because of the nature of the objectives – for example, providing broadcasting services in the North.

An extreme position is that the costs of the CBC/Radio-Canada and Canada’s private broadcasters cannot be compared because each type of broadcaster is focusing on different activities. Even if this were true, the concern would remain that there is no pressure on the public broadcaster to try to minimize its costs.

The CBC/Radio-Canada claims to look to the private sector and aims “to position our total compensation package in the **median of our competitive market**.”<sup>31</sup> Total compensation includes incentive payments, benefits and pensions, in addition to salaries. Furthermore, the

CBC/Radio-Canada also states its challenge: “To compete for talent in a private sector market while recognizing our status as a federal Crown Corporation.”<sup>32</sup>

Committee staff contacted the Canadian Radio-television and Telecommunications Commission (CRTC) and asked if there were some differences in reporting or in the definitions used by the CBC/Radio-Canada and by the private broadcasters that would explain the differences in the average salaries. The CRTC forwarded the question to the CBC/Radio-Canada, and it replied, in effect, that the comparisons shown in Table 1 were comparisons between apples and oranges. A fairer comparison, according to the CBC/Radio-Canada, would be between itself and Bell Media, Inc. Table 3, below, provides this comparison.

**Table 3: Cost and Efficiency Measures, Conventional Television, 2013**

<b>CBC/Radio-Canada and Private Broadcasters</b>					
	Stations #	Average Staff #	Average Staff/Stations #	Average Salary \$	% Margin CBC/R-C Over Private
CBC/Radio-Canada	27	6,136.90	227.3	97,728	n/a
Private (Total)	92	6,083.50	66.1	87,228	12
Bell Media, Inc.	30	2,059.70	68.6	93,668	4.3
Private (Total less Bell)	62	4,023.80	64.9	83,931	16.4

Source: CRTC, [Financial Summaries for Broadcasting Sector](#), and additional information from the CRTC (April 2015).

The average salaries for the CBC/Radio-Canada are 4.3% above the average salaries for Bell Media, Inc.’s conventional television service, a margin of just over \$4,000; CBC/Radio-Canada has 27 reporting units to Bell’s 30, but the average staff per reporting unit is 3.3 times greater for CBC/Radio-Canada than for Bell.

As is the case with other large, bureaucratic public institutions, once the CBC/Radio-Canada begins an activity, without market constraints, it is difficult to downsize or eliminate that activity. This is in stark contrast to the private sector, which will quickly discontinue an activity that leads to losses or that does not produce an expected rate of return. This is not to say that the CBC/Radio-Canada is completely inflexible; it did restructure Radio Canada International in 2012, a restructuring prompted by technological opportunities and financial restraints. But the CBC/Radio-Canada does not face the day-to-day task of minimizing cost that private-sector firms do.

Again, costs might differ between public broadcasters and private broadcasters because they are offering different programming. The letter from the CBC/Radio-Canada to the CRTC noted that the Corporation's programming strategy for radio, with an emphasis on news, was much different from that of the private broadcasters, with an emphasis on syndicated music. Hoskins, et al. (2001) pointed out that the public broadcaster's radio service was easily distinguished from private-sector radio: CBC Radio One "has a very distinctive mix of regional news, national news, current affairs, music/arts, and spoken performance."<sup>33</sup>

Arguably, the distinctive radio programming of the CBC/Radio-Canada is of higher quality than the programming of the private broadcasters, and higher average salaries at the public broadcaster reflect this. The concern remains, however, that there is no market check on how high the higher salaries must be.

It could be said that in place of market forces, such efficiency-producing factors are brought on by the public broadcaster's board of directors and the governance they provide. The governance is not as defining a constraint on behaviour as are market forces that can drive a high-cost firm out of business. As an expert on governance explained this to the committee in Montreal:

If the management is not challenged by the board, by the stakeholders, they will react very smoothly, very slowly. They will wait until the budget cuts, which in effect replaces the strong will to be performance efficient, until they are forced to do it.<sup>34</sup>

The issue of governance will be taken up in a separate chapter below.

### **What does the CBC/Radio-Canada do that the Private Sector does not?**

Hoskins, et al. (2001) looked at seven genres of programming offered by CBC television (sports, national/international news and current affairs, local news, children's programming, drama, documentary, and comedy/variety) and the programming on CBC Radio One. For each genre on television, the authors noted what programming was offered by the CBC in that genre, what possible strengths the CBC showed in the genre and whether the private sector would fill the void if the CBC were not offering any programming in the genre.

The authors focused on the English services of the CBC/Radio-Canada in 1998 and identified several areas of broadcasting that would not be available or would be undersupplied to Canadians without the CBC:

Our discussion above suggests that in the absence of the CBC there would be a sub-optimal amount of Canadian programming with external benefits in the areas of national/international news and current affairs, broadly educational children's programming, drama, big budget or controversial documentaries, comedy/variety, and Radio One-type programming.<sup>35</sup>

Hoskins, et al. (2001) point out that the CBC shows a much higher percentage of Canadian content across all genres than do the private broadcasters, who offer the amount of Canadian content required by the CRTC. The authors also note that the CBC offers the most authoritative news service in Canada, high-budget and occasionally controversial documentaries, and comedies with political satire.

The analysis of Hoskins, et al. (2001) can be used to highlight the market gaps in Canadian broadcasting that the CBC/Radio-Canada is addressing. By focusing on English services, genres and the Canadian content in the genres, the authors miss two rationales for a public broadcaster in Canada.

The CBC/Radio-Canada broadcasts to isolated and remote regions, such as the North, and provides its residents with weather reports and other important information. The other rationale missed by Hoskins, et al. (2001) has to do with linguistic minorities who can receive programming in their chosen official language. Neither service would probably be provided by a private sector broadcaster.

As an official from a group representing English-language minority groups in Quebec put it:

The CBC has ... to contribute towards showing people that they belong to something bigger than their small local community, developing a kind of an identity that is Canadian vis-à-vis the rest of the world. These are huge objectives. It's when we try to measure those objectives that I think we come to the issues that really are important, not the discussion of buildings and structures, but the discussion of what is it that CBC gives us as a community. What does it give us as citizens of this country that nobody else will give?<sup>36</sup>

Enabling all Canadians to feel that they are equal Canadians, wherever they live or whatever language they speak, is a daunting task. But it may be one that is central to the rationale for a national public broadcaster, and it may be a task that cannot be handled by private broadcasters.

Another merit good that is hinted at by Hoskins, et al. (2001) is the quality of programming. They note that national and international news is a strength of the CBC and “most would consider it the most authoritative television news service in the country,” and that private broadcasters would not have the incentive to expand their news coverage if there were no CBC.<sup>37</sup>

Private broadcasters also offer news to Canadians and, based on generally higher ratings, do this successfully. But the quality of their current news service may be a function of the quality of news at the CBC/Radio-Canada. A union official claimed that the CBC/Radio-Canada raised everyone's game in Canadian broadcasting:

CBC/Radio-Canada's presence in a region forces other private broadcasters to adhere to standards as high as the CBC's for the credibility of their own messages. They are

private, for-profit broadcasters, so of course the quality of the reporting, the quality of the information has to be upheld if CBC/Radio-Canada is in the same market.<sup>38</sup>

Canadians certainly benefit as citizens from having high-quality news, but it is difficult to draw the line between high-quality news as a merit good and as a luxury. Some may, of course, bridle at the suggestion that high-quality news is a luxury, but in a world of scarce resources and competing merit goods, the CBC/Radio-Canada must determine what to sacrifice to improve the news – or any other type of programming – above what would be offered by private broadcasters.

In their exercise of identifying the areas of broadcasting that would not be available or would be undersupplied to Canadians without the CBC, Hoskins, et al. (2001) pointed out the considerable changes that had taken place in Canadian broadcasting since the mid-1990s: “Two DBS satellite services... have been launched and numerous specialty channels have been added (the total is now 64), while digitization, convergence, and the development of the Internet are transforming the industry.”<sup>39</sup>

Much has changed in Canadian broadcasting and communications since 2001, and these changes will affect a more current list of programming that would be absent or undersupplied without the CBC/Radio-Canada. Hoskin and his co-authors had a handful of conventional channels and 64 specialty channels to watch; as Hubert Lacroix, President and CEO of the CBC/Radio-Canada, told the committee in early 2014: “The last time we counted, there are 748 channels available for you to watch.”<sup>40</sup> In addition to having all the conventional and specialty channels to watch, a viewer can switch from traditional or linear television to watching video entertainment on Netflix, which has been available to Canadians since 2010,<sup>41</sup> YouTube, which began in 2005, or numerous other Internet-based video streaming services. Those who want up-to-the-minute news can also switch from television to Internet services – in fact, the latter group has the advantage of being able to publish a breaking news story online faster, given their lower production requirements compared to television news.

There are, perhaps, fewer services or programs offered by the CBC/Radio-Canada today than in 2001 that are not available from Canada’s private broadcasters or from alternative, Internet-based sources. One can ask, moreover, whether the new broadcasting and communications technology can supply essential programs to the North or programs to language minorities in Canada.

In Montreal, a witness representing an English-language group in Quebec was asked:

What would happen if, all of a sudden, overnight, Canada did not have a public broadcaster? Would the sun still come up the day after... ?

and he replied:

Of course, the sun would come up. When we turn on the TV or the radio, we would listen mostly to programming where the accent would be a Midwest Nebraska accent. We of the English language would, in fact, be listening almost exclusively to American broadcasts.<sup>42</sup>

The rationale for the CBC/Radio-Canada, why it is needed to “reflect Canada to Canadians,”<sup>43</sup> may come down in large part to Canada’s proximity to the United States, a mostly English-speaking country highly successful in exporting arts and culture. Canada, since the earliest days of broadcasting in the 1920s, has faced a constant challenge to its domestic broadcasting market and to its cultural identity. Indeed, Canada continues to face this challenge.

The committee agrees unanimously that Canada needs its national public broadcaster, the CBC/Radio-Canada. There are various views about what the public broadcaster should be doing in this changed environment of broadcasting and communications. The disagreement reflects the difficulties in pinning down the nature of possible market gaps in this changed environment and the set of merit goods that should be offered by the public broadcaster.

## **Chapter 4**

### **THE ROLE OF THE BBC AS A MODEL NATIONAL PUBLIC BROADCASTER**

#### **Fact-finding trip to London and the Role of the British Broadcasting Corporation**

“We come back to BBC a lot, which in my view is the gold standard in terms of public broadcasting.”<sup>44</sup> The committee was told that by a partner of Nordicity, the international media consulting firm.

Numerous witnesses before the committee agreed with that view and cited the British Broadcasting Corporation (BBC) as a model for the CBC/Radio-Canada. Most pointed to what they saw as ample, long-term, stable funding that was not provided directly by the government. Other witnesses emphasized the renown of the BBC brand, the high quality of its programming (especially, news and drama) and the transparency of its operations (an example being the BBC’s policy of disclosing the precise salary and expenses for top staff and salary ranges for groups of its on-screen talent).

In order to examine the mandate, governance, and business practices of the BBC, five members of the committee traveled to London, England, to meet with officials at the BBC and the BBC Trust, UK parliamentarians from both Houses of Parliament, and others knowledgeable about broadcasting in the UK.<sup>45</sup>

One official at the BBC noted that public broadcasters around the world saw the BBC as a model; within the BBC, however, people saw difficulties facing the public broadcaster and more uncertainty about its future than outsiders appreciate.

The committee members were fortunate in having their discussions in the run-up to the renewal of the BBC’s Royal Charter. The Charter is for a ten-year period, and the current term runs until the end of 2016; consequently, those in the United Kingdom with an interest in broadcasting are now focused on the BBC.

The House of Lords Select Committee on Communications had produced a report on the governance of the BBC,<sup>46</sup> and the House of Commons Select Committee on Media, Culture and Sport had just finished a report on the BBC, which was published weeks after the fact-finding trip to London.<sup>47</sup>

#### **The BBC as an Exact Model for the CBC/Radio-Canada**

The BBC is not a perfect model for Canada’s national public broadcaster. The President and CEO of the CBC/Radio-Canada, during his appearance before the committee on February 17 2015, noted that the BBC has about three and a half times the per capita funding of the

CBC/Radio-Canada, and the BBC operates primarily in one language<sup>48</sup> and in one time zone; in contrast, CBC/Radio-Canada operates in two official languages and in six time zones.

The United Kingdom, moreover, has nearly twice the population of Canada, but has only 2.4% of its geographic area. Canada is also bordered by the United States, which has about ten times its population, and Canada has faced strong competition from U.S. broadcasters from the earliest days of broadcasting.<sup>49</sup> The BBC, in contrast, enjoyed a monopoly position for the first few decades of its existence, and it has been able to maintain a dominant position in broadcasting in the United Kingdom.

### **Changing Broadcasting and Communications Environment**

Like the CBC/Radio-Canada, the BBC operates in a changing broadcasting and communications environment. An official at the BBC suggested that the changes in the next two to three years are clear, with current trends in competition for viewers continuing to shape, but not replace, the current broadcasting system; he further suggested that the changes in the future, which he put at 10 to 15 years, were also predictable, with Internet-based services dislodging traditional broadcasting with respect to video entertainment.

What will transpire during the period in between, however, when the BBC will be operating under a new Royal Charter, is unknown. Observers are watching current developments to see when they become turning points to a different system.

The key trends have been Internet streaming from alternative services such as Netflix and the viewing of television on secondary screens (that is, not on traditional televisions). Netflix, which was launched in Canada in September 2010, became available in the United Kingdom and Ireland in January 2012; by August 2014, subscriptions there were estimated to be above the three million mark.<sup>50</sup> Somewhat surprisingly, most television programming in the United Kingdom, about 90%, is still viewed on traditional television screens. This is in contrast to some forecasts that expected multi-platform viewing to grow rapidly, but there are noticeable differences in viewing habits by demographic groups, with the under-25 age group using secondary screens (computers, tablets and smart phones) more than other groups.

The BBC and other UK broadcasters have a challenge to keep the younger demographic groups. Other challenges include the size of the new competitors, such as Google, internationally, and BT, domestically. How viewing habits will change, with respect to the technology used for accessing programs and the source of the programs being viewed, and how quickly the habits change will determine the future of UK broadcasting.

The boundary of the future, when Internet-based video entertainment dominates, depends on the growth of the capacity of the Internet in the United Kingdom. Some put the boundary at 10-15 years; others at 15-20 years. One expert the committee met in London, a transplanted Canadian



in the high-tech field, said that Canada was among the most Internet-capable countries in the world and that this should shape Canadian broadcasting.

Another person the committee met summed up a trend in global communications by suggesting that we should no longer speak of “public broadcasting companies,” but of “public media companies” or “public communications companies.”

### **Lessons from the BBC**

Although not a perfect model for the CBC/Radio-Canada, the BBC does provide important lessons in several areas for Canada’s national public broadcaster.

#### *Governance*

The governance of the BBC is an issue that is taken very seriously. As a select committee of the House of Lords noted in a report focused on the governance of the BBC:

For the past decade [before May 2011 when Lord Patten, the new chairman of the BBC Trust addressed his staff] the way in which the BBC has been governed and regulated has been a matter of debate and sometimes controversy. All three major UK political parties believe that further reforms to the governance of the BBC are needed; albeit they do not seem to agree on what these reforms should be.<sup>51</sup>

The BBC Trust is responsible for the governance of the BBC. The recent report on the future of the BBC by the House of Commons, Select Committee on Media, Culture and Sport highlighted the responsibilities of the BBC Trust:

... it is responsible for approving the overall strategic direction of the BBC and for holding the Executive to account for delivering the BBC’s services in accordance with its priorities. The BBC Trust sets ‘purpose remits’ for each of the public purposes laid down in the Charter, indicating the priorities it has set the Executive Board and how it will assess the performance of them. It also sets a service licence for every BBC service stating the scope, aims, objectives, headline budget and other important features of each service and how performance will be assessed by the Trust. The Trust also agrees the BBC’s editorial guidelines and protects the BBC’s independence. It is responsible for monitoring performance to ensure that the BBC provides value for money while staying true to its public purposes. The Trust is the final arbiter of complaints in respect of the impartiality and accuracy of the BBC’s content.<sup>52</sup>

The members on the fact-finding visit to London were fortunate in being able to discuss the responsibilities of the BBC Trust in detail with members of both committees, as well as with officials at the BBC Trust. Having set the objectives for each of the BBC’s numerous services, the BBC Trust is “is responsible for monitoring performance to ensure that the BBC provides value for money.”

The BBC Trust makes its decisions in the best interest of those who pay the licence fee, and this leads to the importance of accountability and transparency, for which the BBC is truly a model for other public broadcasters.

### *Mandate*

The core mandate of the BBC is to inform, educate and entertain, which is almost the same as the CBC/Radio-Canada's mandate to inform, enlighten and entertain.<sup>53</sup> Both mandates are broad, and “entertain” certainly overlaps the goal of most private-sector programming, while “inform” overlaps the goal of private-sector newscasts. When the BBC began it was the monopoly broadcaster in the United Kingdom, so there was no overlap. The BBC was everything to everyone with respect to broadcasting, and a broad mandate was appropriate.

To make the broad mandate operational, the BBC Trust gives each service in the BBC a service licence that sets down the scope, aims and objectives expected of each service, a budget for each service and how the performance will be assessed. As the members of the committee were told in London, the BBC Trust evaluates performance each quarter, and each service is reviewed in detail every five years.

A possible lesson for the CBC/Radio-Canada is that each service should have specific objectives with specific criteria for evaluating performance on a regular basis.

### *Funding*

For many witnesses the BBC was a model because of its total funding, its per capita funding, the way it is funded, and the apparent stability of this funding. For the fiscal year 2013-2014, the BBC had a total income of £5.07 billion (about \$9.36 billion at the current exchange rate),<sup>54</sup> of which £3.73 billion (\$6.88 billion) came from licence fee income and £1.34 billion (\$2.47 billion) came primarily from the commercial income from the BBC Worldwide.<sup>55</sup>

According to a Nordicity study prepared for the CBC/Radio-Canada and often quoted at committee hearings, government support for the BBC was about \$95 per capita in 2011, while for Canada it was about \$33 per capita. In 2015, the equivalent Canadian figure is about \$29.<sup>56</sup>

It is important to note that about three-quarters of the BBC's revenue comes from its licence fees. Each household where television programs are watched or recorded must pay an annual licence fee, which is currently £145.5 (\$268.50). About 97% of UK households pay the licence fee and, as the numbers above demonstrate, it raises considerable revenue. There are, however, disadvantages: the licence fee is regressive and compulsory; it is expensive to collect; and, there is some evasion, which, because the fee is a tax, is a crime.<sup>57</sup>

Those who looked to the BBC as a model for funding occasionally invoked the goal of “long-term, stable funding,” as if this were part of the BBC's model. In 2010, however, the licence fee

was frozen for six years, and several services, such as the BBC World Service, that had not been financed through licence fee revenue were now to be financed by this source. These changes, according to some officials with whom the committee members met in London, were the equivalent of a 20% cut in government financial support.

The BBC has no advertising with its broadcasts, and it does not receive subscriber revenue or sponsorships. Although the consensus among those the committee members met in London was that the licence fee model of financing was likely to be in place during the next Charter period, many thought that the BBC would be looking for an alternative funding model in the future.

Currently, the BBC receives significant revenue from BBC Worldwide, which is the BBC's main commercial arm and its wholly owned commercial subsidiary, which sells BBC programming abroad. The committee members were told that BBC Worldwide had responsibility for the BBC archive (new shows are added 30 days after they have been shown on the BBC). This archive has an estimated 50,000 titles, which was compared to Netflix, with 30,000 titles. The possible lesson for the CBC/Radio-Canada is the value and exploitability of its library of programs.

### ***Programming***

The BBC brand is, of course, based on its successful, high-quality programs. The BBC Worldwide is able to profit from these programs outside the United Kingdom. Within the United Kingdom, the success of the BBC's programs is measured by ratings; the success of the BBC as a whole, namely as the sum of all its services, can be measured by its reach.

The BBC has a reach of 96%, with reach calculated as the percentage of the population that tunes in to a BBC service for at least 15 consecutive minutes a week. For a public broadcaster, high value for reach is useful in showing that the broadcaster is being used in some way by a large proportion of the public.

The BBC also has impressive ratings. The committee members were told that BBC television had a 30% audience share, with BBC One being the most popular television channel in the United Kingdom, and that BBC radio had a 55% audience share.

The BBC pays attention to its audience. It measures the cost per user-hour of its various services, and it has developed an audience appreciation index that it calculates for most of its programs. It is also experimenting with sophisticated methods for evaluating audience engagement with programs, such as those developed by CrowdEmotion whose president, a Canadian, met with the committee in London; he suggested the CBC/Radio-Canada could learn from the BBC with respect to developing and maintaining an audience.

When faced with the cuts that began in 2010, the BBC did cut some positions along with making other cost-cutting measures. But it also developed a strategy to produce more "quality

programming” that could achieve higher ratings. Although the members of the committee were told that the BBC aims to produce content that is “the best in its class,” without worrying about the size of its audience, aiming for high ratings is a way of showing that it recognizes that it is, in fact, funded by the public.

## Chapter 5

### MANDATE FOR THE CBC/RADIO-CANADA

The principal governing instrument for broadcasting in Canada is the *Broadcasting Act*, whose last major revision was in 1991. Section 3 of the Act establishes policy for the Canadian broadcasting system, which comprises public, private and community elements. The Canadian broadcasting system constitutes a single system made up of these elements.

As an official from the Canadian Radio-television and Telecommunications Commission (CRTC) told the committee:

[T]he *Broadcasting Act* ... states that the Canadian broadcasting system has a private component, a public component and a community component. They are all equal and they are all part and parcel of reaching the various and numerous objectives of the act. The act also gives the CBC a special place and a special mandate within the system in our country.<sup>58</sup>

The specific mandate for the CBC/Radio-Canada is given in sections 3(1)(l) and 3(1)(m) of the Act:

(l) the Canadian Broadcasting Corporation, as the national public broadcaster, should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains;

(m) the programming provided by the Corporation should

- (i) be predominantly and distinctively Canadian,
- (ii) reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions,
- (iii) actively contribute to the flow and exchange of cultural expression,
- (iv) be in English and in French, reflecting the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities,
- (v) strive to be of equivalent quality in English and in French,
- (vi) contribute to shared national consciousness and identity,
- (vii) be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose, and
- (viii) reflect the multicultural and multiracial nature of Canada;<sup>59</sup>

The next section of the Act also notes the following:

(n) where any conflict arises between the objectives of the Corporation set out in paragraphs (l) and (m) and the interests of any other broadcasting undertaking of the Canadian broadcasting system, it shall be resolved in the public interest, and where the public interest would be equally served by resolving the conflict in favour of either, it shall be resolved in favour of the objectives set out in paragraphs (l) and (m);<sup>60</sup>

Further to Canadian Broadcasting Policy, the CBC/Radio-Canada should, according to section 3(1)(l) of the Act, “provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains.” Section 3(1)(m) includes eight paragraphs that give desired dimensions of the programming provided by the national public broadcaster, from being distinctively Canadian to reflecting the multicultural and multiracial nature of Canada.

Clearly, Canada’s national public broadcaster has a broad mandate. No attempt has been made by policymakers to specify how wide the range of programming should be, nor what mix, if any, there should be of information, enlightenment and entertainment in any program. Several witnesses commented about the Corporation’s broad mandate; for example, Louise Poirier observed:

It's important to understand, however, what a broad mandate CBC has. Our group estimated that it has to deliver 33 different services in both official languages, not to mention Aboriginal languages.<sup>61</sup>

Some witnesses accepted that the CBC/Radio-Canada should have its current broad mandate. The committee consulted extensively with a number of private and public sector broadcasters and experts across Canada as well as the in London, and did not encounter compelling arguments that an increase in government appropriations was necessary to fulfil the Corporation’s mandate or to increase viewership. However, as mentioned elsewhere in this report, many witnesses called for stable, multi-year funding for the Corporation.

The Chairman of the Board of the CBC/Radio-Canada described the broad mandate of the Corporation and the pressures that work against achieving the mandate:

The public broadcaster has a public mandate that consists of the following aspects: to contribute to the cultural fabric of Canada through the creation of programs that reflect and promote Canadian talent; to reflect and serve the needs of all Canadians in both official languages; and to inform, enlighten and entertain.<sup>62</sup>

The President and CEO of the CBC/Radio-Canada would not accept that a narrower mandate might be appropriate for the Corporation:

I do not believe that the answer is to become some kind of niche broadcaster limited to only doing what private broadcasters will not do or have no business incentive to do. No other public broadcaster in the world is put in that kind of a box.<sup>63</sup>

Other witnesses, however, opposed the broad mandate as unworkable. As Michael Hennessey of the Canadian Media Production Association told the committee: “It can't be everything to everybody because it can't afford to be and never could afford to be.”<sup>64</sup>

As noted above, the broad mandate for the CBC/Radio-Canada can be traced back to the Aird Report of 1929.<sup>65</sup> In the 1920s, broadcasting, which meant radio broadcasting, was new and somewhat chaotic, with interference a common problem and U.S. programming available to most Canadians. To address such issues, the Aird Commission recommended, among other matters, that broadcasting should be public broadcasting, with all stations owned and operated by a single national company; that high-powered stations should be erected across Canada to provide good reception over settled areas and, with stations of lower power, to allow chain broadcasting of a program across the country; and that the “primary purpose should be to produce programs of high standard from Canadian sources...”

Aird envisioned a Canadian broadcasting system without private broadcasters, in sharp contrast to what exists today. However, for some parts of the Canadian broadcasting system – or, perhaps more accurately, the Canadian communications system – it is now possible to imagine service without the CBC/Radio-Canada.

The changing attitudes to the relative place of public and private broadcasters in Canada reflect the changes in the broadcasting and communications environment. Peter S. Grant, a noted Canadian media lawyer, explained the traditional structure of the CBC/Radio-Canada:

The CBC was cast in the model of the BBC in the thirties. It has what I would call a conventional view of what public broadcasting is, which is a broad view that would include mainstream programming...<sup>66</sup>

Yet, as Ken Goldstein told the committee:

The CBC can't really fulfill its mandate once we've moved beyond that original broadcasting environment, and I'm talking about television, based on scarcity. Once we came to be a multiplicity of services, its mandate had to evolve and it really hasn't evolved.<sup>67</sup>

The President and CEO of the CBC/Radio-Canada recognized that the *Broadcasting Act* had not caught up with developments since 1991, developments reflected in the coverage of recent Olympic Games:

It's difficult to have a 1991 piece of legislation. ...

Now, the 1991 act doesn't speak, obviously, of the Internet, when you realize that there was no iPad in Vancouver during the Olympic Games. That is not too long ago. There was no iPad app to play with. Look at what we did in Sochi.

So is it an act that reflects the current broadcasting environment? The answer is no.<sup>68</sup>

Numerous other witnesses noted that the 1991 Act had not kept pace with the changing communications environment in Canada. The position was put most emphatically by a former journalist at Radio-Canada: “The 1991 *Broadcasting Act* is clearly obsolete. It is older than the Internet and therefore no longer relevant. A complete overhaul of the legislation is urgently required.”<sup>69</sup>

The broadcasting and communications industries have certainly changed, and the committee believes that all aspects of the current mandate of the CBC/Radio-Canada – several undoubtedly still of importance to Canadians – should be re-examined and that the *Broadcasting Act* should be brought up to date. Therefore:

**Recommendation 1**

**The committee recommends that the 1991 *Broadcasting Act* be modernized to reflect the current environment.**

There should be some revisions made to CBC/Radio-Canada’s current mandate immediately. The first has to do with high-quality programming that should be emphasized by the Corporation.

Several witnesses argued that the CBC/Radio-Canada could be used to showcase the excellent, internationally recognized films now being made in Canada. As the counsel for the Canadian Association of Film Distributors and Exporters put it:

Distinguishing itself as the true home for Canadian cinema will add to the CBC's unique brand, and by enthusiastically differentiating itself from private broadcasters it can better fulfill its mandate by broadcasting diverse stories that speak to Canadians and underserved regional communities, which the private sector, with its purely market-driven focus, may not deliver.<sup>70</sup>

The executive vice-president of Entertainment One noted the opportunity of using the presentation of Canadian films to help fill the gap that the loss of NHL hockey will produce in the CBC’s programming schedule.

Following the loss of hockey, this is an opportunity to refocus on our communities. Let's showcase the best French- and English-language films from our talented creators across Canada. Would it really be too much to imagine one prime time slot a week being



devoted to airing a new Canadian movie? We think not. Canadian writers and directors, who are finding major success on both sides of the border, want to work at home, and they want to make films that not only have Canadian sensibilities but also feature real Canadian cities and stories.<sup>71</sup>

History, it should be noted, is another source of Canadian stories.

Florian Sauvageau, a well-known media expert in Canada and now President of the Centre d'études sur les medias, was an early witness before the committee and explained the importance of Canadian content in shaping Canadian identity:

The first of a series of reports on the state of radio, and later television, came out, the Aird report. And one of its findings still holds true today: if Canadians are only ever exposed to American programs, if young people only ever see American images, building a national identity will be impossible.<sup>72</sup>

Another witness noted that shows such as one about the life of Sir John A. Macdonald would never draw huge audiences but “they are necessary in order to inform the public, give it distinct Canadian values – values that are different from American values...”<sup>73</sup>

To this end, the committee strongly agrees with the need for high-quality programs featuring Canadian content and Canadian stories, and thus:

**Recommendation 2**

**The committee recommends that the CBC/Radio-Canada’s mandate be amended to include increases in the presentation of Canadian history and Canadian film.**

This could possibly be done by modifying section 3(1)(l)(iii) of the *Broadcasting Act* to be changed to read: “actively contribute to the flow and exchange of cultural expression, especially by increasing the presentation of Canadian history and Canadian film.”

The word “mandate” was used hundreds of times during the committee’s hearings, but with few exceptions the witnesses did not discuss specific sections of the mandate as given in the *Broadcasting Act*. Many of the exceptions cited the wording or even the section number of the parts of the mandate dealing with programming serving regions (section 3(1)(m)(ii)) and serving linguistic minorities (section 3(1)(m)(iv)).

The national public broadcaster is important to those Canadians who think they are being ignored or underserved by private broadcasters. The committee members who visited Yellowknife were told how weather reports on radio were essential – occasionally essential in a life-or-death sense – and how broadcasts in an aboriginal language made them truly part of the world outside their

communities. Additionally, committee members at meetings held in Halifax were told of the importance of road and traffic updates, especially for the more rural communities.

Witnesses added perspective on the importance of regional programs. As the president of CUPE Local 675 told the committee:

...[T]he Broadcasting Act gives the public broadcaster specific obligations with respect to the regions. CBC must provide programming that reflects “. . . Canada and its regions . . . while serving the special needs of those regions.” The purpose of this provision is twofold: first, to ensure that we cover and talk about the various regions throughout the country and, second, to enable people who live in these regions to see their way of living and circumstances reflected in the media.<sup>74</sup>

The English-language minority groups in Quebec and the French-language minority groups outside Quebec shared some concerns. Some in an English group in Quebec worried that without the CBC they would become “radically Americanized in terms of our perspective of ourselves,” although they had concerns about the Toronto-centric bias of the CBC and wanted programming “sensitive to the needs and identity of life in a rural minority context.”<sup>75</sup>

French-language minorities outside Quebec were concerned about the Montreal-centric bias of Radio-Canada. As a spokesperson for the Acadian and francophone communities in Nova Scotia explained:

In fact, it seems that reporters, researchers, producers and other artists view Radio-Canada as a regional station, rather than a national network. In Nova Scotia, people refer to it as Radio-Montréal rather than the SRC. This nickname clearly reflects how the province’s Acadians and francophones feel. An insignificant story from Montreal gets preferential treatment over an important story from Nova Scotia.<sup>76</sup>

Both groups worried that cuts to the CBC/Radio-Canada would deprive them of public broadcasting, and they stressed the importance of broadcasting that served their regions. The committee agrees with their expressed needs.

**Recommendation 3**

**The committee recommends that the CBC/Radio-Canada ensure that its programming reflects all regions of Canada.**

As noted previously, the CBC/Radio-Canada has a very wide mandate, namely to provide “a wide range of programming that informs, enlightens and entertains.” The *Broadcasting Act* lists eight requirements for the programming to be provided, but these requirements – for example, “contribute to shared national consciousness and identity” – do not really make the mandate more precise.

The vagueness of the mandate can be seen in some of the short summaries of the purpose of the national public broadcaster brought up by witnesses:

- Promote Canadian content,
- Reflect Canadians of all regions to all Canadians,
- Reflect Canadians of both official languages to all Canadians,
- Share Canadian stories,
- Provide what Canadians need as citizens not as consumers,
- Promote Canadian talent,
- Produce high-quality programs, and
- Create and maintain a national identity.

There appear to be competing mandates within the broad mandate of the *Broadcasting Act*. So how, given its budget, does the CBC/Radio-Canada decide what to do to meet its mandate? The attempt to answer this question leads to the issue of governance.



## **Chapter 6**

### **GOVERNANCE**

The CBC/Radio-Canada has a broad mandate, a rationale for existence based on countering market gaps and providing needed merit goods to Canadians; and it must operate within its means. As most of these resources are provided by Canadian taxpayers, they are entitled to answers to two questions dealing with the operations of the national public broadcaster.

1. How well is the CBC/Radio-Canada meeting its mandate?
2. How efficiently is the CBC/Radio-Canada doing this, especially with respect to how it manages the funding it receives?

Without the constraints of the market, the key to successful operations of the national public broadcaster is governance, which in its broadest sense is “controlling, directing, or regulating influence; control, sway, mastery” (Oxford English Dictionary). This chapter examines various aspects of governance at the CBC/Radio-Canada.

#### **Executive Team**

The committee heard several witnesses discuss the appointment process for the Corporation’s president and CEO. Currently, this person is appointed by the Prime Minister, a policy that was often criticized during the hearings. For example, the former head of the CRTC, Konrad von Finckenstein, noted that the current appointment process was outmoded:

Its governance structure is also very outdated and comes from the 1980s. For instance, the president is appointed by the Governor-in-Council not by the board.<sup>77</sup>

Others, such as Ian Morrison, observed that Canada was a rare exception in executing such a policy, as few democracies have the head of government appoint the head of their public broadcaster.<sup>78</sup> Mr. Morrison also pointed out: “The president is not really responsible to the board of directors in any serious way. The board of directors is more like an advisory board.”<sup>79</sup> Barry Kiefl suggested that even a refinement of the current appointment process should be considered.<sup>80</sup>

Finally, many witnesses spoke of the issue of transparency in the current appointment process, with Alain Saulnier stating:

... there is a pressing need to shed some light on the appointment processes...What about the criteria for the CEO? Quite frankly, no one has a clear idea; no one really knows what are the hiring criteria.<sup>81</sup>

When asked about changes to the Corporation’s governance, John A. Young, Q.C., a lawyer with Boyne Clarke LLP, answered:

But I do think with regard to the board of directors, if you are to function like a corporation, it could use a restructuring in the governance sense so that it would have a chance to select a president and then have control over the president, rather than the other way around. I think that's a governance change that would make it more like the conventional Canadian corporate structure.<sup>82</sup>

The committee feels that the government should examine the current process for appointing the Corporation's president and CEO, and consider implementing a more modern and transparent system. This would, additionally, allow the CBC/Radio-Canada's board of directors to exercise improved oversight with respect to the office of its president and CEO. Therefore:

**Recommendation 4**

**The committee recommends that the CBC/Radio-Canada's Board of Directors appoint and manage the president and CEO.**

**Accountability and Transparency**

The current system can pose problems for the efficient running of the national public broadcaster. Michel Nadeau, Executive Director of the Institute of Governance for Private and Public Organizations responded to the suggestion that the CBC/Radio-Canada tended to be a little bit too reactive as opposed to proactive:

The problem is with governance. You have management and managers in every corporation. They are doing the job of managing the corporation on a daily basis, and we put a lot of emphasis in Canada "managing the corporation." But governance — that's why I'm involved in governance — is the supervision of the management, and we are not used to that....

...If the management is not challenged by the board, by the stakeholders, they will react very smoothly, very slowly. They will wait until the budget cuts, which in effect replaces the strong will to be performance efficient, until they are forced to do it.<sup>83</sup>

Performance efficiency for the publicly funded CBC/Radio-Canada involves improved accountability and transparency.

The committee heard testimony that recommended increased transparency with regard to the general operations of the CBC/Radio-Canada. Marc Raboy noted that "there are transparency issues in a number of areas at the CBC."<sup>84</sup> Additionally, Arnie Gelbart argued the following:

The CBC should have been transparent, as that would have helped its current situation. Instead, the corporation has been something of a fortress, and it has been impossible to find out what is happening within its walls.<sup>85</sup>

Often, the BBC was used as a standard, given its website is more informative about its operations, especially regarding the public disclosure of employee salaries. Ian Morrison observed that although the CBC/Radio-Canada has made efforts to be transparent, “the information you could get about the governance of the BBC on its website is a lot better than the CBC.”<sup>86</sup>

As the issue of increased transparency at the CBC/Radio-Canada was often paired with calls for changes to its governance, the committee feels that the Corporation would benefit from annual appearances before the appropriate committees of Parliament. This would allow Parliament, independent of government, to help ensure the Corporation is adequately transparent in its operations, as well as provide feedback with regard to its performance management and success in meeting the mandate.

Mr. Richard Stursberg, who was formerly the Executive Vice-President, English TV at the CBC/Radio-Canada, suggested that the Corporation’s broad mandate raised difficulties with respect to governance:

... the Broadcasting Act is so general with respect to what it is that it says about the CBC that you can really interpret it almost any way you want.

The other problem is that this lack of clarity with respect to what the CBC should do creates a couple of really serious and profound difficulties. First of all, these contradictory pressures play themselves out inside the corporation. As a result, it tries to do a little of this and a little of that to try to satisfy all these different constituencies, with the result being that its strategy is ultimately completely incoherent.

But it also means that it's very difficult to hold the corporation accountable, because you can't hold the CBC to account when there is no consensus on what it should do.<sup>87</sup>

The committee feels that the CBC/Radio-Canada must do more work on its governance with respect to accountability and transparency. The Corporation must be able to explain what it does, measure what it does and be held accountable for the way it does what it does. Thus:

**Recommendation 5**

**The committee recommends that the CBC/Radio-Canada appear before and report annually to the appropriate committees of both Houses of Parliament.**

**Recommendation 6**

**The committee recommends that the CBC/Radio-Canada be more transparent in its operations, specifically with regard to the disclosure of financial information, procurement and contracts, and salaries; and it must make such disclosures easily accessible to the public.**

**Management and Business Practices**

*General*

Isabelle Montpetit reported that because of recent budget reductions, the CBC/Radio-Canada decided to cut positions, such as media librarians who are “responsible for archiving the network's content, which belongs to all Canadians. The work of media librarians has made it possible to preserve and consult content, giving Canadians access to a memory bank of Canadian content.”<sup>88</sup> Remi Racine also reported that catalogued content is digitized as budgets and resources permit.<sup>89</sup>

After its appearances before the committee, the CBC/Radio-Canada provided additional information to the committee about its archives. The archives, which have important historical and cultural significance, are commercial assets, and archive sales bring in \$1 million to \$2 million annually. Following procedures developed with Library and Archives Canada, the Corporation digitizes about 160,000 items each year. Considerable archive material is available online, but copies of material are not provided for free.<sup>90</sup>

The committee feels strongly that CBC/Radio-Canada’s content is too valuable to risk being lost, damaged, or forgotten. In light of this:

**Recommendation 7**

**The committee recommends that the Corporation’s content be archived (CBC/Radio-Canada Library) to enable access by Canadians.**

Over the course of the study, the committee came to learn of the excess facilities and office space that the CBC/Radio-Canada now has to manage, given that the Corporation does not require as much space to operate as it did before. CBC/Radio-Canada President Hubert Lacroix said that the Corporation’s senior management expected significant turnarounds from its real estate divisions, and explained:

We worked for months and months with Public Works. We thought they were going to take a place in the broadcast centre. We just signed a lease with *une ferme* — that's what



we call them — *une ferme d'ordinateur*. It's a company that basically installs servers and treats information, so a server farm, a data server. They are going to be taking close to 200,000 square feet for a number of years. We do that all the time. We rent to a Boston Pizza.<sup>91</sup>

As the committee recognizes, the Corporation must learn to manage itself better, using fewer resources to meet its mandate; it encourages the CBC/Radio-Canada to focus its efforts on that important task, and thus it should neither be in the real estate business, nor operate in other areas outside of its primary functions. To that end:

**Recommendation 8**

**The committee recommends that the CBC/Radio-Canada divest itself of its current real estate holdings and lease facilities and office space required for its operations.**

Such a move would allow the Corporation to focus on delivering its mandate, and would free up valuable commercial real estate that should be left to the private sector for management and market forces to decide its efficient use and costs.

In addition to concerns about the physical spaces occupied by the CBC/Radio-Canada, the committee also learned about the nature of the geographic structure of the Corporation's governance. That the CBC/Radio-Canada's head office is in the National Capital Region and that its president and CEO has not lived there for many years, had one observer state that "the head office seemed to be disconnected from the body, from Montreal and Toronto."<sup>92</sup>

Others, such as Marie-Linda Lord, observed that concerns about Radio-Canada being too "Montreal-centric" and not serving the needs of all French-Canadians may stem from the fact that the Montreal office is the headquarters of the French service.<sup>93</sup>

A similar argument can be made about the possible extra influence of the Toronto head office (of English services). Moreover, the committee contends that operating three "head offices" is not efficient, and that there may be scale economies that could be realized with the consolidation of the majority of administrative and management functions in the "main" head office. Such a move could help ensure organizational unity, consistency and focus. Thus:

**Recommendation 9**

**The committee recommends that, to the extent possible for efficiency and to minimize the CBC/Radio-Canada’s administrative burden, the Corporation’s management and administrative functions be consolidated to the current head office located in the National Capital Region, while ensuring the maintenance of an operational presence in each region of Canada for all anglophones and francophones on the English and French networks, respectively, and on other platforms. (The regions are: Atlantic Canada, Quebec, Ontario, the Prairies, British Columbia, and the North.)**

**Human Resources Management**

Although this committee will not address details of specific cases, there were several recent, high-profile incidents involving allegations of inappropriate conduct by CBC/Radio-Canada on-air talent and senior staff. These allegations ranged from conflicts-of-interest to harassment, and such incidents tarnish the brand of the public broadcaster.

If the CBC/Radio-Canada is going to face the challenges of a changing communications environment, it will require the talents of men and women who are willing to do so, who are entitled to work in an environment that is safe and free of bias. Thus:

**Recommendation 10**

**The committee recommends that, as a public broadcaster, the CBC/Radio-Canada must be mindful of its use of public funds, and must review all non-executive salaries and compensation to ensure they are in line with those for comparable positions with private broadcasters.**

**Recommendation 11**

**The committee recommends that the Board of Directors of the CBC/Radio-Canada conduct a thorough review of all internal policies to reverse the trend of implementing effective policy only after serious incidents have occurred, and to ensure that such policies reflect a modern professional workplace.**

**Recommendation 12**

**The committee recommends that the Board of Directors of the CBC/Radio-Canada implement stringent restrictions on the external activities, including outside paid-employment, of all senior staff and on-air talent to prevent the perception of any possible conflicts of interest.**

**Ombudsmen**

According to the CBC/Radio-Canada, with regard to the appointment of an ombudsman, a selection committee comprised of four persons (two internal, two from the public) “examines applications and selects a candidate to be recommended for appointment by the President and CEO.”<sup>94</sup> Moreover, Remi Racine (Chairman of the Board of Directors for the CBC/Radio-Canada) explained that, although both ombudsmen (one each for the French and English services) are hired by the president, they provide their reports to the board.<sup>95</sup> However, the committee considers that this situation does not provide the ombudsmen sufficient independence from the president. Therefore:

**Recommendation 13**

**The committee recommends that the Board of Directors of the CBC/Radio-Canada appoint an ombudsman for each of its official language services, provided that he or she is not a current or recent employee (within the previous 2 years) of the Corporation.**

**Recommendation 14**

**The committee recommends that both CBC/Radio-Canada Ombudsmen report to the Corporation’s Board of Directors to ensure accountability at all levels of the Corporation, including the Senior Executive Team.**

These recommendations tie in with previously cited testimony regarding the modernization of the CBC/Radio-Canada’s governance systems. The committee asserts that in order for the ombudsmen to have true independence of office, they must be selected by (and report directly to) the Corporation’s board of directors.



**Chapter 7**

**FUNDING**

For 2013-2014, the year of its latest annual report, the CBC/Radio-Canada had expenses of \$1.87 billion and revenues of \$1.86 billion. Unfortunately, the Corporation has steadily increased their expenses, while experiencing a downward pressure on revenues. As some witnesses before the committee pointed out, funding is critical, if the CBC/Radio-Canada is to continue operating as it currently does.

The following table shows the breakdown of CBC/Radio-Canada’s revenue by source.

**Table 4: Sources of Revenue for CBC/Radio-Canada, 2012-2013 and 2013-2014**  
(\$ millions)

	<b>2013-2014</b>	<b>2012-2013</b>
Government Funding	1,090.90	1,154.90
Advertising Revenue	491.2	364.6
Subscriber Fee	133.3	136.1
Other Income	143.4	145.3
Total	1,858.80	1,800.90

Source: CBC/Radio-Canada, *Going the Distance*, Annual Report 2013-2014.

Each source of revenue is under pressure. The Federal Budget 2012 cut funding to the CBC/Radio-Canada over three budget cycles; by 2014-2015 annual appropriations will be down by \$115 million (for 2012-2013 and 2013-2014, the cuts were \$27.8 million and \$69.6 million, respectively). Advertising that went to traditional broadcasters is shifting to digital opportunities, which will affect the CBC/Radio-Canada as it does the private broadcasters; the loss of hockey rights to Rogers and the associated loss of advertising revenue for Hockey Night in Canada are specific to CBC conventional television. As part of its *Let’s Talk TV* review, the CRTC called for a basic package of cable channels that did not include national news channels.<sup>96</sup> Currently, the CBC/Radio-Canada receives about \$80 million in subscriber fees for its CBC News Network and for RDI. Having these specialty news channels absent from the new basic package will lower income from subscriber fees, but by how much is not clear. The category “Other Income” in the table includes contributions from the Local Programming Improvement Fund (LPIF), and the LPIF was eliminated August 31, 2014.

The CBC/Radio-Canada has responded to the pressures on its funding with a series of cuts in jobs and spending. In April 2012 the Corporation responded to the federal budget by announcing the elimination of 650 positions over three years; in April 2014, it announced the elimination of 650 jobs and spending cuts of \$130 million over two fiscal years; in March 2015, it announced cuts of 244 positions.

The Chairman of the Board of the CBC/Radio-Canada appeared before the committee in December 2014 and discussed some of the cost savings at the Corporation:

In many ways, technology has helped us become more efficient. Automation and technology mean fewer people are necessary to produce radio and television programs. By 2020, there will be 1,500 fewer employees at the corporation. There will be less in-house production and more programs by Canadian independent producers. The corporation will have a smaller real estate footprint as it focuses its efforts and resources on the content people use, rather than on infrastructure.<sup>97</sup>

But he cautioned:

We continue to gain efficiencies, but at some point, it becomes more and more difficult to find savings. That means trimming elsewhere — fewer Canadian programs, fewer episodes, more repeats.<sup>98</sup>

This is a refrain that has been heard before. The CBC/Radio-Canada has never been satisfied with its level of funding. Media consultant Ken Goldstein presented examples of the concerns from the past 70 years:

... Let me read part of a statement from a CBC chairman to a parliamentary committee:

Unless further funds come in, it will be impossible to keep the present level of service. It will be impossible to produce as much broadcasting by Canadian artists as is being done at present. And this is apart from the question of needed improvements.

Those words were spoken on Monday, May 19, 1947.

In 1974, CBC/Radio-Canada appeared before the CRTC to seek renewal of its radio and television licences. Then President of CBC/Radio-Canada, Laurent Picard, had this message for the CRTC:

— the times are changing, and so must the network — but the CBC is efficient, up to date, and needs only more money to be great.

This is what this committee was told on February 17 this year, probably in this room, by the current president of the CBC:

To achieve this transformation, significant investments will be needed and, given that our parliamentary appropriations continue to decline... we are forced to eliminate some of our services and to give up our talented artisans...

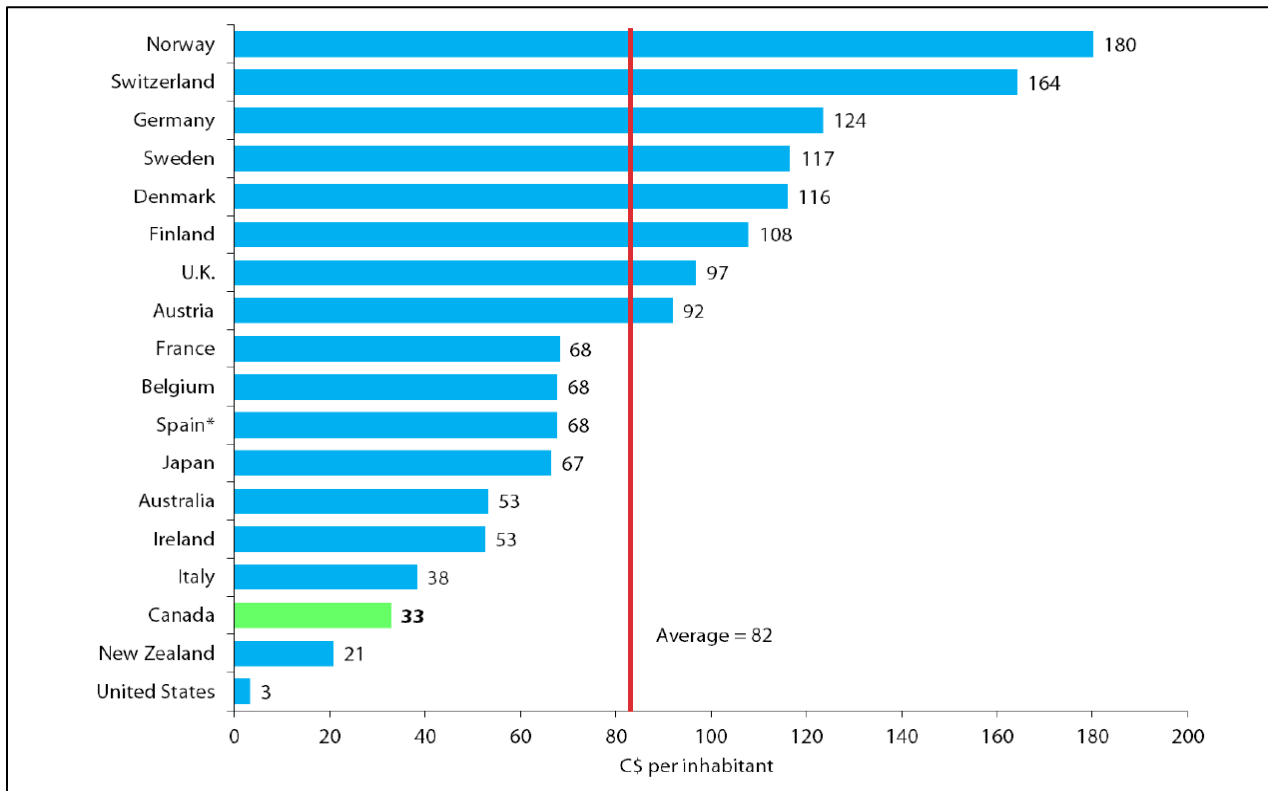
The real debate going forward is not whether there should be funding for public service broadcasting; there should be. The real debate is whether that funding should be concentrated in a facilities-based public corporation or used in a variety of mechanisms that might be more effective in our future media environment.<sup>99</sup>

Numerous witnesses agreed with these arguments and pointed to two aspects of government funding of the CBC/Radio-Canada to support the argument of inadequate funding. The first aspect was the position of Canada vis-à-vis other developed countries in terms of per capita funding of the national public broadcaster.

According to research undertaken by the media consulting firm Nordicity, the government in Canada provided funding to the CBC/Radio-Canada that worked out to \$33 per Canadian in 2011. How this fares with other countries can be seen in Figure 1 below. Since 2012, the per capita figure has fallen to \$29.

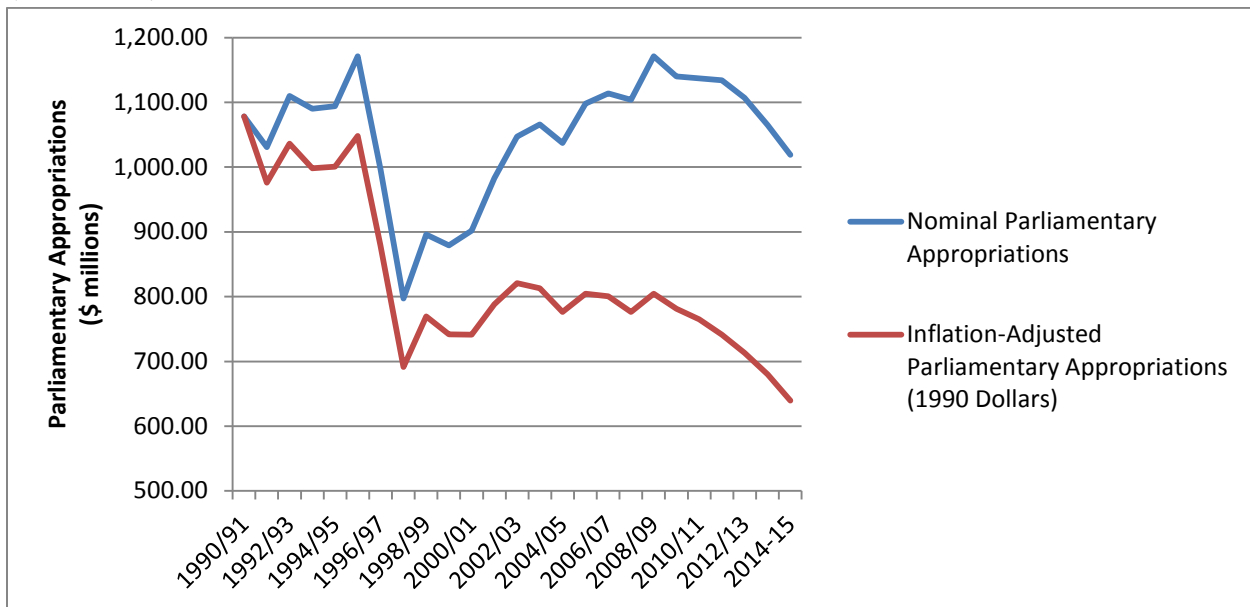
The second aspect of government funding that was often used to call for increased – or restored – government funding are the trends in nominal and real (or inflation-adjusted) parliamentary appropriations for the CBC/Radio-Canada. Figure 2 below shows the movements of the nominal and real funding since 1990. Since 1995-1996, nominal appropriations have fallen by 13%, while appropriations in real terms have fallen 39%.

FIGURE 1 – Per capita public funding for public broadcasters, 2011



Source: Nordicity, “[Analysis of Government Support for Public Broadcasting and Other Culture in Canada](#),” (Prepared for CBC/Radio-Canada), October 2013.

FIGURE 2: Parliamentary Appropriations to the CBC/Radio-Canada, 1990-91 to 2014-15 (\$ millions)



Source: CBC/Radio-Canada and the Library of Parliament.



Numerous witnesses called for stable, multi-year funding for the CBC/Radio-Canada, but, as a Crown corporation, it receives an annual appropriation approved by parliament. The fiscal demands of the federal government can affect the level of the annual appropriation. This can be seen in Figure 2 above, which shows a sharp drop in parliamentary appropriations after 1995-1996; the decrease in federal spending was part of the government's battle with the deficit. More recently, the Federal Budget 2012 phased in over three years a permanent decrease of \$115 million.

If the CBC/Radio-Canada is to have stable, multi-year funding, funding models other than one based on annual parliamentary appropriations may be needed.

### Alternative Funding Models

The following are some alternative ways of funding the national public broadcaster that were brought to the committee's attention:

- A licence fee: Each household is charged a fee based on having a television or other device (such a computer) that can receive a television signal; this is how the BBC is funded in the United Kingdom;
- Dedicated broadcasting tax: A levy applied to the revenues of broadcasters, the proceeds of which are used to fund the public broadcaster;
- Sponsorship: Individuals and organizations (likely subject to conditions) sponsor a program by paying the broadcaster a fee in exchange for mention or promotional consideration;
- Viewer donations: Voluntary donations by viewers; and
- Paid Subscriptions: Viewers pay a subscription fee to access the public broadcaster, likely similar to a premium specialty channel.

### License Fee

Several witnesses suggested the BBC example of a license fee as an alternative funding model to be considered for the CBC/Radio-Canada. Currently, the UK government charges each applicable household £145.5 (in Canadian dollars, about \$268.50), which provides the BBC with £3.7 billion (\$6.9 billion).

Witness Barry Kiefl supported the idea of a licence fee, which he also referred to as a "program fee" in the following manner:

There should be a program fee. In five of the G7 countries there is a program fee that households pay and it is collected in various ways. In Britain it used to be collected by the post office; now it's done by the BBC itself. In some countries it is the hydro company that collects the television program fee. Everybody gets hydro, so if it's on that bill you've got to pay it.<sup>100</sup>

Marc Raboy cited a McKinsey study that concluded the following:

... the best way to achieve the goals of public broadcasting is through something called the “licence fee system,” which you may have heard about. That’s basically the BBC model, which is also used by many other countries around the world, where every radio and television set comes with a licence that the user must renew annually, according to a fee that is set once every 10 years by agreement between the broadcaster and the government.<sup>101</sup>

Professor Raboy also noted that such models allow public broadcasters to plan their operations better, given predictable, stable funding. Additionally, Jean-François Lépine acknowledged that the license-fee model used in the United Kingdom “gives the BBC independence from political power, because its budget is not voted on by the government every year.”<sup>102</sup>

### **Dedicated Broadcasting Tax**

Implementing a dedicated tax to broadcasting revenues is a practice already in place in Quebec. Specifically, Suzanne Gouin, President and CEO of TV5, explained that “almost 80 per cent of the funding for TV5 Québec Canada ... comes from cable broadcasting revenues.”<sup>103</sup>

### **Sponsorship**

Janet Callaghan (Canadian Media Directors' Council, Association of Canadian Advertisers (ACA)) suggested that the CBC/Radio-Canada currently supply significant opportunities for sponsorships.<sup>104</sup> Robert Reaume, also with the ACA, further explored this issue and suggested that it would be welcome by Canada’s commercial advertisers:

In the broader area of sponsorship, CBC is quite unique among Canadian broadcasters in that it can offer advertisers substantial content integration opportunities in the many truly Canadian content programs that it airs. Advertisers are increasingly looking for this sponsorship type of communication ... as viewers have acquired so many more methods to avoid traditional 30-second spots. CBC's “Kraft Hockeyville” is an excellent example of this.<sup>105</sup>

### **Viewer Donations**

Canadians are already accustomed to donating to certain broadcasters; for example, Barry Kiefl stated that Canadians now provide charitable contributions to the Public Broadcasting Service (PBS) in the United States and to TV Ontario.<sup>106</sup> In fact, both TVO and PBS are funded through a combination of government monies, sponsorships, and viewer donations.

### **Paid Subscriptions**

Paid subscriptions could be viewed as a user fee, one in which those who consume a public service pay a nominal fee to do so. Currently, the CBC/Radio-Canada earns \$133 million from

subscriptions to its specialty channels, proving there is currently a market for certain content the Corporation airs, often different from what it provides on its French and English conventional television networks. Furthermore, Edward Peill, President, Tell Tale Productions, offered the following with regard to another important consideration regarding subscriptions:

Traditional broadcasters obsess over generating high ratings, selling TV commercials to the highest bidder and trying not to offend their advertisers. Subscription-based content providers, on the other hand, don't worry about day-to-day ratings, selling commercials or offending advertisers. They don't have any. They focus on creating content that resonates with their customers in providing good value for their monthly fees. This financial freedom allows them to take creative risks, and the award-winning results speak for themselves.<sup>107</sup>

Paid subscriptions might also be used for access to CBC/Radio-Canada's online properties; this would be an example of the "pay walls" currently used by some online newspapers.

Thus, with the goal of stable, multi-year funding in mind:

**Recommendation 15**

**The committee recommends that the CBC/Radio-Canada, in consultation with the Government of Canada, explore alternative funding models and additional ways to generate revenue to minimize the Corporation's dependence on government appropriations.**

**Advertising**

The issue of whether or not paid commercial advertisements should be shown on CBC/Radio-Canada was a contentious issue during this study. The committee heard testimony both for and against allowing such commercials to be aired on the public broadcaster.

Several witnesses supported showing ads on CBC/Radio-Canada. For example, former CRTC Chairman Konrad von Finckenstein argued that the Corporation could show ads and then let the market decide (via viewership) whether or not it should do so.<sup>108</sup> Additionally, advertising revenue could help the Corporation manage its operations in light of recent reductions to its Parliamentary appropriation.

Others observed that allowing such commercials is an efficient way in which to promote goods and services to audiences across the country, especially in French markets where Radio-Canada has a larger audience share and a prominent role in the French-Canadian culture. To that point, Janet Callaghan explained the following:

The relative influence of Radio-Canada on the French advertising ecosystem is even more pronounced than in English Canada. French services account for 40 per cent of stated CBC advertising revenue. The prime time audience share of SRC in French Canada is triple that of the CBC in English Canada, and the specialty channel share is quadruple. Thus, SRC's commercial inventory plays a very significant role in making Quebec broadcast audiences accessible to Canadian advertisers and in ensuring competitive pricing practices are governing that marketplace.<sup>109</sup>

In contrast, many witnesses were opposed to the idea of commercial advertisements on the CBC, as it is the public broadcaster. Richard Rapkowski noted that on CBC Radio “there is no advertising, compared to shock jock morning radio, where you have advertising on some of the private radio stations.”<sup>110</sup> Florian Sauvageau argued the following:

I always believed that you had to have a bit of advertising on TV, but now I think CBC/Radio-Canada should give some serious thought to doing away with all advertising. A true public TV and radio broadcaster, like the BBC, is a media platform without advertising. I rest my case. So the Crown corporation should stop being so driven by advertising revenues.<sup>111</sup>

Mr. Sauvageau also observed that with the pursuit of advertising revenue, comes the pursuit of ratings, and eventually, the CBC/Radio-Canada prime-time lineup starts to look a lot like that of the private broadcasters.<sup>112</sup> Thus, a business model that includes advertising revenue may inadvertently encourage the public broadcaster to compete with the other players in the Canadian broadcasting system, rather than fill in the gaps that currently exist.

Jean Lortie (Corporate Secretary, Confédération des syndicats nationaux), speaking about news coverage of the attack on Parliament Hill of October 2014, observed the following:

... tuning in to CBC and RDI to get the analysis of what happened on Parliament Hill, to get a critical perspective without advertising, without editorializing because shareholders wanted this or didn't want that. The concentration of private media is a major issue here in Canada. Having a broadcaster means being able to trust because its mission is to be the national public broadcaster.<sup>113</sup>

Furthermore, Ian Morrison argued that if the loss of over \$120 million in NHL-related advertising is not met with a proportional decline in future cost-of-sales, then the remaining advertising revenue may be more costly to acquire; thus, there may a business case for the Corporation to consider going ad-free, given that “CBC English-language television should become, and will have to become, more distinctive if it is to remain viable and fulfil its role as a unique public broadcaster.”<sup>114</sup>

With this discussion in mind:

**Recommendation 16**

**The committee recommends that the CBC/Radio-Canada examine the benefits and the costs of commercial advertising on both the English and French services.**

**A “Superfund” for the Creation of Canadian Content**

The creation of an operating fund to help finance public media content was brought up by witnesses such as Carmel Smyth (Canadian Media Guild) who stated the “CRTC should establish a fund that is dedicated to public service media programming.”<sup>115</sup> Ken Goldstein (Communic@tions Management Inc.) proposed something on a much larger scale and scope that could make the economics of broadcasting Canadian stories more attractive to public and private broadcasters:

If you, for example, took half a billion dollars that now goes to the CBC and put it into what I've called a super-fund, what a few years ago was called the public service publisher, you might find that you could change those economics, and you might find that you can marshal many channels to putting out these many programs instead of just one.<sup>116</sup>

This approach has been called the “publisher model,” for the analogy with traditional book publishers. A public fund pays for the production of Canadian content; in turn, this content can either be shown via the public broadcaster, or alternatively, licensed for use by private broadcasters.

**Recommendation 17**

**The committee recommends that a portion of the CBC’s funding 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.**



## **Chapter 8**

### **PROGRAMMING**

Programs are the life blood of broadcasting. In the current, fragmented world of broadcasting, moreover, a broadcaster is identified by the character of the programs it offers.

In general terms, “programming” refers to creating and managing a broadcast schedule; that is, what programs to air and when to air them. Throughout this study, the committee heard much testimony regarding programming, including numerous suggestions on what the Corporation should and should not broadcast.

In addition to addressing the role of public broadcaster and what it could be airing, given the loss of NHL hockey on the English network, there has been much testimony about what the CBC will do to fill up the resulting 368-hour programming void.<sup>117</sup>

Additionally, no discussion on programming is complete without mention of viewership metrics (i.e. “ratings”) and their role in performance management. To that point, while debating the role of ratings, the CBC/Radio-Canada President and CEO acknowledged that the Corporation “can’t be a public broadcaster without a public.”<sup>118</sup>

### **Ratings**

For a commercial broadcaster, ratings<sup>119</sup> are a measure of success. Low ratings, relative to those of competitors, can lead to a complete restructuring of how the broadcaster operates, including the nature of the programming offered, and the number and composition of the staff working for the broadcaster. Low ratings can also lead to plummeting advertising revenue and, if that is not reversed, to business failure.

The owners of a private broadcaster have a strong incentive to see that the broadcaster is pursuing the highest ratings possible. And the owners have a quantitative measure of how well the broadcaster is doing.

The role of ratings is less clear for a public broadcaster. The CBC/Radio-Canada accepts advertising – revenue from advertising represents 20% to 25% of its total revenue – but there appear to be constraints on how aggressively it can pursue high ratings. As the Executive Vice-President, Theatrical Distribution, Entertainment One put it:

... there is no point in putting programming on that nobody is watching. It makes no sense. If that's what's happening, we're not making the right kind of programming, and it needs to be fixed. ... I think the rating is one important piece that we should be looking at when we're considering whether it works or not, but the kind of stuff that might get you the absolute highest ratings is not necessarily what we, as taxpayers, should be funding through our tax dollars.<sup>120</sup>

He went on to point out that there were other aspects of the CBC/Radio-Canada’s mandate — cultural aspects and the need to serve Canadians who are not otherwise served by the private broadcasters. This was analysis emphasized by the media lawyer, Peter S. Grant:

This problem is whether a public broadcaster should focus on ratings or on other aims. It is a very difficult row they have to hoe. Clearly at some point if the ratings aren't there it is pointless to have the program....

I can understand why the CBC would want to have higher ratings across the board, but if they also want to accomplish the objects of the act which would specified types of programing that not a lot of Canadians may want but a few want desperately and won't get from the private sector, then I can appreciate their conundrum.<sup>121</sup>

Ratings are not, therefore, as straightforward an issue for the CBC/Radio-Canada as for the private broadcasters.

Analysing ratings data can be difficult. As a partner of Nordicity, the international media consulting firm, told the committee: “Audience research and analysis is a very specific field. It requires a fair bit of knowledge and experience to navigate these various measurements.”<sup>122</sup> Ratings can vary depending on the time period covered (a specific week or a calendar year or a fiscal year), the demographic group measured (all persons 2 years and older or seniors or a younger generation), the market studied (an average of all television markets or, say, a single market such as Edmonton). There were various ratings measures for the CBC/Radio-Canada suggested by witnesses before the committee.

The following tables are from the CRTC’s most recent *Communications Monitoring Report*. The data are Canada-wide, for persons 2 years and older, for the fiscal year ending 31 August, and for the entire day. Tables 5 and 6 are presented below, one with data for the English-language market, which would be served by CBC, and one with data for the French-language market, which would be served by Radio-Canada.

**Table 5: Viewing Share of Canadian Conventional Television Service by Ownership Group in the English-Language Market (%)**

	2010-2011	2011-2012	2012-2013
CBC/Radio-Canada	7.4	6.4	5.6
BCE	16.2	16.7	15.4
Shaw	8.5	8.8	8.5
Corus	0.3	0.2	0.3
Rogers	4.8	4.7	4.6

Source: CRTC, *Communications Monitoring Report*, October 2014.



**Table 6: Viewing Share of Canadian Conventional Television Service by Ownership Group in the French-Language Market (%)**

	2010-2011	2011-2012	2012-2013
CBC/Radio-Canada	13.3	12.3	13
Quebecor	25.2	24	24.4
BCE	1.2	1	0.9
Remstar	7.7	8.6	8.6

Source: CRTC, *Communications Monitoring Report*, October 2014.

CBC, with an audience share of 5.6%, trails the convention television stations of BCE and Shaw; Radio-Canada, with an audience share of 13.0%, trails Quebecor. The President and CEO of the CBC/Radio-Canada used prime-time figures; these showed CBC with an 8.2% national share, in second place behind CTV (12.3%), and Radio-Canada with 18.5%, in second place but much closer to Quebecor (22.8%).<sup>123</sup>

Hubert Lacroix noted that the ratings for broadcasters were trending down because of fragmentation. He also suggested that the alternative measure of reach – the proportion of potential viewers reached at least once a month – was better in evaluating the importance of a public broadcaster:

Are ratings important? Of course they are. We can't be a public broadcaster without a public. Ratings are also important as we depend on advertising revenue for anywhere between 20 and 25 per cent of our budget. Yes, in our current funding model, ad revenues are critical to the services we provide to Canadians.

But our mandate is much more than a focus on ratings. It's about being relevant to citizens. That is why audience reach — that is, the number of people who actually use one of our services on a monthly basis — is as important as audience ratings. Well, CBC/Radio-Canada's reach is 87 per cent; 87 per cent of Canadians watch or listen to something from their public broadcaster every month.<sup>124</sup>

Barry Kiefl looked at ratings for the radio and television services of the CBC/Radio-Canada:

When you look at the four main services of CBC, French television is still very successful, as I'm sure you know; and French radio has grown its audience over the last decade or so. English radio — not Radio 2, but Radio 1 — has grown its audience. The service that is in trouble is English television...<sup>125</sup>

He was pessimistic about the CBC/Radio-Canada's English television service, and explained:

... the share of total viewing time is now about 5 per cent, a tiny fraction of what it once was. The average Canadian spends only about 70 hours a year watching CBC TV, and half of that is hockey and foreign programs.<sup>126</sup>

### **Programming of the CBC/Radio-Canada**

During this study, several witnesses remarked about the role of the CBC in delivering niche content and Canadian content that was not available elsewhere. Indeed, the Corporation has had successful ratings airing such programs. For example, Scott Hutton, Executive Director, Broadcasting, Canadian Radio-television and Telecommunications Commission stated that CBC shows such as *Murdoch Mysteries*, *Dragon's Den*, and *Rick Mercer Report* were all in the top 30 for ratings.<sup>127</sup> Barry Kiefl, President, Canadian Media Research Inc., suggested that the CBC could also acquire foreign programs of high-quality to air:

Then, when it comes to quality drama, many of the high-quality dramas that you see on PBS are British programs. (...) I think that a revamped CBC could probably look at some of those high-quality U.K. productions.<sup>128</sup>

Furthermore, the idea of airing niche content was not solely limited to entertainment programming. For example, Richard Rapkowski, Counsel, Canadian Association of Film Distributors and Exporters stated that the public broadcaster has a role to inform Canadians but must do so "in a niche way, in a way that is being underserved, in a way that the private broadcasters are not willing to do."<sup>129</sup>

Additionally, Michael Hennessey, President and CEO, Canadian Media Production Association, noted that the void left from the loss of NHL hockey could provide space for such niche programming:

... fill the niches that the commercial sector doesn't fill. You have suddenly got room for children's programming; you've got room for film; you've got room for documentaries. You could go back to running double features of Canadian movies on Saturday night.<sup>130</sup>

However, John A. Young, a lawyer and former CBC/Radio-Canada board member, warned of the challenges in becoming too much of a niche player, while also trying to capture market share.<sup>131</sup> On balance, the committee feels that high-quality programming that is now undersupplied is important to Canadians.

Therefore:

#### **Recommendation 18**

**The committee recommends that the CBC/Radio-Canada focus on showing high-quality programs that are unlikely to be offered by commercial broadcasters.**

Barry Kiefl noted that Canadian English-language drama is underserved, especially in prime time. Mark Slone, (Executive Vice-President, Theatrical Distribution, Entertainment One), noted that aboriginal content is underserved, and used that as an example where ratings as a measure of success would need to be balanced with the desire to present a certain type of programming. He also added the following:

I do believe that if we're careful and make the right product for the niches that are underserved, we can actually build great audiences.<sup>132</sup>

Richard Rapkowski suggested that the CBC-Radio-Canada:

... [by] distinguishing itself as the true home for Canadian cinema will add to the CBC's unique brand, and by enthusiastically differentiating itself from private broadcasters it can better fulfil its mandate by broadcasting diverse stories that speak to Canadians and underserved regional communities, which the private sector, with its purely market-driven focus, may not deliver.<sup>133</sup>

**Recommendation 19**

**The committee recommends that the CBC/Radio-Canada invest in and offer services in those areas where the Canadian public's needs are underserved by the private sector. As a public broadcaster, CBC/Radio-Canada needs to use its resources to complement what is offered to Canadians through other sources.**

The following table provides a comparison between the conventional television services of the CBC/Radio-Canada and the private broadcasters with respect to their spending on programming by genre. The CBC/Radio-Canada spends 97.4% of its total programming expenses on Canadian content; the private broadcasters spend 46.3% of their total programming expenses on Canadian content. A large part of the explanation of this difference has to do with spending on drama. The CBC/Radio-Canada spends 89.3% of its total expenditure on drama on Canadian content; the private broadcasters spend 89.0% of their total expenditure on drama on non-Canadian content, typically popular U.S. television shows.

**Table 7: Programming Expenses, Conventional Television, 2014**  
(\$ thousands)

	CBC/Radio-Canada			Private Broadcasters		
	Canadian	Non-Canadian	Total	Canadian	Non-Canadian	Total
Information: News	207,331	0	207,331	361,050	594	361,644
Information: Documentary	22,337	166	22,503	6,262	603	6,865
Information: Other	62,792	13	62,806	29,339	10,975	40,314
Sports	258,029	0	258,029	1,123	19,953	21,076
Drama	123,944	14,914	138,857	60,423	489,701	550,125
Film	12,951	5,833	18,785	5,336	26,565	31,901
Music/Variety	27,278	0	27,278	22,317	28,736	51,053
Game Shows	9,300	0	9,300	19,042	8,360	27,402
Human Interest	49,545	45	49,590	84,669	72,813	157,482
Reality Television	7,537	0	7,537	25,533	42,564	68,097
Award Shows	7,725	0	7,725	3,695	16,152	19,847
Infomercials	1,011	58	1,069	516	2	518
Total Programming	789,782	21,029	810,811	619,305	717,018	1,336,323
Production Expenses			87,121			61,003
Total Programming and Production			897,932			1,397,326

Source: CRTC, [Financial Summaries for Broadcasting Sector, Conventional Television, 2010-2014](#). Figures may not total because of rounding.

Table 7 is useful for seeing how the CBC/Radio-Canada distributes its programming expenditure among the various genres in conventional television.

There was much testimony regarding investment in Canadian content and how the CBC/Radio-Canada should manage its resources. Hubert Lacroix, the Corporation’s President and CEO, stated that in 2013, “CBC/Radio-Canada's combined investment for Canadian programming totalled \$732 million, while the Canadian programming expenditures for all of the private broadcasters combined totalled \$614 million.”<sup>134</sup> However, some witnesses, such as Fern Downey (representing ACTRA) observed that the Corporation must be strategic and judicious with regard to resources:

I know it's not our job to tell CBC where to reduce these management costs, but we recognize that if we are going to ask for stable, long-term funding for our public broadcaster, we need to know that those dollars are spent on the creative side, on producing the high-quality content that Canadians actually crave.<sup>135</sup>

This notion was further supported by Marie-Linda Lord, former Radio-Canada journalist and currently at the Université de Moncton, who recommended that the CBC/Radio-Canada should “completely rethink programming, and that “with its current resources, the broadcaster could certainly offer a lot more Canadian content without necessarily spending more.”<sup>136</sup>

Freeing up valuable resources would permit the public broadcaster to focus and produce alternative content which would fill the void left behind by private broadcasters. For example, it could produce more Canadian biographical/historical dramas and documentaries, public affairs programming and air amateur sports and performances by Canadian artists. In essence, it will be able to showcase the best Canada has to offer to Canadians. This would allow the public broadcaster to become more community oriented, which includes more or better coverage of municipal and local affairs, and could lead to more in-depth coverage of key issues. An example of community-oriented programming could also include the popular “Reach for the Top” competition; airing such a program promotes education and inspires our youth to reach for academic excellence.

**Recommendation 20**

**The committee recommends that the CBC/Radio-Canada review how resources are allocated within the organization with respect to the amounts and proportion of total spending going to various programming genres.**

Throughout the study, numerous witnesses supported the idea the CBC/Radio-Canada should be a home for Canadian cultural content, including live cultural performances.

Perry Rosemond (Producer, Writer, Director, The Rosemond Company) argued that with the right production quality, live cultural events such as concerts and plays could find a welcome home on the CBC/Radio-Canada; he supported this notion with the example of how, currently, over 1,400 North American theatres show such events. Mr. Rosemond cited DigitalTheatre.Com, a British company described as “Netflix for stage presentations, concerts, events, also Pay Per View and On demand,” and how soon CBC/Radio-Canada would be able to use such a platform to deliver cultural performances to the world.<sup>137</sup>

Claire Samson (President and CEO, Association québécoise de la production médiatique) argued that there is an audience for such cultural broadcasts – perhaps smaller than for drama or variety shows, but an audience nevertheless – and the reason such broadcasts are no longer often seen on television is not due to a lack of popularity, but due to their high production costs.<sup>138</sup> However, these higher costs could also be seen as an investment in promoting Canadian culture, which in turn could help promote Canadian artists. For example, Isabelle Montpetit, President of the Syndicat des communications de Radio-Canada cited the example of the internationally lauded Alcan Quartet, and how valuable it was to have Radio-Canada broadcast their concerts.<sup>139</sup>

**Recommendation 21**

**The committee recommends that the CBC/Radio-Canada discontinue all in-house production of non-news and current affairs programming, and instead emphasize the broadcasting of performances by Canadian artists and cultural events, such as the Royal Winnipeg Ballet, the Toronto Symphony Orchestra, the Royal Nova Scotia International Tattoo, the Edmonton Opera, and the Orchestre symphonique de Montréal.**

The subject of sports coverage on the public broadcaster, aside from the loss of NHL hockey, while not the focus of the committee's study, often came up. When the CBC/Radio-Canada first began to broadcast television, there were no other options for most Canadians to watch sports on television. Today, however, in the multi-channel converged media world, private broadcast distribution undertakings such as Bell and Rogers offer sports channels as part of their basic packages – in addition to several specialty sports channels as part of premium packages; and, private broadcasters also show a variety of sports. This idea was supported by Michel Nadeau, Executive Director, Institute of Governance for Private and Public Organizations, who said: "Sports fans go to RDS, to TVA Sports."<sup>140</sup>

Additionally, Barry Kiefl argued that the Rogers NHL deal was not a television deal but a telecommunications deal, given the hope to leverage NHL rights into increased specialty channel and Internet subscriptions. Thus, there was discussion during the study of the CBC/Radio-Canada in this changing media environment regarding its role in showing sports.

Some witnesses, such as Perry Rosemond and Richard Stursberg stated that CBC should not be in the business of showing sports. As Mr. Stursberg explained:

I don't see the point of them being in sports. The fact of the matter is other people will do it. The CBC did a beautiful job with the Olympics; others will do a beautiful job with the Olympics.<sup>141</sup>

Skyrocketing costs to acquire the rights to broadcast some (mainly professional) sports, such as the North American "big four" leagues (the NHL, the NFL, the NBA, and Major League Baseball) are cited as one of the factors in deciding whether or not to include sports as part of a broadcaster's programming. For example, Keith Pelley of Rogers Media noted that "there is no question that sports rights have gone through the roof," and added the following:

The way that sports rights have escalated, and I don't want to miss how critical this is, has made it very difficult for CBC or any broadcaster who simply looks at cash in, cash out to make it viable unless you have significant partners. That is what happened with the NHL.<sup>142</sup>

Others, such as Marc-Phillipe Laurin (Canadian Media Guild), cited Bob Elliot of Sports Matters Group, in drawing a distinction between covering all sports and covering amateur sports, stating that abandoning amateur sports coverage “will have a huge fiscal impact on the Canadian sports community. It is proven that television coverage of amateur sports events has a ripple effect on the future participation and success of Canada’s athletes.”<sup>143</sup>

Part of the rationale for the committee’s recommendation to broadcast Canadian university men’s and women’s athletics is that such events are rare on both the public and private broadcasters. Many witnesses also observed that such sports coverage is Canadian content and would go towards fulfilling the CBC/Radio-Canada’s mandate.

**Recommendation 22**

**The committee recommends that the CBC/Radio-Canada air more amateur sporting events such as Canadian Interuniversity women’s and men’s sports, minor league sports, etc.**

Ultimately, the CBC/Radio-Canada is part of the Canadian broadcasting system, and its programming strategies should take this into account. As the public broadcaster is funded by all Canadians, it should allocate its funds to complement what is currently offered to Canadians through other sources.





**Chapter 9**

**CONCLUSION**

How will the CBC/Radio-Canada face the challenges of the changing environment of broadcasting and communications in Canada?

The changing environment has certainly led to more choice for consumers, especially in terms of video content, for both information and entertainment. There are now over 750 broadcast channels available to viewers, along with a growing number of video streaming services, such as Netflix, Shomi, CraveTV and Club Illico. The changing environment has also offered private sector companies the opportunity to provide services that have traditionally been provided by the national public broadcaster.

The increased choice for consumers has created a highly fragmented television landscape in Canada; in turn, this has led to lower ratings for the CBC/Radio-Canada, especially for its English television programs.

How the CBC/Radio-Canada may cope with future changes in its environment will depend on how the Corporation is coping today. The hearings the committee has held and the fact-finding trips it has made have focused the evaluation of the CBC/Radio-Canada's performance around four main issues: mandate, governance, funding and programming.

The committee has made 22 recommendations that address these four main issues (presented in Chapters 5 to 8). The recommendations range from the need to modernize the Corporation's mandate, to the need for Canadian niche programming. Noteworthy is that half of the recommendations address aspects of governance. It is evident that the CBC/Radio-Canada must make changes to operate more efficiently today – and in the future.



**WITNESSES**

<b>Communic@tions Management Inc.</b> Ken Goldstein, President	March 10, 2015
<b>Fédération culturelle canadienne-française</b> Carol Ann Pilon, Deputy Executive Director Martin Théberge, President	February 25, 2015
<b>CBC I Care!</b> Ellen Chassé, Member Clive Doucet, Co-chair Jacques Gédéon, Member Louise Poirier, Co-chair	February 18, 2015
<b>Canadian Broadcasting Corporation</b> Heather Conway, Executive Vice-President, English Services Hubert T. Lacroix, President and CEO Louis Lalande, Executive Vice-President, French Services	February 17, 2015
<b>Canadian Association of Film Distributors and Exporters</b> Richard Rapkowski, Counsel, Challenges faced by the Canadian Broadcasting Corporation	February 4, 2015
<b>Nordicity</b> Dustin Chodorowicz, Partner Stephen Hignell, Manager	February 3, 2015
<b>Université de Montréal</b> Alain Saulnier, Visiting Professor, Communications Department, Faculty of Arts and Sciences	January 28, 2015
<b>Entertainment One</b> Mark Slone, Executive Vice-President, Theatrical Distribution Vanessa Steinmetz, Vice-President, Production Financing	January 27, 2015
<b>Canadian Broadcasting Corporation</b> Rémi Racine, Chairman of the Board	December 10, 2014
<b>Fédération des communautés francophones et acadienne du Canada</b> Suzanne Bossé, Director General Serge Quinty, Director of Communications	December 3, 2014
<b>Town of Grand Falls-Windsor</b> Rodney Mercer, Councillor	December 2, 2014

<p><b>Townshippers' Association</b>  Gerald Cutting, President  Rachel Hunting, Executive Director</p>	November 6, 2014
<p><b>Quebec Community Groups Network</b>  Walter Duszara, Secretary  Stephen Thompson, Director of Policy, Research and Public Affairs</p>	
<p><b>Confédération des syndicats nationaux</b>  François Enault, Assistant to the Executive Committee  Jacques Létourneau, President</p>	
<p><b>Institute of Governance for Private and Public Organizations</b>  Michel Nadeau, Executive Director</p>	
<p><b>English Language Arts Network</b>  Guy Rodgers, Executive Director</p>	
<p><b>Fédération nationale des communications</b>  Pascale St-Onge, Secretary-General</p>	
<p><b>TV5 Québec Canada</b>  Benoit Beaudoin, Director, New Media  Suzanne Gouin, President and CEO</p>	
<p><b>Syndicat des employé(e)s de bureau et professionnel(le)s de Radio-Canada</b>  Isabelle Doyon, Chair</p>	
<p><b>Galafilm Inc.</b>  Arnie Gelbart, Chief Executive Officer and Executive Producer</p>	
<p><b>Syndicat des technicien(ne)s et artisan(e)s du réseau français de Radio-Canada</b>  Michel Labrie, National Vice-President</p>	
<p><b>As an Individual</b>  Jean-François Lépine</p>	
<p><b>Syndicat des communications de Radio-Canada</b>  Isabelle Montpetit, President</p>	
<p><b>Canadian Union of Public Employees</b>  Nathalie Blais, Research Advisor</p>	
<p><b>Tous Amis de Radio-Canada</b>  Pierre Maisonneuve, Spokesperson</p>	
<p><b>As an Individual</b>  Marc Raboy, Beaverbrook Chair in Ethics, Media and Communications, McGill University</p>	

<b>Stingray Digital Group</b> Éric Albert, Executive Vice-President	November 4, 2014
<b>Telefilm Canada</b> Carolle Brabant, Executive Director Dave Forget, Director, Business Affairs and Certification, Canadian Heritage Jean-Claude Mahé, Director, Public and Governmental Affairs, Canadian Heritage	October 29, 2014
<b>National Film Board of Canada</b> Claude Joli-Coeur, Government Film Commissioner and Chairperson of the National Film Board of Canada, Commissioner's Office Deborah Drisdell, Director General, Accessibility and Digital Enterprises	
<b>Canadian Broadcasting Corporation</b> Jennifer McGuire, General Manager and Editor in Chief, CBC News Michel Cormier, Executive Director, News and Current Affairs, French Services	October 28, 2014
<b>University of Toronto Community Radio Inc.</b> Ken Stowar, Station Manager	
<b>HonestReporting Canada</b> Mike Fegelman, Executive Director	
<b>McCarthy Tétrault</b> Peter S. Grant, Counsel	
<b>TekSavvy Solutions Inc.</b> Bram Abramson, Chief Legal and Regulatory Officer	October 27, 2014
<b>Fair Pensions For All</b> Gene Dziadyk, Technical Advisor	
<b>As an Individual</b> John P. Roman	
<b>Microsoft Canada</b> John Weigelt, National Technology Officer	
<b>As an Individual</b> Kady MacDonald Denton	
<b>Rogers Media Inc.</b> Keith Pelley, President, Media Business Unit Susan Wheeler, Vice-President, Regulatory Affairs Media	

<p><b>The Rosemond Company</b> Perry Rosemond, Producer, Director, Writer</p>		
<p><b>Fair Pensions For All</b> William Tufts, Executive Director</p>		
<p><b>Canadian Union of Public Employees</b> Natalie Blais, Research Advisor</p>	October 23, 2014	
<p><b>Syndicat des technicien(ne)s et artisan(e)s du réseau français de Radio-Canada</b> Adrien Caissie, Local President - Moncton, SCFP Local 5757 Isabelle Doyon, President, SCFP Local 675</p>		
<p><b>Confédération des syndicats nationaux</b> François Énault, Assistant to the Executive Committee Jean Lortie, Corporate Secretary</p>		
<p><b>Voice of English-speaking Québec</b> Jean-Sébastien Gignac, Executive Director</p>		
<p><b>Megantic English-Speaking Community Development Corporation</b> Ann Marie Laughrea Powell, President</p>		
<p><b>AVATAR</b> Mériol Lehmann, Chief Executive Officer</p>		
<p><b>Productions Claude Thibodeau inc.</b> Claude Thibodeau, President</p>		
<p><b>Boyne Clarke LLP, Lawyers</b> John A. Young , Q.C., Lawyer</p>		October 21, 2014
<p><b>CJRI Radio</b> Ross Ingram, Owner and Manager</p>		
<p><b>Arcadia Productions</b> John Wesley Chisholm, Creative Director</p>		
<p><b>Société de l'Acadie du Nouveau-Brunswick</b> Bruno Godin, Executive Director</p>		
<p><b>Tell Tale Productions Inc.</b> Edward Peill, President</p>		
<p><b>Federation of francophones of Newfoundland and Labrador</b> Cyrilda Poirier, President</p>		
<p><b>Canadian Broadcasting Corporation</b> Richard Simoens, Director of French Services - Acadie Denise Wilson, Senior Managing Director - Atlantic Canada</p>		

<b>Fédération acadienne de la Nouvelle-Écosse</b> Marie-Claude Rioux, Executive Director	
<b>As an individual</b> Kelly Toughill, Director and Associate Professor, School of Journalism, University of King's College	
<b>Canadian Media Guild</b> Marc-Philippe Laurin, CBC Branch President Carmel Smyth, National President Jeanne d'Arc Umurungi, Communications Director	October 8, 2014
<b>As an individual</b> Marie-Linda Lord, Researcher and Vice-President of Student and International Affairs, Université de Moncton	October 7, 2014
<b>Office of the CBC Ombudsman</b> Esther Enkin, Ombudsman	September 30, 2014
<b>Office of the Radio-Canada Ombudsman</b> Pierre Tourangeau, Ombudsman	
<b>Canada Media Fund</b> Stéphane Cardin, Vice-President, Industry and Public Affairs Sandra Collins, Vice-President, Operations and Chief Financial Officer	September 24, 2014
<b>As an individual</b> Tony Manera	June 11, 2014
<b>Association of Canadian Advertisers</b> Janet Callaghan, Executive Director, Canadian Media Directors' Council Anne Myers, President, Starcom Mediavest Group; Board Member, Canadian Media Directors' Council Robert Reaume, Vice President Policy and Research	April 9, 2014
<b>ACTRA</b> Ferne Downey, National President Marit Stiles, Director of Policy and Communications	April 8, 2014
<b>Canadian Media Research Inc. (CMRI)</b> Barry Kiefl, President	April 2, 2014
<b>As an individual</b> Richard Stursberg	April 1, 2014
<b>Canadian Radio-television and Telecommunications Commission</b> Peter Foster, Director General, Television Policy and Applications Scott Hutton, Executive Director, Broadcasting	March 5, 2014

<b>Association québécoise de la production médiatique (AQPM)</b> Brigitte Doucet, Deputy General Director Claire Samson, President and CEO	March 4, 2014
<b>Canadian Broadcasting Corporation</b> Mark Allen, Director, Research and Analysis Hubert T. Lacroix, President and CEO	February 26, 2014
<b>Centre for Media Studies</b> Daniel Giroux, Secretary General Florian Sauvageau, President	February 12, 2014
<b>As an individual</b> The Honourable Konrad von Finckenstein	February 11, 2014
<b>Friends of Canadian Broadcasting</b> Ian Morrison, Spokesperson	February 4, 2014
<b>Canadian Media Production Association</b> Marla Boltman, General Counsel Brian Goodman, Director, Government Relations and Policy Michael Hennessey, President and CEO Marc Séguin, Senior Vice-President, Policy Jay Thomson, Vice-President, Broadcasting Policy and Regulatory Affairs	January 29, 2014

**Note:** Briefs submitted to the committee can be found at [www.senate-senat.ca/trcm.asp](http://www.senate-senat.ca/trcm.asp)



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- <sup>1</sup> Throughout this report, “CBC/Radio-Canada,” “Corporation” and “national public broadcaster” are used interchangeably to refer to the Canadian Broadcasting Corporation/Société Radio-Canada. The report uses “CBC” by itself to refer to the Corporation’s English-language services and “Radio-Canada” to refer to the French-language services. Some witnesses however, occasionally used “CBC” or “Radio-Canada” to refer to the whole Corporation.
- <sup>2</sup> Radio-Canada, *News release*, “[La Soirée du hockey disparaît](#),” 2 June 2004.
- <sup>3</sup> Daphne Lavers, “[The History of Cable Television in Canada](#),” Canadian Communications Foundation, September 2011.
- <sup>4</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 26 February 2014 (Hubert T. Lacroix, President and CEO, Canadian Broadcasting Corporation).
- <sup>5</sup> Daphne Lavers, (2011).
- <sup>6</sup> Royal Commission on Radio Broadcasting, Report, King’s Printer, Ottawa, 1929. Often referred to as the Aird Report after its chairman, Sir John Aird. Hereafter, Aird Report (1929).
- <sup>7</sup> Ibid. Recommendation (f).
- <sup>8</sup> Ibid.
- <sup>9</sup> Vipond, Mary. “[The Beginnings of Public Broadcasting in Canada: The CRBC, 1932-1936](#),” *Canadian Journal of Communication*, Vol. 19, No. 2, February 1994.
- <sup>10</sup> John Hylton, “[The History of Canadian Broadcast Regulation](#),” Canadian Communications Foundation, July 2007 (updated March 2014).
- <sup>11</sup> Canadian Communications Foundation, “[The Birth and Death of The Canadian Radio Broadcasting Commission \(1932-1936\)](#),” n.d.
- <sup>12</sup> In 1968, the *Broadcasting Act* replaced the BBG with the Canadian Radio-Television Commission (CRTC) as broadcasting’s regulator; a change in 1976 kept the initials of the regulator but altered the name to the Canadian Radio-television and Telecommunications Commission, as the CRTC picked up responsibility for the regulation of telecommunications.
- <sup>13</sup> CBC/Radio-Canada, *Our History*.
- <sup>14</sup> Because the majority of Canadians live along the border with the United States and many of these could receive over-the-air signals from U.S. stations, CBC/Radio-Canada never enjoyed a perfect monopoly in television broadcasting. Canada’s “border problem” was, of course, one of the arguments for a Canadian public broadcaster.
- <sup>15</sup> The discussion in the next few paragraphs is based on Ian Anthony, “[The Roots of Canadian Broadcasting](#),” *The Broadcaster*, 1 October 2002; Daphne Lavers, “[The History of Cable Television in Canada](#),” Canadian Communications Foundation, September 2011; and other material on the Canadian Communications Foundation’s website <http://www.broadcasting-history.ca/index.html>.
- <sup>16</sup> Ian Anthony, “[The Roots of Canadian Broadcasting](#),” *The Broadcaster*, 1 October 2002.
- <sup>17</sup> Ken Auletta, “[Outside the Box: Netflix and the Future of Television](#),” *The New Yorker*, 3 February 2014.
- <sup>18</sup> CBC/Radio-Canada, *Infrastructure*. This short discussion of infrastructure on the CBC-Radio-Canada website notes that its assets include “a great deal of property and equipment that no longer supports the public broadcaster we need to become.” Even if it reduces real estate holdings by 50%, as planned, the CBC/Radio-Canada will still have prominence across Canada.
- <sup>19</sup> Marion Ménard, *CBC/Radio-Canada: Overview and Key Issues*, Publication no. 2013-92E, Parliamentary Information and Research Service, Library of Parliament, Ottawa, 28 October 2013. The number and nature of the services can change over time; Radio Canada International, for example, was restructured in 2012 and now operates only online.
- <sup>20</sup> Colin Hoskins, Stuart McFadyen and Adam Finn, “[Refocusing the CBC](#),” *Canadian Journal of Communication*, Vol. 26, No. 1, January 2001.
- <sup>21</sup> The emphasis in Hoskins, et al. (2001) is on the CBC/Radio-Canada’s English services, especially television services.
- <sup>22</sup> United Kingdom, House of Commons, Select Committee on Media, Culture and Sport, *Future of the BBC*, Fourth Report of Session 2014-2015, 10 February 2015.
- <sup>23</sup> The term “efficient markets” is now used primarily with financial markets and focuses on how stock market prices include all relevant information; the importance of information is a key item in all types of market efficiency.

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- <sup>24</sup> United Kingdom, Department for Culture, Media and Sport, *Future Funding of the BBC*, Report of the Independent Review Panel (Chairman: Gavyn Davies), Annex 8, “Market Failure in Broadcasting,” 28 July 1999. [http://news.bbc.co.uk/1/hi/english/static/bbc\\_funding\\_review/annex8.pdf](http://news.bbc.co.uk/1/hi/english/static/bbc_funding_review/annex8.pdf)
- <sup>25</sup> Ibid. Annex 8 includes brief discussions of the possible reasons for market failure in broadcasting.
- <sup>26</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 29 January 2014 (Michael Hennessey, President and CEO, Canadian Media Production Association (CMPA)).
- <sup>27</sup> Royal Commission on Radio Broadcasting, Report, King’s Printer, Ottawa, 1929. Often referred to as the Aird Report after its chairman, Sir John Aird. Hereafter, Aird Report (1929).
- <sup>28</sup> Aird Report (1929), p. 6.
- <sup>29</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 21 October 2014 (Ross Ingram, Owner and Manager, CJRI Radio).
- <sup>30</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 21 October 2014 (John A. Young, Q.C., Lawyer, Boyne Clarke, LLP, Lawyers).
- <sup>31</sup> CBC/Radio-Canada, [\*Director Training: Compensation, Benefits, and Pension\*](#), 3 May 2013 [Emphasis in original].
- <sup>32</sup> Ibid.
- <sup>33</sup> Hoskins, et al. (2001), p. 23.
- <sup>34</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 6 November 2014 (Michel Nadeau, Executive Director, Institute of Governance for Private and Public Organizations).
- <sup>35</sup> Hoskins, et al., 2001, p. 23.
- <sup>36</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 6 November 2014 (Walter Duszara, Secretary, Quebec Community Groups Network).
- <sup>37</sup> Hoskins, et al. (2001), p. 21.
- <sup>38</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 23 October 2014 (Jean Lortie, Corporate Secretary, Confédération des syndicats nationaux).
- <sup>39</sup> Hoskins, et al., 2001, p. 18.
- <sup>40</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 3, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 26 February 2014 (Hubert T. Lacroix, President and CEO, Canadian Broadcasting Corporation).
- <sup>41</sup> By the end of 2014, four private Canadian broadcasters had launched over-the-top services to compete with Netflix. Rogers and Shaw set up Shomi in August 2014; and Bell set up CraveTV in December 2014; and Vidéotron launched Club Illico in February 2013.
- <sup>42</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 6 November 2014 (Gerald Cutting, President, Townshippers’ Association).
- <sup>43</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 11 February 2014 (Konrad von Finckenstein, as an individual).
- <sup>44</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 3 February 2015 (Dustin Chodorowicz, Partner, Nordicity.).
- <sup>45</sup> This fact-finding trip took place between February 9-12, 2015, during which committee members attended 20 meetings with Parliamentarians and various officials.
- <sup>46</sup> United Kingdom, House of Lords, Select Committee on Communications, [\*The governance and regulation of the BBC\*](#), Second Report of Session 2010-2012, 29 June 2011.
- <sup>47</sup> United Kingdom, House of Commons, Select Committee on Media, Culture and Sport, [\*Future of the BBC\*](#), Fourth Report of Session 2014-2015, 26 February 2015.
- <sup>48</sup> The BBC offers services in Welsh and in Scottish Gaelic, but the scale of these services to the BBC’s English-language services is quite small compared to the scale of the French-language services to the English language services of the CBC/Radio-Canada.
- <sup>49</sup> From the early days of television, Canadians living near the U.S. border have been able to acquire the signals of American stations over the air.
- <sup>50</sup> Christopher Williams, [\*Netflix signs up more than one in 10 British households\*](#),” *Telegraph*, 11 August 2014.
- <sup>51</sup> United Kingdom, House of Lords, Select Committee on Communications, (2011), p. 9
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- <sup>52</sup> United Kingdom, House of Commons, Select Committee on Media, Culture and Sport, (2015), p. 93.
- <sup>53</sup> The two mandates might have been identical except that education is a provincial responsibility in Canada, so the word enlighten is used in the federal *Broadcasting Act*.
- <sup>54</sup> The monthly average of the Canadian dollar exchange rate for a pound sterling for April 2015 (\$1.8454/£1) was used.
- <sup>55</sup> BBC, [Annual Report 2013/4](#).
- <sup>56</sup> Nordicity, “[Analysis of Government Support for Public Broadcasting and Other Culture in Canada](#),” (Prepared for CBC/Radio-Canada), October 2013.
- <sup>57</sup> Fees or taxes are described as “regressive” when lower-income persons must pay a higher-portion of their income to pay them.
- <sup>58</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 3, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 5 March 2014 (Scott Hutton, Executive Director, Broadcasting, Canadian Radio-television and Telecommunications Commission).
- <sup>59</sup> [Broadcasting Act](#), S.C. 1991, c. 11.
- <sup>60</sup> Ibid. Part III (ss. 35(1)—71(3)) of the *Broadcasting Act* also deals with the CBC/Radio-Canada, but discussions of the mandate throughout the hearings and in this chapter almost always refer to ss. 3(1)(l) and 3(1)(m).
- <sup>61</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 18 February 2015 (Louise Poirier, Co-Chair, CBC, I Care!).
- <sup>62</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 12, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 10 December 2014 (Rémi Racine, Chairman of the Board, Canadian Broadcasting Corporation).
- <sup>63</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 3, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 26 February 2014 (Hubert T. Lacroix, President and CEO, Canadian Broadcasting Corporation).
- <sup>64</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 29 January 2014 (Michael Hennessey, President and CEO, Canadian Media Production Association (CMPA)).
- <sup>65</sup> Aird Report (1929).
- <sup>66</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 28 October 2014 (Peter S. Grant, Counsel, McCarthy Tétrault.).
- <sup>67</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 14, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 10 March 2015 (Ken Goldstein, President, Communic@tions Management Inc.).
- <sup>68</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 3, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 26 February 2014 (Hubert T. Lacroix, President and CEO, Canadian Broadcasting Corporation).
- <sup>69</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 28 January 2015 (Alain Saulnier, Visiting Professor, Communications Department, Faculty of Arts and Sciences, University de Montreal).
- <sup>70</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 4 February 2015 (Richard Rapkowski, Counsel, Canadian Association of Film Distributors and Exporters ).
- <sup>71</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 27 January 2015 (Mark Slone, Executive Vice-President, Theatrical Distribution, Entertainment One).
- <sup>72</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 12 February 2014 (Florian Sauvageau, President, Centre d'études sur les medias ).
- <sup>73</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 18 February 2015 (Louise Poirier, Co-Chair, CBC, I Care!).
- <sup>74</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 23 October 2014 (Isabelle Doyon, President, CUPE Local 675, Syndicat des employé(e)s de bureau et professionnel(le)s de Radio-Canada.)
- <sup>75</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 6 November 2014 (Gerald Cutting, President, Townshippers' Association.).
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- <sup>76</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 21 October 2014 (Marie-Claude Rioux, Executive Director, Fédération acadienne de la Nouvelle-Écosse).
- <sup>77</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 11 February 2014 (Konrad von Finckenstein, as an individual).
- <sup>78</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 4 February 2014, (Ian Morrison, Spokesperson, Friends of Canadian Broadcasting).
- <sup>79</sup> Ibid.
- <sup>80</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 2 April 2014 (Barry Kiefl, President, Canadian Media Research Inc. (CMRI)).
- <sup>81</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 28 January 2015 (Alain Saulnier, Visiting Professor, Communications Department, Faculty of Arts and Sciences, University de Montreal).
- <sup>82</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 21 October 2014 (John A. Young, Q.C., a lawyer with Boyne Clarke LLP).
- <sup>83</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 6 November 2014 (Michel Nadeau, Executive Director, Institute of Governance for Private and Public Organizations).
- <sup>84</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 5 November 2014 (Marc Raboy, Beaverbrook Chair in Ethics, Media and Communications, McGill University, as an individual).
- <sup>85</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 5 November 2014 (Arnie Gelbart, Chief Executive Officer and Executive Producer, Galafilm Inc.).
- <sup>86</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 4 February 2014, (Ian Morrison, Spokesperson, Friends of Canadian Broadcasting).
- <sup>87</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 1 April 2014 (Richard Stursberg, as an individual).
- <sup>88</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 5 November 2014, (Isabelle Montpetit, President, Syndicat des communications de Radio-Canada).
- <sup>89</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 12, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 10 December 2014 (Rémi Racine, Chairman of the Board, Canadian Broadcasting Corporation.).
- <sup>90</sup> Letter to committee researcher, 7 April 2015.
- <sup>91</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 3, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 26 February 2014 (Hubert T. Lacroix, President and CEO, Canadian Broadcasting Corporation).
- <sup>92</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 2 April 2014 (Barry Kiefl, President, Canadian Media Research Inc. (CMRI)).
- <sup>93</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 8, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 7 October 2014 (Marie-Linda Lord, Researcher and Vice-President of Student and International Affairs, Université de Moncton, as an individual).
- <sup>94</sup> CBC/Radio-Canada, [Ombudsman](#)
- <sup>95</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 12, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 10 December 2014 (Rémi Racine, Chairman of the Board, Canadian Broadcasting Corporation).
- <sup>96</sup> The Corporation's English and French national news channels will be mandatory in the minority language of a given market; RDI, for example, will be mandatory in anglophone markets, but CBC's News Network will not.
- <sup>97</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 12, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 10 December 2014 (Rémi Racine, Chairman of the Board, Canadian Broadcasting Corporation).
- <sup>98</sup> Ibid.
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- <sup>99</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 14, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 10 March 2015 (Ken Goldstein, President, Communic@tions Management Inc.).
- <sup>100</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 2 April 2014 (Barry Kiefl, President, Canadian Media Research Inc. (CMRI)).
- <sup>101</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 5 November 2014 (Marc Raboy, Beaverbrook Chair in Ethics, Media and Communications, McGill University, as an individual).
- <sup>102</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 5 November 2014 (Jean-Francois Lépine, as an individual).
- <sup>103</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 5 November 2014 (Suzanne Gouin, President and CEO of TV5).
- <sup>104</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 9 April 2014 (Janet Callaghan, Executive Director, Canadian Media Directors' Council, Association of Canadian Advertisers).
- <sup>105</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 9 April 2014 (Robert Reaume, Vice President Policy and Research, Association of Canadian Advertisers).
- <sup>106</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 2 April 2014 (Barry Kiefl, President, Canadian Media Research Inc. (CMRI)).
- <sup>107</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No.9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 21 October 2014 (Edward Peill, President, Tell Tale Productions).
- <sup>108</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 11 February 2014 (Konrad von Finckenstein, as an individual).
- <sup>109</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 9 April 2014 (Janet Callaghan, Executive Director, Canadian Media Directors' Council, Association of Canadian Advertisers).
- <sup>110</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 4 February 2015 (Richard Rapkowski, Counsel, Canadian Association of Film Distributors and Exporters).
- <sup>111</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 12 February 2014 (Florian Sauvageau, President, Centre d'études sur les medias ).
- <sup>112</sup> Ibid.
- <sup>113</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 23 October 2014 (Jean Lortie, Corporate Secretary, Confédération des syndicats nationaux).
- <sup>114</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 4 February 2014 (Ian Morrison, Spokesperson, Friends of Canadian Broadcasting).
- <sup>115</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 8 October 2014 (Carmel Smyth, National President, Canadian Media Guild).
- <sup>116</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 14, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 10 March 2015 (Ken Goldstein, President, Communic@tions Management Inc.)
- <sup>117</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 17 February 2015 (Heather Conway, Executive Vice-President, English Services, Canadian Broadcasting Corporation).
- <sup>118</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 17 February 2015 (Hubert T. Lacroix, President and CEO, Canadian Broadcasting Corporation).
- <sup>119</sup> Although much of the discussion during the hearings referred to “ratings,” the numbers presented by those witnesses who presented data – and the CRTC data used in this chapter – are for “audience share,” which is based
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on the average percentage of viewers who tuned to a particular program at a particular time. Following the practice of most of the witnesses before the committee, this section uses the word “ratings,” even though “audience share” would be more correct.

<sup>120</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 27 January 2015 (Mark Slone, Executive Vice-President, Theatrical Distribution, Entertainment One).

<sup>121</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 28 October 2014 (Peter S. Grant, Counsel, McCarthy Tétrault.).

<sup>122</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 3 February 2015 (Dustin Chodorowicz, Partner, Nordicity).

<sup>123</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 3, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 26 February 2014 (Hubert T. Lacroix, President and CEO, Canadian Broadcasting Corporation).

<sup>124</sup> *Ibid.*

<sup>125</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 2 April 2014 (Barry Kiefl, President, Canadian Media Research Inc. (CMRI)).

<sup>126</sup> *Ibid.*

<sup>127</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 3, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 5 March 2014 (Scott Hutton, Executive Director, Broadcasting, Canadian Radio-television and Telecommunications Commission).

<sup>128</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 2 April 2014 (Barry Kiefl, President, Canadian Media Research Inc. (CMRI)).

<sup>129</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 4 February 2015 (Richard Rapkowski, Counsel, Canadian Association of Film Distributors and Exporters).

<sup>130</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 2, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 29 January 2014 (Michael Hennessey, President and CEO, Canadian Media Production Association (CMPA)).

<sup>131</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 21 October 2014 (John A. Young, Q.C., Lawyer, Boyne Clarke, LLP, Lawyers).

<sup>132</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 27 January 2015 (Mark Slone, Executive Vice-President, Theatrical Distribution, Entertainment One).

<sup>133</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 13, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 4 February 2015 (Richard Rapkowski, Counsel, Canadian Association of Film Distributors and Exporters).

<sup>134</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 3, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 26 February 2014 (Hubert T. Lacroix, President and CEO, Canadian Broadcasting Corporation). The figures given are for programming on CBC/Radio-Canada’s conventional television services. The recently released figures for 2014 are \$790 million and \$619 million, respectively.

<sup>135</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 8 April 2014 (Ferne Downey, National President, ACTRA).

<sup>136</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 8, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 7 October 2014 (Marie-Linda Lord, Researcher and Vice-President of Student and International Affairs, Université de Moncton, as an individual).

<sup>137</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 27 October 2014 (Perry Rosemond, Producer, Writer, Director, The Rosemond Company).

<sup>138</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 4 March 2014 (Claire Samson, President and CEO, Association québécoise de la production médiatique).

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<sup>139</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 5 November 2014, (Isabelle Montpetit, President, Syndicat des communications de Radio-Canada).

<sup>140</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 10, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 6 November 2014 (Michel Nadeau, Executive Director, Institute of Governance for Private and Public Organizations).

<sup>141</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 4, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 1 April 2014 (Richard Stursberg, as an individual).

<sup>142</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 9, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 27 October 2014 ( Keith Pelley, Rogers Media).

<sup>143</sup> Senate, Proceedings of the Standing Senate Committee on Transport and Communications, Issue No. 8, *Evidence*, 2<sup>nd</sup> Session, 41<sup>st</sup> Parliament, 8 October 2014 (Marc-Philippe Laurin,. CBC Branch President, Canadian Media Guild).