

With eyes wide shut? Or worse – with eyes wide open

The death of Canadian TV has been predicted for years. Since the turn of the 21st century Canada's media landscape has been under huge pressure from a tsunami of industry pressures.

In this century's first decade, industry consolidation became 'a thing' and the logic of the local licence, of serving the unique needs of individual communities, was dismissed as old-fashioned, abandoned in the interest of 'bigger is better'. CTVglobemedia bought up CHUM Ltd, CanWest Global Communications (with help from Goldman Sachs) swallowed Alliance Atlantis and Astral Media took over Standard Broadcasting Ltd. Canadians and public-interest groups warned the Canadian Radio-television and Telecommunications Commission (CRTC) about the dangers of concentrated ownership: it dismissed these dangers, saying the transactions' benefits outweighed any possible harm.

Time for a quick breath – then Corus (Shaw) picked up the Global television properties and Bell, spotting an opportunity, grabbed CTV as well as Astral, combining cable and internet, mobile and media. Concentration of ownership again became a talking point but concerns about the loss of local service were dismissed and all of these multi-billion-dollar transactions were eventually rubber-stamped.

As a result of consolidation, large television companies were reduced from dominant industry leaders to regulated subsidiaries whose declining profits became a constant source of concern to their ROI-driven telecom owners.

Then social media giants like Facebook and Google began to Hoover up local and national advertising. Its transfer to online service has become a tidal wave, sweeping up revenues that for decades supported vibrant and diverse Canadian print, radio and television industries.

We noticed; the industry noticed; but once again decision-makers failed to act.

Faced with proof of steadily declining TV network revenues and evidence of cord-cutting, the CRTC talked a great deal about the future in its 2014 "Let's Talk TV" hearings. On March 12, 2015 it 'tweaked' its regulations, loosened its requirements for local news, and acknowledged that,

Canadians will continue to migrate from scheduled television and packaged programming services to a more on-demand and tailored television environment. Canadians will seek even greater control over the programs they watch and will access video programs on an even wider array of devices. This new environment will require a concerted effort by all players in the broadcasting system, including

governments and the Commission, to find new and innovative approaches to support the creation of compelling and diverse programming.

Four years on, what “new and innovative approaches” have emerged? But for a small fund to support some forms of journalism, none.

Even a change in government achieved nothing, introducing new decision-makers but no fresh thinking. Confronted by dated, pre-internet broadcast legislation, then Heritage Minister Joly launched a Review of Canadian Content in the Digital World in which thousands of Canadians participated. This review permitted more inaction, and the *Creative Canada* initiative she announced in 2017 merely juggled cultural expenditure funds from one hand to another. A year later, she and her colleague, Science, Innovation and Economic Development Minister Bains, launched another review, appointing the Broadcasting and Telecommunications Review Panel. It will table recommendations in January 2020, three months after the looming Federal election in October. The whole first term of a new, allegedly younger and more contemporary government will have flown by with little accomplished... while Canada’s media infrastructure continues to drown in the tidal wave of foreign online content.

We are now in August 2019. Ninety percent of Canadian homes have access to the internet and to mobile phones, and more than 7 million subscribe to Netflix. Amazon Prime subscribers can already access its television programs. Disney has just announced that its new streaming service, Disney+, will arrive in Canada on November 12, to be followed that same month by Apple TV, and shortly thereafter by new streaming services from AT&T, NBC Universal and others.

Exciting new entertainment options all! But, in the face of continued inaction by Canada’s federal government, they will inevitably destroy key elements of Canada’s broadcasting system: our private television stations and networks.

Destruction is inevitable because Canada’s private commercial television services have long benefited from their ability to acquire popular American programming (at prices well-below production costs), and from the CRTC’s ‘simultaneous substitution’ policy. That policy yielded significant advertising revenues for Canadian services but also yoked Canada’s private television sector tightly to its American counterpart.

Now, however, Canadian television services are being hit with a double whammy: online social media are eating their advertising lunch and American program producers are eliminating OTA television stations and networks as middlemen. Why would Disney or NBC sell their most popular shows to Canadian television clients when they will be able to showcase these programs on services to which Canadians will soon be able to subscribe directly? And we can’t count on Britain to replace that content: their first streaming offering, BRITBOX, is already here – yet more competition for Canadian television services.

So that's hours of programming each week that the Canadian networks will have to replace – and without the revenue flow to do it. Meanwhile, we hear that one of the streaming services arriving in November plans to spend some six billion (US\$) on new programming in just one year – more than five times the annual budget that CBC receives to serve Canadians on radio and television, in English and French and across five time zones.

Worse still, the funding model on which Canada has relied to produce high-quality television entertainment programming (drama, comedy, reality) is itself about to fail. The income from Canadian cable and satellite services which supports television programming funds in Canada is already declining as subscribers cut the cord. The arrival of the new TV streaming services and related technologies will accelerate cord-cutting in favour of the Internet: more and better choice at less cost. In these circumstances it is unlikely that either the Canadian Media Fund or Telefilm Canada can survive in its present form. (Ironically, Canada's telecom behemoths will not just survive but prosper, thanks to their ownership and control of Canada's Internet delivery system.)

What can Canadians expect? More - and more drastic - cuts to local news for starters, and in the short-to-medium term, the shuttering of TV stations altogether. After all, even if large and very profitable telecommunications companies once lobbied hard to acquire so many of Canada's private television stations (arguing that their deep pockets would strengthen the stations), nothing requires them to keep these stations open. They can return their broadcast licences at any time.

And in the longer term? If, yet again, legislators and regulators still do nothing, the implosion of Canada's media infrastructure will cripple Canadians' ability to talk to each other, to share concerns and to contribute meaningfully to Canada's future.

When we can no longer see and hear ourselves, legislative and regulatory inaction will have erased the 49th parallel – and Canada with it.

- Kealy Wilkinson (Toronto, 21 August 2019)