



CBC wants Canadians' trust.

Trust is earned, not taken.

Remarks of the Forum for Research and Policy in Communications (FRPC)

Appearance before the CRTC panel via Zoom: Thursday, January 21st, 2021

(Check against delivery)

Applications by the Canadian Broadcasting Corporation to renew the broadcasting licences for its various English- and French-language audio and audio-visual programming services and to maintain the exempted status of its digital programming services, Broadcasting Notices of Consultation CRTC 2019-379 (Ottawa, 25 November 2019) 2019-379-1 (Ottawa, 28 January 2020), 2019-379-2 (Ottawa, 8 April 2020), 2019-379-3 (Ottawa, 22 June 2020), 2019-379-4 (Ottawa, 10 November 2020) and 2019-375-5 (Ottawa, 18 December 2020)

FRPC written interventions in this proceeding

[*A Family Feud: CBC needs a bigger allowance*](#), Intervention of the Forum for Research and Policy in Communications (FRPC) with respect to CBC's applications to renew its television and radio licences, Broadcasting Notice of Consultation CRTC 2019-379 (Ottawa, 25 November 2019), (Ottawa, 20 February 2020), submitted with [*An analysis of CBC's financial history from 1937 to 2019: We tried to follow the money. Frodo had it easier*](#), Research paper (Ottawa, February 2020)

[*Too many moving pieces: It's time to terminate the 2019-379 renewal process*](#), Renewal application of the Canadian Broadcasting Corporation – Notice of hearing, Broadcasting Notices of Consultation CRTC 2019-379 (Ottawa, 25 November 2019), 2019-379-1 (Ottawa, 28 January 2020), 2019-379-2 (Ottawa, 8 April 2020) and 2019-379-3 (Ottawa, 22 June 2020) – response to “Additional information added to the public record”, (Ottawa, 13 July 2020)

I. Introduction

1. Thank you, Madame Secretary, Mr. Chairman and Commissioners.
2. I am Al MacKay, Chair of the Forum's Board. With me are John Stevenson, our Vice-Chair, and Monica Auer, our Executive Director.
3. We will be addressing three of the many issues raised by CBC's applications: CBC as a public broadcaster, online services and this proceeding's legacy, focussing largely on the English-language television service.

II. Canada's national public broadcaster

A. Importance

4. Creating the CBC just a few years after the 1929 Great Depression took courage. Public and private spending had fallen by almost half. One in three Canadians could not find work. Canada's radio stations relied heavily on US programming.
5. Parliament answered Canadians' concerns about broadcasting – foreign influence, unequal access and the weakening of Canadian identity – by creating the Corporation.
6. Today's *Broadcasting Act* still requires Canada's broadcasting system to be effectively owned and controlled by Canadians. CBC's programming should be predominantly Canadian.
7. Meeting this mandate is a challenge, primarily due to funding. FRPC's 2020 *Frodo* report found that in real terms public funding of CBC's operations fell 36% from 1985 to 2019. While its 2019 operating appropriations were half a percentage point higher than in 2013, its commercial income dropped 30%. CBC's 2019 operating appropriations were in real terms lower than from 1973 to 1997, from 2002 to 2012 and in 2018.

Broadcasting Act, s. 3(1):
(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;

B. The special role of local news in public broadcasting

8. Parliament made news a priority for the CBC. Its three programming jobs are first to inform, then to enlighten and lastly to entertain.
9. The CBC did say last Tuesday that news is 'very, very important'. But saying it does not make it so.

Transcript, Virtual Hearing, (Tuesday) 12 January 2021:
832 Mme TAIT: Mais avant de commencer, j'aimerais quand même, parce qu'on plonge directement dans les... un sujet **très, très important** et qui est au cœur... c'est vraiment au cœur de tout ce qu'on fait, l'information et les nouvelles, alors j'aimerais quand même annoncer les autres participants dans nos équipes.

- 10. The CRTC’s TV summaries show that from 2013 to 2019 CBC's network news expenditures dropped by \$24 million. Spending on news by its 27 local TV stations fell by \$67 million. Both were cut by 43%. To put this another way, local news made up 13.5% of CBC television’s total expenses in 2013, but 10.8% of total expenses in 2019. Radio data are unavailable.
- 11. If local news was important to the CBC, local English-language TV news would not have been silenced during the pandemic’s first weeks. If local was important, the network would not have eliminated the window in the national election broadcast for its stations to report on local election races. If local was important, CBC would have provided a full network report in its local 6 pm newscasts of the storming of the US Capitol, not local reporters’ voice overs of random footage.
- 12. The CBC also told you last week that all its news is original.

*Transcript, Virtual Hearing, (Wednesday) 13 January 2021: 3017 [MS. WILLIAMS:] ... **Our news is all first-run....***

CBLT-DT TV program log for Nov 2019		
CRTC categories: 010 (News)		
Sum of Duration (hours; includes ads)		
Year	2013	2019
First play		
CBLT	47.0	36.7
CBC NEWSW	26.0	25.0
leNEWSW		0.5
NEWSW	64.0	24.5
Subtotal	137.0	86.7
Repeat		
CBC NEWSW		21.0
leNEWSW		0.5
NEWSW		1.5
Subtotal		23.0
Total hours	137.0	109.7
Note: CBC's originating services presented as shown in logs		

- 13. Yet the Open Government portal logs for CBLT-DT Toronto show that in November 2019 23 of its 110 hours of news were repeats of news already broadcast by other CBC services. It broadcast ten fewer hours of original local news compared to 2013.
- 14. These figures are the proof of CBC's news pudding in Toronto and show what happens when news is not backstopped by conditions of licence.
- 15. Canadians need and want accurate, impartial and balanced news. In times of crisis and emergency they turn to their local stations. When so many other local news voices have gone quiet or have been cut to the bone, free and accessible local service becomes even more important.
- 16. Conditions of licence are more than guardrails to ensure that broadcasters meet their commitments and regulatory obligations. They are shields that protect communities and Canadians. Flexible shields rarely work.
- 17. The Forum is asking that your decision set CBC on a better path, by mandating specific hours of original local radio and TV news every week for each CBC general interest service.

John Stevenson, Vice-Chair and Member of FRPC's Board of Directors

III. Digital Media Exemption Order

18. Mr. Chairman and Commissioners, CBC told you last Monday that the balance between its linear and online services “is at the core” of this hearing.
19. The Forum agrees that online content is essential to CBC's relevance. Yet the essential character of these services makes it difficult, if not impossible, to exempt them from regulation and public oversight.
20. CBC now offers a variety of programming services online. Streaming is very expensive to establish and operate in countries with small populations like Canada. Few business models are recovering their costs even when operating on a global level. They are in a growth phase: profits are secondary to expanding business.

*Transcript, Virtual Hearing, (Monday)
11 January 2021:*
54 We believe **it is this balancing act between linear and digital that is at the core of these hearings**, a balancing act between the interest and needs of Canadians with very different profiles and media habits. How do we serve all Canadians in a time of galloping technological change, accelerated audience and platform fragmentation, and increasingly challenged business models for our media industry?

23 “Programming services” (excludes local radio and TV service sites):



Outline & shading: Licensed discretionary television programming service

Source: <https://cbc.radio-canada.ca/en/services/programming-services> (14 January 2021)

21. CBC appears to be trying to establish middle-tier streaming services for Canadians with Internet, to commercialize content that for many decades has not been commercial. If CBC is moving to commercialize its content through its digital services, it should be transparent about this.

22. Yet it is unclear how many original hours of content CBC will make available first or only on its online services per year, or why any of its online content should be online only.
23. Canadians are entitled to such evidence because their taxes pay for CBC's online content. Last June the CBC disclosed that it planned to spend \$1.05 billion on its digital services from 2021 to 2023, forecasting just \$229 million in digital revenues. If Parliamentary appropriations are not filling the \$822 million gap between CBC's online revenue and spending, what is?
24. The CRTC is also entitled to know the CBC's plans for online services because its evidence shows these 'materially' affect the broadcasting system. CBC plans to spend \$900 million on its conventional radio services from 2021 to 2023. If the CRTC does not exempt CBC's radio services worth \$900 million, why exempt digital services worth \$1 billion?
25. Without conditions of licence setting exhibition and expenditure requirements for individual services the CBC will continue with its November 2019 plans to reduce linear service spending by \$27 million and to raise spending on its online services by \$61 million. CBC's digital plans should not be allowed to reduce programming quality on its free conventional stations. As for non-programming services, the Forum's 13 July 2020 submission addressed CBC's arguments on this point.

Broadcasting Act, s. 9(4)

The Commission shall, by order, on such terms and conditions as it deems appropriate, exempt persons who carry on broadcasting undertakings of any class specified in the order from any or all of the requirements of this Part or of a regulation made under this Part where the Commission is satisfied that compliance with those requirements will not contribute in a **material** manner to the implementation of the broadcasting policy set out in subsection 3(1).

Monica Auer, Executive Director, FRPC

IV. CBC's role as a trusted national public broadcaster

26. The most critical issue raised by CBC's 2019 applications is trust, made relevant first by its Strategic Plan and then by Tandem.
27. Trust requires transparency.

A. Branded content

28. Last Monday the CBC told you that its Board has lively discussions about CBC's budgets and how these are allocated.

29. Yet CBC's four Corporate Plan Summaries from 2017 to 2020 do not mention either "branded content" or the Tandem project. In answering access-to-information requests 2020-88 and -90 the CBC said it had no information about when its Board of Directors was asked to approve and actually did approve Tandem.

30. Was there a lively discussion about branded content by the CBC's Board? Who decided that CBC would carry branded content?

31. CBC's decisions not to broadcast required notifications and to conceal relevant financial information until last June are two more examples of non-transparency.

32. The CBC's basic problem is that it has lost many Canadians' trust. Regaining it requires more transparency. The proof may well be in the

Transcript, (Monday) 11 January 2021:

630 [Ms. Tait:] Each year on an annual basis, you know, we prepare our budgets, we take it to the Board of Directors for their approval. There's often lively discussion about what we're doing and how we're doing it, and then we settle on; do these allocations advance the strategic priorities that we set out, and do they do so in the most efficient way possible, and are we fulfilling the obligation -- our obligations as set out by the broadcasting act and as set out by our regulator?

Transcript, (Friday) 15 January 2021:

5575 [Ms. Tait]... we are absolutely committed to being responsible custodians of the public trust. It is absolutely core and fundamental to this management team and to all the people that are involved in the company, ... and I should say and to the board of directors, which is why we had a discussion with the board on this subject very much at the request of our own employees.

pudding, but it is easier to find in regular, transparent and public reporting.

Transcript, (Tuesday) 12 January 2021:

1840 MS. TAIT: Right. I think, you know, we've - - and we -- probably this will be a theme that we will come back to, but I think we've -- we have said very clearly that, you know, the proof is in the pudding and in the experience of -- in our estimation that we are delivering, we are over delivering historically on pretty well all our obligations in the area of news.

B. Accountability

33. The CBC is owned by and operated for Canadians. They expect the CRTC to hold it to account regarding its programming. Yet last Friday CBC seemed to question the idea of reporting on the percentage of its news programming produced outside of Quebec.

Transcript, (Friday) 15 January 2021

5224 Alors, en ce moment, nous avons déjà un ensemble de conditions de licence très particulières et c'est très substantiel et on propose de les maintenir, en ajoutant plus le 3 % spécifiquement pour la production indépendante hors-Québec. Alors, nous considérons que nos propositions qui, elles aussi, impliquent énormément de rapports – on vous produit à chaque année huit rapports très détaillés avec la liste des émissions, quelles sont les émissions que chaque station hors-Québec produit pour la région, quelles émissions en région sont diffusées au réseau, la dépense avec la ligne identifiant chacun des producteurs. Alors, il y a déjà en ce moment, en ce qui concerne le reflet des CLOSM, énormément de rapports et de conditions de licence.

34. Computers have made it easier for CBC to document many things, including programming hours. Metrics are nothing new: many professions including lawyers docket their time down to the second, and anyone with investments or an RRSP reviews their portfolio every year to determine whether targets for return on investment have been met.
35. Canadians invest hundreds of millions of dollars in the CBC every year. The CRTC should set clear benchmarks to ensure that this investment is achieving the desired results. It should require CBC to report publicly on the original programming hours each of its services broadcasts or makes available, and on the results of other measures in other areas. It should report quarterly, rather than yearly or at the end of the next licence.
36. These reports will make CBC more accountable, keep it on track and help it to regain Canadians' trust – because the simple fact is that the Corporation cannot simply ask for Canadians' trust – it must earn it.

Al MacKay, Chair and Member, FRPC Board of Directors

V. The legacy of this hearing

37. The current *Broadcasting Act* effectively demands that CBC's management use its resources in trust for and to the benefit of Canadians. It also lays a heavy burden on this hearing panel to act on behalf of the CRTC, Parliament and Canadians.
38. Unfortunately, CBC has offered insufficient evidence to support a decision to renew its licences past 2022/23.
39. It is time for the CBC to take the road less travelled now and going forward. It must drop advertising including branded content to become a true public broadcaster. It must serve all Canadians and communities from coast to coast to coast, with innovative programming on a variety of free platforms.
40. The CRTC, for its part, could launch this road trip with a policy hearing about what Canadians need and expect from their public broadcaster in this era of massive technological and social change.

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