



December 20, 2006

Follow-up submission re: Broadcasting Notice CRTC 2006-5

1. The Canadian Media Guild would like to expand on two issues that were discussed during our presentation to the panel on December 1.
2. **A. The future of OTA television outside “major markets”**
3. We urge the panel to examine very critically the apparent consensus among broadcasters to drop over-the-air transmission in places they find to be inconvenient or unprofitable after the transition to digital.
4. Television service for small towns and rural areas has been a concern of the CRTC since the advent of television. It was also a priority of the federal government in the 1970s, when CBC/Radio-Canada was mandated to undertake the Accelerated Coverage Plan. We aren't aware of any explicit change in policy or legislation that would support a withdrawal of free TV service in all places outside Canada's “major markets.” We note that the Broadcasting Act continues to mandate the Commission to facilitate the “provision of broadcasting to Canadians.”
5. We fully understand and acknowledge that Canada has geographic and demographic characteristics that are unmatched in the world and that create a significant challenge when it comes to providing hard infrastructure, including highways, railways, telecommunications links and broadcast transmitters. However, we believe there are orderly and sensible ways to upgrade the over-the-air transmission infrastructure to ensure that Canadians continue to be well-served by their public broadcaster(s), at the very least.
6. The existing transmission infrastructure could be updated with digital equipment as analog equipment comes to the end of its useful life, using a hard shut-down model. Under this approach, smaller communities and remote areas would have varying dates for a firm switch from analog to digital reception. The dates could be communicated to the affected communities using both broadcast and

newspaper advertising. Perhaps the CRTC could provide an overall schedule as the information was provided by licencees.

7. We understand that there will be greater clarity within a few years over the transmission and reception standards in North America with, for example, the adoption of MPEG-4 compression technology. Over-the-air viewers could then be alerted by broadcasters ahead of time about what kind of receiver they will need to resume off-air reception after the switch to digital.
8. As consultant Michael McEwen reported to the CRTC on August 1, MPEG-4 technology would also allow additional capacity on the 6 MHz broadcast spectrum “to provide not only HD service but also multi channels, interactive and streaming data for Download and Store technology.” There is clearly an opportunity to actually improve broadcasting – and perhaps data – services to smaller and remote communities using digital OTA transmission technology.
9. If CBC/Radio-Canada were continued to be mandated to provide broad coverage across the country, the public broadcaster could become a hub that is cost- and service-shared with other broadcasters, especially provincial public broadcasters (eg. Télé-Québec and TVOntario) and other non-profits, including APTN.
10. Financing the upgrade in smaller and remote areas should not pose an insurmountable obstacle. We mention here, for the sake of interest, a couple of options that the government and the CRTC could explore further:
 - i. the imposition of a small tax on new TV sets and receivers that would be devoted to upgrading (and perhaps expanding) over-the-air transmission infrastructure.
 - ii. the imposition of a transition premium on private broadcasters for every transmitter and repeater that is permanently shut down during the transition to digital.
11. As documented in the research we submitted to the CRTC on December 1, we believe that CBC/Radio-Canada has underestimated the proportion of households that rely on off-air reception in smaller and remote communities. We also believe it is worth asking whether, if an enhanced service were available that offered up to five stations, it is possible that more households would come to rely on off-air reception entirely, or for a second TV set in the home.
12. We urge the Commission to thoroughly examine all of the risks of losing OTA transmission in large swaths of the country before allowing conventional broadcasters to stop transmitting over the air in certain areas. The process has already started in the interior of British Columbia, where OTA viewers in Kamloops have lost access to the CBC, and we understand there are other cities

where CBC may soon not be available over the air. The risks include the loss of free French- and Aboriginal-language broadcast services, as well as the loss of the ability to do targeted emergency TV broadcasts in the event of a localized natural disaster or other event.

13. We also believe that a full comparison between the costs of expanding satellite capacity to provide local service and the costs of upgrading the OTA transmission system needs to be done before any decision is made.
14. Finally, we note that the Commission reiterated “the importance it places on the preservation of free, universal access to broadcast services” in the “Licensing policy to oversee the transition from analog to digital, over-the-air television broadcasting” (PN 2002-31). You have now heard from broadcasters on this question during the current proceeding. However, we continue to believe that you have not heard from an adequate sample of the people on the other side of airwaves: the citizens and TV viewers of Canada.
15. We urge you to call for a public debate on this issue in your report, given that the government and parliament have an important role to play in the future of OTA transmission, particularly in small cities and rural and remote areas.
16. **B. The CRTC has a role to play in making sure that public broadcasters are able to continue to fulfill their mandates, such as providing resources to them from within the broadcasting system.**
17. Collectively, Canadians pay billions of dollars per year for broadcasting services. This includes hundreds of millions in Canadians’ tax contributions devoted to public broadcasters, tax credits and the Canadian Television Fund, on top of the billions they pay in cable and satellite subscriptions. This money goes to private, public and non-profit broadcasters.
18. The Broadcasting Act mandates the Commission to “regulate and supervise all aspects of the Canadian broadcasting system with a view to implementing the broadcasting policy set out in [the Act].” That broadcasting policy includes a prominent role for public broadcasting.
19. In addition, the Act prescribes that the Commission “facilitates the provision of Canadian programs to Canadians.”
20. We believe that our proposal, in which the CRTC would grant public conventional broadcasters a portion of BDU carriage fees in order to expand their provision of priority Canadian programming, is fully in keeping with the Commission’s mandate under the Act.

21. There was some question as to whether supplying that money to public broadcasters would represent an attempt to second-guess duly elected governments that fund public broadcasting.
22. Our vehement answer to that question is: no. In the case of CBC/Radio-Canada, the federal government has not changed the public broadcaster's mandate since 1991. At the same time, the government has cut CBC's funding by about one-third, leaving the broadcaster to rely more and more on advertising revenue to fulfill its mandate. We believe the CRTC could step in with a stable, ongoing alternative to advertising revenue. It is in no way our intention for the CRTC to finance a replacement for existing government funding.
23. Our proposal would allow CBC/Radio-Canada to rely less on advertising and to receive a stable, foreseeable amount of money with which to create quality Canadian programming that runs without commercials. While we firmly believe that the government must increase its allocation to CBC/Radio-Canada, we argue that the Commission is as well placed as the federal government to re-allocate resources within the system, including carriage fees, in order to facilitate "the provision of Canadian programs to Canadians." And CBC/Radio-Canada, along with provincial public broadcasters, are the most likely and able to air priority Canadian programming, including news and local and regional programming, when Canadians are watching.
24. Creating a complement to the Canadian Television Fund, whose the purpose is to support the independent TV production sector in Canada, would enable the CRTC to help ensure that the system's resources are maximized. The Broadcaster Program Fund we are proposing would provide financing directly to broadcasters. It would allow them to produce programming, including local news, documentaries and regional programs, that is not currently eligible for CTF funding.
25. We heard testimony from SCFP's Conseil provincial du secteur des communications during the proceeding, explaining that it costs more for an independent producer to create a 30-minute episode of *Virginie* than it cost to produce that same show in-house at Radio-Canada. However, because the broadcaster cannot access CTF funding to make the show itself, it chose to have it done outside anyway.
26. *Virginie* cannot possibly be the only show to experience a false economy because of the limitations of the CTF. In addition, there are important Canadian programs that are not adequately resourced, including CBC's local news, and others that are likely not made because of a lack of funding and incentives for the shows that broadcasters produce most efficiently themselves.

27. Finally, we must underscore the point that supporting the production and airing of Canadian programming is not the same as telling people what to watch. It is simply about preserving a made-in-Canada option for Canadian viewers.
28. We would like to thank the panel for their consideration, and for their thoughtful questions related to our original submission and presentation. We are looking forward to reading the report from the proceedings.