



**WGC WRITTEN SUBMISSION TO THE STANDING COMMITTEE ON CANADIAN HERITAGE**

**CBC MANDATE REVIEW**

March 5, 2007

**Executive Summary:**

The Writers Guild of Canada (WGC) welcomes the opportunity to participate in the House of Commons Standing Committee on Canadian Heritage review of the CBC Mandate. **In addition to this submission we request the opportunity to appear as a witness before the Heritage Committee on this matter.**

From 1993 to 1997, CBC funding was cut by more than \$400 million by the federal government – or about 33%. In 1996, the government decided to assist the CBC by giving it a guaranteed envelope of 50% of the Canadian Television Fund (CTF) monies. However, this envelope was removed in 1999 and only reinstated – at 37% – last year. As a result of this seven-year shortfall, the CBC has been struggling to fulfill its mandate and has made decisions that were necessary in the short-term, but have had a long-term impact on its ability to do its job. At the same time, drama costs have risen, and the CBC has had to deal with new challenges such as HD and the Internet, which require additional financing. The CBC has chosen to meet these challenges by reducing its spending on costly, but popular, one-hour dramas, commissioning few episodes of drama, airing low budget reality or event programs instead of scripted programs, and eliminating its after-school block in favour of cheap U.S. repeats. Other solutions such as closing stations, selling real estate, and cutting staff have allowed the CBC to balance its budget.

None of these are viable long-term solutions. The irony is that the CBC is caught in a vicious circle. In response to a lower budget, the CBC has chosen to buy cheaper programming – which results in a lower audience – and therefore generates less advertising revenue. The CBC needs the tools to rebuild its business and revive its audience. Only with government support can the CBC escape this vortex and return to being the leading broadcaster of high-quality, culturally important Canadian programming. Only then will the Canadian public be assured that the CBC is fulfilling its mandate under the Broadcasting Act.

**Brief:**

**Introduction**

The WGC is a national association representing over 1,800 professional screenwriters working in English-language film, television, radio and digital media production.

Although film and television production is a collaborative process that brings together people with many talents and skills, screenwriters are the first and primary creators. As storytellers, they create the characters and events in programs that reflect our national

identity, and instill a true sense of what it means to be Canadian. Our WGC members are the creators of indigenous dramatic series such as *Intelligence* and *Little Mosque on the Prairie*, and thought-provoking movies of the week and miniseries such as *Human Cargo*. The WGC is committed to building a vibrant industry showcasing Canadian imagination and talent and preserving our unique culture.

Since the WGC represents screenwriters working in English, our comments are limited to the CBC. Although the CBC and SRC share many of the same issues, there are some issues unique to the SRC upon which the WGC is reluctant to comment.

## **A. The Role of the CBC as a Public Broadcaster in the 21<sup>st</sup> Century**

### **Does the CBC fulfill its mandate?**

First, the WGC supports the mandate of the CBC as set out in s. 3(1)(m) of the Broadcasting Act (and set out below for reference) and sees no need to modify its wording.

- 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 resources become available for the purpose, and
- viii. reflect the multicultural and multiracial nature of Canada

Overall, the CBC has been successful in carrying out each part of its mandate, however the WGC has a few areas of concern.

### **a. Success – Reflecting Canada Through Regional Production**

The CRTC commended the CBC at its licence renewal in 2000 for going beyond its conditions of licence in airing Canadian programming. At that time the CBC was airing 65% Canadian content during the day, and 95% Canadian content at times in peak viewing times. No other broadcaster was airing that level of Canadian programming at that time, nor are they now. There was a concern however, that the prime time schedule did not adequately reflect the regions. The CRTC encouraged the CBC to air more programs produced outside Toronto, and the CBC met that challenge by broadcasting many regionally produced drama series such as *Da Vinci's Inquest*, *Hatching, Matching and Dispatching* and *Northern Town*. The CBC has demonstrated a very real commitment to reflecting the various regional voices across Canada. The multiracial and multicultural aspects of Canada have been well reflected both by the overall story of programs such as *Dragon Boys* (Chinese gangs in Vancouver) and *Little Mosque on the Prairie* (multiracial Muslim community in the prairies) and by casting that

accurately reflects the diversity of the communities in cities such as Vancouver (*Intelligence*), Toronto (*This is Wonderland*) and Halifax (*North/South*).

All of this contributes to our shared sense of identity. Audiences can identify both with glimpses of their immediate world, and the larger country. They can discover the universal truths of being Canadian reflected in various communities across the country.

#### **b. At Risk – Reflecting Canada Through One-Hour Drama and Variety**

Our concern is that with an increasingly limited budget due to cutbacks in the government appropriation, and drops in ad revenue, the CBC has reduced the number of prime time one-hour dramas on air. This runs counter to common sense as year after year Canadians have shown that they want to watch one-hour dramas. In a recent BBM report of the Top 30 programs viewed in Canada<sup>1</sup>, 19 of the 30 programs were one-hour dramas (this despite it being the week of the SuperBowl and the return of *American Idol*). None of these programs are Canadian. One-hour dramas are the height of TV storytelling because the creative team has the time to tackle the weighty themes that cannot be touched in a half-hour show, which are generally reserved for light-hearted fare. If done well, a one-hour drama can win audience interest and loyalty.

Although half-hour comedies like *This Hour Has 22 Minutes* and *The Rick Mercer Report* are audience favorites, and over a million Canadians are watching *Little Mosque in the Prairie* every week – we are concerned about the plummeting number of one-hour Canadian dramas on the CBC. In the 2006-07 season, *Intelligence* and *Jozi-H* were the only one-hour domestic dramas on CBC, not including repeats of *Da Vinci City Hall* and late night airings of *Fortier*, a SRC drama. In 1999, before losing its CTF guaranteed envelope, the CBC aired six one-hour dramas<sup>2</sup>. There has also been a drop in the number of overall episodes, with 79 one-hour drama episodes produced in 1999, compared to 26 in 2006. This is in part due to a shift from 13 or 22 episode seasons to much shorter orders for six or eight episodes.

Variety is an important entertainment format, but we would like to see fewer low cost telecasts of award shows or comedy festivals, and more true arts programs such as those featured on *Opening Night*. As a public broadcaster whose mandate states that it 'actively contribute to the flow and exchange of cultural expression,' it is the CBC's responsibility to broadcast more original arts programming. If it doesn't, it is unlikely that Canadians across the country will get the chance to see the Royal Winnipeg Ballet or watch a documentary on Maritime fiddle music. But this can only be done with adequate funding.

### **Industry Factors Impacting the CBC**

#### **a. Consolidation**

Since 1991, there have been several significant changes in the Canadian broadcasting sector that impacted the CBC. Never-ending media consolidation (i.e. CHUM's acquisition of Craig, BGM's acquisition of CHUM, Global's acquisition of Alliance Atlantis) has meant that each consolidated broadcast group has a greater ability to

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<sup>1</sup> BBM.ca, January 30 – February 4, 2007

<sup>2</sup> Da Vinci's Inquest, Emily of New Moon, Nothing Too Good for A Cowboy, Riverdale, These Arms of Mine, Wind At My Back

amortize programming costs by airing programs over the various channels within the group, thereby reducing the number of series they actually have to buy to fill their programming slots and meet their Canadian content obligations. Licence fees have not increased, but broadcasters now acquire the ability to broadcast a program across its channel groups. For example, *Corner Gas* and *Alice, I Think* are broadcast across CTV and The Comedy Network, which are both owned by CTVglobemedia. As a result of the deeper pockets and cost efficiencies of these new larger media entities, the broadcasters have the necessary resources to aggressively bid for US programming when they need to.

It has become harder and harder for the CBC to compete with the private broadcasters on that playing field. Due to the CBC's shrinking budget it cannot afford increasingly expensive US programming, and it is losing high-profile sports events such as the Winter Olympics because it can't match the deep pockets of the private broadcasters. These consolidations will not end until there are one or two large media entities dominating the Canadian broadcasting system. The CBC must be given the tools to carve out its own niche within the broadcasting system.

### **b. Competition**

More US programming on Canadian channels also raises the Canadian audience's expectations of quality since they expect all of their television to look like the big budget television produced in Hollywood. Canadian producers are clearly capable of this kind of quality, as we see by the success of many Canadian series in the US such as *Degrassi*, *Intelligence* and *Slings & Arrows*. However, there is a cost to this level of quality, and producers need their broadcaster, and particularly the CBC, to step up to the plate with reasonable licence fees in order to meet those quality expectations.

The CBC has been discouraged by the CRTC from airing US programming in prime time and it airs very little now. However, it does buy low cost US series and feature films for late night and afternoon blocks (*Arrested Development*, *Frasier*, *The Simpsons*). These programs/films tend to be older and are sold to the CBC for a mere fraction of what they cost to produce. But the original Canadian one-hour dramas the CBC airs can compete visually with US series if the budget is there. But again, the high cost of these dramas means that fewer series are produced or fewer episodes are ordered.

### **c. Decline of Radio**

There is a general feeling that fewer people are listening to radio, but according to the CRTC's own Broadcasting Policy Monitoring Report for 2006, overall radio audiences have remained stable<sup>3</sup>. Our country has a long-standing tradition of supporting radio drama, and CBC Radio is the home for this type of programming. Radio drama is thought to be an excellent training ground for writers. With lower budgets than in television, no sets to build or locations to travel to, radio dramas are not limited in subject matter. The classic radio drama, *War of the Worlds*, is a well-known example. A current drama on CBC Radio, *Afghanada*, explores the stories of Canadian soldiers sent to Afghanistan at a fraction of the budget that it would cost to produce a television version. Stories like these can only be told from a Canadian perspective. Unfortunately, according to WGC statistics, the number of WGC contracts for original dramas on CBC Radio has dropped from 102 in 2000, to 52 in 2005. The precipitous drop in drama

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<sup>3</sup> Broadcasting Policy Monitoring Report 2006, pg. 11

contracts cannot be the sole result of the slight decrease in audience. It is much more likely that it is a result of lack of adequate funding.

## **Governance**

The WGC feels that the governance structure of the CBC could be improved. The BBC's governance structure has recently been revised, and we think that it is worth spending a little time describing it. The BBC had a Board of Governors, similar to the CBC, and was restructured to place the BBC Trust at the top. The BBC Trust is answerable to the public, but also reports to the government and is subject to regulation by Ofcom, the UK version of the CRTC. Their mandate is to 'work on behalf of licence fee payers, ensuring that the BBC provides high quality output and good value for all UK citizens, and it protects the independence of the BBC'<sup>4</sup>. The BBC Trust identifies the concerns and interests of the public primarily through Audience Councils, broken into four geographic areas. These Councils are a vehicle for regular public consultation and provide consultation to the BBC Trust on licence reviews and other issues requiring public input. The England Audience Council is supported by smaller Councils representing regions within England. Each Council is made up of members that reflect the diversity of its community. Further, the members of the Trust are regionally and ethnically diverse and have relevant experience. Besides setting the overall strategic direction, the Trust also assesses the performance of the Executive Board and holds them accountable.

We must note that the CBC Board of Directors is made up of experts in a variety of disciplines that have little relation to broadcasting, such as real estate. Those with experience in broadcasting or content production are in the minority. It has also been at less than its full compliment of 12 members for some time. While the government has made an effort to ensure that the CBC Board reflects ethnic and regional diversity, we would have greater confidence in the CBC's ability to adapt to these rapidly changing times if the Board of Directors could be made up of members better qualified to govern the CBC and provide a balance to the Senior Management. The Board could be reduced to eight members if they were adequately experienced. We further recommend the adoption of an Audience Council model to provide ongoing representation from our four regions. The current governance structure fails to fulfill the necessary role of checks and balances. To continue without change would be irresponsible.

## **CBC/Private Partnerships**

The Heritage Committee has asked about stronger partnerships between the CBC and private broadcasters. It is unclear to us how those partnerships would be achieved. Fundamentally, the CBC is in competition with the private broadcasters for audience, advertising revenues and programming. As the recent CTF debacle has shown, elements of the Canadian broadcasting system would like nothing better than to shrink CBC's budget even further. On occasion, CBC has participated in the financing of a program or feature film with another broadcaster, though most often with The Movie Network. Global and Showcase also participate with The Movie Network on series like *ReGenesis* and *Slings & Arrows*. These relationships work because each broadcaster is licensing a separate broadcast window that targets separate non-competing audiences. But these are not true partnerships in the sense that they do not work together for the success of the program. At times the educational broadcasters across Canada have also

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<sup>4</sup> About the BBC Trust, <http://www.bbc.co.uk/bbctrust/about/index.html>

partnered on programs and shared in the promotion depending on their resources. However, there are few examples of successful partnering between any broadcasters.

## **B. Financial Portrait of the CBC – Issues and Challenges**

### **a. Budget Cuts**

From 1993 to 1997, CBC funding was cut by more than \$400 million – or about 33%. Ironically, these funding decreases came at a time of soaring program development and production costs and set the CBC up for failure and loss of audience. This was extremely shortsighted, and following the creation of the CTF in 1996, the impact of these budget shortfalls was mitigated for a time because the CBC was granted a guaranteed envelope of up to 50% of the CTF to be spent by independent producers on CBC programming. Unfortunately this was removed in 1999. A guaranteed envelope of 37% has been reinstated for the 2006-07 fiscal year, however this is not sufficient to redress CBC's chronic shortage of funds. Further, it will take years to recover from seven years of under funding. The CTF funds are further under threat by both Shaw and Vidéotron, who have made it clear that they would rather divert their regulated contributions away from the CTF and to their own funds or their own pockets. Without their contribution, the CBC could suffer a pro-rated drop of 30% of the CTF funds spent annually on programming airing on the CBC. Although Shaw and Vidéotron's monthly contribution payments have resumed, there remains an animosity towards the CBC in the cable industry that needs to be addressed as part of any move to ensure a stable funding formula.

### **b. Increased Costs**

The CBC cannot maintain its mandate to “contribute to shared national consciousness and identity” by only airing 26 one-hour episodes of drama in a season. It cannot maintain its mandate by airing cheap US programming, or turning to cheap non-dramatic formats for Canadian programming. US programming will always be cheaper as American producers can cover their production costs from their US broadcaster, so licence fees for Canada are added revenue. In Canada, licence fees for Canadian programming are a necessary part of the financing. In fact, producers have a difficult time covering their budget from the limited resources available within Canada. A substantial licence fee from CBC would allow the Canadian producer to maintain the cultural and creative integrity of a project rather than watering it down to an ‘Anywhere, U.S.A.’ concept in order to attract a US broadcaster. It can mean the difference between *This is Wonderland*, set clearly in Toronto, which aired on CBC, and *Falcon Beach*, airing on Global, which was developed as a Winnipeg location but is shot so that the US broadcaster can promote it as a US location.

**The government needs to accept responsibility for the public broadcaster. It must recognize that it has a responsibility to ensure that the CBC has sufficient funds for programming to fulfill its mandate through 1) the government appropriation, 2) CBC's guaranteed envelope of CTF financing, or 3) by finding another source of guaranteed stable revenue.** The BBC has relied on a per television licence fee as its main source of revenue since 1946. The fee is set by the government and was recently increased. It has never been cut or withdrawn. This provides the BBC with a stable budget of approximately \$7.3 billion dollars or \$122 per person, while the CBC is

struggling to answer a similar mandate with a budget of \$1.5 billion or \$30 per person<sup>5</sup>. Not only does the licence fee provide the BBC with stability and an ability to plan into the future, it also gives the BBC independence from the whims of advertisers.

Advertising is a worthwhile source of revenue. However a dependence on advertising broadens and weakens the content aired on CBC. Its mandate is to reflect regions, contribute to the flow of cultural expression, and to be distinctly Canadian. That means it cannot schedule programs based on achieving the highest audience numbers possible. This is the only scale that advertisers are concerned with, and makes no allowance for less mainstream, but culturally, regionally and/or ethnically relevant programs that would have no home if we did not have a public broadcaster. The worldwide concept of a public broadcaster is that its primary responsibility is to serve the needs of the public, rather than attract the largest possible audience. Ratings are relevant and not necessarily contrary to serving the public need, but should not be paramount and should never be the sole driver of programming choices. As Richard Stursberg, Executive Vice-President of CBC Television told this Committee during the recent CTF review, "Our goal at CBC/Radio-Canada is not always to get the largest audience; it is to offer Canadians significant Canadian programs." The Commission itself said, at the 2000 licence renewal for the CBC, "Yet striving to regain audiences cannot be the CBC's only goal. A public broadcaster must have other, equally important objectives. It must be seen as providing a service that is unique, distinct from the private sector and valued by Canadians for the quality of its content."

### **c. Competition**

For years, the CBC's model was to have some big audience pleasers in its schedule, such as *Hockey Night in Canada*. These programs would attract significant ad revenue that would help finance those programs that did not attract large audiences, but support the CBC's mandate – programs like *October 1970* and *Canada-Russia 1972*. This model has become difficult in recent years as the private broadcasters have become more competitive, and have bid up the cost of acquiring popular sports programs to a level too rich for the CBC. The CBC's loss of the 2010 Vancouver Winter Olympics is a case in point. It is a catch-22 because if the CBC does not have a budget big enough to pay for the rights to *Hockey Night in Canada*, it will not earn enough ad revenue to support its budget. Money earns money. The alternative would be to provide the CBC with stable long-term funding, such as a BBC-style licence fee that would allow the CBC to remove itself from competition with the private broadcasters and concentrate on fulfilling its mandate.

### **d. Impact**

Without adequate guaranteed revenue, certain programming decisions have been motivated by the need to have low-cost programming or higher ad revenue. While we are not second-guessing the programming expertise of a broadcaster, the WGC feels strongly that many of these programming decisions have not served the mandate of the CBC. For example, its late night programming features predominantly non-Canadian movies which were probably very inexpensive to license. This includes foreign movies (e.g. *Our Lady of the Assassins*, a Spanish/Columbian co-production), little known BBC television movies (*Suspicion*) or old U.S. movies (e.g. *Body Heat*). In a recent week (Feb 18 – 24, 2007) David Cronenberg's *Crash* was the only Canadian feature film scheduled. Surely Canadians have other sources for late night viewing of *Body Heat*.

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<sup>5</sup> *Whither the CBC*, Public Policy Forum, June 2006, pg. 1

Further, the CBC acquired an amendment to their licence in 2003 that allowed it to occasionally air blockbuster feature films in prime time in order to generate ad revenue on the understanding that the number of US features like *Lord of the Rings* would not affect the overall Canadian content levels. This is backwards. CBC should have adequate revenues to allow it to schedule Canadian features in prime time, features like *Men With Brooms* or *Les Invasions Barbares*. Canadian movies are featured on TMN, which often invests in them. The larger Canadian public that does not have pay-TV needs to have equal access to Canadian movies, particularly since many of them will never have a chance to see a Canadian movie in their local multiplex. Again, the CBC's lack of a secure and adequate revenue stream has led it to make programming choices (i.e. cheap and old U.S. features) which not only is against its mandate, but likely to undermine its audience.

Another problem area is the after-school block. CBC used to be known for programs like *Shoebox Zoo*, *Fungus and the Bogeyman*, *Incredible Story Studio*, *Chilly Beach*, *Yam Roll* and perennial favourite, *Street Cents*. These programs were often innovative and award winning, as well as audience pleasing. But this has now been abandoned in favour of old, cheap U.S. programming such as *Frasier* and repeats of adult-oriented comedy such as *The Red Green Show* and *The Rick Mercer Report*. Some of the children's programs have been dumped to Saturday, a less popular viewing time for this age group. This is an abdication by our national public broadcaster of its responsibility towards the youth of our country.

According to the Broadcast Policy Monitoring Report for 2005, CBC's share of English-language television dropped from 12.9% in 1993 to 6.4% in 2004, a 50% drop. While some of this loss of audience share would be due to market fragmentation and the rise of specialty channels, it is worthwhile to note that the private conventional broadcasters share only dropped from 44.1% to 35.3%, a 20% drop.<sup>6</sup> It is certainly possible that CBC's further drop is due to recent decisions by the CBC to pursue cheaper programming in response to operating budget cuts.

The Committee has asked us to consider diversification of revenue sources as a solution. We do not recommend any diversification of revenue sources as we do not believe that the CBC should start acting like a private broadcaster whose primary goal is revenue generation. Revenue generation is nowhere in the CBC's mandate. The CBC should not be trying to compete with the private broadcasters. **We strongly urge the government to increase the CBC's appropriation or provide a BBC-style licence fee to ensure that it can continue to put its mandate front and centre in its planning, conduct long-term planning, and be visionary programmers who above all else tell Canadian stories.** As we have already seen from the NHL lockout, if CBC should lose *Hockey Night in Canada* to one of the private broadcasters due to a bidding war it has no hope of winning, the drop in revenues will make it impossible for the CBC to afford to license the quality Canadian programming it needs to fulfill its mandate and support its audience.

As we have seen from ratings successes like *Little Mosque on the Prairie* and *Shania: A Life in Eight Albums* – if you make good television, Canadians will watch it.

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<sup>6</sup> Broadcasting Policy Monitoring Report 2005, pg. 35

### C. Services Offered by CBC

As mentioned above, the greatest challenge facing CBC television is a lack of revenue. With a higher government appropriation, it will not have to chase ratings and can concentrate on developing richly nuanced dramas, comedies and variety programs which will all draw audiences.

#### Internet

In certain areas CBC.ca is already competitive with other broadcasters and private websites. The WGC does not have access to traffic numbers for the CBC.ca website, but we are aware of the high quality of the news, preschool websites and digital archives. More can be done however, if the CBC has resources to put into developing its presence online. Should it? Yes, because that is where program viewers as well as the general public will go for more information and entertainment. The CBC needs to maintain its audience share both on air and online in competition with the other broadcasters, but must do so while remaining consistent with its mandate. What we have said about broadcast rings true for the Internet as well. The CBC should avoid reliance on advertising, and should focus on high-quality content that fulfills its mandate. Being true to its mandate will attract audiences. Further, as a public broadcaster, it should be experimenting with ways to reach audiences and not relying on what has already been proven to work. To some extent the CBC has been doing that by archiving its content (years of broadcasting content not available anywhere else due to the long history of CBC broadcasting).

CBC Radio has been experimenting with new methods of delivering radio content. Audiences no longer want to be limited by a broadcast schedule and CBC Radio has responded with the ability to download podcasts of certain radio programs. We note with some concern that none of the programs currently available are drama programs, but are instead limited to magazine programs, music, news and information. The right to distribute the radio dramas by alternative platforms such as podcasts does not come automatically with the right to produce the program, but there is a mechanism within the WGC-CBC collective agreement for coming to an agreement on payment for the additional rights. This should not limit the CBC's distribution of radio dramas to a larger audience

CTV is a leader in the online space in Canadian broadcasting, offering viewers on-demand online viewing of episodes of Canadian television series like *Degrassi*, *Corner Gas* and *Instant Star*, as well as US series like *The OC* and *Studio 60*. This supports the audience's growing expectation of being able to view programming when they want it, rather than when it is scheduled. Primarily, it allows viewers to catch up on episodes they miss on television, as that is still the preferred experience. The BBC offers similar 'did you miss the latest episode' services online.

Meanwhile the CBC's video-on-demand offering is news, reviews and other information programming. There may be rights issues involved here, but if there are, the CBC must make it a priority to resolve these so that it can offer the public online services they are starting to expect from broadcasters.

We support the CBC's ambitions, as outlined in their recent technology submission to the CRTC, to fulfill its mandate via an increased Canadian presence on the newer digital platforms. We agree that this can only happen with increased funding from the federal government, or a revision to the CTF that would provide additional funds to be allocated by a broadcaster to digital productions.

### **Programming Genres**

In your question of 'how and to what extent should CBC programming be re-examined,' the list of programming genres does not include drama. This is a significant oversight. As mentioned above, there has been a precipitous drop in drama on the CBC, and it is a format that needs to be supported as a primary method for meeting the CBC's mandate and supporting a healthy audience.

As we have also pointed out, youth programming is not as well served as it has been in the past. The after-school block has been abandoned. Kids in the 8 to 12 age group are still coming home after school to watch TV, and parents would like to have a homegrown alternative to YTV and Teletoon.

CBC television programming is an accurate reflection of the regional and linguistic diversity of our country, with the exception of the French-language programs produced by SRC which are buried late at night after the news. It would serve Canada better if these programs were in the prime time schedule, which is where they air on SRC.

### **D. Emergence of New Media and the Future of the CBC**

New platforms of media consumption and delivery are complimentary to traditional broadcast. Audiences will not, at least in the foreseeable future, abandon scheduled television and radio. They want to expand their viewing and their choices through 'on demand' viewing via video-on-demand, broadband-on-demand, podcasts, mobile broadcasting and much more that now exists or will exist.

The issue is not whether the new platforms are a threat to the CBC. Rather, it is to what extent the CBC is in a position to take advantage of these new opportunities. Again, increased funding will allow the CBC to be more innovative in reaching out to audiences wherever and whenever they are, and providing them with a growing menu of programming choices. In such a large, diverse country, these new platforms will facilitate reaching those audiences and help fulfill the CBC's mandate to reflect and serve the needs of the regions. Audiences will be able to listen to, or watch, their regionally specific program at any time.

HD is a challenge and an opportunity for all of the broadcasters. As the US moves rapidly to an HD universe, the competition for Canadian audiences increases. As broadcasters build an infrastructure to meet the demand for HD transmission, they are requiring producers to deliver programming in HD, with no, or low, additional licence fees. Additional funds given directly to the CBC through its government appropriation, or through the CTF, are required to cover the higher cost of producing HD programming. The CBC must keep pace with its fellow Canadian broadcasters and the US broadcasters licensed in Canada.

The Committee asks if it would be to the advantage of the CBC if the CRTC were to regulate New Media (i.e. rescind the New Media Exemption Order). While this is an issue which could be the subject of its own 10 page submission, briefly, the WGC feels that if the New Media Exemption Order is not rescinded, then we will be left with a two-tiered system of regulated platforms, with the CBC and other broadcasters competing with unregulated platforms such as the Internet and mobile broadcasting. US companies and content dominate the new platforms. Regulation is not impossible and without it Canadian programming and the Canadian broadcasting system risk erosion. This would be contrary to the public policy goals of the Broadcasting Act and would most certainly affect the CBC more than any other broadcaster because of its lack of financial ability to compete with the big U.S. broadcasters and Internet providers.

## **Conclusion**

Canadian public policy has determined that Canada needs a strong public broadcaster in order to maintain and encourage our Canadian identity across this large and varied country. For decades the CBC has done this admirably well. Canadians everywhere remember Casey and Finnegan, *The Beachcombers* and Peter Gzowski's interviews. It is part of who we are. However, the CBC has been under siege of late from:

- Cuts to the government appropriation
- Loss of the CTF guaranteed envelope and current CTF instability
- Ongoing challenges from media consolidation, competition and increased costs
- Lack of support from an inadequate governance model
- New challenges from HD and digital platforms

Canadians want one-hour drama, high quality programming and content delivered on digital platforms. The only way that CBC can meet its mandate, fulfill expectations and seize new opportunities is if they have a permanent, stable source of funding adequate to meet their needs. Canadians deserve no less.