Canadian Media Guild
La Guilde canadienne des médias
CWA/SCA CANADA

February 10, 2012

Secretary General
CRTC
Ottawa, ON
K1A 0N2

Submitted electronically

Re: CRTC 2011-788, review of the LPIF

1. The Canadian Media Guild represents 6,000 media workers across Canada, including employees at CBC/Radio-Canada outside of the Province of Quebec and the City of Moncton.

2. We would like to thank you for the opportunity to share our analysis of the Local Program Improvement Fund (LPIF).

3. As you are likely aware, the Canadian Media Guild (CMG) has long been a proponent of original television programming, including local news and other programming, and of regulatory support for it. We were cited in CRTC 2008-100, the decision that gave rise to the LPIF. It was the participation of hundreds of Canadians in the previous "Diversity of Voices" (CRTC 2007-5) proceeding, and their assessment of a lack of editorial diversity in local news coverage, that helped persuade us that a regulatory focus on local programming was necessary.

4. The "crisis in local news," which we identified in our submission to CRTC 2007-5, predates the recent global financial crisis that shook traditional media. Three factors have been decisive in the crisis:
   - Mergers and centralization within private broadcasters
   - Cutbacks and underfunding of public broadcasting, which led to centralization
   - Lack of a coherent community TV policy to support independent local broadcasters.

5. Nonetheless, local television programming remains an essential part of our broadcast system. The LPIF has helped the public and private broadcasting sectors fulfill their obligations under the *Broadcasting Act*, including helping them use Canadian resources to create

programming, provide information programming from local sources, and ensure and enhance local French services outside Quebec.

6. The popularity of local TV news among viewers remains high, even if the means of monetizing that popularity are less evident than before. While consumer media preferences may be shifting, a TVB report from May 2011 indicates that TV still has the highest media reach, even in the 18-34 age category. And it remains true that original local programming on television in smaller markets, including live news, is something not readily available on other electronic media available in those smaller markets.

7. Fundamentally, the LPIF addresses a market failure – that of ensuring a diversity of professional media voices in a small market and, in many cases, a single source of professional local TV programming. As noted above, it has also allowed for additional French-language programming outside Quebec.

8. In addition, the LPIF supports programming produced outside the four integrated companies - Bell/CTV; Shaw/Global; Rogers/Citytv; and Quebecor/TVA – and therefore a diversity of voices across the country and one stop-gap against the threats posed by vertical integration. The BDU interest in owning a broadcast undertaking stems from the value of the programming rights to which broadcasters have access and the most valuable of those tend to be sports and foreign entertainment properties that can be monetized on the companies' various regulated and non-regulated distribution vehicles. In this new integrated media world, local news – and particularly local news and other programming in small markets – is an afterthought at best. Without the LPIF, the Commission's toolbox to address the negative consequences of market concentration and ensure a diversity of voices in our broadcast system would be greatly diminished.

9. At the local level, the LPIF has helped stop the bleeding at private broadcasters in smaller markets. Together with the shift in priority toward local/regional programming as part of the CBC's 2015 strategic plan, the LPIF has helped enhance local public programming in smaller markets. In addition, it has supported local CBC-TV programming north of the 60^{th} parallel and minority Official-language broadcasting that the market could never support. Finally, it has helped make new private and independent broadcaster CHCH in Hamilton viable.

10. And we would be remiss if we didn't mention the impact of the LPIF on local media employment. The LPIF has likely protected and created dozens of local jobs across the country, maintaining skills and creativity in smaller markets that would not otherwise exist. These local stations also contribute to the industry as a whole by providing entry-level experience to budding media workers, including journalists.

11. Given these facts, the CMG is of the view that the LPIF should continue and that BDUs should continue to provide 1.5% of revenues to the fund to maintain the existing level of support to local TV programming in small markets. This is a very small price to pay for

controlling so much of Canadians' access to "information, enlightenment and entertainment," a price that is announced with great fanfare on many subscribers' bills. And although that was a cynical ploy, the LPIF is actually one item on the bill that represents a clear and discreet value for consumers. Furthermore, history has shown that a reduction in a BDU regulatory obligation would not be passed on to those same consumers.

<u>Answers to selected questions posed in CRTC 2011-788</u>

12. *"Incrementality*:" When the Commission first proposed the local program improvement fund, the global financial crisis was barely on the horizon. The fund was intended to address the longer-term decline in profitability at local stations and foster increased local programming. As local advertising revenues dropped significantly in 2008-9, the fund became instead a saviour of local programming and, with some exceptions, that is how it remains today. The CMG remains of the view that local programming, and especially news, remains valuable whether that fact is recognized by our current market mechanisms or not. Further, we believe that encouraging broadcasters to expand, as well as experiment with and innovate in, their local programming is good for the industry and the Canadian economy.

13. We are aware that spending increments are not always the most accurate, or easily verifiable, measure, especially when it comes to large ownership groups. We do not disagree with Newcap, which proposes to measure incrementality by programming hours relative to pre-LPIF years. We also suggest that be an additional criterion for LPIF eligibility.

14. In addition, we believe some portion of the total LPIF pool should be reserved as a bonus for stations that demonstrate some form of innovation in the previous year that would not have happened without the LPIF. Perhaps it's a new piece of equipment that allows remotes, or a new reporter position assigned to investigative reports, or a new program segment or show.

15. *Eligibility criteria for LPIF*: in addition to the current eligibility requirements, we believe LPIF recipients should provide a free, over-the-air signal to their local audience, and provide more local programming than they did before receiving the LPIF (see above).

16. *Distribution Formula*: our proposal above about a bonus scheme to reward local innovation implies a change to the distribution formula. In a previous submission (in response to CRTC 2009-113), we proposed that 10% of the LPIF pool be held back to provide bonuses for broadcasters that planned to use all of the money for incremental local program spending. Given that we have no reliable base year for local program *spending* and that there is a natural limit to the increase of local program *hours*, we therefore propose the bonus reward local innovation that would not otherwise exist.

17. *Current BDU contribution level*: as noted above, we urge the Commission to maintain the current level of 1.5% of gross broadcasting revenues from the previous year. If the LPIF is

discontinued, the 1.5% should be devoted to supporting independent (ie. non-BDU owned or controlled) private, public and community stations to provide original programming.

Conclusion

18. Reports provided by many LPIF recipients to the Commission highlight the important ways in which the fund has been put to work in smaller markets across the country. We offer some additional details below.

19. Yellowknife is not included in the CBC reports to the Commission since it just began receiving support from the LPIF this year. CBC Yellowknife is the only local TV station north of the 60th parallel, and the major source of daily news for the whole region. In addition to the local English newscast, CBC Yellowknife also does a daily 30-minute newscast in Inuktitut. As well, it was able to cover election results live for the Northwest Territories and Yukon elections. Having a resourced local TV newsroom in the North means that stories relevant – and essential – to Northern residents are covered. In addition, the local newsroom is a support to the whole industry. For example, after the tragic plane crash in Resolute Bay last fall, CBC provided logistics support to APTN to get to the scene. Further, it provides rooted knowledge of the local cultures and languages, and access to local sources, that are essential to quality national coverage of a story.

20. In Manitoba, support from the LPIF allowed Radio-Canada to hire additional staff and produce new local programs. One was a summer weekly program *Toutes Directions* about franco-Manitobans living outside Winnipeg. The popular program gave the isolated community the opportunity to see itself, and be seen, on the airwaves while showcasing a unique facet of Canadian life.

21. We urge the Commission to maintain the LPIF at its current level of 1.5% of gross BDU broadcasting revenues and to tweak the rules, as noted above, to ensure it enhances our broadcasting system.

22. We request to appear at the hearing to provide additional information.

Respectfully submitted,

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Canadian Media Guild

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