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

August 15, 2016

Ms. Danielle May-Cuconato
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario K1A 0N2

Submitted electronically

Dear Ms. May-Cuconato,

Re: Broadcasting Notice of Consultation CRTC 2016-225 (Renewal of television licences held by large English- and French-language ownership groups

1. The Canadian Media Guild (CMG) represents 6,000 workers in Canada's media industry. The majority of our members work in TV and digital broadcast at companies including CBC/Radio-Canada, Aboriginal Peoples' Television Network, Corus, Zoomer Media, VICE Media, TVO and TFO. We also represent more than 400 workers in independent factual TV production. Thank you for the opportunity to comment on this proceeding.

2. Factual television – sometimes known as unscripted or non-fiction television – includes reality, documentary, competition and lifestyle programming. It is among the most viewed television programming in Canada and many of our members have been at the forefront of creating innovative genres that have helped give new life to live television.

3. Canada's large private broadcast ownership groups make an essential contribution to the objectives of the *Broadcasting Act* by giving Canadians access to a diversity of homegrown, original programming that they produce themselves or license from independent producers. The ownership groups also provide direct employment to tens of thousands of workers, and indirect employment to thousands more in the independent production industry.

4. As the number of broadcast ownership groups continues to decline, and direct broadcaster employment declines, the independent production sector plays an increasingly important role in ensuring a diversity of voices and points of view in the production of factual and scripted programming as well as providing meaningful employment to thousands of skilled workers.

5. But the health of the independent production sector is at risk. The overarching problem for content producers, which is not unique to Canada, is that a growing proportion of media advertising revenues is now earned by international distribution platforms – primarily Facebook and Google/YouTube[1]. These platforms do not pay for content, even if a constant source of new content is the lifeblood of their business. Any content produced expressly for these platforms is supplied by "users," including professionals who provide the content on a speculative basis with the promise of getting a share of the platform's ad revenue. As the CMG has learned from discussions with independent creators, it is next to impossible to make a living producing Canadian-identified content on this type of speculative basis through these platforms because content that appeals to a global mass audience is what drives the most clicks[2]. This is not a game Canadian storytellers can win without giving up their regional specificities.

6. The Google/Facebook business model has the unfortunate effect of undercutting the value of professionally-produced programming, suggesting that public policy interventions are needed if ensuring the professional production of Canadian content continues to be a priority.

7. The downward pressure is being felt across the industry as broadcasters, too, attempt to get more for less from producers. In some cases, that means renewing a series only on the basis that they will pay less for it than the year before or even seeking to own all the rights of the program or series, leaving producers with no ability to generate additional revenue from international sales or other back-end distribution. In effect, by imposing such "producer of record" terms, the broadcaster is benefitting as though it produced the content itself while leaving the financing and production risks to the independent producer.

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[1] The Interactive Advertising Bureau reported that online advertising revenues surpassed those of US broadcast television for the first time in 2013. In 2015, US broadcasters earned a combined US $40.6 billion while online advertising netted US $59.6 billion, 20% higher than in 2014 (see http://www.iab.com/wp-content/uploads/2016/04/IAB-Internet-Advertising-Revenue-Report-FY-2015.pdf). Google and Facebook ad revenues accounted for US $38 billion of that total (see http://www.bloomberg.com/news/articles/2016-04-22/google-and-facebook-lead-digital-ad-industry-to-revenue-record). In Canada, private broadcaster advertising revenue dropped below $3 billion in 2014,k as reported by the Commission in the *Communications Monitoring Report 2015*. Google and Facebook have no requirements to support the production of Canadian programming, pay no Canadian sales tax, and are not obliged to share Canadian revenue data with government agencies.

[2] See "Welcome to the United Clicks of America," CMG website: http://www.cmg.ca/en/2014/11/24/welcome-to-the-united-clicks-of-america/

8. The recent acquisition of Shaw broadcasting assets by Corus has further shaken the Canadian industry, and in particular the sector of the independent industry that specializes in factual programming for Canadian audiences. The Shaw and Corus specialty channels are the main commissioners of factual content. Where independent producers once had two doors to knock on to pitch their programming, they now only have one.

9. The lack of a requirement for negotiating terms of trade with the independent production community means that Corus and other broadcasters have the ability to deal with each production company individually with no set of standards as the floor for negotiations. That power imbalance has a negative impact on independent producers and the people they employ to produce the programming.

10. Our members can relate to this problem as there is currently no legal framework for workers in the factual TV sector, who tend to be employed on a project basis by a variety of different companies, to negotiate collectively[3]. The party with the power to cut the cheque always has the upper hand in negotiations with individuals, which is why collective bargaining exists to level the playing field. The lack of a broadcast licence requirement for terms of trade with independent producers is tilting the field very much in favour of the large ownership groups at the expense of independent producers.

11. As a result of these changes, the very sustainability of the Canadian production sector is in doubt. We know from surveys of our members[4] that skilled and experienced TV workers are leaving the industry to find work elsewhere because of a combination of worsening working conditions and lack of dependable work. As production companies try to make productions fit smaller broadcaster budgets, workers are pressured to take pay cuts while taking on more responsibilities and longer working hours, often with little regard to their health and safety.

12. For their part, independent producers have told the CMG that they are turning to the still-healthy US television market to find production deals. This does not bode well for the future ability of the Canadian system to meet a key objective of the *Broadcasting Act:* namely to contribute to the creation and presentation of quality Canadian programming for Canadian audiences.

13. We therefore urge the Commission to take three steps to support the sustainability of the Canadian broadcast and production system:

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[3] The CMG is seeking voluntary recognition from producers to negotiate a framework agreement for decent working standards in the industry and has also urged the provincial labour review panel to recommend a sectoral bargaining framework. See http://www.cmg.ca/en/2015/09/18/cmg-urges-changes-to-ontario-labour-and-employment-law/

[4] See the most recent survey results here: http://www.cmg.ca/en/2014/10/01/factual-tv-workers-still-feeling-the-squeeze/

i. Restore the terms of trade requirement for the large ownership groups as a condition of licence;
ii. Maintain existing requirements for the levels of independent production for the channels owned by the large ownership groups; and

iii. Stipulate that “producer of record” contracts do not count toward the independent production requirements.

14. Please do not hesitate to contact me if you require any further information.

Sincerely,

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