

A Response to CBC's Financial Information
Past, Present, and Future

Hearing 2020-379-3

By John Roman
July 08, 2020

1. I would like to thank the CBC and CRTC for providing the financial information added to this hearing. Given the ramifications of such surprising numbers, it could not have been an easy decision.

2. In my previous submission, I specifically raised a section about breaches. In a part of that, there was specifically a section of online/digital vs conventional broadcasting/existing services. There I laid out the regulatory requirements for future increased spending on digital services. Again, I appreciate that the CRTC has (in paragraph 12 of the Notice of Consultation) has afforded the CBC too invest in the delivery of online content.

3. Based on the new updated numbers that the CRTC has released, there seems to be some follow up questions that deserve to be explored in the course of this hearing.

1) How much is reasonable for the CBC to spend on digital services?

2) How much does the CRTC believe is reasonable to spend on digital services?

3) Should there be conditions of service for 'Digital'?

4) Is there an effective 'rate of return' for audiences expected or required for the digital services?

1 - How much is that Gem in the window?

4. Depending on whom one asks, what a reasonable amount to spend on digital varies. To a hard line fiscal conservative, some might say any deficit from advertising online should be viewed as 'too much spending'. Anyone more socially minded who understands the responsibility and needs CBC is trying to meet - objectively has to understand that public broadcasters are not designed to be revenue generators, and should be cultural and societal glue to bind together our citizenry.

5. At the same time, it would be exceedingly impractical to allow unlimited resources to be funnelled into digital when we have Radio and Television services that have mandated responsibilities. Based on the financials provided Digital will be a financial drain for the foreseeable future, so at a certain point it must be decided how long is this piece of string?

2 - CRTC input on digital spending

6. Historically, CBC licence renewals tend to happen somewhat infrequently based on the number hearings had since 2000, so the CRTC must be proactive in its approach to decisions it wants to make that will affect the CBC, especially when it comes to financial concerns - as seen when Radio 2 went commercial for a brief period.

7. It must be said that it's not the responsibility of the CRTC to micromanage the CBC's finances. On the other hand it is a requirement for the regulator to ensure that mandated services are suitably funded from the pot of money the CBC has. This puts the CRTC in a difficult position for this hearing.

8. According to the material provided, the CBC will be spending over \$1b over the fiscal years of 2021-2023 on 'Digital', and the parliamentary appropriation will be a little over \$3.8b. Is digital an acceptable use for roughly a quarter of CBC's total budget given its responsibilities to 'traditional media' when digital's audience usage is currently uncertain? Some might argue it will be an ever more important piece of the pie, while some could suggest it simply isn't there yet.

3 - Conditioning Digital

9. It could be argued that the CRTC could put a condition of licence on CBC with regard to their digital content. Surely if the CRTC is allowing CBC as per paragraph 12 of the Notice of Consultation to spend money online, then it stands to reason that it should be able to put conditions on that permission.

10. Precedent suggests it could be prudent to set some conditions of service for CBC's digital service. One assumes a first such condition should be one that examines the digital commitment to local/regional/national content. Additionally, it seems inappropriate for the National Public Broadcaster to be buying episodes of Luther (a British program) exclusively for digital distribution. That is money that could be going to new Canadian production. For people who want to watch Luther, they can already find it online. CBC in contrast should be investing in new and Canadian content (which it touts as world class), that will be building Canada's digital content presence.

11. The Commission may want to consider imposing a minimum amount of new hours of content desired for digital content. This number should be one growing every year as CBC becomes more familiar with digital content and focuses more of its resources towards it. CBC suggested 40 hours per year aimed at children and youth with another 80 hours of original programming. If that number was to be accepted, it should only be done so with the stipulation that there should be 25% more the following year, and an additional 25% more the year afterward, bringing the total in year 3 to 60 hours for children and 120 hours for other content. Given the increased spending as per the numbers released, this seems a reasonable compromise.

12. However, it makes little sense for national public broadcaster to produce those hours of content and then NOT to display them on its TV services. We have seen an increased reliance on a repeat window of content per day/week. If CBC is producing a combined 160 hours of content for digital distribution (hypothetically), it only makes sense that it introduce that programming into its conventional services.

13. In recent years the 'repeat factor' on the Corporations English-language services has increased dramatically. Not only are radio programs repeated frequently within the same week but now content from one program is regularly being dropped into another to reduced the need for original material. On television too, repeats are detrimental rather than advantageous, as is evidenced by audience response to the current schedule. Broadening the schedule by supplementing the conventional with new digital content could enhance the networks' appeal

14. The CBC is projecting roughly \$228m in revenue from 2021-2023 from its digital services. While a healthy amount of money, the CRTC should decide whether as a condition of licence the CBC should be making parts of its 'digital' service commercial free. For instance, CBC.ca might be reasonable to keep advertising on, but Gem, which already has no advertising

for children's content, perhaps should be entirely commercial free - or keep Gem commercial but allow the CBC news page commercial free as a public service as opposed to being a commercial service. The latter option would allow our private news services less advertising competition in the digital space, which should seem a boon. These are just examples of options that the CRTC may wish to consider. Hopefully the Commission can find a responsible new approach for the CBC's digital footprint that can balance the economic realities with the public service mandate.

4 - Who's watching for the price?

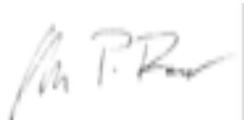
15. The final question raised from the CBC's numbers is what is the longterm plan? The numbers for CBC-English audiences are admittedly not in a comfortable position -aside from maybe radio - and have been in decline for years.

16. Given the considerably increased spending over the next few years on digital services, it seems appropriate to ask the CBC what their 'digital first' strategy actually entails? Does it mean a further centralization of data through Toronto, with further decline in 'local (non-Toronto) news coverage?

17. How will CBC attract and retain audiences? This is something it has struggled to do on conventional Television before it adopted a digital first strategy, so what will be 'different' this time?

18. The decreasing audience numbers for Television and lack of viewer retention for digital services (as indicated by the submission from Canadian Media Research Inc) means the that spending nearly \$1m/day in 2021 fiscal and over \$1m/day in 2022 should be addressed in the course of this hearing as building towards something of substantive national value. Given the regrettable approach taken during the CBC Radio 2 monetization attempt in 2007, Canadians are surely justified in asking for regulatory assurance that this digital exercise is more than just buzz words and marketing.

All of the above is respectfully submitted,

A handwritten signature in black ink, appearing to read "John P. Roman", is written over a vertical line that serves as a signature separator.

John P. Roman