



DIRECTORS GUILD OF CANADA  
GUILDE CANADIENNE DES RÉALISATEURS

## **Speaking Notes**

**CRTC 2019-379 - CBC Hearing**

**Applications by the Canadian Broadcasting Corporation/  
Société Radio-Canada to renew the broadcasting licences for its  
various English- and French-language audio and audio-visual  
programming services**

January 25, 2021

Dear Chair, Vice-Chair, Commissioners and Commission staff,

We thank the Commission for the opportunity to appear in this public hearing.

The DGC is a national labour organization that represents key creative and logistical personnel in the film, television and digital media industries. Today, it has approximately 5,000 members regularly taking part in CBC productions across the country. We will limit our comments this morning to CBC English-language audiovisual services.

A public hearing is an important opportunity for CBC/Radio-Canada to share its vision widely and in CBC's own words: to build 'a bridge to the future' with Canadians and the media industry.

In the course of this public hearing, CBC's president Catherine Tait has made it clear that audiences come first in the Corporation's strategy and that digital is a transformative force that should guide the national public broadcaster in its next licence term. We fully agree with this thinking.

However, we believe that this proceeding has been challenging for a number of stakeholders, including us. Conceptually, we understand that the CBC is seeking to embrace digital platforms as an important component of their strategy going forward, at the same time though we are concerned about a lack of systemic and transparent reporting and public accountability on activities associated with their digital services.

Based on CBC's annual return filings, we recalculated the three-year average of English Television CPE and PNI. We found that our proposed condition of licence for a group expenditure approach for the next licence term with a 54% CPE was accurate for 2020, but corrected the minimum PNI of 21% to 28%. It appears that both the forecasted CPE and PNI expenditures presented in CBC's application for 2020 were actually higher than the actual levels reported recently.

We praise CBC for driving new audiences online with diverse programming that takes creative risks: from *Burden of Truth* to *Utopia Falls*, multi-awarded *Schitt's Creek*, and more recently *The Porter* series which begins production this spring. But, in the drive for more content being commissioned for CBC's online platforms, we are concerned by the lack of available data for its digital services and the lack of clarity between operating and content expenditures for these services.

A notable part of CBC's parliamentary appropriation today goes to finance CBC's digital platforms, and according to CBC's financial projections, this will grow over time. As CBC seeks greater regulatory flexibility, this should logically translate into a greater requirement for accountability and transparency from the Corporation.

In order to continue providing high-quality programming, we recognize that the current funding model for CBC, which complements the parliamentary appropriation with resources from advertising may still be necessary and appropriate in the years to come. However, the quest for ratings to obtain ad dollars, as well as branded content initiatives, should not compromise the quality, distinctiveness and integrity of CBC programming.

At a time when competition is accelerating in the content business, the Corporation should distinguish itself from private broadcasters. We recommend CBC place a greater focus on supporting under-represented genres of programming and creators, under the banner of programs of national interest (PNI). In doing so, the Corporation will maximize Canadian talent in key creative roles.

CBC submitted its application for licence renewal in the fall of 2019, and since the COVID-19 pandemic hit, the CBC did not update the submission with new financial projections or release its full strategic plan. While we understand the difficult circumstances, nonetheless, we are disappointed that CBC has not shared updated financials or overall information on its strategic plan.

The DGC joins other interveners in calling for the introduction of a regulatory framework that encompasses all content commissioned by the public broadcaster and rejects CBC's proposed cross-platform approach for its linear and digital services.

For example, we believe that there is a consensus around the fact that the use of incremental exhibition hours as proposed by the CBC is not applicable to digital platforms. In our view, the question is not how many hours can the GEM platform host, but what are the actual investments made by the CBC on original programming for GEM.

The DGC recommends that the CRTC require CBC to transition into a group-based expenditure approach for all of its audiovisual services and platforms, including conventional, online and discretionary television stations for each of the two official language markets.

Our proposal is consistent with comments made two weeks ago by CBC's executive vice president Barbara Williams - that CBC English services already operates under a 'very integrated approach'. In other words, CBC has already implemented a group operational approach for its services.

CBC is seeking more flexibility to deliver content to a wide diversity of audiences. This group approach based on expenditure requirements is a proven methodology that provides precisely the flexibility CBC is looking for.

CBC's limited disclosure and reluctance to share information with regard to its digital activities concerns us that CBC might progressively disengage from its CPE and PNI

commitments on both conventional and online, favouring instead foreign and library content, and repeat programming, rather than original Canadian programming.

We are surprised that CBC has not addressed the concept and feasibility of an expenditure-based approach. And we appreciate that the Commission has asked CBC to provide their preferred method of calculating a cross-platform CPE requirement. The DGC is not only concerned with the total volume of programming commissioned by the CBC but also the budget amounts, depending on the services and platforms where the content is exhibited. Budgets and production costs for scripted content vary significantly, particularly between conventional TV and online services. We fear that the absence of expenditure requirements may result in more hours with lower budgets, impacting the quality and distinctiveness of the production.

In fact, spending on CPE dropped in the course of CBC's current licence term and PNI expenditures have decreased in the last three years. Based on this, we respectfully disagree with Catherine Tait's recent statement that 'there is really no concern about our commitment to Canadian content'.

This is why the DGC believes that in a multi-platform world, and in an already highly concentrated broadcasting market, programs of national interest (PNI) are the quintessential form of programming where CBC can distinguish itself. For this reason, we are recommending the Commission maintain the same PNI exhibition requirement of 12 weekly hours on conventional television already in place as a condition of licence.

As CBC is currently reporting on Canadian programming expenditures for all its conventional and discretionary television services in Canada, a new condition of licence should direct CBC/Radio-Canada to report in detail its Canadian programming and non-programming expenses on its online audiovisual services by program categories and by service. This means that CPE and PNI programming expenses would both be reported on a cross platform basis.

CBC's new expanded definition of original programming will not be comparable with the Commission's current definition which is already adopted by all private broadcasters. In order to have an effective policy, the DGC recommends the Commission require CBC to continue reporting original programming on all its services and platforms separately, based on the CRTC's definition.

The context and timing of this licence renewal are unique and the approach taken by the Commission will have lasting consequences. The incapacity to properly examine CBC's past and future programming activities and expenses is inevitably resulting in approximations and guesswork.

We recommend the Commission introduce new expenditure requirements for CBC's digital platforms and services and require CBC to report on a regular basis, restoring confidence

with the Canadian public, industry stakeholders, and Parliament. Simply put, what gets measured gets done.

If the Commission was to decide to opt for an expenditure-based model for all CBC audiovisual services, the DGC would support a five-year licence term. If the Commission was to decide to continue to exempt CBC's digital audiovisual platforms, the DGC recommends a shorter licence term of three years.

In closing the Commission has a very important role to play in this major proceeding. We welcome the opportunity to participate in this process.

Chair, members of the panel, we thank you for your time. We look forward to answer any questions you might have.