CACTUS Response to Questions Posed in Discussion Paper:

"Media Math: Democracy, News and Public Policy in Canada"

We confine our comments mainly to community media, which is the sector in which we have the most expertise. However, the broadcasting system is 'one system' and all the parts have to work together. We have evolved and will share our opinion about how the sectors can compliment each other where appropriate. We have little professional knowledge of print media, although many of our members are evolving into multimedia community centres that maintain online portals distributing audio, video and print content.

Before answering the questions the background paper poses, we would like to:

- Provide a summary of Canadian community TV history and recent developments, because the role of community media in the digital environment is not well understood by Canadian policy-makers. Canada's community television history needs to be understood to understand the role of our organization, and the comments we make.

- Comment on the background paper, as it makes certain assumptions. Community media often find themselves operating outside the paradigm that underpins public consultations. Its particular strengths and the role it can play in addressing the need for a robust media environment can be missed and its potential underleveraged in policy-making.

Table of Contents:

COMMUNITY TV HISTORY 101

Origins

Canada was the first country to adopt formal policies for community TV, which were an outgrowth of the NFB's celebrated "Challenge for Change" stream of filmmaking in the late 1960s. NFB filmmakers discovered that when communities are given the tools to make media about their own communities and challenges, the process of dialogue acts as a 'mirror machine' that enables them to better articulate what they face, and craft their own solutions. Early NFB "Challenge for Change" newsletters document this process.

The Canadian government was so impressed by the poverty reduction and social impact that resulted from the use of this new tool, that when cable companies were starting up and the first video Portapacs became available, the CRTC asked each cable operator to make one channel available to the local viewing public to express their own realities.

The Canadian government also feared that cable would result in a flood of primarily US programming to Canadian homes, and saw the community channel as a low-cost way to balance this influx with exclusively homegrown and locally-focussed content.

Cable Infrastructure

Cable systems were initially geographically isolated from one another. They obtained TV signals to rebroadcast from major centres via microwave. The cable production studio was co-located in the same building as the cable 'head end' and business office for each system. In the smallest systems (serving as few as a few hundred subscribers) the cable installer and business administrator might be the same person who helped volunteers tape a call-in talk show. Cable companies were small locally based mom-and-pop operations, proud of their local presence.

The CRTC initially suggested cable companies should spend 10% of their gross revenues on community TV. It was their only contribution to Canadian programming. At the height of the community channel system in the 1980s and 1990s, there were over 300 distinct cable community channels, with unique program schedules and production facilities[1].

Comparison with Other Countries

Simultaneously, almost 30 countries followed Canada's example and formerly recognized a third broadcasting sector—the community sector—alongside the public and private sectors.

---

1   Source: Mathews Cable TV Directories, published twice yearly during the period.

All other countries, however, defined community broadcasting by community ownership, just as public- and private-sector broadcasting is defined by public and private ownership. Here in Canada, we recognize this principle in the CRTC's community radio policy, which is limited to not-for-profit, community-based ownership. Canada was the only country that placed community TV under the stewardship of private for-profit corporations. Cable community channels were not (and still are not) independently licensed. The right to operate a community channel and to use subscriber revenues for this purpose is a perk of holding a terrestrial television distribution license[2].

Community TV Came of Age... Just as Cable Infrastructure Began to Change

The 1986 *Report on the Task Force on Broadcasting* by Caplan-Sauvageau recommended that:

- the community sector (represented by over 300 cable community TV channels and over 150 community radio stations) should be formerly recognized in a new broadcasting act, and

- that community TV should be independently licensed to not-for-profit community groups, consistent with community radio practice and policy.

The 1991 Broadcasting Act did formerly recognize the "community element" in the broadcasting system, but did not define it clearly as being not-for-profit or community-owned.

The CRTC's 1991 review of community TV reduced cable expenditures on community TV to 5% of their gross revenues[3].

During the 1990s, cable companies being to consolidate their ownership, and also to technically interconnect formerly separate cable systems. By the end of the 1990s, cable companies were facing competition by satellite for the first time, and were looking for a competitive advantage. Due to these factors:

- Production studios in rural areas began to disappear, along with the obsolete head ends and rural business offices.

---

2   For more information about community TV internationally, see the report commissioned by the CRTC in 2009 as an input to its 2009/2010 community TV policy review from TimeScape Productions: http://cactus.independentmedia.ca/files/cactus/Community%20TV%20Policies%20and%20Practices%20Around%20the%20World24.doc

3   See http://www.crtc.gc.ca/eng/archive/1991/pb91-59.htm

- Since the community channel was at that time the only channel that cable companies controlled (they were not allowed to buy specialty or other channels until the early 2000s), they sought to professionalize and 'soup up' the look of their community channels, hoping that customers would keep their cable subscriptions in order to retain a local channel. In cable operators' minds, professionalization meant shifting to a staff-dominated approach to production. Many volunteers were deprived of access.

The CRTC's 1997 review of community TV policy appeared to endorse the cable companies' new approach. The 1997 community TV policy divided the cable companies' 5% contribution to Canadian programming into two portions: 3% for the Canada Media Fund, and up to 2% for the community channel, which was henceforth optional[4].

In 2001-2002, in response to widespread complaints by the public about their exclusion from 'community channels', the CRTC reviewed its community TV policy again. CRTC 2002-61 created a new not-for-profit community TV license class, and introduced the requirement that at least 60% of the content on a cable community channel should be created within the license area (since cable community channels had become more and more regional following closures of the individual production studios) and that at least 30% of the content should be created by ordinary citizens within the license area.

Nine community groups 'stepped up to the plate' to obtain the new licenses (seven of which are CACTUS members). The licenses were over the air and had guaranteed carriage on the cable network, just like any local OTA channel. However, the new channels were expected to survive on local advertising, which was becoming increasingly difficult even for local private channels that could raise ad revenues with popular US series. None of the considerable resources for 'community TV' that were collected from cable subscribers were made available to support them. Those revenues continued to support cable community channels available to fewer and fewer Canadians, as cable penetration shrank.

The 2003 report by the Standing Committee on Canadian Heritage called *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*, recommended that more support be given to independent community television services.

The CRTC undertook audits of cable community channels in the years 2002, 2003, 2004 and 2005[5] to see whether the new policy was working. It was not, because it did not recognize the

---

4   See http://www.crtc.gc.ca/eng/archive/1997/pb97-25.htm.

5   See http://cactus.independentmedia.ca/files/cactus/Audit%202002%20various%20companies.pdf, http://cactus.independentmedia.ca/files/cactus/Audit%202003%20Westman,%20Cogeco,%20Access,%20Rogers,%20Shaw.pdf, http://cactus.independentmedia.ca/files/cactus/Audit%202004.pdf and http://cactus.independentmedia.ca/files/cactus/Audit%202005.pdf

that cable was no longer technically organized to serve small communities. At least half the licensees kept incomplete logs and their compliance could not be determined. Most of those whose logs were complete either could not meet the 60% local minimum (because they no longer had the rural production studios to support content generation outside big centres) or could not meet the 30% local minimum, because their content continued to be produced predominantly by cable staff.

The CRTC Appears Ready to Take Action

At the 2008 diversity of voices hearing, the CRTC stated in its decision at paragraph 135 that:

> *"the Commission will conduct a broad review of its policies regarding community broadcasting. This review will include an examination of sources of funding for community licensees...*

And at paragraph 170:

> *"170. While campus and community radio, in both official languages, is reasonably widespread, community-based television operations do not yet occupy a significant place in the system. Cable community channels remain an important component of the system but, increasingly, they have a regional rather than a local focus...*
>
> *172. In light of the record of this proceeding and the changes taking place in the broadcasting environment, the Commission has decided to undertake a comprehensive review of its policies with respect to community-based radio and television. The objective of this review will be to ensure that the Commission's regulatory policy supports the development of a healthy community broadcasting sector.*
>
> *173. This review will include, but will not be limited to,:*
> - *the most appropriate licensing policy for community undertakings;*
> - *the role of new technologies in the creation and distribution of community services;*
> - *funding sources for not-for-profit community licensees;"*

The CRTC acknowledged that cable community channels had become regional in focus, and that action must be taken to ensure that adequate funding was available to grow the not-for-profit community-based TV sector. The CRTC also acknowledged that *'the role of new technologies in the creation and distribution of community services'* had to be examined.

Yet... Stagnation and Further Cable Community Channel Consolidation

Despite these promising intentions and recognition of the state of community media at that time, the CRTC's review of community TV in 2009-2010 did not share any of the significant budget for cable community TV in Canada ($113 million at that time) with genuine not-for-profit community TV that was nimble enough to serve smaller communities. The budget was left under the stewardship of BDUs again, despite the fact that even on paper, the CRTC list

published as part of the hearing documents indicated that there were only just over 100 cable systems left.

CACTUS' submission to the hearing included an analysis of the program schedules of these 100+ cable community channels, and found only 19 distinct program schedules in English Canada. The rest were sharing more than 50% of their schedules across vast regional and provincial networks.

CACTUS' submission also tackled the question that the CRTC's 2008 decision had promised it would but did not: new technologies. CACTUS proposed that the $113 million collected annually from cable subscribers to support 'community TV' should be placed in a new Community-Access Media Fund to support 250 digital community multimedia centres, at which citizens might access training and tools in all media technologies, both 'old' (video and audio) as well as 'new' (web design, multimedia integration), thereby ensuring their participation in the digital economy and that they would have the tools to generate their own local journalism and news coverage. 250 centres would serve every town and city with more than 10,000 people, and many smaller communities at regional centres as well. Our proposal was both to reverse the process of regionalization of community media that had taken place under BDU stewardship, as well as to update the old model with a digital and multimedia vision[6].

The final element that the CRTC's 2010 decision did not address was that cable's falling penetration (down from ~80% in the 1980s and 1990s to just over 60% by 2010) , meant that almost half of Canadians could no longer see the content produced on cable community channels. Their capacity to serve as a digital 'townhall' was gone. Canada needed not-for-profit entities to manage community media and ensure that the content could be distributed on all platforms and reach all members of their communities[7].

(The CRTC's 2010 review of community radio, on the other hand, resulted in the creation of the Community Radio Fund of Canada, which directs a portion of tangible benefits payments at the time of changes in ownership in commercial radio to community radio stations. While the Fund is still small and distributes funding for projects, not operations--an average of only about $15,000 per recipient--a good start has been made in strengthening the capacity of the community sector to ensure diversity, adequate local news and coverage, and citizen participation in the system as a whole.)

---

6   To see what such digital multimedia centres could look like, see the video about the community media centre at Grand Rapids, Michigan at http://cactus.independentmedia.ca/video/1.

7   Copies of CACTUS`intervention to CRTC 2009-661 are available on request.

In 2012, Bell was asked as a tangible benefit at the time of its purchase of CTV to upload an additional 43 local channels to its national Bell ExpressVu service, including CACTUS' 7 not-for-profit community-owned member stations. Our members became an example of the vision we proposed: they were for the first time distributed over the air, on cable, on satellite, and were streaming content freely. Funding was still an uphill battle for all of them however, with no access to the funding enjoyed by cable community channels. Their average budgets were $150,000/year, for which they were producing an average of 6.5 hours of original local production per week, for an average of just over $500/hour. They survive on bingos, DVD sales, and municipal support. A few use their towers to redistribute other TV and radio services, offering their communities an over-the-air "skinny basic" service.

This average budget is consistent with the average budget for community not-for-profit community TV corporations in Quebec (members of the Fédération des télévisions communautaires autonomes du Québec), which are unlicensed, and distribute their content on cable community channels. Both CACTUS and Fédétvc members are underfunded by 2/3rds, meaning that with the same production facilities, if they had budgets of $450-500,000, they could fully leverage these facilities and produce at maximum capacity. The shortfall and bottleneck is for staff salaries to provide the training, leadership, and co-ordination of volunteers to cover more community events and to generate more local news and information.

By comparison, local content produced by the public and private sectors costs over $6000/hour, and there are public and private broadcasters present in only 59 Canadian towns and cities, serving markets of over 100,000 people.

There had been a clause in the CRTC's community TV policy (introduced in CRTC 2002-61) that stated that in instances when a BDU either elected not to provide a community channel or did not follow the CRTC's policy for community TV, that a not-for-profit entity in the community could both have the license and the accompanying budget collected from subscribers[8].

CACTUS therefore met with CRTC staff in 2011 to find out whether the Commission would honour this policy, if we advertised its existence to community groups. It appeared the clause provided a method of orderly changeover from administration of community TV by BDUs to administration by communities. The Commission said "Yes", and that a specific application

---

8   See http://www.crtc.gc.ca/eng/archive/2010/2010-622.HTM under the heading **Community programming undertakings**.

form existed for the purpose (form 115)[9]. The Commission invited us to audit cable community channels as a preparatory step in 2011. We submitted a 175-report that concluded that the majority of cable community channels were not compliant with the Comission's policy[10].

Therefore, in 2013, we assisted a group called Independent Community TV (ICTV) of Montreal to submit an application for a community TV license in Montreal on the grounds that Videotron's MAtv community channel was non-compliant with the CRTC's community TV policy[11]. While the CRTC agreed with the group's finding of non-compliance, the Commission did not confer a license or a budget on ICTV to operate the community channel. They merely gave Videotron time to get into compliance by August of 2015. When Videotron failed to meet the deadline, the matter was deferred to its upcoming license renewal.

In late 2015, CACTUS expanded its analysis to almost all licensed and many exempt cable systems, and submitted complaints of non-compliance against over 60 of them (80% of the total)[12]. The CRTC has also deferred making a decision on this complaints until the BDU license renewals.

9   Available at http://www.crtc.gc.ca/eng/forms/efiles/f115s.htm.

10 To read the report, see http://cactus.independentmedia.ca/files/cactus/2011%20Community%20TV%20Audit%20-%20CACTUS%20Comments.pdf.

11 See https://services.crtc.gc.ca/pub/DocWebBroker/OpenDocument.aspx?AppNo=201317462.

12 For our analysis of these systems, see www.comtv.org, or the Part 1 applications filed with the CRTC at https://services.crtc.gc.ca/pub/DocWebBroker/OpenDocument.aspx?AppNo=201600635, https://services.crtc.gc.ca/pub/DocWebBroker/OpenDocument.aspx?AppNo=201600643, https://services.crtc.gc.ca/pub/DocWebBroker/OpenDocument.aspx?AppNo=201600651, and https://services.crtc.gc.ca/pub/DocWebBroker/OpenDocument.aspx?AppNo=201600677.

The Recent CRTC Review of Local and Community TV Policy (CRTC 2015-421)

When the CRTC announced following its "Let's Talk TV" proceeding in early 2015 that it would review its local and community TV policy in the fall, we decided to conduct more rigorous research into the policy needs of the community element in the digital environment. We partnered with Kirsten Kozolanka of the School of Journalism and Communications to apply for an SSHRC grant.

Under a steering committee that included Clifford Lincoln (author of *Our Cultural Sovereignty*), Florian Sauvageau, Professor Emeritus at Laval, Dwayne Winseck, a media ownership speciailist from the School of Journalism and Communications at Laval, and Robert Hackett of Simon Fraser—a working group composed of practitioners from community TV (CACTUS), community radio (John Harris Stevenson, one of the founders of the Community Radio Fund of Canada), online community media (Darryl Richardson of the Media Co-op) and community gaming groups (David Murphy of Dames Making Games and the Handeye Society) conducted focus groups and an online survey among community media practitioners and users regarding their policy needs in the digital environment[13].

Based on the results of this research, the Community Media Policy Working Group developed a policy proposal that was shared with participants of the Community Media Convergence held at Carleton University in November of 2015 for feedback. The conference brought together community media practitioners from four sectors with academics and policy-makers for the first time: radio, TV, online and gaming groups. The policy that emerged was submitted to the CRTC's review of its local and community TV policy, CRTC 2015-421[14].

Based on the research—which supported CACTUS' 2010 vision that the most efficient and effective delivery model for community media in the digital environment was to offer citizens a full range of digitals media skills training, production support and multiplatform distribution from integrated production hubs—we resubmitted our 2010 proposal to the CRTC to create a Community-Access Media Fund.

We had put on the record incontrovertible evidence that the BDU model of community TV administration no longer worked, as the ownership and technical infrastructure that had once enabled it to deliver community media in small towns didn't exist anymore. The main difference between our 2015 proposal and our 2010 proposal was that we added video

---

13 To see either the raw survey results as filed with the CRTC, see https://services.crtc.gc.ca/pub/DocWebBroker/OpenDocument.aspx?DMID=2467727, or the summary report at https://services.crtc.gc.ca/pub/DocWebBroker/OpenDocument.aspx?DMID=2467728.

14 To see the policy proposal as filed with the Commission, see https://services.crtc.gc.ca/pub/DocWebBroker/OpenDocument.aspx?DMID=2514246.

gaming to the suite of community media that would be created and distributed at community media centres. Since 2010, we had become aware of the existence of community groups and hacklabs that facilitate access to video gaming skills and distribution, and that use video games as a tool for community expression and dialogue. In those 5 years, the size of the video gaming industry had also burgeoned to surpass the sizes of the North American film and video industries combined.

To the chagrin of the community media sector, the CRTC decision announced on June 15th (2016-224) creates a new Independent Local News Fund from money formerly earmarked to support community TV. It also enables BDUs to redirect the entire budget for community TV in markets over 1 million and up to 50% of the budget for community TV in small markets to their private news properties—effectively endorsing BDUs now decades-long preference for supporting fully professional staff production over citizen access, and consolidating BDU market power at the expense of diversity.

We estimate that between $100 and $125 million annually of the total of $150 million annually that previously (on paper at least) was earmarked in the broadcasting system to support community TV, will be redirected to support private local news. The remainder that BDUs may elect to retain to support their community channels will still be unavailable to true not-for-profit community TV.

Furthermore despite asking CACTUS during the hearing to propose a trial of Community Media Centres, the CRTC rejected the proposal on the grounds that "no new evidence" existed to support such a change in course, and that BDUs were still in "the best position" to support community TV.

The CRTC also specifically excluded not-for-profit community broadcasters from its new Independent Local News Fund, by stating that it is eligible only for "private conventional broadcasters". No reason was provided for this inclusion, despite the fact that community broadcasters can create local news cost for 1/10th the cost of private convetional broadcasters.

In our view, the decision reflects an enormous lost opportunity to diversify local news creation, citizen participation and digital access, in favour of a non-profitable, unsustainable model of traditional news on conventional television. Many of the statements in the decision were unsupported by the evidence, and showed an ignorance of community media policy and practice. We provided a full analysis of this decision in a letter we wrote to the CRTC to ask both that it reconsider its decision and to establish an Ombudsperson or staff position within the CRTC to rebuild its expertise in community media going forward[15].

15 To see CACTUS' full submission to CRTC 2015-421, see
    https://services.crtc.gc.ca/pub/ListeInterventionList/Documents.aspx?ID=226182&en=2015-

ASSUMPTIONS and DISCUSSION OF THE BACKGROUND PAPER

The discussion paper is insightful and we are appreciative of its emphasis on "civics-based information" and "the role of the media in the democratic process" as these are at the heart of the mandate of community media. We would raise the following questions:

1. *"Serious News" and "Civics-Based Information"*

    The paper uses the term "serious news", and also the phrase "sustained coverage of the public arena in which citizens exercise their democratic choices". Later parts of the paper refer to the important democratic function of "civics-based information" including the coverage of city hall and school board meetings, the provincial legislature and the courts.

    Community television has unfortunately been dealt with dismissively by the CRTC in recent policy hearings, as detailed above. We believe this is because community TV tends not to generate the big-city newscast format that we think of when we think of supper-hour news: that is, a 30- to 60-minute newscast composed of short 2-3-minute clips. While this format has become the standard for broadcast news, it is not common on community television for several reasons:

    i) Broadcast TV time is expensive and this format of news is expensive to create, so 30 or 60 minutes (with a couple of minutes on each topic) tends to be all public- and private broadcasters can afford to create and air between more lucrative entertainment series.

        The entire schedule on a community TV channel is available to air exclusively local content. There are no time limits. The topics that might be covered on a big-city newscast in 2 minutes become entire programs on community TV. For example, the two-minute summary and sound bite on a big-city channel covering the city hall becomes full gavel-to-gavel coverage on the community TV station. Instead of the two-minute sports highlight on a big-city newscast, you get the full game on a community TV station. Rather than a sound bite from the local MP about a decision, he or she might be interviewed on a discussion program for an hour.

        Because the content is typically shot by volunteer members of the community working with local organizations under the supervision of professional staff, if a

---

421&dt=i&lang=e&S=C&PA=B&PT=NC&PST=A

To see our analysis of the decision and request that it be reconsidered, see
http://cactus.independentmedia.ca/files/cactus/Request%20by%20CACTUS%20to%20CRTC%20to%20Reconsider%202016-224.pdf.

volunteer crew spends an afternoon of their free time covering a game, they will want to air the whole thing, there's the time on the channel to do it, and the local audience will be interested to watch it, because there will be people in it they know.

ii) On big-city TV newscasts (all 59 towns and cities that have a public- or private TV broadcaster have populations in excess of 100,000 according to CRTC 2015-421), the audience can't be expected to know the people in the stories. They typically want a quick 'hit' of each topic, to have a sense of the range of events that happened during the day in their region, rather than extended coverage of any one topic. In the smaller towns, and neighbourhoods and niche groups within bigger urban areas that community media are designed to serve, audiences are likely to know those on screen. They want the full story. This may be the only media specifically geared to their needs and interests. Life is slower.

iii) It has been a specific mandate and expectation of the CRTC that community TV cover municipal town hall meetings gavel to gavel, as a democratic service.

Therefore, the strength of community media with respect to providing "sustained coverage of the public arena" is that they provide more in-depth coverage, debate, and dialogue about local issues (and sometimes also national issues from a local perspective), as well as gavel-to-gavel coverage of many local processes and institutions. Journalists in the public and private sectors (print as well as radio and television) often use community broadcasts of town hall meetings to generate commentary and reportage.

2. *Direct Participation by Citizens in Media-Making*

The phrase "sustained coverage of the public arena in which citizens exercise their democratic choices" is interesting for a second reason. It implies that if there is "sustained coverage of the public arena" and that citizens are informed, they can "exercise their democratic voices" in an informed fashion... presumably the next time they get to vote at an election.

As community media 'grew up' and matured in Canada—leading to its official recognition in the 1991 Broadcasting Act—Canadian policy-makers recognized that merely being informed, or even having access to multiple journalistic and editorial points of view on matters of public concern--is not enough for a healthy democracy. Citizens themselves must also be able to contribute to the conversation and contribute their voices... thereby increasing the diversity and depth of the public conversation, helping to shape the decisions that will affect them, and also to acquire the media literacy skills to interpret information they consume in other media.

We would argue that "sustained coverage of the public arena in which citizens exercise their democratic choices" exists only in community media in Canada. As the paper notes, "sustained coverage of the public arena" tends not to happen on the Internet... which is a cacophony of self-published, uncurated, and journalistically untrained voices. Sustained coverage of the public arena traditionally has happened in public- and private-sector media (although traditional business models may currently be threatened), but public- and private-sector media have not generally enabled "citizens" to "exercise their democratic choices" other than passively and indirectly—at election time.

Community media is the curated, organized response to both the funding crisis in public- and private-sector media (because it can produce content for about 1/10th of the cost), and the chaotic uncurated multiplicity of Internet content from around the globe.   Community media are curated by stable local organizations and are led by trained professionals that curate content and ensure "sustained coverage" of the local milieu with the direct civic participation of the community.

The progressive weakening of Canada's community TV policy since 1997 is one of the factors contributing to the crisis in local media in Canada.

3. *While the Traditional Funding Model for News May Not Be Viable, the Organizations that Provide News Are Nonetheless Profitable (at Least on the Broadcast Side)*

The first paragraph on page 1 under the heading "Background" discusses the financial crisis facing Postmedia. The last sentence in the paragraph is "*Financial challenges beset other major news organizations, with CTV, Toronto Star, Rogers Media and Shaw all shedding jobs this past winter and scaling back production over the past year.*"

While it may be true that Postmedia is in trouble, and published data supports this view, it cannot be assumed that Bell, Rogers and Shaw are in financial trouble because they are 'shedding jobs'. The purchases of our former independent news networks (CTV by Bell and Global by Shaw) were permitted by the CRTC during the last 5 years because they were viewed as having sufficiently deep financial pockets to finance sectors that had become unprofitable (such as local news) or which had never been profitable (Canadian drama) from other highly profitable businesses such as Internet and mobile services, and cable and satellite subscription TV.

Published financial data for these companies in fact show robust bottom lines. Decisions to shed jobs in journalism are business decisions to reduce costs within business units that are not profitable (such as local news).

Many industry commentators viewed the decision by both Shaw and Bell of cutting journalism jobs as a carefully timed political move to force the CRTC to allow them to shift the 2% contribution that they were formerly required to put into community TV to support their private news properties. The CRTC caved in to this pressure with the publication of its new local and community TV policy (2016-224) despite admitting at paragraph 76 in its decision that *"no private local television station was able to provide estimates of how much money it would need to continue operations"* and that *"no compelling evidence of imminent station closures was provided on the record"*.

Despite the lack of data, the Commission nonetheless elected to redirect an estimated 5/6th of the $150 million annual national budget for community television to private news stations in about a dozen markets, the majority of which are owned by these same BDUs. (CACTUS' proposal had been to use the same $150 million to fund 250 community-operated digital multimedia centres in all communities, in communities as small as 10,000 people.)

4. *The Lack of a Fulsome Discussion of Media Ownership Concentration*

It is surprising that the Background paper does not consider media ownership concentration as a threat to the robustness of Canadian democracy nor ask specific questions about it. The focus appears to be the viability of local news as a business model in the digital environment.

Canada's high level of media ownership concentration was the subject of the CRTC's 2008 Diversity of Voices hearing, and has continued to underpin the CRTC's decision-making with regard to mergers and its tangible benefits policy.

Having "sustained coverage of the public arena" is only part of the challenge. What kind of coverage is it if it comes from a sole or a very few sources? The Canadian Broadcasting Act expresses the priority at section 3 (1) (i) (iv) that programming should *"provide a reasonable opportunity for the public to be exposed to the expression of differing views on matters of public concern"*.

A question that was raised at the Diversity of Voices hearing was that—in an environment of intense media ownership concentration (considered extremely high by world standards in the view of media ownership researchers such as M. Florian Sauvageau of Laval and Dwayne Winseck of the School of Journalism and Communication at Carleton)—specific rules should be in place to prevent large VI companies from combining editorial and newsroom staff for multiple platforms (print, online, radio, television). At the time, this

14

appeared to us to be trying to apply an ineffectual and anti-competitive bandaid after the fact, rather than addressing the underlying problem of excessive media ownership concentration.

In the digital environment where information can be created virtually for free and posted online by anyone, presumably what we want are small nimble news organizations that *can* leverage multiplatforms efficiently. Why not? The problem isn't the repurposing of content on multiple platforms; the problem is too few feet and independent voices on the street to generate the original content in the first place. Surely what we need is a multiplicity of small, nimble organizations in all markets, who cannot coerce regulators with their market power.

The recent local and community TV policy decision is an outgrowth of this problem. While we intervened to make the reasonable argument that community media (and budgets identified to support it within the broadcasting system) ought to be managed by not-for-profit community-based organizations that can serve as an alternative and counterweight to media ownership concentration in the private sector—and thereby generate the most diversity of citizen and journalistic voices—the CRTC once again ruled in favour of allowing BDUs—which already own our previously independent private news networks, almost all of the specialty channels, much of our radio and newspaper infrastructure, our mobile phone networks, access to the Internet—to continue to control (now much reduced) funding and management of so-called 'community television'.

The CRTC's decision appeared to rest on the assumption that community media can move online, ignoring the need for local presence and journalistic curation, training, leadership, and 'sustained coverage'. The decision represented a double standard, because the CRTC acknowledged that the Internet cannot replace the need for local presence and "high-quality news" provided by traditional news organizations.

5) *Canadians May Have Access to More <u>Information</u> than Ever Before, But It Is Incorrect to Say that the "are showered with more <u>news</u> coverage than ever before".*

Finally, the background document makes the statement on page 2 that "*Canadians are showered with more news coverage than ever before*", as if access to millions of pages of web information from around the world translates into "news coverage". We don't believe this is the case. Very few of the pages the average Canadian might access relate to his or her milieu and could be considered to be 'news' that is relevant to them. Furthermore, very little of the information that might be available locally (blogs, information on web sites about local businesses and organizations), would be considered "news" as traditionally understood, and certainly not the "serious news" that provides "sustained coverage of

15

civic events" defined in the discussion paper.

THE QUESTIONS

Page 2 in the Background Paper Asks: *Is there a place for public policy?*

For CACTUS and its members, the answer is 'yes'. Public policy is needed.

While there has been a tendency in recent years to view light regulation as a virtue (in media and other industries), access to locally and nationally reflective media in general and adequate news coverage in particular is closely tied to both Canadian sovereignty and the robustness of our democracy. Media is therefore not the same as other industries. Its social, civic and cultural impacts perhaps supersede its importance as a dollars-and-cents industry, which is why we have a Broadcasting Act that places the public interest first.

Two things will never change:

i)   Canada's enormous geographic size, yet sparsely distributed population. These will always imply an uphill battle to ensure adequate local reflection and profitability for Canadian media as an industry.

ii) Our proximity to the US market, which programs in the same language as the majority of our population, and offers cheap reruns of programming created with much larger budgets than Canada will ever raise.

These two factors account for why media has always been supported by the Canadian government and there are public agencies such as the NFB and the CBC that make media. While the digital environment presents new specific challenges and the need to re-examine production processes and distribution platforms, the economics of content creation will not change much. Although the cost of the broadcasting production equipment for capturing and processing content may be cheaper and more accessible in the digital environment, the skilled human resources to create "serious journalism" and other genres of civicly and culturally prized production remain the same.

Therefore, there will always be a place for public policy to ensure that Canadian content is available, and that Canadians can find it (i.e. that is has distribution). To this end, we believe that traditional concerns regarding media concentration (which affects the plurality of voices that can be heard) and foreign ownership are as relevant now as they were in the past. It's

just that they must be managed in new ways, possibly with different regulatory approaches to reflect the changing environment.

Questions:

1. **What is the role of journalism in a healthy democracy?**

    As discussed above, we agree with the current understanding of the role of journalism in a healthy democracy: the journalist analyzes, aggregates, and presents information "in a sustained" manner about organizations and issues that affect our lives as citizens both in general (e.g. the weather, the state of the economy) but also as civic actors in a democracy (civic and governmental agencies whose decisions affect us).

    As noted previously, there should ideally be multiple journalistic organizations active at the local, regional, and national levels to provide a plurality of points of view on "*matters of public concern*", as is recognized in the Broadcasting Act.

    As also previously noted, where economic models may not support profitable private- and public-sector broadcasting at all three levels (local, regional, national), hit-and-miss citizen journalism regarding particular issues such as one might find on the Internet can fill some of the gaps. However, for the 'sustained coverage of the public arena', journalistic organizations that are stable visible entities in the community and which curate, aggregate, and provide accountability of public entities are necessary. Where economic models do not support public- and private-sector journalism, community media are a cost-effective alternative that has responded to the challenge of Canada's vast geography in the past and have stood the test of time.

2. **Is the state of the media – with the declining traditional press and a rising new media – providing the civic information that we need to fulfill the needs of a healthy democracy?**

    On the one hand, the proliferation of information readily available on the Internet ensures that if one researches an issue, one will find a variety of views. The difficulty with Internet content, of course, is that without "feet in the street" and organizations that are answerable to journalistic standards and licensing procedures, it's often hard for the public to know what to believe. Internet sources often do not provide the cross-examination of views on issues that we might expect on broadcast media.

    The decrease in funding available to traditional journalism and newsrooms is therefore of concern, but we view the problem as more an outgrowth of media ownership

concentration than with declining profitability of local news per se. There is money in the telecommunications system to support Canadian content, but it may no longer be derived from local advertising. Public policy is needed to make sure surpluses being realized by Canadian companies (or non-Canadian companies operating in Canada) are leveraged to support civically and culturally important categories of content that may no longer be profitable on their own.

This is the same rationale that underpins CRTC regulations that used to require BDUs to contribute 10% (later reduced to 5%, and then 2%, and now as little as 0.25%) of their television subscription revenues to support community television. BDUs use local public rights-of-way to lay cable, IPTV, and fibre-optic networks. They collect television subscription revenue in communities, and pipe predominantly foreign or national and regional Canadian content into communities that is not made there. In recognition of the resources taken from communities, the CRTC established a requirement that BDUs spend a portion of what they extract from the community ... in the community.

This principle is still valid. The same companies now collect money from Canadians community by community via those same cable, fibreoptic and phone lines for Internet services, via which we can access content from around the world. These companies do not create the content... they profit simply from making it available. It's a reasonable expectation that some of the profit they make should be reinvested in the communities from which they extract it in the form of local coverage and content. This is the rationale underpinning our proposal for a Community-Access Media Fund. Local not-for-profit organizations managed by communities themselves should decide what kind of media to teach, create, distribute and prioritize to ensure the flow of civic information necessary to a healthy democracy. VI companies located elsewhere cannot effectively make these decisions nor be expected to have the democratic health of individual communities as a focus.

Therefore, we agree with the paragraph at the top of page 3 that foreign companies that operate in Canada (and have addresses in Canada) should be included in either regulations or tax policy in order to generate support for Canadian content.

3. **Should we consider new forms of public policy to ensure that serious Canadian journalism continues to flourish in our country?**

 Yes. We recommend:

i) Asking foreign companies that extract telecommunications profits from

Canadians and which operate on Canadian soil to contribute to the production of Canadian content including news (either via taxation or CRTC regulation).

ii)   That the CRTC's new local and community TV policy (CRTC 2016-224 announced on June 15th) be re-considered. It will have many negative effects that will further limit the creation of civic-minded information at the local level:

- enables VI integrated companies to further consolidate their market power, and reduces the strength and diversity of community media, which is intended to balance this power.

- reallocates almost the entire budget for community television to local private news in a handful of markets, which BDUs had already committed to support when they were permitted by the CRTC to bue our private news networks

- reduces the linkage between where funding from programming is collected and where it is spent, with no consultation with the subscribers who pay for it. BDUs are left with the prerogative of spending money for Canadian content according to their business objectives, not according to the civic or cultural needs of Canadians.

- ignored the request by all community groups that participated in the hearing process that community media should be managed by not-for-profit entities that are resident in communities, and have the local 'feet on the street' and synergies to provide news, local information, and civic coverage in communities where there are no public and private TV broadcasters (everywhere with populations under 100,000) and big urban markets where significant minority populations (including immigrant and First Nations communities) do not believe their views are represented in mainstream media.

- Continues to 'waste' the small remaining community TV budget on channels available only to BDU subscribers, not to the whole community on all platforms.

- Does not recognize digital convergence, and the need for digital skills training on all platforms, not just traditional TV and radio.

PROJECT DESCRIPTION

Bullet 1: *"If the civics function of media is in peril, in what ways should and can public policy help create a supportive environment without crossing the third rail of influencing how news companies and reporters operate?"*

Yes, the civics function of media is in peril. You need local "feet on the street" to report on local issues and to ensure accountability by all levels of government and other agencies. Public- and private-sector Canadian media that supports journalism in larger markets and on national issues can be supported by leveraging Canadian BDU profitabilty in non-news sectors, and by making it a 'level playing field' for them by also taxing or regulating foreign web sites and content providers that operate on Canadian soil, as previously stated.

Community media needs to be supported in smaller markets (under 100,000) by revisiting CRTC 2016-224 to restore its funding, and allocate it toward not-for-profit multimedia community centres that will provide Canadians with digital skills training, production support and content distribution in all media and on all platforms.

Bullet 2: *"What, if anything, needs to be preserved in the established media, and how? And what, if anything, needs to be done to encourage civic-mindedness in the new media, and how?"*

The established media model of having trained journalists in markets with 'local presence' is necessary for effective civic-minded journalism. Anti media ownership concentration measures need to be put in place, however, to ensure that there is more plurality of ownership (and therefore multiple management structures within which journalists are working), and that smaller organizations are free to leverage multiplatform newsroom efficiencies.

Community media by its nature organizes otherwise disparate unco-ordinated citizen journalistic efforts into a coherent local offering. The model exists, but is currently underleveraged and underfunded. The existing model of community media as regulated by the CRTC needs to be updated to include new media (online content and gaming). A coherent policy approach that recognizes and can maximally leverage convergence efficiencies need to be adopted, as recommended by the Community Media Policy Working Group at ComMedia 2015, and in the Working Group's submission to CRTC 2015-421 (previously footnoted).

Bullet 3: *"Are we merely in a transitional phase or is there something fundamental in the civic character of the established media that is lacking in the new media? Can established media companies recreate their business models, as Montreal's La Presse appears to be doing, while preserving the civics*

function?"

We believe it's an overstatement to dichotomize "established media" doing journalism with a "civic character" with "new media". Many online community and independent media organizations such as The Media Co-op and rabble.ca are examples of 'new media' that create and publish more civic-minded journalism than many "established media". Many "established media" have slid toward repurposing of content that they have not independently fact-checked, and reporting on Hollywood, entertainment, sports, and sensationalist content to the detriment of coverage of local governments and institutional accountability.

We don't believe there is anything "fundamental" about either model. You can produce "serious journalism" or light entertainment on any platform.

We do, however, believe that setting standards via professional associations of journalists (such as the CAB journalistic codes) and government (i.e. CRTC) incentives regarding minimum amounts of news coverage create an environment in which content providers understand that serious journalism is expected. Canada needs these standards, incentives, and supports for "serious" and civic-minded content, regardless of platform.

While we have not ourselves researched alternative market-based business models for news, we note that Friends of Canadian Broadcasting, in its submission to CRTC 2016-224, pointed to three market-oriented approaches to supporting local news production that the CRTC has not adopted, including local market rights protection and local retransmission consent[16]. We believe that if there are market-oriented approaches that could better support the production of local private news, those should be explored first before taking sources of money that are meant to support not-for-profit community TV and giving it to private corporations to meet their basic licensing obligation to produce news.

Bullet 4: *"Are new policies required to encourage and support media innovation, Canadian news content and new business structures to finance civic-minded journalism?"*

As previously discussed, we believe that not-for-profit community media centres present the only sufficiently cost-effective alternative to serve Canadians in smaller markets and minorities with adequate local news and civic information tailored to them, while ensuring a minimum level of journalistic leadership and curation by credible known organizations with local presence. Community media has always been on the leading edge of civic- and

---

16 For the full argument, see paragraph 7 of Friends' submission at
https://services.crtc.gc.ca/pub/ListeInterventionList/Documents.aspx?ID=225988&en=2015-421&dt=i&lang=e&S=C&PA=b&PT=nc&PST=a.

participatory media innovation.

Bullet 5: *"Are old policy models around such matters as concentration of ownership and foreign ownership relevant to contemporary challenges, or perhaps even harmful to desired outcomes?"*

As previously discussed, we believe that concerns about media ownership concentration and foreign ownership are as relevant as ever, and that their effects are the biggest contributors to the lack of Canadian local news and reflection that we are experiencing.

The irony that VI integrated companies still control the bulk of Canada's budget for 'community media' (which is supposed to provide a grassroots safety valve for diversity of voices) underscores this point.

We believe that the CRTC's decision to elect not to regulate the Internet (insofar as refraining to ask for contributions from foreign ISPs and content providers with addresses on Canadian soil) needs to be re-examined.

Bullet 6: *"In what ways can policy assist local and provincial jurisdictions in community and civics coverage, including such institutions as city hall, school boards, provincial legislatures and courts, as well as addressing official language, Indigenous and ethnic communities?"*

As aforementioned, we believe the best and most direct way to assist local jurisdictions with civics coverage is to modernize our community media policies to recognize digital convergence and media ownership concentration. Locally-based not-for-profit media entities with direct civic participation have the best chance of watchdogging their own local institutions, and are the only cost-effective way to ensure that the skills necessary for "serious journalism" can be made available in all communities, big and small.

Community media has historically also been the most effective tool for providing a voice for official language minorities, Indigenous and ethnic communities in Canada. Self-contained ethnic and Indigenous communities can obtain their own community licenses or create their own online community platforms. Indigenous individuals and ethnic communities within larger urban areas can find the assistance they need to create their own content on shared community media platforms. Some financial support (but only 1/10th what is required for public- and private-sector broadcasting) is still needed to create the professional infrastructure to ensure that these organizations are stable and can provide the on-going coverage of the public arena that is needed for a healthy democracy.

We thank you for the opportunity to contribute to this study.