



## Broadcasting Notice of Consultation CRTC 2015-421-3

PDF version

References: 2015-421, 2015-421-1 and 2015-421-2

Ottawa, 12 January 2016

### Notice of hearing

**25 January 2016**  
**Gatineau, Quebec**

#### **A review of the policy framework for local and community television programming – Working document for discussion**

1. When the Commission announced the public hearing for the review of the policy framework for local and community television programming (see Broadcasting Notice of Consultation 2015-421), it stated that it expected to publish a document before the hearing setting out areas for exploration at the hearing based on the comments received.
2. After reviewing the submissions that Canadians have made, the Commission is providing the following working document. The inclusion of specific proposals in the working document should not be seen as an indication that the Commission has made up its mind on any issue or that it prefers one option over another. The document is intended only to provide parties with possible approaches and stimulate discussion and debate.
3. To facilitate the further engagement of Canadians, the Commission is launching today an [online discussion forum](#) for this proceeding. The Commission invites all Canadians and in particular media information specialists, such as journalists, copywriters, producers, reporters and camera operators, to participate in this proceeding and share their points of view. To submit comments on the working document or any other question that forms part of this proceeding, including interveners' proposals, Canadians may participate in the online discussion forum, which will run from today until **3 February 2016**, the last day of the public hearing.
4. Following the online discussion forum, transcripts will be available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca). The record of the online discussion forum will be made part of the record of this proceeding.

#### **Importance of local news**

5. The *Broadcasting Act* (the Act) states that the Canadian broadcasting system, comprising public, private and community elements, provides a public service essential to the maintenance and enhancement of national identity and cultural sovereignty (section 3(1)(b)) and that each element of the system shall contribute in an appropriate manner to the creation and presentation of Canadian programming (section 3(1)(e)).

6. The Act also states in section 3(1)(i) that the programming provided by the Canadian broadcasting system should:
  - be varied and comprehensive, providing a balance of information, enlightenment and entertainment for men, women and children of all ages, interests and tastes;
  - be drawn from local, regional, national and international sources;
  - include educational and community programs; and
  - provide a reasonable opportunity for the public to be exposed to the expression of differing views on matters of public concern.
7. Following the Let's Talk TV process, in Broadcasting Regulatory Policy 2015-24, the Commission determined that it should expand its examination of local and community television. The Commission therefore decided to carve this element out of the Let's Talk TV process and devote a separate proceeding to this important subject.
8. In Broadcasting Notice of Consultation 2015-421, the Commission announced its intention to consider the availability of local programming throughout the broadcasting system, including the manner in which both the private and community elements may contribute to its production. The Commission also sought comments on how best to ensure that compelling local news and other programming that is both locally relevant and reflective is made available to Canadians, as well as how the existing funding can be allocated in a manner that is accountable and responds to demonstrated needs.
9. The Commission is of the view that news and analysis<sup>1</sup> are of central importance to meeting the objectives for the Canadian broadcasting system set out in the Act. In fact, the *Report of the Task Force on Broadcasting Policy* (1986),<sup>2</sup> which significantly influenced the adoption of the revised *Broadcasting Act* in 1991, already emphasised the importance of news and analysis in the system. The report specifically stated that "local coverage of news and current affairs is a fundamental element of television programming."

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<sup>1</sup> Program categories 1 News, 2(a) Analysis and Interpretation and 3 Reporting and Actualities, as referenced in the *Television Broadcasting Regulations, 1987*, are defined as follows in Broadcasting Regulatory Policy 2010-808. **Category 1 News** – Newscasts, newsbreaks and headlines. Programs reporting on local, regional, national and international events. Such programs may include weather reports, sportscasts, community news and other related features or segments contained within "News Programs." **Category 2(a) Analysis and interpretation** – Programs on various topics that include analysis or discussion, such as talk or panel shows, consumer affairs or reviews, news magazines and documentaries that do not fall under category 2(b) Long-form documentary. This category excludes programs presenting information primarily for entertainment value. **Category 3 Reporting & Actualities** – Programs focusing on the coverage of conferences, political conventions, opening/closing of events (including awards dinners) and political debates, as well as programs of a non-entertainment nature intended to raise funds.

<sup>2</sup> Also referred to as the Caplan-Sauvageau Report.

10. Similarly, in a 2003 report entitled *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*,<sup>3</sup> the Standing Committee on Canadian Heritage noted its concern that “community, local and regional broadcasting services have become endangered species, and that many parts of Canada are being underserved.” The Committee added that “although our larger cities are served by local stations that often do an excellent job of reaching out to and reflecting their communities [...] many smaller cities and municipalities have little or no comparable coverage.” The result, according to the Committee, was that “an entire layer of Canadian life and experience is missing from the screen and the airwaves—and these forms of expression are arguably the places where the Canadian experience is the most original and vibrant, where the country discovers and defines itself.”
11. News and analysis programming remains important today as an expression of journalistic independence and a reflection of our rights as Canadians to freedom of expression. Moreover, news and analysis produced and distributed through the broadcasting system are essential components of the Canadian democratic system and the trust Canadians place in it.
12. As part of the Let’s Talk TV process, the Commission analyzed the challenges and opportunities for the Canadian television system as a result of the move to on-demand and online video content. These challenges and opportunities also arise with respect to news and analysis. Specifically, while it has never been easier for Canadians to quickly access information from across the world, it has also become more difficult to monetize the production of quality news content and in-depth analysis that can inform, enlighten and entertain Canadians. This finding is especially true with regard to local news coming from smaller communities.
13. As shown by [data](#) published by the Commission as part of the current process, the costs associated with local news television content exceed the revenues derived from this programming, with costs estimated to be 22% higher than revenues from 2012 to 2015. This gap has increased over this period, with costs being estimated to have increased by approximately 2% and revenues to have declined by approximately 10%. Additionally, the number of full-time employees or equivalents associated with the production of local news television content has declined by 4% in the same period. These trends are putting pressure on broadcasters to sustain this public interest programming.
14. Meanwhile, Canadians continue to value the local news content they receive through the television system. In a public opinion poll conducted during the Let’s Talk TV process, 81% of all respondents stated that they considered local news programming important. According to Numeris audience data, in certain markets the local evening newscasts of some local stations garner approximately 20% of all local tuning. Access to news and analysis may take many different forms, with Canadians now keeping informed through current affairs content received from an ever-increasing array of sources, including entertainment programs that feed off the news cycle, such as *Infoman*, *This Hour Has 22 Minutes* and Canadian and foreign late-night talk shows.

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<sup>3</sup> Also known as the *Lincoln Report*.

15. The public record for the current proceeding also shows that Canadians sense that there is a weakening of the ecosystem for local news gathering, production and dissemination across all Canadian media. The consequences of this weakening are felt both in the broadcasting system<sup>4</sup> and outside the sphere of the mass media within the Commission's jurisdiction,<sup>5</sup> with newspapers reducing the frequency and extent of their print publications, as *La Presse* recently did, or reorienting their online and mobile presence strategies, as the Postmedia daily newspapers attempted to do last fall. Meanwhile, some broadcasters have been shortening the length of newscasts, downsizing newsrooms and centralizing production. The significant difficulties experienced by Channel Zero's Hamilton station CHCH-DT attest to the pressures put on broadcasters in this environment.
16. Some interveners noted that the news ecosystem was increasingly relying on part-time employees, press agencies and news releases to supplement their news-gathering activities. This situation was seen as detrimental to in-depth reporting and investigative journalism. Similarly, social media and Internet-based news outlets help quickly relay information about events and international issues. However, a number of them have yet to prove themselves capable of in-depth news gathering and the level of journalistic rigour that Canadians have come to expect from established broadcasters and print media. The borderless state of these digital outlets also poses challenges for the delivery of accurate and timely information about local and municipal events to media consumers in smaller communities.

#### **Issues for discussion at the public hearing**

17. As it stated in Broadcasting Regulatory Policy 2015-24 following the Let's Talk TV proceeding, the Commission remains of the view that the privilege of over-the-air television stations to have their signal distributed on the basic service, to solicit local advertising and to request simultaneous substitution comes with the responsibility to offer local programming. When the Commission approved transaction applications that led to the consolidation of large, integrated companies operating conventional television stations, specialty services and digital media outlets, it was with an eye to ensuring the creation of diverse and high-quality Canadian programming in both English and French and its distribution through conventional and digital media. The Commission continues to be of the view that Canadians should be able to reap the full benefits of this consolidation.
18. As noted in Broadcasting Regulatory Policy 2015-24 and Broadcasting Notice of Consultation 2015-421, the Commission remains convinced that there is sufficient funding within the broadcasting system<sup>6</sup> to ensure the creation of quality local programming, including local news coverage tailored to the particular characteristics of each market. However, meeting this objective may require a rebalancing of resources and responsibilities between the various elements of the system. The approach that the Commission will

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<sup>4</sup> This includes conventional television, specialty television, community television and radio, as well as Web content that, although exempted from licensing, is also part of the broadcasting system.

<sup>5</sup> For example, daily and weekly newspapers, as well as magazines.

<sup>6</sup> In 2014, television stations devoted over \$470 million to local programming and local news, while the broadcasting distribution sector contributed over \$151 million to community channels.

eventually adopt will need to ensure that all elements contribute in an appropriate manner to the creation and presentation of local programming that meets Canadians' needs. In this regard, despite the invitation to do so in Broadcasting Notice of Consultation 2015-421, few interveners seized the opportunity to propose solutions that would use the strengths of each element of the Canadian broadcasting system—public, private and community—to ensure that Canadians as citizens are provided with a sufficient level of high-quality local news and information.

19. At the hearing, the Commission intends to address the importance of the television system and the three elements composing it in the local news and information ecosystem in Canada. It will also look at other players forming part of this ecosystem in order to draw on their best practices and learn from the opportunities they have seized in the digital realm in terms of the dissemination, discoverability and funding of local news content. For example, daily newspapers have enhanced their coverage of news and information online by including video content, once the sole domain of television.
20. The Commission will therefore focus its questioning on initiatives proposed by interveners that would move towards a rebalancing both of the financing available to each of the broadcasting system's elements and their responsibilities. The Commission will seek to ensure that Canadians in all markets are provided with a level and quality of local programming, including local news, that meets their needs and that this is carried out on the most appropriate platform.
21. The Commission reminds parties that all questions raised in Broadcasting Notice of Consultation 2015-421 remain part of the proceeding. This being said, it will expect parties appearing at the oral phase of the hearing to make the link between their proposals on the various issues raised in the notice and the objectives it has set out in this working document.
22. Specifically, the Commission will be looking to discuss the following issues with participants at the hearing:
  - the creation of precise and clear definitions of local programming, access programming and local news programming;<sup>7</sup>
  - measures to ensure a continued and appropriate level of local programming and local reflection;
  - the tailoring of local programming and access programming requirements based on market size and demonstrable community needs;
  - measures to ensure that access programming is widely available to Canadians as creators and citizens, using a multiplatform approach that takes discoverability into account; and
  - a review of the parameters of the Small Market Local Production Fund with a view to focusing on incentives and outcomes rather than compensation.

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<sup>7</sup> In the interrogatories filed as part of the current process, broadcasters reported that approximately 96% of their Category 1 (News) Canadian programming expenditures consisted of costs associated with local news programming.

## **Initiative A – Fund to support local news**

23. Many interveners have already commented on the possibility of establishing a funding mechanism to help contribute to the creation of locally relevant and reflective programming. The Commission is interested in discussing such mechanisms, which would allow for the redistribution of the resources currently in the system and earmarked for local expression, in order to allocate them according to the demonstrable needs of each platform and each market.
24. The Commission is therefore open to considering interveners' proposals to establish a fund that would provide incremental support for the production and broadcast of local news and information programs.<sup>8</sup>
25. Proposals to establish such a fund should address the following matters:
- the intended outcomes of such a fund and the incentives built into the fund to ensure that these outcomes are met;
  - the manner in which the incremental nature of the support should be measured;
  - the eligibility criteria for funding, including the range of potential recipients;
  - the method for determining each recipient's funding needs; and
  - the method for allocating funding based on those demonstrable needs.
26. In addition, the Commission invites proposals regarding the administration of such a fund. The proposed fund should meet the following criteria:
- be financed by existing resources in the system;
  - be managed by a third party independent from the Commission, funding sources and beneficiaries;
  - possess a governance structure and rely on success indicators that are clear, equitable, flexible, transparent and mindful of regulatory burden; and
  - provide for accountability to the Commission and Canadians through public reporting.

## **Initiative B – Incentives to broadcast professional local news on community channels in markets where there is no over-the-air television**

27. In 1986, the *Report of the Task Force on Broadcasting Policy* had already recognized that community channels operating in smaller centres have the important role of providing for the diverse needs of whole communities. These needs must certainly include access to high-quality news programming. The Commission is open to considering measures that could encourage community programming services operating in markets with no local

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<sup>8</sup> As noted above, the Commission intends to establish a definition of local news programming as part of this process.

television stations to offer professional news programs to Canadians living in those markets. The Commission is of the view that such measures would recognize the central role played by the community element in those markets.

28. The Commission is prepared to explore, for example, reducing the level of overall programming that must be dedicated to access programming for operators that would undertake to gather and broadcast news and information programming in markets with no local over-the-air television stations. The Commission could also consider allowing local advertising on community channels in markets where advertising could demonstrably support the achievement of the above-noted objective.

#### **Other initiatives**

29. The Commission is also open to any other proposal that would move towards a rebalancing both of the financing available to each of the broadcasting system's elements and their responsibilities with a view to ensuring that Canadians in all markets receive a sufficient level of high-quality local news, information and other programming on the most appropriate platform. The Commission will place special emphasis on initiatives that seize opportunities offered by digital platforms for dissemination, discoverability and, where applicable, monetization.

#### **Final observations**

30. The Commission will provide parties that have filed interventions to this proceeding with the opportunity to file final written submissions. Such submissions must be limited to comments on the present working document, submissions made during the online discussion forum and submissions made during the public hearing. Final submissions must not exceed 15 pages, including an executive summary, and be filed by **15 February 2016 at 5 p.m. Vancouver time (8 p.m. Ottawa time)**.

Secretary general

#### **Related documents**

- *A review of the policy framework for local and community television programming*, Broadcasting Notice of Consultation CRTC 2015-421, 14 September 2015
- *Over-the-air transmission of television signals and local programming*, Broadcasting Regulatory Policy CRTC 2015-24, 29 January 2015
- *Definitions for television program categories*, Broadcasting Regulatory Policy CRTC 2010-808, 1 November 2010