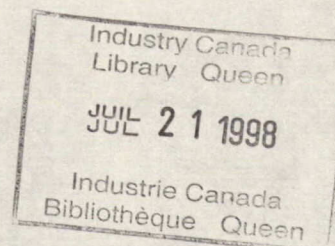


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THE CANADIAN BROADCASTING CORPORATION
AS AN INSTRUMENT FOR INDUSTRIAL DEVELOPMENT
WITHIN THE COMMUNICATIONS SECTOR

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Ronald G. Keast
John E. Twomey

Ryerson Polytechnical Institute
Toronto, Ontario



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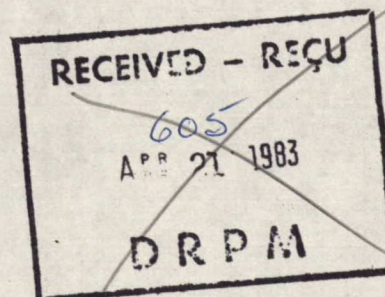
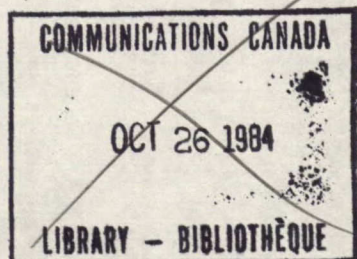


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Introduction

The Canadian Broadcasting Corporation has always been the pre-eminent Canadian presence in our broadcasting system. This is because of its size and its product, both effects of its public funding. It represents a marvel of technical innovation and competence that originates and distributes radio and television services in both official languages to virtually all Canadians. It produces and causes to be produced a higher quantity of quality Canadian programming, consistently, than any other part or parts of the system. Because of this, it is looked upon as the primary patron and catalyst in support of industrial development within the communications sector in Canada. The support, and the expectation of support, extends to both the cultural and the communication technology industries.

This paper examines the role of the CBC in support of these "software" and "hardware" industries. It does so by looking at them separately within an overall context, the present and the future. The study should be read as just one contribution to a most important and current discussion concerning the future of broadcasting in Canada, and the role of the CBC as part of a single broadcasting system. Opportunities for ongoing public discussion and debate need to be provided to ensure that as many voices as possible contribute to the development of a new broadcasting strategy. Other studies, from different perspectives, dealing with both the public and the private sectors, would add valuable resource material to the process.

While this is quite a broad, general study, it provides only one perspective on what the CBC is all about. The CBC is, certainly, an instrument for industrial development within the communications sector. But it is much more than this. It is, among other things, an entertainment, a political, a social, and a purely cultural instrument. These various roles need to be elucidated as an aid to intelligent discussion and debate.

PART I

THE CANADIAN BROADCASTING CORPORATION
AND THE CULTURAL INDUSTRIES

Ronald G. Keast

CHAPTER ONE

THE CONTEXT

CBC Services

In carrying out its mandate the CBC offers a wider range of broadcasting services than any other broadcasting organization, public or private, in the world. These include:

- two national television networks carrying a full range of programming in English and French;
- four national radio networks, two in English and two in French;
- two satellite to cable television networks carrying, in English and French, the televised proceedings of the House of Commons;
- regional and local programming in both official languages produced by its owned-and-operated stations;
- radio and television services in the far north, including locally produced native-language programs for Inuit and Indians;
- an internationally radio service (Radio Canada International) that provides a multi-language shortwave radio and transcription service; and
- a radio and television service for the Canadian Armed Forces in Canada and abroad.¹

Through a system of owned-and-operated plus affiliate stations, CBC national coverage stands at 99.1% of the population for television, 99.4% for monaural radio, and 74.6% for FM stereo. This coverage is achieved by satellite transmission plus more than 85,000 kilometres of microwave and landline connections. The CBC's own production and distribution facilities include national and regional production centres for both French and English services, nearly 100 radio and TV stations, and about 1,000 rebroadcasting transmitters. Private or community owned outlets for CBC service total nearly 400.²

Since the 1930's in radio and the 1950's in television the CBC has been the pre-eminent vehicle for Canadian cultural expression of all kinds, some of it created by or for the CBC, some of it created for other purposes but shared with a larger audience because of the CBC. This national exhibition of events, talent, issues, is the cornerstone of support for the cultural industries. Professional and competitive

cultural industries in Canada require a national audience. CBC provides it. In so doing the Corporation helps to create a national consciousness. This, in turn, provides a national market for other cultural events and widens the opportunities for Canadian talent.

Culture and the Cultural Industries

The National Film Board has defined culture as "our traditions, our myths, our education, our entertainment, our hopes, our aspirations. The sum of these things teaches us who we are, where we are, and what we want to be."³ Culture, however, is also an industry in which money changes hands. The Association of Television and Radio Artists understands the term cultural industries "to include those activities that relate to the Canadian cultural/communication/information systems, including film, television, radio, cable, satellites, publishing, educational production, communications systems, and their related activities."⁴ The Canada Council states that the artistic part of the cultural industries encompasses ten distinct industries. These are: Broadcasting, Computer Services, Crafts, Libraries, Motion Pictures, Museums, Performing Arts, Publishing, Recordings, Visual Arts. (The Council distinguishes artistic from physical, religious and scientific culture.) Copyright, as intellectual property, is what ties the cultural industries together.⁵

While it is generally accepted that the main contribution of the arts to a society is not primarily monetary in nature, they do in fact make a significant dollar and cents impact on the whole economy. In a speech delivered at the National Arts Centre on August 28, 1980, the Hon. Francis Fox, Minister of Communications, said that culture has become an important economic and industrial factor in the life of our country, an industry representing over six billion dollars. This figure was updated in the Report of the Federal Cultural Policy Review Committee to seven billion dollars, exclusive of the formal education system. The importance of the cultural industries in Canada, economically, culturally, and politically, can be expected to increase exponentially during the 1980's and 90's as we move into the so-called Information Society.

Broadcasting and Culture

Collectively the "new technologies" pervade every aspect of modern life. Broadcasting, and all the new electronic means of communicating associated with broadcasting, is at the very centre of modern cultural expression and sale. It is a part of, and at the heart of, cultural industries. Broadcasting, and particularly television broadcasting, is one of the most powerful means of a) cultural expression - by which modern nations and peoples share a common experience, learn about their national identity, learn about their values and about themselves - b) cultural business - by which money is earned and circulated, people are employed, and balance of payments with other countries are varied - and c) international competition - economically and politically.

The link between cultural expression and broadcasting was understood early and expressed in the various broadcasting acts. The link between the business of broadcasting and the business of culture was recognized somewhat less clearly. International competition was understood, in a parochial sense, but international opportunities for the development of cultural industries was understood only in a peripheral sense. The mushrooming new communication technologies, with greatly increased competition and opportunities is just now forcing a general awareness and understanding of these opportunities.

Canadian broadcasting has been given a set of rather general objectives related to building a system which safeguards, enriches and strengthens the cultural, political, social and economic fabric of Canada, and which uses predominantly Canadian creative resources to do it. While both private and public broadcasters participate, it is the public broadcaster which has been expected to take the lead role. Beyond any doubt the CBC has been at the heart of cultural expression and cultural support. It remains one of the most important of the cultural industries and, at the same time one of the most important industries in support of other cultural industries.

The Association for the Study of Canadian Radio and Television states that radio and television have been, proportionately, of much greater significance in Canadian cultural life than in the United States, England, or Europe. There, a long history of traditional publishing, theatrical and music institutions provided more traditional instruments of cultural expression. In Canada, these functions were taken up primarily by our national public broadcaster. As a result, the CBC has been acknowledged as the central cultural purveyor in the country. It has been our first National Theatre, training and employing most of our theatre professionals (writers, directors and actors); a national podium for classical and modern music, as well as for Canadian companies and artists; our national literary anthology, which featured and often introduced the work of our best-known writers. The Association has also drawn attention to the important parallel function of the CBC as our national medium for popular culture. It is our national forum for the documentation and discussion of current issues, and for educational, informative and popular entertainment programs. The CBC has used its audio and video highways to provide Canadians with shared experience and to help generate that experience.⁶

Cultural Expenditures

Culture is an important part of the total Canadian industrial mosaic. In 1979, compared to the manufacturing industry, it ranked sixth in terms of salaries and wages, fourth in terms of people employed, and tenth or eleventh in terms of revenues. Within the cultural industries, broadcasting ranks second only to publishing in these same three categories. Within broadcasting, while the CBC is smaller than the rest of the system as a whole, it is the largest single corporation in the system.⁷

Gross cultural expenditures on the part of the federal government, as reported by the Canada Council,⁸ increased from about \$350 million in 1971/72 to over \$1.3 billion in 1982/83. CBC has always received the largest share of this - \$256.7 million or 73.4% in 1971/72, and an estimated \$911.8 million or 67.9% in 1982/83. This appears to be a

significant increase. But these figures represent current dollars, and do not take into account the inflationary spiral during this period. Gross cultural expenditures in constant dollars increased from about \$350 million in 1971/72 to only about \$421 million in 1982/83, after peaking in 1978/79 at \$474 million. During this same period the CBC's income rose from \$256.7 million to \$285.6 million in constant dollars. Except for the 1971/72 base year, the percentage of cultural dollars given to the CBC has remained fairly constant at about 68%. It is clear that while the government has been relatively fair in its treatment of the CBC during this period, there has been little real appreciation of the maturing inter-relationship between electronic communications and the cultural industries. (See Tables on following pages 6, 7 and 8.)

THE CANADA COUNCIL TRENDS IN SUPPORT TO THE ARTS
Technical Tables, May, 1982

TABLE 3
GROSS FEDERAL CULTURAL EXPENDITURE

DEPARTMENT	1971-72	1978-79	1979-80	1980-81	1981-82	1982-83
(a) Millions of Current Dollars						
COMMUNICATIONS (1)	337.0	942.0	915.4	1,015.7	1,170.7	1,277.2
Agencies	334.6	923.9	900.8	993.4	1,137.4	1,259.1
Canada Council	13.4	50.1	50.0	52.9	62.5	70.2
C.B.C.	256.7	673.6	651.7	721.0	822.6	911.8
C.R.T.C.	5.5	16.9	16.3	18.6	21.2	24.2
Canadian Film Dev. Corp.	2.9	8.0	13.0	9.6	12.1	9.6
National Arts Centre	6.5	18.9	18.9	21.1	24.3	26.8
National Film Brd.	23.5	53.8	50.1	55.9	61.1	67.3
National Library	5.3	16.5	18.5	21.3	27.9	33.0
Nat. Museums Corp.	15.2	63.5	56.7	61.1	67.3	73.2
Public Archives	5.6	22.4	25.6	32.0	38.5	43.0
Department Arts & Culture (2)	2.4	18.1	14.6	22.3	33.3	18.1
OTHER FEDERAL DEPARTMENTS	12.6	51.0	46.8	52.6	62.9	66.5
Environment Parks Canada Historic Parks & Sites	12.6	44.0	39.0	41.5	49.3	53.5
Secretary of State Multiculturalism	....	7.0	7.8	11.1	13.6	13.0
<u>GRAND TOTAL</u> (3)	349.6	993.0	962.2	1,068.2	1,233.6	1,343.7

TABLE 3 - GROSS FEDERAL CULTURAL EXPENDITURE - Continued:

DEPARTMENT	1971-72	1978-79	1979-80	1980-81	1981-82	1982-83
(b) Millions of Constant 1971 Dollars						
COMMUNICATIONS (II)	337.0	449.6	402.9	399.2	410.8	400.0
Agencies	334.6	441.0	396.5	390.5	399.1	394.3
Canada Council	13.4	23.9	22.0	20.8	21.9	22.0
C.B.C.	256.7	321.5	286.8	283.4	288.6	285.6
C.R.T.C.	5.5	8.1	7.2	7.3	7.4	7.6
Canadian Film Dev. Corp.	2.9	3.8	5.7	3.8	4.2	3.0
National Arts Centre	6.5	9.0	8.3	8.3	8.5	8.4
National Film Board	23.5	25.7	22.1	22.0	21.4	21.1
National Library	5.3	7.9	8.1	8.4	9.8	10.3
Nat. Museums Corp.	15.2	30.3	25.0	24.0	23.6	22.9
Public Archives	5.6	10.8	11.3	12.6	13.5	13.5
Department Arts & Culture (2)	2.4	8.6	6.4	8.8	11.7	5.7
OTHER FEDERAL DEPARTMENTS	12.6	24.3	20.6	20.7	22.1	20.8
Environment Parks Canada Historic Parks & Sites	12.6	21.0	17.2	16.3	17.3	16.8
Secretary of State Multiculturalism	....	7.0	7.8	11.1	13.6	13.0
<u>GRAND TOTAL</u> (3)	349.6	474.0	423.5	419.9	432.8	420.8

TABLE 3 - GROSS FEDERAL CULTURAL EXPENDITURE - Continued:

DEPARTMENT	1971-72	1978-79	1979-80	1980-81	1981-82	1982-83
(c) Percentage of Gross Federal Cultural Expenditure						
COMMUNICATIONS (III)	96.4	94.9	95.1	95.1	94.9	95.1
Agencies	95.7	93.0	93.6	93.0	92.2	93.7
Canada Council	3.8	5.0	5.2	5.0	5.1	5.2
C.B.C.	73.4	67.8	67.7	67.5	66.7	67.9
C.R.T.C.	1.6	1.7	1.7	1.7	1.7	1.8
Canadian Film Dev. Corp.	0.8	0.8	1.4	0.9	1.0	0.7
National Arts Centre	1.9	1.9	2.0	2.0	2.0	2.0
National Film Board	6.7	5.4	5.2	5.2	5.0	5.0
National Library	1.5	1.7	1.9	2.0	2.3	2.5
Nat. Museums Corp.	4.3	6.4	6.0	5.7	5.5	5.4
Public Archives	1.6	2.3	2.7	3.0	3.1	3.2
Department Arts & Culture (2)	0.7	1.8	1.5	2.1	2.7	1.3
OTHER FEDERAL DEPARTMENTS	5.2	5.1	4.9	4.9	5.1	4.9
Environment Park Canada Historic Parks & Sites	3.6	4.4	4.1	3.9	4.0	4.0
Secretary of State Multiculturalism	....	0.7	0.8	1.0	1.1	1.0
<u>GRAND TOTAL (3)</u>	100.0	100.0	100.0	100.0	100.0	100.0

The Canada Council has published recently a series of papers⁹ which focuses attention on challenges and opportunities, nationally and internationally, for Canadian cultural industries. When these are seen in the light of fast and every changing communications technologies and techniques it is clear that increased government attention must be given to this inter-relationship and to the role that should be played by our national public broadcaster. Culture is increasingly being created, stored, retrieved and communicated electronically. In the guise of the multinational communications conglomerates, bilateral bargaining and public programs of support, nation states compete culturally. The United States, with its massive private sector culture conglomerates has blanketed North America and is doing its best to blanket the West, if not the world. European countries, including Britain, have used government support and policy effectively to bar this American invasion and to establish some minor beachheads in North America. Canadian government support of the cultural industries and, most especially, of the electronic part of the cultural industries, has not kept pace with these developments. This will have to change.

The Electronic Revolution

A new electronic environment is engulfing the West. The technological developments having the most immediate effects on the broadcasting industry are the satellites and increasingly inexpensive earth receive stations, along with cable systems of greatly expanded channel capacity. Added to this are the video cassettes and discs, games, home computers, etc. All of this is resulting in new industrial opportunities and priorities, as well as increased international competition in both hardware and software industries, i.e., in both the high technology and the cultural industries. While Canada led the world for a while in cable and satellite technological developments, the impetus has moved to the United States. More than fifty new national television programming services are presently being delivered in the U.S. by satellite to a rapidly expanding cable industry, and this is

still growing. Direct broadcast satellites will be a competitive factor before the end of this decade.

Canada is part of this international phenomenon referred to as the Information Revolution. The Science Council of Canada,¹⁰ and similar bodies in other countries, predict that the affects of the new electronic technology will bring fundamental social, economic and cultural changes comparable to those of the industrial revolution. The Council urges government support for Canada's high technology industry, within the context of an overall industrial strategy.

Similar advice, and rationale for it, can be applied to Canada's cultural industries. French President Francois Mitterand declared recently that "the industries of culture are the industries of the future. To invest in culture is to invest in the economy."¹¹ While there are competitive dangers and opportunities for Canada's hardware industry, there are more and greater dangers and opportunities in the area of software. In fact, hardware and software may be seen as a unity, as an interconnected challenge and opportunity for Canada. Cultural activities in conjunction with the new electronic hardware evolve quickly into a myriad of cultural industries with many economic and industrial dimensions - locally, regionally, nationally, and internationally. Because of the inextricable connection between the new electronic hardware and software and because the economic, cultural and political competition and opportunities are international, it is particularly important that a strategy forged in Canada unites and co-ordinates the efforts of both the private and the public sectors in support of industrial development within the communications sector.

Support For Canadian Industries

At least in the short and medium term, the general preference for support of high technology and cultural industries will likely be directed to specific sectors reflecting national needs and strengths. In neither sector can Canada be expected to compete in all areas. Canadian corporations, public and private, will have to become expert

in marketing, as well as production. Only by specializing in specific areas will Canada be able to develop strong companies which will:

- a) be able to satisfy the government's requirements;
- b) be capable of meeting foreign competition within Canada; and
- c) be able eventually to compete on world markets.¹²

Intelligent planning, coupled with great flexibility, will be required if this is to be successful. Harold Innis stated that long term planning should be suspect and with it the planners. This is particularly true of public sector or government planning, and especially so when this involves culture. However, planning is necessary as is the ability to adapt and change. In fact, long term planning may be, primarily, planning for adaptation and change. A practical combination, certainly in broadcasting, is a strong and healthy public broadcasting corporation, which researches and plans for the moderate to longer term and which supports and relies, to a balanced extent, on the private sector to meet specific hardware and software needs. While this balance may change, and should certainly be open to change, specific objectives should be set and met for at least a five year term.

The Need For Research and Development

Government and industry are recognizing, increasingly, the benefits to be derived from research and development in the high technology sector. The Science Council has been communicating this message for years. However, this same logic is not being applied to the cultural industries. The current focus of the federal government tends to be on commercial exploitation in the national and international market of existing cultural product, or on new product which is expected to emerge fully blown immediately from the same cultural milieu. There is not enough recognition that such products emerge through a creative process somewhat analogous at least to research and development in the high technology industries. Many different projects must be funded and high risk accepted for competitive products to emerge. This is especially true, and especially costly, when the objective is to produce cultural products, utilizing the medium of television. Failure to

provide adequate support to cultural industries will have the same results as failure to support research and development in the high technology sector of the economy; stagnation, increasingly inefficient companies and the death of new products and processes.¹³

Competition In The Canadian Market

Canada is a small, linguistically-fragmented market spread across a continent in a thin line bordering the largest and most dynamic media market in the world. The cultural and industrial competition, in both film and television, is constant and overwhelming. It is increasing and will continue to do so in the future. Because of our proximity to the United States and because of the new electronic communication technologies we cannot escape. We must face the competition on its own terms with comparable product. The Canadian marketplace alone is not big enough to support the entire cost of competitive, high quality television programs; certainly not in all areas of format and subject matter. Government support is, therefore, needed. The National Film Board points out¹⁴ that while money does not always guarantee quality or popular appeal, it is the prerequisite. "Sufficient" money is needed to develop and sustain "production values" that are comparable with competing foreign programs. If a foreign drama costs \$1 million per hour to produce, audiences will not be satisfied, in general, with Canadian drama costing \$250,000 per hour. It may not be necessary to spend an equal amount at all times for all programs, but we have to be in the same "ball park" at least in those areas where we elect to compete. However, even with public support, we cannot afford to do this in all program areas. We can never arrive at parity with the United States. Priorities need to be set and pursued.

Setting Priorities

In order to do this we first need to set out goals and objectives carefully, be they cultural, industrial or some combination of the two.

We must decide on the money, at least the public money, we can afford to spend in pursuit of these objectives and then structure or re-structure a system which can most efficiently and effectively meet them. There must also be some relatively clear and understandable means of assessment and evaluation and a means of constant adjustment in response to environmental changes.

The CBC has been a primary buttress of culture and of the cultural industries in Canada. For years it was almost the sole buttress in broadcasting. It is likely that a central role will continue to be required in the future. Cultural industries still connote spending money rather than earning it. However, it must be clear what the Corporation is expected to do as part of the broadcasting system, and what can be left to other parts of the system or, just as importantly, not done at all.

Public broadcasting can be good business for Canada. International trade, in the future, will involve, increasingly, the products of the Information Society. Canadian industry that is competitive nationally and internationally can best be developed through planned public support.

Crown Corporations

The role of crown corporations has always been important in Canada in the support of both hardware and software industries. The Canadian Broadcasting Corporation was established by the 1936, 1958 and 1968 Broadcasting Acts and is classified as a proprietary crown corporation under Schedule D of the Financial Administration Act. The Corporation is an agent of Her Majesty and all property acquired by the Corporation is the property of Her Majesty.

The crown-owned corporation is far from being a recent innovation in Canada. Of the existing crown corporations the oldest is the National Battlefields Commission, established in 1908. The creation of the Canadian National Railways in 1919 has generally been seen as the first major venture into public enterprise. After the CNR, the next major venture by the federal government was the establishment of the Canadian Radio Broadcasting Commission (CRBC) in 1932. This became the Canadian Broadcasting Corporation in 1936. A major purpose in establishing the

CBC was to provide a vehicle by which all Canadians could have access to radio broadcasting and thereby promote national unity and national identity. It was feared that if a Canadian controlled broadcasting and regulatory entity were not established, Canadian broadcasting would become dominated by broadcasts originating in the United States. Because of the small size of the Canadian market and the enormity of the country the private sector was unwilling to provide the required investment. The private sector was providing service but using relatively little Canadian material, compared to that imported from the United States. Consequently, the federal government moved into the field.¹⁵

Owing to the speed with which crown corporations were created and as a result of the host of different purposes for which they were created, accountability to Parliament was weak. It was partly in response to this problem that in 1950 the government proposed to Parliament a Bill which was to become the Financial Administration Act (F.A.A.). Section 66 of this Act defines the crown corporation as: "a corporation that is ultimately accountable, through a minister, to Parliament for the conduct of its affairs and includes the corporations named in Schedule B, Schedule C and Schedule D (of this Act)."

Schedule B lists all the departmental crown corporations, which for the purposes of the F.A.A. are treated in the same way as departments of government. Schedule C lists as agency corporations all those crown corporations which normally fall under the authority of Part VIII of the F.A.A. These are agents of Her Majesty in right of Canada and are responsible for the management of trading or service operations on a quasi-commercial basis or disposal activities on behalf of the Government of Canada. The corporations listed under Schedule D (proprietary corporations) also come under the general authority of Part VIII, but they need not be agents of Her Majesty and are usually responsible for the management of commercial and industrial operations involving the production of or dealing in goods and supplying of services to the public.¹⁶

Crown corporations have often been established to give a measure of independence to the management of certain types of activities.

That independence takes two forms: independence from the close financial and personnel contacts that accompany departmental administration, and independence from interference by Parliament and the government (in particular the latter) in the day-to-day management of the activities of the crown corporations. The degree of independence varies across the spectrum of corporations.¹⁷

It is for the proprietary corporations such as CNR, Air Canada and the CBC that the principle of independence from interference by Parliament and the government of the day is most strongly held. Indeed, a practice has developed that such corporations must be free and independent from such Parliamentary and government security and control.¹⁸ The essential question about policy is whether matters of public policy, involving the expenditure of public funds, must for all purposes and in all respects be subject to ministerial direction.¹⁹ The traditional view in Canada has always been that cultural agencies, like the CBC, should be free from such direction. This was challenged in 1979 by the Honourable John Roberts, then Secretary of State, who, using the Canada Council as an example, asserted his responsibility over a wide range of rather specific decisions about policy.

The Minister's point of view in this regard was supported by the Lambert Commission in 1979, which stated that "because crown agencies are instruments of public purpose, just as are departments, ultimately the doctrine of individual and collective responsibility must be preserved..... Since in the last analysis, the policies being implemented are those of the government, which must bear responsibility for them, there must be an instrument available to the government to resolve the inherent tension that may develop between it and the crown agency."²⁰ The Commission proposed the ministerial directive as a way of doing this. When the proposed Crown Corporations Act was introduced in the fall of 1979 as Bill C-27, it included the provision for the directive. The Act was not, however, enacted and so in Part V of Bill C-123,* the Government Organization Act of 1982, the government took a

*(Bill C-123 is named officially, "An Act respecting the organization of the Government of Canada and matters related or incidental thereto and to amend the Regional Development Incentives Act." First Reading, June 30, 1982.)

different legislative approach. This draft statute, among other things, in Part V, provides for the amendment of the Financial Administration Act to give the Governor in Council (i.e., the Government) the same rights and powers of a "sole stockholder" of a corporation, as set out by the Canada Business Corporations Act, S.C. 1974-75, C.33 and amendments thereto, to give binding directions on any matters. This bill remains in the government's legislative program.

It has long been the view of governments, commissions, committees and the various cultural industries in Canada that such government powers are dangerous, especially so in relation to a national public broadcasting agency, and that, if used, would be done so only exceptionally. But the danger remains. Exceptions, once accepted, tend to become the rule.

This is not to say that crown corporations are not, or should not, be accountable to Parliament. They are and they should be. The CBC, for example, is accountable on several fronts. The most accepted and acceptable instrument in the hands of the government is the power to appoint and change the Board of Directors, including the Chairman. The fifteen members of the CBC are appointed by the Governor in Council. The Executive Vice President is appointed also by an Order in Council, but on the recommendation of the Corporation. The CBC, through the President and Executive Vice President, is accountable to the executive level of government for all legal transactions, e.g., property matters. The Corporation is responsible and accountable to ministers of the Treasury Board for the annual budget, as well as for other financial transactions such as real property matters; to the Social Development ministers who are, in turn, responsible for the social affairs expenditure envelope from which emanates the CBC's parliamentary appropriations; to the Public Accounts Committee, the Auditor General, Parliamentary Committees, and, ultimately, to Parliament, via the Minister of Communications. In addition, of course, the CBC is responsible to the Canadian Radio-Television and Telecommunications Commission.

Without exception crown corporations were established by the Government of Canada to achieve broad policy objectives. In the case of proprietary crown corporations the implementation of broad policy

objectives was to be carried out as much as possible within commercial disciplines, but the pursuit of commercial goals was never intended to override the broad social, cultural or economic goals that crown corporations were established to pursue, especially since many of those goals could never be justified on purely commercial grounds.²¹ As instruments for the advancement of the national interest, each crown corporation, within its corporate constitution, must pursue whatever national objectives are defined by Parliament through the constituent act. The government may define additional objectives within the broad objectives established by Parliament.²²

The Broadcasting Act

The Broadcasting Act of 1968, which is still in force, describes in Section 3 the government's objectives in broadcasting. These can be summarized as follows: The broadcasting system is to be a "single system, to be "effectively owned and controlled by Canadians" so as to "safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada." It should offer a varied, comprehensive choice of programs, permitting a "balanced opportunity for the expression of different views on matters of public concern." Broadcasting service must be offered in English and French, be extended to all parts of Canada, and serve the needs of all regions of the country. The programming of each broadcaster is to be of "high standard", "using predominantly Canadian and other creative resources." The system must provide educational services.

Successive Parliaments have asserted that a publicly owned national broadcasting service is central in a national strategy for broadcasting. The reasons for the creation of the CBC remain at least as valid today as they did in the 1930's. Its mandate, as set out in the Broadcasting Act of 1968 states:

- (f) there should be provided, through a corporation established by Parliament for the purpose (the CBC), a national broadcasting service that is predominantly Canadian in content and character.

- (g) the national broadcasting service should:
 - i) be a balanced service of information, enlightenment and entertainment for people of different ages, interests and tastes covering the whole range of programming in fair proportion;
 - ii) be extended to all parts of Canada, as public funds become available;
 - iii) be in English and French, serving the special needs of geographic regions, and actively contributing to the flow and exchange of cultural and regional information and entertainment; and
 - iv) contribute to the development of national unity and provide for a continuing expression of Canadian identity.

As with other crown corporations, the mandate of the CBC reflects broad general government policy objectives. They tend to be qualitative in nature and are not easily measured. As a result the CBC is open to criticism from all those who honestly believe the objectives are not being met as well as from those motivated solely by self interest. While the mandate of the CBC does not speak specifically to the Corporation's role as an instrument for industrial development, support for high technology and the cultural industries in Canada is certainly a complementary objective and can be seen to support the objectives of the Broadcasting Act.

While the subject of this paper is the CBC as an instrument for industrial development within the communications sector, the Corporation's role should not be considered in isolation from the other major part of the broadcasting system, the private sector. The Broadcasting Act speaks of both, as elements of a single system. The current broadcast strategy discussions certainly look to the system as a whole to be a tool of government policy, with the CBC playing an important, if partial role. The role of the present CBC should be examined within a changing broadcasting environment, where the nature and extent of public support may change. At the one end of the spectrum of change is a very much more regulated environment, with more clearly defined public objectives and more public financing and accountability. At the other end is a more de-regulated environment, with fewer public and more private sector objectives and proportionately no more or even less direct public financing. Either of these scenarios call for revisions in the Broadcasting Act, if not a new Act.

The Changing Nature of the System

We have become more sophisticated, more diversified, more skeptical and more confused during the past decade. This trend, itself an effect of our communications technology, will likely increase. Our broadcasting system is the product of a simpler time; a time when truths relating to culture or quality could be communicated nationally. This time has passed. The system needs to become more flexible, more responsive, more adaptable, more entrepreneurial. It must draw its truths more from the marketplace, from the customers, than from political or bureaucratic mythologies. The goals, objectives, strategies, assessment and evaluation must reflect this change in emphasis. Otherwise it will continue its inexorable slide into irrelevancy. This is true in particular for our national public broadcaster. Issues relating to broadcasting or not broadcasting commercials, producing in-house or out-of-house, affiliated or owned and operated stations, are all peripheral. Whether or not there is too little drama or too much sports, too much foreign, too little Canadian, too little talent or too little money, is of secondary priority until there is a goal or goals and objectives that are understandable and, at least in some sense, measurable.

While it is clear that a public broadcasting service must continue to be an important part of the system, it is not clear what structure or form it should take in order to guarantee, in so far as is possible, the success of the entire system. This is not a question to be solved by one paper, or even by a dozen papers. It is a most complex issue, requiring ongoing discussion and debate involving as many Canadians as possible.

For good or ill, technology is changing and will continue to change our world. Neither we nor our institutions can remain static, chained to past truths. Technology, in the words of Martin Heidegger, is the metaphysic of the age. Industrial development within the communications sector depends on an understanding of change and the will to adapt our systems to meet and to exploit change. This

flexibility may be achieved by subjecting the system primarily to market forces. It can be argued that "survival of the fittest" is the best technique to assure adaption and the evolution of strong companies, and that this can only occur in the private sector. Betting on a grand design can hold the potential for disaster. However, in Canada, traditionally, we have tried at least to hedge our bets; a grand design with built in flexibility. This can be achieved by a strong crown corporation, in association with the private sector, but only if this crown corporation can adapt to changing conditions. This has always been important. It will be more important in the future. Public institutions generally, and the CBC is one of many, are not renowned for their flexibility and openness to change. Therefore, while the public corporation is undoubtedly an important way to support industrial development in both technological and cultural industries in Canada, the government and the public need to be assured that the structure and operation of the corporation allows and encourages it to respond to technological, market and cultural changes, as well as to original and entrepreneurial ideas and people.

CHAPTER TWO

THE PRESENT

CBC Cultural Activities

In its submission to the Federal Cultural Policy Review Committee the CBC provides a wide variety of examples of Canadian cultural expression provided by its national electronic highway. Events include: Greg Joy jumping for the silver medal at the 1976 Olympics in Montreal; in 1965 when the Maple Leaf flag was raised for the first time on Parliament Hill; Terry Fox being invested with the Order of Canada in his own home town; Ambassador Taylor downplaying his role in the escape of the American hostages; Hockey Night In Canada; the Grey Cup game. These are moments of shared national culture which help create and sustain a national audience, indeed, a nation. Included is the humour of Wayne and Shuster or Jean-Guy Moreau, the talent of Ginette Reno, Anne Murray, Al Waxman, Jean Duceppe, the Royal Canadian Air Farce, Second City, and "Chez Denise". When Canadians listen to the Vancouver Symphony Orchestra or the Dalart Trio or tune to "Voix et Rythmes du Pays", or "les Grands Concerts", we are experiencing the same phenomenon and supporting the same objective. The CBC is creating a national audience by providing a national culture, and a national culture by providing a national audience.

The CBC is the only electronic service which in any ongoing and diverse sense has created or creates this national audience, for drama, music, opera, ballet, science, sports, public affairs, news. When the CBC airs a Canadian drama like Riel or "La Sagouine", in effect it fills a national theatre which can have anywhere from one to four million seats. In fact, the CBC is filling a whole variety of Canadian theatres every day, filling a whole series of concert halls, of opera houses and movie theatres, from St. John's to Victoria. It does this with dramas like "Le Bateau pour Lipaia", You've Come A Long Way, Katie and Waiting For The Parade; operas such as Massenet's Manon and Cendrillon; documentaries like The Canadian Establishment; drama-documentaries like "Les Jeunes Delinquants"; anthology programs like Spectrum and "Les Beaux

Dimanches" and Arts National and "Alternances". National cultural experiences of this kind, a national audience, and professional and diverse cultural industries would simply not exist in Canada without the CBC.

The CBC has set high standards in program quality and maintained high levels of Canadian content (around 70% for television and higher for radio) on its own networks and it is the only broadcaster in Canada providing a significant amount of Canadian programming in areas such as drama, music and major documentaries. The result has been that at least 50% of the public's viewing of Canadian-produced English-language programs is through the CBC, and its affiliated network.²³

The CBC points out²⁴ that its programs are not just the creations of the "in-house" organization. They are the products of Canada's best producers, artists, cameramen, make-up artists, performers, musicians, painters, writers, directors. The CBC has provided a home, an environment, a support structure for the production of costly and complex programs. It has played the role both of patron and catalyst. Its role as patron has included providing learning and working opportunities for young people who are not yet internationally competitive, for talent who live outside the two or three major markets, and for talent whose value it is not to be competitive, at least not commercially so. Its role as catalyst includes that of acting as a sort of corporate impresario to nurture and support the development and activity of individual impresarios within its structure, that of producer or co-producer, as a buyer of completed programs, in talent development and utilization and in program distribution and sales. In all of this the CBC acts as an agent for the development of the skills of the Canadian creative community and of the cultural industries.

The CBC exists within a larger cultural community and relies on a large and diverse reservoir of talent and expertise. The relationship is symbiotic. Without the larger community, the CBC could not function. Without the CBC, much of the community would not exist and that part that did would have relatively little access to radio or television in Canada. The CBC has played the major role in helping to create and sustain what amounts to a "critical mass" of Canadian

talent; in effect, a cultural industry. This has involved a long process of training and development for the whole range of talents and abilities required to produce and distribute radio and television programs. In addition to the regular exposure of new talent, locally, regionally and nationally, the CBC organizes annual competitions such as the CBC Talent Festival, the DuMaurier Search For Stars, The Young Composers Competition, the National Choral Competition and "Le Concours d'Oeuvres" dramatique radiophoniques, as well as festivals in towns and cities across the country.

Primarily in radio because of costs, but also in television, over 100 plays are produced each year written specifically by new and developing writers. A training course for dramatists is operated by the English Service Division's Radio Drama Department. CBC has always seen training as a priority, not only for beginners, but for mature practitioners as well. Almost the entire independent production industry in Canada, as well as those who have gone to work in the United States, are graduates of CBC training and experience. As well as training and development, of course, the CBC provides a relatively stable source of income and an opportunity to work for many, many mature members of Canada's cultural community.²⁵

The regional dimension of CBC's support of the cultural community and cultural industries in Canada needs special emphasis. It is too often overlooked by those who think of the network as Toronto or Montreal based. There has been and still is programming such as Artists in Residence from Halifax, the televising of The Atlantic Dance Theatre in Moncton, co-productions with Alberta's Northern Lights Theatre Group, the exposure of Franco-Ontarian artists like Raymond Desmontreaux and Louise and Claude Nobert, the regional and national exposure of artists like Winnipeg's Gerry and Ziz, the recording of the Edmonton Jazz City Festival and the Debut Maritimes.²⁶ A great deal of such regional industrial development in the area of culture is being initiated and supported by the CBC. Some of it might now be able to survive within a purely commercial, private sector, environment. But it would be precious little and there would be even less initiating and developing.

CBC and the Creative Community

A 1981 Report on the CBC And Its Communities²⁷ suggests that an obvious way that the CBC contributes to the cultural industries is as a focus and outlet for the technical and artistic skills of the members of that community, or industry.²⁸ The Report focuses on skills relating directly to the "conception, production and formulation of radio and television programs." They include theatrical, literary, dramatic, and other arts. And they encompass the contributions of such "artisans" as sound and lighting technicians, cameramen, editors, and stage designers. An exhibit²⁹ is provided listing some of the categories of artistic talent and technical skills that are associated with CBC production.

- EXHIBIT THREE -

CBC AS A FOCUS FOR THE TALENTS AND THE SKILLS OF THE CREATIVE COMMUNITY

ARTISTIC TALENT

PERFORMERS:

- actors, singers, dancers
- announcers, narrators
- commentators, hosts

WRITERS:

- authors
- dialogue writers
- scenarists, adapters
- researchers

MUSICIANS:

- composers, lyricists
- conductors
- soloists
- orchestras, bands

JOURNALISTS:

- editors
- reporters
- correspondents
- researchers

PRODUCERS AND DIRECTORS

TECHNICAL SKILLS

PRODUCTION:

- film and videotape technicians
- cameramen
- set designers
- costume designers
- sound technicians
- lighting technicians
- graphic artists
- film editors



While it is useful to designate these various categories, an exhibition of this nature is limited in conveying an appreciation of the nature and extent of the creative community or the cultural industries. In the first place, both are much broader than this would indicate, e.g., production assistants, production managers, executive producers, traffic or program managers, sales, marketing and promotion experts, and sundry executives, as well as production helpers, should be included. Also, it gives an erroneous impression of the production process if artistic talent is separated from technical skills. In all designations, and in the cultural industries generally, artistic, craft and/or technical skills ebb and flow as the need arises and as abilities allow.

In relation to the production process alone, the Report provides a general characterization of CBC expenditures, from an idea, to an elaboration, to a treatment, to the finished product, against three broad headings: direct employment, external expenditures, and indirect support.³⁰ While it is based, by and large, on 1979/80 data, some of the information is valuable for this study because it summarizes a large amount of information relating to CBC support of cultural industries.

Regarding Direct Employment the Report states that at March 31st, 1980, 52% of CBC's staff of 12, 187 was involved directly in production activities of one kind or another. These people received salaries amounting to \$135,633,000, 51% of the Corporation's wage expenditures in the fiscal year 1979/80. These expenditures were made in three general areas: technical production, news and current affairs and producers. Again, this is helpful as far as it goes, but it in no way includes all of the "creative" in-house staff.

External expenditures by the CBC provide an equally important source of support to the cultural industries. In 1979/80 the CBC spent \$78,239,000 in talent fees, royalties and associated costs. The Report emphasizes that of particular importance is the fact that more than \$57,000,000 was spent on talent. In total, 36,714 performers and writers were given a whole variety of contacts to help create and to participate in radio and television programs. This is part of the "critical mass" referred to earlier.³¹ The talent payment were

based on schedules established in the main by unions such as the American Federation of Musicians (AF of M), the Association of Canadian Television and Radio Artists (ACTRA), Union des Artistes (UDA), and the Societe des Auteurs, Recherchistes, Documentalistes et Compositeurs (SARDEC) and by the two major performing rights organizations, the Composers, Authors and Publishers Association of Canada (CAPAC) and the Performing Rights Organization of Canada (PROCAN).³²

The relative importance of the "freelance payments" that go directly to performers and writers varies from region to region across the country, but overall the impact is very significant. For example, the AF of M estimates that in any given year the CBC provides a source of income for about 3,000 of its 3,500 members. The following exhibit indicates the importance of these payments to ACTRA members.³³

ENGAGERS	1978		1979		1980	
	\$	%	\$	%	\$	%
C.B.C.	15,385,760	44.77	16,970,626	42.95	18,491,745	35.95
CTV and Affiliates	3,007,898	8.75	2,851,408	7.21	4,930.43	8.79
Commercials	10,666,836	31.03	11,048,006	27.96	14,811,685	27.54
NFB	511,841	1.49	235,503	0.59	387,535	0.73
Independent Producers	2,931,384	8.52	6,127,134	15.50	11,175,343	21.44
OECA	627,187	1.82	916,174	2.31	691,381	1.45
Global	281,364	0.82	353,051	0.89	244,609	0.52
All Others	958,095	2.80	1,010,102	2.59	1,182,669	3.58
TOTAL	34,370,365	100.00	39,512,004	100.00	51,715,010	100.00

In 1979/80, ACTRA members earned \$51,715,000, 35% of which came from the CBC. French language performers-actors, singers, dancers are represented by the Union des Artistes (UDA). UDA has about 2,600 members, the majority of whom work in Montreal. In 1980, 35% of UDA's total earnings of \$28,100,081 was derived from the CBC.³⁴

CBC also pays out a substantial amount of money for talent which is not represented by any of the major unions. In 1979/80, 26.1% of the performers' fees, or \$14,949,000, was made to non-unionized talent such as commentators, hosts, interviewers, models, guests, adjudicators, musicians and composers, script writers, researchers, contract producers and directors, and consultants.³⁵

CBC radio and television productions rely on the use of extant and new musical compositions, literary works, etc. Payments in the form of royalties and rights are made regularly in this regard. For the use of musical material, original or pre-recorded, CBC pays fees to the Performing Rights Organization of Canada (PROCAN) and the Composers, Authors and Publishers Association of Canada (CAPAC).³⁶

Under the general heading of External Expenditures, publishing and audio recording deserve mention. While both are relatively small, they are important beach-heads in the overall support of cultural industries in Canada. The English Services Division began its publishing activities in 1938 by providing radio programs, usually talk shows, for the general public. Over the years, ESD has built up a modest inventory of 67 titles. More recently it has committed itself to co-operative ventures with private publishers. The best example of this is, perhaps, The Music of Man book. The French Services Division has become involved more recently in publishing, in co-operation with outside publishers.³⁷ The CBC supports audio recording on several fronts. It fills an important gap in recording and distributing Canadian performed classical music. There is little competition in this field. It plays the role both of amateur and archivist. The Anthology of Canadian Music series will be a unique collection of

about 300 original works by 36 Canadian composers. Especially in the popular music field, the CBC acts as a kind of talent scout for the recording industry. Through its festival activities, talent competitions, and ongoing search for Canadian talent, the Corporation frequently provides the first serious exposure for Canadian artists. There has been the beginning of some activity to stimulate individual recording initiatives by Canadian independents. This involves co-production activities with Canadian companies of recordings originally made by the CBC for broadcast use.³⁸

The Independent Production Industry

In considering CBC's role in support of the independent television production industry in Canada, it is important, first of all, to put this part of the cultural industries into some perspective. It is very small, hardly an industry at all; nothing like the structure which is peculiar to the United States. Attention has been directed to this "industry" in part because of successful lobbying, in part because of entrenched opposition to the CBC's in-house talent and capacity. The impression is given of a dynamic industry, equipped with the latest facilities, all efficiently operated, ready, willing and able to turn out internationally competitive programs for half the cost of the CBC. Nothing could be farther from the truth. However, because it is composed of relatively small, independent and competitive units, parts of it tend to be entrepreneurial and parts of it would be capable of seizing marketing opportunities, if it had a base of support and encouragement at home. There are two general requirements for the evolution of professional and competitive independent industries, in either the software or the hardware fields; they must export to recover their investment and they must have a sound financial base of support in the Canadian market. However, there is no agreement as to what a sound financial base is nor how much support can realistically be expected out of Canada.

A recent (1981) study of the economics of the program production industry,³⁹ provides some useful information but misses a major point.

It says that in comparison to the situation in the United States the structure and policy of private broadcasters in Canada have resulted in an almost complete foreclosure of the domestic market to independent producers. The reason for this is that private broadcasters, like the CBC, have their own production facilities to serve their own needs. The study shows that public broadcasters spend over 90% of their programming budgets on their own in-house capacity and that private broadcasters spend 60% on internal production, 30% in foreign and most of the rest on purchases from their affiliated production company.⁴⁰ One problem with these figures is that they do not include those of the more active production centres in the country, CJOH (Ottawa), CHCH (Hamilton) and CITY-TV (Toronto). Even more importantly, however, the point is not made at all that the facilities of the private television stations are used regularly by independent producers, sometimes on a straight rental basis, sometimes as part of a co-production.

The major independent broadcasters in Canada, certainly those in the major markets, but also stations such as CITV in Edmonton, are earning increasing percentages of their revenues from the rental of their production facilities. This is a very important development which simply cannot be overlooked in any consideration of the independent production industry in Canada. It is a phenomenon which should be studied carefully when we are considering the future role of CBC in this regard. Most of the independent production industry is not now, and will never be, in the position to own and operate the massive accumulations of hardware and personnel required to produce television programs. These accumulations will always have to be provided by parallel accumulations of capital and rented to the creative entrepreneurs. What better and more appropriate accumulations than those already involved in broadcasting? There is knowledge of the business, an interest in and appreciation of the value of the creative entrepreneur, and there are many opportunities for utilization of the products in their own systems. A production deal whereby a station or network gets two or more plays in return for the use of its facilities and crew is a common arrangement today and will become even more common in the future. Organizations such as Niagara Television and CITY are not building new production facilities because they need them for their own stations only.

What is practical and appropriate for private broadcasters, to the benefit of their industry, the independent production industry, and the cultural industries in general, may also be appropriate for our national public broadcaster. To a smaller, but increasingly important extent of late, the CBC has been holding out similar co-production opportunities to independent producers. There are still concerns relating to concepts such as "first play" and sharing plays with other broadcasters and networks, but a movement has begun. The role of the CBC, as a producer and production centre, needs to be clarified and distinguished from that of the private sector. But, from past and present experience, it seems unlikely we can do without the Corporation in this part of our cultural industries.

Our Competitive Position

The cultural industries in Canada, and the independent production industry, have always faced and struggled with the overwhelming competition of the United States. Radio and television stations have shared the brunt of that competition. But our industries have not been destroyed, nor has our broadcasting. In fact, for a nation our size, located where we are, we have done mightily. This experience will stand us in good stead in the future when, with satellite delivered signals, the rest of the world will begin to face the kind of competition we have been experiencing for at least twenty years. Public objectives in Canada for the support of cultural industries should focus on the development of competitive industries, which can compete at home for the attention of Canadians, but, also, which can take advantage of the increasingly competitive international marketplace. The future offers as much opportunity as threat. Experience in this peculiarly competitive Canadian marketplace is the experience of competing internationally. If our programs can win audiences in a market like Toronto, 80% cabled and brimming with over thirty television channels, at least some of them will do well in other markets, particularly those in the United States.

The future of our cultural industries, especially in broadcasting, does not depend on any simple choice between public or private. It does depend, however, on a recognition that there are limits to what the private sector can and will do. It depends, at least in part, on the understanding that the Canadian market alone cannot be expected to provide the quality and quantity of indigenous cultural programming necessary to ensure the development and sustenance of internationally competitive Canadian cultural industries, not to mention our advancement or even survival as a separate and distinctive nation.

CHAPTER THREE

THE FUTURE

Critique of the CBC

There are, currently, an assortment of criticisms and recommendations that relate to the future of the CBC, some to the role of the Corporation in support of high technology in Canada, but most to the cultural industries. Many of them are critical of the past and present role and of the structure of the Corporation; many are self serving; many have fuzzy and ill defined vision. In general, the expressed feeling is that CBC radio is doing a good job but television is not. Television is where the action is and it gets all the attention.

Most of the public criticism comes in response to the perceived failures of English language television. The major dangers and opportunities are seen to reside here. Confusion relating to vision and objectives within the Corporation, and confusion relating to image in the mind of the audience, at a time of rapidly increasing technological fragmentation and increasing competition, are seen to be the major problems.

When considering futures for the CBC in support of cultural industries it is important to review and elaborate on some of the current, most pertinent, documents produced by the various associations, unions, and committees that have looked at this issue. These include the Report of the Federal Cultural Policy Review Committee, and briefs sent to this Committee, including those of the CBC itself. This material can be helpful by providing a base or starting point from which suggestions and recommendations can be made.

Federal Cultural Policy Review Committee

In its Report the Committee first warns of the danger of more direct government control over the activities of all crown corporations,

especially those with cultural mandates. It stresses the need for cultural agencies to have freedom from political interference and, within general goals set and monitored by Parliament, the freedom to run their own affairs.⁴¹ This is especially necessary for a national public broadcaster. The opportunity for any government to communicate its truths nationally would be too hard to resist. Both the CBC and the government must be protected from this threat by very clear and unqualified policies. Freedom, in this sense at least, must be absolute. This conviction is enshrined in the first of the Committee's 101 Recommendations. It states that "the status of federal cultural agencies should be defined in a new Cultural Agencies Act, in recognition of the fact that government activity in culture and the arts is subject to special considerations requiring a distinctive measure of autonomy. The provisions of this statute should prevail whenever they may conflict with those of the Financial Administration Act or the proposed Government Organization Act. In Recommendation 83 it states, further, that a new Broadcasting Act should give clear authority to the CRTC in matters related to the CBC. These recommendations appear to be at odds with the position of the federal government, as identified in Bill C-123 and in the Broadcast Strategy document released by the Minister of Communications, the Honourable Francis Fox.

The Committee deals with the role of the CBC in support of cultural industries in both its Film and Broadcasting chapters. In the chapter on film it suggests a policy motivated by cultural goals and only secondarily by industrial or commercial ones because it believes that while financial inducements are efficient industrial tools they are not efficient as cultural ones.

This is a very important distinction. It is, after all, a Cultural Review Committee, not necessarily a cultural industries review committee. One could make the point, using only the United States as the most obvious example, that the most efficient inducements to cultural industries are financial. The huge film and television corporations in the United States are all private sector in nature. The international competition between cultures, utilizing the new electronic technologies, involve very large financial inducements. However, the relative importance of cultural as compared with financial inducements and

objectives could indeed be said to be what distinguishes the CBC's role from that of the private sector in support of Canadian cultural industries.

In the chapter on Broadcasting the Committee focuses its attention on English language television. Radio should continue doing what it is doing. It says that in the future environment of multiple television channels there is no need for the CBC to continue the Broadcasting Act's principle of balanced programming. Rather it should provide programming which is alternative to that of the private sector. The main force that robs the CBC of a more distinctive character is not the Broadcasting Act but the search for larger audiences which must be undertaken because of the competition for advertising revenue. Therefore, in the future, it should get out of the business of selling advertising, stop competing with the private sector for the acquisition of U.S. programs, and produce more programs in Canada with Canadian themes. It should also get rid of its private sector affiliates and have a completely owned and operated network.⁴²

These latter suggestions are somewhat short sighted. The question of carrying or not carrying American programs should not be confused with the question of selling commercials. Commercials can be sold in popular Canadian programs as well as American ones. Commercials are an effect of, but also help to cause, the production and acquisition of popular programs. CBC must continue to reflect and to support popular Canadian culture. It must not become an elitist network. Also, it would be very difficult for the CBC to compete for some popular Canadian sporting events if the network were prohibited from carrying commercials. Sports is surely one of our most important cultural industries.

While the case for distinctiveness is a good one, the total elimination of popular programming produced in the United States should not be done without a great deal more thought and research. Popular American series and specials, with their multi-million dollar publicity campaigns, can be used to build audiences for the network as a whole, and for specific Canadian programs or series. Canadians cannot escape the affects of American publicity. We are a part of the North American market. It would be shortsighted to prevent the CBC from using some American programs in the pursuit of Canadian objectives. These objectives, however, need to be carefully planned and the results evaluated.

To get rid of the system of private sector affiliate stations and set up a completely owned and operated network is probably too expensive to be considered. Given the many other requirements for additional funding, it should receive a low priority. The affiliated stations carry about 80% of CBC programs in prime time and deliver about 30% of the total network audience. While there were serious discussions with the affiliates prior to the move of the National to 10 p.m., because of the expected loss to them of commercial revenue, their so-called negative influence on CBC programming decisions has probably been overstated. In fact, they may be seen to have exerted a positive influence over the years in helping to keep the network more popular. Another point overlooked by the Committee is that many of the smaller affiliate stations could not survive without the CBC, without the popular programs and the commercial revenue provided by the CBC. These small stations are important to their communities, both in terms of their local programming and as a local employer and business. This would be lost if they were allowed to go bankrupt.

The most radical recommendation made by the Committee regarding the future of the CBC is that it should relinquish all television production activities and facilities, other than news, in favour of acquiring its television programs from independent producers. So much negative reaction has been engendered by this recommendation that the point of it has tended to be missed. The point is that the CBC is too big and too complex, too vertically integrated, with too many different kinds of objectives and services to manage effectively, or even to understand clearly. This is certainly a reasonable observation. Obviously, CBC needs to become far more lean and efficient. However, taking away the production activities, putting them in the private sector and hoping that an independent production industry, not attached to any broadcasting conglomerate, would develop, is dangerous; particularly at a time when Canadian culture, as well as cultural industries, face both a challenge and an opportunity within the developing international market. The objective could be met, with far fewer risks, if the CBC retained its production facilities and staff, but operated them as an autonomous revenue generating company, with efficient cost-accounting

practices, to serve the programming priorities of the CBC, and some of the needs of the independent production industry for the production of Canadian programs. The independent production industry quite clearly needs support if it is to grow and prosper and become truly competitive. However, this does not mean more patronage; it means more business opportunities. By changing the balance between in-house and out-of-house production activities to the extent of moving all or the majority of entertainment programming only to the independents, and providing a new production facility which would sell its services at competitive rates for in-house and out-of-house use, the CBC would energize competitive Canadian production.

The Committee recommends that regional programming be re-emphasized and local programming be phased out. The emphasis here is on programming produced in the regions, presumably with regional themes, to be integrated into the national schedule. No change in structure is suggested to accomplish this nor is there any appreciation in the Report of the unrealistic nature of the recommendation itself. There are, basically, two television and film production centres in the United States, Hollywood and New York. While films and television programs are shot in various regions of the country, indeed all over the world, they are considered "on location" shoots and are initiated and controlled, by and large, from either of the two major centres. To expect Canada, with about one-tenth the population to support more than two major production centres is not realistic. To expect films and television programs, in quantity, which are of national and international quality, to spring from a variety of regions in Canada is simply naive. To be competitive Canada is going to have to focus production activities, in terms of subject matter, facilities and talent.

The Committee says that marketing operations should be enhanced and pursued with more vigour. This is to include programs, records, films, books, information materials and entertainment items of various kinds. What is, in fact, being proposed is an improved sales organization, with better techniques and promotion. There is no appreciation that marketing involves a research component; that the sales part of a marketing plan comes in response to assessed market needs and interests. Production is an effect of this research. Selling internationally what has already been produced is not marketing; it is simply sales.

Marketing, in the full sense, by the CBC, is appropriate only in Canada. This role should be made clear in the future. It is a role which can distinguish the Corporation from the private sector. The CBC has a primary cultural role to produce and to broadcast Canadian programs in Canada for Canadian audiences. These programs can be sold abroad to earn whatever revenue is possible. But the CBC should not market internationally and then produce for this international market, except when the needs and interests of the international market coincide with those in Canada. The private sector has a primary industrial role. It should be allowed and encouraged to market and produce for international audiences so long as this activity brings revenue into Canada and provides jobs for members of the cultural industries.

The Canadian Association of Broadcasters

The C.A.B. points out that public broadcasting, even with commercial advertising, is very different from private broadcasting, and that private broadcasting, even with public service obligations, cannot be realistically evaluated by standards appropriate for public broadcasting. While the brief does not become specific, for its own purposes, we must understand clearly that private broadcasting is a business, and is in business to make a profit, first, foremost and always. Objectives relating to Canadian culture and support for cultural industries are secondary. Public broadcasting has, first and foremost, cultural, social, political, as well as economic, objectives. It is not required, nor is it expected, to make a profit. This is an essential difference between the two sectors.

This does not mean, however, that public broadcasting cannot or should not have financial inducements nor be operated in a business-like manner. Specific objectives of public broadcasting may be quite varied and can include the maximization of Canadian audiences for Canadian programs, the maximization of audiences for specific kinds of

programs, the earning of certain percentages of the production costs of certain kinds of programming through foreign sales or co-production arrangements, the development of a specific quantitative relationship between dollars expended and audiences reached and/or international dollars earned for certain kinds of programs, and the building and sustenance of a specific number of large independent production companies. But it will do all this in pursuit of fundamental Canadian cultural, social, political, and economical objectives.

The C.A.B. points out that commercial culture today is the product of large multi-national enterprises. Artists, performers, producers, directors, the people who make up the cultural industries associated particularly with film and television know that becoming a part of the "big time" means being accepted by, and taking advantage of, the extensive promotional machinery operated by these cultural conglomerates. In addition, of course, at a certain point in their development people in the cultural industries want larger, international audiences. The brief says that accepting the existence of commercial culture means recognizing its international scale. "With the proliferation of new technologies like cable, satellites, and videodiscs, the only sure way to maintain one's own commercial (popular) cultural identity is to be an active member of the multinational commercial cultural community."⁴³

To perform and to program competitively in Canada is, of course, to gain international experience. Success in Canada requires international quality because the Canadian market receives the best of international products. The challenge is how to find the dollars and how to structure a system so that Canadian cultural industries can compete fairly for the attention of Canadians first, and then of the world. While revenues from the sale of commercial advertising, the international sale of programs, the sale of services to individual subscribers in Canada and abroad will all be important and should be vigorously pursued, competitive Canadian programs, on Canadian channels, using Canadian talent and supporting the Canadian cultural industries will be developed with regularity only with major public funding.

The Association For The Study of Canadian Radio and Television

The Association for the Study of Canadian Radio and Television emphasizes that while the CBC has traditionally been the central purveyor of arts and (high) culture in the country it is important to underline its parallel function as our national medium for popular culture. This is an important distinction for the future because whereas high culture tends to be a top down phenomenon, from the one to the many, popular culture reflects mass tastes. To be successful as a purveyor of mass culture one is, either scientifically or intuitively, in the marketing business. And marketing is the business of the future for the cultural industries.

The Canadian Broadcasting League

The Canadian Broadcasting League believes that a re-structuring of Canada's Telecommunications System is inevitable. There is no unanimity, however, on the methods to be pursued or on the goals of the process. The League points out that news and information are the very marrow of culture, and the CBC's leading and differentiating role as a part of the cultural industries in Canada is a reflection of its role as the nation's single largest collector and disseminator of news and current affairs. This unique status should not be compromised in any way nor should the CBC's autonomy be chipped away for any reason.

This central and crucial historical role of the CBC as the primary collector and disseminator of news and information programming must be brought to the fore when we are examining the future of the Corporation in support of cultural industries. While there has been some general suggestions made that CBC should be a part of the more specialized satellite to cable delivered services of the future, this specific aspect has not been sufficiently emphasized. Clearly, in any specialized news and information channel delivered nationally in Canada, the CBC should

play the leading role. The potential for such a Canadian service, backed by the Corporation's reputation for quality and objectivity, would likely find ready markets in the United States. This should be a key strategy in CBC's programming and sales objectives for the future, and it should be supported by government. Such a special service could offer a natural outlet, also, for some of the excellent National Film Board documentaries. This news and information emphasis for the future would mean, of course, that the absolute independence of programming from government interference and the objectivity of presentation, would have to be guaranteed.

The National Film Board

The National Film Board states that because we must compete head to head against the best American programs our priority must be to support, develop and adequately fund a world-class program production industry in Canada. This focus on production, in almost complete oblivion to marketing and/or sales, is out of date in the present economic and technological environment. The Board points out that there are three basic means of financing television: public subsidy (including tax incentives and license fees), advertising, and direct consumer payments (including subscription fees for cable, pay TV or voluntary donations. It goes on to suggest the need for a non-profit corporation to, in essence, manage the whole broadcasting system in the public interest.

An elaboration of this last suggestion is worth considering as one option for the future role of the CBC in support of cultural industries. This option might see the CBC re-organized into a Canadian Broadcasting Management Corporation with not just the rather general goals and objectives of the present Broadcasting Act, but more specific and measurable ones for both the so-called private and public sectors of a single broadcasting system. In this scenario the whole system, private and public, radio and television, cable, pay-TV, satellites, would all be managed on behalf of clearly defined public objectives. Each sector, and each section of each sector, might operate relatively independently, perhaps as cost or revenue centres. The "private" part of the system

might continue to operate as it presently does, relatively independently, but profits would be controlled, and would help provide funding for the whole. Such a single system, with very specific goals and objectives relating to the development and expansion of cultural industries, can be considered as a very practical way to meet the international competition of the multinational conglomerates. The argument can be made that in the present age of international competition of electronically mediated cultural industries Canada cannot afford wateful competition within the country. While competition may be a valuable strategy in the pursuit of national goals, it should be managed on behalf of national objectives.

The opposite scenario to the one just offered would see the entire broadcasting system, public and private, de-regulated as much as possible, with every service possible becoming private sector in nature. Under this scenario, for example, the programming, production and other activities of the public broadcaster would be restricted to those activities thought to have public value but known to be unprofitable. Incentives would be provided to induce every sector possible to become a profit centre and to make its own way. Public broadcasting, as it exists today, would be reduced in scope and in cost. Business would be the main objective; culture would be secondary, except where the narrower public sector were concerned. Here, objectives could relate more to employment and general support of the non-commercial aspects of the industry, until such time as they become competitive. Public broadcasting would be seen to be building and sustaining the "critical mass" of talent necessary to any industry, to be supporting culture in a general sense, to be, in essence, the "farm team" developing talent for the professionals. The professionals would be, of course, in the private sector competing in the international market for audiences and for profits.

All of this is not to suggest, of course, that either of these scenarios, of the "left" or of the "right" are either inevitable or desirable. The Canadian system, certainly in transportation and communication, is a compromise. We have CNR and CPR, Air Canada and Canadian Pacific, CBC and CTV. However, in this new electronic age both the threats and the challenges are greater. New thoughts and new

compromises must be considered if we are to maintain a viable and competitive communications system and cultural industries as an effect of it.

The Association of Canadian Television and Radio Artists

A.C.T.R.A. is, quite understandably, biased towards production, and, in particular, towards the public funding of production. The union is, quite rightly, concerned about jobs and the development and maintenance of the Canadian talent pool. While it has some specific criticisms it is generally very supportive of the CBC and of its role as a cornerstone of cultural industries and of Canadian talent. In looking to the future, ACTRA suggests the need for regular assessments and reviews of the Corporation, perhaps even sunset laws as a way of regenerating its bureaucracy, and breaking up the monolithic structure into a number of separate companies, one for television in English and one in French, one for radio in English and one in French, and perhaps a fifth to handle the International Service. These should all be seen as useful and positive suggestions, made by an association which has benefited enormously from its association with the CBC and which wishes to continue that association with a revitalized and competitive Corporation.

The need for a change is a common theme, in commentary and criticism about the CBC, as is the need for the Corporation to become more lean, efficient and aggressive. While strategic planning and structural change seldom, by themselves, cause a renaissance or a revolution, they may help set the stage for one. Certainly, structures and systems, particularly large ones, can impede the creative and spiritual component, central to any cultural or artistic activity. Structures and systems of any sort, in any of the cultural industries, need to be examined and evaluated regularly to make sure they are at the service of the individual rather than being his or her unreflective master. Clear objectives, proper motivation, a supportive and professional environment, fair and consistent evaluation and rewards, as well as effective and efficient financial management and accountability, are pre-requisite to the production of successful and competitive cultural products on

television. This kind of environment is more likely to be achieved in a small unit, or a small company, than in a large one.

In a large corporation, such as the CBC, where accountability in meeting complex public objectives and for spending large sums of public money, is basic to its relationship with government and to the Canadian public, the clarity of its accountability must be assured. This could be done more successfully if the Corporation were divided into a number of smaller units with specific objectives. The units identified in the ACTRA brief might be extended to include production and/or operations, northern service, distribution, engineering and technical services, and marketing and sales. Even more radically, these units and perhaps others, could be re-structured into separate operating companies, with their own objectives and management, under the general goal and management of the Chairman and the Board. Other crown corporations, or private sector corporations, could be used as models. This might necessitate a change in the nature of the people appointed to the Board and/or the separation of the role of Chairman from that of President.

An arm's length subsidiary company might be licensed under Section 39(2) of the Broadcasting Act, which states:

(2) The Corporation may, within the conditions of any license or licenses issued to it by the Commission and subject to any applicable regulations of the Commission, act as an agent for or on behalf of any Minister of the Crown or as an agent of Her Majesty in right of Canada or of any province, in respect of any broadcasting operations that it may be directed by the Governor in Council to carry out, including the provision of an international service.

Or, the Corporation might establish such a company or companies under Section 39(1) (m), which states:

.....The Corporation has the power to (m) subject to the approval of the Governor in Council, acquire, hold, and dispose of share of the capital stock of any company or corporation authorized to carry on any business that is incidental to or conducive to the attainment of the objectives of the Corporation.

An additional gain for the image and the operation of the Corporation, by such a change in structure could be had if the various units or companies were operated quite clearly as cost or revenue centres. The service aspect of the cost centres could be stressed, as could the

efficiency and business-like operation of the revenue centres. These would be seen to be as efficient and as competitive as comparable centres in the private sector. The services of the revenue centres would be fully costed, priced and sold to the cost centres, with the income used to finance continued operations. Some, or all, of the revenue centres could also sell their services to customers outside the Corporation, nationally and internationally. Additional revenues could be used to help pay the costs of the cost centres. For example, production-operations as a revenue centre would sell its services to programming but also to the independent production industry for the production of international co-productions. Engineering Services could sell their expertise internationally.

The Canadian Broadcasting Corporation

The CBC, itself, recognizes the need for change. It emphasizes what is wrong with Canadian broadcasting.⁴⁴ While it doesn't say so explicitly, its focus is on English-language television. The English Services Division says that CBC television is not sufficiently Canadian nor sufficiently distinctive; that because it has to raise more than \$100 million in commercial revenue it has to place too much emphasis on the acquisition of American programming; it is still dependent on private affiliates to reach 35% of its audience; the cost structure makes it more attractive to buy American than to produce Canadian; it does not provide strong enough community or regional service in parts of the country; it doesn't have enough air time to provide the necessary range of Canadian programming in prime time; it has not provided enough opportunities for independent producers and freelancers; it is not well enough funded to make up for the financial deficiencies of other cultural organizations that often look to the CBC for help.⁴⁵ This just about summarizes the problems identified in the wide variety of reports and briefs circulated during the past several years.

Regarding general changes in television in the 1980's, the ESD presentation points to a volatile technology dominated by the expansion of cable and the emergence of satellites and new satellite networks, video-discs and cassettes, pay television and videotex, a huge increase

in viewer choice, with 70 or 80 channels; a move toward "user pay" and convenience television; the emergence of more specialized programming (or narrowcasting); and an increase in the Americanization of the Canadian system.

The objective for the future, as seen by the CBC itself, is to make sure Canadian viewers continue to have a real choice in television viewing, i.e., a choice of quality Canadian programming that wins the attention and loyalty of Canadian viewers. The future of Canadian cultural industries, and especially the future of broadcasting, does not depend on a choice between public or private. Rather, it depends on the realization that in Canada market forces alone cannot provide the quantity or the quality of indigenous cultural products necessary to ensure our survival as a separate and distinctive nation. The way to do this is to strengthen the CBC and thus strengthen Canadian programming.⁴⁶

Nine strategies are suggested by the English Services Division to meet the objective of providing Canadian viewers with a real choice by becoming a more distinctive television service. CBC radio is used as an example of distinctiveness. The strategies are: 1) Increase Canadian content to 80%, thus opening up new opportunities for Canadian talent, and decreasing reliance on American programming; 2) Introduce a second television network, satellite to cable delivered, consisting of specialized programming for prime time viewing. It would be non-commercial and would effectively double the amount of prime time available for Canadian programs; 3) Increase the amount of Canadian drama and quality entertainment programming; 4) Schedule the main television service more flexibly; 5) Increase regional production; 6) Work more closely with the arts community; 7) Introduce telethons to celebrate the major arts organizations; 8) Increase the use of independent television production; and 9) Expand activity in program related entrepreneurial ventures such as export sales, international co-productions, books, records and audio cassettes, merchandizing and program material.⁴⁷

The ESD presentation reflects Calvin's definition of a good sermon: clarity, simplicity and brevity. This is admirable in itself. The objective and strategies are, undoubtedly, necessary and/or desirable. But, while it begins with a list of sins and then a list of works to expunge them, the works are not really specific enough to convince a

hostile, or at least skeptical, government and public. The strategies consist mostly of "increase" and "introduce". There are no suggestions for "change", "cut back", "evaluation", "redeployment", or "improvement". Most of the strategies do not lend themselves easily to measurement or even assessment. There is little indication of anything different in the future, which could provide a sound basis for faith, hope or charity on the part of government or the public. After taking the important and courageous step of elucidating at least some sins the Corporation gives very little hint of self-renewal or renaissance. Rather, it asks for forgiveness on faith alone and for faith that it is now ready and able to meet the challenges of an increasingly competitive environment when it has not been able to do so successfully, by even its own standards, in a less competitive one. This requires a huge leap of faith for any but the strongest supporter of the CBC. While there are many supporters who would be prepared to take the leap, the CBC needs to make new converts to survive and prosper in the future. The way to do that, at this point in time, is to indicate, clearly, a real attempt to streamline and rejuvenate, a "vision" of the future, and objectives and strategies that can be quantitatively measured and assessed.

A New Beginning

In February of this year "a proposal for transformation of CBC's English language television service" was released. It had been prepared by a task force appointed by the Association of Television Producers and Directors (Toronto) and the Canadian Television Producers and Directors Association.

While the proposal is certainly self serving what it points to, indeed specifically calls for, is clear and understandable objectives for the CBC. These objectives need to reflect a mandate appropriate for the 1980's and '90's. The producers within the CBC, quite rightly, want to play a role in setting these objectives and in carrying out the strategies to meet them.

Their recommendations, in part, call for the complete Canadianization of the CBC in order to become more distinctive and to reflect a public broadcasting mandate, that sales of commercial time on Canadian programs

be approached more aggressively, that Parliament give serious consideration to a long-term financial commitment, that a joint management/producer committee examine the implementation of the "responsible production unit" concept for program production and that the CBC regions and network program areas develop an annual set of programming objectives to be published in advance of the annual planning process.

While the document shows a considerable amount of uncertainty and ambivalence on some of the issues, notably around the question of ratings and the commercial imperative, and indicates some specific concerns relating to its own recommendations, it does complement recommendations made in the other reports and briefs referred to in this paper. More than the others, however, it points to the need for new and clear objectives, to the value of smaller units with specific responsibilities, and to the need for regular assessment and evaluation.

Questionnaire

In reply to a questionnaire,⁴⁸ distributed in December, 1982, on the subject of the role of the CBC in support of cultural industries in Canada, suggestions and recommendations reiterated many of the points already cited. The Association of Canadian Television and Radio Artists supports the concept of a more distinctive Canadian service and more Canadian program production, particularly drama production. This increase in Canadian production activity will support the talent pool and the cultural industries in general. The National Association of Broadcast Employees and Technicians agrees with this, but cautions that breaking up the integrated structure of the Corporation is not the way to proceed, that more independent production does not necessarily mean more Canadian production. Both these associations, in support of their members, argue that the most important and immediate role that the CBC can play in support of the cultural industries in Canada is simply to provide more work. The government should provide sufficient additional revenue to make this happen.

Likewise in support of their membership, the Directors Guild of Canada and the Canadian Film and Television Association argue also for more work, particularly in drama, but work to be done by producers

outside the CBC, in the private sector. The most complete and the most intelligent response to the questionnaire was given by Pat Ferns, Past-President of the Association and President, Primedia Productions Limited. Mr. Ferns believes that CBC was most effective in the development of the cultural industries in Canada in the early years of television when it created the critical mass necessary to launch the industry. This role should now be re-evaluated and the Corporation should become a true marketplace for talent. At present it is neither an efficient nor a competitive marketplace. The key to a truly creative milieu where cultural activities can flourish is a competitive milieu. The way to do this, he believes, is not to add to staff but to become a catalyst for an expansion of employment for small business people in the private sector.

In general, most of the associations and groups, representing various facets of the cultural industries in Canada, continue to see the CBC as a cornerstone for the support of culture and of the cultural industries. While their visions tend to vary somewhat, reflecting specific interests and biases, all recognize the importance of the CBC while stressing the need for change and improvement. All focus on English language television. They stress the need for it to become more distinctive by becoming more Canadian. They see it as responsible for the development and maintenance of a critical mass of facilities and talent. This is particularly important in Canada where market size and competitive pressures make it impossible for this to be done by the private sector. The most effective mechanism for doing this, and the product most needed in existing Canadian program schedules as well as having the greatest potential for international marketing and sales, is seen to be prime time drama. Whether this, and other programming, is best produced using in-house facilities and staff or utilizing the independent production industry is open to debate. However, moderate and intelligent voices on both sides do not advocate one or the other but a mix of both, a judicious balance. Most of all, there is agreement on the need for clear objectives, a renewed dedication to quality Canadian programming which can compete effectively at home and abroad, and for a workable structure which will allow and encourage this to happen.

CHAPTER FOUR

RECOMMENDATIONS - regarding the Role of the Canadian Broadcasting Corporation as an Instrument for Industrial Development in the Cultural Industries and Structural Changes to Help Facilitate the Role.

ROLE

- 1) The Canadian Broadcasting Corporation must continue to play, and be adequately funded to play, a central role in support of the cultural industries in Canada. But this role will change, in light of changing technologies and a changing, more competitive, marketplace. In order that the CBC can participate efficiently and effectively in the media environment of the future it requires a renewed partnership agreement with the Canadian public and with Parliament which clearly outlines its goals and which provides a longer term financial commitment. These obligations for financial and spiritual support must be matched, however, by the CBC with measurable objectives relating to Canadian audiences reached by Canadian programs, commercial revenues, international revenue from the sale of Canadian programs and/or program packages as well as other services, specific levels of support for the various parts of the cultural industries, etc. Success in meeting these objectives should be evaluated at the end of each financial commitment period, perhaps every five years. This evaluation should provide the basis for further support.

The role of the Corporation in this regard should be distinguished clearly from that of the private sector. CBC should retain its primary focus on developing and sustaining a competitive Canadian culture, while the private sector retains its focus on developing and sustaining a competitive industry. This is a complex distinction and is open to easy misunderstanding. It is a matter of relative focus. A focus on one does not excuse the absence of the other. In particular, the CBC must be seen to be a part of and to be encouraging a competitive Canadian industry. However, the marketing focus of the CBC must be on Canada first, with sales abroad. The private sector should be encouraged to market inter-

nationally in order to attract the maximum revenue into the Canadian economy and to provide the maximum number of jobs to members of the cultural industries.

Our national public broadcaster should be preserved as a vital complement and partner to the private sector in Canada. Because of the small size of the Canadian market, and the fact of nearly unlimited international competition, much of the support for the cultural industries, and for culture, must remain public.

- 2) The CBC must provide and must be perceived to provide a distinctive Canadian broadcasting service. This is important particularly for English language television. Its television broadcasting schedule should contain at least 80% Canadian programs, especially in prime time. These programs should consist of a judicious balance of information and entertainment.

The English language television service should rely less on programs produced in the United States. However, it should not be prohibited from broadcasting any American programs. Rather, it should be encouraged to broadcast the best programs, wherever they are produced.

- 3) The CBC should be licensed and funded to develop and operate second general interest television networks, CBC-2 and Tele-2. These should be distributed via satellite to cable, or via satellite direct to home receiver. They should be 100% Canadian. These network services should be programmed, primarily, to provide more prime time for further plays of high quality programs. In a media environment consisting of 50 to 100 channels the traditional two plays is simply not enough. Every Canadian program of quality, excluding topical news programs, should receive up to at least six plays.

The rights to play programs on these new networks should be optioned when the programs are produced for the main network. But the money for the additional plays should not be paid until they are actually chosen. In this way the additional plays will be seen to be a reward for success and these networks will gain a showcase reputation. Competition in the production process will be increased

and the additional revenues will provide immediate support for quality in the cultural industries.

A service of this nature should not be unduly expensive, if the rights for the additional plays are negotiated and optioned at the production stage. Also, a programming service of this nature might be ideal, in whole or in part, to sell internationally. Programmed packages, not just individual programs, are expected to be prime sellers in the satellite-delivered international media environment of the 1980's and '90's.

One objective of such a service should be to have it at least pay for itself within perhaps five years. Much of the revenues from international plays would go to pay the people who made the various programs, thus further supporting competitive quality in the cultural industries.

- 4) The CBC should be licensed and funded to develop and operate at least one special interest television network service in an area where it has gained international respect, and competitive results at home; this is news and information. News and information programming is at the very heart of Canadian culture and it needs to be encouraged and expanded. It might be offered as a discretionary pay service, perhaps in conjunction with a private sector partner.

This service should be marketed and sold in Canada first, but then sold internationally, in whole or in part. The objective should be to at least pay for the service within five years. International revenues would further support competitive quality in the cultural industries.

- 5) CBC television should increase substantially the amount of dramatic programming in its prime time schedule. Advice from both outside and inside the Corporation points to this as the greatest cultural need, as well as the greatest marketing and sales opportunity. This kind of production activity provides the maximum immediate benefit to the cultural industries.

- 6) CBC television should increase systematically its support of the independent production industry to the extent that all, or certainly most, of the entertainment programs, including drama, are produced by independent companies outside the Corporation. Information programming should continue to be produced, primarily, by in-house staff.

However, the independents should not be encouraged to consider the CBC as a patron. Rather, the role of the Corporation should be catalytic, to help structure and support successful businesses. The objective should be to build a competitive marketplace, where the most professional and efficient companies survive and prosper; companies that are able to produce Canadian programs which compete successfully in Canada and abroad.

- 7) The CBC should clarify and distinguish its roles as Catalyst and Patron, particularly in its television services. The catalytic role should be played primarily by the national program services in the national programming and production centres. This role should focus on developing and maintaining internationally competitive cultural industries, generating Canadian audiences for Canadian programs and selling internationally.

The role of patron should be played primarily in relation to the regional services. A critical mass of talent and facilities needs to be maintained in order for international quality to emerge. Talent is not restricted to the two largest markets in Canada, even though an international milieu may be. Managers, producers, directors who live in the regions are close to the talent base of the whole country. They should provide experience and evaluation in order that the best from every part of the country will have equal opportunity to develop and move up to the national and international levels.

It is important that in clarifying these roles the reality of the Canadian marketplace be fully understood and elucidated, particularly in terms of its ability to support centres of excellence. Even with increased public support, Canada is not large enough to support more than one or possibly two truly competitive centres, just as it is

not large enough to support the production of competitive programming in all program areas. Priorities will have to be set and explained and then support given where it will be most effective.

- 8) Objectives for English language network television should emphasize programming and marketing in Canada first, and then sales internationally. Marketing should be designed to ascertain the wants and interests of Canadian audiences, as opposed to needs, and then Canadian programs should be produced to meet those interests. International marketing should be essentially complementary in nature, designed to ascertain compatible wants and interests in other markets.

The international focus should be on sales. One objective should be to maximize net revenues, in order to improve the Canadian balance of payments in the software area generally, and to earn direct dollars for more Canadian program production. The other major objective should be to provide an international audience for Canadian talent and culture in general, and to maximize revenues for the talent responsible for a successful program.

- 9) Quantitative and measurable objectives should be set for Canadian programs in Canada and for sales abroad. Objectives should relate to Canadian audiences reached for dollars expended, to share of audience at any particular time period, to international dollars earned for Canadian dollars expended. A particular program or series should be evaluated on the basis of a combination of Canadian audiences and international dollars earned.

While the maximization of audiences and profits may appear to be, essentially, private sector objectives, they should be pursued by the CBC in support of Canadian cultural industries. The goal is not the maximization of audiences and profits per se, but this by Canadian programs in support of Canadian cultural industries.

- 10) In general, the CBC should emphasize programming rather than production objectives. Production should be seen, clearly, to be a means to an end. The end, or goal, should be to reach a competitive number of Canadian viewers and listeners with Canadian programs.

- 11) CBC television should not be restricted from carrying commercials on any of its services. Besides being an important and valuable source of revenue to support Canadian programming, it helps maintain a popular consciousness. This is most important when the central goal is to build Canadian audiences for Canadian programs and to support the cultural industries. Being distinctly Canadian should not mean being elitist. In fact, the opposite should be the case. To effectively build and support a culture industry the CBC needs to become even more popular. Maintaining commercials and a commercial state of mind is an important element in this process.
- 12) CBC television should maintain its private sector affiliates network at least for the time being. There are advantages and disadvantages of this system. One advantage is, again, that it focuses CBC attention on the need to program that which is popular. A disadvantage is that it focuses CBC attention on American programs in prime time. The objective here should be to replace, gradually, some American with Canadian programming that will maintain the audience base.

STRUCTURE

- 13) The CBC should change its structure from that of one very large, and costly, corporation providing a variety of services, to several relatively smaller companies providing more specific and readily understood services. The Corporation needs to be seen, by government and by the public, as a manageable and efficient organization, responsible and accountable to Parliament. This can be achieved more effectively in smaller units with management responsible for meeting specific and measurable objectives. These units could be subsidiary companies or simply clearly defined responsibility centres. The former has the immediate value of distinctiveness. Other crown corporations, such as Air Canada, Canadian National Railways, or the Canada Development Investment Corporation could be used as models for change.
- English language television requires special attention. Here, it is generally agreed, lies the greatest competitive challenge and

opportunity in the Canadian and the international markets. One immediate change should be to make this a distinct unit, with its own specific objectives relating to Canadian audiences and international sales, as well as to the roles of catalyst and patron.

Certainly, any new services such as CBC-2 or an all news and information network could well be operated as distinct units or companies, as could northern and international services, as well as engineering and sales. Television production/operations should operate as a distinct unit.

These various units, or companies, should be identified and operated as cost or revenue centres, with the revenue generating centres selling their services, at competitive rates, to the cost centres of the Corporation and outside in the national and international marketplace.

In the final analysis, in the cultural industries, it is the human element which is most important. It is people, not structures or systems, that work or don't work. But one structure can provide a better milieu than another; more motivation, more support, better evaluation. This milieu can be maintained more readily in a variety of small units than in a large one.

- 14) New, internationally competitive, television production facilities should be constructed in Toronto to service the needs of the English language television network. The facilities and operations should be operated as a distinct business, separate from but in the service of programming, with objectives relating to efficiency and quality, and with full cost accounting.

The facilities should serve all the internal requirements of the Corporation, plus some of the needs of the independent production industry. The facilities and staff should be available, on competitive business terms, to private sector companies producing for the CBC exclusively, or a combination of CBC and other broadcasters. The criteria should be the Canadian content and character of the production.

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PART II

THE CANADIAN BROADCASTING CORPORATION
AND THE COMMUNICATION TECHNOLOGY INDUSTRIES

John E. Twomey

CHAPTER ONE

THE CONTEXT

CBC's Engineering Infrastructure

From its inception in 1936 the CBC's mandate has been to communicate a programming service of information, enlightenment, and entertainment to all the people of Canada. This mandate necessitated the building, over the years, of a vast studio and transmission system that today forms, in the main, the infrastructure of one of the largest broadcasting corporations in the world.

CBC's original logo, the map of Canada with two flashes representing radio signals, was an early symbolic reminder of the vast geography that had to be conquered through technology if the public system was to achieve its national purpose. The history of the "hardware" side of Canadian broadcasting, which is a story of the complex interaction of engineering leadership, changing broadcasting technology, and innovative systems development, is little known or appreciated by most Canadians. Equally unknown is the considerable role played by the communication technology industries in developing and maintaining Canada's broadcasting system in partnership with the CBC.

The scope of CBC's "partnership" with Canada's communication technology industries stems from the requirements of CBC's engineering infrastructure. The major components of this infrastructure are: studio systems, building design and construction, transmission systems, engineering and performance standards, technological development assessment, and international broadcasting relations.

Studio systems are all facilities required to produce radio and television programs. This includes mobile radio, TV and film units, radio and TV studios, studio control rooms, audio and video tape recording facilities, editing suites, telecine, central control, film processing and editing. Also included are the specially designed tape-delay centres for program distribution across Canada's six time zones.

The architectural, mechanical and electrical aspects of CBC's studio systems require long range plans for site and building development. CBC's building requirements can vary from large scale consolid-

ation projects involving a building complex housing all the diverse elements necessary for radio and television operations to a small transmitter shelter situated in a remote location.

The past decade saw the opening of CBC's largest broadcasting centre, Maison de Radio-Canada in Montreal in 1972, the completion of the British Columbia regional broadcast centre in Vancouver in 1975, the construction of special facilities to cover the 1976 Olympics in Montreal, the opening of new studio complexes in Calgary and Chicoutimi, the 1983 completion of a new Broadcast Centre in Regina, and the initiation of a new study on the consolidation of CBC facilities in Toronto.

Transmission systems also require planning, design, site selection, installation, testing, and servicing once in operation. The Accelerated Coverage Plan, launched in 1974 with a special government allocation of \$50,000,000 was designed to bring CBC radio and TV service within reach of 99% of the Canadian people by providing service to northern communities with a population of 500 or more. By 1982 some 445 out of the 614 transmitters planned had been installed.

Another major transmission project undertaken in the mid-1970s was CBC's role as design authority and engineering coordinator for the installation of the FM and TV antennas for Toronto broadcasters on top of the CN Tower.

Occasioned by the 1972 launch of the Anik satellite CBC engineers gradually reorganized the entire network distribution system and CBC became the first network in the world to use a geostationary satellite.

Engineering and performance standards are established and maintained by testing methods, technical audits, and network-wide fault detection. In addition the network services provided the CBC by the Trans-Canada Telephone Systems, Telesat Canada, CN-CP Communications, and other common carriers across Canada, are contracted for and their performances are monitored.

Technological change and its implications for program production and transmission demands constant monitoring and assessment by the CBC. In radio the impact of integrated circuits, AM stereo, ambisonic or "surround sound" techniques and digital technology is being studied.

In television the focus is on developments in direct-to-home broadcast satellites, smaller and cheaper earth stations, fibre optics, teletext information systems, two-way interactive TV, and captioning for the deaf.

The emergence of new technologies and the need for establishing internationally recognised technical performance standards requires the active participation of the CBC on the technical committees of such international organizations as the International Telecommunications Union, the European Broadcasting Union, and the North American Broadcast Association.

The unit principally charged with the responsibility for the installation and maintenance of CBC's technical infrastructure is its Engineering Headquarters (EHQ) located in Montreal. EHQ operates on a yearly budget approximating 14 million dollars and employs 250 professionally trained people and a complement of support staff. EHQ's professionals include architects, acoustical building experts, and electrical, electronic and mechanical engineers.

In addition to carrying out their primary task of supervising the procurement of high technology goods and services for the CBC, EHQ professionals perform many functions directly beneficial to Canada's communication technology industries. These include: (1) anticipating emerging technical requirements, making projections on the future directions of broadcast technology, publishing and distributing to the industry, from time to time, reports such as "Developments in Technology and Their Impact on CBC Television for the Next Five Years" (September 1982); (2) providing technical training to both CBC staff and a number of "external" students, sometimes at the CBC and sometimes on a manufacturers premises; (3) pioneering in the development of new systems such as Telidon; (4) operating a world class technical evaluation facility where communication equipment can be rigorously tested and from which positive reports on new products are eagerly sought by equipment manufacturers; (5) developing and proposing design specifications for electronic, electrical, mechanical, and architectural goods and services; and (6) purchasing technical consulting services associated with broadcast transmission.

CBC has been well served by the industry and in return it has been the industry's single most important customer. The record also indicates that its yearly expenditures have been critical to the start up and growth of a number of broadcast equipment and service companies in Canada.

A 1981 study of the CBC and the technological community by The Nordicity Group cited a number of specific instances in which CBC initiatives contributed to the establishment of a competitive edge for a number of Canadian companies.

Canadian General Electric (CGE), for example, has been able to develop substantial capability in television transmitters of various power levels as a consequence of CBC procurements. More than 90% of procurement dollars spent with CGE between 1977 and 1980 (transmitter purchases with CGE totalled approximately \$5.5 million) constituted Canadian goods and services.

EHQ's Transmission Systems Department (TSD) evaluated a low power exciter, manufactured by Delta Benco Cascade in Toronto, which now is the exciter for the CGE TV transmitter, replacing the former unit manufactured in France.....TSD engineers worked closely with Farion in Dorval, in effect teaching video techniques so that their microwave equipment originally made for telephone purposes was supplied for TV.....TSD engineers worked with Lindsay Corp. in the design of a range of broadcast antennas. This is the same Lindsay Corp. which manufactures garden furniture and has now expanded into satellite receiving dishes.

Digital Video Systems (DVS) made an unsolicited proposal to the Science Centre of the Department of Supply and Services for research on standards for digital colour television. DVS was interested in designing a product that would ensue from development of techniques to interface digital video signals with existing television systems (in both directions). In expressing its support of DVS's aspirations, EHQ explicitly referred to its potential role in pressing international standards for digital television that are consonant with Canadian requirements and technological capabilities. DVS's proposal was successful; and hoped for interface hardware was designed; and it has been successfully demonstrated at an international fair in San Francisco.

When RCA closed its Montreal research laboratory in 1977, Dr. M. Bachinski and nine other RCA scientists decided to form their own company, MPB Technologies Inc. and continue to work on a character generator in which the CBC was deeply interested. EHQ, despite the new company's fragile base, committed some \$300,000 to continuation of the work. According to Bachinski, this contract was critical to the new firm's survival and its entry into

the business of digital electronics. Today, the company employs twenty-five people and has annual sales of more than \$1.5 million.

During the past forty-seven years of its existence the CBC has maintained an active partnership with Canada's communication technology industries. Sometimes it was pushing, sometimes demanding, but always it was consulting and interacting to build a better broadcasting system.

CHAPTER TWO
THE PRESENT

Procurement of Goods and Services

In order to maintain its technological infrastructure and through it operate its many radio and television stations and networks, the C.B.C. yearly purchases (1) sophisticated electronic equipment, (2) the services required to install and maintain it, and (3) leased transmission services.

The C.B.C. continues to be the single most important purchaser of Canadian broadcasting equipment and services. Table 1 illustrates the levels of expenditures over the past five years and Table 2 provides a detailed breakdown of monies spent in six specific coverage projects in the past fiscal year.

Table I

CAPITAL EXPENDITURES

(Millions of Dollars)

	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
Equipment Additions and Replacements	21.7	18.0	14.5	19.3	21.8
Coverage	38.0	36.8	27.4	25.2	21.2
Consolidation	1.1	21.2*	0.8	0.8	13.3
Ordinary Capital	3.1	3.5	2.3	3.2	5.4
TOTAL	<u>63.9</u>	<u>79.5</u>	<u>44.0</u>	<u>48.5</u>	<u>61.7**</u>

** Less: Proceeds from Sale of Assets (1.7)

60.0

* Including supplemented parliamentary vote of funds for purchase of land in Toronto.

Source: EGQ Management

Table 2

CAPITAL EXPENDITURES 1981/82
(Millions of Dollars)

Equipment Additions and Replacements		21.8
Coverage:		
Radio Affiliates Replacement Plan	2.2	
Alternative Development Services	-	
FM Stereo	1.2	
Satellite Development	1.0	
Accelerated Coverage Plan	10.2	
Coverage Replacement	6.6	21.2
Consolidation		13.3
Ordinary Capital		5.4
TOTAL		<u>61.7</u>
Less: Proceeds from Sale of Assets		<u>(1.7)</u>
		<u><u>60.0</u></u>

Source: EHQ Management

The Broadcast Centre - Toronto

Although a great deal has been done to ensure that CBC operates out of modern broadcast facilities in such centres as Montreal, Chicoutimi, Vancouver, Regina and Calgary, there has long been a concern for consolidating CBC's many radio and television studios, production support facilities, and administrative offices widely dispersed in downtown Toronto. The obvious benefits of such a move are: (1) the operational efficiency that must result from situating new, state-of-the-art broadcast facilities on a single site, and (2) the financial efficiency that must result from freeing the CBC from the uncertainty of being a tenant in the downtown core (where proximity to the Jarvis Street Plant is essential).

A third major benefit of CBC consolidation in Toronto is the economic impact in Ontario and the rest of Canada that will result from the construction of a large scale Broadcast Centre during a projected four year construction period (beginning, perhaps, in 1984).

The Toronto plan calls for the development of a Broadcast Centre on a ten acre plot bordered by Simcoe and John, Front and Wellington Streets in downtown Toronto. The proposal is to have the space financed and built by a private developer. CBC would lease its required studio and office space from the developer.

Two basic alternative development approaches were studied: single use and mixed use. Both approaches would fulfill the requirements of the CBC and would realize a production facility with two components: the plant might occupy as much as one million square feet and the office space up to a half million square feet. The single use scheme, which contradicts the City's planning intentions for the area and is not economic, was readily rejected for a project combining broadcasting facilities with office and residential uses.

There are several indicators of the economic impact such a mixed use Broadcast Centre could have, details of which are set out in a confidential report prepared by Peat Marwick² for the CBC using a Statistic Canada Input/Output Model. One of the most significant indicators, in the light of the current rate of unemployment, is the estimated number of work years of employment that might result from

building and equipping the Broadcast Centre.

The table below sets out the estimated levels of direct and indirect employment that might be generated by the construction and equipping of the Centre. The Broadcast Centre Development could create about 12,000 work years of employment, of which 90% would be in Ontario and 47% would be on-site. These figures are for a high density development and it should be recognized that final densities depend on numerous economic and other factors.

Table 3
Possible Economic Impact of Building
and Equipping the Broadcast Centre
(1984-1988)

<u>Location</u>	<u>Work Years of Employment</u>
Ontario	10,700
Other Canada	1,300
	<hr/>
Total Canada	12,000
On-Site Employment	5,700

Included in these figures are the estimated work years of employment, in Ontario and Canada, that could be generated by expenditures for the equipment requirements (manufacture and installation) of the Broadcast Centre as shown in Table 4.

Table 4
Economic Impact of Equipment Expenditures
(1984-1988)

<u>Location</u>	<u>Work Years of Employment</u>
Ontario	1,300
Canada	300
	<hr/>
Total Canada	1,600

Transmission Practice and Policy

CBC's mandate to provide radio and television services to all Canadians has made it a prime mover behind the development of transmission services provided by the Trans Canada Telephone System.

The yearly volume of TCTS services purchases by the CBC has risen from \$18 million to \$35 million during the decade 1972-82. Approximately 55% of all TCTS services provided Canadian broadcasters is purchased by the CBC. Since 1979 TCTS has been responsible for administering the sale of Telesat's satellite services. CBC's current annual satellite billings via TVTS of \$17 million approximates one-third of Telesat's sales.

In addition to its annual purchases of a variety of transmission services CBC has also, over the past decade, acted as a catalyst for the development of new TCTS services. According to TCTS's M. J. Love, District Manager, Broadcast Services, CBC's close collaboration with TCTS has led to the sharing of satellite earth stations in Northern Canada that are designed to provide both telephone and radio or television services on an economic basis. CBC has also been instrumental in the industrial development in Canada of: long haul stereo transmission systems; short interval testing equipment; and computerized network performance analysis systems. TCTS's radio network contracts with the CBC stimulated the development of the AC-3 Compandor which controls the signal-to-noise ratio in radio network transmission. The AC-3 Compandor is now sold worldwide by its Canadian manufacturer and has become the basis for newer means to control circuit noise.

Project IRIS - CBC and the Telidon Trials

Similar to its earlier role in the research and development of its radio and television network transmission via the Anik satellite, CBC is playing a major part in the field trials of a teletext system, using Telidon.

The CBC's involvement with the trials is specially funded by the Department of Communications, the developer of Telidon. CBC's Project IRIS (Information Relayed Instantly from the Source) consists of three

waves of home teletext trials conducted in English in Calgary and Toronto, and in French in Montreal. The first wave got underway in September 1982. The last wave is to be completed in December 1983.

Project IRIS will utilize approximately 400 terminals in consumer tests in 1,100 households. Viewers will have access to 100 pages of information per broadcast cycle, which will be instantly updated in response to changing events. Updating of the pages each day will allow users to access an average of 600 pages of different content during a full broadcast day.

A teletext decoder attached to the TV set allows the viewer to select, via a key pad, the desired page of information which is then displayed on the screen. The subject matter will include news, weather, sports, traffic conditions, guides to radio, TV and films, consumer and children's activity guides, lottery results, etc.

A main concern of the CBC field trials is the evaluation of home user perception of the actual teletext content. CBC will conduct user surveys to evaluate teletext as a programming support vehicle to its existing radio and television services.

Decoder features used in Project IRIS will also be tested with a view to the marketing of the Telidon/teletext system components by Canadian industry at home and abroad.

The High Definition Television Colloquium

A recent example of CBC's active part as a catalyst in Canada's communications technology industry was its role in initiating a four day international "Coloquium on High Definition Television" held in Ottawa in October 1982. The event was germinated at EHQ and grew to involve the Department of Communications, the Department of Industry, Trade and Commerce, and other CBC departments. The hundred Canadians who attended were joined by fifty conferees from Europe, Japan and the United States.

High definition television and enhanced definition television (HDTV, EDTV) are based on a set of parameters being developed in Japan,

and to date only demonstrated in Europe and the U.S. Its potential for changing the future of the entire worldwide television industry makes it a topic of intense interest.

The current HDTV prototype operates on 1125 lines, full band width luminance (20Mhz) and chrominance (2x7Mhz), with an aspect ratio of 5:3. Because the band widths involved are incompatible to all present standards, HDTV could not be broadcast by conventional transmitters and could not be received on TV sets currently available.

Throughout the colloquium there was an undercurrent of concern that since Japan is the center of most of the world's electronic manufacturing, other developed nations must become involved in the development of HDTV or risk having no voice in the direction this new technology may take.

The colloquium focused on many technical questions as well as the questions about the huge cost of establishing a totally new television system, and the time frame involved in the possible changeover. Reflections on the spread of colour TV revealed a thirty year evolutionary pattern: the first ten years of slow adoption by the public; a second ten years of rapidly increasing popularity; and a final ten years of steady growth as a stable commodity.

Although few definitive answers were provided by the colloquium the major issues arising out of the emergence of HDTV were explored. The event also drew the praise of a pioneer developer of television, who said in his closing address that the colloquium was an historic occasion in that it was the first time that a plan for the future technology of television was presented and discussed free of vested commercial interests and political influence.

CHAPTER THREE

THE FUTURE

Factors in Future Development

CBC's future role can best be viewed in relationship to how its Engineering Headquarters personnel foresee future developments. Brian Baldry, Assistant Vice-President, Engineering, in a recent paper traced the fifty year history of Canada's broadcast equipment manufacturing through two phases of pioneering and system building in radio and television. He further described two sub-phases, one of consolidation and the other of diversification, which are part of the industry's present phase of maturity.

Consolidation, the first sign of maturing industry, says Baldry, began as the building of radio and TV systems reached a saturation point in Canada.

"Canadian companies felt the pressure to spend increasing amounts of money on development to make their product attractive at the same time as the client base was being reduced by off-shore products. Development everywhere was directed not only at improving the basic technology, but also at improving production and operational features. As such there was a great risk of non-acceptance by the client and several Canadian companies did not survive this phase (Danscoll, Olive, R.H.L.). Others saw their established product line become obsolete, resulting in a decision to retire from the field (Northern Electric). Others were forced to concentrate on those small markets still open for their established product lines. Several internationally based companies pulled their resource base out of Canada. Still others maintained their place and sold their products outside Canada, being among the leaders in narrow but significant product areas." ³

Diversification, characterized by the emergence of new markets such as Pay-TV, Educational TV, and independent productions, present some new opportunities. Unfortunately the Canadian sources of supply have grown smaller and some companies have of necessity narrowed their product lines. Some new buyers have been forced off shore to meet certain of their needs.

Baldry, however, remains optimistic about what the future may hold:

".....the potential for expansion today is comparable to that of any other previous period in the manufacturing field. This is because a first-maturity stage of yet another industry is bringing about a revolution in the worlds of both television and radio - the transition from an analogue to a digital system. All world experts agree this will happen - the only debate is when. As with all such developments the change will not be completed overnight. Indeed, the technology is already used in isolated equipment 'islands' within our existing plants. At the same time, many early plants in our Canadian broadcast system must soon be replaced, requiring significant investments. Studies have shown this will require \$250 million in all equipment categories within the next decade. (The CBC alone projects a significant share of requirements.) This replacement will surely be done with the use of digital technology wherever possible.

Hence the interface of a new technology and a revived need creates opportunities for Canadian companies, both existing and new, to produce new product lines useful to not only Canadian but international users as well. In recognizing this opportunity it is evident that the success of such companies will depend upon how well, how quickly and how economically such products can be developed."

In the sections that follow we examine CBC's procurement plans for the next three fiscal years (totalling \$52 million) and the CBC's EHQ forecast on the time frame for the transition from analogue to digital systems in television.

Procurement of Goods and Services

As is its custom, CBC's Engineering Headquarters in Montreal regularly circulates a brief to the Canadian Electronics Industry via the Department of Supply and Services,⁴ setting out the Corporation's forecasted procurement program.

In its September 1982 brief the CBC alerted the industry of its anticipated requirements, over the next three fiscal years, for radio and television transmitters; studio equipment for both up-dating and replacement; equipment required to complete the Regina Broadcast Centre; transmitter test equipment; and computer hardware.

Table indicates the levels of the projected expenditures.

TABLE

CBC EHQ PROJECTED PROCUREMENTS
(1983-1986)

(Thousands of Dollars)			
<u>PROGRAM</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>
Transmitters	2,456.	4,655.	3,237.
Equipment Additions and Replacements	11,800.	11,900.	11,200.
Regina Consolidation Project	1,600.	200.	----
Transmitter Test Equipment	600.	600.	600.
Computer Hardware	1,100.	1,100.	1,100.
TOTALS:	<u>17,556.</u>	<u>18,455.</u>	<u>16,137.</u>

Source: EHQ Management

The brief further provided background data on the specific items to be purchased in the three year procurement package totalling \$52 million dollars. Seven AM and 81 FM transmitters ranging from 50 watts to 50 kilowatts, are to be purchased. In addition, 22 UHF and 67 VHF television transmitters, ranging from 10 watts to 35 kilowatts, are to be purchased.

The radio and TV studio equipment required ranges the entire field from microphones to cameras. It is to be used to update current equipment, and for the expansion of existing studio facilities.

Although new studio-office centres are planned for Ottawa, Winnipeg, and Toronto, current economic restraint makes it impossible to accurately predict anticipated future requirements. The amount for consolidation in the brief refers only to the completion of the Regina Broadcast Centre.

The expenditures for computer hardware is a result of the 1982/83 introduction of a corporate communication network using nodal computer installations in major CBC centres across the country.

CBC also reminded manufacturers in its brief of the six critical factors considered in evaluating sales proposals. These are: technical

specifications, delivery date, price, the financial capacity of the supplier company to meet its commitment, its past performance, and the Canadian content of the equipment. This last factor is especially important because the CBC's practice is to buy equipment with the most Canadian content, when other things are equal.

CBC and Developments in Technology

The most recent statement about CBC and developing technology related to television appeared in a report issued in September 1982 titled: "Developments in Technology and Their Impact on CBC Television Broadcasting for the Next Five Years."⁵ The report, purporting to represent the concerted views of the EHQ staff, set out the following as its main conclusions:

Analog video will remain dominant in the production studio for most of the decade despite an increasing number of digital black boxes along any end-to-end signal path. Improvements in analog technology are extending the goals that must be met by digital techniques. In particular, the emergence of component analog video recorders will delay the wide-spread installation of digital VTRs.

In spite of the international agreement on a digital (component) standard, the introduction of such a system in the CBC is not envisioned in the next five years.

The solid-state revolution shows no sign of coming to an end. New developments in all branches of the technology occur very frequently.

The developments of increasingly sophisticated LSI (large scale integration) and VLSI (very large scale integration) devices will improve the performance and reliability of domestic audio and video systems. The latter will include features that would have been completely impractical a few years ago.

The professional TV equipment market is comparatively small, not justifying the investment necessary to develop specialized VLSI devices. The philosophy is to design devices for use in consumer equipment and then hand-pick superior performance devices for professional level products.

The present trend to include many dedicated microcomputers in the design of audio and video sub-systems will continue and broaden.

In studio applications quad video recorders will be phased out as funds become available in favor of 1" component analog

(separate RGB) and composite (NTSC) digital machines. In field productions and ENG applications the work load will be shared by component analog and U-matic video recorders. Digital component machines are not likely to appear until some time later.

More, and more sophisticated, video editing devices will be incorporated in consumer VTR equipment. The use of this equipment in the broadcast plant will allow non-technical people to perform complex editing sequence which may result in jurisdictional problems.

A considerable increase in the use of satellites for program collection and distribution is expected.

A Canadian direct-to-home broadcast satellite (DBS) is not expected before the 1990s. A semi DBS using Anik C to serve communities, cable systems and homesteads will be available in 1983. An American DBS service, accessible to most Canadians will be available in the mid '80s. The market share of this medium is still uncertain, particularly with the advent of the American use of Anik C well ahead of the projected true DBS time frame.

Stereophonic (or multi-channel) TV sound will be in service in the U.S. within the next five years.

Regular teletext services will become available in the next five years in North America.

High Definition Television (HDTV) is unlikely to have any significant impact on the CBC in the next five years other than experimental work.

The domestic television receiver will change to become a home entertainment centre with perhaps an overwhelming variety of services that are or soon will be available to the public and will further fragment audiences. Videodisc, videotape, direct broadcast satellites, pay or subscription television, interactive games and teletext all merge at the video screen as competition to today's off-air and cable channels.

Technical training of personnel from production, technical management, operations and maintenance, to cope with increasing digitization will become critical.

Convergence of Broadcast and Computer Technologies

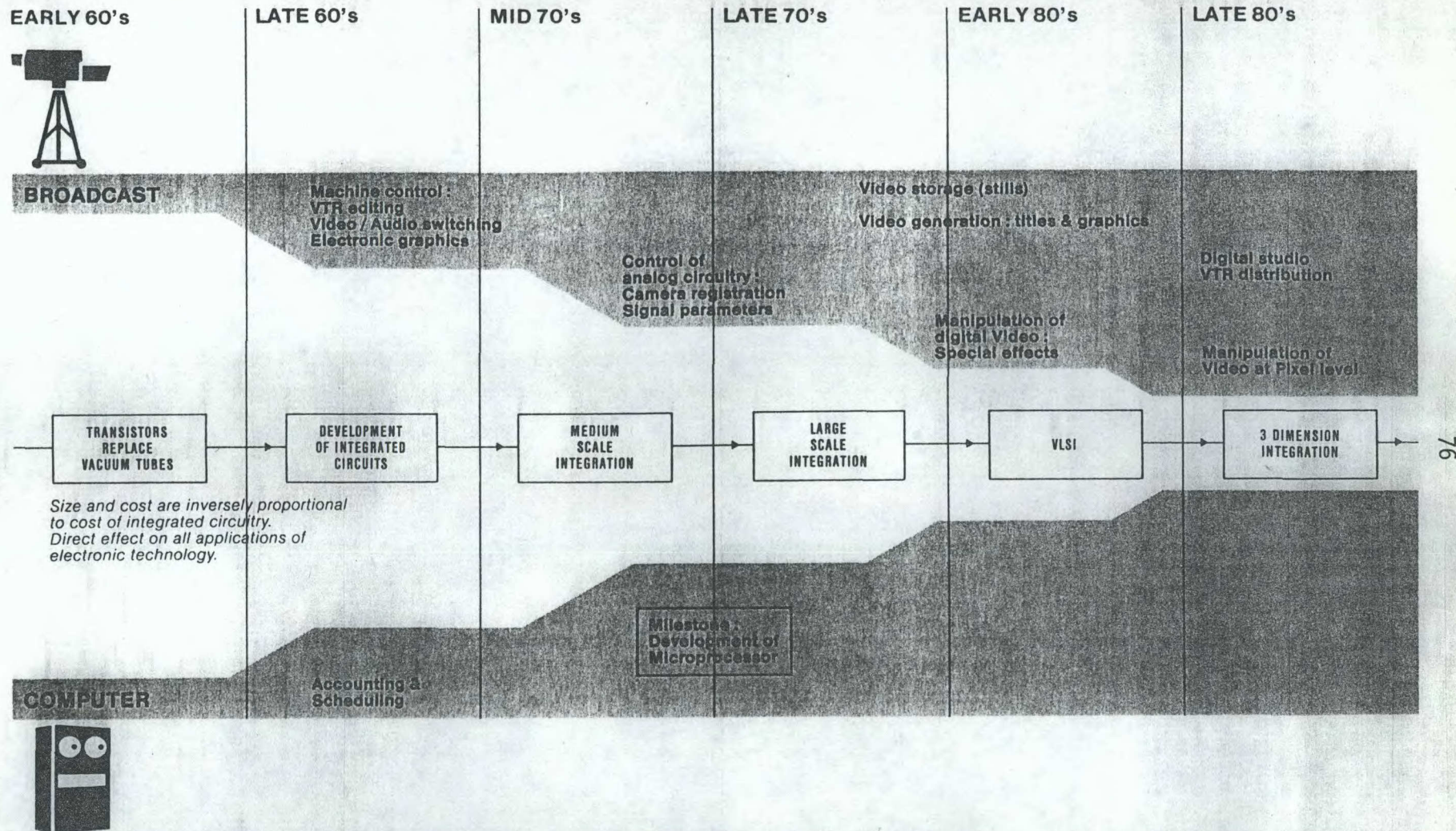
CBC's "Development In Technology"⁶ report also sets out in words, and in a diagram, the developing convergence of broadcast and computer technologies:

An evolving technology - solid state electronics - entwined itself with television in the 60s to form a new technological mainstream, while simultaneously inducing the same kind of revolution in other technological areas, particularly computers.

The progression of solid-state, from a few transistors on a silicon chip to a chip with the equivalent of 500,000 transistors, is portrayed in the following diagram, in its relationship to television and computers. Television has now begun a relationship with the previously separated computer technology that, during the decade of the 80s, will continue to develop until near-fusion occurs.

From the infancy of both television and computers the two technologies developed on parallel paths into the late 60s when, from the CBC perspective, they first met with introduction of automated VTR editing and automated audio and video switching. This initial encounter brought the two technologies forever close together.

The microprocessor and the attendant supporting integrated circuits were rapidly absorbed into television production, distribution and reception areas, first as control of analog circuits and later, as the control elements of video devices. This process will continue throughout the 80s and into the 90s for control and manipulation of finer and finer time-slices of video signals. As the end of this decade approaches it will be less easy, for instance, to differentiate which portion of a television camera is the camera and which is the computer. At that point the two technologies will be on nearly converging paths.



Convergence of Broadcast and Computer Technologies

Source: Developments in Technology and Their Impact
on CBC Television Broadcasting for the Next
Five Years;
CBC EHQ, September 1981
(permission granted)

CHAPTER FOUR

RECOMMENDATIONS - regarding the Role of the Canadian Broadcasting Corporation as an Instrument for Industrial Development in the Communication Technology Industries.

- 1) The Canadian Broadcasting Corporation must be given long range funding to allow its Engineering Headquarters to fully realize its major role in the development of Canada's communication technology industries. Year to year financing acts to diminish CBC's multi-varied engineering activities. This in turn handicaps the industry during this critical stage in its evolution. The opportunities for product development and overall expansion presented by the twin requirements of replacing matured physical plants and the transition from analogue to digital systems can best be exploited by an EHQ with long range funding to match its long range mandate.
- 2) Special government grants to the CBC for extraordinary engineering project such as the Accelerated Coverage Plan and the IRIS Telidon Project should provide the precedent for creating a special Research and Development Fund for EHQ. This is a time of extra-ordinary technological developments around the world and it is critical that CBC assume a larger role in R & D for Canada. The current R & D yearly budget for NHK in Japan is \$23 million; no designated R & D funds are provided EHQ.
- 3) The Broadcast Centre in Toronto should receive endorsement and the necessary funding from the federal government. In addition to the economic affects generated by building and equipping the Centre, its R and D role as a practical engineering laboratory where state-of-the-art equipment and studio systems could daily be put to the test, would greatly benefit the industry.
- 4) Tax incentives designed to stimulate investment in research and development are critical to Canadian manufacturers of communication equipment and systems. During this "change-over" period in the history of Canadian broadcast technology a more effective package of fiscal incentives is required. Part of this must be a broader

interpretation by Revenue Canada of "scientific research." "Technological developments" should become the operable description so that applied research and narrowly focused, but critical, development work can become eligible for tax breaks.

- 5) A formal system of industrial offsets tying major CBC procurements from off shore suppliers to purchases by these suppliers of Canadian based technological activities should be put in place.
The success of such offsets from suppliers such as Ampex, Phillips, and Bosch-Fernseh at the time of building and equipping Maison Radio Canada and later the Olympic broadcasting facilities, indicate the potential for such a plan. The Toronto Broadcast Centre Development and the scope of CBC's equipment replacement needs over the next decade will necessitate large scale purchases from foreign suppliers. This should give the CBC considerable leverage that can be used to stimulate benefits to Canadian industry. The plan for developing these offsets should be long range and comprehensive to ensure that the benefits that do result are not short lived.
- 6) At this critical time in the history of Canadian broadcasting systems and technology it is essential that new and more effective means of communication be instituted between all participants in the communication technology industry: the CBC, DOC, Telesat, TCTS, etc., and all the private enterprize companies, both manufacturers and broadcasters. It is a cliché that communication industry leaders are poor communicators among themselves. This must be changed. A new openness must emerge between all elements of the industry. To continue to develop plans, policies, systems and technologies in the relative isolation that seemed to work in the past, is to put at great risk the future of the Canadian broadcasting system and its technological base.

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