
**DEPARTMENT OF COMMUNICATIONS
CONSULTATIVE STUDY**

**Towards an Alternative Programming Service
for English Canada**

March 30, 1990

**Commissioned by the
Regulatory Policy and
Extension of Services Section
Broadcasting Policy Branch**

**Northwest Research and Consulting Inc.
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EXECUTIVE SUMMARY

The consultant was commissioned to prepare a study related to the feasibility of an Alternative Programming Service whose target audience would be English-speaking Canadians. It was assumed that several approaches might be taken in creating such a service, and that among those existing broadcasters who might participate in this new service were the four English-language educational television agencies.

This Executive Summary digests the findings of the study into brief responses to the Statement of Work issued by the department to the consultant. All of the details can be found in the actual study.

1. Working from the description of the alternative programming service found in C-40, the contractor identified those productions made by the educational broadcasters which might fall within the parameters of the new services. The majority of these came from TVOntario which had approximately four hours weekly of strip interview/talk and magazine programs of the type needed.

One hour of this is currently seen nationally on the CBC's Newsworld network and ACCESS NETWORK, KNOW and SCAN have acquired the rights to another two series dealing with science and financial affairs. The remaining programs tend to be very Ontario-centred. The other networks produce a limited number of hours annually of material suitable for play on one another's networks. Since they can get more value for their money by working with Canadian independent producer to develop new projects [which are eligible for Telefilm Canada funds], all the ATEC broadcasters tend to become involved in this programming and thus air it in their respective provinces.

There would appear to be very little fresh material that has not already been exposed to a national audience, and thus little inventory for an APS to draw on to fill out a full-day programming schedule.

In their general educational, or Open Sector programming, the ATEC broadcasters include a large amount of foreign material, most of which does not come from the United States. None of these networks calculated an American foreign content in excess of thirty percent of the total acquired foreign component of their schedules. This would suggest that an APS would also encounter problems finding fresh British or other foreign material.

2. The ATEC broadcasters utilize Anik C3 to the extent that there is now at least one English-language signal accessible in every part of the country, if not authorized for carriage by cable companies outside the province which originated that signal.

These signals reach 81 percent of the English-speaking population through cable and over-the-air [in their provinces of origin]. Only Manitoba, the territories and the Atlantic provinces do not have full-day, dedicated educational channels. However, both Manitoba and the Atlantic provinces do have the base on which to launch full-day services.

3. The ATEC broadcasters rely on their provincial governments for the majority of operating income. This ranges from a high of 95 percent at ACCESS NETWORK and KNOW, 65 percent at TV Ontario and 50 percent at SCAN. Both TV Ontario and SCAN rely on special federal and other government grants for aspects of their operations.

4. The consultant ran into considerable hostility on the part of ATEC and its members towards the concept of an APS which was a discrete, dedicated national basic cable network. It was maintained that the APS programming mandate is being provided by ATEC members through Open Sector or general educational programming. Given the extensive distribution/exhibition infrastructure already in place and operated by the ATEC broadcasters -- and its almost national reach -- there were questions about why a new, costly infrastructure should be developed for an APS.

On a positive note, however, the majority of ATEC members felt that the federal government could achieve its APS objectives by pursuing discussions related to enhanced funding for those types of programs in which the ATEC broadcasters are involved. The consultant has developed this option into a model based on the operations of the American PBS "network". This appeared to be the only model acceptable to ATEC and the only approach to an APS that they would not lobby strenuously against. [There is a fear that the APS could be operated by VISION TV; ATEC feels that this basic cable service is already infringing on their programming mandates.]

There was a consensus that not enough money is available to produce the types of quality documentary, special interest and arts/performance programming in Canada in the volume that might be possible given the resource base. This should be the focus for an APS, and is also the major need that ATEC members have within their schedules.

5. The contractor has developed three options or models that address the department's concerns related to the financial viability of an APS. From these it may be concluded that:

- . without federal government assistance, an APS as a discrete national basic cable network would be too costly to fund solely through a monthly pass-through subscriber charge; cable rates would have to rise by at least \$1.50 to cover

operating costs; past increases and future ones related to copyright payments have tested the elasticity limits of such major rate increases;

- . even with access to NFB and other government productions an APS would still require a significant volume of Canadian and other programming; the NFB itself believes that most of its programming has now received sufficient exposure, and in some cases, over-exposure; the increase of specialty outlets has made the Board's material more accessible to a variety of publics; however, the NFB can still see a need for an APS and would like to participate in it;
- . an alternative model was prepared that required fewer first run hours per day and which could recoup a portion of its operating costs through a reasonable cable pass-through of 30-cents. This covered about one-third of the operating cost of such a service that would be attractive to the Canadian public and provide enough fresh material to significantly assist the independent production industry;
- . the provision by the federal government of a \$25 million fund makes two models practical; it allows for an acceptable cable subscriber fee level and delivers the public an attractive range of alternative programming choices;
- . the possibility of this \$25 million fund also opens up the "acceptable to ATEC" option for using the existing provincial services to deliver an enhanced range of new Canadian programs meeting the objectives of APS as set out in C-40.

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Introduction

In March of 1990, Northwest Research and Consulting Inc. of Edmonton was retained by the Department of Communications to conduct a preliminary study on various options relating to the operations of the proposed English-language version of an Alternative Programming Service. Bill C-40 contains language which would enable the establishment of such a national television service and describes its programming mandate.

Three objectives for the study were identified:

1. To set out the current state of educational broadcasting in English-speaking Canada as it relates to the provision of "Open Sector" or non-formal educational programming;
2. To determine the level of support among members of the Association for Tele-Education in Canada [ATEC] for an Alternative Programming Service and their willingness to participate in its management and/or operation;
3. To provide a range of operational models for such an Alternative Program Service to be used by officials of the Department in future consultations with the educational telecasters and other potential operators of an APS.

The consultant conducted interviews with the Chief Executive Officer and senior programming officials of TVOntario, ACCESS NETWORK [Alberta], KNOW [British Columbia] and SCAN [Saskatchewan], as well as with the Canadian Government Film Commissioner in her role as head of the National Film Board of Canada. Each agency provided the consultant with information related to programming, budgets related to their respective television operations, and audience viewing trends. At the mid-point of the study period, officials of ATEC met to discuss the matter of an Alternative Programming Service and to set out their official position. The consultant met with the president of ATEC following this meeting.

In advance of these interviews, a two-part questionnaire was distributed to each agency which set out the details required in the statistical part of the study and contextualized the more subjective questions relating to the proposed Alternative Programming Service.

Although the members of ATEC expressed their antipathy towards the establishment of an Alternative Programming Service as a discrete national basic cable network, there was no reluctance shown in discussing the matter frankly and/or provide the data needed by the consultant.

The Study which follows sets out the findings of these interviews, describes the state of the educational television services in English-speaking Canada, and explores several models and approaches to providing a programming service as set out in the act as the Alternative Programming Service.

PART I: The Concept of an Alternative Programming Service

Background

The federal government's broadcasting legislation [Bill C-40] sets out to ensure that Canadians have access to the widest range of programming possible given the potential of technologies to supply this to them. It also stresses the need for Canadians to have access to a broader range of indigenous productions, either through existing networks and stations, or by means of new television services.

Specifically, the Bill provides [in 3.(1)] for:

"(p) without limiting any obligation of a broadcasting undertaking to provide the programming contemplated by paragraph (h), alternative television programming services in English and French should be provided where necessary to ensure that the full range of programming contemplated by that paragraph is made available through the Canadian broadcasting system;

"(q) the programming provided by alternative television programming services should

- (i) be innovative and be complementary to the programming provided for mass audiences,
- (ii) cater to tastes and interest not adequately provided for by the programming provided for mass audiences, and include programming devoted to culture and the arts,
- (iii) reflect Canada's regions and multicultural nature,
- (iv) as far as possible, be acquired rather than produced by those services, and
- (v) be made available throughout Canada by the most cost-efficient means;"¹

An additional discussion of this Alternative Programming Service [APS] is also found in the background document "Canadian Voice, Canadian Choices" issued by the Minister to accompany the Bill. That document notes that TV 5 may be considered to provide many of the special-interest programming contemplated by these provisions for French-speaking Canadians, but:

"In English, the need is greater, especially as the CBC is largely dedicated to mass audience programming. The Government is strongly committed to the creation of an alternative programming service, in English, to widen program options available to Canadian viewers.

"This new service will need continuing financial input, and the Government intends that this support be provided by a combination of direct government assistance

a modest cable charge, and the provision to the service of programming that has been financed by government (e.g. NFB productions)."

Elsewhere in the document further details are given as to the content of such a service:

"The programming mix...should include: major contributions from Canada's regions; arts programming; Canadian documentaries; the best of television from around the world; NFB films and documentaries; classic television from the past; and original drama productions, especially those that reflect the rich multicultural mosaic of Canada, and its regional diversity. The service should also feature French-language Canadian productions, subtitled in English.

"Such a service should not be dependent on commercial revenues, because it must be free to program creatively, to take programming risks, and to find new talent and help it grow.

"It is important to the social and political health of Canada that major national services be rooted outside of Ontario and Quebec... The new service should go further [than the CBC] and be based outside central Canada.

"Organizationally, it may well be appropriate to take a consortium approach to this service, as this could combine the dynamism and enterprise of the private sector with the service traditions of the public sector, including provincial broadcasters."2

While there was no great support expressed for such a service by those appearing before the Legislative Committee studying the Bill, those clauses related to the APS were retained after a motion in committee to delete them was defeated. The legislation will, therefore, proceed to third reading in April with provisions for such a programming service and mandate.

The Context

What comment there was before the Legislative Committee relating to the APS was generally negative. This was attributable to the fact that most commenting on the subject perceived the government's initiative as a revival of the proposal made by the National Film Board and outlined in the Report of the Task Force on Broadcasting Policy [1986]. The application -- by a consortium led by the Canadian Government Film Commissioner and known as TV Canada/Tele-Canada -- for English and French-

language television services to be distributed as discrete national satellite-to-cable networks. The cable industry, the CBC and most members of ATEC opposed that application, and the CRTC rejected it without comment in 1987.

What the drafters of the broadcasting legislation have envisioned -- and what members of the Caplan/Sauvageau Task Force and the Standing Committee on Communications and Culture [which in its own 1987 report studying the Task Force findings concluded there was a need for an APS-type television service] recommended -- was a public service television operation that combined elements of the American PBS and the United Kingdom's Channel 4 and BBC 2. This is a mandate which the ATEC broadcasters have taken upon themselves when programming their "Open Sector" blocks. Albeit legislative mandates limit these provincial services broadcasting to "educational material", the nature of this material has spread beyond the formal curriculum realm to embrace a range of informal learning programs which fall clearly into the ambit of traditional public service programming.

At the same time as the provincial educational telecasters have provided this type of programming during the prime-time hours, the CBC has reduced its efforts in these programming areas during peak viewing periods as it becomes more aggressive in competing for larger audiences using mass-oriented Canadian entertainment productions to counter the offerings of American and private Canadian commercial television outlets.

While ATEC members provide dedicated channel English-language services in British Columbia, Alberta and Ontario, residents of other provinces have no access to such television outlets.* [Saskatchewan expects to begin its expanded SCAN service later this year, subject to CRTC licensing.] The main source of alternative programming in these other parts of the country comes either from the marginal VISION interfaith basic cable network, or from one of several America's PBS affiliates.

Public Service Television

The concept of public service television comes from a tradition set out by Lord Reith when he was charged with running the BBC as it geared up for the new medium prior to World War II. This Reithian philosophy proposed that television should be put at the service of the public, and that its programming

* In Atlantic Canada, a partial-day schedule of curriculum-oriented educational television programs is provided over the Atlantic Satellite Network.

should serve to educate, inform and entertain that public. In Britain, this public that Reith referred to was not perceived an homogeneous block, but rather was broken into many socio-economic groups [i.e. the British classes]. It was also made up of many individual interest groups for whom very precise programs might be made: opera fans, stamp collectors, gardening enthusiasts, horse racing fanatics, etc. Thus a balanced program schedule would attempt to prepare programs which might appeal to each of these groups. The emphasis was not on the mass but more on the "cluster". Each resident of Britain with a television set would pay an annual license and the BBC would provide enough focussed programming for them, along with a bit of entertainment to go along with the serious programs.

This was quite different from the programming orientation taken in the United States, where television would be financed by commercial advertising and the objective was to provide large audiences for client companies buying time within and between the programs. Thus was born the concept of the mass audience. However, since the airwaves were still considered a public trust, the regulating authority [the Federal Communications Commission] required some programming in the service of the public.

Through the early days of American television, such public service programming was provided in time periods which were not commercially lucrative. This programming was called "sustaining" and often included commercial-free children's shows on weekday mornings and current affairs programs on the weekends. As all periods of television time became commercially lucrative, the amount of public service television fell steeply. That which remained took on a modestly commercial bent, or at least was designed to appeal to companies wishing to project a corporate image to Americans through purchased messages on these "quality" programs.

In Britain, BBC 2 was created to handle much of this public service programming, since the introduction of commercial television required the BBC to compete with more entertainment fare. Doing so on a single channel proved to be impossible given competing demands on time periods. [However, in all cases -- both British and American -- news programming did remain a responsibility and nightly newscasts and weekly public affairs magazines continued as a staple of all television services.]

In the United States, the lack of serious television viewing alternatives led to the establishment by the Carnegie Foundation of a major review of the place for public service television in America. In 1964, this committee called for bringing together the hundreds of small, poorly financed local and state educational television outlets into a well-financed net-

work that could offer American viewers public service programs in the prime-time hours, and "quality" non-commercial children's programming during certain daytime periods.

What emerged was not a monolithic network in the mold of the BBC, but rather a structure which included a programming agency which would provide members stations with the core of a partial day schedule. That national service became the Public Broadcasting Service, or PBS. It was to be insulated from political interference and financed by grants from the Corporation for Public Broadcasting [CPB]. This second agency was set up to allocate federal funds to both the local and state stations and to PBS, but it too had a programming mandate.

PBS, however, as a membership organization representing and providing services to stations, would operate the interconnection and promote and schedule programs nationally. However, it does not control the stations' schedules. Both PBS and CPB have been called flawed, but have managed to provide Americans [and, ironically, Canadians] with a range of alternative public service programs for more than two decades.*

In this country, the CBC had been given the national responsibility for providing public service programming to Canadians on both radio and television. A comparison of the program schedules of the two media will provide an idea of the problems faced by television. Radio still offers a broad range of programs for many publics -- albeit there are valid criticisms about the nature of English radio in the 1990s -- but the television network has been moving into an aggressively commercial mode, providing Canadians with strong mass-appeal domestic entertainment programs with a core news and current affairs service.

As was the case with American commercial networks, less time is available for sustaining, public service programs. The CBC still devotes about 10 percent of its weekly Owned and Operated schedule to this type of material, though most is in off-peak hours. Over 20 percent of the schedule is devoted to sports, about one-quarter in prime-time.

Recognizing the problems this presented to delivering its mandated programming, the CBC moved to follow the BBC model and in 1980 applied to the CRTC for a second, cable service which

* Last year, Congress authorized the creation of a third public television entity whose role is to commission programs from regional independent producers. It will have \$6 million annually and public television stations must find time in their schedules for these productions.

would have a more public service programming role. CBC 2 was rejected by the Commission because the CBC failed to show that the government would provide the additional funds required to operate the new service. Since then, the concept of basic cable channels collecting a modest fee per subscriber has become accepted in Canada and the Corporation successfully applied for, and was granted, a license for the all-news television service, Newsworld.

Newsworld is a round-the-clock news outlet which, on weekends, does expand its programming to encompass many public service type series. However, the focus of these programs is on backgrounding news and current affairs. It can in no way be seen to be an adequate response to the need within the English sector of the broadcasting system for alternative types of programs.

Almost by default, it has fallen to the provincial educational licensees to take on the role of providing Canadians -- at least those fortunate to live in provinces hosting such television services -- with alternative programming of all sorts. This has led to defining "educational programs" in the broadest of fashions. Yet it also presents a major problem for the national government, since these services do not cover all of Canada with a single signal and so provide for an inequity of access to such a full range of programming. If the new broadcasting legislation has the objective of providing this basic level of equity to Canadians, then a serious conflict arises between federal and provincial objectives.

Educational Television in Canada

At the end of the 1960s, educational broadcasting by provincial agencies became possible by virtue of a federal cabinet directive. This followed a long history of attempts by provinces and the federal government to create television services to provide this type of programming to Canadians. The Ontario government, by the mid-1960s, had applied to the then Board of Broadcast Governors for a television license to serve Toronto with an educational station. This application was rejected on the grounds that broadcasting was the "sole responsibility of the Dominion government, [and that] broadcasting licenses shall not be issued to other governments or to corporations owned by other governments".³

Recognizing the role television could play in education, the federal government proposed in the 1967 Speech from the Throne that it would move to provide "broadcasting facilities for educational purposes".⁴ At year-end, Secretary of State Judy LaMarsh announced the creation of the Canadian Educational Broadcasting Agency [CEBA] which would operate broadcasting

outlets for provincial agencies wishing to provide educational television services. However, the hostility that greeted this proposal led the federal government to scrap CEBA. By 1969 an agreement with the provinces was reached which led to the proclamation of an Order-in-Council permitting arm's-length provincial agencies to hold broadcast licenses for the purposes of providing dedicated educational television [and radio] services in their respective provinces.

The Order-in-Council permitted services whose programming would "provide a continuity of learning opportunity aimed at the acquisition or improvement of knowledge or the enlargement of understanding of members of the audience".⁵ The following year a license was granted by the CRTC [albeit to the CBC which would hold the transmission license for five years] and Channel 19 went on the air in Toronto. Radio-Quebec was established in 1972 to provide a program service, first on cable and later over-the-air. The status of CKUA radio in Alberta was regularized and a television service, ACCESS NETWORK, followed. British Columbia has been operating a satellite-to-cable network for more than five years without a CRTC license.

The programming of all these services has tended to be curriculum-oriented during daytime hours and more general after 7 p.m. [It should be acknowledged that these services also play a major role in producing and airing quality programming alternatives directed at pre-schoolers and young children.] The Task Force on Broadcasting Policy discussed the on-going problem of defining the type of programming which constitutes "educational", particularly that which falls into the "informal learning" or "open sector" category. It recommended that "the provinces should determine the nature of such broadcasting, including the balance between educational and more general programming".⁶

The proposed legislation [C-40] recognizes educational broadcasting as a distinct category:

"3.1 (i) educational programming, particularly where provided through the facilities of an independent educational authority, is an integral part of the Canadian broadcasting system;"⁷

However, no attempt is made to further define "educational programming". And while there is little reference to the concept of public service programming, the Bill does specifically identify a range of programming which is intended to be addressed by an Alternative Programming Service. This list of programming closely parallels the types of programs Canadians have grown to expect from their "public television" outlets.

During the 1980s, each of these television services moved aggressively to fill the void and offer viewers "alternative television". Radio-Quebec went the furthest and for a short period of time sought out commercials and acquired programming which might stretch the limits of the definition of "educational". It has since moved more towards the centre of the spectrum, but has not given up the right to carry advertising or corporate messages. All services have faced reduced or flat provincial funding commitments in the past few years and have become increasingly interested in other sources of income. All three English-language services have adopted membership drives of various types. This further forces them into providing more public service type programming.

The province of Ontario has recently directed its service to move more towards its educational mandate rather than expand its public television orientation, though this would be hard to perceive from TV Ontario's current schedules. The shift in Alberta remains towards the public television orientation in order to increase viewership and membership dollars. This orientation is also evident in the proposed line-up for SCAN's planned cable service. KNOW remains a specialist in delivering telecourses on its service, but its core prime-time package continues to make it practical to raise funds directly from its "members" throughout the province.*

It can safely be concluded that Canadians in those three provinces continue to see their resident educational services as offering many of the same types of programs as does PBS. This permits each provincial service to engage in direct appeals for voluntary financial support for the programs delivered. As well, this leads each service to claim -- as will be seen in the Part II of this study -- that they already act as the alternative programming television service in their provinces.

Strategic Considerations

An Alternative Programming Service may prove to meet a variety of needs within the broadcasting system and solve some systemic marketplace problems facing the independent Canadian production community.

* It is noted that these agencies continues to provide significant non-broadcast services to the educational community in their respective provinces. While most of the daytime broadcast schedule is devoted to curriculum-related telecasts, many narrowcast, teleconferencing and other technology-based activities are undertaken that do not touch the aspects of their operations being discussed in this study.

When it undertook the development work related to the application for TV Canada/Tele-Canada, the NFB surveyed thousands of Canadians about their television viewing habits and what they would be willing to pay for if new basic cable services were to be added. Almost 70 percent of those responding [and who were cable subscribers] were prepared to pay an additional \$1 monthly for a service that brought them the types of programs described in the Bill under the descriptor of the APS.

The CRTC rejected these studies and proceeded to license many services with far less public support. Today, Canadians have limited access to Canadian programs of the type proposed in the legislation.

i. Regional Reflection

The CBC has not commissioned or acquired much new material from outside Ontario or Quebec. Its plans call for additional in-house programming from "the regions", but not much more from independent producers. The educational telecasters have limited budgets and, although they have set aside funds to spur new independent activities, these are quite modest when related to the overall budget needs for such projects. The average project can expect a license of about \$2,000 from each western ATEC member, and perhaps \$10,000 from TVOntario. The actual cost of production is likely to exceed \$200,000.

Telefilm Canada has had difficulty dealing with the types of projects coming to it from this production sector. Most of the agency's funds are still directed at mainstream, high-budget teleseries. Management is attempting to develop a policy to encourage the production of more documentaries, arts and other similar projects but it is constrained by growing demands on the Broadcast Program Development Fund.

This means that independent producers hoping to make this type of program must rely more on non-Canadian networks for their pre-license deals than those in Canada. Channel 4, BBC 2 and PBS have all provided licensing deals that are more attractive than could be achieved in Canada. Such financial realities also tend to dictate the "Canadian" focus of the project's content.

While ATEC telecasters do carry arts and performance programming, most of this is foreign in content. The CBC commissions or acquires a limited amount of original Canadian performance pieces each year and these tend to stress the spectacle. There is virtually no production of the work of small dance or theatre companies, most of whom are regionally based.

The recently established non-theatrical production assistance fund [administered by the Department of Supply and Services]

has been reasonably success in developing low and medium budget projects in Atlantic Canada and on the prairies. It has provided for a continuity of production for many small production companies, particularly where television stations or networks have not proven aggressive in acquiring projects which might then benefit from Telefilm Canada assistance.

Given its mandate to commission and acquire productions from across the country -- and to be based outside Ontario or Quebec -- an APS would be the single largest market for productions made by this level of independent producer. While each model presented in Part III of this study posits a different level of programming requirement, even the most model of models will significantly alter the domestic market for the film and video production industry across Canada.

ii. Industrial and Arts Strategy

At a minimum, an APS could require about 100 hours of high-cost documentary and performance programming. The licenses provided would exceed \$12.5 million and the total value of the productions resulting could approach \$40 million. Such production activity would maximize the contribution of provincial film assistance funds, Telefilm Canada and other parties. However, any variant of an APS must be structured so that its licenses represented a substantial portion of the cost of production: at the very least, 50 percent of that cost for projects which might have wider markets in Canada or abroad.

An APS would also require a mix of lower cost productions such as interview, review and magazine series. These would be less costly to produce; and it is to be expected that the nature of this material would dictate that the APS will cover the full cost of production [plus a modest producer profit] as is the case with Channel 4's commissioning process for similar types of programs. Such teleseries can provide new opportunities for small regional production companies and establish much needed continuity.

It is evident that, properly applied, the injection of such monies into the production communities of Canada's regions can go a substantial distance towards strenghtening their overall industrial viability and ultimately their contribution to Canadian television audiences. It can also address a common complaint that Telefilm Canada has taken monies out of certain provinces and spent most of it in Ontario and Quebec.*

* The consultant recognizes that this assumes the cable excise tax is somehow related to the funding of Telefilm Canada, a common view if technically incorrect.

The programming activities of an APS, with a strong mandate to provide arts programming in its many forms, will inevitably have a major impact on the performing arts in Canada. This would also serve to shift priorities of both performing arts companies, their corporate sponsors and government [federal and provincial] funding bodies.

Finally, an APS can play a large role in the training and skills development process in the film and video industry, and work successfully with both private producers and the National Screen Institute-Canada in their respective programs.

While the consultant was not retained to determine the total impact of the economic and industrial benefits accruing from an APS -- each model will have its own unique impacts -- it is nonetheless important to identify and describe a few of them. Thus an APS cannot be seen solely as just another television programming service [network or otherwise]. Instead, it must be seen as a mechanism which can address the remaining gaps in the department's film and video production industry strategy, as well as of its arts and culture planning.

PART II: ATEC and the Alternative Programming Service

The Players

A discussion of the history of educational television in Canada has been covered in Part I of this study. Part II will set out further details about the educational telecommunications agencies which provide English-language services to Canadians in some, but not all, of the country. It will also explain their positions relating to an Alternative Programming Service as provided during interview sessions with the consultant.

The majority of educational telecommunications agencies came into being during the 1970s, following negotiations between the federal and provincial governments which led to a federal cabinet Order-in-Council. Most of these agencies had their roots in the departments of education as branches developing curriculum materials that used radio and television as their primary means for reaching school children. For decades, these branches provided programs to the CBC which carried them as part of the national schools radio and, later, television broadcasts. This national activity with the CBC was coordinated by the Council of Ministers.

Closed circuit television was established in Toronto, Ottawa, London and Edmonton to relay additional hours of material to schools outside the limited hours available over the CBC's local television outlets in those cities. During the 1960s, British Columbia, Alberta, Ontario and Quebec increased their activities in producing television material. At the same time, their respective provincial governments began to challenge the notion of federal broadcasting exclusivity, particularly when the broadcasts would be limited to provincial territory.

The Ontario government, by the mid-1960s, had applied to the then Board of Broadcast Governors for a television license to serve Toronto with an educational station. This application was rejected, but it strengthened the resolve of Ontario and Quebec to seek some degree of control over educational broadcasting. The content mandate was clearly provincial, so it was the method of distribution and exhibition which caused jurisdictional problems within the Canadian federal system.

The federal attempt to solve the impasse came in 1967 with the announcement that Ottawa would create the Canadian Educational Broadcasting Agency [CEBA]. This agency was one part of a much larger, unrealized plan, to reorganize the public element of the Canadian broadcasting system along British lines. Judy LaMarsh, then Secretary of State and minister in charge of the federal government's cultural and educational activities [and to whom the CBC and NFB reported] was convinced that the fed-

eral government should separate the actual transmission activities of the CBC from those activities relating to programming. With satellites and cable emerging as key distribution technologies, it was felt the CBC might become bogged down with the operation of outmoded means of delivering its signal at the cost of being able to produce and acquire the programming needed to fill the airwaves.

The educational broadcasting debate provided LaMarsh with the opportunity to begin this separation of distribution and programming, but on a smaller scale. The federal transmission agency could easily hold CRTC-granted licenses, while each province could then determine the content and program their provincial element of the larger national grid of transmitters.

With much hostility greeting this proposal, the federal government scrapped CEBA, along with any major changes contemplated for the CBC. The 1969 Order-in-Council permitted arm's-length provincial agencies to hold broadcast licenses for the purposes of providing dedicated educational television [and radio] services in their respective provinces. The programming of these agencies would be designed to "provide a continuity of learning opportunity aimed at the acquisition or improvement of knowledge or the enlargement of understanding of members of the audience".⁵

Yet even with the launching by the Ontario Educational Communications Authority of Canada's first dedicated educational television station [Channel 19/Toronto], the license that was granted by the CRTC went to the CBC, not to the provincial agency. This was rectified when the first renewal was granted five years later, and the OECA officially held this and other broadcast licenses. TVOntario, as the agency is generally known, opened other over-the-air transmitters in various parts of the province over the next five years. It also extended its signal via cable carriage, and became the first educational service to use Anik-B, and later, Anik-C to distribute the network signal throughout the province.

Although there continued to be debate through the 1970s about jurisdiction, other agencies were formed across Canada.

Radio Quebec came into existence in 1972 and used cable to deliver its early service. By the end of the decade, however, it had expanded this to over-the-air transmitters in major cities, and reached other communities through satellite via cable.

CKUA radio, licensed in 1927 to the University of Alberta and later taken over by the provincial government itself [thus creating an anomaly to the federal policy], was turned over to

a newly-created independent agency, the Alberta Educational Communications Corporation in 1973. The AECC provided a limited cable-delivered service across that province, but in 1984 began using Anik-C3 to launch a full-scale dedicated channel. Known as ACCESS NETWORK, the CRTC approved the license but continued to express concerns that there was too close a connection to the provincial government since the AECC had four deputy ministers on its board.

British Columbia has been operating a satellite-to-cable network for more than five years without a CRTC license. The Knowledge Network of British Columbia [KNOW] began life as the television transmission service for several provincial arms which provided it with telecourses and other content. In the past few years, a more coherent "Open Sector" programming component has given the service a higher profile with residents of the province, and particularly with those active proponents of public broadcasting. In May 1988, KNOW became a component of the larger Open Learning Agency. It is in the process of obtaining a formal license from the CRTC to operate its television service, but refuses to accept the Commission's authority to regulate content on the service, particularly with respect to the levels of Canadian content programming that is broadcast.

The province of Saskatchewan has recently formed the Saskatchewan Communications Advanced Network [SCAN] which is preparing a formal application to the CRTC to operate a television service. It is currently delivering tele-courses and other curriculum-related programming to provincial schools and universities over a closed-circuit, narrowcast network. The CRTC license will permit SCAN to operate a full-day service modelled after those found in Alberta and Ontario, combining some curriculum-related material with children's and open sector, general interest programming. This service would be distributed by satellite to the province's cable systems. [A five-year federal/provincial economic development agreement permits joint funding for the system's infrastructural and satellite operations.]

The ministers of education of the Atlantic provinces have been providing a partial day service of curriculum-related programs using the distribution capabilities of the Atlantic Satellite Network, a commercial third network operated by CHUM Limited. In Manitoba, schools telecasts are distributed over cable, but plans are proceeding to expand this service on a full-day, dedicated basis, and to include a wider range of programming.

The programming schedules of all these services has tended to be curriculum-oriented during daytime hours and more general after 7 p.m. In early morning and late afternoon, plus most weekend mornings, they carry a significant amount of quality

programming intended for pre-schoolers and young children. ATEC defines this open sector, or general educational programming as:

"offering learning opportunities outside the classroom for all ages from preschoolers to seniors. Education and entertainment are combined to introduce audiences to the school learning experience, basic life skills, multicultural and regional realities, art and culture, fitness and nutrition, public affairs, fantasy and fun, coping with change in family life, the workplace and society, and many other topics."8

This constitutes a broad range of public service programming and covers virtually all the categories addressed in Bill C-40 respecting the APS. Because of this, the member agencies of ATEC [the Association for Tele-Education in Canada] have concluded that there is no need for a new national television network to provide this type of programming.

The Position of ATEC and Its Members Towards an APS

In its early deliberations, ATEC agreed that it would not make a formal appearance before the Legislative Committee reviewing Bill C-40. The inclusion of educational broadcasting in the Bill had been supported in the earlier review which took place during the previous Parliament.

TVOntario, however, decided to appear. In its presentation, the argument was put that educational broadcasters be included as a component of the public sector.* A case was also made for including children as a specific group for whom programming should be mandated. In place of an APS a set out in the Bill, Bernard Ostry proposed a major initiative to create a national learning channel. An APS, as defined in the Bill, he argued would be a marginal service at best. Canada now needed a significant commitment to use of television for up-grading work skills so as to remain competitive in the coming century.

This proposal caused some concern with other ATEC members who had not been informed in advance of TVOntario's remarks. Was Ostry calling for a new national service, or one making use of the existing provincial ones. How would it operate and what degree of control would be exercised on existing agencies?

* Were the provincial broadcasters included under the public portion of the system, they would then compete with the CBC for Telefilm Canada funded projects and not with the more numerous private sector broadcasters.

Following the consultant's discussions with officials at ACCESS NETWORK, that agency's president Peter Senchuk, sent a letter to the Legislative Committee which commented on the nature of any APS which might emerge from the review. ACCESS expressed support for the programming objectives, noting that it already provided this type of alternative to residents of Alberta. But ACCESS also suggested that instead of a new dedicated cable network, an APS could be operated as a programming service for ATEC members, utilizing these existing outlets as the means of exhibiting new Canadian material.*

ATEC had a planned meeting set for March 20th in Ottawa to discuss several matters. With the DOC consultations taking place, the matter of an APS was added to the agenda. However, given the limited timetable for this study, it meant that the consultant would meet with ACCESS NETWORK and TVOntario officials prior to the ATEC gathering, and with KNOW and SCAN officials after that meeting. Glen Farrell, ATEC president -- as well as KNOW president -- would present both the ATEC position on an APS and that of his own agency at the KNOW meeting.

The consultant was presented with a consistent position from the agency officials, both before and after the Ottawa ATEC meeting. However, following the Ottawa meeting, a four-point position was provided [verbally] to the consultant:

1. All members of ATEC oppose establishing any new dedicated national cable television network that would distribute the types of programming set out in the Bill. ATEC affirms that this would be an unnecessary service duplicating what each member already does in their respective province.
2. The programming mandates of each agency were reiterated to demonstrate that an APS would be encroaching ATEC's since that programming could also be defined as "educational".
3. Education is clearly a provincial activity, as is educational broadcasting.
4. ATEC will oppose all efforts to create an APS if it were to be created as described in item 1.

However, the notion that an APS might be created as a program agent for the ATEC broadcasters was not rejected. Indeed, the favoured option would be to make use of ATEC's infrastructure to realize the programming objectives set out in Bill C-40.

* This is the PBS approach as it was outlined during the consultation meeting with ACCESS NETWORK officials.

ATEC's concerns extend beyond the specific points outlined to the consultant. Over the past five years, its members have seen their programming role encroached upon by both specialty television services and some broadcasters. This has resulted in reduced audiences in many previously strong programming areas.

They also believe that any pay cable service, even on basic, besides competing directly for audience, will impact negatively on public fundraising activities. It is argued that supporters will not be prepared to have another \$1 monthly added to their cable bills and then continue to contribute on a voluntary basis to the provincial services [which already compete for funds from PBS stations across their borders]. It is also maintained that a new entry should not be entitled to tap into a stream of income which is not available to services which have been providing similar programming for many years.

It was also pointed out that any new service would bid up the cost of both Canadian and foreign programming. Already, the provincial agencies are feeling the effects of reduced funding on their ability to acquire new programming. In the long run new competition would reduce their ability to commission original Canadian projects from the independent sector and force a reliance on existing programming. Such competition in this case would not really benefit independent producers.

A new entrant would also be engaged in acquiring foreign product. The ATEC telecasters already license a range of material from Britain, Australia and other countries which broadens the viewer's choice beyond American programs. The supply of this material is somewhat limited and a new entrant would also push the cost of this material up. That is seen to be counter productive, particularly if it means that greater amounts of money will flow out of Canada and thus would not be spent on indigenous product.

Finally, any new network must create an entirely new infrastructure to reach viewers. ATEC's members already reach over 85 percent of the English-speaking audience with a combination of over-the-air and satellite-to-cable outlets. They have carriage on the core 12-channels [and so require no converter] and are well established in their communities. Any new service would have to spend over \$3 million of satellite transponders, plus an equal amount on origination hardware. To establish itself in the audience's mind, a major investment in promotion and advertising would also be required. All of this syphons money from creating original Canadian programming.

With a new satellite service being introduced into the north that itself will require enormous amounts of programming, and

an expansion of educational telecasting soon to occur in Manitoba, only the Atlantic provinces would not receive direct network services. It was indicated that this situation could be remedied were the Saskatchewan federal/provincial model followed in Atlantic Canada.

Of the ATEC members, ACCESS NETWORK and SCAN are the movers behind the "PBS Option". They see opportunities to assert a stronger role in the organization as well as recognize that this would provide an opportunity to strengthen Canadian programming on their services. Each can see a potential for ensuring that a significant amount of this new programming would be produced on the prairies, to the benefit of that region's independent production industry. [Similarly, productions could be ensured for both the Atlantic and Pacific regions where there is a production capability within the private sector.]

The program managers of the two network indicated that they had no concern about a portion of their schedules being provided by another body, as long as they had input into those decisions. The benefits of a stronger, original programming package would outweigh any negatives. If there was a commitment from the federal government to contribute the major portion of funding for this programming, then existing provincial funds could be redirected from this national programming to very specific ones required by each network to meet provincial needs.

As long as this APS programming agency was composed of ATEC members with a single vote each, then a variety of projects could go ahead each year and it was assured that production would take place in all parts of Canada, and not be centralized in Ontario.

The National Film Board and an APS

Since the National Film Board played a major role in developing the original TV Canada/Tele-Canada concepts, it was believed to be important to determine the current commitment of a new management team to an APS. Before the Legislative Committee, the NFB was one of the few groups to support the concept and pledge assistance in making APS a reality.

New specialty cable services like VISION and Newsworld have provided additional outlets for NFB films. Between the all news and the interfaith networks, just about every available social documentary in the Board's catalog has now been aired. This has led the Joan Pennefather, the Canadian Government Film Commissioner, to also question if a dedicated channel is the best approach to pursue at this time. She also confirmed

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that the NFB is not interested in operating a new cable channel itself, but would consider participating with ATEC or other public and/or private sector players. She also noted that the Board will continue to make use of a variety of television outlets for its productions, and still wanted to be involved with the CBC in first-run situations.

However, that did not rule out a close working arrangement with an APS which could mean certain appropriate NFB productions could be a part of that service's offering.

What concerns management most is the possibility that the government might see an APS as the Board's official outlet and redirect a portion of the NFB's current operating funds towards the federal contribution to an APS acquisition budget. In such an approach, the APS would then commission the Board's various production studios to provide certain programs, channeling public funds in this fashion. While the NFB would cooperate in developing new projects for an APS, it must be the Board's management who determines the nature of such productions and that finances them.

A new service with a strong regional mandate for acquiring its programming would also work to strengthen the NFB's own regional studio operation, currently restricted by their budgets. This might increase the operational independence of centre heads to work with independent production companies on a wider range of projects.

Conclusion

It would appear that circumstances have altered considerably since the Task Force and others came to the conclusion that a new network was needed to meet the programming objectives of an APS in English-speaking Canada. The number of specialty services, and the significant increase they have brought to basic cable rates, makes a self-financing APS unrealistic.

The strong opposition to a discrete cable channel version of an APS by provincial telecasters appears to be ready to precipitate further federal/provincial animosities in the communications area. This would make it difficult for the federal government to achieve any desired ends in stimulating regional program production by creating an APS.

There is a real need by ATEC members to strengthen prime-time general interest programming, particularly with regards to Canadian contributions by independent producers of high-budget projects. An APS which recognizes and addresses this matter would appear to be quite acceptable to the provincial participants and in the end benefit the production community, partic-

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ularly outside Ontario and Quebec. It would also assist in broadening the range of domestic arts and performance programs exposed to Canadian audiences.

This "PBS Option" could also be operationalized very quickly and with a minimum of regulatory review. [The CRTC has indicated that it is not predisposed to an APS service operated as a basic cable pay channel.] A memorandum of agreement between the federal government and the provincial agencies -- or the new corporate entity that would manage the programming service on behalf of the ATEC broadcasters -- could be negotiated in a relatively short time and the operations commenced before year end if federal funds could be authorized in the next budget.

CRTC authorization would be for only a minor amendment of existing licenses and approval of a part time network. This would be a routine matter rather than a major policy one, meaning that programming could be commissioned and begin to appear within six months of the creation of the APS.

The consultant must conclude, therefore, that it is impractical for the department to consider continuing development of an APS as a discrete dedicated cable channel. None of the key potential partners [i.e. the provincial broadcasters] would participate in their own competition. Raising the amount of money required to operate such a network would be politically unpopular, particularly after the cuts imposed to the CBC.

The economic simulations found in Part III of this study indicate that too much of the money needed to operate a dedicated channel version of an APS -- almost 40 percent in one model -- would end up going for transmission, operations and administration, as well as to pay for foreign programming. Alternative programming service objectives would be better achieved by examining the alternative approach.

Finally, the language found in the legislation is not precise in the way that an alternative programming service would be established or operated. This would permit the department to follow any of the options set out, but would not preclude the adoption of the "PBS model".

The consultant is aware that three other groups might be considered as potential operators an APS. The interfaith VISION service could be expanded to embrace the programming mandate with little trouble, though transferring federal funds to such a service might prove troublesome. And the cable industry's proposal for a public interest channel might also be reconstituted into an APS. Finally, the CBC could be mandated to operate a CBC 2 service with a blending of direct cable fee payment and a special augmented vote to its base budget. It would be useful to evaluate these options in detail.

PART III: Simulation Models

Overview

Discussions to date have tended to focus on an Alternative Programming Service which is a discrete dedicated, basic cable network. The APS is seen to be operated by a corporate entity which commissions, acquires and schedules programs over a full day. Such an APS would be a corporate entity which has no direct affiliates [as do the CBC or CTV networks], though the exhibiting cable companies would be associated by means of contracts for carriage once this was authorized by the CRTC. The actual corporate structure is less definitive, but might provide for public, private or a combination of both in a consortium style ownership. The only given is that such a network should be operated on a not-for-profit basis with a maximum amount of its income going to Canadian programming.

It is important to recognize that the consultant has not been retained to design the APS, nor to recommend on its corporate structure. This must be examined in detail by those who might actually propose to operate the service, and/or by departmental officials. Neither is the consultant prepared to examine the arguments for public, private or other forms of ownership and management. It would be premature to discuss any of these matters until an exact model for an APS is adopted.

The consultant, however, has prepared three detailed economic models for consideration during future discussions related to APS. These models are based on concrete concepts of how a new national service might best provide its mandated programming to Canadians in all parts of the country.

The Models

The first model posits the type of APS that is in most observers' minds: a reasonably well-funded, dedicated full-day basic cable channel. The second looks at a more modestly-financed full-day basic cable channel. The third one proposes an APS that uses the provincial educational telecasters as affiliates who would exhibit the programming of an APS. Each of these models represent the concepts which the consultant investigated during interview sessions of what might prove acceptable or unacceptable to various parties. The models also address parameters set out by the department with regard to funding augmentation which might be anticipated from federal sources.

1. Dedicated Cable Network

Delivered by Anik-C satellite [two half-Canada spot beams each feeding an East and a West time zone signal] to cable systems across Canada. This service would reach a minimum 5,000,000

English-speaking households. To provide perceived value for money by Canadians, such an APS must provide at least 12 hours daily of unique, unrepeatd programming.

This represents 84 hours weekly to be programmed. It might be politically unacceptable to provide for less than 70 percent Canadian content, though arguments for diversity in foreign content suggest that starting at 60 percent and rising to 70 percent in the fifth year of operations could be acceptable.

Half of this Canadian material should be new material in a first-run situation, split between low-cost interview, medium-cost magazine and performance, and high-budget drama and documentary programming.* The other half would be existing material from a variety of sources in many combinations of release windows. The foreign component can be sourced from primarily non-American producers and range through dramas, documentaries, arts and performance material.

As a design parameter, the network must provide a realistic license for the Canadian material it acquires so that its presence in the system is beneficial to the independent production community. Some commissioned projects may draw additionally from Telefilm Canada assistance, others may not. Many would benefit from provincial film assistance programs, while arts productions might be able to access Canada Council and provincial arts council funds. Many of the programs made exclusively for APS -- lower cost strip "talking heads", interview and magazine programs -- would have their entire cost of production covered. [Since budgets do vary, a mid-point range for each category of programming is being used in these models.]

i. Programming Requirements

84 base hours:	51 hours Cdn/25 hrs existing	
	26 hrs new	8 hrs High-budget
		8 hrs Medium- "
		9 hrs Low-budget
	33 hours Foreign	

* During the interview sessions with programming officials of the ATEC telecasters, the consultant was informed of a concern that Canadian program production costs had escalated to a point that most "high-budget" projects were 30 percent higher than they should, or could, be. This comment was echoed earlier this year by the CBC's Trina McQueen on a year-end telecast about television in the 90s. Part of the blame has been put on Telefilm Canada's requirements which may not be appropriate for certain types of projects. The

ii. Cost of Providing the Service

Program Acquisition and Commissioning

25 hrs x \$ 10,000/hr license =	\$ 250,000	Existing Programs
8 hrs x \$150,000/hr "	= \$1,200,000	New High-budget
8 hrs x \$ 75,000/hr "	= \$ 600,000	New Medium-budget
9 hrs x \$ 25,000/hr "	= \$ 225,000	New Low-budget
	<u>\$2,275,000</u>	All Canadian Prgms
33 hrs x \$ 15,000/hr license =	\$ 495,000	All Foreign Prgms
	<u>\$2,770,000</u>	
	x 26	Original weeks
	<u>\$72,020,000</u>	
Program Development	2,000,000	
Special Programming	<u>10,000,000</u>	
	<u>\$84,020,000</u>	

Other Expenses:	Satellite	\$ 3,000,000	
	Tech Ops	1,000,000	
	Prgm Admin	1,250,000	
	Administratn	1,000,000	
	General Ops	250,000	
	Facilities	250,000	
	Marketing	2,500,000	
	S/-up Ammort	500,000	[x 5 yrs]
	Capital Equip	500,000	[x 5 yrs]
	Capital Other.	250,000	[x 5 yrs]
		<u>\$10,500,000</u>	

Annual Operating Requirement \$94,520,000

iii. Revenue Requirement

The annual operating costs of such an APS would almost reach \$100 million. To cover the complete cost of this service from cable fees would require a monthly charge of approximately \$1.50. Given the recent rises in cable fees and the anticipated copyright payments to start in mid-1990, such a rate would be unacceptable to subscribers and the cable industry. A more practical increase would be one-third this level. However, that would leave a shortfall of \$65 million.

A limited amount of additional monies from corporate underwriting and modified sponsorships could be anticipated. Yet ATEC members have only been able to rely on this source for a

non-theatrical production program indicates that lower cost programming is possible without sacrificing quality. It is also possible to produce comparable quality outside high-cost centres like Toronto, Montreal and Vancouver.

very small portion of their operations. Over reliance on corporate underwriting might result in APS inadvertently shifting current support from arts groups and others for whom it was set up to assist.

Such a service would in the end have to require considerable funds from the government to operate successfully.

2. Modified Dedicated Cable Network

Similar to Model 1, this one would be delivered by Anik-C to cable companies in the same fashion. The program mix would be similar, but as a more modest service, a scaled back programming mandate could be considered. Program hours would be reduced and a repeatable 6-hour block schedule adopted to provide the illusion of a full-day service. This service would have a Canadian content level of 60 percent with no intention to raise it through the life of the license. It would also make greater use of existing material over new commissions.

i. Programming Requirements

42 base hours:	26 hours Cdn/14 hrs existing	
	12 hrs new	4 hrs High budget
		4 hrs Medium "
		4 hrs Low Budget
	16 hours Foreign	

ii. Cost of Providing the Service

Program Acquisition and Commissioning

14 hrs x \$ 10,000/hr license =	\$ 140,000	Existing Programs
4 hrs x \$150,000/hr "	= \$ 600,000	New High-budget
4 hrs x \$ 75,000/hr "	= \$ 300,000	New Medium-budget
4 hrs x \$ 25,000/hr "	= \$ 100,000	New Low-budget
	<u>\$1,140,000</u>	All Canadian Prgms
16 hrs x \$ 15,000/hr license =	\$ 240,000	All Foreign Prgms
	<u>\$1,380,000</u>	
	x 26	Original weeks
	<u>\$35,880,000</u>	
Program Development	1,000,000	
Special Programming	3,000,000	
	<u>\$39,880,000</u>	

Other Expenses:	Satellite	\$ 2,500,000	
	Tech Ops	500,000	
	Prgm Admin	600,000	
	Administratn	500,000	
	General Ops	150,000	
	Facilities	150,000	
	Marketing	1,000,000	
	S/-up Ammort	300,000	[x 5 yrs]
	Capital Equip	250,000	[x 5 yrs]
	Capital Other	150,000	[x 5 yrs]
		<u>\$6,100,000</u>	

Annual Operating Requirement \$45,980,000

iii. Revenue Requirements

At half the cost of the previous model, this service could be funded through a more realistic blending of funds from cable fees, government assistance and modest amounts of corporate underwriting.

A 50-cent per subscriber monthly charge would generate \$30 million annually. A more acceptable industry/consumer level would be 30-cents monthly, generating \$18 million annually. Federal government assistance could be set at a realistic level of \$25 million, requiring the service to find the remaining \$3 million from the corporate/foundation sector. This would cause less damage to existing arts groups and the AETC telecasters in their corporate own campaigns.

3. Program Service Network Model

An alternative to the traditional dedicated network would be the creation of the APS as a programming consortium which feeds its material to the Canadian public via the existing provincial educational television networks. This type of network would operate much as does the American PBS one. It has the potential to provide about one-half of the weekly prime-time hours for each provincial telecaster.

Content would be exclusively Canadian [albeit some original first-run international co-productions could legitimately be envisioned] and the weekly requirement would be 13 hours in total: two evenings each weeknight [6 hours], a weekend afternoon [4 hours] and one weekend evening [3 hours].

1. Programming Requirements

13 base hours: 13 hours new Cdn 3 hrs High-budget
5 hrs Medium-budget
5 hrs Low-budget

ii. Cost of Providing the Service

Program Acquisition and Commissioning

3 hrs x \$150,000/hr	"	= \$	450,000	New High-budget
5 hrs x \$ 75,000/hr	"	= \$	375,000	New Medium-budget
5 hrs x \$ 25,000/hr	"	= \$	125,000	New Low-budget
		\$	950,000	All Canadian Prgms
			x 26	Original weeks
			<u>\$24,700,000</u>	
Program Development			1,000,000	
Special Programming			<u>3,000,000</u>	
			<u>\$28,700,000</u>	

Other Expenses:	Satellite	\$	n/a	
	Tech Ops		250,000	
	Prgm Admin		400,000	
	Administratn		250,000	
	General Ops		100,000	
	Facilities		100,000	
	Promotion		1,000,000	
	S/-up Ammort		50,000	[x 5 yrs]
	Capital Equip		25,000	[x 5 yrs]
	Capital Other		50,000	[x 5 yrs]
			<u>\$2,225,000</u>	

Annual Operating Requirement \$30,925,000

iii. Revenue Requirements

The most significant factor in cost reduction for this option is the reduced hours of programming and no need for a distribution or exhibition infrastructure. Neither would there be a need to acquire foreign programs, thus delivering more dollars to those outside Canada. No direct cost to the Canadian public is anticipated, though a formula for transferring funds from the federal government to the APS would have to be devised.

One possible method would be a 5:1 matching formula which sees the ATEC telecasters pledge one-sixth of the operating costs and the federal providing the remaining \$25 million. This follows on the American approach for financing PBS and matching income pledged at the state and/or local level.

ADDENDA

ADDENDA: Interviewees

The consultant conducted interviews with senior officials of the four English-language educational broadcasting agencies:

The Alberta Educational Communications Corporation
ACCESS NETWORK

Peter L. Senchuk, President and Chief Executive Officer
Jianichi Kowashima, General Manager/Administration
Malcolm Knox, General Manager/Broadcast Services
Michael Schriner, Program Director

The Ontario Educational Communications Authority
TVOntario

Bernard Ostry, Chairman and Chief Executive Officer
Ross Mayot, Manager/Corporate Affairs
Catherine Allman, Corporate Affairs Officer

The Opening Learning Agency
Knowledge Network

Dr. Glen Farrell, President
Lucille Pacey, General Manager

Saskatchewan Communications Advanced Network
SCAN

Bill Bruce, President
Bob Hersche, Director of Operations
Elizabeth Lowry, Director of Programming

The Association for Tele-Education in Canada
ATEC

Dr. Glen Farrell, President
Catherine Allman, Secretary

Also interviewed were officials of the National Film Board of Canada:

National Film Board of Canada

Joan Pennefather, Canadian Government Film Commissioner
Michele D'Auray, Director/Government Relations

ADDENDA: Interview Schedule

Northwest Research and Consulting has been retained by the Department of Communications to conduct an evaluation of the proposed English-language Alternative Programming Service. It has been proposed that the provincial telecasters play a major role in this new national satellite-delivered cable television network.

The project consultant will require the assistance of the members of the Agency for Tele-Education in Canada to undertake this evaluation. This would be achieved in two ways. The first, to provide up-to-date statistical and programming data which may be used in the simulation and analysis portion of the study. The second, to participate in an interview session which will identify specific concerns raised by the proposed service.

We appreciate your assistance and thank you for providing us with your time, information and impressions.

1. Statistical and Programming Data

Please provide a copy of your public Annual Reports for fiscal periods 1987/88 and 1988/89.

i) Financial Information

Summary of Operating Income and Expenditures [gross categories] for fiscal periods 1989/90 and 1990/91. Income should break down into the following categories:

Provincial Votes: Education Ministries
Cultural Ministries
Other Ministries (if applicable)

Provincial Votes: Operating
Capital
Special (if applicable)

Other: Earned - Program Sales Domestic
Program Sales Foreign
Fund Raising - Public
Corporate
Sponsorships/Underwriting - Provincial Government
Federal Government
Corporate

Miscellaneous (if applicable)

Note: The intent is to identify revenue related to operating your television services. You may exclude income related to non-telecast activities.

Expenditures related to "Open Sector" television programming activities.

ii) English Language "Open Sector" Programming

Relating to the 1988/89 and 1989/90 television seasons, can you provide details about your programming.

Programming Activity	In-House Production	_____ hrs	_____ units
	Acquisitions Cdn	_____ hrs	_____ units
	US	_____ hrs	_____ units
	Other	_____ hrs	_____ units
	Independent Canadian	_____ hrs	_____ units
	CBC	_____ hrs	_____ units
	Other ATEC	_____ hrs	_____ units

For your full broadcast day, can you estimate the breakdown averaged over the fall seasons (or the entire year) of your programming by genre:

Children	PreSchool	_____	%
	PreTeen	_____	%
	Teenage	_____	%
Education	Classroom	_____	%
	Extension	_____	%
	Telecourse	_____	%
	ProfDev	_____	%
Open Sector	Drama	_____	%
	Docu	_____	%
	Science	_____	%
	Arts	_____	%

For "Open Sector" programming, what are your average license payments (and number of runs over what period) for the following:

Canadian existing productions	\$_____/min or hrly unit
Canadian new productions	\$_____/min or hrly unit
Foreign existing productions	\$_____/min or hrly unit
Foreign new productions	\$_____/min or hrly unit

What are your terms of trade for exclusivity, if any?

Over the past two years, what series or programs have you licensed to other Canadian broadcasters: ATEC members
CBC

What Telefilm-assisted series or programs have you participated in over the past two years, and which ones are you currently involved in?

What NFB films have you telecast in first-run or premier situations during the past two seasons?

What projects have you in production/planned for production during 1989/90 and 1990/91?
and

What projects have you in development/planned for development during 1989/90 and 1990/91?

- a. In-house
- b. With other ATEC members
- c. With independent Canadian producers
- d. With the NFB
- e. With foreign networks and production companies

Have you produced any French-language programs which might prove suitable for versioning into English should funds become available to do so? If yes, please identify the the series or program and the number of episodes.

iii. Audience/Viewership

What is your weekly cumulative audience during the fall 1988 and 1989 seasons for "Open Sector" programming?

Have your identified viewing levels for specific programs or program blocks, types of series (i.e. science or arts/performance, etc.) and if so, can you give the findings?

iv. Program Schedule

Can you please provide copies of your fall, spring and summer block schedules for 1987/88, 1988/89 and 1989/90 along with any program guides or magazines.

2. Interview Themes

What is your i) Corporate and ii) Personal/philosophical position on the proposed Alternative Programming Service? Is there a place for it within the broadcasting system or a need among the public for such a new television service?

What is your view of the place of the province's television services in the overall national broadcasting system as it relates to:

- Education
- Enrichment
- Culture
- Regional Expression

Can an Alternative Programming Service be programmed and scheduled so as to complement the educational television services?

Are there alternatives to a dedicated national channel?

Is it feasible to consider a national programming block within the schedules of the existing educational television services?

Is a consortium a practical way of operating the Alternative Programming Service? Should its shares be held by all the provincial telecasters as well as other parties (CBC, NFB, perhaps 20% foreign: BBC, Channel 4, Discovery)? What role could private broadcasters play corporately, if any? Is there a place for VISION TV in the APS?

Is it realistic to operate such a service with an annual programming budget in the neighbourhood of \$25 million (i.e. \$75,000 per day) to \$35 million (\$100,000 per day)?

Is the public prepared to have another 25-cents added to cable bills to cover the partial cost of such a service?

Would the new service have an adverse impact on viewing levels for your network? On sales to other provincial services of your programming? On public support for educational services in your province?

D. Balcon
NWR&C/Edmonton
10.3.90

ADDENDA: Footnotes

1. Bill C-40/An Act respecting broadcasting and to amend certain Acts in relation thereto and in relation to radiocommunication, Government of Canada, 1989
2. Canadian Voices, Canadian Choices: A New Broadcasting Policy for Canada, Minister of Communications, Government of Canada, 1988
3. C.D. Howe, Federal Debates [May 3, 1946] as quoted in "The Role of the Provinces in Public Broadcasting", Ron Keast for the Task Force on Broadcasting Policy, Government of Canada, 1986
4. House of Commons Debates [Volume 1, 2nd Session 27th Parliament 16 Elizabeth II, 1967
5. Direction to the CRTC (Reservation of Cable Channels), Federal Cabinet of Canada, 1969
6. Report of the Task Force on Broadcasting Policy, 1986
7. Bill C-40/An Act respecting broadcasting and to amend certain Acts in relation thereto and in relation to radiocommunication, Government of Canada, 1989
8. Creating Access to Tele-Education, The Association for Tele-Education in Canada, 1990

ADDENDA: Statistical Profiles of
Canada's Educational Broadcasters

Canada has active educational communications agencies operating in five provinces as of 1990. The first such agency was established by Quebec in 1968, when Radio-Quebec brought together all of that province's government film and video production units under a single umbrella to concentrate on the production of educational materials. TVOntario commenced operations in 1970 with the launch of Channel 19 in Toronto, Canada's first dedicated educational television station. It was followed in 1973 by the creation of ACCESS NETWORK in Alberta. The Knowledge Network of British Columbia began operations in 1980 as an independent agency, but two years ago became an arm of the larger Open Learning Agency. By the mid-1980s, TVOntario had added its French network service. Last year Saskatchewan established the Saskatchewan Communications Network to operate SCAN. These agencies will be utilizing a total of five Anik C3 spot beams to deliver their services in their respective provinces by year's end.

Most departments of education in other provinces operate television or telecommunications branches who program -- to varying degrees -- packages of material which are carried on local broadcast outlets, dedicated cable channels or in regional satellite services. In the Atlantic provinces, a special service is delivered on the Atlantic Satellite Network [ASN] during the morning and afternoon. Manitoba uses cable delivery to schools and is planning to expand this to homes soon.

The Association for Tele-Education [ATEC] was "formed in 1974 to promote and advance the interprovincial, national and international interests of its members in educational telecommunications and to establish relations with similar groups." Members must be "Canadian, publicly funded organizations that are:

1. primarily involved in the production and distribution of educational materials using telecommunications
2. mandated by a government of a province, the Northwest or Yukon Territories to act as the independent authority in the production and distribution of educational materials using telecommunications, and that
3. hold an appropriate licence issued by the CRTC.

ATEC may also grant associate membership to those organizations that meet the first prerequisite and that support the goals of ATEC."*

* Quoted from "Creating Access to Tele-Education" published in March 1990 by the Association for Tele-Education in Canada, P.O. Box 200, Station Q, Toronto, Ontario.

By 1988 the signals of ATEC member services reach 86 percent of Canadian households through cable and over-the-air transmitters. On average 6.3 million Canadians viewed the programming of these services at least once a week.

	Signal Reach	Provincial Population	Weekly Viewing	Broadcast Hours
Knowledge Network	95%	3,000,000	650,000	5,670
ACCESS NETWORK	71%	2,400,000	450,000	5,800
SCAN	75%	1,000,000	n/a	n/a
TVOntario	97%	9,100,000	2,200,000	6,150
La Chaîne	72%	9,100,000	170,000	4,499
Radio-Québec	95%	6,000,000	2,800,000	4,305
	<u>86%</u>	<u>21,500,000</u>	<u>6,270,000</u>	<u>26,424</u>
English Services	<u>81%</u>	<u>15,500,000</u>	<u>3,470,000</u>	<u>22,119</u>

Source: ATEC/1990

Among the programming delivered by ATEC's member broadcasters, the most relevant to an APS is what is known as Open Sector or 'General Educational Programming'. According to the text of "Creating Access to Tele-Education", this stream of programming "offers learning opportunities outside the classroom for all ages from preschoolers to seniors. Education and entertainment are combined to introduce audiences to the school learning experience, basic life skills, multicultural and regional realities, art and culture, fitness and nutrition, public affairs, fantasy and fun, coping with change in family life, the workplace and society and many other topics.

"Phone-in shows, computer bulletin boards and telephone voting are examples of how educational communications respond to educational challenges and transform the way we learn and perceive learning."

The following profiles encapsulate information about the four English-language educational television services.

Knowledge Network of British Columbia/KNOW

The programming mix of KNOW is 24% Open Sector, or general educational programming directed at adults, and 20% directed at children. The remainder is comprised of curriculum-related material and telecourses. A minimum of 40% of the program schedule is dedicated to this Open Sector material. Since KNOW is not regulated by the CRTC, its Canadian content level is the lowest of all educational broadcasters at 43%. Officials of the network have long maintained that since their content is educational, the federal government should have no say over any aspect of it.

KNOW pays an average of \$2,000/hour for the majority of its material, Canadian or foreign. It requires at least six plays over four years in licensing deals. On occasion a larger commitment will be made at the pre-sale level for specific projects. A special fund [Knowledge Network Development Fund] each year provides development monies to independent producer projects. In 1989/90 between \$175,000 and \$200,000 was invested in five British Columbia-based projects and eight others from outside the province. Major projects include: "Kid-Zone", "Journey to Self Esteem", "Minister of Everything" and the ATEC "Agora" series. KNOW often creates wrap-around material to contextualize its acquisitions for B.C. audiences. This was successfully done with the NFB's "Feeling Yes, Feeling No" and this year with "Growing Up".

The Open Learning Agency's 1989/90 budget was \$20 million and the expected 1990/91 budget is expected to be \$21.5 million. The proportion directed to the television operations could not be provided to the consultant. The public has provided KNOW with \$650,000 annually through the "Partners in Knowledge" membership campaigns.

ACCESS NETWORK

Alberta's educational television service was a creation of the province's boom years and it has not fared well over the past several years of restrained budgets. With 1987/88 as a base, the agency's budget was \$17.8 million of which \$9.5 million went towards the television service. In 1988/89, the budget declined to \$15.7 million with the television service receiving \$8.1 million. In the fiscal year just concluded, the budget overall was \$17 million. Public fundraising is only two years old and its has averaged \$200,000 annually. Corporate contributions were \$90,000 and Sponsorships brought in \$115,000 during 1989/90.

In spite of this restraint, ACCESS NETWORK has been able to establish an Independent Program Development Fund which during 1989/90 received 119 applications. Of these: 29 were approved, 46 are still under consideration and 15 others were accepted for possible acquisition [though not pre-sale commitment]. The normal acquisition payment for Canadian material is \$2,000 to \$2,400 per hour with a slightly higher \$3,000 maximum for some foreign product. Terms are similar to those at KNOW. Those projects approved for pre-sale commitment, however, can receive between \$15,000 and \$20,000.

The ACCESS NETWORK program schedule resembles those of other educational broadcasters with its dayparts broken down amongst preschool programming [29%], curriculum [11.5%], curriculum-support [6.25%], Telecourses [5.8%] and Open Sector [47.5%]. ACCESS does have a slightly higher level of adult general edu-

ational programming than other agencies. It produced 132 hours of material in 1989/90 and acquired 5,675 hours of programming. The majority of programs produced in-house are intended for curriculum or curriculum-support; about one quarter of these hours would fall into the general educational programming category. Studios with limited production capacity exist in both Edmonton and Calgary. The Edmonton facility also has a mobile production capacity.

Saskatchewan Communications Advanced Network/SCAN

Not yet operational with its broadcast service, SCAN delivers curriculum and telecourse material on a narrowcast network that connects over 90 SCAN sites, community educational technology centres scattered around the province. The soon to be launched broadcast service will utilize Anik C3 to deliver a multiplexed signal to all cabled households in Saskatchewan and extend the reach of the narrowcast institutional service. SCAN is funded by a joint federal/provincial economic development grant which gives it almost \$5 million annually to uplink, distribute and program the network.

The schedule being planned for the broadcast service will resemble that of the other agencies. About four hours nightly will be general educational programming aimed at adults. Similar blocks of material will be assembled for preschool and other children's audiences.

The majority of SCAN's Canadian programming will come from TVOntario, with a small amount from ACCESS NETWORK. However, the network is buying a considerable amount of existing material from the catalogs of independent producers. Local commissions have thus far been limited to vignettes and other short items, but plans call for the development of a number of very specific Saskatchewan programs. At least a dozen projects are being evaluated from local producers. [SCAN has no studios and will acquire or commission all its product.] The network also participates in the ATEC programming committee and is beginning to contribute to independent projects currently moving into production through pre-sale agreements.

TVOntario

The largest and oldest of the educational services, TVOntario is also the best financed of all the English-language services with a healthy operating grant that has increased well in excess of inflation for the past five years. The medium-term business plan provided to the consultant proposes that this rate of provincial grants to continue into the 1990s.

TVOntario relies on these direct grants from the province of Ontario to cover two-thirds of its operating budget. The

agency raises about 15% of its budget from the sales of programs, public membership campaigns and various other sources. [The public memberships raised \$2.9 million in 1989.] Another 20% comes from project-based funding.

TVOntario/Programming Output

English Broadcast Service Prdn	1986/87		1987/88		1988/89	
	Hours	Cost	Hours	Cost	Hours	Cost
Com	6.1	.8	6.3	.9	21.7	2.1
CoPrdn	49.2	1.5	60.3	1.7	54.1	1.5
Acqn	.662.0	.2.3	609.6	.2.6	558.0	.2.5
	<u>1,016.4</u>	<u>\$13.2</u>	<u>962.7</u>	<u>\$13.4</u>	<u>846.1</u>	<u>\$14.6</u>
Agency Budget		<u>\$56.1</u>		<u>\$61.5</u>		<u>\$70.9</u>

Sources: TVOntario/Annual Reports, Funding Submission and Plans, "Facts & Figures"

TVOntario still produces more material than any other agency and much of this finds its way onto KNOW and ACCESS NETWORK, and will form the core of SCAN's Canadian schedule of both curriculum and general educational programming. The agency has lobbied heavily for changes in Telefilm Canada's guidelines so that more educational, children's and documentary material can be commissioned with independent production companies and benefit from Broadcast Program Development Fund assistance. TVOntario, however, does not have its own special independent program development/production fund in the way that KNOW and ACCESS NETWORK do.

Since Channel 19 went on the air, the Toronto operations centre has always made use of its in-house post production capacity for editing and packaging programs that were shot on location or in the city's various studios. TVOntario does have a small production studio which is suitable for talk shows and other minimal input programs. This permits a high volume of weekly live-to-air or live-to-tape material, in addition to wrap arounds for acquisitions and other customizing activities. The network is currently producing an arts review program that is seen on TVOntario and the CBC's News-world each weekend.

