

# REPORT

## ROYAL COMMISSION ON BROADCASTING

MARCH 15, 1957

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Queen's Printer and Controller of Stationery

TO HIS EXCELLENCY  
THE GOVERNOR GENERAL IN COUNCIL,

MAY IT PLEASE YOUR EXCELLENCY,

We, the Commissioners, appointed as a Royal Commission in accordance with the terms of Order in Council P.C. 1955-1796 of December 2nd, 1955, to examine and make recommendations upon certain matters related to sound and television broadcasting in Canada:

BEG TO SUBMIT TO YOUR EXCELLENCY  
THE FOLLOWING REPORT.

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Our inquiry concerns the other side of the coin that has been examined in recent economic forecasts. How will Canadians use their extra leisure? This cannot be a short report if we are to deal with basic issues raised in our hearings. The value of healthy controversy based on accurate facts. Public hearings may have contributed to revision and re-appraisal of views on this matter which is important to every Canadian.

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## ACKNOWLEDGMENTS

OUR first acknowledgement must be to the large number of Canadians who showed their interest in this inquiry and gave us great help. A rough count of the membership of the 245 organizations that submitted briefs came to a total of over six million Canadians. This figure includes, of course, some who may have been counted twice and some who had greater knowledge of the submissions than others; but it does indicate that a great many people are interested in our broadcasting system and we gratefully acknowledge the help they gave us. In addition to the 276 briefs from individuals and organizations in all provinces of Canada, we received over 600 letters giving suggestions on various phases of the inquiry.

For our hearings in nine of the ten provinces we were graciously provided with comfortable quarters by provincial, municipal, university and other authorities. We wish it were possible to express our thanks to each one of our hosts and to the many individuals who assisted us in our travel and hearing arrangements across Canada. It was a matter of great regret to all of us that bad weather made it impossible to reach St. John's, Newfoundland. We did succeed in reaching the Island for a few hours and we offered to return later, but a number of those presenting briefs from Newfoundland recognized the tightness of our schedule of hearings and greatly assisted us by coming to Montreal to make their submissions.

The advice contained in briefs and letters to the Commission does not make up the full total of the assistance we received within Canada. As we moved across the country, we had hundreds of informal talks with men and women who had special information to give or a special point of view to express. To these people we will find it quite impossible to make adequate acknowledgment, or even to compile a complete list of their names. In some cases we sought out those who could give us particular help. For example, we wish to acknowledge some lengthy discussions with Mr. J. Harvey Perry and his associates

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in the Canadian Tax Foundation on general but basic phases of our financial studies. We sought out Mr. L. W. Brockington, C.M.G., Q.C., D.C.L., the first Chairman of the CBC for an interesting evening of discussion on the early days and problems of Canadian broadcasting. Similarly, we talked, sometimes into the small hours of the morning, with a number of private station operators throughout Canada, some of whom did not appear formally before us but whose viewpoints were freely and frankly given. In addition to this deliberate seeking for information, we received much unsolicited advice wherever we turned and almost continuously over the past year. It seems that nearly everyone in Canada has fairly strong views on the subject of our broadcasting system and is not reluctant to make them known. This is a good and healthy thing and did much to make our inquiry more complete.

Outside Canada, too, we have many debts to acknowledge. We were anxious to make comparisons with broadcasting systems in other countries, but except for a few days in Chicago and New York, we did not travel as a Commission outside Canada. However, in the course of personal travels, before the start of our public hearings, the Chairman received much helpful information and advice from Sir Ian Jacob, K.B.E., C.B., Director-General of the British Broadcasting Corporation, and a number of his senior associates, from Sir Robert Fraser, O.B.E., Director-General of the Independent Television Authority, and from M. Wladimir Porché, Directeur général de la Radiodiffusion-Télévision Française. Another member of the Commission, during a visit to Mexico, had a useful discussion with Mr. Emilio Azcarraga, President of Cadena Radiodifusora Mexicana and Televisión. At a later date, Sir George Barnes, until recently Director of Television Broadcasting for the BBC, and now Principal of University College of North Staffordshire, made a special trip to Canada from New York to spend a day with us and to give us the benefit of his extensive experience in broadcasting problems. We also had lengthy talks with Dr. T. J. Honeyman, Member for Scotland of the Independent Television Authority, and with Sir Richard Boyer, K.B.E., Chairman of the Australian Broadcasting Commission, during the course of their recent visits to Canada.

In the United States we received innumerable items of help, given with customary American generosity. The National Broadcasting Company, both in Chicago and New York, and the Columbia

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Broadcasting System in New York gave frequent and valuable help. Our financial adviser was given detailed information, much of it confidential, for purposes of making background comparisons. We saw in Chicago the NBC facilities that have been completely converted to colour television. In New York we spent two busy days with NBC and CBS, visiting production facilities and studios and talking with a large number of their senior officials. In acknowledging their great help, we should also apologize for the many commuter's trains they had to miss and the many dinners that were delayed by our endless questions extending into the evening hours. In Chicago we also had a demonstration and explanation of subscription television by officials of the Zenith Radio Corporation, and in New York we spent an interesting afternoon with Dr. Seymour N. Siegel and his associates, hearing about the unusual activities and service of WNYC, the New York City radio station. There were also many other informal talks and discussions; in particular we wish to thank Mr. Morris L. Ernst and Mr. Edward R. Murrow for giving us an evening of fascinating talk and an insight into the thinking of two enlightened Americans.

Within our small commission staff, we suffered one tragic loss. It was apparent at an early stage that we would need expert advice on technical matters and we were particularly fortunate in getting Mr. G. C. W. Browne to become our technical adviser. He had recently retired as Controller of Telecommunications, after thirty years with the Department of Transport, and was able to bring great experience in technical matters and instruct us in the technical background we needed to have. Mr. Browne was killed in a motor accident in September, 1956, and his death was both a deep personal regret and a serious loss to us. We greatly appreciate the emergency help given to us on technical matters by Mr. W. A. Caton of the Department of Transport, following Mr. Browne's death.

In the recent hectic weeks of preparing our report we have been placed under special obligation to Mr. Pierre Daviault, Superintendent of the Bureau for Translations, and his able corps of translators and to the Queen's Printer and those members of his competent staff who have contributed so greatly to making this an accurately and attractively printed report.

The members of the Commission feel themselves to be under a great and definite obligation to our own immediate staff. It was a

## *Acknowledgements*

small group of able, cheerful and hard-working men and women. We would like to, but cannot, mention them all by name. In the body of our report we describe the work of our financial adviser, Mr. Guy E. Hoult, and of our programme analyst, Dr. Dallas W. Smythe, and we now only underline our acknowledgment to them and also to their respective associates and staffs. We were particularly fortunate to obtain the services of Mr. John M. Coyne of Ottawa and Mr. A. J. de Grandpré of Montreal, as legal counsel for the Commission; their work extended beyond the usual questioning of witnesses at public hearings to participation with the commissioners in revisions of the draft report and their advice was invaluable to us. So also were the contributions made by our two Assistant Secretaries, Miss Elizabeth Leitch, of the Department of Trade and Commerce, and Mr. E. D. Fox, of the Central Mortgage and Housing Corporation. And indeed the same can be said of all those who in many and in different ways served us so well.

For the last, we have reserved a special word about our Secretary, Mr. Paul Pelletier. He came to us with considerable knowledge of broadcasting problems, and his advice was of immense help, both in planning our studies and in carrying them out. He has handled the many details of office and travel arrangements, the preparation of special studies, a voluminous correspondence and extensive participation in the drafting of our report, always with efficiency and good humour. We were most fortunate to have his help and we acknowledge it gratefully.

*Cover and book design by George A. Gundersen.*

## *Chapter I*

# The Problem

THESE have been prosperous days in Canada and the future looks bright. A number of forecasters have recently tried to spell out the details of that future. With only minor variations, they have shown remarkable agreement on the shape of things to come. It is a picture for Canada of a growing population, increasing wealth, and mounting influence and responsibility in the world. In the years ahead, so they tell us, the average Canadian will have more money to spend, more comforts, conveniences and luxuries in his life and, because he will need to work less hard for shorter hours, he will have more time to enjoy the things his money can buy. In our travels across Canada we saw no reason to doubt that these good things will come to pass.

In a sense, our inquiry dealt with the other side of this economic coin. We have been concerned, largely, with how Canadians will use this extra leisure and, to some extent, with how they will spend these extra dollars. Beyond the economic facts of the future, all the glamour of less work and more income has little reality unless the lives of individual Canadians are enriched in spiritual terms. Somewhat to our surprise, we found ourselves involved in these vital, non-economic questions.

At the outset of this inquiry, all of us had hoped to be able to make a short, concise report. We were, and are, under no illusions as to our competence to produce a treatise on the philosophy of mass communications in Canada and still less to establish ourselves as authorities on the cultural values and objectives of Canadian broadcasting policy. We approached our task with the thought that our primary duty was to deal with problems of business administration

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and finance — in other words, with the mechanics of carrying out policies which could best be expressed by others, more competent and articulate than we.

However, as a result of our 47 days of public hearings across Canada and the 276 briefs and more than 600 letters we received from organizations and individuals in all provinces, we found that there are basic issues disturbing Canadians on the subject of radio and television broadcasting. Some of these submissions were made by those having special interests to serve and legitimate objectives to seek. Others were from disinterested people to whom, however, the policies governing Canadian broadcasting are of great personal importance. We found that a great many Canadians have done a lot of thoughtful work on broadcasting problems, and this has been reflected in the generally high quality of the briefs we have received. They have been a great help to us and we are therefore under an obligation to give as good an answer as we can to the many questions submitted to us. In any case, to advise on the operation of a machine requires some knowledge of the machine itself — and the performance expected of it. To suggest the financing of an enterprise, you have to know what you are trying to buy.

Thus, with considerable regret, we find this cannot be a short report. We will have to go into some of the fundamental Canadian problems that bear on broadcasting policy, examine many of the opinions and prejudices that have surrounded Canadian radio and television with an atmosphere of controversy for the past twenty-five years, and even consider some isolated and subsidiary questions which may seem irrelevant to the practical problems of administration and finances but which are disturbing to a substantial number of Canadians.

These general discussions will provide a background for the recommendations we will make. They may accomplish something else as well. If we can fully and fairly set forth the facts relating to a number of issues, this may lead to a re-examination and revision of opinions which will increase the accuracy of public debate and may reduce the area of controversy concerning Canadian broadcasting policy. We think that one of the healthiest things about radio and television in Canada is the wide public interest of the Canadian people in the problems of broadcasting. With this interest, controversy is not only inevitable, but

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desirable. Our hope is that it will continue in full vigour but that it will be based on the facts that exist today rather than on traditional prejudices or past misconceptions.

To some degree, this process of revision and re-appraisal has already started, and may be one of the incidental values of a royal commission study. We deliberately sought to contribute to this result by the procedure we followed in our hearings of asking for full explanation of vague statements in all briefs and putting to witnesses opposing contentions for their comments. This was a calculated risk and led, at the outset of the inquiry, to some public misunderstanding and charges that we had reached pre-conceived conclusions. As we went on with our hearings, this procedure became better understood, and we found that some rigidly-held ideas were being re-examined and modified. We feel it is to the credit of a number of important witnesses that they were willing to take a fresh look at their previously stated opinions. We venture to hope that the facts and opinions set forth in this report will contribute to public knowledge and informed public debate, without which a wise and flexible policy for Canadian broadcasting is impossible to achieve. This is a matter of concern to every Canadian. It cannot be left to the experts, or to those with special interests, or even to the legislators alone. It is important to each one of us.

### **Why is it Important?**

It is important because radio and television have entered into our lives and changed them in ways that are often unobtrusive and unnoticed. We do not always know what is happening to us, and even after it has happened we can only see the change by a conscious effort of memory. In the days of Victoria or even as late as the first World War, the demand by a household operated on even the most lavish scale for an orchestra to entertain it during its working and leisure hours would have been regarded as absurd. But where today is there a household that does not regard a radio set as an inalienable "right", and indeed usually thinks it necessary to have additional sets in the kitchen and the bedroom? The presence of a radio receiver, and now a television set, is accepted as a prime necessity in the home like a lamp or a telephone. But radio and television receivers are more than

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household instruments which are convenient or agreeable to have. It is what they do to our lives and minds that matters. The programmes they provide, at no clear and obvious cost, have become a part of domestic life and their function, which for want of a better word we call "entertainment", has become a "right", not quite so inalienable, to borrow an American phrase, as life and liberty, but essential to the pursuit of happiness with which it has become more and more identified.

In our travels throughout Canada we came upon numerous examples of the changes that had already been brought about by radio and television. Two divergent instances will suffice. We found in several Canadian cities that good symphony orchestras existed, with a full complement of qualified resident instrumentalists, giving many concerts each year, and the high level of musical appreciation was reflected in the large sales of good recordings and the existence of many subscription concerts. Ten years ago the orchestras were struggling or non-existent, dependent on the casual import of several necessary instrumentalists, with low sales of musical recordings and few subscription concerts. The change in ten years is directly traceable to the influence of radio, not only through the financial support given to good music by the CBC and private radio stations, but also by the development of a public taste and appreciation for good music. Canada has been enriched by this development of musical appreciation and enjoyment and the considerable investment of public funds that contributed to it was, we believe, well worth-while.

The second example is a more practical one and shows an economic rather than a cultural change. When we were in Halifax we were told that radio had revolutionized the lobster fishing business, which seemed to us an odd and unexpected result. It appears that some years ago buyers visited the lobster fisheries during the season and made individual deals for each man's catch. Prices were irregular and frequently depressed. Today, we are told, no fisherman will dispose of his catch until he has listened to the daily CBC broadcast of going prices and market conditions. He now conducts his business affairs with information and knowledge as to the state of the lobster market. Similarly, through the agency of radio, Canadian farmers and fishermen and housewives and small tradesmen are provided with accurate and immediate information as to market statistics which may guide them



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in the daily conduct of their economic affairs. Again, we believe that such broadcasting services are valuable, in a strictly economic way, to Canadians and are well worth the public expenditures involved.

But we are only at the beginning of the important influences which radio, and more recently television, will wield in our lives. It may well be that the prospect is terrifying to a thoughtful observer, and one can feel a hopeless nostalgia for the simple and uncomplicated days of the past, before these strident and demanding agencies clamoured for our attention. It also may well be that they will cause some casualties and mean some losses in real living values for many of us. But radio and television are here to stay. Their influence will grow, rather than diminish. They cannot be locked up, or ignored, or legislated out of existence. We, and our children, must adapt them to our use, must accommodate them to our purposes, must weave them into the fabric of our lives. By wise forethought, we should see that, on balance, they are agencies for good.

Properly conceived and managed, broadcasting can add immensely to our lives. Radio and television can enrich us, extend our knowledge and deepen our perception. They can not only bring into a humble home entertainment of a variety and richness that was beyond the reach of even the wealthiest and most-travelled few a quarter-century ago, but they can give to everyone a breadth of knowledge of history, world affairs, art and science which has never been known in the world.

Broadcasting, especially television, may also have another function of great but intangible value. It offers a chance — and it is at the moment only a chance — to replace some of the family activities that have been lost by industrial developments. Over the past century, by a slow process of erosion, the role of the family in our society has been reduced and weakened. Many family activities have been taken over by industry and performed more efficiently and cheaply by mass production methods — the baking of bread, the weaving of cloth, the participation of the family group in a multitude of activities of utility and enjoyment. No one would suggest for a moment that these developments should be reversed. But something has been lost and nothing has come to replace the activities that used

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to tie a family together into a strong unit. Despite increased leisure, the family is less and less together, has less space to be together, has more outside activities and more separation of its activities. For a family to maintain itself, it must have a headquarters, a gathering place; there must be opportunity for the old and young to meet and mix and to encounter life together. Perhaps without realizing it, the technical developments of radio and television have made such an opportunity again possible. It is no longer necessary to go out of the home to see a play, to enjoy a variety show or to listen to a concert or lecture. They can all be had, for the family as a unit, in the home itself.

Similarly in the larger groupings of the community, the region and the nation itself, radio and television may be able to perform unifying and cohesive functions for our society. They may perhaps narrow the gap in outlook between urban and rural life; they may increase knowledge and understanding of regional problems throughout the whole country; they may even make good many of the deficiencies in an individual's education by the information and enlightenment that radio and television can bring.

These good things, however, should not be taken for granted. They will not come easily or automatically. Like most human contrivances, radio and television can work evil as well as good. They can dull the sensibilities by endless repetition of the commonplace and the tawdry. They can be dehumanizing forces, tending to make all men conform in thought, action and aspiration to the lowest common denominator of their kind. These dangers are clear and real and are only to be out-weighted by the positive opportunities that exist. Broadcasting can instead provide a new version of the humanities, can create diversity and variety and healthy controversy, and can nurture the growth of individuality, on which the future of democracy itself depends.

The capital difficulty is one of leadership in both the public and the private elements of the Canadian broadcasting system. As with all human enterprises, the advances depend on the courage and imagination of those in a position of leadership. They must keep the mass of society moving forward but they must not set a pace that causes it to fly apart.

## Special Problems of Radio and Television in Canada

Broadcasting is, for any country, a new and different medium of communication and it involves special problems of defining and executing policy. Broadcasting is not the same as publishing or movie making, not entirely an entertainment medium, not wholly a method of education, and not solely a vehicle for the sale of goods. It has some elements of all these and more besides. Analogy with other media of communication must be applied with great caution and, in general, it seems safer to treat the problems of broadcasting as unique.

Broadcasting in Canada is also unique. It is not the same as broadcasting in the United States, in England, or in Australia, and although we can study the experience in other countries, we cannot copy the patterns they have applied. We must approach these problems afresh, as specific Canadian problems for which we must seek specific Canadian solutions.

One of the special factors affecting Canadian broadcasting is the sheer size of the country in relation to its population. We have today in Canada more than two million television receivers, each of which is within range of one of the thirty-eight Canadian television stations. In the Chicago area, in the United States, there are slightly more than two million receiving sets all within range of the four commercial television stations in Chicago. In New York there are 7 television stations whose signals can reach nearly four and a half million receiving sets. From a commercial standpoint, the market that can be reached by a single television station in Chicago is approximately the same size as all the markets within range of the thirty-eight television stations in Canada. Even though in some of the larger centres the market is substantial, the audience available to most Canadian stations is relatively small and the cost of transmitting signals over long distances to connect Canadian television stations is high. The substantially higher costs of television make the problem more difficult, but the same relative situation exists for radio. Add to these factors of space the further fact that the Canadian population is divided into about 11 million English-speaking and about 5 million French-speaking people, and the economic problem becomes still more difficult.

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However, it is not our national size or sparse population that alone causes our difficulties in creating and maintaining a broadcasting system. The central, unique fact about Canadian broadcasting is that we are here in North America, a nation of 16 million people living beside a nation of 168 million which speaks the language of our majority and is rich, inventive, with a highly developed broadcasting system of its own. No other country is similarly helped and embarrassed by the close proximity of the United States. Much that is good and valuable can come from this closeness; there is an increasingly rich fare of programmes on both radio and television available at relatively low cost from the United States. Much of this we cannot hope to duplicate and we would be poorer if we did not have it available as part of our total programme supply.

But as a nation we cannot accept, in these powerful and persuasive media, the natural and complete flow of another nation's culture without danger to our national identity. Can we resist the tidal wave of American cultural activity? Can we retain a Canadian identity, art and culture — a Canadian nationhood? These questions do not imply a judgment on the values of the American broadcasting system; indeed, the dangers to Canadian national identity are much greater from the good American programmes than from their poor or clumsy productions. Assuming, as we must, that their broadcasting system is satisfactory and suitable for Americans, this is no basis for thinking it is desirable for Canadians. We may want, and may be better to have, a different system — something distinctively Canadian and not a copy of a system that may be good for Americans but may not be the best for us.

Nor is this attitude in Canada antagonistic to the United States — a form of anti-Americanism which most Canadians would resist and deplore. The same attitude would apply equally to the flooding of Canada by cultural influences from the United Kingdom or France. It is only the accident of geography and the technology of broadcasting that make the threat to our national identity greater from the United States. From all three countries, Canada has derived, and we hope will continue to derive, great benefits. But it is a healthy thing if we determine to take these outside benefits only on our own terms and insist on weaving them into a Canadian fabric of our own making.

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We must necessarily look at this problem from a Canadian point of view. But we were interested when we visited the United States to find that there are thoughtful Americans who feel that the United States will be enriched by the preservation of a separate and distinct cultural identity in Canada. They believe that, in a troubled and difficult world, Canada has a role to play that will be more valuable and useful if we are something more than a carbon copy of American views and opinions and aspirations.

This is not a new problem for Canada. It has become familiar through many examples over the ninety years of our national history. The very creation of the Canadian confederation and the territorial expansion of the original union across the continent were, to some extent at least, responses to pressures from the United States. The building of the first Canadian transcontinental railway was only the first of many devices to pull together into a nation the vast expanse of Canadian territory. In different ways but with the same purpose we created a national financial structure through the chartered banking system and we sought to build up industry and trade through a protective tariff. At a later date we developed a national air-transportation system. There are many other examples of steps taken to make Canada a nation despite the forces of geography and the powerful attraction and influence of the United States. The natural flow of trade, travel and ideas runs north and south. We have tried to make some part, not all, of the flow run east and west. We have only done so at an added cost, borne nationally. There is no doubt that we could have had cheaper railway transportation, cheaper air service and cheaper consumer goods if we had simply tied ourselves into the American transportation and economic system. It is equally clear that we could have cheaper radio and television service if Canadian stations became outlets of American networks. However, if the less costly method is always chosen, is it possible to have a Canadian nation at all? The Canadian answer, irrespective of party or race, has been uniformly the same for nearly a century. We are prepared, by measures of assistance, financial aid and a conscious stimulation, to compensate for our disabilities of geography, sparse population and vast distances, and we have accepted this as a legitimate role of government in Canada.

To apply this principle to broadcasting in Canada, it is necessary to provide quite substantial amounts of money for the creation and

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distribution of radio and television services across Canada; and this requires a public agency to spend the money and administer the broadcasting system. This is an undertaking of considerable difficulty. No one can fail to be concerned about the potential dangers of state control and elements of public monopoly in relation to these powerful media of communication. No politician in his sane mind could want to encounter the difficulties and criticisms and headaches of supervising a public broadcasting system if he could possibly avoid it. The fact is that for Canada there is no choice.

We cannot choose between a Canadian broadcasting system controlled by the state and a Canadian competitive system in private hands. The choice is between a Canadian state-controlled system with some flow of programmes east and west across Canada, with some Canadian content and the development of a Canadian sense of identity, at a substantial public cost, and a privately owned system which the forces of economics will necessarily make predominantly dependent on imported American radio and television programmes.

Radio is not cheap, but television is an enormously expensive medium of communication. Whether the cost is paid directly out of the public treasury or indirectly out of the price of goods advertised, the public of any country must pay for the broadcasting services it gets. In the United States there are 168 million people; it has a wealthy, dynamic economy in which a private broadcasting system has developed supported by advertising revenues. From the free flow of economic forces, three national television networks and four national radio networks have been created. We were told by the American networks, and there is ample public evidence available to confirm it, that television network operations have only recently been able to show a small profit after many years of substantial losses and radio networks are showing little, if any, profits.

In Canada with a population of 16 million, of which 11 million are English-speaking and 5 million are French-speaking, we have two national television networks and three national radio networks. If the population and wealth and buying power of the United States can only support its existing network system, what hope is there that the much smaller Canadian economy can support almost as many national networks by means of commercial revenues?

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We are satisfied that the volume of advertising revenue available in Canada is not, in itself, sufficient to pay for a Canadian broadcasting system which would substantially cover all of Canada, provide some amount of Canadian programmes and contribute to the development of a Canadian consciousness and sense of identity. To have such a system we must pay for it in other ways. If we are unwilling or unable to provide quite substantial amounts from public funds for such a broadcasting system there is little point in having any public agency engaged in the broadcasting and distribution of radio and television programmes, and individual private stations will necessarily become outlets for American networks and programmes. This would result not because the private broadcasters are unpatriotic citizens or because they lack a sense of Canadian consciousness or responsibility; it would result from economic pressures on the private operator which make it easy and inexpensive to import American programmes and difficult and costly to produce any substantial volume of Canadian programmes.

Under our terms of reference, it was made a condition and basic assumption of our inquiry that "the broadcasting and distribution of Canadian programmes by a public agency shall continue to be the central feature of Canadian broadcasting policy".<sup>1</sup> But even without such a limitation, the overwhelming weight of the evidence submitted to us would have compelled us to report that Canadians wish to have a Canadian broadcasting system, that they want to keep some part of their broadcasting fare Canadian, and that they are willing, within reason, to pay for it. This was the substance of the submissions from many groups who favoured our existing broadcasting system; it was also the opinion of most of those who were somewhat critical of the CBC and its operations, including many of the private broadcasters. There was virtual unanimity in favour of a Canadian broadcasting system, supported by moneys from the Federal treasury. We will have much to say in later chapters of this report as to the scope, method and procedure for accomplishing this objective. For present purposes, we accept it as a basic assumption of the whole inquiry.

Once it was decided to have a Canadian system supported by public funds, it was necessary to have a public agency responsible

<sup>1</sup> Appendix I—Order in Council P.C. 1955-1796 of December 2, 1955, and Commission of appointment.

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for developing and distributing programmes and for supervising the spending of these funds. In Chapter II and Appendix II, the detailed history of what actually happened in the development of the Canadian broadcasting system will be outlined. In retrospect, we can now see that it might have followed any one of several divergent courses, and perhaps for a number of years did in fact have no clear direction. It might, as the Aird Commission in 1929 recommended, have become a wholly public system with all broadcasting facilities owned by the state. It might, on the other hand, have taken the form of a complete national system, with enough publicly owned stations to distribute programmes across the whole country, and also having private stations operating independently on a commercial basis. This would have been similar to the policy adopted in Australia, but would have meant for Canada the erection and operation of a much larger and more expensive public system than we have today.

In fact, the choice made by Canada was between these two systems and followed a typical and traditional Canadian pattern of combining public and private ownership in one system. In broadcasting, as in earlier national policies, we chose to have enough public ownership and control to maintain the country's identity and to assist its integration, and allowed in addition a substantial amount of private enterprise subject to public supervision and control. We accepted both public and private stations as part of the system. The national broadcasting service was provided to the Canadian people partly through publicly owned and operated stations and partly through privately owned stations. Both the public and private elements in the system were subjected to control of performance and programme.

This choice, however, has never been very clearly or specifically stated. It is not fully set forth in the governing statutes and it has been a subject of misunderstanding, considerable debate and some misrepresentation over the last twenty years. The Canadian broadcasting system has been called an accident, as in a sense it was, and a compromise which, by any definition in the dictionary, it was not. We believe it should be regarded as another of Canada's unique and positive achievements. It is, we believe, a better system for Canada than either a completely state owned system or an entirely privately owned system. In the combination of public and private enterprise, Canadian broadcasting has had variety and flexibility which an all-



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public or all-private system could not have achieved. There are things that the public agency can do that the private stations could not and would not do; there are other services that the private stations can provide that the public agency could only supply with difficulty and less effectively. If the union of public and private elements produces clashes of opinion and controversy within the system, it is all to the good in an institution engaged in public information and the formation of public opinion. Our broadcasting system is a distinctive and valuable achievement in which Canadians can take pride.

Perhaps because of the failure to state the objectives and purposes of our broadcasting system clearly and simply, the positive values of our achievement have not always been recognized. The governing statutes are far from clear and the fundamental nature of the system has remained open to endless controversy and debate. We will attempt to suggest statutory changes which will define and articulate the purposes of our Canadian broadcasting system. If these are accepted, the long argument as to the nature of our broadcasting system may perhaps come to an end and discussion might be concentrated on the essential problem of making it work efficiently and with maximum benefit to the Canadian people.

Specifically, if our recommendations are accepted, it should be recognized by everyone:

- (1) that the mixed Canadian system of public and private ownership is here to stay;
- (2) that the state agency may grow, as Canada grows, but its functions are not to be extended to do the whole job of providing radio and television services to Canadians;
- (3) that private stations should individually be required to justify the continued grant of a valuable public franchise and that some may lose their licences because of a shabby performance, but private operators should stop worrying about the bogey of nationalization that has filled them with suspicion and fear in the past; and
- (4) that, for the foreseeable future, we will continue to have a single broadcasting system in which all Canadian radio and television stations, public and private, present and future, will be integral parts, regulated and controlled by an agency representing the public interest and responsible to Parliament.

## *Chapter II*

# Canadian Broadcasting Today

IT WAS at the turn of this century, in 1901, that the young Italian inventor, Marconi, first succeeded in sending wireless signals from his transmitter at Poldhu in Cornwall to his receiver at St. John's, Newfoundland. At the very moment that "the transmitter was crackling away at Poldhu and a jubilant Marconi was watching his new receiver at work in Newfoundland, mathematicians were busy proving that wireless reception over distances of more than a few hundred miles was impossible".<sup>1</sup> This first trans-oceanic transmission was a momentous event which was later to have far-reaching results and make of the twentieth century the century of mass communications in which each part of the world, no matter how remote, has become immediately aware of happenings in other lands and amongst other peoples.

Marconi's triumph of 1901, which followed the brilliant mathematical deductions of James Clerk Maxwell and the no less brilliant electronic discoveries of Heinrich Hertz, cannot however be construed as the birth of "broadcasting" in the modern sense of that word. It was Morse code, not speech, that was transmitted from Cornwall to Newfoundland. At that time, no one thought of using this new invention for the dissemination of information and entertainment to a scattered audience. Rather it was thought of as a commercial means of communication from person to person, from point to point, from ship to shore, from city to city and, later, from airfield to pilot.

The vast potential of this new medium for the mass communication of information and entertainment was not, in fact, fully realized until almost two decades later. Yet, slow as was the progress

<sup>1</sup> A. W. Haslett, *Radio Round the World*, Cambridge University Press, 1934.

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from the concept of point to point wireless communication to the concept of mass communication to scattered audiences, once this latter concept became accepted by a handful of imaginative and venturesome individuals, radio broadcasting as we know it today developed with phenomenal rapidity both in North America and in Europe.

The first broadcasting licence granted in Canada was issued in 1919 to the Canadian Marconi Company whose station, then known as XWA, is still in operation today under the call letters CFCF. On June 15, 1920, the London Daily Mail sponsored a broadcast by Dame Nellie Melba from the Marconi Company's experimental station at Chelmsford. On November 2, 1920, the Westinghouse Company began broadcasting from the first United States station, KDKA, at Pittsburgh. The rapidity with which broadcasting developed in Canada is illustrated by the fact that, by 1928, more than 75 radio stations had been licensed to operate.

Then, in the mid-1930's, television burst forth from the chrysalis of the laboratory and, between 1935 and 1939, television programmes began to be broadcast in several countries, first on an experimental and, later, on a regular basis. After a period of inactivity during World War II, television began again to expand with renewed vigour. Although the first regularly scheduled Canadian television broadcast did not take place until September, 1952, television was developed in this country at a relatively much more rapid pace than in any other country, including the United States and the United Kingdom. At the present time, Canada is second only to the United States with regard to the number of television stations in operation whilst only in the United States and the United Kingdom can more receiver sets be found than in Canada. According to statistics compiled by the United Nations Educational, Scientific and Cultural Organization<sup>1</sup>, the situation early in 1955 was as follows in the five countries listed below:

<i>Country</i>	<i>Population</i>	<i>TV Transmitters</i>	<i>TV Receivers</i>
United States .....	159,629,000	413	35,000,000
United Kingdom .....	50,857,000	13	4,156,000
Canada .....	14,781,000	24	1,100,000
U.S.S.R. ....	209,000,000	10	700,000
France .....	42,860,000	7	125,000

<sup>1</sup> *World Communications* — Press Radio Film Television, Third Edition, 1956, published by UNESCO, 19 avenue Kléber, Paris.

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Early in December 1956, 38 Canadian television stations were broadcasting on regular schedules while approximately 2.3 million households, or more than half the total number of households in Canada, were equipped with television receiver sets. There are assuredly a number of geographical, economic and other reasons for this rapid development; but the growth of television in Canada in this short span of four years remains none the less remarkable.

In the field of sound broadcasting, by the end of 1956 there were in Canada 189 stations broadcasting regularly and about 96 per cent of all Canadian households were equipped with one or more radio receiver sets.

It is not our intention, at this stage, to say anything more about the history of Canadian broadcasting, but a fairly comprehensive history will be found in Appendix II to this report. Before discussing in detail a number of problems that were brought to our attention during the hearings, and before considering the specific matters referred to us in our terms of reference, it may be useful to give a brief description of the Canadian broadcasting system as it exists today.

### International Agreements

As in most countries today, Canada operates its broadcasting system within clearly delimited confines established by international agreement. Since national boundary lines are powerless to stop hertzian waves, it is not only proper but indispensable to the maintenance of order that the nations of the world, particularly neighbouring nations, should agree among themselves not only on the allocation of wave-lengths but also on the manner in which an allocated wave-length may be used.

There are four international agreements which, at the present time, have application to Canadian broadcasting. These are:

- (1) the International Telecommunication Convention signed at Buenos Aires in 1952;
- (2) the North American Regional Broadcasting Agreement (NARBA) signed at Washington in 1950;
- (3) the Canadian-U.S.A. Television Agreement which came into force on June 23, 1952, following an exchange of notes between the two governments; and

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- (4) a special agreement reached in 1947 by exchange of notes between Canada and the United States with regard to frequency modulated sound broadcasting stations.

The International Telecommunication Convention of 1952 stems back to May 1865 when the International Telegraph Union was founded in Paris by the signing of the first International Telegraph Convention. This Convention was later expanded to include telephone and, later still, radio communications. At a conference held in Madrid in 1932, the International Telegraph Union and the International Radiotelegraph Union, founded in Berlin in 1906, were merged into a single body called the International Telecommunication Union. This union now has a membership of 95 countries, including Canada, and the decisions adopted by the members at plenipotentiary and administrative conferences apply to the use of telecommunications throughout the world. The 1952 Convention, however, as did the 1947 Convention, recognizes the right of members "to convene regional conferences, to conclude regional agreements and to form regional organizations for the purpose of settling telecommunications questions which are susceptible of being treated on a regional basis", provided that such agreements are not in conflict with the Convention.

It was under this latter provision that a series of North American Regional Broadcasting Agreements were entered into. Although the current agreement, signed in 1950, has never come into force because of insufficient ratifying signatories, all countries in the region, with the exception of Mexico, have recognized it and are operating under its terms. Technically, this agreement set up allocation rules which were, in the light of experience and new knowledge, more realistic than those of earlier agreements and provided comprehensive standards for calculation of protection to both day and night service of all classes of broadcasting stations in the countries within the region.

The current Canadian-U.S.A. Television Agreement provides a fairly definite allocation of television channels in those areas lying within 250 miles of either side of the Canada-U.S. border<sup>1</sup>. Thus, a share of VHF and UHF television channels has been permanently set aside for the exclusive use of Canada. Any modification of or addition to this channel allocation plan by either country must, under

<sup>1</sup> A complete list of Canadian Allocations under this Agreement is set out in Appendix VI.

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the terms of the agreement, be notified in advance to the other country which then has thirty days to object to the change. The agreement does not specify any date by which a given channel or channels must be occupied. In order to minimize interference between television assignments, a certain minimum geographical separation is required between stations on the same channel or on adjacent channels and, furthermore, the agreement restricts the maximum effective radiated power that may be used.

Generally speaking, Canada has provided a greater geographical separation between co-channels and adjacent channel stations than exists in the United States. We understand that this was done to permit better fringe area reception in view of Canada's thinly distributed population. It may well be, however, that Canadian policy in this regard may have to be reviewed in the light of the scarcity of available VHF channels in those more densely populated areas of Canada which are within 250 miles of the U.S. border.

The fourth international agreement referred to above is a bilateral agreement between Canada and the United States relating to the allocation of channels in the band 88 to 108 megacycles for frequency modulation (FM) sound broadcasting. This plan became effective as a result of an exchange of notes between the two countries. The Canadian note was dated January 8, 1947, while the U.S. note in reply bore the date October 15, 1947.

In Appendix VII to this report will be found a list of the Canadian FM allocations that were agreed upon by the exchange of notes of 1947. This appendix also indicates the location of the various Canadian assignments that have been taken up and are now in operation. In all, there are 30 stations of this type operating in Canada of which 5 belong to the Canadian Broadcasting Corporation. In most cases, the FM stations are operated as ancillary to stations operating in the standard sound band and the same programmes are transmitted simultaneously over related FM and AM stations.

### **National Licensing and Control Procedures**

Subject to the technical limitations imposed by these several international agreements, each sovereign nation can of course establish broadcasting control measures of various kinds within its

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own boundaries. Obvious as this may seem, it is perhaps worth noting that there are no international limitations on *what* may be broadcast but only on *how* any country may operate that portion of its aural or visual broadcasting activities that spills over its boundary lines. National controls, on the other hand, may and often do apply not only to the technical aspects of wireless communication but also to the content of the programme fare transmitted over the air lanes by sound and television broadcasting stations.

In Canada, Parliament has long since decided that there should be some degree of public control not only on *how* broadcasting will be conducted but also on *what* may or may not be transmitted by radio and television stations. The historical, economic, geographic and other reasons which lie behind that decision are fully described and commented upon in other portions of this report, particularly in Chapters I and IV and in Appendix II.

There are two Federal statutes that govern broadcasting in this country. They are the Radio Act, passed in 1938 and amended many times since then, and the Canadian Broadcasting Act passed in 1936. Although this latter Act has been amended several times since it was given Royal Assent, these amendments have not significantly altered its nature or its essential features. In a general way, the Radio Act and the two sets of regulations made thereunder — the first by the Governor in Council pursuant to section 3 of the Act and the second by the Minister of Transport under section 4 — relate to the technical control, licensing, maintenance of standards, inspection, etc. of all forms of wireless communication of which broadcasting, in the accepted modern sense of that word, is but a relatively small part. On the other hand, the Canadian Broadcasting Act and the regulations made by the Corporation under the authority of section 21(1) of that Act relate almost exclusively to the public control of both publicly and privately owned radio and television stations.

Existing authorities and procedures for the licensing of publicly and privately owned radio and television stations are largely contained in the Radio Act and to a lesser extent in the Canadian Broadcasting Act (section 22). All applications for new licences, changes in facilities of existing stations, changes in ownership of existing stations or changes in ownership of shares of capital stock of licensee companies are submitted to the Department of Transport

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on forms designed for the purpose. These applications must be accompanied by a technical brief which is designed to demonstrate that the proposal envisaged in the application complies with the Radio Act and regulations made thereunder, the North American Regional Broadcasting Agreement and the Department of Transport's technical specifications. Applications that are satisfactorily complete and technically acceptable are referred to the Canadian Broadcasting Corporation in accordance with section 22 (1) of the Broadcasting Act and the applicant is notified accordingly. At this stage, the result of the Department of Transport's detailed examination of the application is reviewed by the Joint Technical Committee comprising officers of the Department of Transport and of the Canadian Broadcasting Corporation.

Following publication of notice in the *Canada Gazette*, the Board of Governors of the Canadian Broadcasting Corporation holds a hearing at which the application is considered. Applications for broadcasting licences by private interests are considered at public hearings of the Board but no such public hearing is held in the case of applications by the Corporation for new CBC stations. During these public hearings, any person or group having an interest in the application is given an opportunity to be heard. Following the public hearing, the Board of Governors makes its recommendations to the Minister of Transport and issues a public announcement outlining its recommendations. If the licensing of a new station is involved, the Minister of Transport then makes a recommendation to the Governor in Council. If an Order in Council is passed as a result of this recommendation, a licence is issued for the establishment and operation of a station for a period of five years from the end of the fiscal year in which the licence was first issued, provided that the licensee complies with the provisions of the Radio Act, the Canadian Broadcasting Act and regulations made under these acts, and with the provisions of the Radio Regulations annexed to the International Telecommunication Convention and International Regional Agreements for the time being in effect. In matters other than the licensing of new stations, for example changes in the power, ownership or location of existing stations, the Minister of Transport has full authority to act without an Order in Council.

Under the General Radio Regulations Part I, all private commercial broadcasters are required to pay certain annual licence



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fees based on gross revenue. The scale of fees to be paid, as set out in the regulations, is the following:

<i>Station</i>	<i>Annual Gross Revenue</i>	<i>Fee</i>
A	Under \$25,000 .....	\$ 100
B	\$25,000 and under \$50,000 .....	\$ 250
C	\$50,000 and under \$75,000 .....	\$ 500
D	\$75,000 and under \$100,000 .....	\$1,000
E	\$100,000 and under \$200,000 .....	\$1,500
F	\$200,000 and under \$400,000 .....	\$3,000
G	\$400,000 and over .....	\$6,000

All broadcasting stations, including those owned by the Canadian Broadcasting Corporation, are inspected periodically by radio inspectors of the Department of Transport to ensure that each station complies with the terms of its licence and with the technical requirements of the Department:

The licensing procedure outlined above applies to television and to sound broadcasting stations, both standard band and frequency modulated. With regard to this procedure, we have observed that private applications for short wave broadcasting stations are normally denied as a result of a policy adopted by the Board of Governors in 1944. At that time, the Board stated that it had always been its policy "to deny applications from private stations for short wave stations as it is the opinion of the Board that short wave frequencies should be reserved for high power stations for international broadcasting and further that short wave broadcasts cannot give an adequate domestic service".

It is also worth noting that neither in the legislation nor in the regulations made thereunder is there any outright prohibition or even a precise limitation of multiple ownership or foreign ownership of radio and television stations. It is true, however, that following certain recommendations of the 1942 Parliamentary Committee on radio broadcasting, the General Radio Regulations, Part II, were amended to vest in the Minister of Transport some discretion as to the degree of multiple ownership or foreign ownership that might be allowed in individual cases. Before the 1942 Parliamentary Committee formulated its recommendations, a number of private radio chains were already in existence. The Board of Governors has made no recommendation nor has the Minister of Transport taken any action

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to alter the existing situation but, since 1942, the Board has resisted recommending the extension of any existing chain of radio stations or the creation of new ones. This has not, however, been a firm and fast rule and, in some exceptional circumstances, the owner of an existing station has been allowed to acquire a second licence where, for example, no other applicant could be found to operate a radio station in the locality concerned. The Board has apparently adhered to this policy in considering applications for new television stations.

With regard to foreign ownership, the Board, during the course of our inquiry, considered and recommended the transfer of approximately one-third of the common shares of a radio and television station to the Canadian subsidiary of an American company. However, at the time the Board forwarded this recommendation to the Minister of Transport, it suggested "that the Licensing Authority give consideration to this matter and to the desirability of a provision relating to the degree of non-Canadian control, direct or indirect, in the use of a Canadian air channel, possibly along the lines of the U.S. provision limiting the amount of alien interest in a licensed station in that country to 20 per cent".

The Board's policy in respect of newspaper ownership of radio and television stations has also been conditioned by parliamentary committee recommendations. Under this policy, an applicant for a radio or television station is neither helped nor hindered by the fact that he happens to be a newspaper publisher. His application is considered on its merits.

As to the common ownership of a radio and television station, the Board of Governors has not considered this as chain ownership although it is apparently aware of the dangers of too much concentration of mass communication media in too few hands.<sup>1</sup>

While the Radio Act and regulations are exclusively concerned with the technical aspects of wireless communication, the Canadian Broadcasting Act and regulations are mainly concerned with the art of public and private broadcasting to a widespread audience. The Radio Act pertains to the vehicle; the Broadcasting Act to its content.

It is this latter Act that establishes a Canadian Broadcasting Corporation consisting of a board of eleven governors who have wide powers over the nature of the broadcasts emanating from publicly

<sup>1</sup> Evidence p. 7677 to 7690. See also discussion of these matters in Chapter IV.

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and privately owned radio and television transmitters. Some of the more noteworthy powers granted to the Corporation by the Act are listed hereunder:

1. The maintenance and operation of sound and television broadcasting stations. To this end, the Corporation may either build its own stations or acquire existing privately owned stations by lease or by purchase and equip such stations with the necessary machinery and other facilities.
2. The broadcasting of suitable programmes which may be either produced by the CBC itself or secured from other sources within or without Canada.
3. The collection of news in any part of the world and in any manner the CBC may deem fit.
4. The acquisition of copyrights and patents.
5. The administration of all funds accruing to the Corporation under the terms of the Act.
6. Full control over,
  - (a) all network arrangements;
  - (b) content of programmes broadcast by public and private stations;
  - (c) the nature and amount of advertising permissible on CBC and private station broadcasts;
  - (d) the periods to be reserved by private stations for the broadcasting of CBC programmes; and
  - (e) the proportion of time that may be devoted to political broadcasts by public and private stations and the allocation of such time among parties and rival candidates.
7. The duty to ensure a greater use of Canadian talent by CBC and private stations.
8. The power to require private stations to furnish such information regarding their programmes as the Corporation considers necessary for the proper administration of the Act.

In actual practice, during the last few years at least, the Corporation has not used a noticeably heavy hand in wielding its rather extensive powers over private stations. True, under the authority of section 21 of the Act, the Corporation has made a series of regulations. But, in the foreword to these regulations, it is stated that they are intended only as "some minimum standards in broadcasting".

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Furthermore, many of these regulations are of a very general nature and difficult if not virtually impossible to enforce because they relate to such subjective matters as common sense and good taste, or because they are of a discretionary nature. There are, of course, a number of precise regulations which can be enforced. These relate to such matters as advertising content, the weekly filing of programme logs, food and drug advertising, reproduced programmes, etc. But even here, the bulk of the evidence seems to indicate that there has been more laxity than severity in the Corporation's enforcement of its own regulations.

There are perhaps two main reasons for this. The first is that the Corporation has been repeatedly criticized in some quarters, not of being unfair, but simply of being both regulator and competitor of the private stations. The natural consequence has been that the Corporation has tended to regulate rather less than more. The second reason is that the Board of Governors has no way of knowing, with any degree of accuracy, how well or how badly private stations are doing financially and the tendency has therefore been to be lenient, to make exceptions to the rules, on the grounds that, after all, private stations have to make a profit out of their commercial operations or go bankrupt.

These same two reasons go a long way towards explaining why it is that, although legally the regulations apply to CBC and private stations alike, in actual practice the standards of CBC performance are generally higher than the so-called "minimum standards" of the regulations. For example, the CBC does not allow any of its religious, news or discussion programmes to be commercially sponsored. All types of programmes broadcast by private stations are open for sponsorship although, as a matter of individual policy, some private stations have deliberately refused to accept advertising support for certain of their programmes. Another example. The CBC does not carry advertising for certain types of hygienic products, but this is not prohibited by the regulations and indeed many private stations do accept this type of commercial sponsorship. And yet another. There is nothing in the regulations to prescribe the proportion of the broadcast fare which must be of Canadian origin, but the CBC none the less ensures that a substantial amount of its own programming is Canadian in content and produced by Canadians.

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It would not be difficult to bring forth many more examples of this kind but, in saying this, we would not wish to create a false impression. The CBC and the private stations are obviously not in quite the same position. The CBC does not have to live on its commercial revenues. The private stations do. Furthermore, there are private stations who present much better and more balanced programming than would be ensured by a servile compliance with the pressures of commercialism within the limits of the regulations. But it remains true that, for a number of private stations, the "minimum standards" of the regulations have really been maximum standards and, indeed, there are some broadcasters who have not infrequently violated even those relatively low standards. In order that the record may be complete, although it is true that CBC performance standards are higher than the minimum standards of the regulations, it is also true that the Corporation sometimes violates its own regulations. For example, our programme analyst, Dr. Dallas Smythe, was unable to find a single description of programme content in the CBC station logs for the week of January 15, 1956, notwithstanding that regulation 4 provides that each station shall maintain a programme log containing, amongst other things, "the title and brief description of each program broadcast". We need hardly add that neither do private stations provide such descriptions in their logs, which is but one more illustration of the fact that although the machinery for control is provided in the Canadian Broadcasting Act and regulations, control has been anything but stringent.

## **The National Broadcasting Service**

What is the purpose of the extensive powers thus granted to the Board of Governors? The Act merely says that the object of the Corporation is "to carry on a national broadcasting service within Canada". It is not difficult to deduce from the historical record—recommendations of previous royal commissions, parliamentary committee reports and statements by members of governments of different political persuasions—that the essential principle underlying the Canadian Broadcasting Act of 1936 is that there should be a single broadcasting system in Canada, of which the private broadcasters

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are a complementary but necessary part and over the whole of which the Corporation, through its Board of Governors, has full jurisdiction and control.

It is, however, a much more difficult matter to determine with any precision what is meant by "a national broadcasting service". Nowhere is this expression defined, except by inference, and yet it encompasses in four short words the whole *raison d'être* of the CBC. It is therefore of more than passing interest to ascertain the interpretation placed upon this expression by the Corporation itself. We are in general agreement with the following statement<sup>1</sup> on this subject by Mr. A. D. Dunton, the Chairman of the Board of Governors:

"The Canadian Broadcasting Corporation is charged to carry on a national broadcasting service for Canada.

"The purpose in television broadcasting must be to provide a television service for the whole nation reaching Canadians in all parts of the country; to provide service in the two main languages of Canada; to develop the best possible national service of Canadian programs together with programs brought in from outside the country.

"It must aim to serve Canadians in all walks of life, old and young; to bring broadcasting of pleasure and value to them; to meet in fair proportion their varying interests and tastes; in doing so to use the vivid power of television to communicate many things that people want—varied entertainment, information, ideas, opinions, pictures and reflections of many doings and developments, of many aspects of life; to offer plenty that is diverting and relaxing, and also to offer things of beauty, of significance.

"The service should strive to enrich the lives of individual Canadian families with all their diversity of interests. At the same time it should stimulate the life of the nation in many ways: by offering opportunities for the artistic and creative and communicative abilities of Canadians to develop and to be appreciated and shared in by other Canadians; by giving Canadians a good chance to laugh at and enjoy the same amusing and pleasant things together from

<sup>1</sup> Exhibit 2, p. 1 and 2.

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coast to coast; by also giving people opportunities for some new insights and understandings; by helping Canadians to know and understand one another and to know other parts of their own country better; by reflecting the diverse traditions that make up the Canadian heritage; by meeting and stimulating the interests of Canadians in other Canadians and in the achievements, ideas and creative work of other peoples, all in the one Canadian spirit”.

The Corporation’s understanding of its responsibilities under the Act was further elaborated in another CBC submission entitled “The National Program Service”<sup>1</sup>.

“The CBC was created by Parliament to provide Canadians with a broadcasting service suited to the particular needs of this country.

“It is answerable for its operations to Parliament in the first instance and ultimately to public opinion.

“The scope of its service has been determined by the national wealth and the needs of the people; its shape by geography and two official languages; its character by the democratic climate of our society.

“Its programs, principally Canadian in origin but augmented by a selection from abroad, have been concerned with entertainment and relaxation; the imparting of objective news and information; the vitality of the nation’s democratic institutions and values — free speech, the rule of law, respect for the individual, freedom of worship, freedom of inquiry; the health of the nation, the efficiency of its economy and its good repute abroad; sport; the education of youth; and the creative arts which are the lifeblood of its programs.

“Its policy has been to invest each program according to its nature with that degree of relaxation, humour, stimulation, escape, inspiration or excitement necessary to arrest and hold the listener’s interest.

“Its organization has been developed on a regional basis in order to tap for program material the thought, aspirations, traditions and art of individuals, groups and communities in every part of the country.

<sup>1</sup> Exhibit 14, p. 1 to 4.

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"Its regional policy is a three-way system of serving the particular needs of the people of the regions in such fields as school broadcasts, news, farm and fisheries broadcasts; of fostering and sustaining local and regional thought and traditions so that they may contribute to national programs; and of developing and sustaining talent in the fields of music, drama, and writing on a basis of professional competence in all regions.

"Out of this regional diversity the Canadian character has grown, slowly and at times frustrated by sectionalism and factionalism. But the richness of its promise has already been reflected in many CBC programs.

"Believing that the citizen of a free society is a complex of interests, tastes and capacities for enjoyment, the starting point in the production of CBC programs is the conception of listeners and viewers as individuals, not as a mass. As a listener or viewer he cannot be classified for the convenience of program producers as highbrow, lowbrow, or middlebrow; jazz fiend, long hair or sports fan. Packaging individuals neatly into such categories for easy handling is a totalitarian device; the combinations of tastes in the individual vary widely. The same individual may have within him the capacity to enjoy symphonic music, boogie woogie, farce, wrestling, political discussion and religious experience.

"It is this variety in the individual that gives our society its character and civilised life its richness.

"The program spectrum of CBC is made as broad as possible in order that tastes already formed may be sustained and new ones encouraged.

"CBC cannot at any one time provide a range of programs wide enough for all listeners and viewers to find their choice immediately. But it can and does provide such a range during the course of the day, the week or the month.

"Within its resources CBC has made the democratic compromise of trying to serve all of the people some of the time rather than some of the people all of the time. Broadcasting a few types of programs most of the time, in the belief that



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this is the way of giving the public what it wants, degrades the listener or viewer from an individual to a type.

“CBC conceives it to be its duty to provide as wide a range of programs as possible from which the individual listener or viewer may choose. This involves a reciprocal obligation on the listener or viewer to accommodate himself as far as possible to the times at which programs of his choice are scheduled. Only in this way can the interests of as many as possible be served during the broadcasting day.

“The CBC attempts to serve the largest number of listeners at the times most suitable for them by carefully devised patterns of scheduling and by its system of regional broadcasting: farmers at noon, housewives in the afternoon, children in the late afternoon, families in the early evening, adults in the late evening.

“It does not regard radio listening or television viewing as a full-time occupation for any individual or section of the nation. No program schedule could be devised for the benefit of a single individual or group. To use the vast resources of radio and television to broadcast certain types of programs exclusively at the expense of the widest possible selection, to starve or leave unawakened certain capacities for enjoyment while others are glutted, would be a misuse of these resources, an impairment of their great potential.

“In the final analysis, broadcasting produces nothing tangible, no ‘end product’, only an impact on the minds of listeners or viewers.

“In the course of years and even generations it is hoped that the impact of CBC programs will enlarge the understanding and stimulate the creative genius of Canadians.

“Understanding begets tolerance. As citizens of a nation embracing two cultures and languages, two aboriginal races and many other racial stocks, sectional economic interests and a scattered population, Canadians have need of an extra portion of tolerance and understanding.

“One of the tests of healthy democracy is the tolerance of unpopular minority opinions, of new expressions of art

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and ideas, either native or imported, which are essential to the nation's development.

"In the furtherance of Canadian arts — music, drama, ballet, design — CBC has set its sights at the international level. The commonwealth of creative art is international and national standards like good currency should be freely exchangeable among civilised peoples.

"The vitality and efficiency of CBC can only be maintained by constant and constructive public criticism. Such criticism helps to maintain and improve artistic and technical standards, to inform and inspire program producers, to destroy complacency and preserve good taste.

"While taking pride in its achievements of the past twenty years, CBC is aware of its constant duty not only to maintain recognized standards but to create new ones in keeping with the nation's growth and with scientific, artistic and social advances. It is aware of its opportunities and responsibilities as the second largest broadcasting system among the free nations and as the national broadcasting system of one of the leading Western powers."

### **The Physical Plant and its Operation**

The original cost of CBC assets held early in 1956, including land, buildings, equipment, antennae and furnishings, was \$25.8 million. This figure, of course, includes only assets owned outright by the Corporation. In this connection, it is of interest that of the 104 different locations in which the CBC is now established, 44 are CBC owned and 60 are leased at a rental of more than half a million dollars per annum. The Corporation has estimated that the replacement value of its owned assets is approximately \$41 million. On the other hand, the Canadian Association of Radio and Television Broadcasters has estimated that, over the years, private broadcasters, both CARTB members and non-members, have made a combined capital investment of some \$44 million. These figures are obviously not comparable; but they give some indication of the size of the capital investment made by the broadcasters in this newest of mass communications media. In addition to this, there are the hundreds of millions invested by

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listeners and viewers in receiver sets — it is estimated that Canadians have spent some \$850 million on television sets alone during the past five or six years — to say nothing of the capital invested by the electronics industry, the telephone and telegraph companies and the many other industries and businesses which, in one way or another, contribute to or form part of radio and television.

A number of schedules and maps contained in Appendix VIII to this report give detailed information as to the ownership, location and network affiliations of all radio and television stations operating in Canada on December 2, 1956.

At the moment of writing, there are 189 radio stations operating in Canada, of which 147 normally broadcast in English and 42 in French. Of the overall total of 189 stations, 22 are owned and operated by the CBC and 167 by private interests. In addition, the CBC owns 54 low power relay transmitters which operate directly from the networks without studios and which are located mainly in central British Columbia, northern Ontario and New Brunswick.

All three regular radio networks in Canada are operated by the CBC. They are the Trans-Canada, the Dominion and the French networks.

The Trans-Canada network consists of 45 stations of which 17 are owned and operated by the CBC. There are 26 basic, 16 supplementary A and 3 supplementary B stations in the network which also includes 52 permanently connected low power CBC relay transmitters. The full network service of sponsored and unsponsored programmes is made available to basic stations while supplementary A stations have available to them all unsponsored network programmes and may also be added for commercial network programmes upon request of the sponsor. Basic and most supplementary A stations are required to reserve certain periods for CBC public service network programmes. Sustaining service is not made available to supplementary B stations which, however, may broadcast commercial network programmes upon request of the sponsor.

The Dominion network consists of 50 stations of which only one, CJBC Toronto, is CBC owned and operated. Thirty-one stations constitute the basic network while 9 stations are in the supplementary A and 10 in the supplementary B groups. There are no relay transmitters on this network.

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The French network consists of 25 stations of which 4 are CBC owned and operated. The basic network includes the 4 CBC owned stations plus one private station, CHNC at New Carlisle. There are 20 stations in the Supplementary A group. This network has no Supplementary B category but does include two low power relay transmitters.

The Trans-Canada network extends from St. John's, Nfld., to the West Coast; the Dominion network from Sydney, N.S., to Victoria, B.C.; and the French network from Moncton, N.B., to Edmonton, Alberta.

Following approval by the Board of Governors, affiliation arrangements are discussed with private stations and made on a fairly informal basis. In addition to commercial network programmes for which they receive payment, affiliated stations are required, as stated above, to broadcast on a regular basis certain unsponsored network programmes. There are occasions, however, when important community events, local sports activities, etc., are given priority over CBC reserved network time.

The line facilities to connect the various member stations of the networks are provided on a rental basis by the two railway companies, the Bell Telephone Company and several provincial telephone companies. The Trans-Canada network comprises 6,702 miles of line to which 41 stations are connected permanently while others may be added as required. The Dominion network has 4,528 miles of line connecting its member stations while 3,232 miles of line join the various stations on the French network. The lines required for the three networks are contracted for on a 16-hour day basis but some of the networks operate considerably less than that. For example, although the Trans-Canada network feeds programmes to its member stations 16 hours daily, the Dominion network is in operation on an average for only 4½ hours each day. During the remaining hours, Dominion network lines are used to distribute CBC daytime programmes such as Farm, School and Talks broadcasts which many Dominion affiliates carry on a regular basis. These lines are also used to assist in the delay pattern across western Canada and to bring in programme material from various CBC and private stations to the major production centres at Montreal and Toronto for release.

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There are 52 English language and 17 French language radio stations that are not affiliated with any of the three networks but 4 of these (CJAD and CKAC Montreal, CFRB Toronto and CKWX Vancouver) have some affiliation with American radio networks.

Although all regular radio networks are operated by the CBC, private stations may, under the Broadcasting Regulations, form subsidiary hookups from time to time. This indeed is done fairly frequently. For example, during the week of January 8, 1956, there were eight such subsidiary hookups between various groups of private stations. Some of these subsidiary networks were very small, comprising only two stations, but others were fairly large. For example, during that week station CFRB, Toronto, originated a variety programme called "Double or Nothing" on a subsidiary hookup comprising stations CKOC, CKTB, CKOX, CJOY, CKCR, CJCS, CFOR, CKBB and CKNX.

The situation is quite different in television. Thirty-eight stations were in operation in December, 1956. Of this total, nine are owned and operated by the CBC at Vancouver, Winnipeg, Toronto, Ottawa, Montreal, Halifax and Goose Bay. With the exception of Ottawa and Montreal, where the CBC now operates both English and French languages stations, no locality has more than one television station but several communities are within range of more than one television transmitter.

The nine CBC and twenty-nine privately owned television stations all form part of either the English or the French CBC networks. There are thirty-two stations on the former and six on the latter. Eventually, all these stations will be connected on one network or the other by the chain of microwave relay stations now under construction by the Bell Telephone Company (English) and the combined CN and CP Telegraph Companies (French). At the moment, the English microwave connected network extends from Quebec City to Winnipeg and reaches into parts of northern and all of southern Ontario while the French microwave chain links Ottawa, Montreal, Sherbrooke and Quebec City. Since December 1, 1956, four stations in the Maritimes — at Halifax, Saint John, Moncton and Sydney — have been joined by microwave. Halifax is the originating point for this regional network which the Bell Telephone Company expects will be

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connected to the national chain by November, 1957. Stations not now joined to the microwave link are provided with network programmes by means of kinescope films.

In addition to the 189 radio stations and 38 television stations that were actually in operation on December 2, 1956, authority had been granted by Order in Council for the licensing of five more radio stations and six more television stations. The new radio stations are to be located at Port Hope, Ont., Toronto, Ont. (FM), Altona, Man., Lloydminster, Alberta, and Quesnel, B.C., while the six television licences are for English language stations at Harmon Field, Nfld., Argentia, Nfld., (satellite of CJON-TV at St. John's), Quebec City, Medicine Hat, Alberta, Kamloops, B.C. and for a station at Rouyn, P.Q., which will be required to provide at least 60 per cent of its programming in the French language.

In both radio and television, the most extensive production facilities are to be found in the CBC studios located in Montreal and Toronto which produce the bulk of the live Canadian programmes to be seen or heard on the receiver sets. Outside of these two major CBC production centres, most publicly or privately owned broadcasting stations have fairly modest production facilities, usually consisting of one general purpose studio and one or two small news or talks studios.

The operating power of radio stations varies all the way from the 100 watt stations, of which there are very few, such as CBH at Halifax and CFRC, the Queen's University station at Kingston, to the powerful 50,000 watt stations such as CBF at Montreal and CKLW at Windsor, Ont. In television, operating power presents a much more complex picture. The power used for the transmission of the picture is always greater than that used in the transmission of the accompanying sound. The station now using least power is CKSO-TV at Sudbury with an effective radiated power of 1,740 watts for its video signal and 870 watts for its audio signal while the biggest consumer of power, CKLW-TV at Windsor, Ont., radiates 178,000 watts on video and 107,000 watts on audio.

As to the length of the broadcast day, the pattern has been fairly well established in radio. Although there are a number of private stations, particularly in the larger urban centres, which broadcast on a 24 hour basis the year around, most radio stations, both public and

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private, open their transmitters in the pre-breakfast hours and broadcast without interruption until about midnight. In television, the pattern is much less uniform. CBC English-language stations are on the air anywhere from 63 to 75 hours a week while the length of the broadcast week on English-language private stations varies between 42 and 88 hours. Presumably because their sources of suitable filmed material are fewer, French-language stations, both public and private, are on the air each day for somewhat shorter periods than their English-language counterparts. As yet, there has not been any significant amount of daytime broadcasting except on Saturdays and Sundays when many stations open their transmitters at mid-day or even earlier.

The vast sound and television broadcasting machine briefly described above now requires more than 10,000 people to make it function, about half of whom are employed by the CBC and half by private broadcasters. In terms of coverage, about 96 per cent of Canadian homes are now equipped with radio receiver sets and some 60 per cent with television sets although better than 80 per cent of the Canadian people are now within reach of one or more television transmission signals.

### **The Cost to the Public**

In considering this question, sight must not be lost of the fundamental fact that television is a vastly more expensive medium than radio and that, while the advent of television has tended to reduce the amount of commercial revenues to be derived from radio, expenditures on sound broadcasting have continued to increase.

We do not propose, at this stage, to prognosticate what our broadcasting system will or should cost during the next several years. We simply wish to state, in broad terms, how much the present system is costing the taxpayer.

For the sake of simplicity, we have not taken into account, in computing these costs, any element of public subsidy that may be contained in the programming service given by the Canadian Broadcasting Corporation to its private affiliates, particularly in the field of television. Since any such subsidy element will in any event be

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reflected in CBC costs, there seems little point, for our present purposes at least, in attempting to determine what proportion of the CBC's overall costs is attributable to the affiliation of private stations to its networks.

The Corporation's capital requirements have in recent years normally been met by interest-bearing government loans. The servicing of these loans has been included in our assessment of the cost to the public of our broadcasting system. At the present time, annual interest payments on these loans amount to approximately \$900,000.

For the fiscal year ended March 31, 1956, the combined operating expenditures of the CBC, including servicing of loans, totalled \$44.5 million while total income from all sources was \$43.2 million, thus leaving a net deficit of \$1.3 million. As might be expected, the biggest single expenditure — \$28.8 million — was for programme production. Other fairly sizeable items were \$7.8 million for engineering, \$1.6 million for administration, \$2.5 million for microwave and line connections and \$1.7 million for depreciation and obsolescence.

Of the CBC's total income of \$43.2 million, some \$13.3 million were derived from CBC commercial activities and approximately \$400,000 from miscellaneous sources. The balance of the income was made up of \$6.25 million granted by Parliament under section 14 (3) of the Canadian Broadcasting Act, the proceeds from the 15 per cent excise tax on radio and television receiver sets and parts which produced \$22.8 million, and finally \$379,000 which was the sum total of the licence fees paid that year by private broadcasters under Part I of the General Radio Regulations. The true cost to the public of our broadcasting service can therefore be arrived at by adding these last three items to the deficit of \$1.3 million bringing the total to nearly \$31 million. The true cost to the public, computed on the same basis, for radio and television broadcasting services in the fiscal years 1955 and 1954 was respectively \$23.7 million and \$16.7 million.

This increase in the cost to the public of radio and television is explained mainly by the very rapid expansion of television services. In radio the CBC's operating expenditures went from \$13.4 million in 1954 to \$14.3 million in 1956, while in television the increase was



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from \$8.4 million in 1954 to \$30.2 million in 1956.<sup>1</sup> This wide divergence in the rate of expenditure increase in radio and television during the past few years is, of course, due not only to the fact that the latter medium is so much more costly than the former but also to the fact that television transmissions did not begin in Canada until 1952 while sound broadcasting dates back to the early nineteen-twenties. As will be seen later in this report, these expenditures will continue to grow for some time to come before any significant levelling off can reasonably be expected.

<sup>1</sup> In the figures quoted above, direct costs of sponsored programmes have been included with programme costs, whereas in the annual statements of the CBC such direct costs are deducted from commercial income.

## *Chapter III*

# The Programme Fare

PROGRAMMING in radio and television is mentioned several times, directly or indirectly, in our terms of reference as set out in Order in Council P.C. 1955-1796 of December 2, 1955<sup>1</sup>. While it is true that the Order in Council places special emphasis on television programming in general and on CBC aural and visual broadcasts in particular, we did not feel we could report properly on the matters referred to us unless we considered the whole radio and television programme fare made available to Canadians by both public and private broadcasters.

In our public hearings, we heard a great deal about television and radio programmes from many witnesses who appeared before us in all provinces and also from many individuals who expressed their views in letters to the Commission. We will attempt to summarize these valuable, though in many cases personal or subjective, opinions from Canadian individuals and organizations.

In addition, we felt that we should obtain a more impersonal and objective analysis of the Canadian broadcasting fare which would assist us in making our recommendations and would also assist Parliament and the Canadian public in their future consideration of these problems. We were fortunate in obtaining the services of Dr. Dallas Smythe, a research professor in the Institute of Communications Research at the University of Illinois, to undertake with the assistance of several of his associates the required study and analysis of Canadian radio and television programmes. Dr. Smythe was born and spent the early years of his life in Canada, but has spent his professional

<sup>1</sup> Appendix I.

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life in the United States, where he has been engaged in several extensive research projects and was, for a time, the member of the staff of the Federal Communications Commission in Washington responsible for the planning and conduct of social and economic research.

The material submitted to us by Dr. Smythe and his associates was voluminous, at times technical, but always interesting. He approached the study from the standpoint of the Canadian viewer and listener and considered the nature of the programmes emitted in a selected week by public and private television and radio stations. The week chosen was that of January 15 to 21, 1956, because it was in the winter season when programming is generally of better quality than in summertime and because it contained no unusual events which would make it unrepresentative of the normal broadcast fare. The study included all 33 television stations, both public and private, that operated during that week. For radio, a carefully selected sample of 62 of all the operating stations was used. For purposes of comparison, a very small sample of United States border television stations was also examined for the same week. The total time on the air during the sample week for each station was broken down into a number of programme classifications and subclassifications<sup>1</sup> and the total elapsed time devoted to each class of programme was compiled in a large number of comparative tables. On the basis of these tables, Dr. Smythe prepared an exhaustive programme analysis which is printed separately as Volume 2 of this report. Later in this chapter, we will attempt to summarize some of the more significant facts that emerge from the analysis and to draw certain conclusions from these facts. Although Dr. Smythe's analysis has been printed *in extenso* in Volume 2, we did not feel that the general public would be sufficiently interested in the basic tables to warrant the expense of having them translated and printed in large numbers. However, the material contained in them is fundamental information which may be of great value to students and analysts of Canadian broadcasting. We therefore arranged to produce a limited number of copies of both the television and radio tables and will make these available to broadcasters and to university and other libraries throughout Canada.

<sup>1</sup>For easy reference, Appendix IX contains the definitions of programme classifications used by Dr. Smythe in his analysis which is printed separately in Volume 2 of this report.

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First, then, as to the evidence we received on programmes provided by Canadian radio and television stations. In general, we can say that the weight of evidence indicates that Canadians like the programme fare they are getting. This is not to say, nor would one expect, that all people liked all programmes or even that any individual approved of everything that was broadcast. But the performances of both the CBC and the private stations were able to command a substantial measure of support. Both public and private broadcasters seem to have been able to please more than some of the people, more than some of the time.

With regard to CBC radio and television programming, by far the greater number of witnesses, including a number of organizations which favoured greater freedom for private broadcasters, urged that CBC programming should be continued and expanded. Despite some divergent views tenaciously held, there is general commendation for the nature and quality of the Corporation's broadcasts. From many different parts of the country we heard evidence to the effect that the Corporation, through the high standards of its musical programmes over the years, had been effectively instrumental in raising the level of popular tastes in music. There was also a good deal of praise for the Corporation's farm broadcasts. The most common complaint was that there was too much violence in some of the children's programmes and that these programmes were not always aired at suitable hours. There was virtually no complaint that CBC programming was too highbrow; indeed there was some demand for a greater proportion of the more serious types of broadcasts. It may be significant that the demand for an increase in the number of discussion and panel types of programme came largely from organizations representing rural communities.

The private stations came in for a good deal of criticism on the grounds that their programming was unimaginative and contained too high a proportion of disc jockey and give-away types of programmes. They were also charged with employing far too little Canadian talent and, generally, with tending to level off their programme standards at the lowest common denominator. On the credit side of the ledger, there was a good deal of warm praise for the quality of the news services provided by private stations as well as for a variety of community service broadcasts which were held, in many quarters, to be of outstanding value. At the same time, it was

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assumed by most witnesses that private stations could not be expected to give their listeners or viewers the same quantity or, indeed, the same quality of Canadian-produced programmes as the CBC. A large majority of witnesses, even including some ardent champions of public broadcasting, agreed that there was a place in Canada for the private broadcaster even though many felt that place should be restricted to the local level. This reinforces our view that men and women in this country like the kind of broadcasting system we have, although many feel that the private station broadcasts are perhaps more uniformly tawdry than they really need to be.

Concerning broadcasting generally, a surprising amount of interest was shown in educational broadcasts. Most witnesses recognized that radio, and more particularly television, are tremendously influential instruments, and many would like to see greater use made of these instruments in the realm of formal education. The value of the present school broadcasts was stressed by many witnesses from all parts of Canada. The Corporation Générale des Instituteurs et Institutrices Catholiques de la Province de Québec stated that 75 per cent of the teachers in the Quebec City area wanted television in the classroom. The general view was that the Canadian Broadcasting Corporation could advantageously expand its activities in this field, without in any way impinging on provincial rights, simply by co-operating fully with, or by having educational programmes prepared entirely by, the various provincial ministries of education. As a rule, witnesses from the Province of Quebec seemed to be better satisfied with children's programmes in the French language than witnesses from other provinces with similar English language programmes.

Sports programmes generally are liked by all classes of the population but there are many who feel that wrestling should have a much more limited place, or no place at all, in Canadian television.

From the mass of evidence we have examined, it is clear that Canadians generally do not object to advertising as such. But there are many who feel that some advertising is unduly lengthy, or vulgar, or, in some cases, actually misleading. There are also those who feel that advertising messages should not be allowed to interfere with the flow of a programme and that they should always and automatically be restricted to natural breaks in any broadcast.

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An astonishing number of organizations suggested that advisory groups of one kind or another should be established to help the CBC in designing its programming. There was a suggestion that a National Advisory Council be established with membership drawn from all parts of Canada, the purpose of which would be to assist the Board of Governors in having constant access to public opinion from coast to coast. Others urged the establishment of provincial, or regional, or even local committees to advise the Corporation on various aspects of broadcasting, particularly children's programmes and the adult education type of broadcasts. Notwithstanding these numerous representations, we cannot agree that it would be wise to give formal recognition to advisory bodies of this kind because, to a large extent, they would usurp one of the important functions which the Board of Governors has been established to discharge, and that is to represent the people of Canada. That is not to say, of course, that the Board cannot from time to time seek the advice of organizations with specialized knowledge in certain fields. But we think it would not only be impractical but wrong in principle to set up a whole series of official advisory groups as has been suggested to us.

This very sketchy summary of a substantial volume of evidence gives an inadequate picture of the opinions of Canadians concerning their broadcasting fare. It fails also to reflect in sufficient detail the great amount of study that went into the preparation of submissions from many individuals and organizations in all provinces. In some cases, briefs were based on quite exhaustive surveys and dealt with many points other than those to which we have referred. Some of these points will be discussed in later sections of this report when we come to particular subjects to which they relate. For the rest, since this Commission cannot hope to devise a detailed blueprint for Canadian radio and television programming and can at best only indicate the broad lines of approach, we commend the briefs we have received to the attention of the operating officials of both the CBC and of the private broadcasters. In particular we commend them to the attention of any public body that may in future be responsible to Parliament for the control and supervision of our broadcasting system.

In contrast to the mainly subjective and personal evidence given to us during the course of our hearings, the programme analysis made for us by Dr. Dallas Smythe is entirely objective. It is based on fact,

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not on an individual's tastes or prejudices. It is quantitative, not qualitative. Dr. Smythe's analysis, therefore, does not reveal whether the symphonic broadcast by station ABC was nothing but nerve-shattering caterwauling or whether the jazz programme by station XYZ was a beautifully done symposium of modern rhythms. The analysis merely reveals that at a certain time station ABC was broadcasting-symphonic music and station XYZ a jazz programme. But this kind of information is invaluable because it has enabled us to determine how well public and private broadcasters meet what should be their main objective, and that is to offer well balanced programming. "Balance" is the key word—balance as between the various functions that can be performed by radio and television.

In Canada, there appear to be four principal functions which we expect our broadcasters to discharge. These are, first, to inform (news, public events, the reporting of facts); secondly, to enlighten (interpretation of the news, education, discussion, debate on the facts); thirdly, to entertain (enjoyment, relaxation); and fourthly, to sell goods (advertising, distribution of goods and services). Any broadcaster who performs only one of these functions and none of the others, or even too much of one and too little of the others, is not a good broadcaster. Furthermore, there must be balance between the various components in each of the broad functions referred to above. A broadcaster who provides his audience with nothing but XVIth century music and Ibsenish dramas is no better than the broadcaster who never moves out of tin-pan alley and the cops-and-robbers theatre.

### **Has the Audience a Choice?**

In a multiple station city, a broadcaster would appear to be justified in concentrating on a particular type of programme which was not made available by any of the other stations. With this possibility in mind, and also in order to determine how varied in fact was the choice of programmes available to the Canadian listener and viewer, we asked Dr. Smythe to analyse the programmes broadcast on a Tuesday, a Wednesday and a Sunday, early in January, 1956, by all six radio stations in Toronto, where there is the greatest concentration of stations broadcasting in one language.

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This analysis demonstrates clearly that some broadcasters, in Toronto at least, tend to offer the same things at the same times. By and large, they try to compete with other stations not by attempting something different but by offering more of the same. For example, there is general fondness for the five-minute newscast and most broadcasters in Toronto, most of the time, give these capsule news programmes every hour on the hour. Quite apart from the fact that a five-minute period is hardly enough time to give more than the headlines, it seems to us that the people of Toronto might perhaps be better served if the broadcasters of that city, both public and private, resorted to the simple expedient of staggering their respective newscasts so that news bulletins could be heard at almost any time of the day on one or other of the six stations. Another example of this kind of conformity. Anyone who had turned on his radio set in Toronto at 1.45 p.m. on Tuesday, January 17, 1956, and flicked the dial over to the six stations in turn would have heard popular or dance music at CBL, CJBC, CKEY, CKFH and CHUM, and old-time or western music at CFRB. These are admittedly extreme examples, but by no means isolated.

On the other hand, there were periods, particularly during the evening hours and on Sunday, when the Toronto radio stations offered the listener a real choice. For example, at 8.30 p.m. on Wednesday, January 18, 1956, the listener had his choice of serious drama at CBL, a sports programme at CJBC, a dramatic presentation in the western, crime and action category at CFRB, popular or dance music at CKEY and serious music at CKFH (the sixth station, CHUM, had closed down at 5 p.m.). And if the listener had switched to television at that time he would have found a comedy in progress at CBLT and a variety show at WBEN-TV Buffalo. This is good cross-programming and the listener had a real choice. But these occasions are too infrequent. During the three days under review, it was difficult to find any time, except on the Sunday, when at least two and more often three of the six stations were not grinding out the latest hit tunes.

Our analysis of these three days of radio broadcasting in Toronto reveals that there tended to be more uniformity than diversity in the programming of the six stations at any given time. But what about the balance in the programming of any one station? Here,



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performance varied widely between stations. For example, during the 19 hour period from 6 a.m. on Wednesday, January 18, 1956, to 1 a.m. the following morning, the programming on station CKEY consisted of 15 hours and 19 minutes of popular and dance music — this is what CKEY's brief to the Commission whimsically described as "the recorded folk music of the American continent"<sup>1</sup> —, 2 hours and 40 minutes of news and weather, 42 minutes of sports news and 19 minutes of old-time or western music. This organized apotheosis of the juke-box may be good business. But it is hardly balanced programming.

Station CHUM's performance was not much different. Of the 9 hours and 15 minutes that station was on the air — from 7.45 a.m. to 5.00 p.m. — 7 hours and 10 minutes were devoted to popular or dance music, 1 hour and 5 minutes to news and weather, 30 minutes to sports news, 15 minutes to religion and 15 minutes to social and human relations.

Another rather unbalanced performance was that of CJBC, the CBC's originating station for the Dominion network. From 6 a.m. to seven minutes past midnight — a period of 18 hours and 7 minutes — this publicly owned station broadcast 11 hours and 6 minutes of popular or dance music, 1 hour and 45 minutes of serious music, 1 hour and 16 minutes of news and weather, 50 minutes of sports news, 30 minutes of personalities or oddities, 30 minutes of variety, 30 minutes of prose or poetry readings with musical background, 20 minutes of children's variety, 15 minutes each of Canadian activities, comedy, old-time or western music, foreign lands and peoples, social and human relations, and 5 minutes of the family living type of programme.

On the other hand, stations CFRB and CKFH did a considerably better job for the listener. During the 19 hours Station CFRB was on the air from 6 a.m. to 1 a.m. the next day, it presented the following programmes:

Popular and dance music .....	6 hrs. 32 min.
News and weather .....	2 hrs. 40 min.
Domestic drama (soap operas, etc.) .....	1 hrs. 30 min.
Light music .....	1 hrs. 40 min.
Old-time and western music.....	1 hrs. 05 min.
Sports news .....	0 hrs. 52 min.

<sup>1</sup> Exhibit 123, p. 1.

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Variety shows .....	0 hrs. 55 min.
Action, crime and western drama .....	0 hrs. 45 min.
Quiz, games and contests.....	0 hrs. 40 min.
Social and human relations.....	0 hrs. 30 min.
Family living and shopping .....	0 hrs. 28 min.
Occupational broadcasts such as farm, fisheries, etc.	0 hrs. 22 min.
Personalities (broadcasts with or about celebrities, or people in the news, or oddities, etc.).....	0 hrs. 20 min.
Children's variety show .....	0 hrs. 16 min.
Miscellaneous information .....	0 hrs. 15 min.
Religious broadcast .....	0 hrs. 10 min.

Station CKFH had somewhat less diversified programming than station CFRB. From 6 a.m. Wednesday morning until 1 a.m. the next day, CKFH gave its listeners the following:

Popular or dance music.....	6 hrs. 30 min.
Old-time or western music.....	3 hrs. 35 min.
News and weather.....	2 hrs. 30 min.
Sports news .....	1 hrs. 35 min.
Serious music .....	1 hrs. 25 min.
Sports events .....	1 hrs. 20 min.
Light music .....	1 hrs. 00 min.
Religion .....	0 hrs. 35 min.
Occupational broadcasts such as farm, fisheries, etc.	0 hrs. 25 min.
Programme promotion .....	0 hrs. 05 min.

On the same day, January 18, 1956, the sixth Toronto station, CBL, provided the following menu during the 17 hours and 5 minutes from 7 a.m. to five minutes past midnight:

Serious music .....	3 hrs. 21 min.
Serious drama .....	2 hrs. 00 min.
News and weather .....	1 hrs. 49 min.
Domestic drama (soap operas, etc.).....	1 hrs. 30 min.
Popular or dance music .....	1 hrs. 19 min.
Youth educational .....	1 hrs. 15 min.
Old-time or western music.....	1 hrs. 10 min.
Light music .....	0 hrs. 57 min.
Family living .....	0 hrs. 47 min.
Fine arts and literature .....	0 hrs. 37 min.
Social and human relations .....	0 hrs. 37 min.
Occupational broadcasts such as farm, fisheries, etc.	0 hrs. 30 min.
Variety shows .....	0 hrs. 30 min.
Political and other controversial affairs .....	0 hrs. 27 min.
Religion .....	0 hrs. 15 min.

It must be remembered, of course, that because of the "Wednesday Night" programme, CBL carried relatively more serious fare that day than it does at other times. For example, from 8 p.m. to 10 p.m. on Wednesday, January 18, 1956, CBL had two hours of

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serious drama while the same period, the previous day, was devoted to action, western or crime drama, light music, old-time or western music and a religious programme. Similarly, the full ninety minutes between 10.30 p.m. and midnight on Wednesday was taken up with serious music while, the previous evening, thirty minutes of the same period were devoted to fine arts or literature, thirty minutes to popular or dance music and thirty minutes to old-time and western music.

### **Programme Balance in Radio**

Let us now consider the overall pattern of sound broadcasting from coast to coast.

The 62 radio stations whose programmes were analyzed by Dr. Smythe include 4 CBC Trans-Canada, the one CBC Dominion, 2 CBC French-language, 8 private Trans-Canada, 16 private Dominion, 9 private French-language network affiliates, 14 private unaffiliated English-language and 8 private unaffiliated French-language stations. We were particularly anxious not to choose a group of stations that would give undue weight to any one of a number of different factors. Therefore, in making the selection, we kept in mind such considerations as geographical location, balance between urban and rural areas, single versus multiple ownership, newspaper ownership, length of time the stations had been in operation, etc. We believe the sample we have chosen is a fair one that will give a pretty accurate picture of the type of broadcasting that is actually being carried on in Canada today. We have deliberately omitted all supplementary private affiliates from our English-language sample as we thought it more useful for our purposes to have clear-cut categories without introducing the confusing element of intermediate shadings. We obviously could not do this in the French-language sample as there is only one private basic affiliate of the French network.

One broad distinction that can be made in programming is between information-orientation type broadcasts and entertainment-type broadcasts. In the first category are included the following programme classes:

- News and weather
- Nature and science
- Foreign lands and peoples
- Political and other controversial public affairs

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Social and human relations  
Miscellaneous information  
Canadian activities and heritage  
"Feedback" programmes <sup>1</sup>  
Religion  
Agriculture, fisheries, etc.  
Family living and shopping  
Youth educational programmes  
Programme promotion

Included in the entertainment-type category are the following:

Fine arts and literature  
Dance (presented as an independent art)  
Music  
Drama  
Variety  
Personalities  
Quiz, games and contests  
Sports  
Children's drama  
Children's variety  
Children's quiz, games and contests  
Children's other programmes

This broad distinction is of course arbitrary. There are those who may not derive much enjoyment from a Bach fugue or a Shaw play while others may find a dissertation on the *mores* of the Laplander highly entertaining. Nevertheless, we agree with Dr. Smythe that there is some merit in bringing together in groups those classes of programmes which for most of the people, most of the time, represent sources of entertainment on the one hand or information and orientation on the other.

During the week of January 15, 1956, we find that entertainment-type programmes amounted to almost three-fourths of the programming on all 62 radio stations. Broken down amongst the 8 classes of stations with which we are concerned, the percentage of time devoted to entertainment-type programmes was as follows:

CBC Dominion .....	86.9
Private English unaffiliated .....	76.5
Private French unaffiliated .....	76.2
CBC French .....	73.9
Private Dominion .....	73.7
Private French network .....	71.0
Private Trans-Canada .....	71.0
CBC Trans-Canada .....	63.7

<sup>1</sup> Programmes that concern the relations of the station with its audience.

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Our analysis revealed that the relative importance accorded different types of programmes by the various classes of stations was as follows:

### CBC TRANS-CANADA STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Serious music .....	16.2
Light music .....	10.5
News and weather .....	9.5
Popular music .....	8.4
Old-time and western music .....	5.7
Domestic drama .....	5.5
Youth educational .....	5.3
Fine arts and literature .....	4.8
Canadian activities and heritage .....	4.4
Religion .....	4.4
Agriculture, fisheries, etc. ....	3.8
Serious drama .....	3.1
Variety .....	2.9
Political and public affairs .....	2.8
Social and human relations .....	2.2
Family living .....	2.2
Sports news .....	1.5
Sports events .....	1.4
Comedy .....	1.4
	<hr/>
	96.0

The remaining 4 per cent of the time on CBC Trans-Canada stations was filled with nature and science, foreign lands and peoples, miscellaneous information, "feedback" programmes, crime or western or action drama, personalities, programme promotion, fairy tales and other children's programmes; but none of these classes took up more than a fraction of 1 per cent of total time on the air.

### CBC DOMINION STATION

<i>Programme class</i>	<i>Percentage of total time</i>
Popular music .....	50.7
Serious music .....	11.8
Old-time and western music .....	6.7
News and weather .....	6.5
Sports news .....	2.8
Light music .....	2.5
Religion .....	2.2

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### CBC DOMINION STATION—*Con.*

<i>Programme class</i>	<i>Percentage of total time</i>
Personalities .....	2.0
Fine arts and literature .....	1.8
Other children's programmes .....	1.6
Children's variety .....	1.2
Variety .....	1.2
Family living .....	1.2
Political and public affairs .....	1.1
Readings with music .....	1.1
Social and human relations .....	1.0
Comedy .....	1.0
	96.4

The balance of this station's time was devoted to nature and science, foreign lands and peoples, Canadian activities and heritage, agriculture and fisheries etc., serious drama, crime or action or western drama, sports events and fairy tales. But here again, each of these classes of programmes occupied less than 1 per cent of total time on the air.

### CBC FRENCH-LANGUAGE STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Popular and dance music.....	19.5
Serious music .....	17.5
Domestic drama .....	11.1
Light music .....	8.7
News and weather .....	5.7
Religion .....	3.9
Fine arts and literature .....	3.7
Family living .....	3.1
Political and public affairs .....	2.8
Social and human relations .....	2.8
Agriculture, fisheries, etc. ....	2.7
Personalities .....	2.5
Variety .....	1.7
Programme promotion .....	1.6
Fairy tales .....	1.5
Canadian activities and heritage .....	1.5
Sports events .....	1.3
Miscellaneous information .....	1.2
Comedy .....	1.1
Old-time or western music .....	1.0
	97.1

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In addition, programmes which, in each class, took up less than 1 per cent of total time were devoted to romantic music, other music, quiz, games and contests, sports news and youth educational programmes.

### PRIVATE TRANS-CANADA AFFILIATES

<i>Programme class</i>	<i>Percentage of total time</i>
Popular or dance music .....	31.8
News and weather .....	11.2
Old-time or western music .....	6.3
Domestic drama .....	6.2
Light music .....	5.9
Religion .....	5.2
Serious music .....	3.8
Variety .....	3.5
Family living .....	3.3
Sports news .....	2.2
Sports events .....	2.2
Serious drama .....	2.0
Youth educational .....	2.0
Agriculture, fisheries, etc. ....	1.9
Human and social relations .....	1.7
Quiz, games and contests .....	1.5
Political and public affairs .....	1.4
Fine arts and literature .....	1.1
Canadian activities and heritage .....	1.1
Crime, action or western .....	1.0
	95.3

On the private stations affiliated with the network, less than 1 per cent of total time was devoted to each of the following programme classes: nature and science, foreign lands and peoples, miscellaneous information, "feedback" programmes, merchandising programmes, readings with music, comedy, other drama, personalities, children's action or crime or western drama, fairy tales, children's variety, children's quiz, games and contests, other children's programmes and programme promotion.

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### PRIVATE DOMINION AFFILIATES

<i>Programme class</i>	<i>Percentage of total time</i>
Popular or dance music .....	41.6
News and weather .....	11.8
Old-time or western music .....	8.6
Religion .....	5.8
Light music .....	4.2
Sports news .....	3.4
Serious music .....	2.7
Family living .....	2.1
Sports events .....	1.7
Quiz, games and contests .....	1.7
Variety .....	1.6
Crime, action or western drama .....	1.5
Political and public affairs .....	1.3
Social and human relations .....	1.2
Comedy .....	1.2
Personalities .....	1.2
Agriculture, fisheries, etc. ....	1.1
Readings with music .....	1.0
	93.7

The classes of programme that occupied less than 1 per cent of total time on the private Dominion affiliates were nature and science, foreign lands and peoples, miscellaneous information, Canadian activities and heritage, fine arts and literature, merchandising programmes, serious drama, domestic drama, comedy, romantic drama, youth educational programmes, children's crime or action or western drama, fairy tales, children's variety, children's quiz and games, other children's programmes and programme promotion.

### PRIVATE FRENCH NETWORK AFFILIATES

<i>Programme class</i>	<i>Percentage of total time</i>
Popular or dance music .....	30.5
Serious music .....	10.7
News and weather .....	8.9
Domestic drama .....	7.5
Light music .....	5.6
Religion .....	5.2
Old-time or western music .....	3.7
Family living .....	3.4
Agriculture, fisheries, etc. ....	3.4
Fine arts and literature .....	2.9



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### PRIVATE FRENCH NETWORK AFFILIATES — *Con.*

<i>Programme class</i>	<i>Percentage of total time</i>
Social and human relations .....	2.6
Political and public affairs .....	2.1
Canadian activities and heritage .....	1.7
Sports news .....	1.5
Variety .....	1.3
Quiz, games and contests .....	1.3
Serious drama .....	1.2
Sports events .....	1.1
Personalities .....	1.1
	95.7

Programme classes occupying less than 1 per cent of total time on private French network affiliates were foreign lands and peoples, miscellaneous information, merchandising, comedy, other drama, youth educational programmes, children's crime or action or western drama, fairy tales, children's variety, children's quiz and games, other children's programmes and programme promotion.

### PRIVATE ENGLISH-LANGUAGE UNAFFILIATED STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Popular or dance music .....	49.3
News and weather .....	12.6
Old-time or western music .....	7.9
Religion .....	4.9
Light music .....	3.9
Family living .....	2.8
Sports news .....	2.7
Variety .....	2.1
Domestic drama .....	1.6
Quiz, games and contests .....	1.6
Personalities .....	1.4
Crime, action or western drama .....	1.3
Sports events .....	1.0
	93.1

In addition to the above, a thin scattering of the following programme classes was given by the above group of stations: nature and science, political and public affairs, social and human relations, miscellaneous information, Canadian activities and heritage, fine arts and literature,

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agriculture-fisheries etc., merchandising, serious music, readings with music, serious drama, comedy, romantic drama, musical comedy, other drama, youth educational programmes, children's crime or action or western drama, fairy tales, children's variety, children's quiz and games, other children's programmes and programme promotion.

### PRIVATE FRENCH-LANGUAGE UNAFFILIATED STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Popular or dance music .....	53.5
News and weather .....	9.8
Religion .....	5.8
Light music .....	5.6
Old-time or western music .....	4.0
Serious music .....	3.1
Family living .....	2.7
Sports news .....	2.6
Domestic drama .....	2.5
Quiz, games and contests .....	1.5
Canadian activities and heritage .....	1.2
Agriculture, fisheries, etc. ....	1.2
	93.5

In the less than 1 per cent of total time category were the following programme classes: foreign lands and peoples, political and public affairs, social and human relations, miscellaneous information, "feed-back" programmes, fine arts and literature, merchandising, readings with music, serious drama, other drama, variety, personalities, sports events, youth educational programmes, children's crime or action or western drama, children's variety, children's quiz and games, other children's programmes and programme promotion.

\* \* \*

The eight tables set out above illustrate more vividly than any words could, the type of sound broadcasting which is now being carried on in Canada. However, there are two important qualifications that must be attached to any conclusions based on these tables. The first is that the figures set out in the tables are percentages of *total time* on *all* stations in each category. As we have seen in our analysis of the performance of the six Toronto stations, performance can vary considerably between stations in the same category. Therefore,

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it cannot be assumed that each of the fourteen stations in the private English-language unaffiliated category devoted 49.3 per cent of its time to popular or dance music simply because that happened to be the percentage of the total broadcasting hours all fourteen stations devoted to that particular programme class. We know that, in this case, 49.3 per cent is much too low for some stations and too high for others. The second qualification is that the smaller the percentage of time devoted to any given programme class, the less likely it is that any significant number of stations carried that kind of programme. To take an extreme example, since only 10 minutes were devoted to nature and science by private English-language unaffiliated stations during the week under review, it is probable that only one station broadcast this type of programme. Notwithstanding these qualifications, we believe that useful conclusions can be derived from the tables.

The first and obvious conclusion is that the CBC Trans-Canada and the CBC French-language stations offer what appears to be better balanced programming than the other classes of stations. The CBC Trans-Canada and French-language stations have clearly made a serious effort to provide a broadcasting fare designed to satisfy as wide a range of tastes as possible. We are not competent to suggest precisely how the relative weight given to each programme class ought to be altered, if at all. That is for the broadcasters, social scientists and others expert in the art of mass communications to say. However, it seems to us that CBC Trans-Canada programming could profitably contain more entertainment for children. True, 5.3 per cent of the total time was devoted to youth educational programmes but only 0.6 per cent of the time was taken up by fairy tales and 0.6 per cent by other programmes designed to entertain children. This, of course, raises an interesting problem. Most people will agree that television is a more effective medium to reach children than radio. It is therefore deliberately, perhaps, that the CBC restricted its total radio output for children during the review week to 6.5 per cent of total time on the Trans-Canada, 3.2 per cent on the Dominion and 2.4 per cent on the French network, whereas 16.7 per cent of the CBC English television stations' time and 19.9 per cent of its French television stations' time during the same week was taken up with children's programmes of various kinds. This may ultimately be the best solution, but the fact remains that nearly half of our Canadian homes are not equipped with

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television receiver sets. We therefore suggest that public and private broadcasters alike should, at least until such time as television can be seen in a substantial majority of Canadian homes, consider the desirability of increasing somewhat the number of radio programmes designed specifically for children. The main criticism of the CBC French-language radio stations is that they appear to carry an unusually high proportion of domestic drama (mostly soap operas).

The CBC Dominion station (CJBC) has poorly balanced programming. Its 11.8 per cent content of serious music seems to be fairly adequate but we consider it excessive for this station to fill more than half its broadcasting hours with popular or dance music. It appears even more excessive when one considers that other stations in the same area provide that kind of fare *ad nauseam*. We also feel that such items as Canadian activities and heritage, agriculture-fisheries etc. and children's programmes are deserving of a greater share of the broadcast week than that given to them by CJBC.

All three groups of private stations affiliated with the networks — Trans-Canada, French and Dominion — allowed more time to popular or dance music than to any other programme class. Nearly one-third of the total time was devoted to this kind of music on Trans-Canada and French network affiliates and more than 41 per cent of the time on Dominion affiliates. The French network affiliates carried considerably more serious music than the other two affiliate groups. All three gave approximately the same amount of time to religion and light music. By and large, the three affiliate groups presented fairly diversified programming but tended to give more popular or dance music, religion, news and weather, and rather less of most other programme classes than the CBC Trans-Canada and French network stations.

Popular or dance and old-time or western music really comes to the fore in the English-language and French-language unaffiliated stations — 57.2 per cent of total time in the former case and 57.5 per cent in the latter. Both groups devoted a considerable portion of time to newscasts, religion and light music but, beyond that, percentages of time devoted to a number of important programme classes rapidly became so small as to justify the conclusion that diversification was much less than that to be found in the programming of the six other groups of stations.

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As one moves from the CBC stations (except CJBC), through the three affiliated groups, to the two unaffiliated groups, one generally finds progressively more of the lighter types of programmes and progressively less of the more serious kinds of broadcasts and also progressively less diversification in the overall fare. There are two notable exceptions to this general rule. The first is religion of which more is to be found on private stations than on CBC stations and the second is domestic drama of which many times more is presented by CBC stations than by private unaffiliated stations. These two exceptions to the general trend are, however, easily explained. There are many who feel that religious broadcasts can be done better and have greater impact if they are given locally because a pastor is then speaking to a flock he knows and that knows him. If one accepts this view, it would seem only natural that private stations, particularly the essentially local unaffiliated stations, would carry more religious broadcasts than the CBC stations whose programmes are about 90 per cent network originations. Domestic drama is much more plentiful on CBC stations and private affiliates than on the unaffiliated stations simply because soap companies and others apparently choose to sponsor their domestic dramas on a network rather than on an individual station basis.

It is clear, from the following table, that CBC network originations of the more adult type of broadcasts have contributed much towards making the overall programme pattern of the three groups of private affiliates better balanced than the more uniformly light fare to be found on the two unaffiliated groups of stations.

SELECTED PROGRAMMES CLASSES HEARD ON PRIVATE  
NETWORK AFFILIATES

<i>Programme class</i>	<i>Percentage originating on CBC networks</i>		
	<i>Trans-Canada affiliates</i>	<i>French affiliates</i>	<i>Dominion affiliates</i>
Nature and science .....	100.0	—	—
Foreign lands and peoples .....	18.9	—	84.2
Political and public affairs .....	82.2	92.7	47.4
Social and human relations .....	81.4	57.6	73.6
Fine arts and literature .....	91.6	98.4	93.8
Agriculture, fisheries, etc. ....	46.1	82.0	3.9
Serious music .....	90.0	74.2	70.1
Serious drama .....	100.0	100.0	23.0
Comedy .....	62.2	100.0	96.2
Youth educational .....	92.7	92.8	90.7

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### Programme Balance in Television

Our programme analyst reviewed every programme broadcast by each of the 33 television stations operating during the week of January 15, 1956, and also, for purposes of comparison, the programmes broadcast by stations WBEN-TV Buffalo, a CBS affiliate, and WNYZ-TV Detroit, an ABC affiliate.

During that week, entertainment-type programmes constituted 73.9 per cent of programming on all 33 television stations, which is almost identical with the 73.7 per cent for radio. The percentage of time given to entertainment-type programmes for each class of stations was as follows:

Private English .....	75.5
CBC English .....	73.9
Private French .....	68.8
CBC French .....	61.5

Evidently, English stations broadcast considerably more entertainment-type programmes than do the French stations and the same is true for the private as compared with the CBC stations in both languaged services.

The relative amount of time devoted to various programme classes by the four categories of television stations during the week under review was as follows:

#### CBC ENGLISH-LANGUAGE STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Crime, action or western drama .....	14.5
Comedy .....	8.0
Variety .....	7.8
Sports events .....	5.5
News and weather .....	5.0
Canadian activities and heritage .....	4.9
Children's action or crime or western drama.....	4.7
Children's variety .....	4.0
Popular or dance music .....	3.6
Serious drama .....	3.5
Youth educational .....	3.5
Domestic drama .....	3.4
Other drama .....	2.5
Children's comedy .....	2.4
Foreign lands and peoples .....	2.3
Sports news .....	2.3

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### CBC ENGLISH-LANGUAGE STATIONS — *Con.*

<i>Programme class</i>	<i>Percentage of total time</i>
Religion .....	2.2
Romantic drama .....	2.2
Political and other public affairs.....	1.9
Family living .....	1.8
Serious music .....	1.8
Personalities .....	1.6
Social and human relations .....	1.5
Nature and science .....	1.5
Fine arts and literature .....	1.3
Other children's drama .....	1.3
Old-time or western music .....	1.1
	96.1

In the less than 1 per cent total time category were to be found miscellaneous information, dance, agriculture-fisheries, etc., light music, quiz and contests, fairy tales, children's serious drama, other children's programmes and programme promotion.

### CBC FRENCH-LANGUAGE STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Youth educational .....	10.0
Sports events .....	7.8
Quiz, games and contests .....	7.6
News and weather .....	5.3
Foreign lands and peoples .....	5.0
Variety .....	4.8
Other children's programmes .....	4.8
Canadian activities and heritage .....	3.8
Family living .....	3.8
Romantic drama .....	3.8
Personalities .....	3.8
Comedy .....	3.7
Sports news .....	3.6
Religion .....	3.5
Social and human relations .....	3.3
Domestic drama .....	2.9
Programme promotion .....	2.9
Serious drama .....	2.4
Political and public affairs .....	1.9
Serious music .....	1.9
Crime, action or western drama .....	1.9
Popular or dance music .....	1.7

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### CBC FRENCH-LANGUAGE STATIONS — *Con.*

<i>Programme class</i>	<i>Percentage of total time</i>
Children's crime or action or western drama.....	1.4
Nature and science .....	1.0
Light music .....	1.0
Musical comedy .....	1.0
Fairy tales .....	1.0
Children's serious drama .....	1.0
Children's quiz and games .....	1.0
	97.6

There were also, in less than 1 per cent quantities, programmes in the following classes: fine arts and literature, agriculture-fisheries etc., old-time or western music, children's comedy and other children's programmes.

### PRIVATE ENGLISH-LANGUAGE STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Crime, action or western drama .....	17.9
Variety .....	8.1
Comedy .....	8.0
News and weather .....	5.9
Domestic drama .....	5.0
Children's variety .....	4.8
Children's crime or action or western drama .....	4.4
Popular or dance music .....	4.3
Family living .....	4.1
Sports events .....	4.0
Canadian activities and heritage .....	3.2
Serious drama .....	2.5
Sports news .....	2.4
Youth educational .....	2.4
Romantic drama .....	2.2
Religion .....	2.0
Children's comedy .....	1.7
Other childrens' programmes .....	1.6
Other drama .....	1.5
Old-time or western music .....	1.5
Political and public affairs .....	1.4
Social and human relations .....	1.3
Foreign lands and peoples .....	1.0
Quiz, games and contests .....	1.0
	92.2



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In addition to the above, private English television stations allotted less than 1 per cent of their total broadcast week to each of the following programme classes: nature and science, miscellaneous information, feedback programmes, fine arts and literature, the dance, agriculture-fisheries etc., merchandising, serious music, light music, musical comedy, personalities, fairy tales, children's serious drama, children's quiz and games, other children's programmes and programme promotion.

### PRIVATE FRENCH-LANGUAGE STATIONS

<i>Programme class</i>	<i>Percentage of total time</i>
Variety .....	8.4
News and weather .....	7.8
Family living .....	7.1
Romantic drama .....	6.7
Quiz, games and contests .....	6.5
Sports events .....	5.8
Sports news .....	5.3
Crime, action or western drama .....	5.1
Personalities .....	3.6
Canadian activities and heritage .....	3.5
Comedy .....	3.3
Youth educational .....	3.3
Foreign lands and peoples .....	2.9
Domestic drama .....	2.9
Serious music .....	2.6
Light music .....	2.6
Popular or dance music .....	2.6
Children's crime or action or western drama .....	2.5
Serious drama .....	2.2
Other drama .....	2.2
Children's comedy .....	1.8
Social and human relations .....	1.7
Religion .....	1.6
Agriculture, fisheries, etc. ....	1.1
Fairy tales .....	1.1
Children's quiz and games .....	1.1
Political and public affairs .....	1.0
	96.3

These stations also carried certain other programme classes to each of which they allowed less than 1 per cent of the broadcast week.

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There were nature and science, miscellaneous information, fine arts and literature, merchandising, old-time or western music, musical comedy, children's serious drama, other children's programmes and programme promotion.

In evaluating the four tables set out above, it must be remembered that the greater importance of network programmes in television renders even small differences in programme class percentages more indicative of divergent programming policies than in the case of radio. Among the five programme classes to which most time is allotted on the CBC French stations are to be found youth educational, sports events and foreign lands and peoples. None of these appear in the top five classes on the private French stations. On the other hand, the private French group had variety, family living and shopping, and romantic drama amongst its five most prevalent programme classes but these do not appear amongst the first five programme classes on the CBC French stations. No such sharp differences can be detected in the English language stations where both public and private stations gave top priority to drama in the crime, western or action category.

Notwithstanding the English-language stations' perhaps excessive predilection for Messrs. Hickok, Holmes, Queen and Cassidy and the French-language stations' equally fervent devotion to the quiz, games and contest type of programme, we have found that television has, despite its youth, achieved better programme balance than radio.

As stated earlier, Dr. Smythe analyzed, for purposes of comparison, the programmes broadcast by station WBEN-TV Buffalo, and WXYZ-TV Detroit. There is very little difference in the proportion of time devoted by the two U.S. stations and the Canadian stations to such programme classes as news, nature and science, foreign lands and peoples, religion, family living and shopping, domestic drama, musical comedy and children's variety. Significant differences were however found in political and public affairs (1.5 per cent in Canada, 0.1 in the United States), social and human relations (Canada 15, U.S. 0.4), Canadian activities and heritage (Canada 3.6 as opposed to 0.1 on counterpart U.S. activities and heritage), music (Canada 7.4, U.S. 1.5), comedy (Canada 7.5, U.S. 12.7), crime, action or western (Canada 15.5, U.S. 18.7), variety (Canada 7.9, U.S. 9.1), personalities (Canada 1.3, U.S. 2.5), quiz and contests (Canada 1.5, U.S. 5.6) and sports programmes (Canada 7.3, U.S. 2.8). Although the two U.S.

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border stations broadcast considerably more children's programmes (20.5 per cent) than Canadian stations (16.0 per cent), the relative weight given to the various sub-classes was quite different. The Canadian stations devoted more time to educational programmes (3.1 as opposed to 0.9 per cent) and less to children's drama (7.9 as opposed to 13.6 per cent). Children's variety shows occupied almost exactly the same amount of time on both groups of stations.

## Canadian Content

So far in this chapter, we have tried only to determine how balanced and well-rounded was the sum total of the sound and television programming available to the listener and viewer. We shall now attempt to establish the degree to which that programming is Canadian in content.

One rapid, if none too accurate, method of doing this is to look at the amount of money which is spent in the course of a year on Canadian talent appearing on radio and television. During the year ended March 31, 1956, the amount paid by the CBC for artists' fees was \$9.1 million (radio \$3.8 million and television \$5.3 million). In one of its submissions to the Commission, the CARTB stated that during 1955 the private radio and television stations originated more than 105,000 local live programmes representing a total special talent expenditure of more than \$2 million. It will come as a surprise to no one that the CBC spends over four times as much as the private broadcasters on Canadian talent. And it should be remembered that these figures give no indication whatever of the canadianism of CBC as opposed to private station broadcasts. Programmes featuring transcriptions of Canadian music or films made by the National Film Board or independent Canadian film producers are just as Canadian as those featuring live talent. Furthermore, when a private station spends \$200 on Canadian talent it usually canadianizes one programme only. On the other hand, a large majority of the Canadian talent hired by the CBC is employed on a network basis which means, of course, that when the CBC spends \$200 on this kind of talent it canadianizes the output of as many public and private stations as happen to be hooked in to the network at the time.

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Perhaps a more accurate picture of the Canadian content situation can be obtained by examining the origin of the programmes heard or seen on radio and television during the week of January 15, 1956. This is what we found:

### PERCENTAGE OF TOTAL TIME TAKEN UP BY LIVE OR RECORDED CANADIAN PROGRAMMES

<i>Class of Station</i>	<i>Percentage of total time</i>
RADIO STATIONS <sup>1</sup>	
CBC Trans-Canada .....	63
CBC French .....	60
Private French affiliates .....	46
Private Trans-Canada .....	41
Private Dominion .....	29
CBC Dominion .....	23
Private English unaffiliated .....	23
Private French unaffiliated .....	20

<i>Class of Station</i>	<i>Percentage of total time</i>
TELEVISION STATIONS	
CBC French .....	87
Private French .....	76
CBC English .....	45
Private English .....	44

The figures set out above represent the amount of Canadian content to be found in total programming, both network and local. Generally speaking, Canadian content of network programmes is greater than these two tables indicate.

In radio, CBC English and French-language stations (except CJBC Toronto) seem to have a satisfactory volume of Canadian content but many private stations, particularly those in the unaffiliated categories, rely heavily on imported recordings. Perhaps by reason, partly at least, of *force majeure*, French-language television stations, both public and private, are much more "Canadian" than their English-language counterparts. The latter still need to increase the Canadian content of their programmes but this is largely a question of finances about which we will have more to say later in this report.

<sup>1</sup> Our programme analysis does not reveal the country of origin of radio network programmes but we obtained the figures for the week of January 8, 1956, and applied the same percentages of Canadian content to the radio network programmes in the week of January 15, 1956, on the assumption, which can safely be made, that overall Canadian content of radio network programming does not vary significantly from week to week.

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In giving this emphasis to Canadian content we do not mean to suggest that American influence is something nefarious. The problem of the influence on Canada from the United States is not mainly that American television programmes are too bad, but many of them are, in a special sense, too good. It would be difficult to justify a Canadian policy that sought to protect Canadian viewers from poor American programmes. Such paternalism by the state in the field of cultural values would be hard to defend. Some American television programmes are no doubt filled with either too much commercialism, too much violence or other undesirable features. For such programmes, the good taste of Canadian viewers, their different and independent judgment could safely be relied upon to deal adequately. A more suitable and acceptable Canadian programme fare would have a relatively easy time in meeting the competition of the poor types of American programmes.

But many American programmes are good programmes, well and imaginatively conceived and produced. The great artistic wealth of the United States is able to produce programmes of great variety and interest. Their material wealth enables them to command the services of good writers and performers, and the best technical skills in programme production. To compete with such programmes with Canada's limited resources of creative talent and money is very difficult indeed. The question naturally arises: why should we try? The answer is that what may be a "good" programme for a viewer in the United States is not necessarily a "good" programme for a Canadian viewer, if a separate Canadian consciousness and sense of identity is a desirable national objective. Many of these American programmes necessarily and properly deal with American values. They help to create an American consciousness and sense of national identity but not, naturally, Canadian values in these areas. To match such American programmes is a difficult but essential task of Canadian television.

There is the odd voice in Canada that is prone to disparage the quality of the broadcasts of our national system and to assert, with an assurance as unwavering as it is ill-informed, that everything that comes from the United States is automatically and inevitably better than its Canadian counterpart. This may be illustrative of an inferiority complex which, fortunately for Canada, is by no means an exclusive product of this country. That American broadcasters

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produce magnificent programmes, no one disputes. They have many of the best creators and interpreters in the world. And they also have the wealth. On the other hand, few will dispute that other American productions are considerably less than good. But this should not prevent the full realization on the part of us all that Canada, with many times fewer artists and dollars, has done and will continue to do many very worthwhile things in the broadcasting field. Although some may question our competence to do so, we would like to cite three examples to illustrate the point. The first is a performance of Puccini's "La Bohème" produced by the CBC in Montreal several months ago. Obviously, since it was a Canadian production, this broadcast did not have a budget in the \$100,000 bracket. Neither did it have Callas in the lead nor Karajan on the podium. Yet it was one of the most beautifully and intelligently done television operas we have ever seen. It was not just a photographic record of an opera-house performance. It was television at its best — with producer, conductor, singers, musicians, set designers and camera-men, all contributing to the final result: a top-flight television production in any country and by any standards. The second example, in quite a different field, was one of the Wayne and Schuster programmes in which they had a skit called "Beat the taxes". This was a hilarious performance. Just as amusing, if not more so, than many programmes by top-flight American comedians. And it had the advantage of being Canadian in content. It had also the refreshing effrontery to ridicule what, to some advertisers at least, is sacrosanct, — and that is the give-away type of programme which is little more, in the final analysis, than the exploitation of misery for profit. The third example is a suspense drama called "Time Lock" which was written in Canada and first produced for television by the CBC several months ago. The production had all the pace, the professional sheen and the suspense that could possibly be expected of this kind of dramatic presentation. It was every bit as good as a subsequent television presentation of the same play from New York. And yet, if our information is correct, the cost of the Canadian production was little more than half the cost of the American presentation.

Many more examples of this kind could be cited. The Canadian viewer need not feel that Canadian radio and television is second best. It often is, of course, but on many other occasions the Canadian public

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is listening to or viewing the best that can be found anywhere. Our correspondence included a number of unsolicited letters from the United States indicating that Canadian broadcasting, particularly CBC radio programmes, were highly regarded in that country.

In many ways, as Dr. Smythe points out in his memorandum "On the comparative availability of United States TV network programmes in communities with TV service in Canada and the United States" which is contained in Appendix X to this Report, the CBC is perhaps its own worst enemy. By selecting some of the best television programmes from the *three* U.S. networks for re-transmission on the *single* Canadian English-language network, it is perhaps unwittingly misleading the Canadian public into believing that the relatively high standards of the selected programmes are representative of all American television broadcasts. The following is a portion of what Dr. Smythe, a U.S. citizen and an expert in the field of mass communications, had to say on this subject. "Upon investigation, it appears that even with the present availability of TV programme services in Canada, Canadian viewers are no worse off than the more than one-quarter of the U.S. population located in 52 per cent of U.S. TV communities having only a single TV station. Canadian viewers are probably better off than this would suggest by virtue of the more even-handed availability in such single-station communities of network programmes from all three U.S. networks than is possible for U.S. viewers with the commercial system of selecting network programmes through station affiliation contracts. And likely, Canadian viewers are in the same situation as are the majority of viewers located in 81 per cent of U.S. TV communities in *not* having available to them the full programme services of three TV networks. Substantial grounds exist, therefore, for concluding that it is a "distant fields are greener" phenomenon when Canadian viewers envy U.S. viewers the enjoyment of three network services showing programmes like those selected by the CBC for broadcast in Canada."<sup>1</sup>

We have found, then, that the CBC has given a good deal of tangible encouragement to Canadian creative and interpretative talent and that much of that talent was of superior quality. This has been of decided benefit not only to the artists themselves but to the general

<sup>1</sup> Appendix X.

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public as well. It has, for example, resulted in a number of Canadian symphony orchestras being better orchestras than they could afford to be without CBC financial support. We believe this is not only a legitimate but desirable use of public funds. True, a number of artists developed and made known by the CBC have later been lured to greener fields, particularly in the United States. But that is not an exclusively Canadian phenomenon. New York and Hollywood are full of Englishmen, and Frenchmen, and Russians, and Scandinavians whose talents are better remunerated in those two centres than they could be in their own countries. We cannot agree that the slow drain of some of our best talent to the United States is a valid reason to stop encouraging the development of that talent. We suggest that the CBC should continue, within the limits of the funds placed at its disposal, to provide every encouragement to a representative cross-section of good Canadian talent. The CBC has already contributed much to the cultural growth of Canada and can contribute much more.

With some notable exceptions, the private stations have done relatively little to encourage Canadian talent. Our examination of the financial position of these stations reveals beyond any doubt, as we indicate in Chapter VI, that many could do more than they have done and yet be leagues away from anything resembling bankruptcy. There is a special and useful rôle that private stations can play in this field. It would be unreasonable to expect the CBC to introduce budding or amateurish artists to a national audience, but not at all unreasonable to expect the private stations to do so locally. Indifferent as some of these performances might be from a purely esthetic point of view, the local audiences would likely enjoy them because the artists are part of the same community. It is an old and human urge to cheer the home team on to victory. If the private stations take this task to heart, and do it with adroitness and perseverance, there will likely emerge from time to time really good talent that might never have developed had it not been provided with the opportunity to grow. Furthermore, there does not appear to be any valid reason why certain of the more prosperous stations, particularly in the larger urban centres, should not produce at least a few first-rate Canadian programmes which the CBC could carry on its networks, either nationally or regionally. It seems to us that much more could be achieved along these lines than is being done now.



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### Centralization of Production

Related to the question of the use to which Canadian talent is put in our broadcasting is the question of centralization or decentralization of programme production. Obviously, whatever production of original programmes is undertaken by the private stations will have to be done wherever those stations happen to be. But what of the CBC with its vast radio and television networks? Should the production of network broadcasts be more or less centralized than it now is? We heard many witnesses on this subject and although few, if any, had any specific complaints about the present situation, many suggested that a certain amount of decentralization was a good thing. To date, the bulk of CBC programming has been produced in Montreal and Toronto, but there has been some production in other areas as well. The following table gives a geographical breakdown of the number of artists employed in 1951 (the last full year of radio before the advent of television), 1953 and 1955:

NUMBER OF ARTISTS (WRITERS, ACTORS, MUSICIANS, ETC.)  
EMPLOYED BY THE CBC

<i>Region</i>	<i>Number of Artists</i>			<i>Number of Appearances</i>
	<i>1951</i>	<i>1953</i>	<i>1955</i>	<i>1955</i>
Newfoundland .....	88	145	216	1,768 <sup>1</sup>
Maritimes .....	472	523	796	6,448 <sup>1</sup>
Quebec .....	2,066	3,426	4,190	66,823
Ontario .....	1,728	2,934	3,801	49,855
Prairies .....	508	747	1,040	16,068 <sup>1</sup>
British Columbia .....	562	740	1,092	16,484 <sup>1</sup>
	5,424	8,515	11,135	157,446

After carefully examining the various factors that come into play, we are of opinion that a certain amount of decentralization will increase the usefulness — without necessarily improving the quality — of radio and television in this country but that there are limits beyond which it would be both impractical and undesirable to go. As a general rule, we feel that the production of programmes involving ideas rather

<sup>1</sup> Based on spot check of artists' payrolls for three weeks in 1955 and projected to a yearly basis.

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than the arts — such programmes, for example, as farm and fisheries broadcasts, social and human relations, controversial public affairs, discussions of special regional problems, etc., — can profitably be decentralized to a considerable extent. On the other hand, we feel it would be economically and artistically unsound and unfair to the listener and viewer to decentralize the production of most entertainment-type programmes, particularly of the more lavish variety. Large-scale decentralization of this type of programme would be economically unsound because it necessarily entails the duplication of expensive studio facilities and operating personnel in a number of cities and towns throughout Canada. From the purely artistic point of view, the national audience deserves the best and in almost every case the best will be found in the larger centres. As with most general rules, however, this one has exceptions. For example, the best in Newfoundland folklore is to be found in Newfoundland and any programme of this kind should therefore presumably originate in St. John's and not in Montreal or Toronto. Other examples of this sort could be cited. But on the whole, we urge that the greatest caution be exercised in the decentralization of entertainment-type programmes and that such decentralization should never be undertaken merely for the sake of satisfying regional pride. The result of indiscriminate decentralization can only be of negative value: the Canadian public will have to pay more money for less quality.

### **Advertising on the Air**

The following table indicates the percentage of time taken up by commercially sponsored programmes on the eight groups of radio stations during the week of January 15, 1956:

#### PERCENTAGE OF TOTAL RADIO TIME DEVOTED TO COMMERCIALY SPONSORED PROGRAMMES

Private unaffiliated English .....	67.4
Private Trans-Canada affiliates .....	62.4
Private Dominion affiliates .....	57.0
Private unaffiliated French .....	51.4
Private French affiliates .....	47.4
CBC French .....	22.3
CBC Trans-Canada .....	15.4
CBC Dominion .....	10.6

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There is nothing objectionable in having a good programme commercially sponsored and we do not wish, therefore, to comment adversely on the fact that so many of the programmes on the private unaffiliated English-language stations were sponsored. However, it is perhaps more than a coincidence that this group of stations also had the poorest performance from the point of view of programme balance. We are not suggesting that these stations should be less commercial. We are simply saying that their programming ought to be designed primarily for the benefit of the public, and if this means sacrificing some advertising revenue there should be no alternative but to make the sacrifice.

More important, in our estimation, than the quantity of commercially sponsored programmes is the actual amount of time taken up by advertising messages on any one of the groups of stations. This information is set out in the following table:

PERCENTAGE OF TOTAL RADIO TIME DEVOTED TO ADVERTISING MESSAGES<sup>1</sup>

Private unaffiliated English .....	10.4
Private Trans-Canada affiliates .....	9.9
Private Dominion affiliates .....	9.4
Private French affiliates .....	7.4
Private unaffiliated French .....	7.3
CBC French .....	3.8
CBC Trans-Canada .....	2.5
CBC Dominion .....	2.4

These figures represent, of course, percentages of the sum total of all the time all the stations in a given group were on the air. Time actually taken up by advertising messages on individual stations was often much higher or much lower than the percentages set out in the table above. In the private unaffiliated English group the high was CKEY Toronto with 17.1 per cent of total time on the air and the low CKBC Bathurst with 3.1 per cent. The high point in the private Trans-Canada group was 13.3 per cent at CJOC Lethbridge and the low 7.7 per cent at CJAT Trail. High point in the private Dominion group was CHAB Moose Jaw with 15.4 per cent and low point CKTS Sherbrooke with 2.9 per cent. In the private affiliated French group we

<sup>1</sup> Includes both spot announcements and messages within the body of a sponsored programme but not outright merchandising programmes of which a very few were found in all groups of private stations and none on CBC stations.

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find a high of 10.1 per cent at CJBR Rimouski and a low of 4.1 per cent at CHGB Ste-Anne de la Pocatiere while in the private unaffiliated French group the high was 11.7 per cent at CKVL Verdun<sup>1</sup> and the low 2.8 per cent at CKBN Montmagny. None of the individual CBC stations strayed very far from the overall percentages in the table which perhaps is not surprising in view of the fact that they do not accept local radio advertising.

In television, the percentage of total time devoted to commercially sponsored programmes in the four station classes was as follows:

Private English .....	62.9
CBC English .....	48.8
Private French .....	43.7
CBC French .....	27.0

As to the total amount of time taken up by advertising messages, the percentages were the following:

Private English .....	7.9
Private French .....	6.6
CBC English .....	5.8
CBC French .....	3.4

The only significant point to be derived from these four tables is that while in radio there were almost 7 percentage points difference between total time taken up by advertising on all CBC stations and all private stations (CBC 2.4 per cent — Private 9.1 per cent) on television the difference was narrowed to less than three percentage points (CBC 5.3 per cent — Private 7.8 per cent). There are at least two reasons for this. One is that on CBC television stations local advertising is accepted. The other is that, in radio, there are a large number of unaffiliated stations which do not carry non-commercial network programmes.

As we repeatedly say throughout this report, we consider that advertising has its rightful place on the air. But here, as in every other human endeavour, one must appraise the acceptability of advertising messages on the basis of veracity and esthetics. An advertising message can be almost a work of art. And some of them are. But others are tedious, distasteful and sometimes misleading. Even

<sup>1</sup> This station does some broadcasting in English, but by far the largest proportion of its programmes is broadcast in French.

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the CBC, with its record of excellence in the radio field, has not always avoided these pitfalls. Whether the stations are publicly or privately owned, the listeners and viewers have every right to expect that the broadcaster will never allow advertising to be tasteless or senseless or misleading or, even worse perhaps, never-ending.

### The National Programme Service

Under the terms of section 8 of the Canadian Broadcasting Act, the CBC is charged with the responsibility of providing a national broadcasting service within Canada. We have seen, in Chapter II, how the CBC has interpreted this mandate in the light of the recommendations of various parliamentary committees and of the Royal Commission on National Development in the Arts, Letters and Sciences. But how has this interpretation of the CBC statutory mandate been carried out in practice?

In radio, the CBC Trans-Canada network is in operation for 113 hours and 40 minutes, the Dominion for 30 hours and 35 minutes and the French network for 110 hours and 35 minutes each week. However, hours per week of network programming that private basic affiliates are obliged to take (reserve time) are only 8½ to 9 hours on the Trans-Canada, 5 to 5½ hours on the Dominion and 21 hours on the French network. In addition to the reserved time which basic affiliates must respect, a number of commercial network programmes are carried by private affiliates. But the total time allotted to network programmes is generally much less than the total time during which network programming is available. The CBC admits quite freely that a much greater proportion of network programming can be considered to be in the "national service" category than that which can be fitted into the reserved time. Reduced to an over-simplified table, these proportions are as follows:

	<i>Total hours per week</i>		
	<i>Network operating hours</i>	<i>National service type programmes</i>	<i>Reserved time</i>
Trans-Canada .....	113 hrs. 40 ms.	78 hrs. 45 ms.	8½ to 9 hrs.
Dominion .....	30 hrs. 35 ms.	17 hrs. 55 ms.	5 to 5½ hrs.
French .....	110 hrs. 35 ms.	76 hrs. 45 ms.	21 hrs.

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Why then does the CBC not oblige the private affiliates, at least those in the basic category, to carry the full complement of national service type broadcasts put out on the network wires each week? There is at least one very plausible reason for this. With its own radio stations, the CBC now reaches 87 per cent of the Canadian population. In the circumstances, the CBC feels that the private affiliates, which exclusively reach only fringe volumes of population should be allowed sufficient free time to remain solvent through the sale of advertising and to render certain community services which the CBC stations do not attempt to do.

In television, the situation is quite different. All private stations form part either of the English or of the French networks and most of them carry a good majority of CBC network originations which come to them either direct through the microwave link or indirectly through kinescope recordings.

We are not suggesting that the CBC has been wasteful or inefficient in its radio or television networking policies which, on the whole, have served the Canadian people well during the past two decades. However, because of the rather disrupting effect of television in the last few years, because of our recommendation elsewhere in this report that the CBC should henceforth actively seek commercial sponsorship at the local as well as the national level and because of the awesome increase in the costs of broadcasting, we believe that the current concept of the "national broadcasting service" is in need of more precise definition.

We do not propose to give here a detailed blueprint of what the national radio and television service should consist of, nor of the length of time it should last each day. This is one of the first and most important tasks that we would expect the proposed new Board of Broadcast Governors to undertake. We do suggest, however, that sixteen hours a day is too long and four hours too short, that not only national but also regional needs should be met in the new national service and that national, or regional as the case may be, programming should be as diversified and designed to satisfy as many different tastes (minority as well as majority) as economics and practicability may allow. We have no important reservations to make with regard to the Corporation's present concept of the national service as set out in Chapter II. We think that concept is sound and designed to serve

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the best interests of Canada as a whole. And we feel it is the special duty of the national service to recognize and serve the needs of minorities which, in the last analysis, are constituent parts of the majority — of the so-called mass audience — although we agree with Sir George Barnes, until recently Director of Television for the British Broadcasting Corporation, that minorities have no vested right in their being recognized and therefore must be pretty large before recognition by the broadcasting organization is warranted. But the needs of significant minorities must be met by the national service as must also the subconscious needs that will only become conscious after the audience has been made aware, by the broadcaster, that the need exists. Above all, the national service must constantly strive to reflect our distinctively Canadian culture which was so aptly defined by representatives of the University of British Columbia as embracing “everything from hockey and lacrosse to the Group of Seven and Andrew Allan’s radio drama . . . Foster Hewitt, Barbara Ann Scott, ‘Rocket’ Richard, are all important in developing the Canadian concept of Canadian culture. So also are Lawren Harris, Lister Sinclair, Earle Birney, Sir Ernest MacMillan . . . The development of Canadian culture is not the perquisite of a few. It should embrace the whole way of life of the Canadian people, and should offer something for everyone in the country.”<sup>1</sup>

All these things should form part of the minimum essential national service. And this service, barring exceptional circumstances, should be carried as a package by all stations, both public and private, on whatever network is concerned. But outside the hours reserved for the mandatory national programme, we suggest that CBC-owned stations should be as vigorously commercial as the dictates of good taste and good programming and the norms laid down by the proposed Board of Broadcast Governors will allow.

### **Political Broadcasts**

The area of political broadcasts is one that is bound, by its very nature, to give rise to fundamental divergences of opinion.

Reluctant as we are to venture into this area, we do so because we feel that political affairs are such a vital part of the daily life and

<sup>1</sup> Exhibit 68, p. 10 and 11.

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destiny of every Canadian that we would be shirking our duty if we did not comment on this most important matter which was raised on a number of occasions in our public hearings.

At present, the only statutory provisions that deal with political broadcasting are sections 21 (1) (e) and 21 (3) (4) and (5) of the Canadian Broadcasting Act. We have no particular comment to make on the latter provisions which have reference to political broadcasts, although the strict application of some of these provisions may be difficult in television. But we believe that section (21) (1) (e) should be modified in one important respect.

At present this section stipulates that the Corporation may make regulations "to prescribe the proportion of time that may be devoted to political broadcasts by the stations of the Corporation and by private stations, and to assign such time on an equitable basis to all parties and rival candidates".

Since we suggest that the proposed new Board of Broadcast Governors should be charged with the responsibility of determining overall broadcasting policies for Canada, we believe it to be a proper function of such a Board "to prescribe the proportion of time that may be devoted to political broadcasts by the stations of the Corporation and by private stations." However, we do not consider that it is a proper function of the Board "to assign such time on an equitable basis to all parties and rival candidates". In our view, this is a matter that should not be delegated to the Board or to any other agency but that it should be dealt with by the representatives of the people themselves.

We therefore recommend that the Act be amended to provide that the Board shall only prescribe the overall proportion of time that may be devoted by public and private stations to political broadcasts and that the various political parties will then agree among themselves as to how that time is to be apportioned between them.

## **The Broadcaster and his Audience**

From the evidence we received during the course of our public hearings, it is clear that many broadcasters place a good deal of reliance on the so-called "audience rating". Before concluding this chapter on



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programming, we would like to examine briefly the nature of the audience rating and the use to which it can properly be put in radio and television broadcasting.

In considering audience ratings, it must be remembered that they can only be approximations. Indeed, wide variations are sometimes found between the ratings given to the same programmes by different survey organizations. But even if the ratings were very exact approximations, they still measure, in Canada at least, only one aspect of a programme's total impact — and that is the size of the audience. They are strictly a quantitative measure, not a qualitative one. They do not measure the *degree* of listening or viewing on the part of the audience, they simply reveal that so many *bodies* were exposed to a certain programme at a certain time. It may sometimes happen that 100 housewives have their radio sets tuned to something called "International News Review" while only 5 have their sets tuned, at the same time, to something called "The Psychology of the Teen-Ager". But if the 100 housewives were more intent on ironing shirts or waxing floors than on listening to the news review and the other 5 housewives sat down and enjoyed or did not enjoy — but at least *listened* to — the second programme, which broadcast had the greater impact? Which programme really reached the greater number of people? Obviously the second one — by a margin of five to nothing. Some people may turn on their radio sets when they get up in the morning and not turn them off until they go to bed at night. But does that prove that they are listening to a particular station? Not at all. It merely proves that their radio sets are turned on.

A concrete example of how this sort of thing can occur almost daily was experienced by one of the members of this Commission several weeks ago. One evening, after dinner, the telephone rang and a pleasant voice, representing company Z, enquired whether the radio was on. On an affirmative answer, the voice asked what station the Commissioner was listening to and of course he could not answer because he was not listening at all; he was reading the newspaper. But he dutifully went to his set and then informed the voice on the telephone that station XYZ was playing at the time, whereupon the voice graciously thanked him for his trouble. Of course, we do not know what happened after that; but if this particular conversation resulted in one vote for station XYZ, it was a pretty dubious vote.

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Notwithstanding what we have just said, we are not questioning the usefulness of audience rating surveys or the competence of the individuals engaged in these activities. But regardless of the statistical soundness of these surveys, they purport only to measure the size of the audience that is *physically* present and not at all the *intensity* of listening or viewing on the part of that audience. These surveys may therefore be more useful to the advertiser than to the broadcaster because the advertiser, naturally enough, is not usually as interested in intensity of listening as in size of audience. Indeed, it may perhaps be an advantage from the advertiser's point of view not to have too much audience absorption in the programme since the viewer or listener might then be more receptive to the advertising message.

It is perhaps worth noting, as was pointed out by the Canadian Association of University Teachers, that the businesses which sponsor major radio and television programmes are usually in imperfectly competitive markets and therefore benefit most from mass advertising. "That is to say, their success depends only partially on the quality and price of their product, and very largely on making the product's name known to large numbers of potential purchasers. Thus it is a strange cross-section of the nation's business which assumes final control of our entertainment — producers of soap, gasoline, cosmetics, stomach powders, automobiles, branded foods and household equipment."<sup>1</sup> These sponsors are, of course, anxious to reach the largest possible audience. But they are equally anxious to reach potential consumers. And that is why "the product and the audience become associated: beer and boxing, sentimental romance and detergents, baseball and razor blades . . . Under the system of commercial radio and television all stations are trying to attract the same audience. Thus the existence of several outlets does not mean that a wide range of tastes and interests will be reflected in the programmes produced . . . For the sponsor the programme is a vehicle for an advertising message. The programme must be good enough to dissuade the listener from trying another station. It is desirable to please the whole audience a little rather than to please some of the audience a great deal."<sup>2</sup>

But to deduce from high audience ratings that a station manages to "please the whole audience a little" most of the time would be an unwarranted conclusion. That station may be giving the people

<sup>1</sup> Exhibit 190, p. 4.

<sup>2</sup> Exhibit 190, p. 4 and 5.

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what the majority of loudspeakers are emitting at any given time but not necessarily what the majority of the people want. It may, as one American writer expressed it, be no more than "the titanic battle between the floor-wax people and the wall-to-wall carpeting interests for supremacy in the ranch-type suburban home."<sup>1</sup> And even if the station was in fact giving the majority of the people what it wants all of the time, would that be a desirable situation? What if all other stations in the area did likewise? The result, inevitably, would be "more-of-the-same" on all stations. And the so-called mass audience, a very problematical entity, is itself made up of an infinite variety of minority tastes which would never be satisfied, to say nothing of the non-mass audience which would simply have to resign itself to the complete absence of broadcasting of any kind that it could enjoy. If the audience rating rules supreme, then broadcasters will allow programming to sink to the most boringly uniform and low level. Each broadcast will become a tedious reflection of all other broadcasts.

At best, audience ratings reveal which programmes people choose from among those available. Even if the ratings are based on questions which ask audience members what programmes they like best or want more of, it is unwise to accept the answers as being too meaningful. For the audience does not normally express considered judgments on its wants in entertainment, except in relation to what is familiar. Experience with polls has shown this to be so and, on reflection, the common sense of it must be evident. If Shakespeare had never lived, can we imagine that audience members would tell a pollster that they would like to see a drama about a neurotic prince who kills most of his relatives after holding conversations with a ghost in a fog. Of course not. The broadcaster must retain and discharge his initial responsibility to lead his audience by making available fresh entertainment and experiences. And this responsibility cannot be delegated to the audience or to the advertiser. "The real danger is that the public arts will succumb to their own routines, that experiments will become fewer and fewer, that new things will only be superficially different from the old, and good things will not be allowed time enough to take hold, to root themselves, to live."<sup>2</sup>

This must not be allowed to happen in Canada.

<sup>1</sup> *New Yorker* magazine, October 23, 1954.

<sup>2</sup> Gilbert Seldes, *The Public Arts*, Simon and Shuster, New York, 1956.

## *Chapter IV*

# The Regulation of Broadcasting

### Is Regulation of Broadcasting in Canada Necessary?

**B**EFORE considering the problem of regulating our broadcasting system and suggesting how it might be done, it may be well to consider if regulation is necessary at all. After our hearings and full consideration of this question we are satisfied of the need of regulation, not only as to the technical control of frequencies and power but also as to programme content and station performance. We are satisfied that for Canada this is a legitimate and proper function of the state, and under our constitution it is a function of Parliament.

Probably the simplest basis for this conclusion is that it was supported by the great majority of witnesses who dealt with the subject before us. There was considerable difference of opinion as to the methods and procedures by which such regulation should be exercised, but the fact of control and regulation by an agency of the state was almost universally recognized as desirable and necessary in Canada.

It might have been expected that the Canadian Association of Radio and Television Broadcasters, speaking on behalf of most of the private radio and television stations in Canada would have had basic objections to public regulation. Indeed, they did at our opening sittings submit a brief (Exhibit 16) which contained a somewhat inconclusive argument as to the nature of broadcasting, suggesting it was a form of publishing and not a public utility or within the public domain. Again, in the final rebuttal hearings another document was filed (Exhibit 308) consisting of various newspaper editorials in which it was argued that government regulation of broadcasting should be

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limited to technical controls. This exhibit was not discussed at our hearings and no argument was based on it; nor were we able to find out what we were supposed to do with it<sup>1</sup>. However, in the original submission<sup>2</sup> it was clearly stated by CARTB that "we do not advocate that there should be no specific delegation of these functions (of Parliament or the Government) to a regulatory body having essential minimum regulatory powers over radio and television broadcasting in Canada". Then, in our final hearings, we endeavoured to discover what CARTB envisaged as the proper scope and degree of government regulation and control, and answers were given by counsel in the presence of the president, executive vice-president and some ten or twelve directors of the association<sup>3</sup>. They stated clearly that their proposals for a change in the machinery of regulation represented "no less control from the point of view of the public than is going on at the present time"<sup>4</sup>, that their intention was "that the control would be the same as today on the operator but the method of control would be different"<sup>5</sup> and they specifically agreed that there should be control of such matters as programme content<sup>6</sup>, import of programmes<sup>7</sup> and the use of Canadian talent<sup>8</sup>.

In the face of the overwhelming weight of evidence approving the need in Canada of government control and regulation of broadcasting, it is probably unnecessary to labour the theoretical arguments in favour of such regulation. But we will make a brief reference to one or two of the points which were discussed in our hearings and on which there can easily be some public confusion.

It was suggested that broadcasting is a form of publishing and that broadcasters are entitled to raise the cry of "freedom of the press", when faced with state control of their programmes and performance. Those putting forward this suggestion seemed unwilling to push the analogy with the press to the point that they opposed all such controls. But let us examine the basic question as if it had been boldly asked: — What is the need and justification for regulation of the performance of radio and television stations when other forms of public information and communication such as newspapers and magazines are left free from regulations of performance other than general laws against sedition, obscenity, libel and the like ?

<sup>1</sup> Evidence, p. 7447.

<sup>2</sup> Exhibit 16.

<sup>3</sup> Evidence, p. 7226.

<sup>4</sup> Evidence, p. 7096.

<sup>5</sup> Evidence, p. 7154.

<sup>6</sup> Evidence, p. 7146.

<sup>7</sup> Evidence, p. 7141, 7147.

<sup>8</sup> Evidence, p. 7142.

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Freedom of the press is one of the basic freedoms in a democratic society. But the principle can be, and is at times, used in an attempt to protect private rights and privileges which have nothing to do with the essentials of this freedom. Freedom of the press is not, except in an incidental or secondary sense, a right of the publisher to be left free from government interference or control. The essential freedom is that of the individual citizen to publish, to resort to the written and the spoken word, to communicate his ideas and proposals to his fellow citizens without prohibition or interference so long as the laws of the land are not broken. It is the right to use, and have access to, a pulpit, a press or a soap box.

This kind of right is for technical reasons not fully available in broadcasting. Up to the present time at least, the science of communicating by wireless signals has not developed to the point that every citizen can own a radio or a television transmitter. It is only possible to have, at the most, a certain number of people in Canada — possibly a thousand — broadcasting at any one time. If there were more than that number there would be the confusion of Babel. To avoid this confusion there must be control by the state which goes at least as far as allocating radio frequencies and television channels and prohibiting unauthorized persons from broadcasting over the air waves. No one has ever seriously argued against this type of technical control by the state.

But the point is important because the need of a licence necessarily results in broadcasting becoming somebody's monopoly. The decision as to who shall speak over the radio or be seen on television rests with the operators of the 189 radio stations and 38 television stations in Canada. There is nothing that any individual Canadian can do to gain access to these broadcasting media except with the permission of this handful of licensees.

The analogy with the press breaks down because of this power in a few to control the access to broadcasting facilities of the many. The freedom of the press is sometimes discussed as if it were an exclusive right of the publishers of daily newspapers. It is much wider than this. It may well be that, for economic reasons, the establishment of a new daily newspaper in any particular community is virtually impossible. But if a Canadian with a story to tell or a cause to advocate finds it impracticable to establish a daily newspaper, he may perhaps find

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it possible to have a weekly newspaper, or a monthly magazine, or, at least, to rent a duplicating machine and circulate his ideas and proposals in print. The right of access to the printed word may take many forms, some more effective than others, but access in some form is open to anyone and does not depend, as in broadcasting, on the decision of some one of the licensees of the relatively few available frequencies in Canada.

Even within the narrower comparison with the daily newspaper, the operation of a radio or television station may be distinguishable because of the newness of the broadcasting media and the fact that they have not yet developed an established body of tradition. Had they done so the case for regulation and control would be weaker. We asked, for example, a number of private radio station operators if they attempted to sell all their available time and were told that this was their objective. This, in the analogy with the newspapers, is to put them in the category of a "shopping news". For all reputable newspapers there are some portions of the paper that are not for sale and some attempt is made to preserve a balance between non-paid and advertising content. There is no such established tradition in private radio. All portions of the programme are open for advertising sponsorship; little, if any, time is specifically reserved for public service and non-commercial broadcasts, and what public service is done usually finds its place in time that could not be sold to sponsors. In these circumstances it is not surprising to find that, as a general rule, the amount of public service broadcasting by a private station is inversely proportionate to its commercial success. We would not want to minimize or ignore the substantial amount of public service that is in fact performed by many private stations in Canada and which we discuss elsewhere in this report. The present point is that it is not regarded as a primary function with accepted priorities and beyond interference.

Control by the state over the various media of communications would appear to be more acceptable for newer media and less necessary where a body of tradition and self-regulation has had time to develop. For newspapers and magazines, which have been developing a tradition for several centuries, the degree of public control is slight and is exercised by laws of general application. For moving pictures, which are a newer medium, some detailed control by the state of

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programmes and performance is generally accepted and applied; but here also, as a tradition of self-regulation developed, the degree of public control tended to become less. For the still newer media of radio and television, regulation and control of performance is justified until recognized standards of performance have been developed and applied. This type of distinction is not unique; it applies in other branches of economic life. In the older professions, such as law and medicine, where a body of professional tradition has grown up, regulation by the state is at a minimum, and control is exercised by self-regulation within these professions. With newer professions and other businesses a greater measure of public control is exercised and is accepted. But where worthy traditions of performance develop, public controls tend to recede.

*and how!*

Economic forces may also have an influence on the need of control and regulation. So long as there is a substantial element of commercial sponsorship in our broadcasting system, there may be a need for public control to restrain commercial forces from the excesses to which they may go. In a later section of this report, we discuss the legitimate and positive role that advertising plays in our broadcasting system. We believe that the values of commercial activities should be recognized and retained. But they can have an undesirable influence on programme performance which should be restrained. This influence is not an obvious and direct interference with programme content which is rare indeed and if attempted would be quickly resented and effectively resisted. It is rather the indirect influence on the programme schedule of the demands for time by commercial sponsors. It is not that private broadcasters are less public spirited than other people. Many of them may have a desire to produce good programmes and may attempt to do what they can. But they are faced with a conflict of interests and motives. Like other businessmen they must have a profitable business, and they make profits by selling time. Even the most public spirited broadcaster is constantly faced with an uncomfortable conflict between his desire to render a public service and his sound business instincts. His problem is further complicated when he is not the sole owner of a station and has a fiduciary responsibility to its stockholders. The demands of advertisers for time, especially for the more popular or desirable hours of the broadcasting day, can result in a monotonous similarity of programmes of immediate popular appeal



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or in a total advertising content which is excessive or in a form of advertising which in its insistence and blatancy is offensive.

Against such advertising practices the public can, in the absence of regulation, have little defence. It is true that, in the extreme case, public reaction can be violent and the operator of a station must always attempt to weigh public opinion and public acceptance of the station's performance. But within a fairly wide range, it is much easier for an operator to assess and attempt to please his commercial sponsors than to measure and meet the contradictory views of his scattered and largely inarticulate audience. These commercial demands may even be individually unexceptionable but cumulatively they may be excessive. They cannot be left to be resisted either by the force of public opinion or by the exercise of self-restraint by private station operators. If broadcasting is to serve the public interest as it should, we believe there must be some externally enforced standards of public interest to strengthen the instincts of public service that many private broadcasters feel.

Such regulations may well be a restraint on the freedom of a private station to accept an unlimited number of spot announcements or the unbridled promotion of detergents, laxatives and deodorants. However, it is not the freedom of the private station operator or the commercial sponsors that is important; it is the freedom of the public to enjoy a broadcasting system which provides the largest possible outlet for the widest possible range of information, entertainment and ideas. In recognizing that advertising has a value and a place in our broadcasting system, it is a legitimate exercise of public control to see that a limit is placed on the results of commercial pressures.

Another form of economic pressure on private stations may justify other kinds of programme regulation and station performance in Canada. The proximity to the United States and the comparative ease and cheapness with which American programmes can be acquired by Canadian radio and television stations could result in their becoming no more than outlets of American networks. If we want to have some Canadian content in our broadcasting fare and some development of Canadian talent in radio and television, a degree of regulation and control to overcome these forces of economics is inescapable. There must either be creation of Canadian programmes by a public agency and regulation to require that such programmes be carried on private

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stations; or there must be a requirement for the production of a certain proportion of Canadian programmes by the private stations themselves.

Possibly these theoretical justifications for the regulation of broadcasting in Canada are unnecessary. Perhaps the simple fact is that radio and television are powerful forces of widespread public influence, and in a complex world where life is hazardous any instrument that affects all of us cannot be allowed to get out of our control. The Canadian public has the right to expect a high standard of service from those few citizens to whom radio and television franchises are granted. It has the right to make sure that the service is well rendered.

### What is Meant by "Regulation"?

The word "regulation" is a general one and covers a number of separate and distinct activities. To make our discussion as clear and simple as possible, we must first try to define our terms.

In Canada, as has been stated in earlier chapters, we have had, and this Commission believes we should continue to have, a single broadcasting system in which all radio and television stations, public and private, will be integral parts and will be subject to regulation and control in the public interest by Parliament.

Such regulation includes the following four kinds of state control over broadcasting:

- (1) Licensing regulations and procedures; the selection of those who may establish and operate radio and television stations in Canada; what channels or frequencies they may use; what power they may employ. These regulations involve many highly technical questions, but they also involve Canada's obligations under international agreements and fundamental questions of broadcasting policy.
- (2) Regulations of general application as to station performance and programme content.
- (3) Operational decisions and actions to provide a national broadcasting service, partly through public and partly through private stations.

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- (4) Supervision of the policies, performance and financial affairs of whatever public agency is engaged in the production and distribution of programmes; and general supervision of the performance of private radio and television stations.

These four types of state control may overlap to some extent but essentially they are different. The first two are what are generally and familiarly regarded as "regulations"; the last two are not really regulations at all, but may be confused with the regulatory process. We will attempt to discuss these four kinds of control in separate sub-headings later in this chapter. Before doing so we have some comments to make on the relations between Parliament and the broadcasting agency or agencies it may establish and on the type of broadcasting agencies we recommend.

### How Should Regulation be Done?

In Chapter I we have attempted to explain the economic forces which influence Canadian broadcasting and which, in our opinion, make it impossible to have a broadcasting system based only on advertising revenues. If we are to have a Canadian broadcasting system, with some flow of programmes in an east-west direction across the country, with some Canadian content and with some contribution to a Canadian national consciousness, there must be a public broadcasting agency supported by substantial amounts of public money. We have also explained that this kind of problem is not new in Canadian experience. But because of the nature of broadcasting, the problem is peculiarly difficult.

The dilemma is between the danger of political interference with an agency of public information and communications and the need to retain sufficient supervision and control to ensure that public moneys are wisely spent. Obviously the public broadcasting system cannot be run by Parliament, except for general policy and supervision. There is danger in having it run by a department of government where partisan interests could have an influence or might be thought to have an influence. It is a case for delegation of authority to an agency or agencies of the state.

However, the term "delegated authority" is ambiguous and it is important to define the exact sense in which it is applied. There

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are times when the state wishes to delegate to an agency virtually sovereign powers, to place a function beyond parliamentary control except the ultimate control that Parliament can always assert by abolishing the agency. In such cases, it is desired to take certain decisions away from Parliament for various reasons; possibly because a political impasse has been reached, perhaps because the subject-matter is highly technical or complicated and therefore cannot be dealt with in debate. For this kind of delegated authority the agency established needs to be a technically expert one and its task should be defined and handed over to it without continuing detailed supervision and direction by Parliament. Such an agency usually works best if it consists of a small group, residing in or near the centre of the agency's operations. The agency has a technical job to do and should be left to do it with only a minimum of parliamentary control to see that it performs its duties and looks after its financial affairs. An example of this type of delegated authority in Canada is the Board of Transport Commissioners.

A quite different kind of delegation is that where Parliament retains its full sovereignty but entrusts detailed day-to-day administration of an enterprise to a board or agency. Expert knowledge and specialized technical procedures may be required from such an agency, which Parliament has neither the time nor the technical skill to develop and apply. This type of agency may in fact exercise, by delegation, certain legislative authority and administrative power, but it does so under the continuing supervision and control of Parliament. Its authority should be clearly stipulated and its rights and duties defined in the governing statute. Its actions are subject at all times to challenge and review by Parliament. This type of board is an agent of Parliament, to do certain things and speak on behalf of Parliament, to give attention to a problem from day to day in a way that Parliament cannot do, but always subject to parliamentary control which is never surrendered or weakened. Such a board is likely to be effective and therefore to require relatively little actual control by Parliament, if it is fairly large in numbers and is made up of people with much the same diversity of skills, experience and geographical origin as Parliament itself. If such a board, in dealing with its delegated responsibilities, can accurately reflect public opinion it is likely to act as Parliament

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would itself act, and therefore intervention by Parliament will not often be needed. We believe that this type of delegation of parliamentary authority is the kind to be applied to Canadian broadcasting.

Both radio and television are powerful media of communications. They change rapidly both technically and artistically. They must be responsive to changing needs and subject to public scrutiny and public opinion. Because the Canadian broadcasting system is growing in size and cost it needs continuous supervision and direction which Parliament, with its many other responsibilities and pressures, cannot give. There is therefore a need for delegation by Parliament to a board or agency of the daily management and supervision of the broadcasting system. But such a board or agency must remain responsible to Parliament.

We believe that existing governing statutes were intended to maintain Parliament's control over broadcasting and to define the nature of the delegation of powers to an agency of the state. This original intention has been reaffirmed by numerous parliamentary committees and by one royal commission. It may, however, be possible to clarify the statute, which was originally passed in 1936 and has remained substantially unchanged for the past twenty years. It is not surprising that, with the major developments of television and the great expansion of the broadcasting system which have occurred, the original statutes are not as precise as they might be and some desirable distinctions have become blurred. Our suggestions for change in the legislation may make it easier to understand the precise nature of the Canadian broadcasting system and more difficult to misunderstand and misrepresent it. But we should make it clear that we are not recommending any fundamental change in the concepts that have applied to Canadian broadcasting for many years.

We think there have in fact been two public elements involved in radio and television broadcasting. This factual separation of powers should be more precisely defined in law. One of these elements should be an operating agency, engaged in the operation of publicly owned stations and national networks and in the production and distribution of a national programme service throughout Canada. We think that the phrase "national programme service" should, if possible, have a more detailed definition as to its geographical scope and intended purpose than has been given up to the present time. If this agency is given

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precise responsibilities it should also be given powers sufficient to discharge those responsibilities, and financial resources, on an assured basis, adequate to do the job that Parliament intends it to do. A Crown company seems to be the simplest and most familiar form for this agency to take. The existing Canadian Broadcasting Corporation, with minor changes in its statutory powers and organization, can be this agency. Many of the subsequent chapters of this report will deal in detail with the powers, organization, operation and finances of the CBC.

The other public agency in the Canadian broadcasting field should be a board created and authorized to act for Parliament, and responsible to Parliament, for the direction and supervision of the Canadian Broadcasting system. This board should have responsibility for all elements in Canadian broadcasting. It should not, we suggest, be part of the Canadian Broadcasting Corporation and its members should not, as in the present statute, comprise the Corporation. The provision in Section 3 of the Broadcasting Act of 1936, whereby the Corporation is made to consist of the Board of eleven governors was no doubt a familiar form of statutory provision and a natural method of applying the concepts of private company law to a Crown corporation. In other Crown companies it may not matter, but in broadcasting it has probably contributed to some public confusion as to the nature of relations between the governing Board and the operating Corporation.

This Board is not part of the CBC and should not be referred to as "the Board of Governors of CBC". We suggest that a new Board, differently named, should be created by statute. The name we use in speaking of this agency is "The Board of Broadcast Governors". It could equally well have been "The Board of Governors of Canadian Broadcasting" or "The Governors of the Canadian Broadcasting System" or any other name that does not identify it with the Canadian Broadcasting Corporation.

The CBC is responsible to the Board and is answerable to it for its performance and efficiency. Similarly private broadcasters are responsible to the Board for their performance. The degree of supervision and control by the Board may vary as between the public and private elements in the single Canadian broadcasting system, and may vary from time to time as between different units in the system, but the basic relationship between the broadcasters and the Board is the same

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for all stations. They are responsible to the Board, which in turn is responsible to Parliament for the whole Canadian broadcasting system.

In the following sub-headings of this chapter, we will examine what might be appropriate statutory provisions for creating the Board of Broadcast Governors and defining its various responsibilities and functions.

### **The Board of Broadcast Governors**

The future of Canadian broadcasting depends, to a very large extent, on the calibre and competence of the board to which Parliament entrusts the direction and supervision of the Canadian broadcasting system. No royal commission can spell out a working blueprint for such a growing and changing enterprise. At best, it can suggest the kind of system to be established and can recommend ways that certain specific matters might be handled. Nor can Parliament itself run the broadcasting system or supervise its day-to-day operations. Regular attention is needed by a board, properly selected, adequately instructed as to its duties, and sufficiently staffed.

The present provision in the Broadcasting Act for "a Board of eleven governors appointed by the Governor in Council and chosen to give representation to the principal geographical divisions of Canada" was enacted in 1936. At that time there were 75 radio stations in Canada; television had not, of course, made its appearance; the total cost for the public broadcasting system was approximately \$2 million.

In the succeeding twenty years, the conditions of the enterprise have materially changed. There are today 189 radio stations and 38 television stations operating in Canada; the annual public cost, largely by reason of the much greater costs of television, will likely be nearly \$40 million in the current fiscal year, and these costs will inevitably increase as the Canadian broadcasting system extends its coverage and scale of service. This rise in expenditures from the public treasury is only part of the story; there have been substantial increases in payments made by the Canadian public for broadcasting services through private stations, but exact figures are not readily available. The governing Board is responsible for the whole broadcasting system, which is today possibly 20 times as expensive and complicated as it was twenty

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years ago. The board required today may not be the same kind of board that was adequate and proper in 1936.

For one thing, expenditures of the present magnitude call for a board of great experience and competence in business affairs. The enterprise is now equivalent in size to many of our larger corporations, or as perhaps a closer analogy, to one of our largest universities. We do not suggest that the board responsible for broadcasting should be a precise copy of existing corporation or university boards, but it should have this in common with them that there should be a diversity of experience and skills and its members should have established reputations as leaders in Canadian life. The members of the broadcasting board should obviously have a broad knowledge of Canadian affairs. We would question if they should have expert knowledge of broadcasting or particular skills in any of the arts which contribute to radio or television programmes. At least they should not be chosen to perform special functions in broadcasting, such as engineering, legal advice, musical composition, advertising or educational direction. However at times there could well be an engineer, lawyer, composer, advertising man or university president on the board. Nor should they be chosen to represent special interests or particular groups. We think that some members should have had some experience in supervising the expenditure of forty or fifty million dollars a year; but all members should not be business executives. A broad diversity of skills and experience is needed to reflect public opinion and to assure both Parliament and the Canadian people that broadcasting policies will be wisely defined and large public expenditures will be adequately supervised.

We wish to pay unstinting tribute and respect to the services rendered over the years by the men and women who have served on the CBC Board of Governors. They have devoted much time and attention, with virtually no financial reward, to a public service. Their contribution to Canada has been a substantial one. They have brought the Canadian broadcasting system from a small enterprise, through a period of rapid expansion, to a remarkable and generally admirable stage of development. In suggesting, as we now do, that the present CBC Board of Governors should be abolished and replaced by a new Board of Broadcast Governors, there is no thought that the existing Board has been incompetent or inadequate in its performance or



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attention to duty in the past. We do so because we believe the task of regulating and supervising the Canadian broadcasting system is a different task from that which was envisaged in 1936, and different also in scope and nature from the task of the Board during the rapid expansion of the last four or five years. Now that a substantial Canadian system for both radio and television has been created, we think that the task of the Board in the next few years is a different task and calls for somewhat different qualifications and constitution of the Board. One obvious advantage of creating the new Board of Broadcast Governors would be to emphasize the change we suggest in section 3 of the Broadcasting Act, which seeks to make clear that the Board is not part of the CBC but separate from it and has responsibility for all public and private broadcasting in Canada.

This, and other changes, in the statutory provisions will be described in later parts of this chapter. We will also attempt to set forth these changes in the form of a draft statute which will be an appendix to this report. We have done so with no thought that our suggested statute is in any final or polished form, nor that its draftsmanship cannot be materially improved by the law officers of the Crown and by debate in Parliament. We have simply used the method of a draft statute as the easiest way to indicate our suggestions as precisely and clearly as possible.

The members of the proposed Board of Broadcast Governors should not only be representative of different aspects of Canadian life, but should have knowledge of the differing attitudes and aspirations of the various geographical regions of Canada. We do not think this should be a small board permanently resident in Ottawa. On the other hand, we do not think that the members of the board should be directly representative of the ten provincial areas of Canada. Presumably, at any given time, there should be at least one governor from the Maritime provinces, one from Quebec, and one each from Ontario, the Prairie provinces and British Columbia; the others should be chosen more particularly for their personal qualifications than for their geographical origins. If it turned out that a larger proportion of governors resided within easy access of Ottawa it would facilitate attendance at more frequent meetings.

For the same reason, we think there would be advantage in increasing the number of governors to a total of fifteen, so that there

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could be diversity of skills, experience and geographical origin with, at the same time, a reasonable number of governors easily accessible and available for meetings.

In the past, meetings have usually been held five times a year and have required two or three days attendance at each meeting. We suggest that meetings might be held monthly, or at least nine or ten times a year and should be completed in one or, at most, two days. Moreover, as is the practice of larger national corporations, all governors should not be expected to attend all meetings, but with careful planning important long-term policies can be reserved for discussion at certain meetings which all governors would seek to attend, and essential interim decisions could be taken at other meetings by those governors who could conveniently be present.

We suggest that the governors should be appointed by the Governor in Council for a fixed term of five years and should have security of tenure during good behaviour, subject only to removal on a joint address of the Senate and House of Commons. This is a change from the present provision which calls for a three year term, subject to removal for cause at any time by the Governor in Council. We think it is important to remove the governors from the possibility of interference from the government of the day, however remote past experience would make this possibility appear to be.

We suggest also a somewhat unusual provision that no governor shall be immediately eligible for re-appointment at the expiry of his term of office. We make this recommendation for two reasons. In the past, the general practice has been to re-appoint governors for a second, or third term and it would now probably be difficult, or at least embarrassing, not to offer to do so. One reason for a statutory limit on the length of the term is that it would probably make it easier to get suitable appointees to the Board if they knew that the period of public service required was a limited one and that appointment was not, in practice, equivalent to a life sentence. The second, and contrasting, reason for this suggestion is that it would provide for a gradual and assured rotation in the membership of the Board of Broadcast Governors, which would be highly desirable. It is important to have frequent and material changes in the composition of the Board, not only so that a diversity of skills and experience can be drawn on, but also in order that a number of citizens familiar with the problems of

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broadcasting can be built up throughout the country. It is also obviously important that the entire membership of the Board should not change at any one time and therefore the rotation of a fifteen-member board with a basic five-year term of office would call for the retirement of three members each year. To provide this, at the outset, we have suggested in the draft statute initial appointments of governors in groups of three for a minimum of one year and a maximum of five years. Those appointed for a period of less than three years should be eligible for another term.

There is no doubt that the suggestion that governors shall not be eligible for immediate re-appointment has its disadvantages as well as its advantages. Probably there will be many occasions when the experience and skill of a particularly valued and useful governor will be lost by the rigid application of the rule. We think, however, that the advantages of regular rotation outweigh these disadvantages and that the practice should be strictly followed. A valued governor who is willing to serve again can always be brought back on the board after a lapse of one or two years.

The question of the payment of governors for their services is one of some difficulty. The motive which induces a man or woman to accept an appointment to the Board of Broadcast Governors should be a desire for public service, not financial gain. In some cases governors might prefer to serve without remuneration, and they might be in a position to do so. In other cases, competent men and women would be unable to accept appointment without reasonable compensation for the time taken from their usual sources of livelihood. Some flexibility to deal with the differing wishes and positions of different governors should be provided. The present provision of \$50 to each governor for each meeting attended, up to a maximum of \$500 in any one year seems to be unsatisfactory. It is inadequate payment to any one who needs to be paid and unnecessary for any one who is willing and anxious to contribute his services. The tying of remuneration to attendance at meetings ignores the fact that a governor's substantial contribution may consist in contact with regional and local broadcasting activities and in advice and guidance between meetings rather than the mere fact of attendance at formal meetings. We suggest a provision (similar to that in the Bank of Canada Act) which would allow the Board to determine each year the payment to individual

*King is  
wonderful  
New York 131  
\$2,500  
wonderful  
father*

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governors (not including the chairman and vice-chairman) up to a maximum total amount of \$30,000 per year. This would permit variations in the remuneration of governors depending on individual circumstances and amount of time and attention devoted to broadcasting affairs. On the average, it would provide an amount somewhat below, but in line with directors' fees paid by national corporations.

We suggest that there should be an executive committee of the Board of Broadcast Governors consisting of the Chairman and three other members of the Board. This committee can be named at the first meeting in each fiscal year and should consist of members who are within easy reach of Ottawa and likely to be available in cases of urgency. The executive committee should be competent to deal with any matter which the Board can deal with, but its decisions should be reported to the full Board at its next meeting. In practice, matters of urgency and also many matters involving detailed study and public hearings might be handled by the executive committee, subject always to the direction and control of the full Board. There should also be power to appoint other standing and ad hoc committees of the Board, to enable it to do its work quickly and efficiently. A finance committee might be found to be desirable; or a programme policy committee or an ad hoc committee to study colour television or subscription television. These are only examples of committees that the Board might think it desirable to establish; it should have adequate power to do so. We do not think that there should be special payment for service on the executive or other committees of the Board, although the amount of an individual governor's service on committees would doubtless be taken into account when the remuneration of governors is determined annually by the Board.

The Chairman of the Board of Broadcast Governors must have primary responsibility for all the activities of the Board. Those activities include general supervision of the whole Canadian broadcasting system, the preparation and enforcement of general broadcasting regulations, the determination of broadcasting policy for the CBC and supervision of its financial affairs, and relations with Parliament and the public on broadcasting matters generally. In recent years the Chairman of the CBC Board of Governors has been a full-time official appointed by the Governor in Council. Elsewhere in this report, we state our views as to the high competence of the present incumbent

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of this position, but now we are concerned only with the nature of the office of chairman of the proposed new Board. An attempt has been made in the past to draw a distinction between activities of a policy nature by the Chairman and operations and execution of policies for which the General Manager of CBC was responsible. In fact the lines of distinction have become somewhat blurred and indeed this was probably unavoidable during the hectic early days of television. The recruitment and direction of a rapidly expanding staff, the supervision of engineering developments and construction plans, and the creation of a television programme service have placed an overload of responsibility on the General Manager. Inevitably, in developing policies for the Board of Governors in the rapidly expanding field of television, the Chairman has been drawn into certain phases of administration of the CBC and of the execution of policy. As far as we could discover, this has caused no serious problem of administration within CBC and has resulted in a valuable co-ordination of effort between the Chairman and the General Manager. The one unfortunate result has been some actual confusion in the public mind as to the true role of the Chairman of the Board of Governors, and it has been possible for those who desired a change in our broadcasting system to magnify this confusion. In the future, now that the television system is well established and is unlikely to grow with the same speed as that of the last four years, we think that an adequate administrative organization for CBC should be established along the lines described in a later chapter of this report, and that the Chairman of the Board of Broadcast Governors should be divorced from any active part in the actual administration of CBC or the execution of the Board's policy decisions.

We think that the function of the Chairman of the Board of Broadcast Governors is primarily to consider the public effects of the Canadian broadcasting system, its response to Canadian needs and its adequacy to meet future needs. As such the office does not call for expert knowledge or experience in the technical aspects of broadcasting. It is likely to be better done if it is not a full-time job and if it is not regarded as a permanent appointment with necessary residence in Ottawa. We think that, on the average, the chairman would need to be available for about two days a week or eight or nine days a month. As with other governors, it is desirable that there should be a limit to the tenure of the office, and that different and varying skills should be

*copy of  
Robert Pearson  
page.*

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enlisted in successive appointments to the chairmanship. The appointment of the Chairman should be made from among the governors by the Governor in Council, who should also fix the remuneration of the Chairman, on each particular appointment. We think that the office of chairman is a responsible and important one and should be adequately recognized to meet the personal situation of each appointee. However, we recognize that this flexibility may be more nuisance than it is worth and therefore suggest, in the alternative, that the remuneration of the Chairman of the Board of Broadcast Governors should be fixed at \$10,000 per year, without the chairman participating in general distribution to governors described above.

What we have suggested as to the appointment of a chairman applies substantially also to the appointment of a vice-chairman. His responsibilities would be less onerous and the time required from him would be less than that required from the chairman, although it would be substantial. If remuneration is not fixed individually for each appointment, we would suggest alternatively payment to the vice-chairman at \$5,000 per year, without participation in general remuneration to the governors. All governors including the chairman and vice-chairman should, as at present, be entitled to be paid their actual disbursements for expenses properly incurred in discharging their duties.

The Board of Broadcast Governors will need a small but competent staff, headed by an administrative officer who should act as secretary of the Board. In later sections of this chapter we describe in detail certain functions to be discharged by the Board. These will require some technical and administrative assistance on a full-time basis.

The Chairman and other members of the Board will need to be continuously informed as to what the CBC is doing and what the private stations are doing. There will be certain enforcement functions, licensing studies, financial supervision and the like to be discharged by the Board. Its staff must be adequate to do the preparatory work on these various functions and thus make it possible for the members of the Board to serve on a part-time basis.

We cannot estimate, with any accuracy, the operating costs of the Board. However, its total expenses will not be a net increase in cost to the public treasury as many of its functions are now performed by the CBC. We recommend that the operating costs of the Board of

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Broadcast Governors should not be provided out of CBC finances. The accounts of the Board and the CBC should be kept entirely separate and the former should be provided in the annual departmental estimates, presumably in the estimates of the Department of Transport. This will provide an annual occasion when Parliament can review the Canadian broadcasting system. An incidental advantage may be that parliamentary scrutiny and debate might be focused on the operations and activities of the Board to which in our opinion it can be more usefully directed rather than on the detailed activities of the CBC. ↓

*Is it then a  
little too  
idealistic?*

## The Licensing of Broadcasting Stations

There can be some debate as to the number of radio frequencies and television channels which can now be used throughout Canada or which, with improvements in technology, may be usable in the future. But there can be no disagreement with the fact that the number of frequencies and channels is limited, that international agreements as to their allocation must be observed, and that a licensing system by the state is a necessary and proper part of the regulation of Canadian broadcasting. Under our constitution that function clearly falls within the jurisdiction of the Federal Parliament.

The continuing need of licensing of broadcasting stations was recognized in our terms of reference when it was made a condition of our inquiry that the reconsideration of television broadcasting should be based upon the principle that "the grant of the exclusive use of certain frequencies or channels for broadcasting shall continue to be under the control of the Parliament of Canada". It was also recognized without exception by those witnesses that appeared before us, who either approved this control or took it for granted. There were differences of opinion as to the nature of such control and also as to the methods and procedures for its exercise. But it was agreed by every one that the granting of licences to establish new radio or television stations in Canada and regulation of the power, wave-length or frequency and location of all stations was a necessary function of the state. Incidental to such licensing controls are controls over the ownership and transfers of ownership of stations.

The provisions of international agreements to which Canada is a party, and existing licensing procedures have been outlined in

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Chapter II. Briefly, all licences are granted by the Minister of Transport under the provisions of the Radio Act of 1938; applications are technically examined by officers of the Department of Transport; certain matters, including applications for new private radio and television stations, changes in power, channel or location of existing private stations, and changes in ownership of stations or shares of licensee companies, are required by the Canadian Broadcasting Act of 1936 and regulations under the Radio Act to be referred to the Canadian Broadcasting Corporation for its recommendation; the Minister of Transport may then decide all such licensing questions as he sees fit, subject however to the statutory requirement that applications for the licensing of new private radio or television stations must be approved by the Governor in Council.

In the past there have been relatively few problems and difficulties in connection with changes in the licences of existing stations. There were some disputes a number of years ago concerning increases in power for private radio stations, but these do not now appear to be matters of active concern. The greatest difficulties have naturally arisen in connection with the subject of greatest importance, namely the licensing of new radio and television stations in Canada. Such a new licence confers an important, and frequently very valuable, right to the exclusive use, in an area, of a radio frequency or television channel. It may involve a decision between public and private ownership of new broadcasting facilities. It sometimes involves bitter competition between a number of private applicants for a profitable franchise. It is obviously a process in which there is always danger of favouritism, undue influence and political pressure.

No one would underestimate the real difficulties involved in the licensing of new television and radio stations in Canada. But these difficulties appear to us to be inescapable. We must have licences to preserve order in the air-waves. We can only grant one licence to a frequency or channel in any one area. The number of available frequencies and channels is small, and is limited by international agreement. Those private citizens who have obtained licences in the past have generally done well financially and there is no reason to believe that new applicants will not be similarly fortunate. In the more populous areas especially, there are likely to be several applicants for these rare and potentially valuable public assets. Some one, somehow, has to make a choice.



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We think that the present licensing procedure, with perhaps a few minor changes for the purpose of clarification, is the best system that can be devised for Canada. The grant of a new broadcasting licence is the temporary and conditional alienation of an important and valuable public asset which, by its very nature, cannot be shared by others. Such a grant is essentially a political act. Broadcasting is too important, and its influence too great, to have the basic decision as to those persons who shall be in charge of broadcasting removed from the control of those who are directly responsible to the Canadian people. Despite the problems and difficulties involved, the grant of new licences for radio and television stations should continue to have the final approval of the Governor in Council.

In practice, the difficulties can be minimized by various procedures. The technical aspects of new applications are now dealt with by competent officials of the Department of Transport. The Minister of Transport should also have advice as to the effect of the grant or refusal of the application on the existing broadcasting system. We recommend that this advice be obtained from the Board of Broadcast Governors, which we suggest should be responsible for supervision of the whole broadcasting system and to which the new applicant, if successful, would afterwards be responsible. No doubt, as a general rule, the Minister and the Cabinet will choose to act on the advice of the Board of Broadcast Governors. But the final decision, the ultimate power, in the licensing of radio and television stations should rest with the government of the day and, in the last resort, with Parliament.

In the consideration of licensing questions referred to it, we suggest that the Board should adopt definite and quasi-judicial procedures. It should hear all licensing applications in public, should continue to give public notice in advance of such hearings and should give full opportunity to all competing applicants, other licensees and the general public to be heard. The Board in considering a private application for a new licence or a change in an existing licence should give attention to the effect the grant or refusal of the application would have on the national broadcasting service. The CBC should therefore appear at the public hearing, state how the grant of the application would affect its position and argue for or against the application. All representations whether by the CBC or by private broadcasters or

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members of the public should be heard in open hearings, subject to questioning by the Board and to public rebuttal by those with opposing views. The Board should, after the hearings, reach its conclusions without private consultation with officials of the CBC or anyone else. In its report to the Minister of Transport, the Board should set forth as fully as possible the interest and position of the CBC in the application and also the interests and positions of other parties directly affected by the grant or refusal of the application. In addition and of primary importance, the report should appraise, for the Minister's guidance, the effect on the public interest of the grant or refusal of the application. Appropriate provision should be made for the publication of such reports within a reasonable time.

*How has change  
caused trouble*

*But not before  
the license is granted*

In the past, only applications regarding the licensing of private stations have been referred to the Board of Governors of CBC for consideration at public hearings. We recommend that in future, applications for the licensing of CBC stations, both for new stations and for changes of channels or frequencies or changes of power should be heard publicly by the Board of Broadcast Governors, and all interested parties, including private broadcasters, should have the right to be heard.

*This will  
help to reduce  
government power  
of CBC.*

The present term of the licence for radio and television stations is five years, provided the licensee complies with all statutory provisions. We think this is an adequate and satisfactory term for the licence; it should not be less in order that the licensee will have a reasonable opportunity to establish his station and show what he can do with it, and it should not be more so that there can be a periodic review of the station's performance. In general, where performance has been satisfactory, a license should be renewed for further terms of five years each. But the Board should know when licences are coming up for renewal, should review the station's performance at that time and should not hesitate to initiate advice to the Minister that a renewal would be undesirable. If after such review, the Board contemplates advising the Minister against renewal of a licence, the licensee should be given the opportunity, at a public hearing, to show cause why his licence should be renewed.

*is this made  
politically*

Other details of procedure by the Board for dealing with licensing references will need to be worked out in practice. There is some evidence that because of a lack of flexibility in its statutory

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powers the Board of Governors has, in the past, devoted a disproportionate amount of its time to public hearings of licensing references. We suggest that in future this should be avoided by the development of a committee procedure to deal with this part of its work. Provisions in the regulations under the Radio Act dealing with transfers of shares of private licensee companies would appear to be cumbersome and to involve some unnecessary references of formal matters to the CBC. We suggest that these regulations should be reviewed and simplified to provide, at least, that transfers of qualifying shares do not need to be referred to the Board. Other steps may also be possible to reduce the burden of such references while preserving the intended protection against unauthorized transfers of private licences. It would obviously be wasteful for the full Board to attempt to hear all licensing references. There may be some few applications of major importance on which all members of the Board should sit. But the great mass of references will be more efficiently and expeditiously handled by a small, experienced committee of the Board which could give continuity of policy on licensing advice and could, where it seems desirable, be augmented by other members of the Board having special knowledge of the district immediately concerned in any application. The detailed reports of this special licensing committee should be transmitted to the full Board for its information and approval.

We cannot attempt to outline the principles to be applied to the consideration of licensing applications by the Minister and the Board of Broadcast Governors. Many of these have been developed over the past twenty years and would appear to be sound and valid, judging from the generally satisfactory radio and television system we have today. We will make some particular suggestions as to licensing of stations, in later chapters, when we discuss the future of Canadian radio, and the extension of television coverage. We will deal with the adequacy of licence fees paid by private radio and television stations in Chapter VI.

A few comments might be made on the choice of applicants to receive new radio and television licences. To say that the applicant should be chosen who is most likely to give the best service to the community is to utter a platitude. So also are statements that good character, a sense of public responsibility and a sound financial

*The Board is  
supposed to be  
a part of the body!!*

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reputation are desirable qualifications for a licensee. The choice is important and, in the absence of general specifications for a suitable applicant, it may be easier to set out some of the factors that should *not* receive much weight. They are all fairly obvious. The successful applicant should not be the one with the greatest influence. He should not be the one who makes the most noise or seeks to exert the greatest pressure. He should not be the one whose motives are most starkly mercenary. Neither should he be the one with obviously worthy motives of public service but little experience in practical business operations. Broadcasting, particularly television, is a tough game played for high stakes and is no place for the worthy beginner in business.

In the consideration of licence applications, the personal qualifications and experience of the several applicants are obviously important. So also, if they can be determined, are their motives for seeking a licence. Since any private operator must ultimately at least break even, it may sometimes be assumed that profit is the only motive that causes a man to seek a licence. The profit motive in our economic system requires no apology or excuse, but in fact there are other motives also at work. An applicant may seek prestige, or power, or may be genuinely anxious to provide a public service. In other cases, he may legitimately wish to protect or expand an existing business interest in a related field of activity. The fact that he must try to make a profit in the operation of the station does not destroy the validity of these other motives, and their existence may indeed operate to modify the thrust and pressure of excessive commercialism in his performance. While the accurate assessment of motives is always difficult and no general rules can be laid down, it is probable that, in broadcasting, the applicant who has other legitimate motives and purposes in seeking a licence is likely to render a more satisfactory public service than one whose only apparent purpose is to "get in on" a new and potentially lucrative venture.

Because of frequent representations at our hearings we will now deal with two specific matters relating to licensing, namely restrictions on foreign ownership of broadcasting stations and on multiple ownership of stations and other monopoly situations.

*it is the main one and let's not deny it.*

*but only then. if you don't have a profit you don't stay in business for long.*

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In Chapter II, the present licensing practice applicable to these matters has been outlined. There are really three types of situation which give rise to the danger, or the fear of danger, from monopolistic practices. One involves the chain or multiple ownership of several radio and television stations. The second is the ownership of radio or television stations or both in addition to ownership of newspapers. And the third, which may have no elements at all of monopoly, is concerned with foreign ownership of Canadian radio and television stations.

Acting on advice from parliamentary committees where these matters were considered, and under the provisions of Regulation 32 under the Radio Act, the CBC Board of Governors has refrained from recommending licences which would create or extend chain ownership of broadcasting facilities, except in very special circumstances. However, the ownership of one television and one radio station is not considered a chain operation and an application for a television licence by the existing operator of a radio station is considered on its intrinsic merits. Following consideration by a Parliamentary Committee in 1947, applications by proprietors of newspapers have been considered on exactly the same basis as other applications; an applicant has neither a better nor a worse chance of getting a licence because he is a newspaper publisher. The problem of foreign ownership of Canadian broadcasting facilities has arisen surprisingly rarely. No prohibition or limitation by statute or regulation exists in Canada, although such restrictions on foreign ownership appear in the legislation of other countries, including that of the United States. The CBC Board of Governors has felt that policy on this subject went beyond the scope of its authority over broadcasting matters and, in a recent application, where the Board approved a transfer of a substantial minority holding in a Canadian radio and television station to American interests, it recommended that some definite rule be laid down to define public policy in this sphere.

The last of these three special situations is probably the easiest to deal with. We recommend that there should be a statutory provision prohibiting any future acquisition of more than 20 per cent of the ownership of any Canadian radio or television station, directly or indirectly, by non-Canadians. We think that any existing cases of a higher percentage of foreign ownership are rare and arose from special circumstances; they are not serious and it would be unfair, having

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granted licences with knowledge of the foreign ownership, to require these interests to be sold. The drafting of an effective statutory provision is difficult as it must cover not only direct ownership by non-Canadians but also ownership by Canadian subsidiaries of foreign companies. Some assistance in meeting this difficulty may be derived from a study of the Australian Broadcasting and Television Act.

In making this recommendation for a limit on foreign ownership of broadcasting stations, we recognize the many substantial advantages that Canada has gained from foreign investment in other fields. In broadcasting, dealing as it does with media of public information and wielding so great an influence on opinion, we feel that facilities should be kept substantially in Canadian hands. If radio and television are to serve the Canadian purposes which alone justify the difficulty and expense of maintaining a Canadian broadcasting system, these purposes should not be endangered by allowing individual stations to pass out of the control of Canadians.

The other two situations — chain ownership of several broadcasting stations, and common ownership of several media of communications — can be considered together. There was naturally considerable conflict in the evidence we received on these subjects. A number of briefs, including several from labour organizations, pointed out that there were several communities in which one man or family published a newspaper and also operated a radio and a television station. The extreme example was in one Canadian city where the only daily newspaper, the only radio station and the only television station were owned by the same interests. There are a number of other examples of common ownership of several media, and several quite extensive systems of multiple or chain ownership of radio stations came into existence before present licensing practices were developed. The briefs which drew attention to these situations generally argued that there should be a specific statutory prohibition against such common ownership of the media of communications, and in some instances argued that existing "monopolies" should be broken up.

The arguments on the other side pointed out that there were advantages in common ownership of several media or of several stations, and claimed that the public might well be better served by these alleged monopolies than by any individual operators who might have acquired these broadcasting stations. Previous experience in one medium may

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be valuable in another. Experience in one community may have value in giving good service to another community. In a technical and difficult business, a man with previous experience may be able to give effective public service more quickly and completely than a man who is meeting broadcasting problems for the first time. He has trained personnel to draw on and, with several stations, may be able to offer more opportunities to his staff and thus attract better men.

So far as we were able to discover, existing "monopoly" situations have not caused any substantial public detriment. They may have led to some minor and rather silly actions by some of the individuals involved. For example, we were told that in one Canadian city, the publisher of the only daily newspaper was also the owner of a radio and television station but the public in that city could not follow the programmes of the other independent radio station because they were not listed in the daily newspaper. On the other hand, it may well be that the public in a number of communities have been better served by these examples of "monopoly" ownership than they would have been served by any other available licensees. In some cases, radio and television stations would not have been established as soon, or at all, had there been an absolute prohibition against chain ownership or the ownership of several media of communications.

We think such a prohibition is not the way to achieve the desired result. These matters should be kept flexible and depend on the discretion of the licensing authority. The basic choice for the Board of Broadcast Governors and ultimately for the Minister of Transport is to choose the applicant who will render the best possible service to the public. Other things being equal, the completely independent applicant is generally to be preferred, as monopoly situations hold a potential danger. There are also positive reasons why new and independent entrants should be preferred. In broadcasting, the total number of people who can ever be engaged in station operations in Canada is small and strictly limited by the number of channels and frequencies that can in practice be used. In an activity where the number of participants is thus restricted and especially in one dealing with public information and opinion, it is desirable to have as many different participants and different points of view as possible. The quantity of words heard or pictures seen may be important, but enrichment is increased in something like geometric proportion to the diversity of sources of

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the material. Moreover, broadcasting is an agency which needs special knowledge of local conditions and attitudes if it is to render the best service to a particular community. There are many disadvantages in remote control and absentee proprietorship.

At times, however, there are not equal claimants and a practical choice does not exist between a new and independent applicant and one who already has interests in other broadcasting stations or in other media of communications. For some communities the best, and perhaps the only, chance of having a radio or television service will depend on the licence going to a man who is already publishing a newspaper or operating another broadcasting station or both. It is not a matter that should be subject to rigid rules of general application, but should depend on the discretion of the Minister and his advisers including the Board of Broadcast Governors. The test should be the practical one of ascertaining the best immediate and long-term interests of the particular community concerned, rather than the private interests of any of the individual applicants.

Where, in fact, now or in the future, there exists common ownership of stations or of several media of communications, the possibility of actual public detriment resulting should be carefully watched. If a good service is provided by a "monopolist" it would be unjust and against the public interest to interfere with it on some theoretical basis that all monopolies are dangerous and should be suppressed. When public service is suffering because of common ownership of several media of mass communications or because of chain ownership of broadcasting stations it should be investigated in terms of actual, tangible detriment to the public. It is doubtful if such investigation can be undertaken under existing Canadian anti-monopoly statutes, but it can certainly be considered in connection with the renewal of licences. The Board of Broadcast Governors should accept the responsibility not only, as at present, for ascertaining the fact of common or multiple ownership at the time the licence is granted, but also for the continued scrutiny of performance to ensure that the multiple ownership of several stations or of several media has not resulted in actual detriment to the public.

With such continuing scrutiny of monopoly dangers, some elements of common or multiple ownership can find a place in the Canadian broadcasting pattern. We do not mean to suggest that it should have



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a predominant or general role in our system. But the fabric is likely to be stronger and the pattern more varied if we have some public ownership, some independent individual private stations, and a few multiple-station operations, all of them woven together into a single cloth by the continuing and vigilant supervision and control of the Board of Broadcast Governors.

### **General Regulations Applicable to Station Performance and Programmes**

For reasons given earlier in this chapter, we believe that regulation of broadcasting in Canada should go beyond the technical control of frequencies and power and should extend to programme content and station performance. If we want to have radio and television contribute to a Canadian consciousness and sense of identity, if we wish to make some part of the trade in ideas and culture move east and west across the country, if we seek to avoid engulfment by American cultural forces, we must regulate such matters as importation of programmes, advertising content and Canadian production of programmes.

We recommend that the responsibility for regulating and controlling programme content and performance of both publicly owned and privately owned television and radio stations should be clearly and unequivocally defined as a responsibility of the Board of Broadcast Governors. The power to regulate carries with it the responsibility and duty to regulate.

There exists today a set of regulations applicable to radio broadcasting which are described as providing "only some minimum standards in broadcasting". It is doubtful if these regulations apply to television stations or if they are applicable to television programmes. We suggest that the radio regulations should be reviewed by the Board of Broadcast Governors and an appropriate set of regulations for television stations should be prepared. It may be that some of the existing radio regulations can be eliminated as being mere statements of legal rules that would apply in any event; others may on examination be found to be inadequate to accomplish their purposes and will need to be strengthened and made more effective. The new regulations for both radio and television stations should be made by the Board under its exclusive authority. In exercising this authority, however, the Board may wish to

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seek the advice of the CBC and of representatives of the private broadcasters. Both radio and television regulations should be made applicable to CBC stations as well as to private stations.

The present regulations provide a practical starting point for regulation of broadcasting performance in the future. In our hearings, there was little serious objection to any present regulation even from those witnesses who were opposed to existing controls by the CBC. In our final hearings, spokesmen for the Canadian Association of Radio and Television Broadcasters made it clear that they proposed the same extent and degree of control as now exists, and only wished to have a change in the method of control<sup>1</sup>.

From this starting point we suggest that regulations requiring improvement in the programme content of some private stations might well be progressively introduced. As we state elsewhere, many of the private stations are doing a creditable job of local and community service, but some few of them are exercising the franchise granted to them by providing a programme fare that was aptly described in one brief as being of a "stupefying mediocrity". We have examined the financial position of these stations and are satisfied that they can well afford to improve their performance. We recommend that the Board should insist on such improvement. There is, of course, a clear limit on the power to improve quality and good taste by legislation and directive and we recommend therefore that, if regulation fails, the state should not hesitate to revoke these licences and transfer them to holders who will have a greater sense of public responsibility. The powers of suspension and revocation (or non-renewal) of licences, should be used when necessary.

In developing a body of general regulations for both radio and television stations, we suggest that the Board should try to devise a system of controls which will meet the essential needs of protecting the public interest and still leave as much freedom, flexibility and decentralization as possible to permit adaptability to local variations. We suggest also that the Board should seek to enlist the active cooperation of station operators, both public and private, in developing a body of regulations which will be practical and acceptable. From the views expressed by a number of private station operators we believe that

<sup>1</sup> Evidence, p. 7096, 7154.

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they recognize the need for station regulation and control of programmes in Canada and would welcome a chance to participate in drafting workable and useful regulations. With the active support of the responsible majority of private broadcasters, general regulations would then become a codification of rules of conduct accepted by most station operators, and enforcement would only be necessary to deal with a small minority of irresponsible operators whose number would presumably become progressively smaller.

We feel, moreover, that the regulation of station performance and programme content by the Board of Broadcast Governors should not necessarily be confined to minimum standards of performance by way of regulations of general application. It is a positive as well as a negative process and, in a country as diverse as Canada, it should be a flexible process. What may be reasonable to require as a level of performance for a large prosperous station in a metropolitan area might be an onerous burden on a rural station. The scope and value of the right granted to the large operator is different from the scope and value of the right granted to the smaller or marginal operator, and the public responsibility for adequate performance by the former is greater. We suggest that the Board of Broadcast Governors should consider if general regulations can be drafted which would create a graduated scale of performance based on the size or gross income of stations. We recognize the difficulties that exist in making fair distinctions in such a method of control and it may be that it is not practicable to do so. We would, however, like to see some way for standards of performance to be raised where they can be without the levels for the whole country being set by what is tolerable for the smallest and least prosperous stations.

Furthermore we suggest that the Board of Broadcast Governors should have the power to require improvement of performance by specific directive to a particular station. Undoubtedly the best performance is that which results from voluntary action and a sense of responsibility in the individual operator and this power by way of individual directive should be used sparingly and only after all efforts to obtain voluntary improvements have failed. But we think that the power should exist, on the basis that the objective is to obtain the best possible broadcasting service for the people of Canada and the Board of Broadcast Governors is charged with the responsibility of seeing

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that that service is provided. We recognize the dangers inherent in this type of particular regulation of private operators by a public body, and to provide added protection against possible abuse we recommend, first, that such individual directives should not be issued unless the station concerned has a full opportunity to be heard at a public hearing of the Board and, second, that there should be a special right of appeal to the Governor in Council in any case where a directive is alleged to be unduly onerous or otherwise unreasonable.

### **Enforcement**

There was considerable evidence at our public hearings that regulations have, in the past, been inadequately enforced. Several witnesses gave examples of overly-long or too frequent advertising messages which exceeded the limits set by existing regulations. On the whole, we do not feel that the breaches or evasions of the regulations have been very serious, and the reason may well be that the regulations themselves have been so minimal that it would have been difficult to devise a serious breach of them. No doubt, the officials of CBC wished to avoid controversy with the private stations and tended to give them the benefit of any doubt and even to "bend over backwards" in their favour.

We think there are two other reasons why enforcement may not have been as vigorous as it should have been. The organizational arrangements within CBC have been insufficient and subject to conflicting duties. And the legislation has contained inadequate and impractical sanctions for the enforcement of regulations.

In the past, the enforcement of regulations has been the responsibility of the Department of Station Relations and Broadcast Regulations. This has been an operating division of the CBC which reports to the General Manager. We think this is not a satisfactory arrangement for the enforcement of regulations. The two functions assigned to the Department of Station Relations and Broadcasting Regulations are, to some extent, inconsistent. That of station relations calls for persuasion, conciliation and cooperation and is undoubtedly an important element in CBC operations. But the regulation of broadcasting and the enforcement of those regulations is quite a different function. It calls for supervision, warning, and where necessary,

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enforcement action. With these activities the operating officials of CBC should have no concern, except possibly as objects of the regulations in the operations of CBC stations. These enforcement functions should be vested in the Board of Broadcast Governors and administered by a branch or office directly responsible to the Board.

We recommend, therefore, (1) that the present Department of Station Relations and Broadcasting Regulations be discontinued; (2) that the work of creating and maintaining good relations between the CBC and the private stations be continued as an operating function of CBC, if the CBC management so decides; and (3) that responsibility for the enforcement of regulations be placed in a separate branch or office, under the Board of Broadcast Governors and responsible to it.

We think that whatever regulations exist should be enforced. If a regulation cannot be enforced it should be eliminated. Compliance should be required equally from CBC station operators as from private station operators. We do not mean to suggest that there should be petty, or rigid, or technical efforts to enforce the regulations. In a changing and urgent activity like broadcasting, honest mistakes will be made and unintended breaches of the regulations are bound to occur occasionally. In most cases, when this happens, a simple explanation should suffice. But in cases where there has been a deliberate breach of regulations, or persistent carelessness in observing them, appropriate sanctions should be available which do not now exist.

Up to the present time, the only sanction for enforcement of regulations has been the provision in section 21(6) of the Broadcasting Act, which allows the CBC after a hearing to suspend the licence of a private station, which has violated or failed to observe the regulations, for a period not exceeding three months. A limited appeal from such a suspension order, on any question of law, can be taken to the Exchequer Court under section 21(7). We think that, except in most flagrant and serious cases, the sanction of suspension of a licence is out of all proportion to the gravity of the offence. In practice, it has never been applied by the CBC and indeed, had it been, might have deprived the public in the area of necessary service. As a result, there is no appropriate enforcement action that can be taken to require compliance with the regulations.

We think that the sanction by way of suspension of licence, as set out in section 21(6) and (7) of the Broadcasting Act should

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be retained to deal with flagrant or persistent violations. But we recommend there should also be a provision for a penalty on summary conviction for breach of a regulation. During our final hearings we discussed this suggestion with the representatives of CARTB and they stated that private station operators would not, in principle, be opposed to a new penalty provision created for the enforcement of regulations by way of summary conviction<sup>1</sup>. We recommend that such a penalty should be created by statute and that it should provide for a minimum penalty of \$50 and a maximum penalty of \$1,000 for each offence.

The provision of a simple procedure by way of summary conviction for dealing with alleged infractions of the regulations may have two incidental advantages. It affords to private broadcasters an inexpensive means of obtaining a judicial interpretation of existing regulations. One of the objections we have heard from the private broadcasters is that they have no appeal from the enforcement officers of CBC. At least to the extent that such rulings involve matters of interpretation of regulations, a private broadcaster who felt that an improper interpretation had been given by the enforcement officer could allow the matter to go to a hearing before a court of summary conviction and could argue the question of interpretation at that hearing. Moreover, if the enforcement of regulations required proof of the infraction on a summary proceeding in court, it would tend to require the Board to draft its regulations with precision and clarity and tend also to restrain the enforcement officers of the Board from extending the meaning of regulations by interpretation and administrative action.

### **A Right of Appeal**

A number of briefs suggested that there should be some right of appeal from the decisions of the broadcasting authority. In our legal system, there can be little question that an appropriate right of appeal is, in general, a desirable thing. The problem, in any specific situation, is to find a workable and practical system of appeal. Does an agency exist, or can one be created, which would be competent to deal with an appeal and thus give to the individuals concerned an added protection against injustice or arbitrary action?

<sup>1</sup> Evidence p. 7334.

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In general, an appellate body brings something more to the consideration of the problem than has been provided by the court of first instance. We do not, as a rule, substitute one man's judgment for another man's, unless the man sitting in appeal has some special competence or extra experience in the subject matter. Similarly there is no value in having one board sit in judgment on an appeal from the decisions of a similarly constituted board. This would be useless duplication and would result either in the appellate board becoming a mere rubber-stamp for the decisions of the original board, or in the appellate board becoming the real decider of the issues and the original board being a useless cipher.

Broadcasting is a highly technical, new, and rapidly changing subject for which an established body of precedent and tradition does not exist. The decisions required from the Board of Broadcast Governors involve, in some instances, judicial or quasi-judicial processes, but in other instances administrative and legislative actions. All its decisions call for accumulated knowledge of the complex problems of radio and television in Canada.

Is there any other agency where such basic knowledge of broadcasting exists or could be developed? The courts do not have a background knowledge of broadcasting problems and general legal principles would provide little guidance for their decisions. The Governor in Council or a standing committee of Parliament might introduce undesirable political factors into any decision. An inter-departmental committee of civil servants would be unlikely, with casual part-time attention to broadcasting problems, to acquire a superior competence to justify their sitting in appeal from the Board. In some specific matters, such as the suggested new procedure for enforcement of regulations on summary conviction, the courts can appropriately act; the matter is justiciable, involving the interpretation of a written regulation and the factual determination of whether a regulation has or has not been observed. But for other matters, there is likely to be a more informed hearing and therefore a wiser and fairer decision from the Board of Broadcast Governors than from any other body that now exists or could be created.

In the regulation of Canadian broadcasting and the control over our single national broadcasting system, we are attempting to break new ground. We are developing a new legal agency in the

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Canadian social structure, for which precedents are lacking and exact analogies within our system do not exist. Some building up of practice and theory may perhaps be done, from time to time, as a result of the intensive study of broadcasting problems by a royal commission or by a parliamentary committee. But, in the main, the development of regulation and control of Canadian broadcasting will come from the actions of a competent Board of Broadcast Governors, and the gradual development by that Board of a body of usage through the decisions of specific controversies, under an established procedure.

### **Operation of the National Broadcasting Service**

The history of the development of the Canadian broadcasting system has been outlined in Chapter II and the story in greater detail will be found in Appendix II. We have stated our conclusion that we have a single broadcasting system made up of both publicly owned and privately owned stations, under the control and supervision of a single agency responsible to Parliament, and that we think this is a unique and positive Canadian achievement. We might have had a system owned and operated entirely by the state, as was originally contemplated by the Aird Commission in 1929. We might conceivably have tried to afford a double system with complete coverage by state-operated stations across Canada and with private stations allowed to spring up where they chose, as independent units unconnected with the national system. In fact, Canada adopted a policy that has been traditional throughout her history, of combining public and private ownership in one system. The national broadcasting service having for its objectives the better integration of the country and the maintenance of its identity, has been provided by the operating agency, the Canadian Broadcasting Corporation, and has been carried to the Canadian people partly through publicly owned and operated stations and partly through privately owned stations.

Both the public and private stations have been subject to control, not only of technical matters such as frequency and power, but also of station performance and programme content. We have recommended that this form of general regulation should continue and should be the responsibility of the proposed Board of Broadcast



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Governors. Such general regulations are quite distinct from operating decisions and actions necessary to ensure that a programme of national significance and importance actually reaches the Canadian people through a combination of public and private stations. These operating decisions and actions are not "regulations" in the same sense as the general rules of station performance and programme content. Much of the public confusion and controversy on the subject of the regulation of broadcasting has resulted, we believe, from the failure to distinguish between general regulations and operating decisions necessary to distribute the national programme over a network of public and private stations. Perhaps this confusion is a natural one in view of the fact that the statutory provisions in section 21 of the Broadcasting Act make no distinction between these two types of "regulation".

At the risk of repetition, we wish to spell out the distinction once again. To make some part of the programme-flow run east and west, to interpret different parts of the country to one another, to provide opportunities for Canadian talent, to promote a sense of national identity and consciousness and so forth throughout the various elements that can be used to describe our broadcasting policy and purposes, we have, and need to have, an agency engaged in the production and distribution of Canadian programmes. This agency is the CBC. There is no point in producing a programme service unless it reaches the Canadian people; the programmes that the CBC creates must be distributed and, if public money is used to create the programme, it should be as widely distributed across Canada as is practically possible. With the responsibility to provide a national broadcasting service for Canada, there must go the power to discharge that responsibility. This, in effect, means power to operate a national network for the distribution of the national broadcasting service.

The operation of a national network cannot be governed by general rules or regulations laid down by a non-operating board. It is a matter of management rather than a matter of regulation. It involves a substantial and continuous flow of traffic with many components, subject to many delays and accidents and requiring frequent changes and substitutions. The question of time and method of importing a programme may arise, or how and where a programme is to be produced, or the adaptation of a schedule to allow a programme to be given at an appropriate hour across Canada with five or six different

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time-zones involved. It is not a matter that can be laid down rigidly for the broadcasting schedule of a specified Tuesday evening six weeks from today; there may be a dozen changes needed in the original plan, the last of which may occur on the afternoon of the Tuesday in question.

In considering the establishment and operation of television and radio networks there are four different matters that should be kept distinct. There is, first, the matter of affiliation with a regular network and future additions to, or subtractions from, such a network. Secondly, there is the procedure for operating an established network. Thirdly, provision is needed for the broad distribution of particular programmes of national importance and interest. And, finally, there is the matter of jurisdiction over the establishment of new networks, particularly local, regional and temporary networks. These four matters are now dealt with generally in the provisions of sections 20 and 21 (1) (a) & (b) of the Broadcasting Act, without a distinction being drawn between those that are matters of broadcasting operations and those that are matters of regulation and supervision. We suggest that this distinction between operation and regulation should be clearly drawn in the statute and responsibility assigned to the CBC for operations and to the Board of Broadcast Governors for regulation and general supervision.

First, as to affiliation of private stations with a regular network, there are today in Canada, two television networks (English and French) and three radio networks (Trans-Canada, Dominion and French). These five national networks are operated by the CBC and existing affiliations of private stations with them appear to be clear and well-defined. Rather than require the creation of new arrangements, we recommend that these existing affiliations be confirmed. If a private station wishes to cease to be an affiliate, it should apply to the Board of Broadcast Governors for approval. Similarly if the CBC wishes to add a private station to a network, or to drop an existing private affiliate from a network, the CBC should apply to the Board for approval. Starting from the existing established networks, the responsibility for the structure or membership of networks operating on a continuous or regular basis should be vested in the Board of Broadcast Governors and subject to the procedures it may lay down for investigation and public hearing of such applications.

*put this  
operation  
just approved  
by BBG(?)*

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Once a network has been established and the affiliation of private stations with it has been approved, the operation of that network should be the exclusive responsibility of the CBC, subject only to the general supervision of the Board of Broadcast Governors. The CBC should have the power to prescribe the periods to be reserved by any private affiliated station for the broadcasting of programmes produced or obtained by the CBC. The CBC should have full authority to get programmes forming part of the national broadcasting service out across Canada, over both CBC and affiliated private stations. No doubt, in general, arrangements for distribution of CBC programmes will be worked out with the affiliated stations by discussion and agreement. But we think that, as in the past, the CBC should have the necessary authority to operate the national television and radio networks it has been authorized to establish.

In addition, from time to time, there may be certain programmes which the CBC produces or acquires and which it considers to be of national importance, value or interest. The CBC may feel that the distribution that would be obtained over established networks would not be sufficient for such programmes. While its use would presumably be rare, the CBC should have the power to require any private station to carry any specific programme at a specified time, and in the manner it may stipulate. Again, the carrying of such important programmes will usually be by voluntary arrangement with the private stations concerned, but the power may be needed to clear the station of existing commitments, and should be used to prevent a private station operator from depriving the public in his community of a programme of real national importance.

Finally, there is the matter of establishing new networks or special hook-up arrangements on a regional or temporary basis. We recommend that the Board of Broadcast Governors should control the establishment and operation of new chains or networks of stations in Canada, and that no station, public or private, may operate in Canada as part of a chain or network of stations except with the permission of and under the conditions defined by the Board. The statutory provisions to carry out these recommendations would replace, with modifications, those now appearing in sections 20 and 21(1)(a) of the Broadcasting Act. They would apply to new network or hook-up arrangements between any group of public and private stations or any

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group made up entirely of private stations. In theory, at least, they would govern new national networks, but in practice they would likely apply mainly to various types of regional and local networks. These would, and do today, range from subsidiary hook-ups of two or three stations to cover a single sporting event to network arrangements between a number of stations for a programme series that may continue for as much as nine months.

In practice, the Board of Broadcast Governors would not need to hear all applications for the approval of new network or hook-up arrangements. No doubt a matter of major importance, such for example as the establishment of a new national network, would be considered by the full board, or a substantial committee appointed for the purpose. But, generally, applications for network arrangements would be dealt with by an official responsible to the Board and operating under its general rules and instructions. Such an official would need to have sufficient technical knowledge of broadcasting procedures to be able to give prompt and practical answers to proposals for subsidiary hook-ups. Cases which did not fall within the instructions or the established procedures could be referred to the Board for guidance, and the Board would always be able to correct the actions of its own official if these were to depart from the Board's wishes or established policy.

We feel that the policy and procedures to apply to new networks and subsidiary hook-up arrangements should be developed by the Board in the light of its experience and of the relations that may develop between public and private broadcasters in future. However, it may be useful if we report on the submissions we received on the subject of private network arrangements and give our suggestions as to how these questions should be dealt with.

In our hearings there was considerable evidence on the question of private networks. The Canadian Association of Radio and Television Broadcasters representing most of the private broadcasters dealt with the subject at some length in their final submissions to us. In their brief, Ex. 312, after quoting the CBC regulations requiring CBC consent for any station to operate as part of a chain or network, the Association made the categorical statement that "in practice, the conditions

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surrounding permission for networks have made operation of these impossible"<sup>1</sup>. On the evidence this is not a correct statement of fact.

In the period before and during World War II there were apparently several suggestions by private broadcasters that extensive private network arrangements should be permitted, and these were refused at that time. But there was no evidence of a concrete proposal for the formation of a private national radio or television network since 1945 and there were a number of instances of quite extensive network arrangements on a regional basis that have come into existence without difficulty. There were many examples of permission being readily granted by CBC for network or subsidiary hook-up arrangements for individual sporting and other special events. For years, it has also been possible and practical for a group of stations to share the cost of a live talent programme by a subsidiary network extending over a considerable area in either English or French. Permission is required for particular programmes but may be obtained for a programme series at a specified time each week extending over a period of 13, 26, or 39 weeks.<sup>2</sup> In a clear-cut example, one private radio station has operated a regional network, on a regular basis for over three years, which feeds to a number of other stations live talent Canadian programmes produced by the originating station.<sup>3</sup> In this case not only was permission readily granted for the operation of this regional network, but CBC actively assisted the private station in setting up the arrangement and lending it equipment until it could obtain equipment of its own.

Indeed the whole attitude of CARTB on the subject of networks was confusing to us and after considerable questioning in the hearings still remains obscure. They seemed in their written briefs to be objecting to present restrictions on the formation of networks, and to be asking for permission to form private networks. But at our final hearings, the spokesmen for CARTB were at pains to disclaim any submission to this Commission seeking the right to establish private networks. At the most they asked for an independent regulatory board which would have the power to permit networks. No one suggested that a national network was today a practical proposition; no one offered to establish a network on any extensive scale with any substantial content of Canadian programmes; no one seemed very interested in the subject of networks, except as an example of some supposed restrictions by the CBC.

<sup>1</sup> Exhibit 312, p. 14, 29, 30.

<sup>2</sup> Evidence p. 7521.

<sup>3</sup> Evidence p. 6577-80.

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It may well be that the idea of the formation of private networks has much less significance and importance than it had a few years ago. It may also be that with Canada's large area and sparse population it is now recognized that network operations have little practical attraction for private operators. In Canadian experience the network operations of the CBC have been unprofitable and costly, while individual private stations have been generally profitable and successful. The distinction is not between the wasteful methods of public ownership and the efficiencies of private enterprise, for we found exactly the same experience in the United States, where both networks and stations are privately owned and operated. With very much larger audiences and a much richer economy for their support, American networks in radio today are struggling to break even and their large television networks after many years of substantial losses have only recently been able to show a small profit. The fact is that for any real variety, originality and quality in programming, a network is faced with serious economic problems. To operate a national network successfully at a profit is exceedingly difficult, and for Canada practically impossible. The real reason why we have so few private networks in Canada is not, as has been contended, because of onerous restrictions by the CBC, but because network arrangements containing some live programmes and original productions are difficult to operate at a profit.

Apparently, however, there are some types of private network arrangements that can be operated successfully and such private networks may be desirable. Obviously, permission should not be granted for private networks which would largely depend on imported material or would provide programmes of recorded music or films — the "juke-box" or "disc-jockey" type of operation. Any reasonable proposal which would increase programme production in Canada and would permit several radio or television stations to share the production costs of live Canadian programmes should be encouraged. We suggest that a programme actually produced in Canada and recorded on tape or film for greater convenience in broadcasting over several stations should be considered a live Canadian programme. This is apparently the present practice as adopted by CBC in August 1956 and it should be continued. The permission should not be cumbersome to obtain and a reasonable chance should be given for a new programme to develop and prove itself. We think however that permanent networks

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should not be permitted but temporary permits, subject to renewal, should be the general rule.

If it is once made clear that private networks on a regional, or even on a national, basis will be considered on their merits, an opportunity will be afforded to private operators to show what they can do in the production of Canadian programmes and the use of Canadian talent. Competition in Canadian programme production is desirable and we hope it will develop and be vigorous. If it does not, it should be because private operators do not choose to compete or find it economically unattractive to attempt to do so, not because there is some supposed restriction against the formation of private networks.

## Supervision of the Canadian Broadcasting System

The duty of supervising the whole Canadian broadcasting system can probably be described more briefly and simply than other activities of the Board of Broadcast Governors, but this is, in our opinion, the most important duty of that Board. Other activities such as advice on licensing questions and the preparation and enforcement of general regulations and the consideration of network matters are important but they should not be allowed to distract the Board's time and attention from its primary task of supervising, on behalf of Parliament, the single Canadian broadcasting system, including both its public and its private elements.

With respect to the CBC, the position of the Board is similar, in certain aspects, to that of a board of directors of a private company. The Board will not participate in operations and in the details of management. The Board's task is to define the policies for the CBC to follow, to ensure that the CBC is adequately staffed to discharge its statutory functions, to approve budgets and financial policies and to see that these policies are in fact carried out, and to be responsible to Parliament for the activities of publicly owned broadcasting facilities. Accordingly we suggest that the senior officers of CBC should be appointed or discharged and their salaries fixed by the Board of Broadcast Governors, subject to approval by the Governor in Council in the case of the two most senior officers of the Corporation. Budgets should be submitted by the CBC to the Board for approval and no substantial departure from such budgets should be made without the

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Board's consent. The Board should receive periodic financial accounts, programme plans, and operating statements from the CBC for the Board's information and approval. Each year the Board should submit an annual report to Parliament with regard to the performance and administration of the affairs of the CBC during the preceding fiscal year.

With respect to private radio and television stations, the duties of the Board are equally important although somewhat different and perhaps less detailed than for publicly owned broadcasting facilities. The Board should know what the private stations are doing and for this purpose should receive reports as to the programmes and activities of private stations and should, from time to time, check on these reports by monitoring of programmes. In our studies we found considerable difficulty in comparing the performance of Canadian stations because of the lack of any standard form of programme log. We have asked Dr. Dallas Smythe, our programme analyst, to prepare a standard form of programme log which would contain all the information we think the Board ought to have and which would be used by all stations, public and private. This standard log form, which will be found in Appendix XIII to this report, is nothing more than a suggestion. Dr. Smythe would be the first to admit that it is not the ultimate in programme logs and it is not unlikely that the CBC and private broadcasters may be able to suggest useful modifications. In our view, the only two things that are important are, first, that there should be uniformity in the log forms used by public and private broadcasters and, secondly, that whatever log form is adopted it should be such as to enable the Board, at all times, to maintain informed surveillance over the performance of all broadcasters. The Board should also know how the private stations are doing financially and should have access to the financial reports now submitted annually to the Department of Transport and should have power to call for additional financial information, if required.

We suggest also that the Board should review the activities of private stations (as the present Board of Governors is already required to do) and, in addition, should be required to submit an annual report to Parliament as to the performance of private radio and television stations in Canada. Admittedly with the considerable differences in size and scope between private stations, there would be difficulty in making a full public report without the undesirable



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disclosure of individual information, and probably the annual report on private stations would not be as detailed as that for the CBC. But we see no reason why considerable factual material as to private station performance could not be provided for the information of Parliament and the public. For example, the type of composite report showing financial turnover and average percentage profits, such as we have included in this report, could usefully be kept up to date. The Board could also appraise the programme performance of private stations and report on such matters as the extent to which they had used and developed Canadian talent during the preceding year, the division of effort between entertainment-type programmes and those providing enlightenment, and the presence or absence of programmes having some Canadian content and significance. In reporting both as to what the private stations are doing and what they are not doing, the Board would not only be informing Parliament of the activities of an important and necessary segment of our broadcasting system, but would also be giving to the private broadcasters valuable guidance for their future conduct. Up to the present time, the activities of private stations and their performance have been less known than they should have been. There are few stations which are incorporated as public companies and consequently less is known of the finances and profits of radio and television stations as a group than any segment of the business community in Canada. Since private broadcasters are the holders of important franchises from the state, there would appear to be good reason for the Board to collate the figures for all private stations, as has been done in Appendix XII, and to submit these aggregate figures to Parliament with the Board's annual report.

We wish to add a few words on the relations between Parliament on the one hand and the Board of Broadcast Governors and the CBC on the other. There is here an underlying dilemma between the need for public scrutiny and the need to avoid too much of it. Broadcasting is a developing and dynamic enterprise and must be responsive to changing needs. It should be open to inquiry, subject to public scrutiny and answerable to public opinion. But it can be impeded and damaged by too much supervision and too many inquiries. You cannot expect to have a healthy tree if you perpetually dig around the roots.

In the last thirty years there have been three royal commissions that have made extensive studies of Canadian broadcasting, and

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examinations have been made in considerable detail by thirteen separate special committees of the House of Commons. In addition, during each session of Parliament, there have been numerous questions, debates and discussions. Outside of Parliament there has been an almost constant atmosphere of debate and criticism, fomented and fostered to some extent by the public activities of the private broadcasters. Despite a good deal of propaganda directed against the CBC and the Canadian broadcasting system, the results of all past inquiries have been remarkably consistent in giving general approval to Canada's performance and achievements in this field, and it will be seen that the present Commission is no exception to this trend. No doubt these many studies of Canadian broadcasting were frequently justified and may have produced useful and valuable results. But inquiries of this frequency have also had some unfortunate effects. They have placed a heavy administrative burden on the senior officials of CBC and distracted attention from long-term planning and the development of a rapidly growing system.

There is probably no real or final solution to this dilemma. If we had to choose the horn on which to be impaled, we would prefer to have too much inquiry and debate rather than too little. It may be that when our recommendations have been considered, and adopted or rejected, the true nature of our broadcasting system can be clarified, and future debate can be directed toward the operation of the system rather than on repetitious argument concerning the basis of the system. Perhaps if the suggested Board of Broadcast Governors is established, with more frequent meetings and a wider and constantly changing representation of the public interest, the need and demand for public inquiries may lessen. We make two other suggestions.

One is that the statute governing broadcasting in Canada should provide a specific date when it will expire unless extended by Parliament. We suggest that the revised Broadcasting Act should operate for ten years and should expire on the 31st of July, 1967. There is, of course, no thought that Parliament is restricted in any way in its powers to change the statute during the intervening decade. The purpose of this provision is to give added assurance that there will be automatically and at regular intervals a basic re-examination of the broadcasting system and its governing legislation. There is no doubt that Parliament can give consideration to this subject at any time; we want to make

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certain that it does do so at least once every ten years. If this provision is accepted, it may be that, as in the somewhat similar provisions for the renewal of the charters of Canadian banks, debate and fundamental changes in the basis of the system can await these decennial revisions of the legislation. In the intervals between revisions there might be reasonable stability and certainty as to the nature of the broadcasting system, and vigorous attention could be given to making that system operate efficiently and effectively.

Secondly, in the day-to-day matters of administration and broadcasting performance, we suggest with great respect that Parliament should consider how it can best exercise supervision of the broadcasting system. Perhaps the situation is covered by the old saying that if you keep a dog you should not try to do your own barking. If public supervision of broadcasting is entrusted to a representative public board in which Parliament and the public has confidence, that board should be allowed to do its job of supervising the activities of both public and private broadcasters. Parliament's primary responsibility, we suggest, should be to make sure that the Board is properly discharging the duties delegated to it. Specifically, however tempting it may be to raise questions as to particular programmes or activities of CBC in Parliament, the more effective and appropriate place to raise such questions is directly with the Board of Broadcast Governors. We have no thought of suggesting that Parliament should weaken or surrender its ultimate power or responsibility over the control of Canadian broadcasting. That is unquestionably one of the strengths of our system that should be maintained. But the mechanics of using a public board involve some delegation of Parliament's activities in matters of detailed operation and management. The ultimate power or sovereignty of Parliament is not delegated, but management functions are entrusted to the continuing attention of a qualified board as being more effective and efficient than the intermittent attentions of Parliament could possibly be, occupied as Parliament is with many other issues.

### **Suggested Statutory Provisions**

In Appendix XI we include a draft statute which was prepared by our legal counsel at the Commission's request. Many of the provisions

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in this statute have been discussed in this chapter or elsewhere in the report and others are self-explanatory. Neither our counsel nor the members of the Commission have any notion that this draft is in final or polished form or that it cannot be substantially improved in parliamentary debate. We have attempted to embody our recommendations as to the regulation and control of Canadian broadcasting in a draft statute only because it seemed the simplest way to set forth our suggestions, definitely and precisely.

If such a statute is adopted, it will replace the provisions that now appear in the Canadian Broadcasting Act R.S.C. (1952) Chapter 32. Other provisions affecting broadcasting appear in the Radio Act R.S.C. (1952) chapter 233 which also deals with the regulation of many other forms of radio communication. We have not considered the provisions of the Radio Act in detail, as much of its content lies outside our terms of reference. We noted that it has undergone a number of revisions and it seemed to us that both the statute and the regulations under it could be simplified and clarified with considerable advantage.

If this were done, consideration should be given to the most convenient form for the two statutes to take. It seems likely that an attempt to incorporate all matters relating to telecommunications in a single statute would result in a complicated and cumbersome piece of legislation and would involve radio and television broadcasting in all the technicalities of other forms of radio communication and licensing. We think it would be desirable to continue to have both a Broadcasting Act and a Radio Act under whatever names may be appropriate. Probably the simplest method would be to revise the Radio Act and regulations leaving the statute to continue to deal with licensing of broadcasting stations. We suggest, however, that consideration might be given to transferring to the Broadcasting Act those provisions in the Radio Act and regulations which deal with the licensing and supervision of broadcasting stations so that all matters affecting broadcasting would be contained in a single piece of legislation. The licensing of other types of radio transmission would then remain under a separate statute. This method of legislation was adopted in Australia and it seems to be worth consideration here although the choice of method is not of basic importance.

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### The Proposal for an Independent Regulatory Board

We received a number of submissions, mainly from spokesmen for some of the private broadcasters and from several chambers of commerce, asking that the regulation and control of broadcasting should be vested in a "separate regulatory body" or an "independent regulatory board", as it was variously described. It should be noted that several private operators<sup>1</sup> who are members of the Association disagreed with these proposals of CARTB as did other private stations who are not members. The submissions made by a number of chambers of commerce and boards of trade throughout Canada were of a somewhat general and theoretical nature and, in most cases, seemed to adopt the arguments of the private broadcasters without detailed study of broadcasting problems and without adding any new points to those made by CARTB.

In earlier sections of this report, we have given our views as to the structure of the Canadian broadcasting system as a single system composed of all public and private stations and have recommended that this system should be supervised by the Board of Broadcast Governors, which in turn should be responsible to Parliament. As will be explained later, it will be clear that we do not agree with the proposal for an "independent regulatory board" of the type suggested by the CARTB and recommend against it, but we do envisage in our suggestions a separation and clarification of management and supervisory functions. The proposal however had such a prominent and, in our opinion, such a disproportionately large part in our hearings that we feel we should discuss it separately in some detail.

In doing so, one difficulty results from the vagueness of the arguments both for and against the proposal. Opponents of the idea said "It will destroy the CBC" or "It will result in two independent groups of broadcasters, two systems of broadcasting, one public and one private", without any proof as to why these results would necessarily come about. Those who favoured such a board were equally vague and seemed unable to define what factual changes would result from an acceptance of this proposal. They did not point to any existing regulation which they found burdensome and which they hoped would be removed by the new body. After 20 years of regulation they could

<sup>1</sup> Exhibits 135, 181.

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not show any substantial evidence of unfair treatment or of a clear conflict of interest and duty in the decisions of the Board of Governors; such examples as were brought forward were old, vague and unsubstantial. Nor could they say how the form and content of the control of broadcasting would in fact be changed, except that it would be dealt with by a different board, similarly constituted to the one that now controls and regulates. Instead, most of the proponents of the "independent regulatory board" resorted to general and subjective arguments. They said it was contrary to "democratic principles" to have a body acting as both regulator and competitor. They argued that the Canadian constitution required executive, legislative and judicial functions to be kept separate, but failed to recognize that this suggested rule was less firmly established in Canadian than in American constitutional practice. They said they had every confidence in the integrity and fairness of the present Board of Governors and officials of the CBC but hinted darkly that different and more undesirable characters might occupy these positions at some future time. However they did not explain why this unfortunate development might not equally well occur in the "independent regulatory board". Perhaps the argument was most effectively summarized by one spokesman for the private broadcasters who finally admitted that the creation of such a board would make them "feel better". We were unable to see why an expenditure of the taxpayers' money should be undertaken merely in order to make the private broadcasters feel better.

Part of the difficulty in understanding the proposal may result from the fact that the idea of an independent regulatory board seems to mean different things to different people, and different things to the same people at different times. This was one of the two main proposals of CARTB and it was, therefore, reasonable to expect that it would be precise and carefully worked out. Indeed, the Association produced a long, detailed, draft statute<sup>1</sup> which had obviously been prepared with considerable care and dealt with the whole subject of control of telecommunications in Canada. When this draft statute was discussed at our hearings, we asked representatives of CARTB if this was "an attempt to set forth the kind of control board you mean when you are asking for an independent regulatory body", and the reply was "That

<sup>1</sup> Exhibit 311.

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is true, but with the full appreciation that there can be variations in the type of board, the main feature being its independence”<sup>1</sup>. A few paragraphs later we asked this question “The thing I have in mind is simply this: It is not enough for us merely to consider the sort of general idea of a separate regulatory body because we can have boards and boards. If we are going to make a recommendation on this subject we need to make a recommendation for a specific kind of board with specific kinds of powers, and I think what we want to do is to be sure that we know what it is that the CARTB is recommending as a board; and this is it?”. The answer given was “That is correct”<sup>2</sup>.

On examination, this draft statute was seen to provide for a very different type of board from the present Board of Governors. It was also very different from the Board of Broadcast Governors which we have suggested in some detail in this report. The board proposed by CARTB was to consist of five members of whom the chairman and vice-chairman were to be full-time members resident in Ottawa and one was always to be a lawyer and the other always an engineer. The proposed board was to be “independent” in the sense that it would have complete delegation of certain specific powers over broadcasting, and would be removed from parliamentary control except by changes in the board’s constitution or by its abolition. That this was the intention of CARTB was made clear in the following discussion between the Chairman and Mr. Henderson, counsel for CARTB<sup>3</sup>.

Mr. Henderson: . . . I submit that if there was an independent regulatory body . . .

The Chairman: Not responsive to Parliament ?

Mr. Henderson: Well it has to be — yes, unresponsive to Parliament, because they have to be exercising judicial functions.

The Chairman: So Parliament is divorced from any control ?

Mr. Henderson: Well, I would not say divorced from any control; it can change the structure but it is divorced from its day to day judicial determinations, yes, that is right.

Moreover when the proposed powers for the board suggested in the CARTB draft statute are examined, it appears to contemplate that CBC programmes would be carried by private stations generally by agreement and generally on payment for such services by CBC

<sup>1</sup> Evidence p. 7077.

<sup>2</sup> Evidence p. 7078-9.

<sup>3</sup> Evidence p. 7059.

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to the private stations. It also specifically eliminated certain existing controls over private stations, such as the power now in section 21(1) (f) of the Broadcasting Act to promote and ensure the greater use of Canadian talent.

It is only fair to say that these details of the CARTB draft statute were clearly not present in the minds of many who supported the proposal for an independent regulatory board, nor probably, indeed, in the minds of a number of private broadcasters who, in their briefs, gave general support to the submissions made by the Association. Moreover, it should be noted that, during our hearings, spokesmen for CARTB said that the reduction of control over private stations, which appeared to be provided by the terms of their draft statute, was not the intention at all. Instead, they said "our intention and our interpretation of the draft act is that the control would be the same as today on the operator, but the method of control would be different".<sup>1</sup>

If the proposal as originally put forward by CARTB is the correct one, we disagree with it on the ground that the regulation of broadcasting is a function that should not be divorced from parliamentary control. It should be directly responsive to public opinion, expressed through the elected representatives of the Canadian people. The delegation of authority to the board regulating and controlling broadcasting is a delegation of administrative day-to-day detail and not the creation of an authoritarian control, beyond effective policy control by Parliament. Broadcasting is of such importance in the daily lives of Canadians that it calls for the closest possible relationship and responsibility to Parliament.

If the CARTB proposal as amended at our final hearings is the correct one, we disagree with it as being impractical and unnecessary and likely to lead to administrative confusion. We have accepted the concept that there is only one broadcasting system in Canada, with services to the Canadian people provided by a combination of public and private stations, all of which are integral parts of that single system. For such a system there is nothing unsound or improper in having Parliament delegate powers of supervision and control over the operations of all Canadian broadcasters to a single body of representative Canadian men and women.

<sup>1</sup> Evidence p. 7154 and 7096.



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The real objection to the proposal for a “separate regulatory board” is a practical one. It is likely to prove unworkable and is certain to be cumbersome and inefficient. It faces an initial substantial difficulty — the difficulty of getting men and women of ability and experience to serve on it. In a country where manpower of this type is in short supply, it will be hard enough to get and maintain one first-class board without having to man and staff a second board whose members would need to have much the same qualifications, geographical distribution and responsibility for the public interest.

But suppose this difficulty were overcome and we had the two boards set up today; one, a board to supervise the operations of CBC, the other a board to regulate and control the operations of both CBC and private stations and to deal with licensing matters. By definition, the regulatory board would be required to know a great deal about the CBC, to follow its growth and development and to take the public interest in the CBC into account in its decisions. The two boards, composed of people of similar background and qualifications, operating in many of the same fields and necessarily in close contact with each other would either draw together or pull apart. If all were harmonious between them, if they generally thought alike and agreed with each other, the situation would quickly become indistinguishable from that existing today; except that it would be more cumbersome to have a double review of many issues and more expensive to the taxpayer. Alternatively, if the two bodies (as is probably more likely) pulled apart, one or other would be bound to assert dominance, through the skill and strength of personality of its members, especially of its chairman. If the CBC Board became dominant, the regulatory body would tend to become a cipher; it would be an extra expense and formality to approve, generally, what the CBC wanted. On the other hand, if the regulatory board became dominant, and the real centre of power, the CBC Board would become unimportant, and real control would be exercised by the regulatory body over both the CBC and the private stations as well. As far as management of CBC was concerned it would be frustrated; as far as control was concerned it would probably become a more active and onerous regulation of private stations by the body interested in and dominating the CBC — the very basis of the present complaint. As a practical matter, we do not believe you can have two administrative bodies, appointed

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by the same government and with similar personnel involved in the regulation of broadcasting, without having duplication of expense and effort, undesirable friction between the two, and a loss of efficiency.

We are confirmed in this conclusion by recent changes in broadcasting legislation in Australia. The system is quite different in Australia where the Broadcasting Commission, a governmental body operating the publicly owned stations, is charged with providing adequate and comprehensive programmes and is required to broadcast them on its own stations so as to give satisfactory reception throughout the whole country. In addition, Australia has a number of separate stations licensed to provide a local or regional service on a commercial basis. The Australian Broadcasting Control Board was, until recently, required to ensure that adequate and comprehensive programmes were provided by both publicly owned and privately owned stations; at the same time, the Australian Broadcasting Commission was under statutory obligation "to provide and broadcast from the national broadcasting stations adequate and comprehensive programmes". While actual duplication of effort and friction between the two bodies was apparently avoided, it was felt that the existence in the statute of provisions requiring two bodies to undertake substantially the same responsibility in a particular field could lead to conflict. Accordingly the statute was recently amended to restrict the Broadcasting Control Board's activities in the programme field to those of the commercial radio and television stations. Such a solution is inapplicable to Canada unless and until we have a system of publicly owned stations which will provide service to substantially all of Canada. The Australian experience does, however, illustrate the difficulty when two public boards are charged with overlapping functions in the same field.

It may be that some of the misapprehensions of the private broadcasters concerning Canadian broadcasting controls and the apprehensions of the public will be met at least partially by some of the suggestions we have made for clarification and re-definition of present arrangements. For example, the amendment to the Act which makes it clear that the proposed Board of Broadcast Governors does not comprise the CBC, may confirm the independent nature of the Board. Such independence, we believe, has in fact characterized the actual operations of the Board of Governors in the past. The suggestions as to procedure for hearing licence applications for new

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public or private stations may avoid some public apprehension that there was some conflict of interest and duty in the exercise of the board's licensing authority; this also we think was more apparent than real. The separation of the CBC activities of station relations and broadcasting regulation may remove one source of confusion and misunderstanding in relations between the CBC and private stations.

We do not pretend that any of these suggested steps makes any fundamental change in the arrangements for regulation and control of Canadian broadcasting that have existed in the past. These arrangements have, in general, worked well and have served the Canadian people well and we believe it would be foolish to change them materially. At most, our suggestions for change may reduce possible misunderstanding of the system we have in Canada — a single system in which both public and private stations are all integral parts and which is regulated and controlled by a single public board, representing the public interest and responsible to Parliament. They may also make it easier to explain that system and harder to misrepresent its true nature. If and when, after public discussion of our recommendations and parliamentary debate on their implementation, the suggested changes are made, it is to be hoped that this long and frequently bitter argument about a separate regulatory body will come to an end and private broadcasters will accept their true role as valued and essential partners with the CBC in the single Canadian broadcasting system.

## *Chapter V*

# Public Relations and Research

**B**EFORE leaving the general subject of the Canadian broadcasting system and going on to consider, in detail, the operations and future development of the CBC, there are two other subjects which can be conveniently discussed. One concerns the relations of both the public and private elements in the broadcasting system with the Canadian public and with each other, which we will discuss in this chapter. The other concerns the position and performance of the private broadcasters, to the extent we are required under our terms of reference to deal with their affairs. The latter subject is discussed in Chapter VI.

## Public Relations

As we listened to the briefs presented at public hearings throughout Canada, the notion slowly developed in our minds that the Canadian Broadcasting Corporation has been too timid in bringing to the attention of the Canadian public the vital function that it is performing in Canadian life and in accounting for the policy it is pursuing in the exercise of that function. On that score, there was some friendly criticism of the CBC on the part of its well-wishers, while the ignorance displayed by others showed that there was some justification for the prodding of the CBC by its critics.

The reluctance of the CBC to adopt an active policy of public information, except for the barely factual, springs no doubt from the well-rooted and wise Canadian tradition that Crown corporations, as politically passive and neutral bodies, should confine themselves to

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the task assigned to them and refrain from all argument or controversy. Theirs is to carry out policy laid down by Parliament, not to shape it, nor to advocate, nor to plead.

If, however, Parliament should choose to implement this report to the extent of spelling out clearly the future national broadcasting policy of Canada, the question of policy should thenceforward be closed to argument or controversy except, of course, insofar as Parliament itself chose to reopen it. It should become clear, for example, that there is to be in Canada but a single broadcasting system, composed of public and private elements; that both are subject to regulation in the interest of the whole, and that in pursuance of the national interest a number of objectives must be set up. Such clear definitions should leave the CBC free from the suspicion of making *pro domo* pleas if it boldly entered the field of public relations with a view to keeping the Canadian public fully informed — as it has a right to be — of the actions taken by the CBC, and of the reasoning behind those actions in order to discharge a public trust.

Broadcasting is so intimately related to the daily life and interests of nearly every Canadian that it escapes, by its very nature, the standard rule of public relations followed by other Crown corporations or government agencies. The latter bodies deal with business or administrative responsibilities, and Canadians normally await, in their case, the presentation of formal reports annually or at stated intervals. Broadcasting, however, is a powerful means of communication addressing itself to all Canadians every day of the year, and because of this daily penetration into the deepest intimacy of the home, the responsible agents of Canada's national broadcasting policy owe it in the future to the Canadian public to keep it constantly informed of the objectives to be reached in accordance with policy laid down by Parliament, and of the road which is being followed to arrive at that end.

The need for such an active policy of public relations is further enhanced, in the view of the Commission, by the notion, firmly held after the experience of the past year, that the private broadcasters, through their official trade association, the Canadian Association of Radio and Television Broadcasters, have been baiting the Canadian Broadcasting Corporation, while the latter failed to react because its executive officers felt that they were gagged by the rule that Crown

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corporations must remain passive under criticism. As it is noted elsewhere in this report, the CARTB has issued much one-sided or misleading information on the true nature and functioning of the present system of broadcasting in Canada, and this propaganda has gone largely unanswered by the CBC. The outcome has been to give shape in the public mind to analogies based on incomplete knowledge or insufficient reflection, to enroll the Canadian instinct for freedom behind hidden mercenary motives and to foment misunderstanding and confusion among the well-meaning. It is fervently to be hoped, for the sake of the healthy growth of the Canadian broadcasting system in the years to come, that the private broadcasting interests, insofar at least as the CARTB is the expression of their collective will — we know there are dissenting opinions among them as to the wisdom of their past attitudes — will steer a different course in the future. Should they continue, however, to put their stake on devious propaganda wrapped in colourful verbiage, as they have the undeniable right to do, they should then be rebutted with clarity and vigour.

This is not to say that private broadcasters are to remain silent. Broadcasting is a living and growing medium of communications, and discussion and controversy are as useful to its growth as water to a plant. As integral and important elements of the Canadian national broadcasting system, the private broadcasters have the right, indeed the duty, to express their considered views on the basic tenets of the system or on the manner of putting it to work. To focus public attention at intervals, through debate, on the evolution of broadcasting, will keep the medium responsive to the spiritual and material needs of the nation. In so doing, however, spokesmen for private broadcasting would do well to avoid the falsely doctrinaire, the emotional appeal or the emptiness of mere verbalism. In the course of our enquiry, we were besieged with superficial analogies of principle between freedom of broadcasting and freedom of publication. We were persistently urged to recommend, in the name of fairness, the creation of a separate regulatory board. There was filed with us a forbidding mass of printed or typewritten prose offering no discernible argumentation, one way or the other and even presenting, at times, contradictions in the views conveyed by different spokesmen for the same group on other occasions. At the end of the enquiry, we were left not knowing exactly what the Canadian Association of Radio and Television Broadcasters sought to

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demonstrate or what it expected us to do with a large part of this great volume of words.

In summary, we may say that while both the CBC and the CARTB are weak in their relations with the public, the weakness of the one and the other are of a very different order. The CBC needs to speak up where it has been mute. The CARTB, on the contrary, cannot be charged with diffidence or taciturnity. It needs only to speak in clear, positive, concise and dispassionate language.

## **Research in Broadcasting**

Parallel to public relations is the field of research. If broadcasting is to thrive and give the nation the full measure of its potential of good, it needs the assistance of research as much as do science or industry. By research in broadcasting, we do not mean the kind that leads to technological advance and which is well handled by the electronics industry. Neither do we mean research in programme popularity — the so-called audience rating polls — whose standards of value, resting on quantitative soundings, are directed mainly at the sale of services or products in the largest possible market. By research, we mean deep delving into the influence of broadcasting on human society, the measurement of the psychological impact of various types of spectacles on adult minds, on children, on the literate and the illiterate, indeed on the great variety of individuals of differing degrees of emotional and intellectual development that compose a nation. This type of study and investigation has recently been started by the CBC through its Bureau of Audience Research. Some interesting results have already been obtained but those in charge of the undertaking would be the first to admit that neither has there been adequate proof of the validity of the methods adopted nor has the research yet been extended over a sufficiently wide area. It is, at the moment, no more than a promising beginning.

The idea of such research in broadcasting was propounded with particular force in some Quebec briefs, and we believe that there is much merit in it. A methodical and continuing study of the influence of radio and television on Canadian individuals and on Canadian society might give results of very definite value for the general conduct of our national broadcasting system and the individual guidance of our

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public and private broadcasters. Indeed, it might even light the way for sovereign Parliament in determining national policy from time to time.

It is probable that a methodical and searching study of broadcasting as an influence over the common weal is not an enterprise that should be left to Canadian Broadcasting Corporation initiative alone, nor to the trade association of the private broadcasters alone, nor even to only the two bodies working jointly. It is something that might well reach out beyond the professional limits of those two and enroll one or more Canadian universities in a sort of tripartite research arrangement where social science and other academic disciplines could make a contribution to the common enterprise — much as the National Research Council or the Defence Research Board now parcel out diverse research projects to institutions of learning.

The idea, in fact, is not so novel as it might seem, for there are precedents of fruitful research collaboration between government, private industry and the universities. To recommend such an enterprise may be outside the Commission's terms of reference, but the concept has so much to commend it to those who would look beyond the horizon to fields of higher spiritual reward and to the achievement of the greater good for Canadian society, that we can do no less than convey the suggestion as it was made to us.

As we see it, the activity of the research institution whose creation has been suggested would not only have the positive result of yielding greater insight and knowledge in a realm which heretofore has been left almost entirely to empiricism, but also the incidental advantage of bringing the Canadian Broadcasting Corporation and the private broadcasters together in common tasks of genuinely scientific investigation in a field in which both have to labour. This collaboration, beginning perhaps only as a limited experiment, could develop into a most healthful stimulant for the Canadian national broadcasting system as a whole. It could lead to reciprocal comprehension of the distinct problems of the public and the private services and to the eventual wholehearted mobilization, in the march toward a common goal, of all the minds and energies engaged in broadcasting. Withal, if we are to head toward a closer knit relationship between public and private broadcasters, a state which seems to us eminently desirable, no initial move would seem more promising to that end — and easier to launch — than cooperation in research.



## *Chapter VI*

# The Private Broadcasters

UNDER heading (f) of our terms of reference, we are required to examine and make recommendations upon "the licensing and control of private television and sound broadcasting stations in the public interest." We must see what private stations have done, in order to see the kind of regulation and the extent of control that should be applied to them.

On February 28, 1956, there were 167 private radio stations in Canada, including 156 commercial stations in operation, six under construction and not yet in operation and 5 non-commercial stations. During the year 1956, 6 private commercial radio stations came into operation and licences were granted for the construction of 5 new stations. For the purpose of our programme analysis and financial studies, we examined stations that were in operation in January 1956. The new stations added to the system during the year are unlikely to have made any material change in the picture. Of the 156 commercial radio stations the number of financial returns was reduced to 153 because of common ownership and joint financial returns to the Department of Transport. Of these 153 stations, 95 were affiliated with CBC networks, (28 with the Trans-Canada network, 49 with the Dominion network, and 18 with the French network) and 58 were unaffiliated. For purposes of the programme analysis a selected list of 62 stations, covering different classes of radio stations was used.

As of February 28, 1956, there were 28 privately owned television stations, including three licensed and under construction but not yet in operation. By the end of the year four more stations had come into operation and licences had been granted for an additional 6 stations

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to be constructed. Each application for a private television licence makes it clear that the station, if licensed, will be part of the national television system and the applicant undertakes to become a component of that system. Up to the present time, all private television stations operate, under the single channel policy, as part of the national English or French television networks.

In earlier chapters, we have described the development and nature of the Canadian broadcasting system. We have made it clear, as did previous royal commissions and parliamentary committees, that private broadcasters are integral parts of a single system. We think that this relationship should continue to be a basic term of each television and radio licence now in force or to be issued in the future. Moreover, we think that the combination of public and private ownership in one system is a positive strength and that the presence of private elements in Canadian radio and television should be continued and accepted as a permanent part of the Canadian pattern. This is not to say that any individual private operator has any vested interest which entitles him, as of right, to continue in existence. Each private operator, as the holder of a valuable, temporary right to use a relatively rare public asset, should justify the continued retention of that right — and should be required to keep on justifying it.

There have been times in the past when the continued existence of private stations has been uncertain. We recommend that the principle of retaining private elements in our broadcasting system should be placed beyond doubt. In the past it has also been true that once a licence was granted to a private station operator there was little effective control over the manner in which he used the licence. At all events, there is no record of any licence ever being suspended, revoked or unrenewed on the grounds of a poor performance by the licensee. Since, in human affairs, the continuation of such perfection is unlikely, we recommend that in future the standards of performance of private stations should be more effectively checked, that those who give inadequate public service or shabby performances under their franchises should be warned, and that the licences of those who fail to make substantial improvements after such warnings should be cancelled. To put the matter briefly, we think that the presence of private elements in our broadcasting system should be clearly accepted as valuable and permanent; but that the performance level of private stations should

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be a high one to justify the grant to them of valuable public rights — higher in fact than it has been, with some notable exceptions, in the past.

In Chapter III, the programme fare provided by television and radio stations in Canada is discussed in some detail. Some comparisons are made between the programmes of CBC and of privately owned stations and much more information on the subject is provided in the report of our programme analyst and adviser, Dr. Dallas Smythe, which appears as Appendix XIV to this report and is printed separately in Volume 2.

It is much easier to summarize and generalize for television programmes than for radio programmes. Up to the present time, under the "single channel" policy, all television stations have belonged to either the English or French television networks, operated by the CBC, and both CBC stations and private stations have carried the programmes produced or acquired by the CBC as part of its national television service. In the result, for approximately half of the operating hours of each day, a viewer in Regina or Moncton or Peterborough (where private television stations operate) sees exactly the same programmes as a viewer in Vancouver or Halifax or Toronto (where CBC television stations operate). Variations in the programme fare of public and private stations must occur in the other half of total broadcasting hours. As the national network service is carried mainly during the late afternoon and evening hours, the range of variation in programme content and balance between any two individual stations is a relatively narrow one. Generally speaking, there is much more difference between the programming of all English-language and that of all French-language stations than there is between the programming of all CBC stations and that of all private stations. The English-language stations, public and private, have a marked fondness for drama in the crime, western and action category, while the French-language stations devote relatively much more time to quiz, games and contests and sports events. In English-language television there are no really significant differences between the programme balance to be found on CBC stations and that to be found on private stations. In French-language television, the only noteworthy difference is that CBC stations provide many more youth educational programmes than the private stations.

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For Canadian radio stations, the variations in programme content between publicly owned and private stations and between different groups of private stations are very much greater than for television stations. This result is to be expected when it is recalled that over a third of all private radio stations are unaffiliated with any network, another third of the total are on the Dominion network which operates for little more than four hours per day, and of the balance a number are affiliated with the networks on a partial or limited basis. With such a high percentage of total radio broadcasting time filled with programmes acquired by the individual stations, a very wide range of variation in programme performance is inevitable. It is therefore difficult to generalize as to private radio station performance. Some stations do an imaginative, flexible job of providing a well-balanced programme fare to their listeners. At the other extreme, there are a few stations that operate a "juke-box", "disc-jockey" type of programme, hour after hour, with virtually nothing but the playing of popular phonograph records interspersed with as many advertising messages as the operator thinks he can "get away with". We do not wish to repeat here the detailed comparisons to be found in Chapter III and shall therefore restrict our comments to one of the few generalizations which can safely be made. Private stations as a group, particularly the unaffiliated stations, offer a substantially lighter and less diversified fare than do CBC stations taken as a group.

### **Community Service Activities of Private Broadcasters**

One phase of station performance and programme activity came in for a good deal of comment in our hearings and was mentioned in many letters we received. It concerns the local and community service activities of the private broadcasters and quite clearly this record is one in which the private broadcasters do, and should, take pride.

In a document filed by the CARTB<sup>1</sup> and in numerous briefs filed by individual private stations<sup>2</sup>, examples were given of different kinds of local and community service rendered by private broadcasters

<sup>1</sup> Exhibit 23.

<sup>2</sup> For example, exhibit 43 by CFRC Winnipeg; exhibit 72 by CKWX Vancouver; exhibit 88 by CJCA Edmonton; exhibit 143 by CFCY Charlottetown; exhibit 148 by CFNB Fredericton; exhibit 279 by CKCK Regina.

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throughout Canada. These ranged from extensive and sustained efforts in support of a local charity or local symphony orchestra to isolated but valuable acts of service. That these local and community services are valued and appreciated by local citizens and organizations is fully established by many briefs and letters we received<sup>1</sup>. It is probably true that the volume of these public service activities does not take up a significantly large percentage of the total broadcasting day nor would they be adequately reflected in the programme logs of the private stations. We agree with the submission made by CARTB that "to provide a complete, detailed account of this service is literally impossible".<sup>2</sup>

We think that the same submission gives a generally accurate summary of the situation when it says, "Each of the member stations of this Association is a very active part of the community it serves, taking full part in community affairs, assisting in community development, aiding the community's needs, giving expression to its economic, artistic, intellectual and spiritual life, ideals and aspirations." In this record of community activity and service the private broadcasters can take pride and satisfaction and for it they are entitled to the full measure of public appreciation which they apparently receive.

We are satisfied that this illustrates one of the strengths of our mixed system of public and private ownership in radio and television. It is unlikely that an entirely publicly owned broadcasting system could give as good local and community service throughout Canada as is now provided by the mixture of public and private elements in the system we have. Knowledge of local conditions and adaptability to local needs can best be provided by having a number of independent local units in the system. This is one of the principal reasons why we are strongly of the opinion that the continued presence of private elements in the system should be recognized and placed beyond uncertainty and doubt.

<sup>1</sup> As examples of such evidence see Evidence of Mr. T. H. Goode, M.P., p. 1555; exhibit 91 by Saskatchewan Farmers Union; exhibit 96 by Association of Commercial Travellers; exhibit 107 by Imperial Order Daughters of the Empire; exhibit 108 by Canadian Mental Health Association; exhibit 146 by Mayor J. D. Stewart of Charlottetown; exhibit 203 by Canadian Federation of Agriculture; exhibit 283 by Canadian Federation of Mayors and Municipalities; exhibit 295 by Community Chest of Greater Toronto; exhibit 296 by Canadian Mental Health Association, Saskatchewan Branch; and others.

<sup>2</sup> Exhibit 23.

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### **Financial Position of the Private Broadcaster**

In general, private radio station operators in Canada have done extremely well financially and private television appears to be well on the way toward duplicating the financial successes of the older medium. In our hearings we got the impression that many Canadians had been persuaded to feel a good deal of sympathy for the private broadcasters because of the supposed disabilities and lamentable restraints imposed on them by the CBC. Indeed, in our final hearings, the Canadian Association of Radio and Television Broadcasters made a submission<sup>1</sup> which complained bitterly of the restraints placed upon private broadcasters and stated that "the (private) broadcasting industry has not realized its potential". The CARTB claimed that the private broadcasters did not want to remain tied to a broadcasting system "still hobbled by philosophical concepts not appropriate to a forward-looking Canada." They felt it "unrealistic" that their pace should be "limited" by the CBC. In a single page of vivid prose, CARTB claimed that the private broadcasters were "bound in the web of a power-hungry corporation", were in "a potato sack race with the state broadcasting agency" and they desired "to burst out at the seams".

We felt that we would be unable to measure the emotional and psychological impact of these disabilities of the private broadcasters, but that we could at least make a factual assessment of their financial condition. As we were making an exhaustive analysis of the finances of the CBC, we also asked our financial adviser to prepare, on a composite basis, some information as to the operating results of the private broadcasters. From his report, which appears in detail in Appendix XII, it is plain that, generally, whatever the disabilities under which the private broadcasters labour, they are not difficulties of financial distress and lack of profits.

The studies made by our financial adviser were based upon two sources of information: first, the annual returns, which each private station is required under the Radio Act to file with the Minister of Transport, showing revenues, profits and expenditures; and second, answers to a questionnaire sent to all private stations by the secretary of the Commission, asking for a breakdown of 1955 broadcasting revenues. There is no doubt that the Commission had

<sup>1</sup> Exhibit 312, especially at p. 48.

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adequate power under the Inquiries Act to require the production of individual figures and to publish them in its report, if it so wished. However we feel that no useful purpose would be served by publishing the financial figures we have examined for individual private stations. We have accepted the figures furnished by the private stations and present them in this report on a composite basis for both radio and television stations, without disclosing the identity of individual stations.

Of the 153 separate returns from private radio stations, the composite tables relate to 144 stations only. Nine stations were eliminated from the study either because detailed financial statements were not available, or because they showed other income, or because the stations began operations late in 1955. For the 144 stations for which operating results in 1955 are included in the composite table a comparison is made between net income, before deduction of income taxes, and net sales (being the total revenue earned by the licensee in the operation of the station less agency commissions). Such a comparison showing net income, before income taxes, as a percentage of net sales is a familiar and accepted method of measuring operating results in terms of the volume of business done.

Of the 144 radio stations for which operating results in 1955 were studied, 111 operated at a profit and 33 at a loss. For all stations, total net income before taxes, was 20.60 per cent of net sales; for the 111 stations which operated at a profit, total net income was 23.61 per cent of net sales. The detailed totals are given in the following table:

	<i>Number of Stations Reporting a</i>		
	<i>Profit</i> 111	<i>Loss</i> 33	<i>Combined</i> 144
	(thousands of dollars)		
Gross Sales .....	\$ 33,305	\$ 2,649	\$ 35,954
Deductions from Sales .....	4,694	249	4,943
Net Sales .....	28,611	2,400	31,011
Expense .....	21,858	2,763	24,621
Net Income—before Income Taxes .....	\$ 6,753	\$ (363)	\$ 6,390
Net Income (before Income Taxes) as per cent of Net Sales .....	23.61%		20.60%

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Of the 144 radio stations, 91 were affiliated with CBC networks and accounted for 56.57 per cent of the total net sales and 54.35 per cent of the total net income before income taxes. The net income of these 91 stations was 22.15 per cent of their net sales, which was lower than the 25.49 per cent earned by the 53 non-network stations. Our financial adviser believes that the lower return shown by stations affiliated with CBC networks results almost entirely from the lower returns generally shown by stations affiliated with the French network.

The average percentage of net income to net sales for the 111 private radio stations showing a profit in 1955 obscures the range of variation in individual operating results. The lowest of the group was a station with net sales of less than \$100,000 and net income of 1.21 per cent of net sales. The two highest showed percentages of 52.67 per cent and 53.71 per cent, but these high returns apparently were not dependent on volume of business done, as one of these very profitable stations was of medium size and the other was a very large station. It is, however, clear that the stations operating at a loss are all smaller stations. Of the 33 stations showing a loss in 1955, 25 did a gross business of less than \$100,000 in the year and only one station where the gross business exceeded \$200,000 showed a loss. These comparisons are shown in the following tables:

<i>Gross Revenue Groupings</i>	<i>Number of Stations Reporting a</i>	
	<i>Profit</i>	<i>Loss</i>
Less than \$100,000 .....	22	25
\$100,000 — \$200,000 .....	34	7
\$200,000 — \$300,000 .....	18	1
\$300,000 — \$400,000 .....	11	—
\$400,000 — \$500,000 .....	10	—
\$500,000 — \$750,000 .....	7	—
\$750,000 — \$1,000,000 .....	6	—
\$1,000,000 and over .....	3	—
	111	33



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<i>Net Income Groupings (before Income Taxes)<sup>o</sup></i>	<i>Number of Stations Reporting a</i>	
	<i>Profit</i>	<i>Loss</i>
Less than \$ 50,000 .....	74	31
\$ 50,000 — \$100,000 .....	20	2
\$100,000 — \$200,000 .....	10	—
\$200,000 — \$400,000 .....	5	—
\$400,000 — \$600,000 .....	1	—
\$600,000 and over .....	1	—
	111	33

For private television stations in Canada financial results are much less clearly established than for radio stations. This is not surprising in view of the relatively short time most private television stations have been in operation. Of the 25 stations operating in February 1956, fourteen did so for a full year, ten commenced operations during 1955 and one did not show a segregation of operating results as between radio and television. As a consequence, the figures of operating results submitted herein relate to fourteen stations only of which nine operated at a profit and five at a loss. The five stations that operated for only part of the year in 1955 all showed a loss. Only two stations operated for a full year in 1954 when they showed a net loss; in 1955 these same two stations had nearly doubled their gross income and both showed a net profit.

For the nine television stations that operated at a profit in 1955, the composite net income, before income taxes, was 14.56 per cent of net sales. But again the average percentage obscures the range of variation in individual operating results from a low of a fraction of one per cent for one of the smaller stations to a high of over 48 per cent for a medium sized station. The following table shows, in summarized form, the composite figures of operating results for 1955 of the fourteen private television stations.

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	<i>Number of Stations Reporting a</i>		
	<i>Profit</i> 9	<i>Loss</i> 5	<i>Combined</i> 14
	(thousands of dollars)		
Gross Sales .....	\$ 4,495	\$ 2,370	\$ 6,865
Deductions from Sales .....	705	119	824
Net Sales .....	3,790	2,251	6,041
Expenses .....	3,238	2,602	5,840
Net Income—before Income Taxes .....	552	(351)	201
Net Income (before Income Taxes) as per cent of Net Sales .....	14.56%		3.32%

Other details of the financial operations of private radio and television stations in Canada are given in Mr. Hoult's report which appears in Appendix XII.

One further item of information disclosed in the financial studies may be worthy of comment. It concerns expenditures on "artists' and other talent fees" which are shown on the annual financial returns of private radio and television stations to the Department of Transport. Of the 144 radio stations included in the composite study of 1955 operating results, 100 showed some expenditures for "artists' and other talent fees". The total for the 100 stations was \$1,797,000, of which \$937,000 was billed to sponsors and \$860,000 was paid by the stations themselves. The highest expenditure made by an individual station was \$301,000, of which \$129,000 was billed to sponsors and \$172,000 paid by the station.

It is always possible that some of the 44 stations that showed no expenditures for artists' fees may in fact have paid for some local live talent. One would think, however, that any station making a substantial payment to artists and other talent would show it in the place provided on the annual financial return to the Department of Transport. On the basis of returns actually made by the private radio stations themselves, the average expenditure by the 100 stations for talent fees was about \$18,000 per station in the year, of which \$8,600 was paid by the station itself.

In television, 12 of the 19 stations included in our study showed some expenditures for "artists' and other talent fees". The total for

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the 12 stations was \$220,000, of which \$106,000 was billed to sponsors and \$114,000 paid by the stations themselves. On the average, these stations that showed any such expenditures, again showed about \$18,000 paid out during the year by each station, of which the average station contributed about \$9,500 itself.

The only other specific evidence as to the amount of expenditure by private stations on live talent appears in a document filed by the CARTB as Exhibit 17. This is a copy of a brief submitted by the Association to the Royal Commission on Canada's Economic Prospects in which the statement is made that in 1955 private radio and television stations originated over 105,000 local live programmes, which represented a total expenditure on talent of over \$2,000,000 apart from regular programme costs. If this total amount was spent on talent for over 105,000 programmes, the average amount spent on each programme was less than \$20. Expressed in this way it does not seem an impressive performance by the private broadcasters in the use of live talent on their programmes.

It was suggested in evidence, and we believe it is generally assumed, that private broadcasters cannot afford to do much original programming or use much Canadian talent because the cost cannot be spread over several stations. Indeed this argument was advanced in one of the documents filed by The CARTB<sup>1</sup>, although not discussed in evidence during the hearings. This assumption is, we believe, incorrect on two grounds. First, the financial results of a great many private radio and television stations, which we have examined, are quite good enough to permit these operators to do more original programming and to use more Canadian talent than they have done, with a few noteworthy exceptions, in the past. Secondly, for the reasons explained in detail in Chapter IV, there is, in fact, an extensive opportunity for several private stations to share production costs of original programmes and to broadcast such programmes over networks or hook-ups of several stations. Permission can be obtained for a group of stations to share the cost of a live talent programme by a subsidiary network extending over a considerable area and for a programme series over a period of

<sup>1</sup> Exhibit 30 p. 3 which states "...to be an extensive user, or a large scale user, on a continuing basis, of performing or creative talent of the type used in broadcasting, one must be a network... In Canadian broadcasting, this must be the Corporation".

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13, 26 or 39 weeks. There is nothing in the present regulations or practice that would prevent a group of private stations or a private programme producer from recording a musical or dramatic programme using Canadian talent on records, magnetic tape or film and selling the rights to use such a programme to as many private radio or television stations as might be needed to bring the unit cost per station down to economic levels. Indeed, a few private stations have made substantial expenditures on live Canadian programmes and have developed network arrangements to share the cost. These exceptions are commendable but they serve to establish both that financial results are sufficient to allow the production of original Canadian programmes and that it is practicable to share such costs among several stations. We have been forced to the conclusion that free enterprise has failed to do as much as it could in original programme production and the development of Canadian talent, not because of a lack of freedom, but because of a lack of enterprise.

In Chapter IV, when discussing the regulation of station performance by the proposed Board of Broadcast Governors, we recommend that the Board should insist on the improvement of the programming of some private stations. We recommend further that the Board should discharge its statutory duty of promoting and ensuring the greater use of Canadian talent by private stations with greater vigour than the Board of Governors has shown in the past.

Undoubtedly, however, the best results for both the private stations and for the broadcasting system as a whole would come from a voluntary improvement in the programme content and use of Canadian talent by the private stations themselves. In this, if its members and leaders chose to do so, the CARTB could play a useful and constructive role. It could provide advice and leadership for the guidance of its members, could assist cooperative experiments in new programme techniques which are essential in these dynamic and rapidly-changing media, and might even develop methods of self-regulation which would reduce the need of regulation by a public agency. If this method were followed it would have advantages for the whole Canadian broadcasting system in providing more flexibility than would be provided by formal regulation of private stations by the Board of Broadcast Governors. It would also have the advantage of bringing the private broadcasters and their association into an active

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partnership with the CBC in the development of Canadian broadcasting. This, in our view, would be a welcome change from the antagonistic and uncooperative attitudes of the CARTB (although not of many individual private broadcasters) in the past. However, this is something beyond our power to achieve by recommendation, and also beyond the power of legislation to make effective. It must come, if it comes at all, from the voluntary decision of the private broadcasters, individually and collectively.

### Licence Fees

Under Part I of the General Regulations under the Radio Act, private broadcasting stations are required to pay an annual fee on a graduated scale based on gross revenue. Stations are grouped into six categories determined by size of gross revenue and the licence fee varies from \$100 to \$6,000 from the smallest to the largest of these categories. The fee for any fiscal year (April 1 to March 31) is based on the gross revenue of the licensee for his preceding fiscal year. Gross revenue means the total revenue earned by the licensee in the operation of the station, less agency commissions as set forth in the financial return made under oath to the Minister of Transport.

The present scale of fees, number of stations in each category and aggregate licence fees paid for the fiscal year ended on or before December 31, 1955, are shown in the following table:

<i>Category of Station</i>	<i>Annual Gross Revenue</i>	<i>Licence Fee</i>	<i>No. of Stations</i>	<i>Aggregate Licence Fee</i>
"A" Under .....	\$ 25,000	\$ 100	4	\$ 400
"B" \$ 25,000 and under.....	\$ 50,000	\$ 250	18	\$ 4,500
"C" \$ 50,000 and under.....	\$ 75,000	\$ 500	19	\$ 9,500
"D" \$ 75,000 and under.....	\$100,000	\$1,000	20	\$ 20,000
"E" \$100,000 and under.....	\$200,000	\$1,500	58	\$ 87,000
"F" \$200,000 and under.....	\$400,000	\$3,000	43	\$129,000
"G" \$400,000 and over.....		\$6,000	21	\$126,000
			183	\$375,900
Education Stations .....		\$ 50	3	\$ 150
Non Commercial Stations .....		\$ 100	2	\$ 200
			188	\$376,250

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As often happens when fees are based on more or less arbitrary divisions into categories, this scale of fees has resulted in certain inequities between stations of different size. The smallest and largest stations pay a much lower percentage of their gross revenue than the medium sized stations. A licensee with a gross revenue of \$100,000 pays a fee of \$1,000, equivalent to 1 per cent, but a station with a gross revenue of \$1,500,000 pays a fee of \$6,000, equivalent to 4/10ths of 1 per cent. There is also inequity where a licensee has a revenue slightly in excess of the top amount in a particular category. Thus, a station with a gross revenue of \$399,000 pays a fee of \$3,000 or .75 per cent, whereas one with revenue of \$400,000 pays a fee of \$6,000 or 1½ per cent.

We think that the fees paid by licensees of radio frequencies and television channels are extremely low for the exclusive use of public assets of such rarity and value. However, as this matter was not raised in evidence at our hearings, we hesitate to recommend a drastic change in the present system without full consideration of all the factors that may apply. We recognize that care must be taken to avoid an oppressive licence fee on the smaller stations, which have little commercial revenue but may provide valuable local service. We suggest that the basis of levying licence fees might usefully be studied by the Minister of Transport.

Meanwhile, within the present framework of fees based on annual gross revenue, we suggest a revision which will eliminate most of the apparent inequities in the existing scale and will add something to the total yield to the federal treasury. We recommend the following:

<i>Category of Station</i>	<i>Annual Gross Revenue</i>	<i>Licence Fee</i>
A	Under \$100,000	1%
B	\$100,000 and over	{ 1% on first \$100,000 1½% on excess over \$100,000

The suggested scale would result, in approximately the same fees as are now paid for licences at the bottom of each of the existing categories, but would increase the fees progressively for those higher in each group. There would be no disparity between those in the upper part of one bracket and in the lower part of the next bracket. The total revenue based on this scale of fees would be about \$500,000 as compared with approximately \$375,000 per year paid at present.

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We see no reason why the licence fees paid by private stations should be turned over to the CBC as is now provided in Section 14 (1) (a) of the Broadcasting Act. In budgets of the size they are today, the total amount of these licence fees may not have much significance. But a disaffected private station operator can now argue that he is paying a special tax for the support of the CBC when, in fact, he is paying a low fee to the state for the exclusive grant of a rare and potentially valuable public franchise. We recommend that it should be treated as such and paid into the Consolidated Revenue Fund.