



Ottawa

July 23, 2008

Hon. Josée Verner  
Minister of Canadian Heritage  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Dear Minister,

**RE: CRTC Report on the Canadian Television Fund**

On behalf of the President and the Board of Governors of the Canadian Conference of the Arts (CCA), I am writing to express our concern over the recommendations made to you at the beginning of June by the Canadian Radio-television and Telecommunications Commission (CRTC) concerning the Canadian Television Fund (CTF).

The CCA is the oldest and most broadly based cultural umbrella organization in Canada. It encompasses all cultural disciplines and walks of life. Its mission is to foster informed debates about federal policy issues affecting the whole Canadian cultural sector, from individual creators to cultural institutions and industries.

The CCA has been following very closely the “CTF crisis” since it began in December 2006 and we have intervened at each step of the ensuing resolution process, including the Standing Committee on Heritage’s hearings, the CRTC Task Force process and the comments leading to the CRTC public hearing on the issue.

Today, the CCA wants to express its strong opposition to the CRTC’s main recommendation, namely that the Fund be divided into two distinct funding streams – a public sector stream concentrating on the production of programming “that contributes to the fulfillment of the cultural objectives set out in the *Broadcasting Act*” and a private sector stream that “would be market-oriented and concentrate on the production of programming with broad popular appeal to Canadian audiences”.

The CRTC has recommended that the “public” funding would be provided by government’s appropriations and be accessible only by the CBC, educational broadcasters and other not-for-profit broadcasters, whereas the “private” funding would rely on contributions by broadcasting distribution undertakings (BDUs) and be accessible only to private commercial broadcasters. Each funding stream would be managed by its own board of directors.

We oppose this recommendation for many reasons:

1. The CRTC recommendation is based on a false and dangerous distinction between “cultural” and “popular” programming that offers no clue as to how each category should be defined. Who will draw this distinction and how can it be applied? The CRTC appears to be shifting this critical onus onto the government without any clear justification for so doing.
2. Through its ill-defined distinction between “cultural” and “popular” programming, the CRTC seems first to imply that private broadcasters should be exempt from contributing to the cultural objectives established in the *Act*, and second, that the public-sector broadcasters that have made Canadian content their priority and also achieve “popularity” should now be penalized financially for that effort.

Public broadcasters are now responsible for the production and presentation of many of the most popular Canadian programming, most notably in the drama category. For example, CBC/Radio-Canada’s drama programs generate 55% of the audiences to all drama programs made with CTF funding. It is worth noting that the Standing Committee on Canadian Heritage has recently re-confirmed the importance of a CBC/Radio-Canada “envelope” and has recommended the continuation of this tool within the CTF system.

By creating two separate streams, the CRTC is effectively preventing public broadcasters from receiving financial support from the so-called “private” funding stream if, in partnership with the private production sector, they produce “popular” programming!

3. The CRTC’s recommendation would be particularly damaging to the French broadcasting system. Together, TVA and Radio-Canada represent the only effective original entertainment alternatives for French language television audiences, and provide a healthy diversity of voices on television for Canadian francophones. Under the CRTC’s proposal, this diversity of voices would be eliminated: Radio-Canada would not be permitted to work with independent producers to access funding for any “popular” entertainment programming.
4. While it recognizes a problem which has often been raised by a number of parties, namely that the government’s contribution to the CTF has been at the same level for the past twelve years, the CRTC would still confine public broadcasters to what, by any account, is a dwindling source of funding.

If the CRTC’s recommendation were adopted this year, this would mean that over \$20 million currently available to publicly-supported broadcasters would be lost to them. This discrepancy can only grow over time as BDUs’ contributions grow proportionally to their revenue, and it would have a detrimental impact on the quantity and quality of

Canadian programming offered to Canadians. We fail to understand how removing funding away from Canada's publicly-supported broadcasters answers the real crisis that prompted the creation of the CRTC's Task Force to begin with – namely, monthly (not annual) BDU payments to the CTF.

5. Moreover, the CRTC's recommendation seems to be based on the false assumption that the financial contribution that BDUs make to the CTF is in some way private money that should normally flow back to private broadcasters.<sup>1</sup> A simple review of the "capex" origins of the CTF establishes clearly that this was not the case in the early 1990s when the CTF was conceived and created, and that this should not be the case now. What is at stake here are not the personal interests of the private broadcasting sector, but the pursuit of the public interest and of the cultural objectives set in the *Broadcasting Act*. Once again, the CRTC seems confused about its role as the steward of Parliament when it comes to adhering to the terms and objectives of the *Act*.
6. CCA objects in particular to the notion that the "private sector stream" should be managed by an 11-member board that would now be dominated by the largest BDUs through six members plus one from the CCSA! With the high level of cross-media ownership in our broadcasting system which the CRTC has encouraged (purportedly to strengthen private broadcasters' ability to create, produce and air Canadian content), this would likely lead to the creation of a not-very-transparent, somewhat unaccountable funding body in which conflicts of interest would be more likely than not. Under this rubric, it is noteworthy that despite strong accusations to the contrary concerning the current structures of the CTF Board, the CRTC states clearly that "no evidence of actual conflicts of interest has been uncovered" (CRTC Report, para. 71).
7. We are also concerned about the new inefficiencies that the CRTC's recommendations introduce and which will draw money away from program production. Operating as a single fund, the CTF currently operates efficiently with administrative costs of only 5% of its total budget: the remaining 95% of its budget goes entirely to its mandate of helping to finance Canadian television programs.

But a dual-funding stream model with two boards of directors will likely increase the CTF's administration costs by roughly half or more, from the current 5% to 7%-8% of funds. It is estimated that this would eliminate approximately \$7 million of production funding in year one, totalling \$40 million of production financing over 5 years.

But perhaps the most important objection of all is that it is simply unconscionable that more than a year and a half after two of Canada's largest and wealthiest BDUs used a poorly-written CRTC regulation to hold the entire Canadian television production system hostage, the CRTC has still not troubled to re-write that regulation to prevent any repeat of such tactics!


As recognised by the CRTC Task Force and an overwhelming majority of stakeholders throughout the debates that have followed, the CTF is a critical vehicle for funding independent television production in Canada. No proof whatsoever has been put forward over the past year to support the contention that the Fund needed drastic surgery of the kind now

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<sup>1</sup> "...there is a certain logic in having private sector funds governed by the private sector, which can best represent their interests". *CRTC Report to the Minister of Canadian Heritage on the Canadian Television Fund*, para. 55

proposed by the Commission, most notably concerning conflicts of interest on the part of current board members. We have already expressed our opinion that the CRTC's own behind-closed-door Task Force process did not meet your own government's standards for transparency and accountability. We therefore urge you to reject the CRTC report and confirm the CTF in its current structure and functioning.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Alain Pineau". The signature is fluid and cursive, with the first name "Alain" written in a larger, more prominent script than the last name "Pineau".

Alain Pineau  
National Director