

# Our "culture of yes!" puts Canada first

On reading *Cablecaster's* interview with Canadian Cable Telecommunications Association president and CEO Michael Hennessy (see *Cover Story, Cablecaster, July 2004*), it is clear that the CCTA has lost, along with the word "television" in its name, any pretence of representing the interests of television and its audiences in Canada.

Hennessy's depiction of a Canada regulated into mediocrity is wrong. Yet more surprisingly, the CCTA's argument makes no recognition nor offers any justification for the regulatory model that has supported and sustained the cable industry itself. Frustrated that cable cannot just stick its hand in the cookie jar and grab revenue from Canada's homegrown television system without a challenge, the CCTA lashed out in these pages at Canada's alleged "culture of no."

This is nonsense. Ours has long been a culture of "yes!" — a culture that has thrived by putting Canada first. Putting Canada first means collectively affirming our uniqueness, our right and duty to regulate our society to preserve our values and national identity. It means creating a framework that encourages investment, job creation, and growth while at the same time advancing the public interest. That's how we built our railroads, institutions, and communications infrastructure. And it's how we built a vibrant, productive broadcasting industry for programming services and distributors, one that flourishes in the shadow of the world's mightiest entertainment powerhouse.

Far from being closed in on itself, Canada has an open culture in which choice abounds. Canadian viewers have access to more foreign television services than many Americans do. In fact, Canadians enjoy a broader variety of domestic and foreign services than do most other countries. At the same time, our success in regulating television to preserve our national identity, in the face of overwhelming U.S. signals, is admired around the world.

Ours is a system that works because it consistently upholds key principles linking the right to earn advertising revenue from broadcasting to firm commitments to produce and carry Canadian

content. It works because revenues we earn from airing popular U.S. shows enable broadcasters to invest in homegrown Canadian programming.

Into these skies, cable keeps trying to launch the notion that Canadians are choice-deprived, a calamity that can only be addressed by undercutting established Canadian television services and kicking out the financial underpinnings of Canada's television system as a whole. It's a balloon that does not fly, due to gaping holes in its logic.

Canadians *have* choice — in spades. The issue of "choice," as CCTA insists on calling it, is not about choice at all. The only things "missing" in Canada are the brands. The top programs on HBO, ESPN, Nickelodeon and many other U.S. cable networks are already available in Canada. When CCTA applied to distribute these U.S. services last year, this was at best an unfriendly stab in the back to Canadian networks that were already providing the best of U.S. cable to Canadian audiences.

Cable is curiously consistent in ignoring how Canada works. The CRTC wisely refused to consider it, but cable came right back with an application to carry Fox News. Fox had coincidentally announced that it had dropped plans to launch Fox Canada with a Canadian partner (Global). Were the CRTC to approve the application, this would set a dangerous precedent for U.S. services to leapfrog into Canadian homes without any content obligations whatsoever, and without incentives to seek partnerships with Canadian broadcasters that would contribute Canadian content.

Does anyone see a thread here? How about: Broadcasters are committed to employing Canadians to produce Canadian programming for Canadian audiences and cable will propose any policy change necessary to increase their subscriber base and therefore increasing bottom line?

The CCTA and Vidéotron have each applied for the right to sell commercials on foreign specialty services like CNN and A&E (so-called "local avails"). These proposals call for a dramatic reversal of long-standing CRTC policy that requires broadcasters who want to advertise in a local market to also provide local programming.

They would set up U.S. cable services that already drain hundreds of millions a year in subscription revenues from our system as new players with no obligations to produce or carry any Canadian content, competing unfairly with Canadian broadcasters who honour local programming commitments.

Clearly sensitive to the perception that all cable is interested in is skimming cash off the top, the CCTA's scheme proposes to contribute 25 per cent of revenues from "local avails" to the Canadian Television Fund.

But will this scheme result in a net benefit for Canadian programming? By adding new inventory to an advertising market that is not consistently sold out, the revenues of existing Canadian specialty services (which plough back 40 cents on every dollar earned into production of Canadian programming) will clearly take a hit. The CCTA cleverly disguises the impact of this lost revenue. But CAB has tabled research (see Broadcasting Public Notice CRTC 2004-47 & 48) that to the extent that local avails revenues come from Canadian specialty services, for every dollar cable would contribute to the CTF, there could be a loss of \$1.70 in spending by Canadian specialty services on Canadian content.

There's nothing wrong with competition from foreign channels provided they also contribute fairly to the system. But contributing fairly to the system is not in the spirit of cable's current initiatives.

This must change. Cable and television each serve Canadians, but neither can do it alone. We need to renew our partnership; Canadians demand nothing less. We have been successful, as a nation, by making intelligent choices. Putting Canada first is one that still makes a lot of sense.

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