



Canadian Media Guild

La Guilde canadienne des médias
TNG Canada / CWA

**Countering the CanWestization of Canadian TV:
proposed rules for the purchase of Alliance Atlantis
Communications**

Submission by the Canadian Media Guild
Re: Broadcasting Notice of Public Hearing CRTC 2007-11

August 2, 2007

www.cmg.ca

Who we are:

The Canadian Media Guild represents more than 6,000 media employees in Canada, including broadcasting operations employees at Alliance Atlantis Communications. In addition, we work on the front lines of public and private broadcast media at CBC, TVOntario, S-VOX, the Aboriginal Peoples Television Network, and CJRC radio (Gatineau). We have a keen interest in creating a strong national broadcasting system that promotes and supports TV programming that serves the public interests of Canadians and reflects their diversity.

Executive Summary

1. The proposed \$2.3 billion purchase of Alliance Atlantis Communications by CanWest Global represents another significant move toward further concentration of ownership in Canada's television sector, which is already one of the most concentrated in the industrialized world. It also introduces the possibility of effective control over a significant Canadian broadcaster by a foreign investor, Goldman Sachs.

2. To protect the interests of Canadians, we call for strict conditions on any CRTC approval of the proposed deal:
 - The maintenance of physically separate operations between the existing CanWest broadcasting operations and the new specialty operations.
 - A condition of licence that strictly limits duplication of programming between existing stations and specialty services and the newly acquired specialty channels.
 - New conditions of licence for all CanWest Global TV interests that increase the amount of original, made-in-Canada programming, both produced in-house and commissioned from independent producers.
 - Independence of editorial decision-making within the TV news operation and within the newspapers.
 - Guarantees that foreign investors will not effectively control Canadian broadcasting interests.

Introduction

3. The proposed \$2.3 billion purchase of Alliance Atlantis Communications by CanWest Global represents another significant move toward further concentration of ownership in Canada's television sector, which is already one of the most concentrated in the industrialized world. It also introduces the real possibility of effective control over a significant Canadian broadcaster by a foreign investor, Goldman Sachs.
4. CanWest Global already owns two conventional TV networks that operate a total of 14 local stations across the country, and seven specialty channels. The company also owns a chain of 11 daily newspapers as well as the canada.com website.
5. It is a company that has done the bare minimum to produce, commission and promote original Canadian programming. Instead, CanWest has pushed to eliminate all rules and regulations dealing with expenditures for and broadcast of Canadian programming and to eliminate the payment of benefits following the purchase of a broadcast company. It has even gone so far as to suggest that infomercials be considered Canadian content when aired between 6 am and 6 pm. (See CanWest Global's submission to NPH CRTC 2006-5.)
6. CanWest has focused its broadcasting energies and resources on a bidding war with main competitor CTV for hit programming from the US to air on its conventional stations in prime time, while buying up cheap syndicated programming for its specialty channels. With the addition of 13 specialty channels – plus five more that have been approved but have not yet launched – each with a regulated, guaranteed stream of income from cable subscribers, the deal appears to be about increasing CanWest's buying power for those American shows.
7. The company's track record does not instill much confidence in those who wish to see a strong Canadian television sector, anchored by the development, creation and broadcast of original Canadian programs.

Key recommendations

8. Without strict conditions on the purchase of the AAC assets, we face a series of unfortunate impacts on the country's media system: a loss of distinct outlets for independent producers to sell their work; a loss of distinct outlets for advertisers; a loss of media jobs; further repetitions of the same programming on more and more channels, meaning less choice for Canadian viewers; and further decline in editorial independence as CanWest's newspaper and TV news coverage is hijacked to provide "exposure" for the specialty channel content on *Global National* and in the company's newspaper chain (see p. 10 of Schedule A of CanWest's CRTC application).

9. As the union representing broadcasting operations employees at AAC, we are very concerned about the structure of the deal. CanWest will have to boost broadcasting profits to gain majority control of the broadcasting operations by 2011. In our experience, short-term profit-boosting almost always translates into severe cost-cutting and front-line job losses. Our members at AAC have made significant contributions to Canadian broadcasting and we believe they should be given some protection in this deal from the kind of cuts that would ultimately reduce homegrown capacity and expertise in an important cultural sector of the Canadian economy.
10. We call for the following strict conditions if the CRTC chooses to approve this transaction:
 - The maintenance of physically separate operations between the existing CanWest broadcasting operations and the new specialty operations.
 - A condition of licence that strictly limits duplication of programming between existing stations and specialty services and the newly acquired specialty channels.
 - New conditions of licence for all CanWest Global TV interests that increase the amount of original, made-in-Canada programming, both produced in-house and commissioned from independent producers.
 - Independence of editorial decision-making within the TV news operation and within the newspapers, with no possibility of interference from the TV marketing department.
 - Guarantees that foreign investors will not effectively control Canadian broadcasting interests.
11. **Maintain the AAC specialty services as a distinct operation.**

The AAC specialty services provide an important source of Canadian programming to Canadian cable TV viewers. They are important outlets for independent producers to sell their work and a significant source of employment in a very important sector of the Canadian economy.
12. For these reasons, we believe that the operations of the AAC specialty services should remain distinct from the existing CanWest Global TV operations. The AAC specialty services must have a distinct management structure that makes programming and operational decisions.
13. **Allow only limited overlap of programming across the various channels controlled by CanWest Global and ensure a threshold of original programming on each channel.**
14. The intensity of consolidation in the TV industry will soon mean that three or four companies will effectively control all of the Canadian specialty channels. For

cable subscription fees to continue to make any sense at all, CanWest and its specialty service competitors must be required to produce and commission a specified amount of original programming for each of these channels according to their respective mandates. Each of the acquired stations must be required to spend between 45% and 50% of gross revenues from the previous year, depending on the station's profitability. At least one continuing program on each channel must be produced by the broadcaster in-house.

15. Furthermore, we urge the CRTC to impose an upper limit of 5% on the duplication of programming broadcast between CanWest's existing television stations and specialty channels and the acquired AAC specialty channels.
16. **Ensure a diversity of Canadian content across the media system**
The Canadian Media Guild fully supports the restriction on foreign ownership in the country's broadcast system. Effective control of CanWest Global's broadcast and newspaper holdings must remain in Canadian hands.
17. We must point out, though, that Canadian ownership alone is not enough to ensure that a healthy and diverse amount of original Canadian content is produced and aired, and that a diversity of information, analysis and viewpoints are available to Canadian audiences. We therefore support continued regulation of the country's broadcast system, including close enforcement of the rules and conditions of licence discussed above.
18. In addition, we urge the CRTC to ensure that CanWest's commercial interests do not trump the editorial independence of its news operations, both in broadcast and print. The TV news programs and the newspapers should not be seen as promotional arms of the television interests. The company must provide a guarantee of editorial independence for its news operations.