Refocusing the CBC

Colin Hoskins
Stuart McFadyen
Adam Finn
University of Alberta

Abstract: How would the Canadian broadcasting system look if there were no CBC? What would be the programming mix? Would it be deficient, leading to market failure? Digitization, convergence, and the development of the Internet are transforming broadcasting. If there were no CBC, would we create such a public service broadcaster now in a broadcast system where numerous choices, including 64 specialty channels, are available by cable and direct broadcast satellite? Would the benefits of creating a CBC be greater than the costs? If we invented a CBC today, what would be its focus? How does this compare to CBC’s current operations and to the vision of its President? Our examination of these questions will concentrate on CBC English television.

To re-focus the CBC requires some understanding of the current focus and how it was reached. Marc Raboy (1990) examines the many, and changing, roles of public broadcasting in Canada. In the 1920s, the central issue was whether broadcasting should be privately or publicly owned. The need for a government-owned broadcaster and the “national purpose” role for Canadian broadcasting were set out by the Royal Commission on Radio Broadcasting in the 1930s. Consistent but...
not coincident with this, the Massey Commission (1951) argued that broadcasting in Canada was not an industry but “a public service directed and controlled in the public interest by a body responsible to Parliament” (p. 283).

Richard Collins (1990) also notes there is a “fundamental irreconcilability [between the] commercial imperatives of profit-maximization [and] the achievement of national cultural and political goals” (p. 54). However, he goes on to argue that “nationalism and public service are contradictory as well as complementary. Nationalism demands the aggregation of a single audience of shared tastes, interests, and culture; public service is, rather, premised on the differences in needs and interests of a plurality of (Reith’s term) ‘publics’” (p. 69). Marc Raboy (1996) believes audiences should be considered citizens—a public, not a market. Peter Dahlgren (1999) concludes: “Public service television needs to promote our various identities: national and particular, citizen and ethnic member. … It needs to promote [both] loyalty to a democratic civic culture and a pluralistic national community” (p. 507).

Paul Attalah (2000), tracing this evolution, notes that

Most recently, though, public service broadcasting has come to be understood as an activity conducted in the interests of audiences or of individual viewers. In Canada, this view emerged in the context of channel abundance and exhaustion with traditional public broadcasting. The abundance of choice made clear to viewers that not all private broadcasting was devoid of public interest characteristics and that not all public broadcasting was unimpeachably lofty. (p. 199)

Another element is that governments increasingly “distrust broadcasting and seek to neutralize it because they can no longer control its outcomes” (p. 199).

These complex and ever-changing sets of objectives for public broadcasting in Canada provide the backdrop for the various examinations of the appropriate role and structure for the CBC carried out in the 1990s (see, for example, Boardman & Vining, 1996; Collins, 1996; Hoskins & McFadyen, 1992, 1995, 1996a, 1996b). Arguments were presented for and against a non-commercial CBC, for and against a national or a regional mandate, and for and against offering distinctive national programming distributed by satellite/cable.

The broadcasting world has changed considerably since such authors considered the CBC in the mid-1990s. Two DBS satellite services, ExpressVu and Star Choice, have been launched and numerous specialty channels have been added (the total is now 64), while digitization, convergence, and the development of the Internet are transforming the industry. It is thus an appropriate time to reconsider the role of the CBC; however, the approach here will be quite different from that used in the past. Previous work started with the existing role and structure of the CBC and considered how this should be changed. In this paper, we will start with the existing Canadian broadcasting system, absent the CBC, and consider whether it would make sense to introduce a public broadcaster. If introduced, what would the public broadcaster look like? How would it compare to CBC’s current operations and what would be its focus? How would it compare to the vision of the Pres-
ident of the CBC, Robert Rabinovitch? Our examination of these questions will concentrate on CBC English Television with some consideration of CBC Radio One.

Analysis of these questions requires an understanding of the economic characteristics of broadcasting.

**Economic characteristics of broadcasting**
Programming has three economic characteristics that are not shared with most other products. It is *non-rival in consumption*, is often *funded through advertising revenue*, and may result in *consumption externalities*.

**Non-rivalry in consumption**
People are rivals in terms of consuming most products. If I buy 30 litres of gasoline to drive my car from Edmonton to Calgary you cannot consume the same gasoline. This is not the case for television or radio broadcasting. You and I, and thousands or millions of others, can simultaneously or sequentially enjoy the same program. This results in an unusual cost structure. Virtually all the costs are up-front. These include the program production costs and the costs of the transmission and administration infrastructure. Such costs do not vary with the number of viewers. With the program and infrastructure in place, the incremental or marginal cost of reaching an additional viewer/listener is essentially zero. It costs no more if 3 million viewers watch a program than if 100 watch. This can thus be regarded as an extreme form of scale economy.

This cost structure has important implications. It is easier for larger markets to support a public service broadcaster. For example, the U.K. has over twice as many households as Canada (around 25 million households compared to about 11 million). Even if the per household licence fee/government grant were the same (which it is not, the U.K.’s being much higher), the BBC would have over twice the public funding of CBC although the cost of producing similar programming would be much the same.

Another implication, which we will return to later, is that it is much more cost effective to produce programs for a national audience than for a local or regional audience.

**Advertising as a source of funding**
Most products and services are sold directly to consumers. The price people are willing to pay, and hence the revenue generated by the supplier, depends on the value received in consumption. However, both private broadcasters and specialty channels are usually wholly or partly dependent on advertising revenue. The product being sold is not programs to viewers but viewer exposures to advertising messages. The price paid for advertising will depend on the number of viewers (and their demographics). A broadcaster maximizes revenue by providing a program (the so-called common denominator program) that maximizes either the total audience or the total audience from the desired demographic segment. A specialty channel maximizes the total audience for the market segment served by the channel. All that matters is that people value the program enough to watch;
beyond that the broadcaster is not concerned with the level of value viewers receive. Thus, a broadcaster will select a program that 1 million people like just enough to watch over another program that 999,000 people, all of whom really enjoy the program, will view.

**Programming may result in consumption externalities**

An *externality* is a benefit or cost arising from an economic transaction that falls on a third party and that is not taken into account by either of the parties, that is, the seller (producer) or buyer (consumer), to the transaction. Externalities may arise from the production or the consumption of goods and services. In terms of television programming, externalities can be thought of as side effects of viewing, good in the case of benefits or bad in the case of costs.

It is commonly believed that people are influenced, for good or for bad, by what they watch on television. The debate regarding violence on television is a case in point (see Hamilton, 1998, for a review of the extensive literature on the effects of television violence on viewers). Any cost resulting from violence on television is external because it is not borne by the producer, advertiser, or broadcaster. A competitive broadcasting market provides too many violent shows.

But programs also have the capacity to provide external benefits, and this is what is of primary relevance to the debate about the role of a CBC. For example, news, current affairs, and documentary programming may promote a better-informed public. Some domestic drama may reinforce a sense of national identity and awareness of Canadian themes and values. Some children’s programming may be educational in a broad sense.

An implication is that, in the face of such externalities, there is market failure as private sector broadcasters and specialty channels will exhibit insufficient programs with external benefits (since neither they, the program-makers, nor the advertisers that are typically party to the economic transaction reap these benefits).

One approach to correcting for market failure is to create a public service broadcaster such as the CBC. Indeed, we consider that external benefits attached to certain kinds of programming are the main justification for public service broadcasting (for an analysis of this and other economic rationale for public service broadcasting, subsidies, and regulation, see Hoskins, McFadyen, & Finn, 1997). However, the mere presence of market failure does not necessarily imply that a public service broadcaster should be created. In a world of scarcity, where a dollar for the CBC is one dollar less for competing government programs such as health care or education or one dollar less available for tax reduction, a public service broadcaster should only be funded if the benefits exceed the costs (which include foregone opportunities).

It should also be borne in mind that there are alternative approaches available for correcting for market failure. Subsidizing program production and regulation may be at least a partial substitute for a public service broadcaster. As well, radio, newspapers, and the Internet are all substitutes for television programming. They are capable of delivering most of the content found in television programs pro-
viding external benefits. Indeed, for some types of content and audiences, they may be a more cost-effective method of delivering external benefits. We will return to this later.

If there were no CBC, would we create one?
To examine this question we need to consider whether there would be market failure without a public service broadcaster. In what way would the programming mix be deficient?

The easiest approach to answering this question is to look at the programming that is being offered by CBC now and imagine the programming mix without CBC. While considering what programming would be lost if CBC were shut down we must bear in mind that in some areas, after an adjustment period, the private sector could be expected to expand and partially or wholly fill the void.

The programming mix without CBC: Would it be deficient?
CBC shows a much higher percentage of Canadian programming than private broadcasters. CBC English Television is 81% Canadian on an all-day basis, and 91% during prime time. In contrast, the Canadian content of private broadcasters is around the 50% level required by the CRTC. Global has announced a 2000-2001 schedule comprised entirely of U.S. shows during the 8:00-10:00 p.m. peak period. It is thus safe to assume there would be less Canadian programming in the Canadian broadcasting system without CBC. As it is largely Canadian programming that has the potential to provide positive externalities, this is of concern. But where would the reductions take place? To consider this we examine the different genres of Canadian programming. The approximate number of hours per week that the CBC devotes to each genre (Fall 1998) is given in parentheses after each heading to indicate the importance of the genre in CBC’s schedule.

Sports (15 hours)
The Mandate Review Committee (1996) complained that sports programming comprised 25% of CBC’s prime-time schedule and 37% of its prime-time audience. Much of this program is professional sports, and during the National Hockey League play-offs CBC becomes almost another sports channel. It can be argued that hockey provides external benefits as it is an interest shared by many Canadians. However, there would be little if any diminution in the amount of hockey and other professional sports available on television if the CBC were to shutdown. This programming attracts large audiences and the private sector would find it profitable to pick up properties dropped by the CBC. Canada has two sports specialty channels, TSN and Sportsnet. CTV, which now owns TSN, could be expected to run the most popular hockey games on its own network.

National/international news and current affairs (37 hours)
This has been an area of strength for the CBC and most would consider it the most authoritative television news service in the country. It has more reporters and foreign bureaus than the private networks and consequently relies less on feed from foreign (mainly U.S.) broadcasters than private Canadian broadcasters. It
thus provides a greater Canadian perspective on international news. Its selection of news items tends to be more informational and less sensational. For example, Kate Morrison (1998a) reports that “CBC provides fewer reports … and more in-depth reporting, while CTV provides a broader variety of short stories” (n.p.). It is difficult to imagine the private networks expanding their coverage to fill the void if there were no CBC.

Local news (7 hours)
The CBC’s audience share for local news is down from 28% at beginning of 1990s to 13% now. In many major markets, such as Toronto, Vancouver, Calgary, and Edmonton, the CBC trails its private competitors badly. For example, in Edmonton the CBC’s local 6:00 p.m. news, in competition with three private broadcasters, comes in last with an audience share of only 4%. Losing CBC local television news would hardly be noticed in major centres. In some smaller cities, especially in Atlantic Canada, the CBC is the major—in some cases, the only—player. If there were no CBC, some such centres would be able to support expanded coverage by private broadcasters although a market like Charlottetown, where there is no competing service, is probably too small to attract such a service.

What of the quality of local television news? Can private broadcasters be counted on to supply local television news that is informational rather than sensational. The evidence suggests the answer is “Yes.” Data for 1997 show remarkably little difference between the CBC and its commercial competitors in the proportion of local television news devoted to what is termed “civil news,” that is, the type of government/economy stories that create positive externalities. CTV had the best performance with 53.6% of news being civil news, CBC followed with 52.4%, and “others” trailed at 45.7% (Morrison, 1998b).

Children’s programming (27 hours)
CBC’s children’s programming has scarcely been exemplary and the Mandate Review Committee (1996) complained that CBC has subtly reduced its emphasis on children’s programming and replaced some after-school children’s programming with old U.S. series—in the 1999-2000 season, the Simpsons ran in this spot. Nevertheless, it does offer some broadly educational children’s programming, including drama like Anne of Green Gables, and the private sector could not be expected to expand in this area in the absence of CBC.

Drama (20 hours)
Although in comparison with some other public service broadcasters, such as the BBC, the CBC does not exhibit much Canadian drama, it nevertheless out-performs the private broadcasters in this area. From the perspective of a private broadcaster, Canadian drama is the least attractive genre of programming as the licence fee that has to be paid is far in excess of the advertising revenue generated. Typically, private broadcasters exhibit the minimum quantity of Canadian drama that the CRTC permits. If there were no CBC, no compensating increase in Canadian drama from the private broadcasters could be expected.
Documentary (5 hours)

An increasing number of documentaries are now appearing on specialty channels like Discovery Channel, History Channel, The Learning Channel, Vision, and The Women’s Network, but the small audiences for specialty channels can only support low licence fee programs, not high-budget, distinctively Canadian documentaries. Specialty channels may be able to exhibit some high-budget foreign documentaries because the licence fees for these are much smaller as sales to Canada are a small part of global revenues. During the 2000-01 season, CBC is airing *A People’s History*, a 30-hour, $25 million production. The early episodes drew an audience of nearly 3 million viewers, the sort of rating usually only associated with the Grey Cup or Stanley Cup. If there were no CBC, it would be high-budget programs like this, directed at the Canadian market, that would be lost. Also, private broadcasters, more than public service broadcasters, generally steer away from documentaries on controversial topics in order not to antagonize advertisers.

Comedy/variety (7 hours)

CBC has pioneered this genre with successful shows, often involving political satire, such as *The Royal Air Farce*, *Boys in the Hall*, and *This Week has 22 Minutes*. Again, private broadcasters’ reluctance to air controversial programs makes it unlikely they would fill the void if there were no CBC.

CBC Radio

In a world of music stations of different genres and talk stations, CBC Radio One can be readily identified. It has a very distinctive mix of regional news, national news, current affairs, music/arts, and spoken performance. If there were no CBC, no private broadcaster would step in to provide this programming.

Would there be market failure without CBC?

Our discussion above suggests that in the absence of the CBC there would be a sub-optimal amount of Canadian programming with external benefits in the areas of national/international news and current affairs, broadly educational children’s programming, drama, big budget or controversial documentaries, comedy/variety, and Radio One-type programming.

But would there be alternative ways, other than by creating a CBC, of correcting for this market failure? Two approaches, which are already used and could be expanded, are subsidies to program production through the Canadian Television Fund (a component of which is administered by Telefilm Canada) and regulation.

Subsidies for independent productions resulting in external benefits are suitable for programming like drama, children’s programming, or documentaries that are undertaken on a project basis. (The project being a one-off program or a series of a specified number of episodes, where the project can be assessed on the basis of the treatment and scripts before shooting begins.) However, this approach is not suitable for news programming which is immediate and continuing and where program content cannot be assessed in advance. In addition, there are administra-
tive difficulties inherent in a subsidy program as illustrated by the allegations against Cinar. More fundamentally, directing subsidies to projects on the basis of a points system for Canadian inputs rather than on the basis of the output—the nature of the program itself—raises the question of what is being subsidized: inputs or distinctively Canadian programs delivering external benefits. While we believe such subsidies have a role, we do not consider they can be a replacement for a public service broadcaster.

Regulation of broadcasting by the CRTC takes several forms. Perhaps most notable are Canadian content rules and conditions, such as a stipulation of the number of hours of Canadian drama required in a season, set out at time of licence renewal. For regulation to fill the deficiencies in the programming mix resulting from the absence of a CBC, it would have to be able to force private broadcasters to show programming (or more programming) that provides external benefits. With the new delivery systems (DBS and the Internet as well as cable), broadcasting and narrowcasting is becoming increasingly competitive and profit margins are decreasing. The old trade-off—show more (loss-making) programs that we would like and we will protect you from new competition—is less and less available to the CRTC. Enforcing conditions that would result in bankruptcy is no solution. A system of regulation focused on the level of Canadian-based inputs is ill suited to inducing private broadcasters to provide programming with external benefits. For example, a condition of, say, 13 hours of Canadian drama could be met by a police series that meets the input requirement necessary to qualify as Canadian but where the output (the program itself) is made to appear as American as possible in order to boost chances of a sale to a U.S. network. Far from being a substitute for a CBC, regulation will become less and less effective in an Internet era where the CRTC cannot control distribution. This, then, becomes an argument that public broadcasting will be needed more than ever.

Would there be government failure if a CBC were created?

In a world of scarcity, creating a CBC can be justified only if the benefits exceed the costs. Thus, the mere fact that the programming mix would be deficient without a CBC is not a sufficient condition for saying one should be created. The creation of benefits is not good enough; the benefits must exceed the costs. These benefits are easy to exaggerate and difficult to measure, although attempts have been made to estimate the value of the CBC using contingent valuation and choice experiment survey approaches (Finn, McFadyen, & Hoskins, 2000). If a public service broadcaster is created where the costs of intervention are greater than the benefits, then we have what economists term “government failure”: the resources used are greater than those wasted through uncorrected market failure. Government failure may occur because it is too costly to set up and operate the public service broadcaster, or the intervention itself may be imperfect and do little to correct the market failure.

There is one program type where we feel safe, on cost grounds, in arguing that the benefits are less than the costs. This program type is local news for a local/regional audience.
Because of non-rivalry in consumption, it is more cost effective to produce a one-hour television program for a national audience than the set of programs needed to fill one hour for local or regional audiences. Fourteen regional/local news shows have the same potential audience as one national news program. Even if the combined audience for the local news shows were greater than the audience for the national program and the national program is more expensive to produce than any of the individual local shows, the local programs would nevertheless be much more expensive on a per viewer basis. Local newspapers, radio, and the Internet are good substitutes for local television news and, because they are less costly to produce, are more cost-effective ways of serving a local audience. However, the political problems of removing a benefit once it has been conferred are evident.

The high production cost of 14 local television news programs is only part of the total cost attributable to the provision of this type of programming. It is largely as a result of providing this programming that CBC has a vast infrastructure of owned-and-operated stations and transmitters throughout the country.

On cost grounds, and because of availability of good substitutes, our reinvented CBC would not include local news programming for a local/regional audience. However, this does not preclude television programming originating from the regions (i.e., from somewhere other than Toronto). News should be collected from across the country and shown nationally. Drama, children’s, and documentary programming from independent producers located in the regions should be licenced by the CBC and exhibited nationally. Economies of scale would be enjoyed by local/regional programming exhibited to a national audience.

If a CBC were to be created now, how would it look?

What would its mandate be?
It would be given a mandate to exhibit, on a national basis, distinctive programming consistent with provision of external benefits. This programming would complement that provided by the private sector. The mandate would not require that CBC be all things to all people.

What programming would it exhibit?
It would provide distinctive national/international news and current affairs, drama, children’s, variety/comedy, documentaries, and Radio One-type programming. This programming would be Canadian in nature, not just in terms of production inputs, except for the occasional outstanding foreign program of a type that private broadcasters would not choose to show.

The CBC would produce its own news and current affairs programming. Bureaus would be established across the country supplying local/regional stories for national delivery. Foreign bureaus would be established to provide a Canadian perspective on international news.

Drama, children’s, variety/comedy, and documentaries providing external benefits would be commissioned from independent producers located throughout the country. Increased interchange of television programming between the
French-language and English-language sides of the CBC would foster an increased awareness and understanding of different perspectives. Economies could be reaped for some programs, such as coverage of public events, by having one picture and two audio tracks. Recognizing that centres of excellence develop naturally, no regional quotas would be employed.

A Radio One-type programming mix is appropriate for radio. Because of the lower costs of production for radio, this would include local/regional news for a local audience. This could be achieved without the need for a significant regional infrastructure. As well, radio reporters and studio facilities could in many instances be used to provide regional television news coverage for a national audience.

**How would CBC signals be delivered to households?**

If a CBC were created in the year 2000, it would not build a 1950s-style over-the-air transmission structure. Delivery would be by satellite-to-cable, DBS, and via the Internet. In 1998, of the 10.9 million Canadian households in Canada, cable is available to 10.6 million Canadian households (over 97%) of which 8.3 million households (over 76% of total households) actually subscribe to at least the basic tier (Statistics Canada, 2000). By mid-2000, the two DBS systems (ExpressVu and First Choice) combined have close to one million subscribers.1 Adding these DBS subscribers to cable subscribers means that 9.3 million households, 85% of total households, are obtaining their television signals in one of these ways. If cable or DBS subscription becomes necessary to view CBC, current non-subscribers who value CBC can be expected to begin subscribing to one of these services. There is no reason why free access to CBC signals is a right; as it is, households have to purchase a television receiver to view CBC.

The refocused CBC would not have to rely (partially) on private affiliates for signal delivery; the affiliates, by their nature, are a force pressuring for commercial-type programs on CBC.

**How would CBC be funded?**

The CBC would be commercial free. A partial reliance on advertising revenue inevitably results in some programming decisions reflecting commercial imperatives rather than public service goals. It is thus no surprise that McKinsey & Company (1999), in a survey of 20 public service broadcasters, found that the higher the proportion of ad funding, the less distinctive the programming.

A Parliamentary appropriation or licence fee are alternative sources of public funds for a public service broadcaster that provides external benefits. We have always supported a Parliamentary appropriation on the grounds that a licence fee is a regressive tax, subject to evasion, and costly to collect. The Dutch Parliament, which in late 1999 decided to move from a licence fee to a Parliamentary appropriation, provides an additional reason for rejecting a licence fee. They argue that a payment based on ownership of a television or radio is inappropriate when programs of NOS (Nederlandse Omroepprogramma Stichting, the Dutch public service broadcaster) will be increasingly available via the Internet (see Nederlandse Omroepprogramma Stichting, 2000). On the other hand, there is no doubt
that a Parliamentary appropriation is a less stable source of funding and more greatly exposes the public service broadcaster to political pressures. This is a difficult trade-off, but we are still inclined to choose the Parliamentary appropriation. Whichever method is used, public funding is only justified where benefits exceed costs.

In the 1998-99 financial year, CBC had advertising revenue plus program sales of $330 million (this does not include CBC’s specialty channels) and a Parliamentary operating appropriation of $759 million (CBC, 1999). It is unrealistic to expect the government (Parliament) to increase the operating appropriation to compensate for the advertising revenue foregone, which would be most of the $330 million. The question thus arises whether this refocused CBC could be operated for a budget of $759 million. A detailed study of this issue is beyond the scope of this article. However, Hoskins & McFadyen (1995) addressed this matter, suggesting the loss of advertising revenue could be offset by savings resulting from items such as not having a cross-Canada infrastructure of owned-and-operated stations and off-air transmission towers, eliminating local programming for a local audience, and eliminating professional sports and U.S. programming.

In a CRTC submission, Andy Thomson, President of Great North Communications, used a bottom-up approach asking, “How much would it really take to run a terrific television network, a new, revitalized CBC, if we started from scratch?” (Thomson, 1999). His answer, which relates to the English-language network only, is $32 million for documentaries (based on the Discovery Channel’s operating budget of $31.5 million), $39 million to license 10 hours a week of original Canadian drama for 26 weeks including repeats, $1 million for the staff and facilities to handle this level of drama, $35 million for a nightly one-hour national news show, $25 million for amateur and local sports coverage, and $25 million for children’s programming. Thomson’s estimates total $157 million, less than half the Parliamentary operating appropriation allocation of $330 million that he attributes to the English-language network. He concludes that the remaining $173 million provides an ample cushion to look after additional programming expenses, transmission, and other expenses not accounted for. While one can quibble with some of the numbers, and we would certainly disagree with the size of the budget for amateur sports relative to some of the other program categories, this is a useful approach.

**What model of governance should be used?**

We have become convinced of the importance of governance. The key is that the President needs to have the confidence of the Board of Directors and its Chairperson and hence should be appointed by the board. The Chairperson needs to have the confidence of the Board and should be appointed by the Board. The Board needs to have the confidence of the owners, effectively the government, so should be appointed by the Cabinet, perhaps from a short-list recommended by an independent panel. This would fix responsibility up the chain of command.
Comparing our refocused CBC with that envisaged by Robert Rabinovitch

Robert Rabinovitch, President of the CBC, is attempting to move the CBC in the direction of our refocused CBC. He has gone on record as wishing to reduce reliance on advertising. He wanted to replace the fourteen 6:00-7:00 p.m. local news shows with a single Toronto show with regional inserts. Rather than establish a new conventional Radio 3 to attract youth, he decided in favour of an interactive, on-line service with a storytelling site at 120seconds.com and two music sites at justconcerts.com and newmusiccanada.com. He has established a Task Force to examine commercializing CBC buildings and renting out transmission towers.

But the President’s job in transforming the existing CBC is much harder than ours. Politically, it is extremely difficult to take away a service that has been provided in the past, even if the cost of such a service cannot be justified in the current competitive and technological era. Thus, the prospect of cities such as Charlottetown, Fredericton, and St. John’s losing their CBC local television news is viewed as a calamity, while the fact that Victoria, a considerably larger provincial capital, has never enjoyed such a service is scarcely news. Considerable political pressure was put on the CBC not to eliminate television news programs for a local/regional audience. The President and the Board compromised by retaining half-hour, as opposed to one-hour, local suppertime shows.

Conclusion

Unless CBC can refocus and become truly distinctive (a goal it has largely achieved in radio but not television), people will increasingly question whether they are getting value for money. Because of non-rivalry in consumption, the cost of publicly supporting the CBC is the same whether it has an audience of 2 million or 200,000, and whether its audience share is 25% or 3%. With the increase in the number of channels available, the audience share of CBC’s English-language television network, for the peak 7:00-11:00 p.m. period, has fallen from 23.3% in 1984 to 9.4% in 1998-99 (see Task Force on Broadcasting Policy, 1986; CBC, 1999). McKinsey & Company (1999) report that the audience share of CBC/SRC ranked 19th out of 21 public service broadcasters surveyed. Only PBS in the United States and TRT in Turkey obtain a lower audience share. Unlike the case for CBC radio, whose audience share has been virtually unchanged over the past five years, CBC television’s audience share continues to decrease year by year. How far does CBC’s audience share have to erode before Canadians conclude that it is not worth supporting?

Another factor diminishing support for the CBC is that the service has, without itself changing markedly, become less distinctive. Specialty services such as Discovery Channel, History Channel, and Bravo increasingly exhibit programming, such as documentaries and Canadian films, that used to be shown only by CBC.

Of course, people are already questioning whether CBC provides value. In a survey conducted in September 1998 (of 1,853 non-Quebec households, 39% of whom responded), 51% reported that the value of CBC/SRC to their household was zero. The survey revealed, however, considerable support for the role CBC
can play. For example, 65% of English-language households mildly or strongly agreed with the statement: “The CBC is important to preserving the Canadian way of life.” Similarly, 61% agreed with the statement: “The CBC plays an important role in keeping Canada together.”

The refocused CBC we have developed in this paper is in its essentials, although not some of the details, similar to what Hoskins & McFadyen (1992) proposed in 1992. However, what was considered a radical proposal in 1992 has now entered the mainstream. We believe that Robert Rabinovitch, President of the CBC, is in substantial agreement with this vision and is moving the CBC in this direction, albeit with great opposition from within the CBC and outside it. The crunch will come when CBC has to decide how to deliver digital signals. If, at that time, it stays with an off-air transmission infrastructure, the opportunity for major change will have been missed.

Refocusing the CBC is the only way to prevent its demise.

Note

References


