VIEWPOINT

Montreal Economic Institute

Ideas for a More Prosperous Nation

# The mandate of the CBC/Radio-Canada

by Yves Rabeau | July 2012

The president and CEO of the Canadian Broadcasting Corporation (CBC), Hubert Lacroix, stated recently that the crown corporation had to "be something for, and mean something special to, every Canadian."[1] In accordance with the mandate described in the latest version of the *Broadcasting Act*, adopted in 1991, Mr. Lacroix wants a wide range of programming that informs, enlightens and entertains.[2] Yet the technological context and the Canadian broadcasting sector have undergone significant changes since 1991. Shouldn't the mandate of the CBC do likewise?

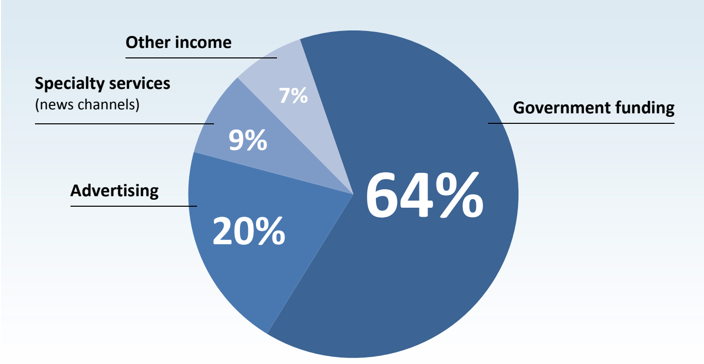
## The multiplication of sources of information and entertainment

Today on the Internet, one can find radio and television stations from around the world as well as video content of all sorts. The great flexibility of the Web allows surfers to watch and listen to whatever they want, whenever they want, even if their preferences are far from mainstream. The growing numbers of smartphones and tablet computers, along with the increasing availability of high-speed Internet access, only serve to reinforce this phenomenon.

In March 2010, a poll showed that for the first time, Canadians were spending more hours a week on the Internet (18.1 hours) than sitting in front of the television (16.9 hours).[3] The major general-interest radio stations and television networks are now faced with unprecedented competition for the attention of audiences. In this context, it is simply impossible for a broadcaster like the CBC to respond to the preferences of all Canadians even through the widest range of programming.

Advertising and classifieds, once restricted to newspapers, radio and television, have now spread across numerous platforms, upsetting the media's traditional business models and undermining their profitability. Furthermore, the Internet opens up an unregulated environment where anyone can produce video content, while traditional media still have to conform to many rules and public policy goals. Regulating content by controlling broadcasting is becoming obsolete, as recently underlined by the Australian Communications and Media Authority.[4]

**Figure 1**
**Sources of revenue for the CBC**




**Source:** Canadian Broadcasting Corporation, *CBC/Radio-Canada Annual Report 2010-2011*, p. 71.

## The presence of private media

If there was a time when the Canadian Broadcasting Corporation occupied a predominant position in Canadian media, today the CBC is in competition with several private media. The CBC has received nearly $1.2 billion in

1. Hubert T. Lacroix, "Blades or ballet on CBC? It's not an either/or proposition," *Toronto Star*, June 21, 2012.
2. To be precise, the mandate of the CBC is to "provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains." *Broadcasting Act*, S. C. 1991, ch. 11, s. 3(1)l) and m).
3. IPSOS, *Weekly Internet Usage Overtakes Television Watching*, March 2010.
4. "One important consequence of this change is that regulation constructed on the premise that content could (and should) be controlled by how it is delivered is losing its force, both in logic and in practice." Australian Communications and Media Authority, *Broken concepts: The Australian communications legislative landscape*, August 2011, p. 6.

direct public funding in 2011, in addition to other subsidies like those from the Local Programming Improvement Fund. As can be seen in Figure 1, this represents approximately two thirds of its annual budget, versus 20% for advertising revenue. Private broadcasters cannot count on this kind of public funding, although they too receive certain subsidies for the production of Canadian content.

**The activities of a crown corporation funded by taxpayers become hard to justify when they enter into direct competition with private alternatives.**

CBC Music's new free Internet music broadcasting service, which includes over 40 channels devoted to different genres, is one example among many of this asymmetrical competition. Like its private competitors, CBC Music must pay royalties to copyright holders. But direct public funds allow CBC/Radio-Canada to offer this service free of charge, whereas this option is obviously not available to private companies like the Galaxie continuous music channels.

Furthermore, although promoting Canadian content is one of the CBC's general objectives, CBC Music has no specific musical broadcasting policy mandating the predominance of Canadian content that would differentiate it from its competitors. Although the mission of the CBC "should be primarily and typically Canadian," the CBC Music project has no such mandate. The activities of a crown corporation funded by taxpayers become hard to justify when they enter into direct competition with private alternatives.

## A Canadian mandate for information and culture

Mr. Lacroix believes that "Canadian content and culture would be the single 'biggest failed promise' of a purely free market broadcast model."[5] Clearly, here is a niche that should be filled by a crown corporation. The CBC should focus on what is less available on the Internet and on what private broadcasters do not do, especially activities that are not profitable.

For example, public affairs programs with many foreign correspondents are expensive and it is therefore difficult for a private broadcaster to make them profitable. This is the kind of programming that would justify such levels of public funding. In contrast, variety shows, game shows and talk shows, even when they are produced in Canada, are largely a matter of entertainment, an area already amply supplied by private broadcasters.

The notion of a public broadcaster makes sense if we give it the mission of broadcasting Canadian cultural and public affairs content. The CBC has everything to gain by refocusing itself on this mission.

5. Tony Wong, "CBC is vital to Canadian culture, says president Hubert Lacroix," *Toronto Star*, June 7, 2012.

**Yves Rabeau** is an associate professor in the faculty of management at UQAM and associate researcher at the Montreal Economic Institute.

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