



TECHNOLOGY & VIDEO

## Response to global search

### Canadians initiatives in the new broadcasting environment

by Francis Fox

*The following speech was delivered by Francis Fox, Canada's minister of Communications, at the Third Biennial Communications Law Symposium, held March 5, 1983, by the University of California at Los Angeles, at Marina del Rey. During his weekend trip, Fox did not meet with representatives of the U.S. Majors, as had originally been expected.*

*At the symposium, attention focussed on the threat posed by satellites to harmonious international relations. Discussions, reminiscent of those concerning the New World Information Order, centred on the conflicts between the interests of technologically-advanced nations against what the less technologically-advanced nations see as the cultural imperialism of the Western world. The United States' "open skies" (open market) position has led it to threaten to withdraw from the International Telecommunications Union, the 156-member United Nations agency responsible for coordinating international telecommunications matters. Canada's position, as articulated by Fox in this respect, would seem to fall well within the traditional paradigm of the compromise.*

Just four days ago, I tabled in the Canadian House of Commons a new broadcasting strategy for Canada intended to respond to the new technologies and the resulting transformation of the world broadcasting environment. I want to take the opportunity today to give you some of the details of these new Canadian policies.

#### The broadcasting revolution

But, first, I want to describe the broad features of this revolution in broadcasting which are of most interest and concern to the Canadian government and to national governments around the world. There is the radical increase, because of the new satellite technology, in the amount and variety of programming and other services delivered (and deliverable) to citizens of countries everywhere. There is the power of the new technologies to leap over, and perhaps even dissolve, national boundaries. There is the emergence of a new and rapidly growing international market for new programming, programming services, delivery services and the associated technology.

This new environment is creating unprecedented opportunities and challenges for broadcasters, program producers and operators of satellite and cable delivery systems around the world.

The opportunities are obvious. Equipment manufacturers and operators of delivery systems are even now trying to

position themselves so that their technology and their distribution systems will supply domestic and foreign markets. Program producers and broadcasters now understand the voracious hunger of the new technology for programming and are moving to meet an unprecedented demand at home and around the world.

The challenges are also obvious. With an ever larger number of foreign programming services available by satellite,

how will local broadcasters and cable companies compete? How will domestic program producers compete with foreign producers who can amortize their costs in a far larger market? The economic stakes are very high and rising as the number of jobs and the size of revenues in broadcasting and related industries continues to grow. But, given the power of broadcasting as a shaper of human values and concerns, the cultural stakes may be even more important. Many countries are only now beginning to grasp how to reinforce the uniqueness of their national cultures in the face of the burgeoning number of messages being transmitted from innumerable sources around and above the planet.

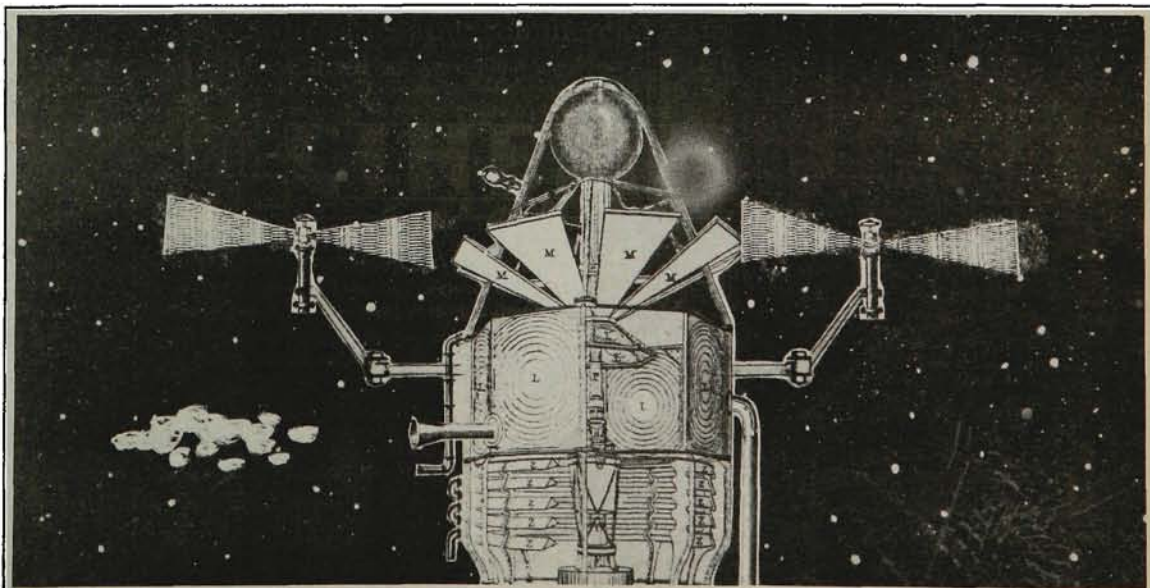
National governments are tending to respond in two broad ways to the challenges and opportunities of this new global broadcasting environment. Not a few see a need to protect, by regulation and other means, their local broadcasting and program production industries. Others, such as the United States, are more confident of their technological

pro prowess and the strength of their entertainment industry, and tend to favor an "open skies" policy. In the policy I announced earlier this week, Canada, which shares the American concern with the free flow of information, adopted what I would describe as a typically and uniquely Canadian approach of combining reliance on the private sector with government support.

#### The Canadian context

Our broadcasting strategy for Canada recognizes that, within a healthy and viable Canadian broadcasting system, Canadians are entitled to as much choice in programming - including foreign programming - as technical, contractual and international arrangements enable them to receive. This strategy also acknowledges that "choice" for Canadians is meaningless unless it also includes programming which reinforces the cultural heritage of all Canadians.

It is a policy which springs directly from the long Canadian experience of occupying the northern half of this continent. It engendered a tradition which,



● The marriage of imagination and technology as depicted in a scene from Norman McLaren's *Christmas Cracker*

*Francis Fox is Canada's minister of Communications.*

though having much in common with the United States, has its own distinctiveness. We are a country, for example, with not one, but two official languages – English and French – and the interaction between the two has always been a fundamental theme of our cultural and political life. We are a country which has a geographic extent 700,000 square kilometers greater than the United States, but a population only one tenth the size. With that small population scattered across such an enormous area, Canada as a nation represents in some ways the triumph of communications over geography. And that triumph in many cases was a victory not just for private enterprise, but public enterprise too – such as, for example, the publicly owned Canadian Broadcasting Corporation, which in the Canadian scene provides a radio and TV network service on the scale of NBC or CBS rather than PBS.

The existence of a large public broadcasting sector reflects the fundamental importance which Canadians have attached to broadcasting since its inception. Our broadcasting experience, since the early days of radio, has also in many ways foreshadowed that of the many nations around the world now confronting the new broadcasting environment. Our past may, in fact, be their future.

Because of our proximity to the United States and our sympathy with American interests and values, Canadians have always listened to, watched and enjoyed American programming. Indeed, since the introduction of television, U.S. TV signals have been available off-air to about 50 per cent of the Canadian population and, with the advent of cable, that figure has risen much higher. However, because of our small population in comparison to the American one, Canadian program producers have had a much smaller revenue base to draw on than their American counterparts. As a result, there has always been a chronic problem of too little Canadian programming in comparison to foreign programming.

Our 1968 Broadcasting Act, which shaped the present Canadian broadcasting system, was a response to that challenge, as well as to the demands of Canadians for a wider range of programming in both official languages. The act provides that the system be "effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada"; that programming should be of a high standard, using predominantly Canadian resources; and that all Canadians are entitled to broadcasting service in English or French as public funds become available.

As the minister responsible for Communications, I am obliged to ensure that the Canadian broadcasting system meets these legislated objectives. But how does one preserve a healthy, viable and identifiably Canadian broadcasting system when Canadians almost anywhere in the country are now technically able to receive the more than 50 new television programming services being delivered in the United States to a rapidly expanding cable industry?

Our new broadcasting strategy for Canada addresses this fundamental question. And it provides an answer which recognizes the virtual impossibility for any nation of building walls high enough to keep out signals emanating from outer space. Indeed, we want Canadians to have access to the best the world has to offer. Yet we are also deter-



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mined to ensure that our broadcasting and program production industries are able to compete successfully with foreign services and reinforce our own distinctive cultural identity. We regard the implementation of this strategy as extremely urgent if the Canadian broadcasting system is to meet the challenges and seize the opportunities of the new environment.

The main elements of the strategy are as follows:

### 1. expanding programming choice

First, we shall take steps to ensure that the entire range of new Canadian programming services and many foreign services are made available over cable on a "tiered" basis, in addition to cable's continuing carriage of conventional broadcasting services.

Our privately owned cable systems will also be encouraged to provide the public with a range of new non-programming services, such as videotex, data bank services, intrusion alarms, meter reading, medic alert, and many others. In short, cable will become a major vehicle for delivering the "information revolution" to Canadian homes.

In our view, cable, drawing on satellites, over-the-air broadcasting and other telecommunications systems, represents the most cost-effective means of significantly expanding the viewing choice of most Canadians, as well as providing them with a number of the new non-programming services. Canada now has one of the most sophisticated and extensive cable systems in the world, with a far higher level of penetration than, for example, in the United States. The enormous amount of cable already in place in this country means that cable will be able to offer, at a much more economical price to Canadians than any other delivery medium, a far greater range of services.

Direct satellite reception may eventually offer a viable alternative to off-

air reception in uncabled areas. But, in the foreseeable future, cable will represent the preferred alternative for most Canadians – from a dollars and cents perspective and because of the range and quality of the services it can provide.

Cable licensees will be permitted to distribute a considerable range of foreign signals – but subject to regulatory approval, the conclusion of contractual agreements, and the pertinent international arrangements. These qualifications are important. In return, we expect that, when we permit a foreign programming service to be distributed in Canada, its country of origin will permit the distribution there of Canadian programming services. Regulatory approval for domestic distribution of such services will, of course, come from our own equivalent of the Federal Communications Commission – the Canadian Radio-Television and Telecommunications Commission (or CRTC, for short). The speed at which these new services are introduced is a vital factor. On the one hand, they must be introduced quickly enough to ensure that Canadian cable systems regain and retain a competitive advantage over direct reception from foreign satellites. On the other, their introduction must be sufficiently phased and orderly to preserve the economic health of the Canadian broadcasting system.

### 2. freeing up the dishes

The second major element of the strategy would also have the effect of dramatically expanding the viewing choice for Canadians. Until now, individual Canadians, certain commercial establishments and master antenna systems have had to have a licence under our radio act to operate a satellite dish. These licensing requirements have now been significantly relaxed.

In order to ensure that Canadians in remote areas can benefit from present and future satellite programming services, we have in fact entirely abolished the requirement that individuals must have a licence to operate an earth station for their own personal use. The same now applies to certain commercial establishments such as bars, nightclubs and taverns, as long as they only display rather than distribute the signal. Meanwhile, the licensing requirements for dishes used by master antenna systems in hotels and condominiums have also been significantly changed.

In our explanation of this new policy, we have emphasized that dish operators

may have to get permission from the originators of satellite programming, whether these are domestic or foreign. We have also recognized that we will be unable to exploit the full potential of the new satellite technology if we restrict Canadians to receiving signals from domestic satellites. For this reason, the government of Canada will be consulting with the U.S. government on reciprocal arrangements for reception of programming services from each other's satellites.

With up to 1.5 million households beyond the economic reach of either cable or off-air rebroadcasters, Canada has long been a pioneer in satellite technology. I need only refer to Hermes and Anik-C, which is now in place and can bring television directly to individual households.

We are also actively exploring the question of actual direct broadcast satellites. At this time, we are completing a major study program on the introduction of DBS into the Canadian broadcasting system, and that report will shortly be public. This work is guiding our thinking on the future. It is also providing the basis for the positions we will be taking in Geneva this summer, during planning for the orderly introduction of DBS in North America to meet the needs of all countries in the region. Once these deliberations are completed and we have heard Canadian comments on our study, we shall be in position to proceed with the introduction of DBS in Canada.

The liberalization of earth station licensing policy will pave the way for the introduction of satellite broadcasting services. Indeed, one Canadian company is already proposing to deliver Canadian pay-TV, using Anik-C.

### 3. strengthening Canadian programming

The third major element of the strategy provides the means for ensuring that Canadians will have access to a solid core of high quality Canadian programming in every program category and in both official languages.

This concern with quality is vital. Canadians are just as demanding as Americans when it comes to production values in television programming. However, as I have already pointed out, Canadian program producers lack the resources their competitors can command. Take American program-producers, for example. With a larger population and a much more sizeable market, U.S. program producers have a far greater revenue base to build on than their Canadian counterparts. Canadian television advertising revenues, on a per capita basis, are also half those in the United States. As a result of this situation, expensively produced American programs can be amortized in their large home market, and their rights can be sold cheaply in foreign markets, such as the Canadian one. The Canadian home market is too small for equivalent recovery of costs.

Because of this market failure, we see no alternative in the new environment to providing public support to Canadian program production. Such support will take the form of a public fund – the Canadian Broadcast Program Development Fund – which will only be available to private Canadian production companies and independent producers. The size of the fund will rise from \$35 million in its first full year of operation to \$60 million in its fifth year. For the



● Roland Ladouceur (right) provides an L. A. base at the Film Canada Center for André Lamy, Francis Fox and Ronald Cohen

Photo: Kim Canazzi

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# Globalreach

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entire five-year period, government expenditures through the fund should amount to \$336 million.

As you can see, we are not taking a protectionist approach to our domestic program production industry. Indeed, we regard protectionism as weakening. Instead, we have taken a positive approach which will permit us to foster, nurture and support our program production industry as it matures and goes out as an equal into the world.

The categories of programming which would be eligible for assistance are those in which the Canadian broadcasting industry does not provide a significant amount of Canadian programming – the drama, variety and children's programming categories. We anticipate that, with this significant injection of additional funding, Canadians will soon be able to receive a solid core of attractive Canadian programming in every program category and in both official languages.

Given the skill and creative ingenuity our production industry has sown in making programs on very slender resources, we are confident that, with this assistance, it will be able to win a significant share of the Canadian viewing audience. We also believe that Canadian programming will win a rising share of the rapidly growing foreign market for television programming. Proof of the international saleability of Canadian programs is provided by the recent success of Canadian feature films in the U.S. market, where box office receipts jumped from \$46 million in 1980-81 to a record \$200 million in 1981-82.

## The new international environment

These, then, are the three major elements of our broadcasting strategy for Canada – expanding the viewing choice of Canadians, freeing up satellite dishes and strengthening the Canadian broadcast and program production industries. In the new environment, we believe that greater choice and greater competitive capacity will be, not only our best strategies, but the only strategies which will enable us to maintain a vital Canadian culture and a viable broadcasting economy. In our view, they represent the last, best chance for an identifiably Canadian broadcasting system – a system that is both distinctively Canadian and open to the world.

Most countries around the world will, if they have not begun already, soon be undertaking an exercise similar to ours. But we will all be making a mistake if we focus only on the domestic aspects of the new broadcasting environment. That environment is global in scope; and, as the new technologies shrink the world, every aspect of a national strategy will have important international implications.

In short, relationships between states may well become as significant in the new environment as any domestic adaptation of local broadcasting systems to the reality of satellite television. Fortunately, there are many precedents for



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such international co-operation in the communications area. For example, that international resource, the radio frequency spectrum, like the air we breathe, does not recognize or respect national boundaries. The sophisticated international forum provided by the ITU, and the various world and regional administrative radio conferences, have shown that countries with very disparate interests can work out pragmatic and mutually acceptable compromises in the communications area. In addition, officials from the government of Canada are in almost daily contact with the FCC to discuss spectrum issues.

In the age of satellite television, the need for international co-operation on communications issues will be even greater. In an era when satellite signals overleap not just national boundaries but entire continents, the stakes will include national cultural identities and the viability of national broadcasting systems.

Our broadcasting strategy for Canada calls for the negotiation of reciprocal arrangements with many countries, and especially the United States. Already Canadian government officials have discussed the strategy with members of the U.S. government, and we expect those discussions to continue in the coming months.

You will have noticed in our policies for cable and earth station licensing that we are very concerned to ensure that the rights of the originators of satellite signals – foreign or domestic – are protected. We also expect that, when Canada agrees to carry a foreign satellite

programming service, the country where that service originated will reciprocate with a similar arrangement for our own Canadian programming services. We are also eager to enter into co-production arrangements with foreign production companies, not just in America, but in France, Japan, West Germany, Britain and other countries around the world. Again, the key to such arrangements will be a genuine commitment to reciprocity.

In closing, I should like to remind you that Canada and the United States have long been recognized as having the longest undefended border in the world. A Canadian writer once commented that the reason the border was undefended was quite simple: it was essentially undefendable. I prefer the more obvious explanation – that our countries have a long and proud history of mutual trust, shared perceptions and a willingness to co-operate.

However, we should not forget that, in the new broadcasting environment, our common boundary, as well as the frontiers of every country in the world, have become undefendable. Only a shared recognition of our common vulnerability, a mutual respect for the distinctiveness of our paths to cultural development, and a strong commitment to reciprocity, will carry us through the next few years. I am confident that we will succeed. ●

## Freedom to see

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anyone, anywhere to transmit any image he or she wished, either to a specific receiver, or to the public at large. Probably a refined version of the common video camera, a 'personal transceiver' would contain added transmission facilities and a telephone adapter or specified satellite frequency. It could be left on with a static image (a visual 'dial tone'), or simply turned off. Ideally, it

would include a small monitor and a readout to register the number of viewers tuning in. Should transceivers of this, or a similar nature be manufactured and distributed widely, a number of startling changes in the basic uses of television will occur.

## Freedom to see

First and foremost, there will be great and widespread excitement with a new-found, almost unlimited (at least, much less limited), freedom to 'see'. To grasp this idea more firmly, imagine a TV guide resembling the white pages of the telephone directory; a visual service paid for *directly* by those who use it. A clue to the size such a system might quickly reach is also provided by the telephone system. There are well over 150 million telephone numbers in service in North America in 1983! Given such a wide choice of channels, or personal frequencies, it seems likely that user classifications will appear; for example, 'Personal', 'Government', 'Information', and 'Network'.

Still, at this stage, these refinements are arbitrary and less important than the public's knowledge and acceptance of user-to-user TV. Today, it is abundantly clear that television is overcontrolled by a relative few. Our desire for more direct and truthful knowledge will soon change this unacceptable imbalance. Contemplated philosophically, future increases in our powers of sight are not necessarily frightening or Orwellian. Viewers will just be able to see more of the world as it really is, rather than how other men feel it is, or should be.

With user-to-user access, real joy, sorrow, birth, death, murder, true love, and romance will be readily available to those who wish to 'wander' through the personal broadcasts and test patterns of Toronto, St. Louis, Montreal, Medicine Hat, or New York. It is an unsettling idea to be sure – technological developments that expose more of the reality of the earth and its inhabitants always are. But look forward to it, for one day, not far in the future, the strange miracle of Zworykin's ray will enable us to experience a visual freedom that no other people in history have ever known. ●

## Dishing it out

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makers that it's time to rethink their new broadcasting strategy. "I don't believe the Canadian government will sit idly by and let U.S. DBS operators sell programming in Canada," says Northstar's Jarman.

In the final quarter of the twentieth century, the survivalists of the struggling, fragmented Canadian film business are about to see their business turn into a "industry." It will happen because silver screens and movie houses are being replaced at an ever-increasing clip by new hardware – the TV set in the living room, and by a flood of new distribution systems.

The so-called "video revolution" will not of course stop here, but the brand-new ability to get a film to an audience through so many new outlets should be cause enough for optimism about the future of cinema – whatever its form – in Canada. ●

