

SONGSHEET

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CTV Sells TV Stations...in Print *Networks Cry Poor, Want Cable Revenues*

Call it a flair for the dramatic. The topsy-turvy world of broadcast television enjoyed an eventful April. In the midst of a carefully scripted series of high profile appearances by network television executives in front of the **CRTC**, **CTV globemedia** and **Shaw Cable** staged a theatrical negotiation of offer and acceptance, in a series of paid announcements appearing in newspapers, resulting in Shaw's purchase of three of CTV's condemned local TV stations for \$1 a piece. CTV's yard sale of the Windsor, Wingham and Brandon stations was confirmed May 5th.

CTV CEO Ivan Fecan issued a press release casting aside the stations to the waiting hands of cable giant Shaw, opining that "cable is rolling in money and can obviously afford to underwrite the losses. Good for them. I'm sure they will live up to the existing conditions of license placed on these stations which is wonderful news for the employees and for the people of Windsor, Wingham and Brandon."

The implications of the CTV-Shaw deal may go beyond the three stations involved. CTV previously announced it will only seek a one-year license renewal from the CRTC for the London **A-Channel** station instead of the traditional seven-year certificate, leading inevitably to speculation over whether Shaw will toss in another loonie for that local broadcaster.

What is going on, you ask? CTV is pleading with the CRTC to force cable networks to fork out cash to national broadcasters like CTV. Until now, cable companies have paid nothing for network broadcasting emissions. CTV and other networks say the television advertising market has collapsed and they can't afford to carry local programming—including the cost of that programming—without

getting a carriage fee from cable companies. The cable companies pay carriage fees to specialty channels, like **TSN** or **Discovery**, but not to broadcasters like CTV or **Canwest**.

Are things about to change? The CRTC has always rebuffed the broadcasters' cries of poverty and pleas for carriage fees. Cable companies oppose the fees of course. But now the broadcasters are hoping for better luck. The broadcasters' published balance

Star Writer Marlow Wins 87-M Labour Journalism Award

Toronto Star reporter Iain Marlow's story about Abdul Samad, a union unit chair who was the last man standing at his out-of-business auto parts plant, has been recognized by Local 87-M's annual award for outstanding labour journalism.

"There's no question that organized labour is facing an uphill battle these days," said competition judge Maryanna Lewyckyj. "To read about Abdul Samad's dedication, savvy, concern for co-workers and lack of pity for himself is to be reminded about the qualities of a great union activist."

The article can be found at
www.thestar.com/News/GTA/article/546082

sheets, though not broken down for each local market, may now reveal significant operational losses (but see "Show Me the Money," over).

Lately the CRTC has kicked the press out of the committee room for *in camera* hearings, presumably in order to quiz the networks about the profitability of individual local markets. The idea of the CRTC enforcing the payment of cable carriage fees in exchange for a guarantee of significant local programming—in effect a "specialty local broadcasting" license—has been openly discussed during the hearings.

Meanwhile, CEP activists and local politicians are organizing to put pressure on the CRTC and the federal government to preserve local broadcasting. Local 87-M President Brad Honeywill and A-Channel unit leaders Dianne Warren and Scott Burton have joined forces with Mayor Anne Marie DiCicco-Best of London and Windsor mayor Eddie Francis to focus public attention on the threat to local news programming. Another rally will be held in London on May 23rd.

CEP Media VP Peter Murdoch also laid the responsibility for the networks' flamboyant haste to exit local television at the feet of the CRTC. "The regulator enabled the growth of huge media corporations without concern for consolidated ownership's actual impact on both consumers and viewers," he said. "Larger and larger broadcasting corporations were supposed to strengthen local stations, not close them down."

Show Me the Money *CTV: Operating Profits and Job Losses*

By Kelly Toughill

CTV is crying the blues to the CRTC these days, but documents filed with federal securities regulators show the media company had a healthy operating profit last year.

The company that owns **The Globe and Mail**, the CTV network, a radio chain and a string of specialty networks has been laying off workers, shutting down programs and threatening to close local stations. CTVglobemedia executive vice president Paul Sparkes told the Canadian Radio-television and Telecommunications Commission that the company lost \$100 million on conventional television last year.

But figures buried in the financial statements of Torstar show that CTVglobemedia had an operating profit of 9.7 per cent in 2008, before the cost of interest, taxes and non-cash items like impairment of goodwill. And a CRTC report says that CTV's local news operations showed a "healthy overall profit" in 2008.

Conventional network television has suffered across the continent for several years as advertisers switched to the Internet and to specialty channels that target niche markets. In recent months conventional broadcast television has also been hammered by a recession that seen advertising budgets slashed around the globe.

CTVglobemedia does not file audited financial statements with securities regulators because it is privately owned. CTVglobemedia spokesperson Bonnie Brownlee did not return calls from j-source.ca.

CTVglobemedia is owned by **BCE Inc.**, the **Woodbridge Company Ltd.**, the **Ontario Teachers' Pension Plan**, and **Torstar**. A small summary of its financial report is included in the annual financial statements filed by Torstar. The Torstar report offers a glimpse into the overall health of CTVglobemedia, but does not separate out the performance of The Globe and Mail, the television network or other parts of the company.

According to Torstar's audited statements, CTVglobemedia had a net loss of roughly \$1 billion in 2008. But the loss was caused by a general decline in the perceived value of the company, not because operating expenses exceeded income. In fact, CTVglobemedia earned an operating profit of \$214 million on revenues of \$2.2 billion – a margin of 9.7 per cent.

The difference between the profit of \$214 million and the loss of \$1 billion are two accounting categories known as goodwill and intangible assets. Those categories measure things like the value of a

broadcast license, the value of a customer list or the value of a brand. The income statements of media companies around the world have been hit by impairment of goodwill and intangible assets in recent years. The write-offs have fueled huge net losses at most media companies in the United States and Canada, and driven down stock prices of almost all media organizations.

Financial losses are key to CTV's demand that cable companies begin paying fees to carry the basic network broadcast. The CRTC has rejected that idea, but may reconsider it later this year. The federal government has said that it wants to help private broadcasters weather what many consider a perfect economic storm in which the industry is trying to both restructure and simultaneously survive a major recession.

In the meantime, CTVglobemedia has started cutting in virtually every part of its operation. About 90 jobs were cut at the Globe in January. In late February, CTV announced plans to abandon local stations in Wingham and Windsor. The next day it announced the company was killing 40 jobs at CTV's **CHUM** Radio subsidiary. The cuts were immediate, with 23 positions left unfilled and 17 people out the door at nine stations across the country. The following Wednesday, CTV killed the local morning shows in Victoria, London and Barrie, and the 6 p.m., 11 p.m. and weekend newscast in Ottawa, ending 78 more jobs. One week later, CTV cut the early morning newscast in Montreal.

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The Decline of the American (Newspaper) Empire

"I don't know if it isn't too late already for American newspapering. So much talent has been torn from newsrooms over the last two decades and the ambitions of the craft are now so crude, small-time and stunted it's hard to imagine a turnaround. But if there is to be a renewal of the industry a few things are certain and obvious...."

David Simon, ex-Baltimore Sun reporter, and screenwriter for the acclaimed TV series "The Wire", testifies before the US Senate on May 6th. Download his eloquent take on the sputtering US newspaper industry at www.song.on.ca.