

CBC Newsworld: a question of sharing?

MONTREAL – When CBC *Newsworld*, the English-language 24-hour news channel signed on the air July 31, Quebec cable subscribers were left in the dark.

Vidéotron (800,000 subscribers) and CF Cable (200,000 subscribers), the two largest cable carriers, in Quebec, explained that they could not justify the cost of carrying *Newsworld* on the basic cable service to customers who are eight per cent and 37 per cent English-speaking, respectively, and who already pay close to \$20 monthly for their basic cable subscriptions.

Both companies say they will carry *Newsworld* but only if a specified agreement is reached with CBC.

Both companies told *Cinema Canada* that CBC incorrectly assumed, without adequate consultation, that the news service would be carried on basic in Quebec. English-language specialty services can be carried on a discretionary tier in Quebec according to regulations by the Canadian Radio-Television and Telecommunications Commission (CRTC).

Joan Donaldson, head of CBC *Newsworld*, says that while CF Cable may be using *Newsworld* as "a guinea pig" in its efforts to package its specialty channels on the discretionary tier, she does not dispute that *Newsworld* is optional to cable.

She says negotiations will continue with both cable companies but that the current priority is the launching of the news service across the rest of Canada.

"I want to continue to negotiate until I am sure of what a move in the Quebec market might mean in other markets," says Donaldson.

The key factor in the decision by both cable companies not to carry *Newsworld* is limited market size and, thus, a reluctance to pass on further cost increases to the subscriber who paid an increase in Sept. 1988 when both companies were obliged by the CRTC to carry five new French-language specialty channels on basic cable.

According to this "take one: take five" ruling, both are committed to carrying *Réseau des Sports* (RDS), a 24-hour sports program, on basic cable when it becomes available this Sept. 1, at which time basic cable subscriber rates will increase.

Linda Ahern, vice-president of marketing with CF Cable, explains that the take one:take five or linkage and distribution ruling defines Quebec as a Francophone market in which all English specialty services "could be offered as a discretionary service."

CF Cable offers four equivalent English-language services on basic and promises to do the same with *Newsworld*, she says, if the CRTC rules that a parallel French-language 24-hour news service by Radio-Canada, currently under review by the CRTC, is a mandatory basic cable service. If it is not mandatory basic, then CF

Cable proposes to offer *Newsworld* as a stand-alone discretionary channel or as part of an all-news package with the CNN.

Donaldson says this is not the way *Newsworld* intended to enter the Quebec market and that the 42.5 cent rate will also cover the cost of the parallel French-language service when, and if, it is approved by the CRTC. This, says Donaldson, is good value for two 24-hour news services.

"At issue is the fact that because we are the first out and because there is greater revenue potential in English Canada, we are forming the basis for the parallel French-language service. We are saying that all the French companies that will use the French-language service should participate in the development of that parallel service."

CF Cable is currently running *First Choice*, *Family Channel*, *Super Ecran* and *CNN* on the discretionary tier. Ultimately, says Ahern, the specialty channels would be pulled off the basic cable and offered in a selection of packages ranging in price from \$5 to \$10 monthly. Monthly fees for basic cable could be reduced to approximately \$15.

"We feel that specialty channels should be available to the client at their discretion, that they should have a choice to subscribe to any one of several packages and not be forced to pay for them on basic cable," says Ahern.

"Basic would lose channels, but these would be channels that subscribers don't want to pay for," says Ahern. "Our position on *Newsworld* is not a question of price, it is a question of choice."

Vidéotron will go ahead with RDS (on mandatory basic) on Sept. 1 and has added, YTV to its basic service after CBC refused to lower the wholesale price of the *Newsworld* channel from 42 cents to 10 cents per subscription.

"We were willing and still are to put *Newsworld* on basic if they agree to a price that respects our market," says J.P. Galarneau, director of marketing at Vidéotron.

Galarneau told *Cinema Canada* that a market study in early July showed that 88 per cent of Vidéotron customers "would not pay 10 cents" for the English-language news service.

Says Donaldson: "I understand their reluctance to ask their customers to help drive this licence until Sept. 1990. But we are asking people in Manitoba right now to help develop a French-language service. What I am saying is that this is Canada and sometimes we've got to share."

Hubert Stephenne, president of the Association des câbles distributeurs du Québec, with 67 predominantly French member companies covering 97.2 per cent of cable subscribers in Quebec, says he does not buy the argument that Canada should pull together.

"If you reversed this argument so that all of English-Canada should take the French-lan-

guage service, you could reduce the cost of the parallel service (two services) even further."

"CBC are just not business people," says Galarneau, "we brought them two proposals and we had to chase them for an answer we never got."

Galarneau says the difference (the discount) he is asking for is similar in principle to what Vidéotron subscribers pay for the French-lan-

guage TV5 in Alberta - five cents compared to 27 cents in Quebec.

Once again, Donaldson argues that TV5 is not building a parallel English service in the rest of the country.

By this Sept., subscribers to both companies will pay in excess of \$21 monthly. The subscription rate will rise again in 1990 should both news channels be placed on the basic service.

CBC Newsworld goes on-air

TORONTO – *Newsworld*, the all-news all-new CBC network, made its debut Monday morning, July 31, in Halifax at 6:00 a.m. (EST) with *Newsworld Mourning*. The sign-on did not go without glitches, both on and off-air. The new network, the first for the CBC in a long time, had problems with its satellite feed and minor technical problems that continued throughout the broadcast day. Even though the first show of the day was broadcast from Halifax, the local cable courier would only show the morning program because the company has not yet a signed contract with the CBC. In Dartmouth, Nova Scotia, and parts of Edmonton and Vancouver, *Newsworld* was also not broadcast.

Shaw Cable, which serves customers on the east side of Edmonton, said it will delay offering *Newsworld* to its subscribers until a satisfactory agreement can be reached with CBC over "terms of carriage." However, all the major cable companies outside of Quebec carried the service, even though, according to CBC spokesperson Janice Ward, the contracts are still

in negotiation. *Newsworld* can be seen in the Toronto area on Maclean Hunter Cable, channel 18, and Rogers Cable, on channel 26. This has led to a certain amount of confusion and Ward said the CBC had hoped it would be as low on the dial as possible. "We would prefer a common position in the city," she said.

The service was scheduled to begin on February 15, but then the cable companies balked, anxious to avoid raising subscriber rates at that time. *Newsworld* is funded entirely on its subscriber rate (approximately 42 cents a month across Canada) and advertising revenue. Ward anticipates that any outstanding difficulties with the cable companies will be resolved by September, when the cable operators will start charging their customers for the service. It is being offered free during the month of August.

As for the quality of service, Ward said it was difficult in the first week to judge the whole network. "We don't have the resources of a CNN," she said, "but we will keep getting better and better. On the whole it is going well."

CBC delays naming new head

OTTAWA – William Armstrong, executive vice-president of the CBC, will serve as interim president until a successor is named to outgoing president Pierre Juneau. Juneau's term of office came to an end August 1, after seven years. As called for in the 1968 Broadcast Act, CBC's board of directors has authorized Armstrong to act as interim head for up to 60 days. Armstrong has been No. 2 at the corporation since 1982. With Juneau now gone, there are seven positions vacant on the CBC's 15-member board.

CBC spokesperson Richard Chambers said the naming of a new president is not a CBC

decision, but one that has to come from the government. "The corporation has been in this position before," he said. Juneau finished his tenure with strong criticism of Mulroney's government for the recently imposed budget cuts and for failing to promptly name his successor. Armstrong, who was slated to be appointed director of the Ontario region, has been with the CBC for almost 30 years, joining the corporation in 1958 and serving for two years from 1981-83 as general manager of Roy Thomson Hall in Toronto.