

Review: Coverage of the income trust issue by CBC News

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## REVIEW

Brent Fullard, the president and chief executive officer of the [Canadian Association of Income Trust Investors](#), wrote January 9, 2010, to complain “about the suppression of the news at the CBC.” Another complainant wrote CBC March 4, 2010, on the matter. His concerns echoed Fullard’s, so this review addresses both complaints.

Fullard asserted that CBC failed to provide an “honest counterpoint to the endless lies about income trusts that are advanced elsewhere in Canadian media.” He believed there was an “active suppression” to keep the story away from Canadians, perhaps out of commercial or political pressure. He argued that more was expected from the public broadcaster.

An income trust is an investment designed to pay regular cash to investors. An income trust buys and holds stocks or assets of businesses. Investors buy units or shares of those trusts. If the businesses make money, the trust may share some of the profits through payments.

In 2006, the federal government announced it would start taxing trust payments in the 2011 taxation year, even though it had only months earlier promised it wouldn’t. Fullard said the move was going to cost investors \$35 billion and confer benefits for corporations over trust shareholders. He said the government had overstated the extent of “tax leakage” (forfeited tax revenue) from existing income trusts to justify the new provisions. He further argued that the changes precipitated a raft of foreign takeovers that ultimately hurt federal revenue.

Fullard, who noted in correspondence that he ran as a Liberal Party candidate in the 2008 federal election (and says he has since distanced himself from the party), said that a CBC reporter had indicated she had been thwarted in attempts to get the story on the air. He said a subsequent effort to bring the story to Radio-Canada during the 2008 campaign was “ultimately suppressed” and would have changed the election’s outcome.

In early 2010, following the prorogation of Parliament, CBC News invited viewers to submit questions they would like politicians to answer in the absence of the daily House of Commons

question period. Fullard said CBC failed to choose his question seeking the government's justification for the tax change, one that he asserted was a top vote-getter online.

Esther Enkin, the executive editor of CBC News, wrote back February 5, 2010, to address Fullard's many allegations. She said there was no substance to them.

The reporter whom Fullard said had indicated the income trust story had been suppressed had said no such thing, Enkin added. She had simply been looking for a practical way to tell the story and had not yet convinced senior editors of its qualities.

Enkin said she had inquired about Fullard's allegation of suppression of the story at Radio-Canada. While a story was prepared as a newsfeature, it contained no new information. When more topical stories emerged, the feature never aired.

As for the question Fullard provided, Enkin noted Fullard blogged about it before voting by the audience had concluded. She said that week a question on protecting disadvantaged Canadians had been voted the top question.

"I realize that it is not uncommon for someone who has a strong interest (in) an issue to be frustrated at others, the media included, who do not share that degree of interest," Enkin wrote. "But that does not mean . . . that they are censoring or 'suppressing' the issue or are biased against it."

Fullard wrote back February 12, 2010, that CBC had again that week not proposed to politicians the top question as selected by voters (his question).

He later wrote Enkin that the income trust story "is much simpler than people seem to want to make it." He provided an extensive list of leads to the story he said could be pursued. He said he wanted to work with a CBC reporter on it.

To some extent, he got his opportunity.

On February 26, CBC Television's The National aired a story in which he was featured. The story URL is:

[http://www.cbc.ca/video/#/News/TV\\_Shows/The\\_National/1233408557/ID=1426049405](http://www.cbc.ca/video/#/News/TV_Shows/The_National/1233408557/ID=1426049405)

The story arose from Fullard's question and he and a retiree were identified as examples of investors upset with the federal government's 2006 decision to tax the payments from income trusts.

Reporter Havard Gould said Fullard's group was attempting to get the government to "justify a sudden move" to tax the payments, a measure government "said it would not do."

Gould said CBC wasn't "able to put questions" to the minister because he didn't make himself available. Instead the finance minister, Jim Flaherty, was featured in archival clips about the necessity to proceed out of fairness with the tax measure.

Gould interviewed Laurence Booth of the Rotman School of Management for the item. Booth asserted tax revenues would have been seriously affected had the government not proceeded.

Fullard wrote again that the story amounted to a "hatchet job." He said it failed to produce a politician to answer the question and didn't give him an opportunity to rebut the archived clips it used.

He again challenged the assertion that leaving income trusts alone would have forfeited tax revenue. He took issue with the mention of decisions by BCE Inc. and Telus Corp. to enter income trusts, saying it misled people on the issue. He said the finance minister's remarks in the story had been taken from a very different context.

He said that Booth was not a qualified academic to be included in the story.

Enkin responded once more March 10, 2010, saying Flaherty's comments were relevant to the question at hand, as was the mention of the telecommunications companies.

She said the story was not an opportunity for him to debate Flaherty and that Booth had been a well-cited business scholar.

CBC Journalistic Standards and Practices in effect at the time called for accuracy in reporting so that *"information conforms with reality and is not in any way misleading or false."* Fairness in reporting needed to reflect *"equitably the relevant facts and significant points of view."* The policy called for *"proper care and judgment"* in using archival material. Information must be *"truthful, not distorted to justify a conclusion."*

## **CONCLUSION**

Day-to-day editorial decisions involving which stories to cover or not are outside the purview of the Office of the Ombudsman. As one can imagine, there would be no end of activity were there involvement in reviewing the thousands of decisions daily to assign particular coverage or not. I can only make the general observation that the political accountability sought by the complainant remains unaddressed. Government analysis of the tax change has not been released, nor is there any documented journalism that the minister directly answered the points raised by the complainant and those he represents.

But it is possible to review the February 26, 2010 story — more for what it did in adhering to standards and practices, less for what it didn't in pursuing alternate lines of inquiry, because it is not an Ombudsman's role to impinge upon editorial freedom within thoughtfully framed journalistic policy.

In its programming CBC News promoted the weekly feature, Your Question, as an opportunity to make politicians (mostly, government politicians) accountable while Parliament was prorogued. On the basis of that promotion, it was reasonable to assume that each week CBC News would take the most-supported question from viewers and seek a politician's answer.

CBC repeatedly sought the finance minister's involvement and satisfied policy in saying he wasn't available when it did so. It chose to use the viewer question to chronicle the complainant's quest for answers. As a news feature, it satisfied CBC Journalistic Standards and Practices, even if it might not have fulfilled Your Question's intention of political accountability.

Kirk LaPointe  
CBC Ombudsman