



15 August 2016

Danielle May-Cuconato  
Secretary General  
CRTC  
Ottawa, ON K1A 0N2

Dear Secretary General,

**Re: *Renewal of television licences held by large English- and French-language ownership groups, Broadcasting Notice of Consultation CRTC 2016-225 (Ottawa, 15 June 2016)***

The Forum for Research and Policy in Communications (FRPC) is a non-profit and non-partisan organization established to undertake research and policy analysis about communications, including broadcasting. We request the opportunity to appear before the Commission at its 28 November 2016 public hearing in the above-noted proceeding, to address the submissions of other parties and to respond to evidence and questions from the CRTC.

The Forum supports a strong Canadian communications system that serves the public interest. We welcome the opportunity to comment on the applications by Canada's largest broadcasters to renew their conventional and discretionary television licences, and look forward to reviewing other parties' submissions. We may seek the right to respond to evidence set out by the CRTC and others after 15 August 2015.

Our intervention is attached.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely yours,

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## **Renewing the licences of Canada's largest private broadcasters**

### **To strengthen Canada's television system**

Comments by  
Forum for Research and Policy in Communications (FRPC)

On

Renewal of television licences held by  
large English- and French-language ownership groups  
Broadcasting Notice of Consultation CRTC 2016-225  
(Ottawa, 15 June 2016)

15 August 2016

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## Executive Summary

- ES 1** The Forum for Research and Policy in Communications (FRPC) is a non-profit and non-partisan organization established to undertake research and policy analysis about communications, including telecommunications. The Forum supports a strong Canadian communications system that serves the public interest, and wishes to appear before the CRTC at its public hearing on the renewals of the television licences of Canada's largest private broadcasters.
- ES 2** This proceeding concerns applications to renew the licences controlled by seven major broadcasters: Bell, Rogers, Corus, Shaw, Quebecor, Groupe V, and Telelatino. Given these groups' privileged position in terms of size, the CRTC can use the decisions in this proceeding to strengthen Canada's television system.
- ES 3** Considering the proceeding's importance it would have been preferable if the public and broadcasters had had access to the CRTC's new local television policy before broadcasters' renewal applications were made available for public review, if broadcasters had answered all of the CRTC's questions before that time, and if interveners had been granted more than ten working days to review the final, complete applications.
- ES 4** Given the proceeding's scale – 64 TV stations and 99 discretionary services, the Forum used a report-card approach to evaluate the applicants' performance over the current licence term and their plans for the future. The evaluation was based on the CRTC's policies for Canadian and local programming. The Forum assigned scores to each broadcaster based on their achievement of objective results on a scale from 0 to 2, granting the highest scores to broadcasters that surpassed required or minimum levels, and the lowest scores when broadcasters provided no evidence on an issue. With 15 criteria, the maximum score possible was 30.
- ES 5** Overall, the scores achieved by the seven broadcast groups were as follows:

Possible scores: 0 to 30	Overall score
Bell	13
Rogers	11
Corus	9
Quebecor	9
Groupe V	12

- ES 6** These results demonstrate the serious concerns that the public is entitled to have when Canada's largest private broadcasters not only fail to strengthen their programming commitments for Canadian and local original content, but actively seek to reduce those commitments.
- ES 7** In our view, these unexpectedly low results support

- the denial of the applicants' requests to be exempted from the CRTC's current programming policies (by asking to reduce their commitments to CPE, PNI and local programming/news),
- shorter-than-normal licence terms, and
- clear conditions of licence for current levels of CPE and PNI, and for growing levels of original local programming and original local news.

**ES 8** The Forum's conclusions may be summarized as follows:

- 1 The absence of evidence about many aspects of broadcasters' current performance and future plans, particularly with respect to their commitments to daily journalistic presence in the communities they are licensed to serve, seriously impedes meaningful analysis of the renewal applications in this proceeding: broadcasters should therefore receive short-term renewals of up to four years, to provide the CRTC with an opportunity to change or add conditions of licence to strengthen broadcasters' performance
- 2 Broadcasters' requests to reduce their commitments to expenditures on content created by Canadians are inconsistent with and will prevent, the CRTC's *Let's Talk TV* policies' achievements of their objectives, and should be denied
- 3 Consistent, clear and enforceable conditions of licence are needed to maximize the level of original programming and original news produced and broadcast by local stations for and about the local communities they serve
- 4 The current approach permitting 'tangible benefits' to expire should be reconsidered, to ensure that Canadians continue to benefit from more concentrated ownership, in the same way that buyers and sellers of programming services continue to benefit from the approval of their ownership applications
- 5 The CRTC should grant Rogers' application for a satellite-delivered OMNI television service, provided that conditions of licence ensure the reinstatement of original, daily local news, and other original weekly local programs in each city served by an OMNI TV station
- 6 The CRTC should support broadcasters' requests for financial assistance in respect of the 600 MHz transition

### **Summary of the Forum's Recommendations**

Forum recommendation 1 Data from the aggregated financial summaries published by the CPE since 2008 should be made available online in electronic spreadsheets, in the same way that the CPE makes annual aggregated financial statistics available for the conventional television, discretionary television, conventional radio and broadcast distribution undertaking sectors

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Forum recommendation 2	When inviting comments on broadcasters' renewal applications, the CPE should summarize all key aspects of broadcasters' performance in its notices of consultation, and on its webpage listing these notices	16
Forum recommendation 3	The applicants' overall failure to agree to strengthen the resources they allocate to content created by Canadians, to programming of national interest and to original local programming and original local news mandates the imposition conditions of licence with specific, year-by-year requirements	18
Forum recommendation 4	Bell – As the company has said that denying its request to reduce the requirements for content created by Canadians on TSN will not affect TSN's viability or its finances, and approval is inconsistent with Bell's strategy for scheduling original Canadian programming, the CRTC should deny the request	19
Forum recommendation 5	Bell – as original programming meets an important need of VRAK's youthful audience (being exposure to new, Canadian programming) Bell's application to drop the current requirement for 104 hours/year of original programming on VRAK should be denied	20
Forum recommendation 6	The CRTC annual return form should be revised to enable the collection of data about journalistic presence	20
Forum recommendation 7	Groupe V – in light of the applicant's current standing as a vertically integrated broadcaster, the CRTC should determine whether it now has the financial capacity to reinstate local original program production by its stations in the communities it is licensed to serve	21
Forum recommendation 8	Groupe V – the CRTC should apply the same conditions of licence for original local programming and original local news to the applicant's television stations as it applies to other applicants in this proceeding, in light of the applicant's failure to provide any evidence demonstrating its inability to assume these responsibilities	21
Forum recommendation 9	In the absence of evidence supporting the need for continued exceptions to the CRTC's local television policy, the CRTC should apply its terms consistently to all locations and to all broadcasters	22
Forum recommendation 10	The CRTC should convene a meeting of broadcasters and other interested parties to propose efficient and effective approaches for measuring the broadcast of locally relevant programming and locally reflective news	24
Forum recommendation 11	The CRTC should issue a notice of consultation inviting comment on updating its broadcast logging systems for the 21 <sup>st</sup> century	24



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Forum recommendation 12	The CRTC should issue a notice of consultation inviting comment on updating its annual return forms for broadcasters, to reflect local presence requirements	25
Forum recommendation 13	As none of the applicants addressed the manner in which its programming reflects the multicultural and Indigenous heritage of Canada, the CRTC should ensure that each applicant provides evidence on this point at its public hearings at the end of 2016	26
Forum recommendation 17	Broadcasters' applications to reduce their CPE levels should be denied, as approval could reduce CPE by 10% or more in the next licence term	30
Forum recommendation 18	Broadcasters' PNI levels should be maintained, by condition of licence	30
Forum recommendation 19	Broadcasters should be required to allocate 75% of their PNI expenditures to independent producers	30
Forum recommendation 20	Conditions of licence of licence for local programming and local news must require specific levels (hours) of original, first-run programming <sup>35</sup>	
Forum recommendation 21	Conditions of licence for local programming and local news must specify that the programming be produced by the staff employed by the station claiming the programming	35
Forum recommendation 22	The CRTC's <i>Annual Return</i> should be amended to require broadcasters to report on the number of reporters they employ on a full-time basis at each station, and to identify the news bureaux operated by each station	35
Forum recommendation 23	Applicants should clarify the impact of the expiry of tangible benefits-funded programming on their commitments to Canadian programming	36
Forum recommendation 14	Rogers – as its request to reduce the number of ethnic groups and languages is not supported by evidence, it should be denied	37
Forum recommendation 15	Rogers – as its request to remove the 16% limit on any one language is not supported by evidence of the impact of the change on its audience, it should be denied	37
Forum recommendation 16	Rogers – as its request to measure local programming at OMNI Calgary and OMNI Edmonton on an annual basis is not supported by any evidence, it should be denied	37
Forum Recommendation 24	The CRTC should support broadcasters' proposal that they be compensated for the transmitter costs necessitated by the new allotment plan required by the Canadian and American federal governments' decision to repurpose the 600 MHz band	38

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Forum Recommendation 25	The CRTC should support broadcasters' request for adequate time to plan and complete their transition to the new allotment plan	39
Forum Recommendation 26	The CRTC should change its current practice and provide a minimum of 60 calendar days for major policy and licensing proceedings	3
Forum Recommendation 27	The CRTC should schedule the release of major policies at least 8 weeks before gazetting applications affected by those policies	4
Forum Recommendation 28	The CRTC should develop a framework for the information to include in its notices of consultation, to facilitate informed commentary, and maximize the effective use of limited resources	5
Forum Recommendation 29	The CRTC should add group or ultimate ownership of each programming service to its downloadable lists of these services	6
Forum Recommendation 30	When asking broadcasters to file evidence after a proceeding's intervention deadline has passed, the CRTC should also give interveners the opportunity and time to respond to that new evidence	7
Forum Recommendation 31	The CRTC should use the legal terms set out by Parliament in its broadcasting policy for Canada – "men, women and children", "audiences" and "community" – not ideologically biased terms such as "consumers" and "markets"	8
Forum Recommendation 32	The CRTC should issue an Information Bulletin to explain its practice in establishing and implementing policy, with particular reference to the role and source of evidence	9

## I Introduction

- 1 The Forum for Research and Policy in Communications (FRPC) is a non-profit and non-partisan organization established to undertake research and policy analysis about communications, including telecommunications.
- 2 The Forum supports a strong Canadian communications system, provided it serves the public interest. We define the public interest in terms of the legislative objectives set by Parliament for Canadian communications. Those objectives address Canadians' needs for local, regional and national programming of high standard, which strengthens the culture, society and economy of Canada, and the requirement that each broadcast undertaking "make maximum use, and in no case less than predominant use, of Canadian creative and other resources in the creation and presentation of programming".<sup>1</sup>
- 3 The Forum's focus in this intervention is on the future: will the licences whose renewals are being considered serve the public interest – and if not, how should the terms and conditions of those licences be changed to ensure that they *will* serve the public interest?
- 4 Although the Forum has a number of procedural concerns about this proceeding, our focus in this intervention is on broadcasters' renewal applications. Our procedural concerns are set out in Appendix 1, while the remainder of our comments focus on the applications.
- 5 In the following section (Part II) we explain our approach to evaluating broadcasters' renewal applications. We developed and used an objective scoring system based on key criteria in the CRTC's television and compliance policies and the *Broadcasting Act*. Part III addresses the private broadcasters' applications one by one. We present the scores achieved by each broadcasters, and address unique aspects of their applications. We then make a number of proposals aimed at maximizing these broadcasters' contributions to Canada's television system by 2022.
- 6 Part IV concludes by considering the implications for Parliament's broadcasting policy and the public interest if broadcasters' applications are approved as filed, are approved as we propose, or are approved so as to maximize the chances that the CRTC's policies will achieve Parliament's objectives.

## II Evaluating large private broadcasters' renewal applications

- 7 The Forum considered large private broadcasters' renewal applications in terms of the CRTC's television and regulatory policies and Parliament's broadcasting policy for Canada (section 3 of the *Broadcasting Act*).
- 8 Given the scale of this renewal proceeding – 5 of Canada's largest TV broadcasters, 165 television programming undertakings – we adopted a relatively objective approach to

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<sup>1</sup> *Broadcasting Act*, s. 1(f).

evaluating the applicants, based on the requirements set by Parliament, the CRTC, and broadcasters themselves. Our goal was to devise a framework for evaluating broadcasters' applications empirically and in a consistent manner, to obtain a single overall number, or report card mark, for each broadcaster. An approach such as this permits broadcasters to be compared more easily, and offers a mechanism for assessing the merits of requests made by applications for specific licence term lengths, or regulatory amendments.

	<b>TV networks</b>	<b>Conventional TV stations</b>	<b>Discretionary TV services</b>	<b>Total</b>
Bell		29 conventional	33 discretionary	62 TV services
Corus		15 conventional	45 discretionary	60 TV services
Quebecor	1 network	6 conventional	8 discretionary	15 TV services
Groupe V	1 network	5 conventional	2 discretionary	8 TV services
Rogers	1 network (HNIC); does not want to renew it	9 conventional	11 discretionary	21 TV services
Total	3 networks	64 conventional	99 discretionary	166 TV services

Source; CRTC ownership charts

- 9 In our view, this approach is consistent with the CRTC's increasingly standardized approach to the regulation of Canadian television.
- 10 The Forum therefore reviewed the CRTC's 2010 group-based licensing policy, its 2015 policy on creating Canadian programming,<sup>2</sup> and its new local television programming policy.<sup>3</sup>
- 11 We decided that the three issues that are key to decisions to renew large broadcasters' television licences are: support for content created by Canadians, support for programming of national importance, and requirements for local television programming.

<sup>2</sup> *The way forward – Creating compelling and diverse Canadian programming*, Broadcasting Regulatory Policy CRTC 2015-86 (Ottawa, 12 March 2015).

<sup>3</sup>

**A Criteria for evaluating Canada's largest broadcasters****1 Support for content created by Canadians**

12 The CRTC launched the *Let's Talk TV* process more than two years ago, in April 2014.<sup>4</sup> The process was intended to promote a Canadian television system that “encourages the creation of compelling and diverse programming made by Canadians”.<sup>5</sup>

13 As it happens, Parliament’s 1991 broadcasting policy also requires each broadcasting undertaking to “make maximum use, and in no case less than predominant use, of Canadian creative and other resources in the creation and presentation of programming....”<sup>6</sup>

If each broadcasting undertaking made predominant use of Canadian resources to create programming, content created by Canadians would consume the majority of private broadcasters’ conventional television expenditures.

14 Large broadcasters have resources available to them that smaller broadcasters lack. Corus, for instance, noted that it “... now has the scale necessary to create, acquire and deliver compelling content both domestically and internationally. We can move forward with our strategic priorities, which align with the Commission’s goals for the Canadian broadcasting system set out in its Create policy.”<sup>7</sup>

15 Private television broadcasters’ expenditures on foreign content have, however, exceeded their spending on content created by Canadians for the past thirteen years, since 2003 (see Figure 1 ).

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<sup>4</sup> *Let's Talk TV*, Broadcasting Notice of Consultation CRTC 2014-190 (Ottawa, 24 April 2014), <http://www.crtc.gc.ca/eng/archive/2014/2014-190.htm>.

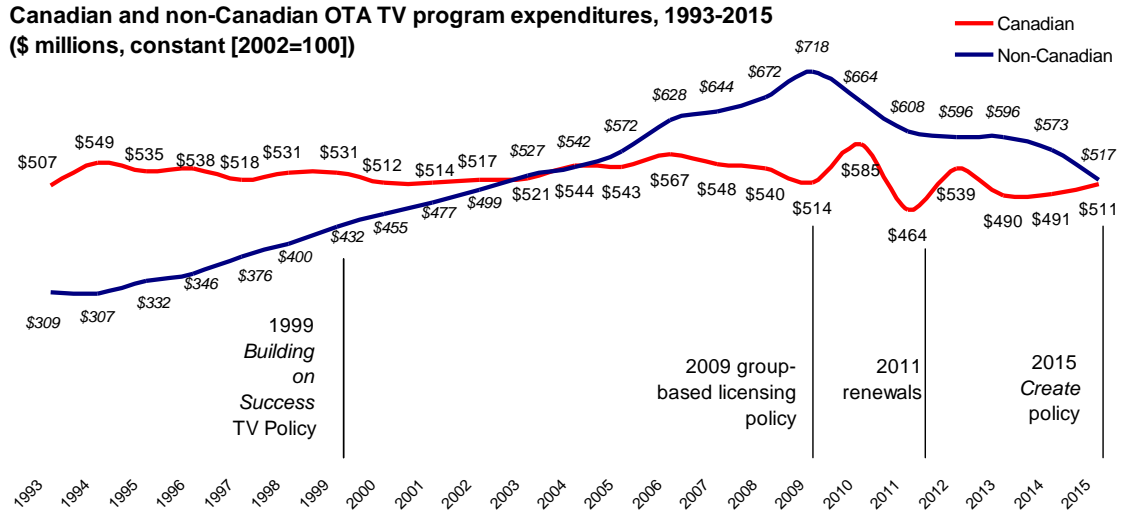
<sup>5</sup> *Let's Talk TV: Navigating the Road Ahead - Making informed choices about television providers and improving accessibility to television programming*, Broadcasting Regulatory Policy CRTC 2015-104 (Ottawa, 26 March 2015), <http://www.crtc.gc.ca/eng/archive/2015/2015-104.htm>, at ¶14.

The process was also intended to promote a Canadian television system that “fosters choice and flexibility in selecting programming services” and that “empowers Canadians to access and make informed choices about programming, and provides recourse mechanisms in the case of disputes”.

<sup>6</sup> *Broadcasting Act*, s. 3(1)(f).

<sup>7</sup> Corus Supp. Brief, at 2.

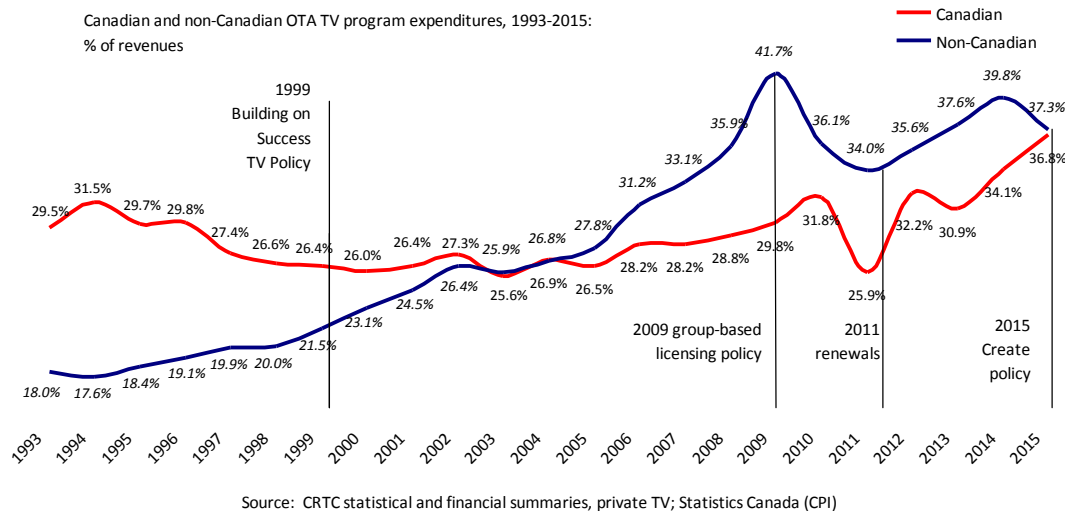
**Figure 1 Conventional TV expenditures on Canadian and non-Canadian programming, 1993-2015 (controlled for inflation)**



Source: CRTc statistical and financial summaries, private TV; Statistics Canada (CPI)

- 16 The gap between expenditures on Canadian and non-Canadian programming has steadily decreased since 2013, though, because of steadily declining expenditures on foreign programming.
- 17 The result is that private TV stations’ spending on content created by Canadians may exceed foreign programming expenditures in the 2015-2016 broadcast year – a very desirable outcome.
- 18 Similarly, private TV stations allocated more of their revenues to foreign programming, than to content created by Canadians, from 2003 on (see Figure 2).

**Figure 2 Conventional private TV expenditures on Canadian and non-Canadian programming as a percentage of total private TV revenue, 1993-2015**



- 19 Figure 2 shows that private television broadcasters have been increasing the percentage of their revenues since 2011, and that Canadian programming expenditures may well predominate as a percentage of total revenues, by 2015-2016 – again, a very desirable outcome.
- 20 The regulatory tool that has helped to reverse private television’s twelve-year reliance on foreign programming consist of twelve years is the CRTC’s decision in 2010 to require private TV broadcasters to allocate a proportion of their revenues, on Canadian programming expenditures (CPE).<sup>8</sup>
- 21 Broadcasting Regulatory Policy CRTC 2010-167<sup>9</sup> also recognized the impact of the CRTC’s approval of large ownership transactions by permitting broadcasters with

<sup>8</sup> The policy is similar to that adopted for a short period by the CRTC in 1989. Overview: Local Television for the 1990s, Public Notice CRTC 1989-27 (Ottawa, 6 April 1989): it linked Canadian program expenditure requirements to individual licensee’s financial performance through a formula; 17 licensees with total ad revenues of more than \$10 million were required, by condition of licence, to spend a specific minimum level on Canadian programming; if the advertising revenues changed, these expenditure requirements were adjusted accordingly. The CRTC estimated that \$2 billion would be spent on the production of Canadian programs over the following five years”.

In December 1992 the CRTC gave broadcasters more flexibility by allowing them to shift expenditures to different periods.

<sup>9</sup> *A group-based approach to the licensing of private television services*, Broadcasting Regulatory Policy CRTC 2010-167 (Ottawa, 22 March 2010).

conventional and discretionary television programming services to allocate their programming expenditures as they wished (with some limitations).

- 22 BRP 2010-167 set CPE requirements for each major English-language broadcast group,<sup>10</sup> and required them to allocate a minimum of their revenues on programs of national interest (PNI)<sup>11</sup> and on independent production.<sup>12</sup> The CRTC then imposed the specific requirements by condition of licence for each ownership group, depending on each group's financial capacity.
- 23 The CRTC issued a series of policies for the television system last year "to build a future Canadian television system that encourages the creation of compelling and diverse programming made by Canadians".<sup>13</sup> It noted that English-language broadcasters had reduced, while French-language broadcasters had raised, their CPE in the past several years; English-language and French-language broadcasters alike had reduced their PNI spending (Table 1).

**Table 1 CRTC's 2015 analysis of group-based licensing policy, using revenues, CPE and PNI**

Indicator	English-language licensee	French-language licensees
Revenues	Decreased 2.5% per year on average	Increased 3.0% per year on average
CPE	\$3.3 billion from 2012 to 2015 (=52% of total CPE for all English-language services) Decreased 1.4% per year	\$0.7 billion from 2013 to 2015 (=42.6% of total CPE for all French-language TV services) Increased 18.1% per year on average
PNI	Decreased 12.7%/year 2012: \$158.5 million 2015: \$105.4 million (=80% of total PNI for all English-language services)	Decreased 12.6%/year 2013: \$13.1 million 2015: \$24.5 million (=43% of total expenditures for French-language programming)
Source: BNoC 2016-225, ¶¶16-20		

<sup>10</sup> *Ibid.*, at ¶46: "... to ensure that the designated groups continue to contribute to the creation of Canadian programming, the Commission will establish a minimum, aggregate level of spending on Canadian programs for each designated group."

<sup>11</sup> *Ibid.*, at ¶74: "...the Commission will impose on each designated group, at the next licence renewals of their services, an expenditure requirement specific to the creation and acquisition of programs of national interest."

<sup>12</sup> *Ibid.*, at ¶95: "...designated groups should be subject to a condition of licence requiring that at least 75% of the spending requirement for programs of national interest be allocated to independently-produced programs."

<sup>13</sup> *Let's Talk TV: The way forward – Creating compelling and diverse Canadian programming*, Broadcasting Regulatory Policy CRTC 2015-86 (Ottawa, 12 March 2015), preface (italics removed).



24 The CRTC maintained its five-year old CPE, PNI and independent production requirements (Table 2), while reducing the percentage of conventional television stations’ programming devoted to content created by Canadians from 55% over the broadcast year, to 17%.<sup>14</sup>

**Table 2 CRTC’s proposed approach to group-based licensing in 2016 renewal process**

2017/18 onwards	English-language groups	French-language groups
CPE	Historical: \$3.3 billion from 2012 to 2015 (=52% of total CPE for all English-language services) Decreased 1.4% per year	\$0.7 billion from 2013 to 2015 (=42.6% of total CPE for all French-language TV services) Increased 18.1% per year on average
	Next licence term: <b>Maintain CPE</b> Set CPE based on historical % for all services with more than 200K subs Address English-language and French-language language groups separately, setting French-language requirements case by case	
PNI	Decreased 12.7%/year 2012: \$158.5 million 2015: \$105.4 million (=80% of total PNI for all English-language services)	Decreased 12.6%/year 2013: \$13.1 million 2015: \$24.5 million (=43% of total expenditures for French-language programming)
	Next licence term:	

<sup>14</sup> Private television licensees are currently required by s 5(6) of the *Television Broadcasting Regulations, 1986*, regulation to devote 55% of the broadcast year to the broadcast of Canadian programs. S. 5(7)(b) also required private television licensees to devote 50% of the evening broadcast period (6pm – mdnt) to the broadcast of Canadian programs, which were included within the 69.3 hour requirement.

Broadcasting Regulatory Policy CRTC 2015-86 announced that the 55% broadcast year requirement would be eliminated when major broadcasters’ renewal applications were heard; it retained the evening broadcast requirement:

... to ensure that Canadian programs continue to be made widely available to Canadians in the traditional linear environment, and that these programs are given a chance of success by being scheduled in the evening when most linear viewing still occurs, the Commission will retain exhibition requirements for private conventional television stations but only during the evening broadcast period. In the French-language market where there is no impact from simultaneous substitution, the evening requirement will be retained given the high level of viewing to Canadian programming during that period and the lack of parties asking for its removal. At the next licence renewals, exhibition requirements pertaining to the overall broadcast day will be removed.

Once the CRTC enacts new television regulations to implement its policy, private television licensees need only ensure that half of the hours broadcast from 6pm to midnight each week are Canadian: 3 hours x 7 days = 21 hours. As the broadcast week (6 am to midnight) consists of 18 hours x 7 days = 126 hours, the total Canadian content requirement has decreased from 69.3 hours per week (or 55% of the broadcast year), to 21 hours per week (or 17% of 126 hours).

2017/18 onwards	English-language groups	French-language groups
	<b>Maintain current PNI</b> requirements for English-language groups & require 75% of PNI to be directed to independent producers Determine French-language PNI at licence renewal	
Local programming	Next licence term: 7 hours/week in non-metropolitan communities 14 hours/week in metropolitan communities	Next licence term: Case by case, but at least 5 hours/week
Local news	Next licence term Locally reflective news program segments in which <ul style="list-style-type: none"> <li>• Subject relates specifically to the community a station is licensed to serve</li> <li>• Community is portrayed onscreen by including its residents, officials or coverage of its municipal or provincial government</li> </ul> Produced by <ul style="list-style-type: none"> <li>• The station's staff OR</li> <li>• Independent producers specifically for the station</li> </ul> Minimum levels of local news, based on historical levels Minimum percentage of previous year's revenues on local news expenditures, based on historical levels	
National news	Maximum of 12 minutes of national advertising/hr averaged over broadcast day at least 16 hours per day of original programming, seven days a week, averaged over the broadcast year – need not be first-run original programming; at least 95% of all programming broadcast during the broadcast month from program categories 1 News, 2(a) Analysis and interpretation, 2(b) Long-form documentary and 3 Reporting and actualities; at least 90% Canadian programming, averaged over the broadcast year maintain and operate a live broadcast facility and regional news bureaux in at least three regions other than in that of the live broadcast facility; the ability to report on international news and events from a Canadian perspective; and compliance with various codes of ethics 100% captioning and monitoring system; audio description of information programs	
Source: BNoC 2016-225, ¶¶16-20; ¶¶28-31; ¶¶43-46; BRP 2015-436, ¶6, ¶8		

- 25 The Forum is using CPE, PNI and the 75% independent production requirements to evaluate private broadcasters' past performance, and future plans.
- 26 We have awarded higher scores to broadcasters that met or surpassed their CPE, PNI and independent production requirements in their current licence term, than to broadcasters that did not meet or did not provide information about, their CPE, PNI and independent production expenditures. Similarly, we have awarded award higher scores to broadcasters whose plans for their next licence term establish that they will be surpassing their current requirements – as decreases in these program expenditure

requirements will weaken the programming available to Canadian audiences, while increases will strengthen it.

## **2 Expenditures on and exhibition of local programming and local news**

- 27 Our second group of criteria involves local programming. The CRTC released its new policy for local (and community) television in June 2016.
- 28 Broadcasting Regulatory Policy CRTC 2016-224<sup>15</sup> establishes that the CRTC will set exhibition and expenditure requirements for local programming and local news.
- 29 In terms of exhibition and although “many stations belonging to large ownership groups reported that they broadcast double or triple the [current] required level”<sup>16</sup> BRP 2016-224 retains requirements for weekly hours of local programming which the CRTC established by the CRTC in 2009.<sup>17</sup>
- 30 Private English-language television stations will again be required to broadcast at least 7 hours of local programming per week in non-metropolitan communities (populations less than one million people), and at least 14 hours per week in metropolitan communities (populations of one million or more people). Requirements for French-language television stations will continue to be set case by case.<sup>18</sup>
- 31 BRP 2016-224 very broadly defines ‘locally relevant programming’ to consist of locally relevant programming that “is of interest to the community or market served”.<sup>19</sup> It is in our view unclear what programming would be excluded from this definition, or whether the hours of local programming created and presented by TV stations will decrease, stay the same, or increase.
- 32 BRP 2016-224 also expanded the definition of local news, to include shows focussed on talk, panel discussions, consumer affairs, reviews, or newsmagazines. It added that “news programming will be considered locally reflective” if it consists of certain content, relates to the location the broadcaster is licensed to serve, portrays the location on screen, and is produced by the station’s employees or independent producers:

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<sup>15</sup> *Policy framework for local and community television*, Broadcasting Regulatory Policy CRTC 2016-224 (Ottawa, 15 June 2016).

<sup>16</sup> *Ibid.*, ¶130.

<sup>17</sup> Policy determinations resulting from the 27 April 2009 public hearing, Broadcasting Regulatory Policy CRTC 2009-406 (Ottawa, 6 July 2009)

<sup>18</sup> *Ibid.*, at ¶32.

<sup>19</sup> *Ibid.*, at ¶52.

- 33 TV stations may now count talk shows as news, because the CRTC has defined news as including content from CRTC programming Categories 1 and 2(a)<sup>20</sup>:

Category 1 News: “Newscasts, newsbreaks, and headlines. Programs reporting on local, regional, national, and international events. Such programs may include weather reports, sportscasts, community news, and other related features or segments contained within “News Programs”<sup>21</sup>

Category 2(a) Analysis and Interpretation: “Programs on various topics that include analysis or discussion, for example, talk or panel shows, consumer affairs or reviews, newsmagazines and documentaries that do not fall under category 2b). This category excludes programs presenting information primarily for entertainment value”<sup>22</sup>

- 34 The CRTC has added that the it will measure locally reflective news as programming that excludes advertising and whose specific program segments in which

- The subject matter of the Category 1 or 2(a) content relates specifically to the community a station is licensed to serve;
- The program portrays an onscreen image of the community by, for example, including its residents or officials or featuring coverage of its municipal or provincial government; and
- The program is produced by the station's staff or by independent producers specifically for the station<sup>23</sup>

- 35 As the CRTC has not previously required broadcasters to log their local newscasts in terms of its 2016 criteria, it is difficult to know whether the level of locally reflective news created and presented by large broadcasters’ TV stations will decrease, remain the same or increase.

- 36 BRP 2016-224 also provides a non-mandatory guideline for “local presence”, noting that

one of the means that local television stations may use to meet their obligation to provide locally reflective news is to maintain a local physical presence, which may include:

- o providing seven-day-a-week original local news coverage distinct to the market;
- o ensuring that editorial decisions on content are made in the market;
- o employing full-time journalists on the ground in the market; and
- o operating a news bureau or news gathering office in the market.<sup>24</sup>

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<sup>20</sup> *Ibid.*, at ¶157.

<sup>21</sup> CRTC, *Television Program Categories*, <http://www.crtc.gc.ca/canrec/eng/tvcat.htm>, <accessed 12 August 2016”.

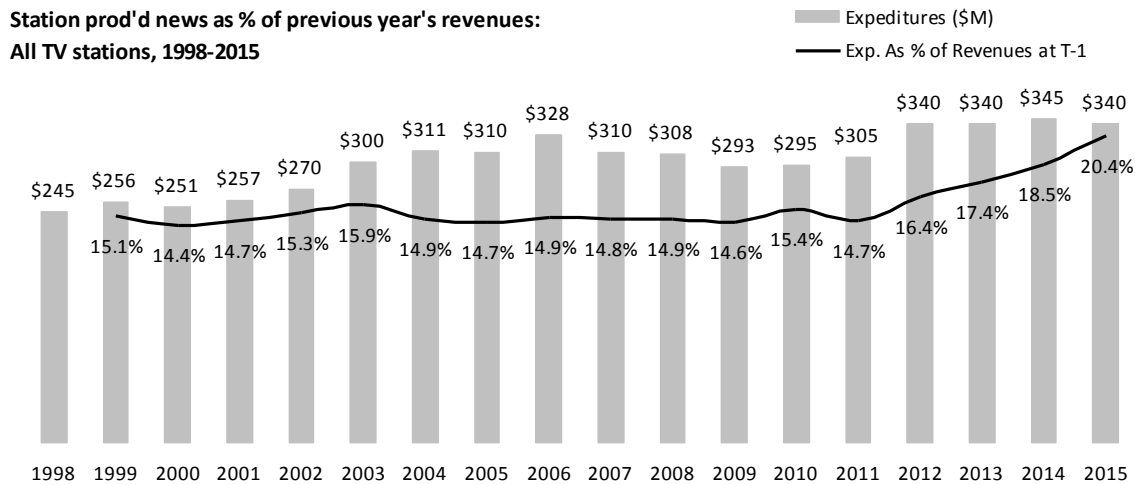
<sup>22</sup> *Ibid.*

<sup>23</sup> *Ibid.*, at ¶156 (bold font removed).

<sup>24</sup> *Ibid.*, at ¶161 (bold font removed).

- 37 It is unclear whether or how broadcasters will implement the CRTC’s non-mandatory guideline on local presence, and as broadcasters have not had to report their compliance with this guideline in the past, it is also unclear how private TV stations currently meet the criteria.
- 38 The Forum therefore commissioned Dr. Mark Bourrie to undertake a study of news bureaux in Canada. The results of his work are set out in Appendix 3, and establish that journalistic resources for which data are available are spread thinly in Canada.
- 39 Many questions remain unanswered about the CRTC’s new local television policy; ours are summarized in Appendix 4. In particular, it is unclear what expenditures broadcasters will devote to local programming and local news in terms of their previous year’s revenues, and how much local programming will be offered to communities across Canada, each week.
- 40 Expenditure data are available for private television in general, however. Figure 3 shows that in the past five years private TV stations’ expenditures on local news as a percentage of private TV stations’ total revenues have grown from 15.4%, to 20.4%.

**Figure 3 Private TV stations’ expenditures on station-produced news, as a percentage of private TV stations’ revenues in the previous year, 1999-2015**



Source: CRTC Statistical and financial summaries, private TV

- 41 The Forum awarded higher scores to broadcasters whose local programming and local news expenditures grew during their current licence term, than to broadcasters whose local programming and local news expenditures remained the same or decreased. Similarly, we awarded higher scores to broadcasters whose plans for their next licence

term establish that they will be surpassing their current requirements.<sup>25</sup> Given their dominance in the broadcasting system, decreases in their expenditures will weaken the local television programming and local news available to Canadian audiences, while increases will strengthen it.

### **B Summary of evaluation criteria**

42 The specifics of the Forum's report card are listed in detail in **Error! Reference source not found.** and summarized below. Of its 15 criteria, 7 relate to broadcasters' current performance; the remaining 8 relate to their plans for the next licence term.

**Table 3 Forum criteria for evaluating large broadcasters' current performance and future plans**

<b>Performance in current licence term</b>	
<b>Group Licensing Policy 2010-167</b>	
1	CPE, expenditures on original first run programs
2	PNI, expenditures on programs of national interest
3	PNI: % to independent producers > or = 75%
<b>Local television policy 2016-224</b>	
4	Local programming expenditures
5	Local programming exhibition
6	Local news expenditures
7	Local news exhibition
<b>Future plans</b>	
<b>CRTC group-based licensing policy 2010-167</b>	
8	Expenditure on content created by Canadians (CPE)
9	PNI
10	PNI: % to independent producers > or = 75%
<b>CRTC Local TV policy 2016-224</b>	
11	Full-time journalists employed in the location; news bureaux
12	Local programming expenditures
13	Local programming exhibition
14	Local news expenditures
15	Local news exhibition

<sup>25</sup> Four years ago the CRTC also adopted the approach, when it considered an application from Groupe V to amend its TV station licences. In *V Interactions Inc. - Review of certain conditions of licence*, Broadcasting Decision CRTC 2012-243 (Ottawa, 26 April 2012), <http://www.crtc.gc.ca/eng/archive/2012/2012-243.htm>, at ¶25 the CRTC noted that it had ... asked V Interactions to submit logger tapes of all newscasts aired during the course of one broadcast week by each of its stations. Analysis of these newscasts revealed that while complying with its conditions of licence concerning local news, V Interactions' stations broadcast on average only a few minutes of local segments originating in the markets in which the newscasts are broadcast. The Commission notes in particular that, for the sample week, the newscasts of the stations in Québec, Saguenay, Sherbrooke and Trois-Rivières contained no segments covering local arts and shows or local sports.

If the CRTC intends to continue to evaluate applicants' programming content, it should notify applicants of this intention beforehand.

- 43 In measuring broadcasters' achievements with respect to these criteria we used, to the extent of available data, results for the entire broadcaster – in other words, for all licences controlled by the broadcaster.
- 44 The Forum evaluated broadcasters' performance over the current term. Considering that broadcast licences are the property of the government of Canada rather than licensees, that it is a privilege to hold a broadcasting licence rather than a right, and that licences cannot be granted in perpetuity but for terms of no longer than seven years, our view is that the CRTC ought to evaluate broadcasters' performance before renewing their licences (even if it has purported to delegate this authority to third parties), as well as their plans for the future.
- 45 The CRTC has used licence term length to penalize licensee's non-compliance with the *Broadcasting Act*, its regulations or conditions of their licence. It also sometimes denies broadcasters' applications to amend their licences in the hopes of either encouraging compliance or deterring non-compliance.
- 46 A broadcaster's decision for its next licence term to maintain, weaken or strengthen its performance with respect content created by Canadians, local programming and local news, should be equally important to the CRTC. In our view, clear and specific commitments to strengthen performance in these areas will benefit the broadcasting system, and Canadians: broadcasters that filed details about their plans for the future and which demonstrated a willingness to strengthen their performance obtained higher scores than broadcasters that were silent about their plans, or that reduced their financial and other commitments to the system.
- 47 We then scored large broadcasters' applications in terms of the 15 measures we identified, and for which data were available to the public – if data were not made available to the public, neither the public nor the Forum is in a position to evaluate the data and in turn, licensees' claims.
- 48 Our scoring system ranges from 0 to 2, meaning a broadcaster could score a minimum of 0 points and a maximum of 30 points.

**Table 4 Scoring system for the Forum's report card**

Score	Past performance	Future plans
0	Broadcasters that provided no data about a criterion, filed the data on a confidential basis or which showed a decrease in performance over time	Broadcasters that provided no data about a criterion, filed the data on a confidential basis, or whose plans show a decrease compared to the current licence term

1	Broadcasters that maintained their performance over time	Broadcasters whose plans maintain current performance
2	Broadcasters that improved their performance over time or surpassed requirements	Broadcasters whose plans exceed their current performance

49 We then reviewed large broadcasters' renewal applications. By our count, the changes to the applications in this process include six revisions since they were first filed with the CRTC this past spring, and two additional sets of answers since they were made public by the CPE in mid-June.

**Table 5 Amendments to 2016 renewal applications**

8 February 2016	CPE distributes renewal questions
1 April 2016	Rogers files its original renewal application <sup>26</sup>
18 April 2016	Other broadcasters file renewal applications
27 April 2016	Bell corrects its applications
13 May 2016	Broadcasters answer CPE deficiency questions
27 May 2016	Groupe V answers CRTC deficiency questions
30 May 2016	Broadcasters respond to CPE deficiency questions
9 June 2016	Groupe V answers CRTC deficiency questions
10 June 2016	Broadcasters respond to CPE deficiency questions
15 June 2016	CPE publishes broadcasters' renewal applications
8 July 2016	Broadcasters provide additional information, and/or amend their applications <sup>27</sup>
25 July 2016	Broadcasters provide additional financial information

50 Given the ongoing changes to broadcasters' applications the scores awarded by the Forum may at times not reflect broadcasters' most recent filing. We regret this, and are willing to change the marks should new information be made available to support such changes.

<sup>26</sup> Rogers, Application Nos 2016-0009-9, DM#2655369 (8 July 2016), at 2.

<sup>27</sup> Rogers, Application Nos 2016-0009-9, DM#2655369 (8 July 2016), at 3.



- 51 The Forum also relied, to some extent, on CPE data describing broadcasters' employment levels and programming expenditures which it publishes in aggregated financial summaries. In this regard it is worth noting that while the CPE publishes PDF versions of these summaries, it does not make a database available of the results – as it does for its other statistical and financial summaries.<sup>28</sup> The result is that use of these summaries is limited to a relatively small number of people and organizations.
- 52 In our view these data are key and should be made more widely available in an easy-to-use format, as the data for radio, television and CPE are already available.

**Forum recommendation 1 Data from the aggregated financial summaries published by the CPE since 2008 should be made available online in electronic spreadsheets, in the same way that the CPE makes annual aggregated financial statistics available for the conventional television, discretionary television, conventional radio and broadcast distribution undertaking sectors**

- 53 The Forum also notes that when On Screen Manitoba, the Alliance des producteurs francophones du Canada, the Quebec English-language Production Council and the English-language Arts Network asked the CPE for information about the applicants and CPE, the Commission referred them<sup>29</sup> to applicants' annual reports that were not referenced on the CPE's webpage setting out information about the application.<sup>30</sup> They were located on an entirely different webpage that lists a number of reports filed by dozens (62) of different broadcasters.<sup>31</sup>
- 54 The Forum suggests that in the future it would save all interested parties, and Canadians in general, a great deal of time (and therefore, resources) if the CPE itself simply summarized key aspects of broadcasters' performance, for each broadcast year. These aspects should include
- Total revenues
  - Expenditures on content created by Canadians
  - Percentage of schedule devoted to content created by Canadians
  - CPE expenditures
  - Percentage of schedule devoted to CPE
  - Independent production expenditures
  - Percentage of scheduled devoted to independent productions

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<sup>28</sup> Although, of course, those summaries are for five-year periods only – meaning that users must collate the data themselves to obtain databases with longer time frames.

<sup>29</sup> A/Senior Manager, Television, CRTC, *Re: Request for data relating to the Broadcasting Notice of Consultation CRTC 2016-225*, Broadcasting Procedural Letter Addressed to Various Parties (Ottawa, 21 July 2016).

<sup>30</sup> "All Public Proceedings Open for Public Comment", <https://services.crtc.gc.ca/pub/instances-proceedings/Default-Default.aspx?S=O&PA=A&PT=A&PST=A&Lang=eng>.

Links to the individual applications on this webpage also defaulted back to Public Notice CRTC 2016-225, rather to the individual applications.

<sup>31</sup> [http://www.crtc.gc.ca/eng/bcasting/ann\\_rep/annualrp.htm](http://www.crtc.gc.ca/eng/bcasting/ann_rep/annualrp.htm).

- Expenditures on children’s content created by Canadians
- Percentage of schedule devoted to content for children created by Canadians
- Percentage of schedule that was closed captioned
- Percentage of schedule whose video was described
- Employment
- Local programming expenditures (or, locally relevant programming expenditures)
- Local news expenditures (or, locally relevant news expenditures)
- Journalistic presence
- Station employees, and
- Number of bureaux operated.

**Forum recommendation 2**      **When inviting comments on broadcasters’ renewal applications, the CPE should summarize all key aspects of broadcasters’ performance in its notices of consultation, and on its webpage listing these notices**

55 We note that while the CPE’s 2016 Local programming policy has introduced new concepts such as locally relevant programming and locally reflective local news, the CPE previously did not ask broadcasters to report on their expenditures using this terminology.

56 We have therefore instead used the CPE’s data for total expenditures by television stations as an indicator of local programming expenditures in the current licence term, and for total expenditures by television stations on news as an indicator of local news expenditures in the current term.

57 These data may overestimate current local programming expenditures in general, as it unclear whether all broadcasters report their network expenditures consistently as network-origination expenditures (being line 1.4 in the CPE’s 2015 “Programming and Production Expenses” for private conventional television stations). In 2015, for instance, network news amounted to \$17.2 million (4.7%) of total expenditures on news of \$368.2 million.

**III The renewal applications**

58 Results from the Forum’s evaluation of the applicants in this proceeding are summarized below, in Table 6.

**Table 6**      **Summary of results of the Forum’s evaluation of renewal applications**

Evaluating broadcasters’ renewal applications						
0: not mentioned, confidential, decreased over time, or breach		1: mentioned, or maintained requirement over time		2: mentioned with evidence, increased over time or surpassed requirement		
Current licence term	Bell	Corus	Rogers	Quebecor	Remstar	
<b>Group Licensing Policy 2010-167</b>						
1	CPE, expenditures during licence term	2: 34%	2: 42%	2:	2: 41.2%	2: 10.4%

<b>Evaluating broadcasters' renewal applications</b>						
0: not mentioned, confidential, decreased over time, or breach		1: mentioned, or maintained requirement over time		2: mentioned with evidence, increased over time or surpassed requirement		
<b>Current licence term</b>		<b>Bell</b>	<b>Corus</b>	<b>Rogers</b>	<b>Quebecor</b>	<b>Remstar</b>
		Increase	Increase	Increase	Increase	Increase (no CPE req't)
2	CPE, expenditures on programs of national interest	2: 39% Increase	0: -52.6% Decrease	2: 31.7% Increase	0: -10.2% Decrease	2: 2.3% Increase (no PNI req't)
3	CPE: % to independent producers > or = 75%	1: met requirement	1: met requirement	1: met requirement	1: met requirement (none)	2: 56% Increase
<b>Local television policy 2016-224</b>						
4	Local programming expenditures	2: 10.9% Increase	0: no data	0: -2% Decrease	0: no data	0: no data
5	Local programming exhibition	1: maintained requirement	1: maintained requirement	0: reduced local programming	1: maintained requirement	1: maintained requirement
6	Local news expenditures	2: +19.4% Increase	0: no data	0: -6.5% Decrease	0: no data	0: -5.4% Decrease
7	Local news exhibition	1: maintained	1: maintained	0: -29% Decrease	1: maintained	0: -20% Decrease
Subtotal, current term		11	5	5	5	7
<b>Future plans</b>						
<b>CPE group-based licensing policy 2010-167</b>						
8	Expenditure on content created by Canadians (CPE)	0: decrease from 30% to 27% <sup>32</sup>	0 decrease from 30% to 22% <sup>33</sup>	1: maintain (at 30%)	0: decrease from 80% of prog exp to 70%	2: increase CPE from no req't to 50% of prog exp
9	CPE	1: maintains requirement	1: maintains requirement	1: maintains requirement	1: will maintain current practice (CPE exp, no commitment)	
10	CPE: % to independent producers > or = 75%	1: maintains requirement	1: maintains requirement	1: maintains requirement	1: will maintain current practice (CPE exp, no commitment)	
<b>CPE Local CPE policy 2016-224</b>						
11	Full-time journalists employed in the location; news bureaux	0: no discussion	0: no discussion	0: no discussion	0: no discussion	0: does not have any
12	Local programming expenditures	0: no data	0: unable to commit yet	1: will make commitment	0: no data	0: no data
13	Local programming exhibition	0: no data	1: will maintain	1: will maintain	1: will maintain	0: will meet 1/2 requirement
14	Local news expenditures	0: decreases	0: unable to commit yet	0: -22% Decrease	0: no requirements	1: 5% of CPE
15	Local news exhibition	0: decreases to 6/3/1 hrs/wk	1: will meet requirement	1: will meet requirement	1: maintain current levels	0: will meet 1/2 requirement

<sup>32</sup> Bell, *Application No. 2016-01202 – Responses*, (30 May 2016), at 5, A7.

<sup>33</sup> CRTc's Broadcasting Notice of Consultation CRTc – but Corus, *B. Group Issues – CPE and PNI*, DM#2598776, at 7, says 27% for basic and discretionary, with 10% for six new discretionary services.

Evaluating broadcasters' renewal applications					
0: not mentioned, confidential, decreased over time, or breach	1: mentioned, or maintained requirement over time			2: mentioned with evidence, increased over time or surpassed requirement	
Current licence term	Bell	Corus	Rogers	Quebecor	Remstar
Subtotal, next licence term	2	4	6	4	5
Total, current and next terms, out of a maximum of 30	13	9	11	9	12

- 59 In brief, Table 6 demonstrates that despite their size, the applicants in this proceeding performed poorly in terms of offering Canadians clear commitments to increase the resources they allocate to Canadian programming, to programming of national interest and to local programming.
- 60 For this reason, the Forum is advocating that the CRTC grant shorter-than usual licence terms, in the order of three to five years, and that it impose very clear conditions of licence of licence specifying specific expenditure and exhibition requirements, preferably with year-by-year requirements that will strengthen the television system.

**Forum recommendation 3**      **The applicants' overall failure to agree to strengthen the resources they allocate to content created by Canadians, to programming of national interest and to original local programming and original local news mandates the imposition conditions of licence with specific, year-by-year requirements**

- 61 The Forum has as well some additional comments about individual applications.

**A**      ***Content created by Canadians***

- 62 Of the different applicants in this proceed Corus appeared to take the most pride in its accomplishments regarding content created by Canadians, for example, listing each of the more than 300 movies it helped to enable.<sup>34</sup>
- 63 Others appeared more focussed on their services purely as businesses. Bell, for instance, asked the CRTC to reduce the requirements for content created by Canadians for TSN, from 60% of the broadcast day, and 50% of the evening broadcast period, to 50% of the broadcast day, and no requirements in the evening broadcast period. It has confirmed that these changes will not affect TSN's financial viability, its CPE commitments or its financial projections,<sup>35</sup> but will permit it to broadcast more American programs.<sup>36</sup> Bell then said that denial of its request, resulting in a "higher exhibition requirement", for Canadian programming, we assume, "also has the potential to increase the number and frequency of program repeats."<sup>37</sup> In other words, Bell

<sup>34</sup> Corus, B. Group issues, DM#2585609, at 3-14

<sup>35</sup> Bell, *Application No. 2016-01202 – Responses*, (13 May 2016), at 14-15.

<sup>36</sup> *Ibid.*: "... we only carry some of the events available from an overall package of sports rights we have obtained (e.g. US college sports or more games from the same event)."

<sup>37</sup> *Ibid.*

wants to broadcast more foreign sports so that it can fully use all of the foreign programming it buys, or it will broadcast more Canadian repeat programming.

- 64 Bell's request is at odds with its claim that its "... strategy is to champion, develop, order, schedule and promote this compelling Canadian programming across a wide variety of formats including drama, comedy, reality, documentary, music, entertainment news as well as live events."<sup>38</sup> It is also at odds with its statement that "Bell Media's discretionary services strategically schedule their Canadian programs for success in key timeslots that allow original content to stand alongside the biggest American and international hits. This strategic scheduling allows these programs to benefit from large lead-in audiences, at times of the year when viewership is high, and in core primetime timeslots that will ensure mass sampling."<sup>39</sup>
- 65 Bell's threat is also at odds with its claims elsewhere that "[o]riginal programming is ... a strategic imperative for our stations and services".<sup>40</sup>
- 66 In the absence of far more compelling reasons to support yet another reduction in the availability of content created by Canadians, the Forum opposes Bell's request.

**Forum recommendation 4**      **Bell – As the company has said that denying its request to reduce the requirements for content created by Canadians on TSN will not affect TSN's viability or its finances, and approval is inconsistent with Bell's strategy for scheduling original Canadian programming, the CRTC should deny the request**

- 67 Bell also asks to average advertising minutes over the broadcast day, rather than over the duration of a program. While the change is not necessary to TSN's viability, and will not affect its financial projections or its weekly advertising levels, Bell indicates that the change would have a "minimal" impact on other programs.<sup>41</sup>
- 68 The Forum does not oppose this request.
- 69 Finally, Bell has asked the CRTC to drop the requirement for VRAK to broadcast 104 hours/year of original first-run programming.<sup>42</sup> The Forum opposes this request, as its approval will permit Bell to reduce the level of original programming for VRAK's young audience. Young Canadians – as much as older Canadians more focussed on the events and news in their communities – also benefit from original programming.

<sup>38</sup> Bell, *Application No. 2016-01202 – Bell – Discretionary: Programming*, (18 April 2016), at 1.

<sup>39</sup> *Ibid.*, 2.

<sup>40</sup> Bell, *Application No. 2016-01202 – Responses*, (13 May 2016), at 2.

<sup>41</sup> *Ibid.*, at 15-16.

<sup>42</sup> Bell, *Supplementary Brief*, ¶E17.

**Forum recommendation 5**      **Bell – as original programming meets an important need of VRAK’s youthful audience (being exposure to new, Canadian programming) Bell’s application to drop the current requirement for 104 hours/year of original programming on VRAK should be denied**

**B**      ***Journalistic resources, local programming and local news***

- 70 The CRTC’s 2016 local television policy affirms the importance of local news, information and analysis to Canada, and to Canadians.
- 71 BRP 2016-224 pointed out that the presence of journalists in a community “is a question of credibility and trust”, and that “broadcasters will need to maintain a local presence.”<sup>43</sup>
- 72 What remains unclear, however, is the degree to which journalists and reporters are actually present in the communities that private television stations are licensed to serve.
- 73 The Forum therefore retained Dr. Mark Bourrie, who has previously appeared before the Commission as an expert in journalism, to identify to the extent possible, the journalistic resources deployed by individual television stations, and in the press galleries of Canada’s federal and provincial legislatures. His report, set out in Appendix 3, clearly establishes the lack of clear and reliable data about journalistic presence, whether in determining the numbers of reporters available to cover individual communities, or the locations of news bureaux.

**Forum recommendation 6**      **The CRTC annual return form should be revised to enable the collection of data about journalistic presence**

- 74 While the CRTC’s local TV policy permits broadcasters to commission local news from independent producers, Groupe V is the only applicant in this proceeding which currently takes advantage of this permission. At the time this exception was granted, the TV stations that Groupe V had purchased were in a state of bankruptcy.
- 75 Groupe V says that it does not currently produce any local programming itself, because this mandate
- est confié à des producteurs indépendants locaux en coordination avec un producteur montréalais ... qui a charge to produire le bulletin de nouvelles réseau et de coordonner la production des segments de nouvelles locales diffuses lors des détachements locaux.<sup>44</sup>
- 76 The Forum’s first concern is that Groupe V’s delegation of authority over local news is at odds with the *Broadcasting Act*. While section 3(1)(h) assigns “responsibility for the programs they broadcast” to licensees, Groupe V’s statement implies that an

<sup>43</sup> BRP 2016-224, at ¶159.

<sup>44</sup> Groupe V, *Application No. 2016-0019-8*, (8 July 2016), at 2.

independent producer in Montreal is responsible for producing its newscasts and for coordinating local news segments produced by other independent producers or others.

- 77 Second, as Groupe V's status as a vertically integrated broadcaster now provides the company with additional subscriber revenue, the Commission should consider whether Groupe V should be required to re-establish original local program productions in its stations and to increase required local programming expenditure levels.

**Forum recommendation 7**      **Groupe V – in light of the applicant's current standing as a vertically integrated broadcaster, the CRTC should determine whether it now has the financial capacity to reinstate local original program production by its stations in the communities it is licensed to serve**

- 78 Groupe V also says that it will only accept a condition of licence for a minimum number of hours of local program production at each of its stations, if the CRTC removes a current condition of licence requiring that its stations broadcast at least 30 minutes of category 1 news on Saturdays and Sundays.<sup>45</sup> It argues that this condition of licence was purely temporary. It adds that no condition of licence for news is necessary for its Montreal station (CFJP-DT), as its network newscast qualifies as local news,<sup>46</sup> but that it would accept a condition of licence for news equal to that of its other stations – *i.e.*, 2.5 hours/week.

- 79 Groupe V failed to provide any evidence to support its request – specifically, it did not provide any financial estimates of the impact of adding new requirements for local original news, to any of its stations.

**Forum recommendation 8**      **Groupe V – the CRTC should apply the same conditions of licence for original local programming and original local news to the applicant's television stations as it applies to other applicants in this proceeding, in light of the applicant's failure to provide any evidence demonstrating its inability to assume these responsibilities**

- 80 Bell submitted that the CRTC's new local television policy should not take full effect, saying that "[l]ocal News thresholds should also recognize circumstances or exceptions already in place for local programming at some stations."<sup>47</sup>
- 81 The Forum disagrees. When it granted these exceptions, the CRTC did not specify that these were permanent. Making exceptions permanent effectively changes the CRTC's policies, and establishes tiered local service – without taking into account the actual financial capacity of current licensees, or needs of the communities the broadcasters are

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<sup>45</sup> *Ibid.*, at 6.

<sup>46</sup> *Ibid.*

<sup>47</sup> Bell, *Application No. 2016-01202 – Responses*, (8 July 2016), at 5.

licensed to serve. In any event, broadcasters that believe they have a case for continued exceptions – Bell, in Northern Ontario, or Groupe V in Quebec<sup>48</sup> – are always free to apply to the CRTC for exceptional treatment by way of conditions of licence.

**Forum recommendation 9            In the absence of evidence supporting the need for continued exceptions to the CRTC’s local television policy, the CRTC should apply its terms consistently to all locations and to all broadcasters**

- 82        The Forum was unable to locate Corus’ evidence on the level of non-news local programming that it has or will broadcast in New Brunswick and in Nova Scotia. In the absence of such evidence, the Forum respectfully recommends that the CRTC impose requirements for local news to ensure that the communities served by its Atlantic Canada stations receive at least 5 hours per week of original locally reflective news, produced by the individual stations themselves.
- 83        Bell, Rogers and Corus expressed concerns about the measurement of locally reflective news programs. Bell<sup>49</sup> and Corus<sup>50</sup> argued that logging locally reflective news will be

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<sup>48</sup>        In 2012 the CRTC highlighted the exceptionality of Groupe V’s circumstances:  
In light of the technical bankruptcy situation of TQS at the time [2008], the Commission exceptionally imposed conditions of licence with reduced requirements with respect to the broadcast of local programming, including local news, as well as to Canadian priority programming. The Commission also announced that it intended to re-examine these conditions of licence in the context of a public hearing to renew the licences for the French-language television services.

<sup>49</sup>        Broadcasting Decision CRTC 2012-243, <http://www.crtc.gc.ca/eng/archive/2012/2012-243.htm>.  
Bell, *Application No. 2016-01202 – Responses*, (8 July 2016), at 5:  
In our submission, either of these potential scenarios would be highly problematic and create an undue administrative burden on our local news organizations. Unlike other programming elements in our logs, the Commission has asked us to identify specific segments with each program. Moreover, for some of these segments, the categorization of Local News will be a substantial, labour-intensive process. It will require the review and evaluation of content at the local level on a daily basis. And it would have to be done for each segment, and for each local newscast.

<sup>50</sup>        Corus, DM#2655113, Response #4, Appendix A (8 July 2016), at 3:  
More importantly, going forward, the reporting of locally reflective news represents a highly complex and administratively burdensome requirement for licensees. As noted previously, no existing or future BMS could accommodate segmenting individual news items so as to distinguish between locally relevant vs. locally reflective news content. Such tabulation will always have to be done manually for each newscast and each segment within that newscast. This would require significant resources to accomplish this across our group of television stations.



burdensome and require excessive resources. Quebecor advised that its logging system was unable to calculate local news excluding advertising.<sup>51</sup>

- 84 While the Forum acknowledges the companies' concerns, none offered clear evidence to substantiate their arguments. Bell says, for instance, that "[f]or our stations, the production of Local News segments has not been accounted for separately from the overall costs for the production of local newscasts or other local programming."<sup>52</sup>
- 85 Yet Bell's aggregated financial summaries for conventional television show that it distinguishes between the news programs produced by its local stations, and other types of programs produced by its local stations. In other words, at some point in Bell's administrative procedures it is able to distinguish between different types of programming.
- 86 On the other hand, Quebecor has identified an ongoing problem with the CRTC's logging system. An example is shown below, from CHEM-DT's October 2015 log. Programs can be distinguished, and it is possible to calculate overall totals of types of programs, or overall levels of advertising. It is very difficult, however, to deduct one type of program – advertisements, for instance, within a specific program – from a specific program – such as a newscast produced by a local station.

Program	Group	Station	Year	Month	Day	Start hour	Start min	Start sec	Title
PGI	60	CHEM	15	10	1	5	0	0	PGI\VGH SOLUTIONS-
PRC	60	CHEM	15	10	1	5	14	30	TVA-VOL 920 15S 1-10
PRC	60	CHEM	15	10	1	5	14	45	ADDIK TVA ET CSP MORT EN
PGR	60	CHEM	15	10	1	5	15	0	LA VICTOIRE DE L'AMOUR (
PRC	60	CHEM	15	10	1	5	29	45	LCN FACEBOOK 15S
PGR	60	CHEM	15	10	1	5	30	0	LE QUÉBEC MATIN PREMIÈRE
COM	60	CHEM	15	10	1	5	42	9	KRAFT CANADA INC.-
COM	60	CHEM	15	10	1	5	42	24	RESTAURANTS SUBWAY-
COM	60	CHEM	15	10	1	5	42	54	KRUGER-
COM	60	CHEM	15	10	1	5	43	24	LOBLAWS INC-
COM	60	CHEM	15	10	1	5	43	39	TIM HORTON'S-
PRC	60	CHEM	15	10	1	5	43	54	TVA-J.E. 15S 4-10
COM	60	CHEM	15	10	1	5	44	9	PURESENTIEL-
COM	60	CHEM	15	10	1	5	44	24	MEDIAQMI INC. JOURNAL DE
COM	60	CHEM	15	10	1	5	44	39	TVA-CA FINIT BIEN LA SEMA

- 87 The Forum also agrees that at this time it is not entirely clear how locally reflective programming and locally relevant news are to be distinguished from non-local

<sup>51</sup> Quebecor, Application No. 2016-0017-2 (Montreal, 8 July 2016), DM#2655387, at 4.

<sup>52</sup> Bell, Application No. 2016-01202 – Responses, (8 July 2016), p. 2.

programming, from local programming that is not locally reflective, and from local news that is not locally relevant.

- 88 It already seems difficult for some broadcasters to distinguish between the programs that a station produces solely for its local community, and those intended for other communities. Quebecor's 2014/15 Aggregated Annual Financial Summary do not attribute any production expenses to the TVA network, for instance; and all news expenditures are attributed entirely to local stations or related producers.
- 89 Rogers pointed out that one solution would be for the CRTC to require licensees to report performance for a previously-unannounced week: "[l]icensees would then review their local programming and evaluate those segments that qualify as locally reflective news and would report back to the Commission on that basis."<sup>53</sup>
- 90 The Forum's concern is that Rogers' solution will also misallocate resources from programming to compliance reporting.
- 91 We suggest that after the CRTC issues its decisions on these applications, it convene television broadcasters and other interested parties to discuss effective and efficient mechanisms for meeting the CRTC's new local television policy.
- 92 These parties – and again, we emphasize that non-broadcast stakeholders must be part of this work, to enable the Commission to benefit from views more representative of the public interest – should then propose an approach or approaches to measuring the information that the CRTC will need to enforce the 2016 policy.

**Forum recommendation 10      The CRTC should convene a meeting of broadcasters and other interested parties to propose efficient and effective approaches for measuring the broadcast of locally relevant programming and locally reflective news**

- 93 The CRTC should also consider asking interested parties to set out 21<sup>st</sup> century alternatives to the CRTC's 19<sup>th</sup> century-style logging system. The data this system yields are critical to evaluating broadcasters' performance in achieving Parliament's section 3 objectives, but are unfamiliar to most parties and the public in general.

**Forum recommendation 11      The CRTC should issue a notice of consultation inviting comment on updating its broadcast logging systems for the 21<sup>st</sup> century**

- 94 The absence of specific and regularly updated information about conventional television broadcasters' local presence makes it difficult to evaluate broadcasters' arguments that increased reporting will reduce the resources available to domestic programming.
- 95 The absence of data about local presence also makes it impossible for the CRTC to measure broadcasters' commitments to their local communities, particularly with

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<sup>53</sup> Rogers, DM#2655369 (8 July 2016), Answer to question 2(a), at 5.

respect to journalistic presence. The CRTC should therefore changes its annual report form to require broadcasters to submit local presence data for each of their radio, television and distribution undertakings.

**Forum recommendation 12      The CRTC should issue a notice of consultation inviting comment on updating its annual return forms for broadcasters, to reflect local presence requirements**

96 Bell asks the CRTC to treat its proposed CTV Two Alberta regional conventional television service as if it were a local television station, thereby ensuring that the service may benefit from simultaneous substitution rules. Bell argued that “the technical mode of delivery should not determine the licensing status of any given service.”<sup>54</sup>

97 Bell’s argument is appealing, particularly in an environment where many expect television programming to be available anywhere, at any time, on any device. That said, the licensing status of any given service does depend on issues other than technical mode of delivery.

**C      *Reflection of multicultural and Indigenous communities***

98 None of the applicants in this proceeding clearly addressed the role their programming is serving, or will serve, in meeting Parliament’s requirement that the programming in Canada’s television system reflect Canada’s multicultural and Indigenous heritage.

99 Our concern is that applicants’ silence about the matters raised in section 3(1)(d) leave little opportunity for strengthening the reflection of Canadian society. Parliament required, however, that the Canadian broadcasting system should

...

(iii) through its programming and the employment opportunities arising out of its operations, serve the needs and interests, and reflect the circumstances and aspirations, of Canadian men, women and children, including equal rights, the linguistic duality and multicultural and multiracial nature of Canadian society and the special place of aboriginal peoples within that society ....

...

(o) programming that reflects the aboriginal cultures of Canada should be provided within the Canadian broadcasting system as resources become available for the purpose ....

100 The Forum urges the Commission to ask broadcasters at the coming hearing at the end of 2016 to raise these important issues with each applicant. Ignoring the role served by

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<sup>54</sup> Bell, *Application No.*

- the television programming broadcast by licensees ignores Parliament's broadcasting policy.
- 101 As the CRTC has not measured the manner in which Canadian broadcasting, including Canadian television, reflects Canadian society since 1988<sup>55</sup> there are no data to establish whether Parliament's requirements for multicultural and multiracial reflection are being met. Meanwhile, two-thirds of Canada's population growth is due to the arrival of people from other countries<sup>56</sup> – and other cultures.
- 102 We encourage the applicants to address these issues in their replies to interveners, and when they appear before the CRTC at the end of this year.

**Forum recommendation 13 As none of the applicants addressed the manner in which its programming reflects the multicultural and Indigenous heritage of Canada, the CRTC should ensure that each applicant provides evidence on this point at its public hearings at the end of 2016**

- 103 Given the importance of Canada's Indigenous peoples to Canadian culture, the Forum assumed that Canada's largest broadcasters would address this important issue, but with the exception of a few remarks from Corus, they did not.
- 104 Yet, in September 2015 Statistics Canada projected that people reporting "an Aboriginal identity would grow faster than the non-Aboriginal population from 2011 to 2036." While they would continue to make up most of the population of Nunavut (88-90%), and the Northwest Territories (51%-56%), Statistics Canada estimated that by 2036 Ontario would have the higher number of Aboriginal people, also making up roughly 20% of the population of Manitoba and Saskatchewan.

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<sup>55</sup> In 1984 the CRTC commissioned a content analysis study to evaluate broadcasters' compliance with industry guidelines on the portrayal of women in Canadian broadcasting; it replicated this research in 1988. *Review of Policy on Sex-Role Stereotyping*, Public Notice CRTC 1990-114 (Ottawa, 28 December 1990), <http://www.crtc.gc.ca/eng/archive/1990/PB90-114.HTM>:

The objective of the 1988 study was to assess what degree of change had occurred in the portrayal of women and men in the broadcast media over the four-year period. In order to allow comparison between the findings of these two studies, the 1988 study replicated the design and sample of the 1984 study as closely as possible. The Commission has subsequently contracted with an independent consultant to assist it in interpreting the findings.

The findings of the 1988 study are contained in five reports: *The Portrayal of Gender in Canadian Broadcasting: Summary Report 1984-1988*; *The Portrayal of Gender in Canadian Television Programming 1984-1988*; *The Portrayal of Gender in Canadian Radio Programming 1984-1988*; *The Portrayal of Gender in Canadian Television Advertising 1984-1988*; and *The Portrayal of Gender in Canadian Radio Advertising 1984-1988*. These reports are available to the public at the Commission's head office and regional offices and at the Toronto Regional Office of the Department of Communications.

*Policy on Sex-Role Stereotyping in the Broadcast Media*, Public Notice CRTC 1986-351 (Ottawa, 22 December 1986) <http://www.crtc.gc.ca/eng/archive/1986/pb86-351.htm>.

<sup>56</sup> Statistics Canada, *The Daily*, "Study: Recent changes in demographic trends in Canada", (27 October 2015), <http://www.statcan.gc.ca/daily-quotidien/151027/dq151027a-eng.htm>.

105 The Forum encourages the applicants to address their reflection of Indigenous peoples in their programming when they reply to interveners, and at the CRTC's hearing to enable the Commission to evaluate the applicants' full progress in achieving the objectives set out by Parliament in the *Act*.

#### **IV Conclusions and recommendations: *carpe diem – seize the day***

106 This proceeding offers a unique and invaluable opportunity to strengthen Canada's television system.

107 The CRTC is in a position to ensure that Canadians have access to content created by Canadians for which ample financial resources are available, and to ensure that broadcasters provide local communities with original programming and original daily news.

108 Our conclusions about the applicant's requests, and the decisions the CRTC should take, are set out below.

#### **A Content created by Canadians and local programming**

##### **1 Let's Talk TV will only succeed if requests to reduce CPE are denied**

109 The CRTC's current policies and its continuing flexibility in licensing have the potential to maintain, if not increase, support for the programming of greatest interest to Canadian audiences. Bell summarized these changes as follows:

The underlying regulatory framework that has sustained the concept of individualized requirements for each television station or specialty service is being eliminated. Beginning with the group policy and continuing on with the new TV Policy Framework decisions, the Commission is moving away from the regulation of individual services.

- Conventional television stations essentially have the same local programming requirements.
- Genre protection has been eliminated and programming restrictions have been lifted.
- Canadian content exhibition requirements are standardized. While that has long been the case in conventional television, the Cancon level for all discretionary services is now set at an overall rate of 35% per broadcast day.
- Access rights for former Category 1 services will soon be removed.<sup>57</sup>

110 Corus was also positive about the additional flexibility provided by the CRTC:

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<sup>57</sup> Bell, *Application No. 2016-01202 – Responses*, (10 June 2016), A14(a).

... the new Create policy was created to provide maximum flexibility in how content is created, distributed and watched on all platforms. It also aims to ensure that Canadians have a full range of choice and an array of compelling and diverse Canadian programs.

This policy framework will also serve to foster more competition. As a result, Canadian Content will need to be of the highest quality in order to cater to Canadians and world audiences. This is the key driver of success in an increasingly competitive environment.

...<sup>58</sup>

111 Broadcasters may now shift required Canadian programming expenditures from their conventional to discretionary television services, and vice versa;<sup>59</sup> and may do the same for their expenditures on programs of national importance.<sup>60</sup>

112 But it is important to view the renewal applications in this proceeding in context, because English-language broadcasters' CPE and PNI expenditures have decreased over the past several years, as did French-language broadcasters' PNI expenditures.

**Table 7 CRTC analysis of group-based licensing policy, using revenues, CPE and PNI**

2011/12 to 2014/15	English-language	French-language licensees
Revenues	Decreased 2.5% per year on average	Increased 3.0% per year on average
CPE	\$3.3 billion from 2012 to 2015 (=52% of total CPE for all English-language services) Decreased 1.4% per year	\$0.7 billion from 2013 to 2015 (=42.6% of total CPE for all French-language TV services) Increased 18.1% per year on average
PNI	Decreased 12.7%/year 2012: \$158.5 million 2015: \$105.4 million (=80% of total PNI for all English-language services)	Decreased 12.6%/year 2013: \$13.1 million 2015: \$24.5 million (=43% of total expenditures for French-language programming)

<sup>58</sup> Corus Supp. Brief, at 3.

<sup>59</sup> BNoC 2016-225, ¶15.

<sup>60</sup> *A group-based approach to the licensing of private television services*, Broadcasting Regulatory Policy CRTC 2010-167 (Ottawa, 22 march 2010), <http://www.crtc.gc.ca/eng/archive/2010/2010-167.htm>

72. The Commission has therefore determined that the new designation of programs of national interest will consist of programs from program categories 7 Drama and comedy and 2(b) Long-form documentary,<sup>9</sup> as well as specific Canadian award shows that celebrate Canadian creative talent, such as those noted above.

73. The Commission notes that programs directed to children are not considered to be a separate program category. Such programs may be categorized in a variety of program genres. Therefore, programs directed to children that are in categories 7 and 2(b) will also be considered programs of national interest.

See also BNoC 2016-225, ¶15.

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Source: BNoC 2016-225, ¶¶16-20

- 113 In our view, granting proposals in this proceeding that reduce applicants' CPE from current levels would contradict the CRTC's conclusion in June 2016 that "the group-based approach remains appropriate for ensuring the stability of the Canadian television system and for enabling the players in the system to face the future with confidence."<sup>61</sup> Approval will eliminate the benefits that the CRTC worked for several years to achieve with the *Let's Talk TV* polices. It will not "ensure stable, continued support for the creation of Canadian programming",<sup>62</sup> and for the creation of underrepresented Canadian programming.<sup>63</sup>
- 114 Estimating the impact of the harm that granting applicants' requests for CPE reductions will cause to the television system is difficult, primarily because no one can know for certain how broadcasters' revenues will change over the coming years.
- 115 We used a very rough approach to develop our own estimate. We applied applicants' current and desired CPE to the financial results set out in their 2015 aggregated annual returns. Had lower CPE levels been permitted for the 2015 broadcast year, the television system would have allocated approximately 146 million fewer dollars to Canadian programming than it in fact did.

**Table 8 Impact of granting CPE reductions on 2014/15 CPE expenditures**

2015 Revenues and CPE	BCE	Quebecor	Rogers	Shaw / Corus	Total
CPE	\$ 809.66	\$ 265.86	\$ 390.00	\$403.64	\$ 1,898.13
Revenues (or prog exp)	\$2,216.19	296.0	\$ 764.94	\$ 1,847.14	\$ 5,158.51
Current CPE requirement	30%	80%	30%	30%	
⇒ Yields	\$ 664.9	\$ 212.7	\$ 229.5	\$554.1	\$ 1,661.2
Proposed CPE	27%	70%	30%	26%	
⇒ Yields	\$ 598.4	\$ 207.2	\$ 229.5	\$480.3	\$ 1,515.3
Difference	\$ 66.49	\$5.48	-	73.89	\$145.9

Remstar excluded, as it did not have a CPE in the current licence term

- 116 The Forum therefore supports a licensing approach based on clear, enforceable and enforced conditions of licence<sup>64</sup> to implement the outcomes set out in the CRTC's

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<sup>61</sup> *Ibid.*, at ¶23.

<sup>62</sup> *Ibid.*, at ¶11.

<sup>63</sup> *Ibid.*

<sup>64</sup> *Requests that Rogers Media Inc. reinstate local third-language newscasts on its OMNI stations*, Broadcasting Decision CRTC 2016-8 (Ottawa, 12 January 2016), <http://www.crtc.gc.ca/eng/archive/2016/2016-8.htm>, establishes that the CRTC's approach at this time is to call licensees to a public hearing to enquire into their performance, if and only if the licensee has breached or may be breaching a condition of licence.

policies for content created by Canadians and local programming. Broadcasters' requests to reduce their CPE requirements should be denied.

**Forum recommendation 14**      **Broadcasters' applications to reduce their CPE levels should be denied, as approval could reduce CPE by 10% or more in the next licence term**

117      The Forum also supports the maintenance of PNI requirements, and of the requirement to allocate three-quarters of PNI expenditures to independent producers.

**Forum recommendation 15**      **Broadcasters' PNI levels should be maintained, by condition of licence**

**Forum recommendation 16**      **Broadcasters should be required to allocate 75% of their PNI expenditures to independent producers**

**2**      **Large broadcasters' resources**

118      The Forum's analysis of the renewal applications filed by Canada's largest broadcasters is based, as noted earlier, on the public interest as defined by Parliament in the *Broadcasting Act*.

119      The *Act* requires the CRTC to consider broadcasters' resources when it makes its decisions: Parliament clearly stated that individual programming undertakings should "contribute significantly to the creation and presentation of Canadian programming", "to an extent consistent with the financial and other resources available to them".<sup>65</sup> It then gave the CRTC the authority to tailor individual licences, to the circumstances of each licensee.<sup>66</sup>

120      Corus noted, however, that it was also unable to provide estimates of the revenues it may obtain from BDUs under the CRTC's new policy, because even though it is related to Shaw, the two companies have yet to "come to an understanding that serves the best interests of each company."<sup>67</sup> Similarly Quebecor considered that it was premature to state precisely what funds might be allocated from BDUs to local stations.<sup>68</sup>

121      Yet Bell argues, with respect to expenditures on programming of national interest, that the CRTC should consider almost everything but the circumstances of individual

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<sup>65</sup> S. 3(1)(s)(d1).d

<sup>66</sup> S. 9(1)(b) of the *Act* permits the CRTC to "issue licences ... subject to such conditions related to the circumstances of the licensee ... as the Commission deems appropriate for the implementation of the broadcasting policy set out in subsection 3(1) ..."

<sup>67</sup> Corus, C. Television stations, DM#2655113 (8 July 2016), at 4.

<sup>68</sup> Quebecor, Application No. 2016-0017-2, (Montreal 8 July 2016), DM#2655387, at 5.



- licensees: it says that the CRTC should instead consider operating climate, regulatory uncertainty and business uncertainty.<sup>69</sup> It appears to believe that the CRTC's requirements for CPE and PNI represent ceilings, rather than floors: "PNI is a subset of CPE. The higher the PNI rate, the fewer resources are available for other types of Canadian programming."<sup>70</sup>
- 122 Meanwhile, the CRTC held in 2015 that Canada's broadcasting system is not in crisis,<sup>71</sup> meaning in turn that it is able to accord less weight to the factors mentioned by Bell.
- 123 In our view, the CRTC must set conditions of licence for each large broadcaster which will strengthen Canada's television broadcasting system, which are consistent with the resources available to each television service, and which are appropriate for the circumstances of each licensee.
- 124 Parliament has given the CRTC the express authority to consider each licensee's circumstances and the resources available to it – and not the kitchen sink of operating climate, regulatory certainty or uncertainty and business certainty and uncertainty. Change is a constant in Canada's broadcasting system, after all – the CRTC's most appropriate response is the one Parliament set out for it: to set conditions for individual broadcasters and their circumstances to ensure the achievement of section 3's objectives – not to manage on behalf of the applicants the 'climate' of regulation, business and operations in which Bell and every other broadcaster operate.
- 125 While BRP 2016-224 permits vertically integrated broadcasters to direct portions of their BDU subscriber revenues to their own, or other, television stations, corporate structures mean that related companies do not have to provide this financial support.

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<sup>69</sup> Bell, Application (10 June 2016), at 4:  
Group PNI rates for the next licence term must be realistic. They must reflect the operating climate, and the regulatory and business uncertainty surrounding both the conventional and discretionary portions of our television businesses. Conventional television has been in a prolonged state of systemic and financial decline. The Commission has also implemented a significant number of new policies and practices affecting Canadian discretionary services. At 5% PNI and at a minimum commitment of 75% for independent production, our television group will continue to make significant investments in high-quality Canadian programming over the next licence term. For our overall group, the projections we filed show total PNI spending of almost \$440 million over four years.

<sup>70</sup> Bell, *Application No. 2016-01202 – Responses*, (10 June 2016), at 4, A7.

<sup>71</sup> Broadcasting Regulatory Policy CRTC 2015-86:  
[the] infrastructure of government support and private investment that has evolved over the years generates significant funding opportunities for Canadian programming. While undoubtedly, the Canadian broadcasting system is experiencing a profound transition, evidence suggests that it is not in crisis. That is because it has built, over decades, a solid foundation of resources and talent that will enable it to face the future with confidence and creativity.

Corus noted that it had not yet been able to reach an agreement with Shaw Communications Inc. about this issue:

... Corus and SCI remain separately traded companies on the TSX. Not all of the shareholders of each company are the same and in fact most are not. Each board of directors has a fiduciary duty to their corporate entity. Because of these corporate structures, inter-corporate transfers of monies between Corus and SCI are not as seamless as contemplated under BRP 2016-224. The companies must come to an understanding that serves the interests of each company. These discussions are not yet complete.<sup>72</sup>

- 126 The question raised by related corporations is the degree to which they may offer financial and other resources to their subsidiaries.
- 127 To address this question the Forum retained Mr. Doug Wilson, CPA, CMA, to provide an analysis of the resources available to the parent corporations of the applicants in this proceed. Mr. Wilson's report – covering all but Groupe V, as it is privately held – is set out in Appendix 5. His analysis describes the importance of CPE to the consolidated revenues of the applicants' parent corporations:
- BCE is spending about 1% of its consolidated revenues, 7 to 10% of its consolidated free cash flows, and 10 to 14% of its consolidated dividend payout on CPE
  - RCI is spending less than 1% of its consolidated revenues, 3.5 to 4.5% of free cash flows and 7 to 8% of its consolidated dividend payout on CPE
    - For Corus, CPE represents about 14 - 15% of its consolidated revenues, 75 to 90% of its consolidated free cash flows and 250% of its consolidated dividend payout
  - CPEs represent about 2.5 to 3% of QMI's consolidated revenues and +100% of its dividends paid out
- 128 The CRTC's 2010 group-based licensing policy formalized the idea that the resources available to a given undertaking should be considered from the perspective all of the resources available from the undertakings operated by a single licensee. BRP 2016-224 established that related licensees – those operating programming as well as distribution undertakings – together have the resources that programming undertakings need to achieve the CRTC's objectives for the television system.
- 129 Bell confirmed the importance of large, integrated ownership groups to the broadcasting system:

45. We continue to believe that large integrated ownership groups help position the Canadian broadcasting system with its best chance for long term success in serving the interests of Canadian consumers. Large

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<sup>72</sup> Corus, DM#2655113, Response #4, Appendix A (8 July 2016), p. 4.

ownership groups give Canadian broadcasters scale that allows them to compete more effectively in an increasingly global video content marketplace. In the English-language market, while still less than that of their American competitors, this scale in turn allows for more diverse content to be produced, reduces costs for consumers, and provides the flexibility to focus resources in areas that best serve consumers. In the French-language market, scale also allows broadcasters to continue to deliver popular, high-quality Canadian programming in a relatively small television market. Similarly, integration with distribution businesses enables innovation and allows new products and services to be brought to market more quickly and successfully, ensuring Canadians and Canadian programming have a place in the future of television in Canada.

<sup>73</sup>

**130** Bell says that its profitable businesses should not subsidize its unprofitable ones:

46. While we recognize that these are real benefits, we have never suggested that large integrated ownership groups are the solution to all the challenges facing the Canadian broadcasting industry. In the modern competitive environment, every show and every channel must stand on its own and respond directly to consumer demand in the market. If profitable businesses are leveraged by regulation to subsidize unprofitable ones, neither will survive for long. Scale and integration should be encouraged in Canada to allow Canadian broadcasters to compete with those that have the global scale and level of integration of Time Warner, Netflix, NBC/Comcast, and major sports organizations and maximize the resources available to deliver high-quality content. But it is wrong to think that large integrated ownership can somehow justify or support the imposition of regulatory obligations and conditions that could not otherwise be sustained in a competitive market.<sup>74</sup>

**131** Given the degree to which broadcasting and telecommunications businesses have converged, the time may have come to consider the role played by converged corporations in Canada's communications system and with respect to achieving Parliament's objectives for section 3 of the *Act*.

**3 Local programming: clear, measureable and enforceable conditions of licence**

**132** Absent evidence to the contrary, conditions of licence of licence imposed by the CRTC governing CPE have begun to achieve positive results (see Figure 2).

**133** The Forum's central concern in this proceeding is that the benefits anticipated from BRP 2016-224 are achieved.

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<sup>73</sup> Bell, *Supplementary Brief*, ¶145.

<sup>74</sup> *Ibid.*, at ¶146.

- 134** The current approach to conditions of licence for local programming will not achieve the objectives of BRP 2016-224. This is because, as the Forum found when it reviewed them, local programming and local news requirements have been set inconsistently.
- 135** As Table 9 shows, local programming requirements were addressed through unenforceable ‘commitments’ for 14 stations, while “original local programming” was required (by conditions of licence) for just 7 of 113 stations. Conditions of licence for ‘local programming’ referred very broadly to “local programming” (19 stations) or to “Canadian local programming” (26 stations) and to Canadian local programming for seven days/week (14 stations).
- 136** “Original local programming” was required by condition of licence for 7 out of 113 stations, and no station was required – whether through commitment, expectation or condition of licence – to provide original local news.

**Table 9 TV station licence requirements for local programming and local news**

Most recent req't hrs/week	Requirement				
Concept	Commitment	Condition of licence	Expectation	Standard condition of licence	Total
Canadian local programming		26		22	48
Canadian local programming - 7 days/wk		14			14
Local news		1			1
Local news programming	2				2
Local programming	10	19		4	33
Non-news local programming		6			6
Original local programming		7			7
Distinct local programming	2				2
Local news - 7 days/week					
Local newscasts - 2/weekend					
<b>Grand Total</b>	<b>14</b>	<b>73</b>		<b>26</b>	<b>113</b>

Source: Most recent CRTC licensing decisions

- 137** As with CPE and PNI, clear, measurable conditions of licence for local programming and local news are the only way to ensure that Canadian communities benefit from BRP 2016-224.
- 138** And – for the same reason that “excessive repetition and recycling of [Canadian] programming appears to do little to achieve the objectives of the Act”<sup>75</sup> – broadcasters must be required to provide minimum levels of original content, with “original” defined as first-run programming.

<sup>75</sup> Broadcasting Regulatory Policy CRTC 2015-86, at ¶191.

**Forum recommendation 17      Conditions of licence of licence for local programming and local news must require specific levels (hours) of original, first-run programming**

139      Conditions of licence for local programming must also refer to the people and location where local programming is controlled editorially, created and produced, not only to ensure local editorial control, but also to ensure that broadcasters do not use content produced for radio, for example, on their television stations.

**Forum recommendation 18      Conditions of licence for local programming and local news must specify that the programming be produced by the staff employed by the station claiming the programming**

140      To give force to the importance of journalistic presence, the CRTC should also require television broadcasters to report annually on the number of reporters they employ for each station, and the number of news bureaux operating in relationship to each station.

141      This requirement should be implemented by changing the CRTC's *Annual Return* to incorporate these concepts

**Forum recommendation 19      The CRTC's *Annual Return* should be amended to require broadcasters to report on the number of reporters they employ on a full-time basis at each station, and to identify the news bureaux operated by each station****B      Other concerns****1      Tangible benefits that 'expire'**

142      The CRTC has for decades relied on 'tangible benefits' as a way of compensating the public for the harms of concentrated broadcast ownership. For example, BCE's purchase of CTV in 2011, and of Astral in 2013 yielded \$486.2 million in benefits for the broadcasting system.<sup>76</sup> The CRTC's 2015 statistical and financial summaries for private conventional television identify \$17.6 million in Canadian telecast expenditures related to tangible benefits from ownership transactions.<sup>77</sup>

143      Corus' application raises the issue of expiring tangible benefits. In discussing its compliance with the 2016 local TV policy, Corus says that its conventional TV station offers 17 hours/week of local and regional news for the Atlantic provinces – but added that just over half (59%, or 10 of 17 hours) of this content derived from a tangible benefits commitment for a local morning program. What is not entirely clear is what will happen to this program, and to other programs funded by tangible benefits commitments and requirements, once the benefits 'expire'.<sup>78</sup>

<sup>76</sup> See Decisions CRTC 2011-163 and 2013-310.

<sup>77</sup> The same summary (p. 7 of the report) identifies \$92.497 million in ownership benefits related to non-Canadian telecast expenditures.

<sup>78</sup> Corus, *C. Television stations*, DM#2655113 (8 July 2016), at 8.

144 This issue should be explored with applicants at the CRTC's hearing at the end of 2016.

**Forum recommendation 20 Applicants should clarify the impact of the expiry of tangible benefits-funded programming on their commitments to Canadian programming**

**2 Grant Rogers' requests for OMNI – provided local programming is reinstated**

145 Rogers is seeking approval for a new satellite-delivered programming service with four separate feeds, mandatory distribution and a subscriber fee of 12 cents/subscriber/month (10 cents/sub/month in French-language locations). We agree that a well-designed television service to Canada's multicultural communities merits 9(1)(h) standing, or mandatory carriage as part of BDU subscribers' basic service.

146 Having failed to clearly address the manner in which its English-language, ethnic television and discretionary television services portray Canada's multicultural and Indigenous heritage, Rogers also the CRTC to permit it to reduce the number of distinct ethnic groups and languages served by the OMNI TV stations "to facilitate the promotion and discoverability" of the stations' content "with both viewers and advertisers."<sup>79</sup>

147 Rogers has not provided evidence establishing the connection between its promotion of the OMNI stations, audience discoverability of the OMNI stations and its proposed reduction in ethnic groups and languages. It says rather that the OMNI stations' schedule is "fragmented"<sup>80</sup> – although it is not clear why this is now a problem. It adds that its reliance on local independent producers means that "there is not always a consistent supply of fresh language content available every month."<sup>81</sup> – even though nothing prevents Rogers from re-establishing its own in-house production capacity.

148 But our central concern with Rogers' application is that while it proposes to "re-establish local in-house production in all of the communities served by OMNI's OTA stations", it does not explicitly propose to re-introduce original daily local news and original local programming at each of its OMNI stations. The daily programming that the OMNI Regional service would provide would be produced in Toronto and Vancouver; OMNI's two Alberta stations would produce "a national cultural affairs series", and "10 hours of local independent production".<sup>82</sup>

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<sup>79</sup> Rogers, DM#2655369, (8 July 2016), at 11.

<sup>80</sup> *Ibid.*

<sup>81</sup> *Ibid.*

<sup>82</sup> Rogers, *Appendix 1, Combined Supplementary Brief – OMNI Regional 9(1)(h) Application and Licence Renewals Applications for OMNI's over-the-air Television Stations*, at 11.

149 Rogers also argues that “its proposed amendment to serve 15 groups and languages is a minimum requirement not a cap.”<sup>83</sup> Even if this were a meaningful commitment – and it is not – the CRTC has heard such wishful thinking for decades. The evidence generally belies the wish.<sup>84</sup> CRTC should disregard this statement, and it should disregard Rogers’ rather vague statement that OMNI (not Rogers) “will likely exceed its minimum requirements in some months.”<sup>85</sup>

**Forum recommendation 21 Rogers – as its request to reduce the number of ethnic groups and languages is not supported by evidence, it should be denied**

150 Rogers then goes on to say that removing the 16% limit of programs in any one language during each broadcast month will increase its revenues immediately by 2% - without providing any evidence demonstrating that this change will have no impact on non-Rogers ethnic broadcasters. Instead it argues that “it is the health and viability of the conventional ethnic television sector, not the ethnic specialty sector, that is at risk ....”<sup>86</sup> Considering that revenue data for individual ethnic television services are published by the CRTC, it is perplexing, to say the least, that Rogers failed to provide any kind of empirical support for its request – showing, for instance, which services would be most likely to be affected by approval of Rogers’ request, and to what degree. Similarly, Rogers failed to provide any evidence of the impact of its proposed change on its audience – the persons who will be most affected by the change day to day.

**Forum recommendation 22 Rogers – as its request to remove the 16% limit on any one language is not supported by evidence of the impact of the change on its audience, it should be denied**

151 Finally, Rogers asks the CRTC to measure local programming hours at its OMNI Calgary and OMNI Edmonton stations on an annual basis, rather than weekly, because the independent producers with whom Rogers works cannot provide the level of content regularly. Rogers has provided no evidence to show the actual number of ethnic independent producers available in these cities, or why it cannot re-establish its own local program production capacity. Nor has Rogers explained why annual measurement – rather than monthly or quarterly – would not work.

**Forum recommendation 23 Rogers – as its request to measure local programming at OMNI Calgary and OMNI Edmonton on an annual basis is not supported by any evidence, it should be denied**

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<sup>83</sup> *Ibid.*

<sup>84</sup> For instance, when Bell explained its non-compliance with requirements for content created by Canadians, it explained that Space and the Comedy Network were non-compliance because each station was short by a total of 3 hours of content created by Canadians (DM#2629089, 10 June 2016 at 14). In other words, rather than schedule more than enough content created by Canadians to ensure that its requirements are always met, Bell appears to have scheduled the bare minimum – so that a 3-hour error over the course of its 8760-hour-long broadcast year results in non-compliance.

<sup>85</sup> Rogers, DM#2655369, (8 July 2016), at 11.

<sup>86</sup> Rogers, DM#2655369, (8 July 2016), at 12.

**3 600 MHz transition**

- 152 That said, the Forum is aware that broadcasters will be affected by the repurposing of the 600 MHz band, announced by the federal department of Innovation, Science and Economic Development Canada (ISED, formerly Industry Canada) in August 2015. ISED issued a moratorium on new applications for the TV band, and said it would establish a new digital television allotment plan.
- 153 The Forum opposed this plan, primarily on the grounds of insufficient evidence demonstrating the scarcity that allegedly justified the repurposing; the negative impact the proposal would have on diversity in ownership, and the costs the proposal would impose on the Canadian Broadcasting Corporation and other not-for-profit broadcasters.<sup>87</sup>
- 154 Large broadcasters' renewal applications have raised concerns about the costs of this transition. Bell believes the costs will exceed the \$22 million it spent to convert 23 conventional television stations to digital.<sup>88</sup> Corus points out that broadcasters have already spent an estimated \$100 million to move from analog to digital broadcasting, and that conventional low-power TV broadcasters were required to undergo a "costly and disruptive" relocation from the 700 MHz band.<sup>89</sup>
- 155 Corus submits that the federal government should fully reimburse broadcasters for the "cost of implementing the new allocation plan and relocating low power apparatus that must vacate the 600 MHz band."<sup>90</sup> It adds that the federal government should compensate broadcasters for any losses they incur due to the new plan.<sup>91</sup> Finally, it submits that broadcasters require "adequate time to plan and complete their transition to the new allotment plan."<sup>92</sup>
- 156 The Forum shares the applicants' concerns.

**Forum Recommendation 24 The CRTC should support broadcasters' proposal that they be compensated for the transmitter costs necessitated by the new allotment plan required by the Canadian and American federal governments' decision to repurpose the 600 MHz band**

- 157 That said, if the federal government does not compensate broadcasters for their costs, the CRTC should not simply reduce requirements for the applicants' programming expenditures. First, the applicants are aware – who better? – that technology is constantly changing, and could reasonably be expected to have budgeted for such changes. Second, the applicants will be able to deduct the cost of such changes from

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<sup>87</sup> The Forum, *SLPB-005-14 Consultation on Repurposing the 600 MHz Band: Comments* (Ottawa, 26 February 2015).

<sup>88</sup> Bell, *Application 2016-0012-2: Bell Television Stations*, at 11 (Response to CRTC question 3).

<sup>89</sup> Corus, *C. Television stations*, DM#2585642, at 38.

<sup>90</sup> *Ibid.*, at 39.

<sup>91</sup> *Ibid.*

<sup>92</sup> *Ibid.*



their taxable income – meaning in turn that the final net cost of such changes will be lower than the amounts actually spent by the broadcasters.

- 158 In the event that an applicant is seriously affected by the 600 MHz transition, it would remain free to provide the CRTC with evidence of the change's impact, and to request a change in its conditions of licence.
- 159 The Forum fully agrees, however, that broadcasters will require time to complete the technological changes that ISED will be requiring.

**Forum Recommendation 25      The CRTC should support broadcasters' request for adequate time to plan and complete their transition to the new allotment plan**

## **Appendices**

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**Appendix 1      The Forum's concerns about procedures in the BNoC 2016-225 proceeding**

- 1      In its previous submissions to the CRTC the Forum has set out numerous serious concerns about procedural fairness.
- 2      In this proceeding one of our concerns involves the deadlines imposed by the CRTC. Our concern arises because interventions from the public serve two important purposes: to provide the Commission with the public's views about broadcasters' past performance and future plans, and to permit evidence presented by broadcasters to be challenged. Responsible interveners require time to review and evaluate broadcasters' evidence, and to make recommendations based on their analysis.
- 3      In this proceeding the CRTC called for comments on large broadcasters' renewal applications on 15 June 2016, setting an intervention deadline of 2 August 2016 – less than two months.
- 4      However, the CRTC then also issued its 219-paragraph-long policy on local and community television the same day, asking broadcasters new questions about their renewal applications as a result. It initially required broadcasters to file those answers by 27 June; on 28 June it granted their request for an extension<sup>93</sup> to 8 July, and also extended the deadline for interventions to 15 August.
- 5      Then, on 15 July 2016, the CRTC re-opened the BNoC 2016-195 proceeding (which had previously concluded on 20 June) whose outcome bears on this renewal proceeding, and asked parties to respond by 20 July.
- 6      The CRTC also went on to ask more questions about broadcasters' renewal applications, causing these to be amended once more on 25 July.<sup>94</sup>
- 7      The various deadlines in this proceeding and others, are set out in Appendix 2.
- 8      The CRTC's new questions required interveners who wanted to ensure that their comments were based on the latest information to check the CRTC's website daily for the most up-to-date version of broadcasters' applications.
- 9      It was foreseeable that the absence of a complete record the day the applications were published by the CRTC would prevent detailed analysis of the applications, and hindered parties' efforts to identify and find the evidence they needed to make their case. It was

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<sup>93</sup> Broadcasting Notice of Consultation CRTC 2016-225-1 (Ottawa, 28 June 2016).

<sup>94</sup> New questions.

- therefore puzzling that on 6 July 2016 the CRTC denied<sup>95</sup> the Forum's 17 June 2016 request to extend its deadline from 2 August to 2 September,<sup>96</sup> particularly since the CRTC explained its denial in part on the fact that it had "established a period of 45 days" for interventions, instead of the normal 30 days provided by the CRTC's *Rules of Practice and Procedure*.<sup>97</sup>
- 10 Since broadcasters were still amending their applications on 25 July, interveners did not have either 45 or 30 days for their interventions. The CRTC's decisions placed many, including FRPC, at a disadvantage, and in our view the CRTC was unreasonable to deny requests for extensions of the deadline in this proceeding.
- 11 It would clearly be unreasonable, however, for the CRTC to postpone proceedings indefinitely to ensure that every interested party has sufficient time to respond to each and every call for comments.
- 12 But a balance can and should be struck.
- 13 The CRTC should therefore establish, either as a practice, or as a procedural rule, deadlines that take into account the scale of work involved for itself, and for other parties – as it already does in the case of applications that seem unlikely to raise contention.
- 14 Going forward the CRTC should provide interveners with a minimum of 60 days for their interventions regarding major policies (for television, radio, distribution, for instance) and major licensing proceedings (involving Canada's largest broadcasters and their many broadcasting services, for instance). If the CRTC requires, or permits, broadcasters to submit additional information, the relevant intervention deadline should be extended by the same period granted to broadcasters for their answers.

**Forum Recommendation 26      The CRTC should change its current practice and provide a minimum of 60 calendar days for major policy and licensing proceedings**

- 15 Broadcasters and stakeholders all asked the CRTC to clarify aspects of its new local television policy.
- 16 In the Forum's case, our goal was to understand the policy, given its importance not just to the broadcasting system, but to this renewal proceeding. Understanding basic

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<sup>95</sup> Secretary General, CRTC, *Re: Request to extend intervention period – Broadcasting Notice of Consultation CRTC 2016-225*, Reply to Forum for Research and Policy in Communications (FRPC), (Ottawa, 6 July 2016).

<sup>96</sup> Executive Director, FRPC, *Request to extend intervention period – Broadcasting Notice of Consultation CRTC 2016-225*, (Ottawa, 17 June 2016); Unifor; ACTRA et al; SCFP. due to the size and complexity of the renewal applications, and the CRTC's decision to re-open another proceeding whose outcome bears directly on broadcasters' licence renewal applications, regarding Standard conditions of licence.

<sup>97</sup> S. 24.

- elements of the broadcasting policy would have enabled us to focus the evidence and arguments in this intervention.
- 17 The CRTC answered large broadcasters' questions on 29 June. On 13 July it answered several data-related questions posed by ACTRA, CMPA, DGC and WGC on 22 June.
- 18 The CRTC denied all requests from the Forum, Unifor and SCFP for clarifications about the CRTC's new local television policy, however. The CRTC's letter suggested instead that they raise their questions about the CRTC's policy, through interventions about broadcasters' licence renewal applications.
- 19 While the Forum's questions are set out in Appendix 4, it is a matter of some concern that the CRTC was unable to explain its own policy. It is similarly of some concern that the CRTC apparently considers that the best time to decide what its policies mean, is when it is in the midst of considering broadcasters' renewal applications.
- 20 After all, the CRTC could have scheduled the applications being heard in this proceeding for a later date – since they expire in a year from now, in August 2017. Scheduling the renewals at a later date would have given broadcasters and other stakeholders time to review the local and community TV policy, and if necessary, to contact the CRTC for information and guidance. It would have given the CRTC itself the time needed to formulate a complete and final version of its local and community TV policy.
- 21 Given the significance of its policies to Canada's communications system, the CRTC should change its scheduling approach, by ensuring that policies about key licensing matters are issued at least eight weeks before – not simultaneously with – applications that will be directly affected by the policies.

**Forum Recommendation 27      The CRTC should schedule the release of major policies at least 8 weeks before gazetting applications affected by those policies**

- 22 BNoC 2016-225 concerns broadcasters' applications to renew their licences. As licensees are a privilege, rather than a right, renewal is not automatic. The CRTC has for decades evaluated licensees' previous performance, as well as their plans for the next licence term, when it considered their renewal applications. In particular, the CRTC has traditionally considered broadcasters' compliance with their current or just-concluded licence, before granting (or denying) requests to change their conditions of licence.
- 23 Although the seven broadcasters in this proceeding all requested changes to their conditions of licence, the CRTC did not offer any historical data about their performance. The only data set out by the CRTC in BNoC 2016-225 about the previous

- licence term describe the English-language and French-language licensees, as a whole.<sup>98</sup> The data provided by the CRTC to describe individual applicants concern their group CPE and PNI levels for the next licence term, but do not describe their current performance and current requirements.
- 24 The CRTC therefore placed the entire burden of locating and analyzing information about broadcasters' past performance on interveners – while denying them sufficient time to locate and evaluate that information. It is worth noting, we might add, that while this burden is borne by each intervener – it represents in total a huge waste of their collective time and resources.
- 25 The Forum therefore respectfully urges the CRTC to initiate a public proceeding to enable it to develop a framework for its notices of consultation that includes basic information about broadcasters' past performance. This framework would facilitate informed comments by the majority of people who may from time to time participate in CRTC proceedings, and reduce the time devoted by organizations such as the Forum to analyses of the CRTC statistical and financial summaries, its aggregated financial summaries and broadcasters' program logs.

**Forum Recommendation 28      The CRTC should develop a framework for the information to include in its notices of consultation, to facilitate informed commentary, and maximize the effective use of limited resources**

- 26 The CRTC has, over the last two decades pursued a policy of encouraging concentrated ownership in Canada's electronic communications system.
- 27 Given this encouragement, it is difficult to understand why the CRTC publishes so little information about ownership, as we pointed out last year in the intervention filed by the Forum in response to BNoC 2015-421: it provided very little or no information about private television stations, their ownership or their programming.

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<sup>98</sup> Broadcasting Notice of Consultation CRTC 2016-225:  
paras 15-16 describe the total revenues, CPE, and PNI expenditures of the English-language applicants from 2012 to 2015  
para 17 describes the revenues and CPE of the French-language licensees from 2013 to 2014  
para 18 describes the CPE of the English-language licensees from 2012 to 2015; and the CPE of the French-language licensees from 2013 to 2015  
para 19 describes the PNI expenditures of the English-language licensees from 2012 to 2015  
para 20 describes the total PNI expenditures of the French-language licensees from 2013 to 2015  
para 22 describes viewing to the English-language and French-language applicants from 2012 to 2015 for the former, and for "the past four broadcast years" for the latter.

- 28 The Forum’s 2015-421 intervention pointed out that the CRTC’s website does not even publish lists of television stations to show the location(s) they are licensed to serve – the lists only show the addresses of television stations’ licensees. We added that the CRTC’s annual communications monitoring report describes television services, but does not list these by name or location; and though it offers information about large broadcast owners it does not list the individual programming services they control. We noted that while the CRTC publishes ownership charts about many broadcasters, it is unknown if every broadcaster is included in these charts.
- 29 We were pleased to see that, since our BNoC 2015-421 submission, the CRTC has upgraded its website with respect to broadcast services’ identification.<sup>99</sup> It now provides a one-button mechanism for downloading its lists into Excel spreadsheets, for instance, which is a useful and welcome improvement (from having to cut and paste this information page by page into a spreadsheet).
- 30 That said, the CRTC’s service lists still offer no information about ownership – listing instead (as “Company Contact Info”) each service’s licensee.
- 31 Considering that the CRTC has pivoted from renewing the licences of individual programming services, to renewing dozens and dozens of licences simultaneously through its 2010 group-based licensing policy, the CRTC should include in its radio-and-TV lists page a column to identify the ultimate ownership of each programming service.

**Forum Recommendation 29      The CRTC should add group or ultimate ownership of each programming service to its downloadable lists of these services**

- 32 As noted above, the process for hearing the renewal applications of Canada’s largest broadcasters has had several hiccups since it was opened for public comment. We addressed these hiccups, above.
- 33 In addition to information added to the record after BNoC 2016-225 was published, and before the intervention deadline, the CRTC’s staff have also asked broadcasters to file information after the intervention deadline – broadcasters have been asked “submit a revised final 2015-2016 broadcast year report by 14 October 2016”.<sup>100</sup>
- 34 While the Forum welcomes the CRTC’s interest in having up-to-date data from broadcasters, it has not explained whether interveners will be granted an opportunity to respond to these new data before the hearings that begin 22 November.
- 35 Not granting interveners an opportunity to comment on the new data either deprives the CRTC of potentially useful challenges of the evidence, or forces interveners to use

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<sup>99</sup> See [https://applications.crtc.gc.ca/radio-tv-cable/eng/broadcasting-services-List?\\_ga=1.35855397.481707473.1466337109](https://applications.crtc.gc.ca/radio-tv-cable/eng/broadcasting-services-List?_ga=1.35855397.481707473.1466337109).

<sup>100</sup> CRTC’s 15 June procedural letter, paragraph 2.

the very limited time afforded for their verbal remarks at the hearing to address the new evidence.

- 36 We therefore urge the CRTC to state clearly that it will permit interveners to comment on the new data. That said, if the CRTC agrees, it should say so before October – to permit interveners to allocate their time and resources effectively.

**Forum Recommendation 30**      **When asking broadcasters to file evidence after a proceeding’s intervention deadline has passed, the CRTC should also give interveners the opportunity and time to respond to that new evidence**

- 37 Another concern raised by BNoC 2016-225 involves its terminology. It refers to ‘consumers’ and ‘markets’: describing the CRTC’s attempts to encourage broadcasters to “better respond to consumer needs”,<sup>101</sup> for instance, and requirements to broadcast specific levels of local programming in “markets” of different sizes.<sup>102</sup>
- 38 Some may view concerns about terminology as “a sentimental archaism, like preferring candles to electric light” or horse-drawn cabs to airplanes.<sup>103</sup>
- 39 Terminology matters, however, as acknowledged earlier this year then the CRTC used the phrase, *Indigenous*, instead of *Native*,<sup>104</sup> in its 3-year plan.<sup>105</sup>
- 40 Similarly, Parliament’s broadcasting legislation for Canada does not refer to “consumers” and “markets”, however, but to “men, women and children”,<sup>106</sup> “audiences”,<sup>107</sup> “community”,<sup>108</sup> and local or regional sources.<sup>109</sup> Parliament’s only reference to ‘consumers’ is made when it permits the CRTC to sell “consumer products”.<sup>110</sup>

<sup>101</sup> BNoC 2016-225, ¶25.

<sup>102</sup> *Ibid.*, at ¶¶43-46.

<sup>103</sup> George Orwell, “Politics and the English Language”, 1946, <https://www.mtholyoke.edu/acad/intrel/orwell46.htm>.

Orwell did not share this view: he went on to argue that even if the foolishness of people’s thoughts lead to inaccurate language, “the slovenliness of our language makes it easier for us to have foolish thoughts.” His point was that “the process is reversible.”

<sup>104</sup> *Native broadcasting policy*, Public Notice CRTC 1990-89 (Ottawa, 20 September 1990), <http://www.crtc.gc.ca/eng/archive/1990/pb90-89.htm>.

<sup>105</sup> *CRTC Three-Year Plan 2016-2019*, <http://www.crtc.gc.ca/eng/BACKGRND/plan2016/plan2016.htm>: “Indigenous Radio Policy”.

<sup>106</sup> *Act*, s. 3(1)(i)(i).

<sup>107</sup> For instance, s. 3(1)(m) requires the CBC to “reflect Canada and its regions to national and regional audiences ....”.

<sup>108</sup> S. 3(1)(m) refers to “the different needs and circumstances of each official language community”.

<sup>109</sup> *Act*, s. 3(1)(i)(ii).

<sup>110</sup> S. 46(1)(k).



- 41 The CRTC's focus on financial or economic aspects of broadcasting – consumers, markets - raises concerns that it is not focussing on Parliament's requirement in law for broadcasters to serve Canadian men, women and children, and Canadian communities.
- 42 The CRTC should use the terms set out in its enabling legislation: apart from the fact that Parliament's broadcasting policy, and not the CRTC's interpretation of it, should govern the CRTC's approach to licensing, the CRTC's focus on consumers and markets is not clearly within its jurisdiction.

**Forum Recommendation 31 The CRTC should use the legal terms set out by Parliament in its broadcasting policy for Canada – “men, women and children”, “audiences” and “community” – not ideologically biased terms such as “consumers” and “markets”**

- 43 On 13 July the Forum asked the CRTC to clarify aspects of BRP 2016-224. We asked, for instance if the policy applied to all conventional television stations, and whether a program broadcast to all stations operated by a single licensee, could qualify as locally relevant programming for each station's service area.
- 44 On 21 July the CRTC declined to answer our questions, and suggested that we include them in our intervention. It said that it would be able to answer the questions once it had reviewed the data set out in large broadcasters' renewal applications:

[w]hile BRP 2016-224 outlines the Commission's general policy statements with respect to local and community programming, several implementation mechanisms will be discussed as part of the public process initiated by BNC 2016-225. In BRP 2016-224, the Commission also indicated that it would seek to implement its various policy determinations on local and community programming at the renewal of the various local television stations' licences. It will do so by examining and basing its determinations on data submitted as part of the licence renewal process as well as the overall record of the renewal proceeding. As such, the matters raised in your letter dated 13 July 2016 would be best addressed as part of an intervention in response to BNC 2016-225.

- 45 The questions we raised are set out in Appendix 4.
- 46 While it is true that the *Broadcasting Act* provides little guidance to the CRTC about the process it should follow when developing and applying policies, the Forum is concerned that the CRTC's choice of procedure in this case is now confusing its policy-making activities with its licensing responsibilities.
- 47 BRP 2016-224 flows from policies that the CRTC began to develop in 2013, through the *Let's Talk TV* process. The CRTC issued BRP 2016-224 after a public process in which broadcasters and the public participated, and to which they contributed extensive evidence.
- 48 It seems to us that the CRTC is now saying that BNoC 2016-225 does not, in fact, represent the CRTC's final determinations about its local and community TV policy –

- because the CRTC will now be considering “data submitted as part of the licence renewal process” to answer the questions that the Forum has raised about BRP 2016-224. The CRTC has not explained what additional data it needs to answer questions about how it will implement BRP CRTC 2016-224, and did not explain why it did not ask those questions during the 2015-421 proceeding that led to BRP 2016-224.
- 49 The result, however, is that the CRTC will be formulating parts of its policy for local television based on the answers given by Canada’s largest broadcasters about their plans for the future, rather than on evidence about all television broadcasters in Canada. This risks creating a two-tiered broadcasting system, with one set of policies for large broadcasters, and another set for all other broadcasters even though Parliament, meanwhile, envisaged a single broadcasting system.
- 50 The CRTC should give some thought to elucidating its approach to policy development and implementation.

**Forum Recommendation 32      The CRTC should issue an Information Bulletin to explain its practice in establishing and implementing policy, with particular reference to the role and source of evidence**

**Appendix 2**      **Deadlines in the Broadcasting Notice of Consultation CRTC 2016-225 proceeding**

<b>2016</b>	TV renewals (BNoC 2016-225)	Standard conditions of licence	Wireless Code	Stakeholders' extension requests
12 January	CRTC letter asks Rogers to renew its licences			
15 January	CRTC received Shaw's app'n to transfer TV services to Corus <sup>111</sup>			
8 February	2016-44 states CRTC has "today" asked broadcasters to renew their licences, by 4 April 2016			
10 March	CRTC changes 2016-44 deadline to 18 April 2016			
23 March	CRTC approves Corus' acquisition of Shaw licences			
18 April	Broadcasters file applications Corus seeks extension to 18 May answer questions due to the 23 March ownership trans'n			
26 April	Corus corrects application errors			
6 May	Corus files additional information (DM#2598774)			
11 May	Corus files additional information (DM#2600766)			
20 May		Notice issued		
10 June	Corus files 1 <sup>st</sup> def'y answers			
15 June	Issued			
16 June				
17 June				FRPC asks CRTC to extend interv'n deadline to 2 Sept
18 June				
19 June				
20 June	Large broadcasters ask CRTC to extend deadline for answers to 8 July	1 <sup>st</sup> intervention deadline		
21 June				
22 June				ACTRA, CMPA, DGC, WGC, SCFP ask CRTC to extend interv'n deadline to 2 Sept
23 June				

<sup>111</sup> Corus, *B. Group Issues*, English services, at 59.

24 June				Unifor asks CRTC to extend interv'n deadline to 2 Sept OLMC asks for more data
25 June				
26 June				
27 June	Initial deadline for broadcasters' answers			
28 June	CRTC grants large broadcasters' extension request			
29 June	CRTC asks Rogers more questions; CRTC answers large broadcasters' questions			
30 June				
1 July				
2 July				
3 July				
4 July				
5 July				
6 July				CRTC denies the requests from FRPC and Unifor
7 July				CRTC denies SCFP's request
8 July	Final deadline for broadcasters' answers Bell files corrections for its OTA projections Corus answers questions			
9 July				
10 July				
11 July				
12 July				
13 July				CRTC denies ACTRA, CMPA, DGC, WGC request
14 July				
15 July		2 <sup>nd</sup> deadline		
16 July				
17 July				
18 July				
19 July				
21 July				Denies FRPC's requests for clarifications
21 July				
21 July				
23 July				

24 July				
25 July	Bell opposes CRTC's confid'y decisions Corus files formerly confid'l data (DM#2668043)			
26 July				
27 July				
28 July			Notice issued	
29 July				
30 July				
31 July				
1 August				
2 August	Initial intervention deadline			
15 August	Final intervention deadline			
26 September			Deadline for interventions	

**Appendix 3 TV stations and news bureaux, 2015: A summary of available evidence**

Introduction

1. Following the CRTC's publication of its 2016 Local TV Policy (2016-224) and its announcement that it would be hearing the licence renewal applications of Canada's largest private television broadcasters, the Forum for Research and Policy in Communications (FRPC) asked me to research the availability of journalistic TV resources in Canada.
2. Very few resources exist that provide information on this subject. I reviewed material posted by television stations on their web sites, examined the recent study of legislative and the Parliamentary Press Gallery written by Heather Boyd and commissioned by the Government of Alberta, reports by unions on media employment levels, Internet postings regarding news coverage and read the records of the Parliamentary Press Gallery, and interviewed journalists in selective communities and journalism educators to assemble data for this report.
3. As a general comment, Canadian television news coverage in the English language seems to have followed the U.S. trend of declining in the 1990s and early years of this century following a wave of consolidations and the introduction of centralcasting. It may be stabilizing, and in some places started to bounce back somewhat in the last few years. In the United States, local TV news employment came close to hitting an all-time high in 2016, with growth of about 1 per cent. That puts employment just below the peak of 2001.<sup>i</sup>
4. Statistics Canada tracks media job losses. However, the Canadian Media Guild estimates 10,000 journalism jobs were lost between 2008 and 2015, with about 60 per cent in print.

- The Media Guild does not have hard and fast figures, however. It simply gathered news accounts of layoffs in print, radio, television and new media and tallied up what it claimed to be the total of job losses.<sup>ii</sup> Its report on job losses failed to include any data on new hires, a substantial flaw in its analysis,
5. The lack of Canadian statistics about newsroom staffing changes is quite remarkable, considering the rapidly-expanding number of journalism programs in Canada, at both the university and community college levels, feeding graduates into this market. Also, as the decline of print news coverage becomes more of a public policy issue, it is important to know whether the regulated electronic media have been able to at least partially fill the void in news coverage.
  6. By examining Canada's private local television stations' hours of news broadcasting, by collecting and collating data from their web sites and news releases, and through contacts with individual stations, some trends are apparent. Small communities like those in southwestern and eastern Ontario, northern Ontario and outside Regina and Saskatoon on the Prairies, as well as in much of the Maritimes, are losing local news coverage. A few places, like Wingham and Pembroke, have effectively lost their local TV stations. These stations no longer have studios in their communities, which not only broadcast news of the towns where the stations were licensed to, but large rural areas surrounding them as well. .
  7. Stations also continue to close their out-of-town news bureaus, which are a window on the regions they serve. Others are now served from news hubs based in cities like Calgary, Sudbury and Halifax, with freelance "stringers" or small bureaux of videographers feeding news content to the hub studios. In some instances, these hubs substitute area-specific

- news to the different centres in their broadcast area. This is not a new phenomenon – Kitchener’s CKCO covered much of southwestern and central Ontario in this way in the 1980s – but the practice has spread to other parts of the country. <sup>iii</sup>Consolidations and newsroom cuts in English Canada have tended to mirror the concentration of ownership in the television industry, with major news hour reductions following the take-over of CHUM’s network by Bell Media being the most recent example. It would be simplistic, however, to say that these consolidations in themselves are responsible for loss of news coverage. Other factors, including financial, that generate the consolidations must be taken into account, as should the decline in all mainstream media advertising revenue.
8. It should also be noted that cuts of news broadcast time have been reversed at some stations. Stations that have increased the amount of time given for news and public affairs broadcasts are mentioned in Part 1.
  9. As well, while there has been some shrinkage of coverage in the past three decades, CTV and CBC have created national television cable news networks. Employment in the Parliamentary bureaux of the major private networks has actually grown from 2004 to the present time. That said, OMNI TV, serving an important part of the Canadian audience, especially in urban areas outside Quebec, has closed its Ottawa news operation.
  10. Teasing out data from provincial and territorial press galleries is also difficult since in most provincial capitals, reporters are not assigned to legislatures on a full-time basis. At the Parliamentary Press Gallery, on the other hand, assignment to national politics on a full-time basis is a prerequisite for membership.



11. Before examining local TV news station by station, it is important to note an aspect that does have a serious detrimental effect on local television news. No local station has the ability to send reporting teams or even one-person videographers to every municipal council meeting, local public event, courthouse or other places where there's news to be covered. TV stations in small communities rarely break news stories, other than spot news such as crimes, accidents or fires. This is why, in covering local governance, they have tended to follow up stories broken by print reporters, who tend to far outnumber the television and radio reporters (employed by private and public broadcasters) in their communities. Television producers have relied over the years on the daily and weekly newspapers in their regions to provide story ideas that could be triaged to determine whether they should be covered, or followed-up.
12. In this context, the loss of entire newspapers and deep cuts to surviving print newsrooms has choked off the flow of story ideas and analysis for local television stations, making it much more difficult to dig deeply into the municipal, legal, environmental, First Nations, health, demographics and other complicated issues in their coverage areas.

Part: I English-Language Private Canadian Television News Broadcasting<sup>iv</sup>

Summary of results

TV Stations News Bureaux (English-language, private)

<b>TV station</b>	<b>Ownership</b>	<b>Bureaus</b>
CJCH Halifax	CTV	2 (Moncton, St. John)
CHNB New Brunswick	Global	3 (Fredericton, St. John, Moncton)
CICI Sudbury	CTV	2 (Sault Ste. Marie, North Bay, covering small communities in 300 km range)
CKVR Barrie	CTV	2 (Collingwood, Muskoka)

TV station	Ownership	Bureaus
CFTO Kitchener	CTV	1 (Chatham)
CFQC Saskatoon	CTV	1 (Prince Albert)
CIVT Vancouver	CTV	2 (Okanagan, Fraser Valley, also part-time legislature)
CJDC Dawson Creek	CTV	1 (Fort St. John)

### Newfoundland

CJON-TV (Independent): This station, carried on satellite in parts of Canada and the United States as “Newfoundland’s Superstation”, broadcasts 11.5 hours of news per week.

### Nova Scotia

CJCB-TV Sydney (CTV): No local news. Simulcasts CJCH-DT Halifax, except for an annual local telethon.

CJCH Halifax (CTV): Broadcasts 36.5 hours of local news, current affairs and lifestyle programming from its Halifax studio over retransmitters that make its signal available throughout most of Nova Scotia. Also the flagship news and content station for CTV in the Maritimes.

CIHF-TV Halifax (Global): Produces 1 hour per day of local newscasts, with the evening and late-night news preceding the Global national newscasts. A noon lifestyle program produced in Halifax was recently cancelled.

### New Brunswick

CKCW Moncton (CTV): Broadcasts CJCH news content with short local inserts. No longer has separate newscasts. This station has transmitters in eastern New Brunswick and in Prince Edward Island.

CKLT-TV St. John (CTV): Essentially just a retransmitter of CKCW Moncton and CJCH Halifax. No local newscast.

CHNB TV New Brunswick (Global): Global New Brunswick’s two local newscasts per day originate from the company’s Halifax studio but are tailored to New Brunswick audiences. Each local newscast is 30 minutes long and is immediately followed by Global national newscasts. A noon lifestyle show was recently cancelled. On June 8, 2011, Global Maritimes announced the launch of Morning News, a three-hour regional news, public affairs and lifestyle show. Global News, despite broadcasting all of its Maritimes news from Halifax, keeps separate New Brunswick and Nova Scotia news teams and separate news programming. Global has newsgathering teams and bureaux in Fredericton, Saint John and Moncton.

CHCO TV, Charlotte County (Independent): Community station licensed as a stand-alone broadcaster and unconnected to any cable service. The station uses the traditional volunteer structure and programming system to produce local programming, including arts coverage, broadcasts of local council meetings, sporting events and other material of local interest.

#### Quebec (English)

CFCF-TV Montreal (CTV): Twelve hours a week of locally-produced newscast from its station in downtown Montreal, which also houses the CTV National News and cable network's Montreal bureau. Cancelled its 6 a.m. weekday newscast on March 10, 2009 in favour of an early start for Canada AM. At the same time, local news breaks within Canada AM were also cancelled.

CKMI-TV Montreal (Global): Broadcasts 25 hours a week of news and information. As well, the station broadcasts Focus Montreal, a weekly public affairs show similar to Global's long-running Focus Ontario show.

#### Ontario

CJBN Kenora (Global): No local news department. Simulcasts news from CKND Winnipeg. From 2008 to 2011, broadcast Points North, a news and issues show, eight times per week. The show was cut back to two shows a week (weekend evenings) before being cancelled in 2013. CJBN also broadcasts simulcast news from Thunder Bay television. The station aired its last two-minute news break in early 2016.

CHFD-TV Thunder Bay (Global): Affiliated with CTV until 2010. Produces seven hours of local news per week for audience in Thunder Bay and Northwestern Ontario. Shares staff with CKPR, which is housed in the same building. Both are owned by Dougall Media. CKPR was, until 2014, a CBC affiliate but is now part of the CTV network.

CKPR Thunder Bay (CTV): Much of this station's broadcasting consists of local infomercials. During CRCT's Local TV consultations, executives of this station and CHFD, both owned by Dougall Broadcasting, said the stations were nearly bankrupt. To save money, CKPR now carries CJOH Ottawa's noon news broadcast.

CICI-TV Sudbury(CTV): This station is the hub of CTV's Northern Ontario service and headquarters of CTV's newsgathering operation in this vast but thinly-populated region. Stations in North Bay, Sault Ste. Marie and Timmins that are part of this service previously had their own news programming. Now bureaux in the larger towns send footage to Sudbury to be aired on news programs that are rebroadcast on transmitters between northern Georgian Bay and the Hudson Bay lowlands.

CHBX Sault Ste Marie (CTV): This station retransmits CICI Sudbury as part of CTV's Northern Ontario system. The station has a retransmitter in Wawa, 300 kilometres north of Sault Ste. Marie, that Bell has applied to shut down.

CITO-TV North Bay, Sudbury, Hearst, Chapleau (CTV): Formerly a local station based in Timmins, the station no longer broadcasts local newscasts. It retransmits the programming of CICI Sudbury as part of CTV's Northern Ontario system.

CKNY-TV (CTV) Huntsville: Until 1999, this station was a re-broadcaster of CKCO Kitchener. For a brief interval it broadcast a small amount of local programming, but is now simply a rebroadcaster of CICI-TV Sudbury serving the Muskoka and northern Georgian Bay region.

CKVR-DT Barrie (CTV2): 9.5 hours of local newscasts per week (the lowest in the Toronto market). Serves a large area of central Ontario from studio in Barrie, with one-person bureaux in Collingwood and Muskoka. In 2010, three hours of local news and lifestyle content was cancelled, along with weekend 30 minute weekly news review show.

CHCH-TV Hamilton (Independent) Until Dec. 11, 2015, CHCH, formerly a locally-focused station with a long tradition of producing comedy and entertainment shows for the Canadian market, attempted to be a local news station competing in the Golden Horseshoe region of Ontario. On that date, the station discontinued its rolling news broadcasts and laid off most of its staff. The station now broadcasts enough news to meet its licensing obligations. This consists of 17.5 hours per week (all on weekdays). Much of its news broadcasting comes from the Bloomberg News feed. Station has re-transmitter in North Bay, Ontario.

CHEX TV Peterborough CTV: This station, owned by CORUS, was for many years an independently-owned CBC affiliate (along with CFPL London and CKVR Barrie). CHEX-TV broadcasts 16 hours of locally-produced news per week (all on weekdays, except for half-hour newscasts on weekends)

CIII-TV (Global): Retransmitted throughout Southern Ontario and western Quebec on twelve transmitters, this station carries 28 hours of local programming along with Focus Ontario, the only private network provincial current affairs show in Ontario. In 2012, CIII resumed noon news broadcasting with a new 30-minute show.

CKWS-DT Kingston (Corus-owned, CTV program affiliate): This station is not a CTV network affiliate *per se* under CRTC rules regarding competition, but it does use CTV's news bureau feeds and carries the evening National News broadcasts. The station broadcasts 15.5 hours of local news.

CKNX Wingham (off-air): Former CBC affiliate when it was owned by London's Blackburn family, this station served a large, predominantly rural area stretching from the Bruce Peninsula and Owen Sound to the western shore of Lake Huron. After several changes of ownership and format, broadcasting ceased in 2009 and the transmitter began rebroadcasting CFPL London.

CKCO Kitchener (CTV): Broadcasts 15.5 hours per week for a vast coverage area stretching through central and southwestern Ontario. In the 1980s and early 1990s, the station paid freelancers to cover news and events in the Georgian Bay-Muskoka area for insertion into simulcast local segments used in broadcasts from its retransmitters in Wiarton and Muskoka. It also operated a bureau in Windsor, which was closed in 1994. The station now maintains one-

member videographer bureau in Chatham. The station cut one hour of local news in 2012, and another hour in 2014. The station, which was formerly the only CTV affiliate in the southwestern Ontario region, scaled back its rural and small-town coverage as competitors like CKPL and CKNX were sold, gave up their CBC affiliation and eventually became part of the CTV network. CKCO also, from its inception in 1954 until the 1990s, produced local children's shows, game shows, and entertainment programming.

CJMT Toronto (OMNI): Re-broadcast throughout Ontario and in several major cities in western Canada including Vancouver, where the station has a large audience for its Mandarin and Punjabi content. In 2015, the station cut all of its newsgathering, which had been broadcast in news shows in the Italian, Punjabi and Mandarin languages and replaced it with panel discussions. It closed its Parliament Hill bureau, which had six employees.

CITY-TV Toronto (CITY/Rogers): Original and flagship station of the CITY network, the station. CITY broadcasts 34.5 hours a week of news and information programming. The CITY system was hit with massive layoffs and programming cuts when Rogers bought it in 2010, but in 2011, weekend newscasts and an early evening news broadcast were restored and its late-night local newscast was expanded.

CFTO Toronto (CTV): The flagship CTV station, it continues to operate a large studio in Agincourt that also houses the network's national newsroom and studios for CTV's cable news network. The station broadcasts 15.5 hours per week of local news. The station has retransmitters in Orillia and Peterborough and is available to more than half of Ontario's population on BDUs.

CFPL London (CTV): Broadcasts 14 hours of locally-produced news but in 2009, as a CHUM "A Channel" station, had severe cuts to its news department and cancelled its morning newscast.

CHWI Windsor (CTV Two): Station carries CFPL London programming and broadcasts. Has a local half-hour newscast although weather and sports segments of its newscasts are produced at CFPL's studio in London.

CHRO Pembroke, but essentially an Ottawa station (CTV Two): Originally licensed to serve the small towns and rural areas of the Ottawa Valley from Pembroke, this station now shares space with other Bell properties in the former CHUM Media Mall in Ottawa's Byward Market. The former station in Pembroke is unused. In 2006, the station was sold to Bell Media and immediately announced the cutting of one hour of news and lifestyle programming per weekday. The move resulted in 34 journalism jobs lost, and the station stopped carrying evening newscasts. The CRTC-mandated quota of 23.5 hours of local programming a week is met through a morning lifestyle show. There were further job cuts in 2011. By this time, most high-profile on-air journalists and anchors had left CHRO for other stations or had left journalism for other careers.

CJOH-DT Ottawa (CTV): Once a major local and national content creator, this station has a large broadcast footprint, with retransmitters in Deseronto and Cornwall that give it over-the-air

reach throughout Eastern Ontario, rural western Quebec and into Montreal. Almost all local programming was cut in 1996. The station now broadcasts 15.5 hours of news per week.

### Manitoba

CHMI Winnipeg (CITY): This station broadcast 15 hours per week of locally produced news shows until 2015 consisting only of a local version of the morning program Breakfast Television. This was cancelled in 2015 and replaced with CITI FM's Wheeler in the Morning radio show.

CKND-DT Winnipeg (Global): Broadcasts 24.5 hours of news per week. The station also produces Focus Manitoba, a weekly provincial politics and current affair show similar to Focus Ontario.

CKY-TV Winnipeg (CTV): Station carries 28 hours of news, information and lifestyle programming. Its signal is rebroadcast throughout Manitoba. The bulk of its current affairs programming consists of a three-hour weekday morning program based in Winnipeg.

### Saskatchewan

CIPA-TV Prince Albert (CTV): Due to cutbacks, only broadcasts news on CTV News at Noon. Simulcasts CFQC's newscast, which includes news items from Prince Albert

CFQC-DT Saskatoon (CTV): Broadcasts 27 hours of locally-produced newscasts each week (five hours on weekdays and one hour on Saturday and Sunday covering Saskatoon, with reports from Prince Albert.

CICC Yorkton (CTV): This station carries local newscasts at noon and 6 p.m. on weekdays. All other programming comes from CBKT Regina.

CKCK Regina (CTV): Produces 5.5 hours of news and locally-produced lifestyle programming per day., three hours of which is a morning show. It produces two hour-long newscasts on weekends.

### Alberta

CFRN-DT Edmonton (CTV): Broadcasts 38 hours per week of local news for audiences in Edmonton and Red Deer, including newscasts and a weekly one-hour provincial affair program broadcast by CFRN, CTV and CTV2 affiliates in Alberta. In 2009, CFRN and all other CTV stations stopped inserting local news updates into CTV's Canada AM morning show.

CFCN-TV Calgary/Lethbridge (CTV2): Broadcasts 37.5 hours of local news per week, including a separate 30 minute simulcast each day of local news from Lethbridge to viewers watching broadcasts of CFCN from the Lethbridge transmitter. The station has a huge reach throughout southern Alberta and Eastern British Columbia, with 18 transmitters located throughout the region. Bell has applied to reduce the amount of "educational" programming broadcast by this station and to make it a cable-only operation.

CKAL-TV Calgary/Lethbridge (Global): Broadcasts 15 hours per week of current affairs, all of it Breakfast Television morning broadcasts. Supper-hour and late-night newscasts are rebroadcasts of CITY's Toronto newscasts.

CISA-DT Lethbridge (Global): Station broadcasts 9.5 hours a week of news. Studio for the newscast was recently moved to Calgary. Broadcasts are carried on five transmitters in rural southern Alberta.

CHAT Medicine Hat (CITY): Produces 15 hours of news (all on weekdays) plus a half-hour recap news program shown on weekends and Monday mornings.

### British Columbia

CIVT Vancouver (CTV): Broadcasts 36.5 hours of news, current affairs and lifestyle programming. Bureaux in Burnaby, Port Coquitlam, North Vancouver and Surrey were closed in 2001. The station has added bureaux in the Okanagan and Fraser Valley and has maintained a bureau in Victoria to cover provincial political news and major stories from the city. CIVT also shares news with CTV's Victoria affiliate.

CHAN-DT Vancouver (Global): Broadcasts 7.5 hours of local news on weekdays and 5 hours on each of Saturday and Sunday. This former WIC-owned CTV affiliate has re-transmitters throughout mainland British Columbia and on Vancouver Island.

CJDC-TV Dawson Creek (CTV): Produces one-hour suppertime and one-hour late-night local newscast. The station employs four reporter/videographers and a news manager covering both Dawson Creek and Fort St. John.

CHBC-TV Kelowna (Global): Broadcasts 15.5 hours of locally-produced news per week. This station formerly had bureaux throughout the Okanagan, but in 2009 closed its newsgathering operations in Kelowna, Vernon and Penticton. At the same time, it reduced its local news broadcasts from 22 hours per week to the present 15.5.

CJFC Abbotsford (CITY): Broadcasts 10 hours per week of local and national news, sports and lifestyle coverage

CHEK-TV Victoria (Independent): Broadcasts 12 hours of locally-produced news (2 hours on weekdays, 1 hour on Saturday and Sunday consisting of a 30-minute early evening newscast and a 30-minute current affairs show CHEK-Point).

CHNM-DT Vancouver (Independent): Broadcasts 12.5 hours of locally-produced newscasts each week, with no newscasts on weekends. The station is multilingual, and its newscasts air in Cantonese, Mandarin, and Punjabi. Korean and Tagalog newscasts were recently cancelled.

CITL Lloydminster (CTV): Produces half-hour local news shows at noon, 6 p.m. and 11:30 weekdays and at 6 p.m. on weekends.

Part II: Federal and Provincial TV Journalists (Private Broadcasters)**Canadian Parliamentary Press Gallery<sup>v</sup>**

Year	Global	CTV	CTV2	CITY	BN	BBerg	Internet Media
2004	7**	25	0	1	2	1	0
2010	11	29	0	0	1	5	0
2015	18	32	2	1	1	6	18*

\*Includes 2-member BuzzFeed bureau closed August 2016. None of these journalists stream video content,

\*\* In 2010, Global TV had journalistic support of the Canwest print bureau.

**Provincial Press Galleries<sup>vi</sup>**Newfoundland Press Gallery

Gallery does not exist per se. Reporters ask for accreditation as needed.

PEI Press Gallery

2 members (1 Charlottetown Guardian, 1 CBC). No private broadcasters.

Nova Scotia Press Gallery

Four members (two dedicated full-time to legislature, neither of them private broadcasters.)

New Brunswick Press Gallery

10 members, including fluctuating/rotating membership of local TV camera operators and technicians from CTV and Global's Halifax-based news hub..

Quebec Press Gallery

This gallery had 100 members in 2003, 72 members in 2006 and has 60 members now. Most job losses were in print.

Ontario (Queen's Park) Press Gallery

25 members

Year	CBC	Global	CTV	TVO	Local
2015	1	1	1	2	0

Note: Global TV continues to produce Focus Ontario, a 30-minute provincial affairs show shown by affiliates across the province.

There are no reporters from stations outside Toronto. Previously, CKVR Barrie had a Queen's Park-based reporter.



Manitoba Press Gallery

30 members, not all full-time (Many Winnipeg journalists are members as fees are low, full-time attendance is not required, and membership gives journalists swipe card access to the legislative building).

Saskatchewan Press Gallery

10 members (outlets, not individuals)

Alberta Press Gallery

Membership numbers are unavailable as the Gallery is in a state of flux. The new government and the continuing leadership issues in the Opposition have generated more media interest lately than this gallery normally received during the Conservative administration. CBC, Global and CTV have members.

British Columbia Press Gallery

The B.C. press gallery has 23 print and broadcast members, almost all Vancouver or Victoria-based, including reporters from CTV and Global.

*Mark Bourrie*

*Mark Bourrie worked as a freelance and staff writer for small market newspapers in Ontario and for the Hamilton Spectator, London Free Press, the Globe and Mail, Toronto Star and, after joining the Canadian Parliamentary Press Gallery in 1994, most of the rest of the country's major dailies. He was also Parliamentary correspondent for the Law Times and Canadian Lawyer from 1994 to 2007. His magazine work has appeared in Toronto Life, Saturday Night, Canadian Business, Cablecaster, Ottawa Magazine, and other magazines. In 2000, he edited Canadian Communications Reports and Canadian New Media for Decima Publishing. Bourrie received his BA in History from the University of Waterloo in 1991, a Diploma in Public Policy and Administration from the University of Guelph in 1994, a Master's in Journalism from Carleton University in 2004, and a PhD in History from the University of Ottawa in 2009. His Master's thesis was a content analysis of Canadian newspapers to determine their influence in the banning of marijuana in Canada in 1937. His PhD thesis was the first full examination of the news censorship system in Canada in the Second World. Bourrie's Master's thesis was published by Key Porter Press as Hamp. His PhD thesis was published by Douglas and McIntyre as The Fog of War: Censorship of Canada's Media in World War II. Bourrie's examination of media control by Stephen Harper's government, Kill the Messengers, published by HarperCollins, was a national bestseller in 2015. It was listed as one of the Globe and Mail's Top 100 books of 2015 and was one of the Hill Times Top 20 Political Books of 2016. His analysis of the role of the Internet and other propaganda in "Islamic State" recruitment was published in 2016 by HarperCollins as The Killing Game. Bourrie taught media theory and practice at Concordia University from 2007 to 2009 and is now a part-time faculty member in the Department of History at Carleton University and Canadian Studies at the University of Ottawa.*

**Appendix 4 Questions about BRP 2016-224**

- a. Does BRP 2016-224 apply to all over-the-air television stations operated by the ownership groups? For instance, does BRP 2016-224 apply to the OMNI group of television stations?
- b. BRP 2016-224 states at paragraph 50 that “all local programming must be locally relevant”, while defining local relevance at paragraph 52 as programming that “is of interest to the community or market”. Paragraph 50 also states that “all local news must be locally reflective”, while paragraph 56 clarifies that (among other things) locally relevant news must be produced by the station’s staff or by independent producers.
  - i. Would a program containing items of interest to all Canadians and which is broadcast by more than one television station of an ownership group be considered to be a locally relevant program for each station?
  - ii. Would a program containing items of interest to all Canadians which is broadcast by more than one television station of an ownership group, count towards the 7- and 14-hour local programming requirements for each television station?
  - iii. What percentage of locally reflective material is required in a program for it to qualify as local for both program expenditures and program exhibition requirements. ?
  - iv. While locally reflective local news must be produced by a station’s staff or by independent producers, a similar requirement is not stated for non-news local programming. Could local non-news programs that are produced without a local station’s staff and without local independent producers count as local programming?
  - v. Could locally relevant programs that are produced without direct local editorial control count as local programming?
- c. BRP 2016-224 states at paragraphs 30 and 31 that “the current exhibition requirements for local programming represent realistically attainable levels” and that “most of the local programming broadcast consisted of local news”.
  - i. Does the CRTC expect broadcasters to exhibit a minimum level of non-news local programming, and if so, what is this level?
  - ii. Please define “realistically attainable”.
- d. BRP 2016-224 states at paragraph 31 that the “vast majority” of television stations’ Canadian programming expenditures “is allocated to local programming”, and that “this ratio of expenditures increases as the size of the market decreases”.
  - i. Please identify the numerator and denominator in the above-noted ratio of expenditures.
  - ii. Were the expenditures noted above devoted solely to original, first-run programs?
- e. BRP 2016-224 states at paragraph 57 that broadcasters may now “draw from both categories 1 News and 2(a) Analysis and Interpretation to meet their local news exhibition and expenditure obligations ....” The CRTC’s television program categories currently define categories 1 and 2(a) as follows:

Category 1 News

Newscasts, newsbreaks, and headlines. Programs reporting on local, regional, national, and international events. Such programs may include weather reports, sportscasts, community news, and other related features or segments contained within "News Programs."

Category 2a) Analysis and Interpretation

Programs on various topics that include analysis or discussion, for example, talk or panel shows, consumer affairs or reviews, newsmagazines and documentaries that do not fall under category 2b). This category excludes programs presenting information primarily for entertainment value.

- i. Will talk or panel shows, consumer affairs or reviews, newsmagazines or documentaries count as news, when they do not include newscasts, newsbreaks, and/or reports on local, regional, national, and international events? In other words, can a station meet its local news requirements by providing only Category 2 programming?
  - ii. Will talk or panel shows, consumer affairs or reviews, newsmagazines or documentaries count as news if they include one or more newsbreaks that are a minimum of five minutes in length?
  - iii. Will broadcasters be required to log broadcasts of Categories 1 and 2(a) programming separately to establish their compliance with 2016-224, with CRTC expectations, with CRTC regulations or with conditions of licence?
- f. BRP 2016-224 states at paragraph 61 that
- one of the means that local television stations may use to meet their obligation to provide locally reflective news is to maintain a local physical presence, which may include:
- providing seven-day-a-week original local news coverage distinct to the market;
  - ensuring that editorial decisions on content are made in the market;
  - employing full-time journalists on the ground in the market; and
  - operating a news bureau or news gathering office in the market.
- i. Is the statement in BRP 2016-224 at paragraph 61 referring to the continued presence of journalists in the communities broadcasters are licensed to serve, a CRTC expectation or a requirement?
- g. BRP 2016-224 refers at paragraph 62 to a notice of consultation that the Commission will issue to amend Schedule I of the *Television Regulations 1987* and then goes on to state that "the Commission will change the forms used by broadcasters for their annual returns to require services to indicate the amount of locally relevant and reflective programming produced or acquired for each program category, as well as the associated revenues and expenses."
- i. Will the CRTC change its forms to measure the concept of local presence it identified in paragraph 59 as "one of the means that local television stations may use to meet their obligation to provide locally reflective news"?

**Appendix 5      Availability of resources at the parent corporation level****Introduction**

I was retained by the Forum for Research and Policy in Communications (FRPC) in July 2016 to provide it with a brief report for inclusion in its intervention at the upcoming TV renewal hearing that would:

1. provide a historical snapshot of the results of operations, including revenues, expenses, profits, dividend payments, etc., for each of the broadcast parent companies, BCE, Quebecor Media, Shaw/Corus and Rogers (RCI), for each of the years 2008 to 2015, and
2. provide an analysis comparing each broadcast parent companies' expenditures on programming produced by Canadians and local programming produced by Canadians with the parent company's total resources, ie revenues, expense, profits.

**Analysis:****Bell Canada Enterprises**

Over the period 2008 – 2015, Bell Canada Enterprises Inc (BCE) has performed very well on a consolidated basis as the following highlights demonstrate:

**Subscribers:** while its number of wireline subscribers declined 35.6% from 10.38M (million) in 2008 to 6.688M by 2015, the number of subscribers to its higher revenue growth services, ie: wireless, high-speed internet and TV, increased by 27% from 11.329M to 14.397M.

**Revenues:** despite the decline in wireline subscribers, the increase in growth services subscribers combined with rate increases and other acquisitions resulted in consolidated revenues increasing 21.8% from \$17.661B (billion) to \$21,514B over the period.

**EBITDA** (earnings before interest, taxes, depreciation and amortization): with increased revenues and the benefit of cost efficiencies, EBITDA increased 22.1% from \$7,004B to \$8,551B resulting in BCE's EBITDA margin remaining constant over the period at +39%.

**EPS** (earnings per share): increased 32.4% from \$2.25 to \$2.98.

**Free cash flow:** the cash flow generated from BCE's operating activities that is available to repay debt and reinvest in the company increased 50.2% from \$1,996B to \$2,999B.

**Dividends:** BCE rewarded investors by increasing the cash dividend payout on its common shares from \$587M in 2008 to \$2.169B by 2015. The projected 5% increase to \$2.73 per share proposed for 2016 represents the 12<sup>th</sup> increase (87%) in BCE's annual dividend since the fourth quarter of 2008. BCE has a target dividend pay-out policy of between 65% and 75% of free cash flow. As a percentage of free cash flow, dividend payouts increased from

29.4% in 2008 to 60.2% in 2010 and further to 72.3% by 2015. Including reinvested dividends this translates to a total return to shareholders of 208% since the end of 2008.

**Share price:** currently BCE's common shares are trading on the TSX at near their all-time high after increasing 152% from \$25.13 in 2008 to \$63.25 at the close of the TSX on Aug. 12, 2016.

**Dividend yield:** in concert with the rise in the market value of BCE's shares, the continued increase in the annual dividends has allowed the yield to shareholders to increase from 2.9% in 2008 and to thereafter remain in the very comfortable +4.0% range, and 4.3% as at the August 12, 2016 close of the TZX.

On a segmented basis however, BCE's licensed television undertakings have continued to experience challenges in the broadcast advertising market as:

**Revenues:** since 2010, advertising revenues have declined 22.4% from \$933.58M to \$724.45M in 2015.

**PBIT:** revenue declines coupled with a 10.9% and 9.5% increase in Canadian program expenditures resulted in losses before interest and taxes of \$38.58M and \$23.78M in 2014 and 2015 respectively.

**Canadian program expenditures (CPE):** as a percentage of its aggregate television revenues, CPEs have fluctuated between 25% and 30% over the 2008 – 2015 period. However, should advertising revenues continue to decline, CPEs, even if only to remain at current levels, will have to take an increasing share of the undertaking's declining revenues. To put this into perspective with BCE's consolidated results, BCE is spending about 1% of its consolidated revenues, 7 to 10% of its consolidated free cash flows and 10 to 14% of its consolidated dividend payout on CPE.

**Comment:** on a consolidated basis, BCE has demonstrated that it has the financial resources available to it to provide additional funding to the Canadian programming expenditures of its licensed television undertakings

**Rogers Communications Inc**

Over the period 2008 – 2015, Rogers Communications Inc. (RCI) has performed well on a consolidated basis as the following highlights demonstrate:

**Subscribers:** while the number of television subscribers declined by 18% to 1.896M in 2015, the number of subscribers to RCI's wireless, internet and cable/telephony services increased by 26% from 10.353M to 13.015M over the period.

**Revenues:** despite the decline in television subscribers, the increase in subscribers to RCI's other services when combined with rate increases and other acquisitions has resulted in overall revenues increasing 18% from \$11.335B to \$13.414B over the period.

**EBITDA** (earnings before interest, taxes, depreciation and amortization): with increased revenues and the benefit of cost efficiencies, EBITDA increased 33% from \$3,784B to \$5,032B resulting in RCI's EBITDA margin remaining relatively stable in the 37-38% range over the period.

**EPS** (earnings per share): increased 84% from \$1.57 to \$2.89

**Free cash flow:** the cash flow generated from RCI's operating activities that is available to repay debt and reinvest in the company increased 15% from \$1,464B to \$1,676B.

**Dividends:** RCI also rewarded its shareholders as cash dividends paid out on common shares increased 75% from \$559M in 2008 to \$977M in 2015 resulting in pay-outs of approximately 60% of free cash flow..

**Share price:** after rising 132% from \$25.13 in 2008, RCI's common shares are currently trading on the TSX near their 52-week high, closing at \$58.23 on Aug. 12, 2016.

**Dividend yield:** as the market value of RCI's common shares has increased over the period, its continued dividend increases have allowed the yield to shareholders on its common shares to increase as well, from 2.7% in 2008 to 3.3% as at the Aug. 12, 2006 close on the TSX.

On a segmented basis however, RCI's individual licensed television undertakings have continued to experience challenges in the broadcast advertising market as:

**Revenues:** since 2011, advertising revenues have declined 25.8% from \$298.46M to \$221.56M by 2015.

**PBIT:** revenue declines coupled with increases in program expenditures have resulted in losses in all years except 2009

**Canadian program expenditures (CPE):** as a percentage of its aggregate television revenues, RCI's CPEs have fluctuated between 23% and 26% over the 2008 – 2015 period. However, as

with other broadcast licensees, should advertising revenues continue to decline, CPEs, even if only to remain at current levels, will have to take an increasing share of the undertaking's declining revenues. To put this into perspective with RCI's consolidated results, RCI is spending less than 1% of its consolidated revenues, 3.5 to 4.5% of free cash flows and 7 to 8% of its consolidated dividend payout on CPEs.

**Comment:** on a consolidated basis, RCI has demonstrated that it has the financial resources available to it to provide additional funding to the Canadian programming expenditures of its licensed television undertakings

**Corus Entertainment**

Up until 2015, when the market value of its shares fell by 50%, Corus Entertainment (Corus) performed reasonably well on a consolidated basis as the following highlights demonstrate:

**Revenues:** consolidated revenues increased 5.8% between 2008 and 2014 before declining 2.1% from \$833M (million) in 2014 to \$815.3M in 2015

**EBITDA** (earnings before interest, taxes, depreciation and amortization): EBITDA increased 15% between 2009 and 2014 before falling by 4.3% to \$277.2M in 2015

**EPS** (earnings per share): although increasing to a high of \$1.91 per share in 2013, fell significantly to a loss of \$0.29 per share in 2015.

**Free cash flow:** the cash flow generated from Corus' operating activities that is available to repay debt and reinvest in the company surprisingly increased 30.5% from \$154.M in 2013 to \$201.M in 2015.

**Dividends:** despite declining revenues and margins, Corus continued to reward investors by increasing the cash dividend payout on its common shares from \$44.6M in 2010 to \$76.2M in 2015.

**Share price:** after rising from \$20.52 per share at the end of 2011 to \$25.72 at the end of 2013, Corus' shares have declined significantly to \$22.95 at the end of 2014 and further to \$10.80 at the end of 2016. They currently trade around \$12.90 on the TSX, the increase of which is due in part to investor optimism over Corus' recent purchase of Shaw Media

On a segmented basis however, the licensed television undertakings within the Shaw/Corus group have, like other broadcasters, continued to experience challenges in the broadcast advertising market as:

**Revenues:** since 2011, advertising revenues have declined 22.4% from \$522M to \$405M in 2015.

**PBIT:** revenue declines coupled with a 29.6% increase in Canadian program expenditures between 2011 and 2015 has resulted in a decline in PBIT from +\$45.4M in 2011 to losses before interest and taxes of \$6.5M, \$24.8M and \$28.6M in each of 2013, 2014 and 2015 respectively

**Canadian program expenditures (CPE):** as a percentage of its aggregate television revenues, CPEs have fluctuated between 21% and 36% over the 2008 – 2015 period. As with the other television licensees, should advertising revenues continue to decline, CPEs, even if only to remain at current levels, will have to take an increasing share of the undertaking's declining revenues. To put this into perspective with Corus's consolidated results, CPEs represent



about 14 - 15% of its consolidated revenues, 75 to 90% of its consolidated free cash flows and 250% of its consolidated dividend payout.

**Comment:** As to the resources that Corus will bring to the table with its recent approval to acquire the assets of Shaw Media, the market views the transaction favourably but with a certain guarded optimism. Moreover, the degree to which Corus is successful in its operation of Shaw Media will determine whether it will have the financial resources available to it to provide additional funding to the Canadian programming expenditures of its licensed television undertakings

**Quebecor Media Inc.**

Up until 2013, when advertising revenues in all forms dropped significantly, Quebecor Media Inc. (QMI) has incurred some financial challenges over the last few years but overall has performed reasonably well on a consolidated basis as the following highlights demonstrate:

**Revenues:** consolidated revenues increased 15.8% between 2008 and 2012 before declining 18.7% from \$4.352B (billion) in 2012 to \$3.539B in 2013 and then recovering moderately to \$3.88B in 2015.

**EBITDA** (earnings before interest, taxes, depreciation and amortization): despite the decline in revenues, EBITDA remained relatively steady through 2012 before increasing \$1.4B and \$1.44B in 2014 and 2015 respectively

**EPS** (earnings per share): although increasing to a high of \$2.14 per share in 2009, EPS declined annually thereafter to a loss of -\$1.08 in 2013, a further loss of -\$0.24 in 2014 before recovering positively to +\$1.09 per share in 2015.

**Dividends:** QMI has a history of paying very low dividends. In fact over the years 2008 through 2014, QMI's annual dividend amounted to \$0.10 per share before it was increased in 2015 to \$0.13 per share. As a result, dividend yields on its shares have been extremely low.

**Share price:** in part because of declining advertising revenues and low dividends, QMI's shares have bounced around from \$38.67 at the end of 2012, falling to \$26.44 the following year and then rebounding steadily to where they currently trade on the TSX at \$41.04. Normally, an increase in the market price of a share is fueled either by investors seeking yield or increased consumer optimism for the company's future. Given QMI's historically low dividend payments it would certainly appear to be the latter.

On a segmented basis, QMI's licensed television undertakings have, like other broadcasters, continued to experience challenges in the broadcast advertising market as:

**Revenues:** since 2011, revenues have declined 17.7% from \$260M to \$214M in 2015.

**PBIT:** declining revenues, coupled with basically maintaining Canadian program expenditures levels, QMI's PBITs has declined annually from \$48.989M in 2010 to an actual loss of -\$3.37M in 2015.

**Canadian program expenditures (CPE):** as a percentage of its aggregate television revenues, CPEs have fluctuated between 42% and 54% over the 2008 – 2015 period with the 54% coming in each of 2014 and 2015, surprisingly as revenues declined. As with the other television licensees though, should advertising revenues continue to decline, CPEs, even if only to remain at current levels, will have to take an increasing share of the undertaking's

declining revenues. To put this into perspective with QMI's consolidated results, CPEs represent about 2.5 to 3% of consolidated revenues and +100% of its dividends paid out.

**Comment:** on a consolidated basis, QMI has demonstrated that it has the financial resources available to it to provide additional funding to the Canadian programming expenditures of its licensed television undertakings

*Doug Wilson, CPA, CMA*

*Over the course of a 30-year career at the Commission beginning in 1980, Mr. Wilson has acquired an extensive knowledge of the broadcast industry. Holding a variety of Director-level management positions during this time, Mr. Wilson was responsible for directing various teams of professionals in the comprehensive analyses of the financial, statistical, engineering, marketing, corporate and program information related to the regulation of the radio, television, broadcast distribution and new media sectors of the broadcasting industry in Canada. In particular, as Director of Industry Analysis, Mr. Wilson was responsible for leading the comprehensive audit and verification of the annual financial returns filed by licensed broadcast undertakings.*

*Mr. Wilson holds Bachelor of Economics and Bachelor of Commerce (Honours) degrees from the University of Manitoba as well as the designation, Chartered Professional Accountant (CPA, CMA).*

**\*\*\* End of document \*\*\***

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1 <sup>i</sup> Bob Papper, Radio Television Digital News Association Research: Newsroom Staffing, July 25, 2016. Available at: [http://www.rtdna.org/article/rtdna\\_research\\_newsroom\\_staffing](http://www.rtdna.org/article/rtdna_research_newsroom_staffing)

2 <sup>ii</sup> Study available at <http://www.j-source.ca/article/canadian-media-guild-data-shows-10000-job-losses-past-five-years>.

3 <sup>iii</sup> The author lived and worked in Central Ontario in the 1980s and knew CKCO stringers personally. He was aware of their efforts to cover major news in the Georgian Bay-Muskoka region.

4 <sup>iv</sup> Data for this section was gathered from the web pages of these stations, and data provided by these stations

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5 <sup>v</sup> Data courtesy of the Canadian Parliamentary Press Gallery. 2016 figures as of Aug. 1, 2016

6 <sup>vi</sup> Data for this section is from Heather Boyd, Accreditation and Access in a Changing Media Landscape. Government of Alberta, 2016. Available at: <http://www.alberta.ca/albertacode/images/Report-Media-Accreditation-Access-Heather-Boyd.pdf>. Material also came from the web pages of several provincial legislatures, the Ontario provincial press gallery Twitter page and personal communication with press gallery staff and members.