



By Michael McCabe

During Broadcasting 2000 in Calgary last November, the CAB and Specialty and Premium Television Association (SPTV) announced the merger of our specialty and pay television services interests. The timing could not have been better.

Over the past year, “mega-merger”, “corporate consolidation” and “convergence” became catch phrases to describe some of the unprecedented changes Canada’s private broadcasters have been undergoing. The joining of our associations reflected these realities of the private broadcast industry. It just made good sense. In combining our expertise and gathering together Canada’s specialty and pay services under one roof, we have ensured a stronger, united voice and more effective, cohesive lobby and public policy approaches for the more than 60 analog and close to 300 new digital services comprising this rapidly growing sector.

When we announced the merger, Canada’s specialty and pay services sector had become a cultural and economic powerhouse within the Canadian broadcast industry. It was also at a crossroads.

Since the mid-1980s, the sector has grown and matured. It has experienced an increase in both independent specialty and pay services as well as specialty and pay services owned and operated by conventional broadcasters. It is creating jobs and bringing an unprecedented number of new Canadian stories to Canadian audiences. It is spending close to \$400 million on Canadian programming, reaching over 60 per cent of the population, and by 1999 was pulling in close to 17 per cent of all TV viewers in the country. This sector has topped the \$1 billion mark in total subscription revenues, and has put Canada on the map with the greatest variety of specialty and pay services for our population base.

The more than 460 applications for new digital specialty and pay licenses the CRTC received in May 2000 made history as the single largest filing to the commission and sent a

# A united voice — a cultural and economic powerhouse

clear message that specialty and pay services and the evolution of digital TV distribution were putting a whole new spin on television viewing for Canadian audiences. In November, following its licensing hearing for new digital specialty and pay services, the CRTC awarded licenses to 16 English and five French-language Category 1 applications, 262 Category 2 applications, and two pay-per-view and four video-on-demand applications. The approved applications included two world firsts in programming genres — The

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Women’s Sports Network, and a service targeted at the gay and lesbian communities, PrideVision.

These new digital licenses will mean a wider variety of quality Canadian programming choices providing more opportunities to showcase Canadian talent. As commission Chair Françoise Bertrand noted: “The approval of these licenses for new digital pay and specialty services marks an exciting new era in Canadian broadcasting and sets the stage for expanded digital activity.”

With the announcement of these new licenses, the CRTC said that a successful digital launch required the following elements. They follow closely the CAB’s submission to the commission last July and our subsequent presentation during the digital licensing hearing:

- The development of a Digital Code of Conduct that addresses equitable terms of carriage, pricing and packaging, promotion and marketing, as well as undue preference/undue disadvantage for new digital services
- The establishment of a common launch date for the new digital services;
- A Canada-first approach on the addition of non-Canadian services to the list of eligible satellite services; and
- More flexibility for Category 1 services that will allow them to over- or under- spend on Canadian programming commitments by 10 per cent in a given broadcast year.

The CAB has moved forward on these recommendations. Our proposed Digital Code of Conduct responds to the Commission’s call for an industry digital code and sets forth comprehensive carriage, packaging, pricing, promotion principles, a clear dispute resolution process in the event of disagreement over distribution terms and conditions, and a listing of practices that would confer undue preferences or undue disadvantages.

It has been non-stop since the SPTV/CAB merger and there is work yet to be done to ensure policy, regulation and the marketplace are conducive to the continued success of Canada’s specialty and pay services. The markers of this success will come in the successful launch of the new digital services, the ongoing growth of the sector and, above all, the unwavering commitment of broadcasters to providing consumers with a wide choice of quality, affordable Canadian programming.

These are exciting and challenging times for Canada’s specialty and pay services. Stay tuned.

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