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**Proceeding on the Review of the
Regulatory Frameworks for Broadcasting Distribution
Undertakings and Discretionary Programming Services**

Notice of Public Hearing 2007-10

**Presentation by
The Canadian Association of Broadcasters**

April 10, 2008

CAB Vision: The goal of the CAB is to represent and advance the interests of Canada's private broadcasters in the social, cultural and economic fabric of the country.

CAB Opening Statement – April 10, 2008

Mr. Chair and panel members, good morning,

We would like to make a brief Opening Statement to address the five key questions you articulated at the outset of this Public Hearing earlier this week. The answers to those questions require a few contextual comments to properly situate our positions and also to respectfully submit our vision for the outcome to this proceeding.

Mr. Chair, you have testified to your deep understanding of the mandate Parliament has given the CRTC to ensure that this system continues to flourish.

Parliament has given the CRTC a special responsibility. It must place a high priority on the social and cultural contributions that broadcasting can make to the Canadian sense of identity.

Furthermore, this Commission recognizes the central role of the broadcasting system: delivering Canadian content, expressing the diversity of our country, and allowing access to Canadians both as audiences and as participants.

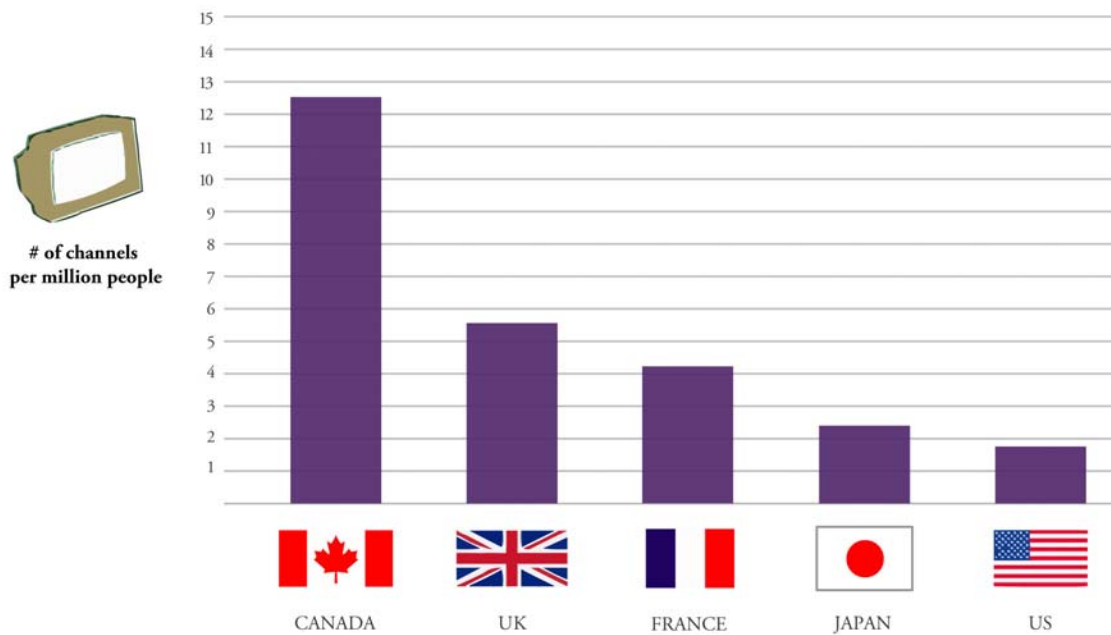
We are encouraged by your understanding, as well as the understanding and commitment of your colleagues to upholding the role of this Commission.

As we see it, the importance of that role has quite possibly never been greater than in today's world where a regulated universe and unregulated universe of media choices live side by side.

So as this proceeding takes flight, we respectfully submit that it is critical to take a moment to remind us all of what decades of work by broadcasters, distributors and regulators has produced: the very best broadcasting system in the world and, not surprisingly, the very best example of tangible outcomes in the history of Canadian cultural policy.

Let's start with how we compare on the international scale. Simply stated, Canadians enjoy more access to both domestic and foreign television services on a per capita basis than anywhere else in the world. On a per capita basis we have more than twice as many choices as the UK, three times as many as France, five times as many as Japan and more than 10 times as many as the US, the world's biggest media powerhouse.

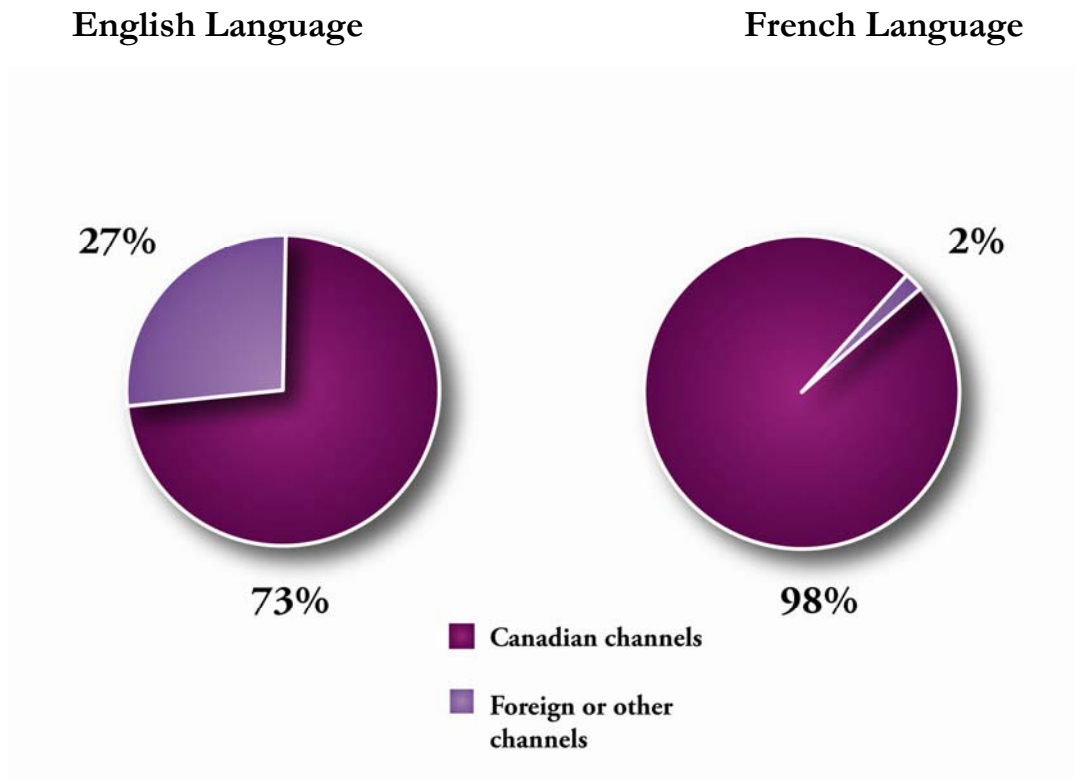
Television Choice – Various Countries, 2005



Notes: excludes local/community channels. Includes only foreign and domestic channels available across the country.

Sources: OECD, Communications Outlook 2007; OECD observer No. 254/265; FCC, Twelfth Annual Report to Congress, 2005; Ofcom, The Communications Market 2006; Telecommunications Regulatory Authority of India, India Telecommunications Services Performance Report July-Sep. 2005; CIA, World Factbook (Indonesia).

In terms of measurable cultural policy outcomes, the Canadian broadcasting system out-performs every other federal cultural policy initiative. Consider this: through content support with access, preponderance and genre rules, this system delivers more than 70% of English-language viewing and more than 95% of French-language viewing to Canadian channels and services.



Source: CAB, based on BBM meter data for Halifax, Toronto, Calgary, Vancouver and Montreal Franco.

By way of example, we have looked at film and magazines in Canada. The comparison is striking.

Comparative Analysis of Cultural Policies

	Content Support		Access and Preponderance Rules		Result
Television	CRTC Canadian content regulation; funding and tax credits	+	CRTC regulation of BDUs for access and preponderance	=	Over 70% of English-language viewing is to Canadian channels and services; over 95% in French
Feature Film	Funding and tax credits	+	No access or preponderance support	=	98% of English-language box office receipts are to foreign films (English)
Magazines	Funding and tax incentives	+	No access or preponderance support on newsstands ----- Access support (postal subsidy for subscriptions)	=	80%-90% of newsstand sales are for foreign magazines (English) ----- Half of subscription sales are Canadian (English)

For feature films, with no access or preponderance support, only two or three percent of box office receipts go to English language Canadian productions, while some 97 percent go to foreign productions. We see a slightly more robust French language production sector with 17 per cent of box office receipts. For magazines, 80 to 90 percent of newsstand sales, with no access or preponderance rules, go to foreign publications. Even with access support in the form of the postal subsidy, half of subscription sales go to foreign magazines.

Where the government has intervened to support Canadian content creation, access and distribution, there has been success. The numbers spell that out.

There is no comparable success story anywhere that exceeds the measurable outcomes of the Canadian broadcasting system.

It is against that backdrop and in that context that we propose to respond, first by way of broad principles, to the five questions stated at the outset of this hearing. We offer these

preliminary responses to launch the discussion with the Commission panel and look forward to providing a detailed clarification and rationale for each of these.

Answer to Question 1

The minimum requirements for the basic package for all BDUs, including DTH, should include local stations in the market, educational services and mandatory services (s. 9(1)(h)), as those services represent and consist of the foundation services in the system.

Answer to Question 2

There should be guaranteed access to all analog and Category 1 specialty and pay services on the basis that these services contribute significantly and substantially to Canadian programming and to diversity in the system. We refer to these as Core Services.

Answer to Question 3

There should be genre protection for all analog and Category 1 specialty and pay services from both other Canadian and non-Canadian services, to ensure Canadian TV viewers continue to benefit from the broad array of programming diversity in the system. Audience data clearly demonstrates the growing number of Canadian viewers to Canadian programming services, defined by genres.

Answer to Question 4

The CAB does not have a position on fee-for-carriage for OTA given that our members have chosen to address this issue on an individual basis. However, to address the underlying issue of program rights and to resolve the matter of impact evaluation and compensation for Distant Canadian Signals, we submit that BDUs must be required to obtain the consent of OTA broadcasters prior to their distribution in distant markets, thereby eliminating the need for program deletion regulations.

Answer to Question 5

We welcome the opportunity to work with BDUs on developing business models for the VOD platforms. However without negotiated arrangements with broadcasters, BDUs should not have access to advertising revenues from on-demand services. Only programming acquired from Canadian broadcasters should be made available on SVOD services. With regard to local avails, BDUs should not have direct or indirect access to advertising revenues. Advertising revenue should remain the purview of broadcasters on the basis that for every dollar of revenue earned, programming services contribute, on average 30.5% to Canadian programming whereas BDUs contribute no more than 5%.

As to the outcome of this proceeding, we retain a strong conviction that this Commission will build on the legacy of its predecessors in ensuring that Canadians will continue, prior to and after 2011, to have access to the best broadcasting system in the world.

Thank you.