



Canadian
Association of
Broadcasters

L'Association
canadienne des
radiodiffuseurs

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August 17, 2006

Sent via Email

Ms. Diane Rhéaume
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Dear Ms. Rhéaume:

**Re: Broadcasting Notice of Public Hearing CRTC 2006-7, Item 14 –
Application No. 2006-0245-0 by Câblevision du Nord de Québec
inc. (CNQ) for a broadcasting licence to operate a general interest
video-on-demand (VOD) service**

1. The Canadian Association of Broadcasters (CAB) – the national voice of Canada's private broadcasters, representing the vast majority of Canadian programming services, including private television and radio stations, networks and specialty, pay and pay-per-view television services – is pleased to submit these comments in relation to the above-noted application.
2. The CAB's comments pertain only to that portion of CNQ's application requesting authorization to allocate 5% of the gross revenues generated by the proposed VOD programming undertaking to the resources of the community channel of its broadcasting distribution undertakings, rather than to a Canadian production fund. According to CNQ, this proposal is intended to provide supplementary funding to its community channel, in order to maintain and improve the community programming that it provides.
3. The Commission's licensing policy with respect to VOD services that are integrated or affiliated with broadcasting distribution undertakings is set out in Public Notice CRTC 2000-172, the introductory statement to a series of decisions approving such VOD licences. In that notice, the

Commission confirmed the policy previously set out in Public Notice CRTC 1997-83 that all VOD services are required to contribute 5% of their gross revenues to a Canadian production fund. Accordingly, approval of CNQ's proposal would exempt CNQ from a fundamental requirement, applicable to all other VOD services, to provide financial support to the production sector.

4. The CAB does not take issue with CNQ's desire to maintain and improve the community programming service that it provides on its broadcasting distribution undertakings. In the CAB's view, however, to authorize supplementary funding from its proposed VOD service, at the expense of contributions to a Canadian production fund, would be an inappropriate way to achieve this.
5. The CAB submits that CNQ has not made a compelling argument to justify an exception to the Commission's VOD licensing policy with respect to contributions to Canadian production funds. Furthermore, approval of such an exception would create a precedent that would encourage other BDUs with integrated VOD services to pursue similar funding models which would give preference to their own community channels, again to the detriment of the production sector.
6. For these reasons, the CAB urges the Commission to deny this element of CNQ's application.
7. The CAB appreciates the opportunity to participate in this proceeding.

Yours sincerely,



David Keeble
Senior Vice-President
Policy & Regulatory Affairs

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