



Canadian  
Association of  
Broadcasters

L'Association  
canadienne des  
radiodiffuseurs

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March 23, 2006

***SENT VIA EMAIL***

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

Dear Ms. Rhéaume:

**Re: Broadcasting Public Notice CRTC 2006-18 – Application Nos. 2005-1239-4 and 2005-1237-8 by Saskatchewan Telecommunications (SaskTel) to amend the licences for its video-on-demand (VOD) undertaking and its broadcasting distribution undertakings (BDUs)**

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 applications.
2. SaskTel proposes to offer an outlet for local expression through its licenced VOD service that would provide its BDU subscribers with community programming available on demand 24 hours per day, seven days per week. The programming offered through this service would be subject, by way of condition of licence, to policy and regulatory requirements similar to those applicable to programming provided on cable community channels.
3. The CAB notes that, in effect, SaskTel is applying under the auspices of its VOD licence to operate a community programming service that offers its programs on-demand rather than in a linear schedule characteristic of a conventional cable community channel.

4. The CAB acknowledges that in licensing SaskTel's BDU in 2001, the Commission had explicitly prohibited SaskTel from offering a community channel. Nevertheless, the CAB does not oppose in principle the provision of an on-demand local community programming service by SaskTel, should the Commission now determine that it is appropriate to authorize such a service, provided it complies with all relevant policy and regulatory requirements generally applicable to community channels. These requirements include, but are not limited to, adherence to the Commission's policies and guidelines pertaining to sponsorship messages contained within community channel programming.
5. The CAB draws the Commission's attention to a fundamental element of SaskTel's proposal that departs significantly from the established community channel policy framework. SaskTel proposes that funding for its on-demand community programming service would consist not only of 2% of the gross revenues derived from the broadcasting activities of the BDU with which it is associated, but would also include 2% of the gross revenues of its VOD undertaking. Further, SaskTel indicates its intention to contribute 2% of the gross revenues of its proposed pay-per-view (PPV) service, when licensed, to funding of the community programming service.
6. The CAB submits that, in keeping with the principle that the proposed community programming service should be subject to the relevant policy and regulatory requirements generally associated with cable community channels, it would be inappropriate to authorize funding for this service over and above 2% of the gross revenues derived from broadcasting revenues of SaskTel's BDU. To authorize additional funding from the VOD service and proposed PPV service would unduly decrease SaskTel's contribution to independent production funds. Furthermore, it would create a precedent that would encourage other BDUs with integrated VOD services to adopt a similar funding model for their own outlets for local expression, again to the detriment of the independent production sector.
7. Finally, the CAB notes that this application represents yet another example of how the nature of VOD is evolving as it becomes an increasingly important element of the Canadian broadcasting system.
8. The CAB notes that the VOD licences currently held by broadcasting distribution undertakings will expire between 2007 and 2010. When originally licensed, these VOD services were conceived primarily as additional windows for the broadcast of feature films. Today, they have become windows for a variety of programming categories, raising licensing, advertising and program rights issues and related questions about the currency of the regulatory framework for VOD.

9. As the marketplace for VOD services continues to develop beyond that originally envisaged, the CAB submits that, before engaging in the renewal process for existing VOD licensees, it would be appropriate for the Commission to undertake a review of the regulatory framework to ensure that it remains relevant in light of the changing nature of VOD services.
10. The CAB appreciates the opportunity to participate in this proceeding.

Sincerely,

A handwritten signature in black ink that reads "Wayne Charman". The signature is written in a cursive, flowing style.

Wayne Charman  
Vice-President  
Television, Specialty & Pay Services

c.c. SaskTel (via Email: [document.control@sasktel.sk.ca](mailto:document.control@sasktel.sk.ca))

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