



Canadian
Association of
Broadcasters

L'Association
canadienne des
radiodiffuseurs

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November 30, 2006

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

Dear Ms. Rhéaume:

Re: Broadcasting Public Notice CRTC 2006-138 – Application Nos. 2006-0843-2 and 2006-0845-8 by MTS Allstream Inc. (MTS) to amend the licences for its video-on-demand (VOD) undertaking and its broadcasting distribution undertaking (BDU)

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. MTS has proposed amendments to its BDU and VOD licences to enable it to offer an outlet for local expression that would provide its BDU subscribers in Winnipeg with on-demand access to community programming twenty-four hours per day, seven days per week. The programming offered through this service would be subject, by way of conditions of licence, to policy and regulatory requirements similar to those applicable to programming provided on cable community channels.
3. The CAB does not oppose in principle the provision of an on-demand local community programming service by MTS 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.

4. The CAB opposes, however, that portion of the proposed amendment to its VOD licence that would authorize MTS to contribute 2% of its gross VOD revenues to assist in the funding of the outlet for local expression, with a corresponding reduction in the financial contribution that it would otherwise be required to make to an existing independently administered production fund. This funding from the VOD service would be in addition to 2% of the gross revenues derived from the broadcasting activities of its Winnipeg BDU operation.
5. The Commission recently denied a similar funding proposal by Saskatchewan Telecommunications (SaskTel) in Broadcasting Decision CRTC 2006-490 *Licence amendments related to the funding and provision of an outlet for local expression*. In that decision, the Commission concluded that SaskTel's proposal to redirect to its outlet for local expression a portion of the required contribution of its VOD undertaking to an independently administered production fund was inconsistent with the licensing framework for VOD services.
6. The CAB submits that, for the same reason, this portion of the current application by MTS should also be denied. In the CAB's view the applicant has not provided any valid rationale that would support an exception to the VOD licensing framework resulting in the redirection of funding from its VOD service to the proposed outlet for local expression.
7. To authorize such additional funding from the VOD service would unduly decrease MTS'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.
8. The CAB appreciates the opportunity to participate in this proceeding.

Sincerely,

Original signed by:

Glenn O'Farrell
President & CEO

c.c. MTS Allstream Inc. (via E-Mail: iworkstation@mtsallstream.com)

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