



Broadcasting Decision CRTC 2016-39

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Reference: Part 1 application posted on 22 July 2015

Ottawa, 4 February 2016

Country Music Television Ltd.
Across Canada

Application 2015-0744-3

Country Music Television – Licence amendments

*The Commission **approves** an application to delete certain nature of service conditions of licence for the national, English-language specialty Category A service Country Music Television (CMT).*

*The Commission also **approves** the request to delete CMT's condition of licence relating to the exhibition of Canadian programming and to amend its condition of licence relating to the broadcast of Canadian music videos.*

*The Commission **denies** the request to delete CMT's condition of licence relating to allocating a portion of the service's revenues to the development and production of Canadian country music videos. However, the Commission has amended that condition of licence to remove the reference to "country music."*

Background

1. In Broadcasting Regulatory Policy 2015-86, the Commission stated that it would eliminate its genre exclusivity policy, which limited programming services to offering certain types of programming (that is, a "nature of service") and precluded other services from offering that programming. Consequently, it no longer enforces conditions of licence relating to nature of service, with certain exceptions, such as the condition of licence relating to the broadcast of live professional sports programming by services other than mainstream sports services.
2. It further stated that licensees must provide the Commission with a name and a brief description of the service, to be listed on the Commission's website, and update this information any time it changes. This will allow both Canadians and the Commission to continue having basic information about the discretionary services in operation.

Application

3. Corus Entertainment Inc. (Corus), on behalf of Country Music Television Ltd., filed an application relating to the national, English-language specialty Category A service

Country Music Television (CMT). Corus requested the deletion of the following nature of service conditions of licence:¹

2. (a) The licensee shall provide a national English-language specialty Category A service with programming focused on country and country-oriented music.
 - (d) No less than 50% of all programming broadcast by the licensee shall be drawn from category 8(b) Music video clips.
 - (e) No more than 15% of the programming broadcast during any broadcast week shall be drawn from category 7 Drama and comedy.
 - (f) No feature films shall be broadcast except those in which:
 - (i) a country music artist is the key subject of the film or
 - (ii) a country music artist is cast in a key performing role.
4. Condition of licence 2.(b), which allows the licensee to draw programming from all program categories for broadcast on the service, and condition of licence 2.(c), which limits the broadcast of programming drawn from program category 6(a) Professional Sports to 10% of the broadcast month, would be retained.
5. Corus also requested changes in regard to the following conditions of licence relating to the broadcast of Canadian programs and music videos:
 3. (a) With the exception of programs drawn from categories 8(b) Music video clips and 8(c) Music video programs, in each broadcast year the licensee shall devote no less than 60% of the broadcast day and no less than 50% of the evening broadcast period to the exhibition of Canadian programs.
 - (b) No less than 40% of all music videos (category 8(b)) broadcast by the licensee during the broadcast year shall be Canadian music videos, whether aired as part of videoflow or packaged in other types of programming.
6. Specifically, it requested that condition of licence 3.(b) be deleted, and that condition of licence 3.(a) be amended to remove the exceptions for program categories 8(b) and 8(c). Accordingly, that condition of licence would read as follows:

In each broadcast year the licensee shall devote no less than 60% of the broadcast day and no less than 50% of the evening broadcast period to the exhibition of Canadian programs.

¹ CMT's current conditions of licence are set out in Appendix 3 to Broadcasting Decision 2011-446.

7. Finally, the applicant requested the deletion of the following condition of licence:
 12. In each broadcast year, the licensee shall allocate no less than 11% of the previous year's gross revenue to the development and production of Canadian country music videos.
8. Corus stated that the above requests are consistent with the Commission's decisions stemming from its elimination of the genre exclusivity policy.
9. Pursuant to Broadcasting Regulatory Policy 2015-86, Corus provided the following description for CMT:

The licensee shall provide a national English-language discretionary service offering comedy, movies, real-life reality series and one of a kind music programming.

Interventions and reply

10. The Commission received an intervention in opposition to this application from the Canadian Independent Music Association, on behalf of itself and other organizations representing the Canadian music industry² (CIMA et al.). It also received an intervention from the Association québécoise de l'industrie du disque, du spectacle et de la vidéo in support of CIMA et al.'s intervention. Corus replied collectively to the interventions. The public record for this application can be found on the Commission's website at www.crtc.gc.ca or by using the application number provided above.
11. CIMA et al. requested that CMT's nature of service conditions of licence be retained until the end of the service's current licence term. They argued that this would provide stakeholders with time to comment on how the service's current licence structure should be met pursuant to Broadcasting Regulatory Policy 2015-86 and on how the licensee may continue to honour its commitments to the country music industry during CMT's current and next licence terms.
12. The interveners submitted that the deletion of any references to "country or country-oriented" music and of all requirements to play music video clips and country-related programming would constitute core changes to CMT's nature of service. They argued that country music made by Canadian music creators, artists and music companies would no longer have a designated home on Canadian airwaves, and questioned whether CMT would end up broadcasting any country music at all.

² The Canadian Council of Music Industry Associations, Music Managers Forum Canada, the Canadian Music Publishers Association, the Canadian Musical Reproduction Rights Agency Ltd., the Society of Composers, Authors and Music Publishers of Canada, and the Canadian Country Music Association

13. CIMA et al. further submitted that deleting requirements relating to the exhibition of Canadian programs, and Canadian music videos in particular, would result in a net loss of original, Canadian country music video and music video-related programming as well as a significant loss of marketing and promotion opportunities for Canadian artists. They highlighted Corus's involvement in various programming, sponsorship, promotional and concert tour initiatives in the country music sector, as well as its Video Advantage Program (VAP) fund, which it noted has been in operation since 2000 and has the mandate of helping to contribute to the growth of the Canadian country music industry and provide opportunities to showcase their talents.
14. In its reply to the interveners, Corus stated that all players in the broadcasting industry need to quickly adapt to changes in that industry and in the media landscape. In regard to the nature of service conditions of licence in particular, it noted that Broadcasting Regulatory Policy 2015-86 did not set out specific exceptions for any type of music, including country music. Corus submitted that the requested amendments would not lead to changes in the level of Canadian content broadcast on the service or in the service's overall expenditures on Canadian programming. In the applicant's view, its request is consistent with the intent of Broadcasting Regulatory Policy 2015-86, which is to grant greater flexibility to broadcasters to create and acquire programming that they consider will best suit their audiences. It considered that delaying the requested amendments until CMT's next licence term would run counter to that policy.
15. Corus submitted that CMT's overall Canadian programming expenditures (CPE) would not change as a result of the deletion of condition of licence 12. The applicant stated that it continues to be a very strong supporter of Canadian country music artists, and that music videos continue to populate the service's daytime schedule. It noted that it has no plans to change the focus of CMT at this time, but needs to re-focus its CPE spending. Specifically, Corus plans to transition the VAP fund into more long-form music programming, which would be much more sustainable for its business and would benefit Canadian musical artists. The applicant nevertheless noted that, at any time, CMT could stop offering country music and country music videos on its service in light of Broadcasting Regulatory Policy 2015-86. As such, requiring it to continue to fund content that would no longer be offered on the service would run counter to that policy and would severely limit CMT's ability to create and acquire programming that best suits its audiences.

Commission's analysis and decisions

16. The requested deletion of CMT's conditions of licence 2.(a) and 2.(d) through 2.(f), the retention of condition of licence 2.(b), and the requested amendment to condition of licence 3.(a) (given that this condition currently relates to the program categories from which programming may be drawn for broadcast on the service) are consistent with Broadcasting Regulatory Policy 2015-86. The Commission notes that being relieved of the requirement set out in condition of licence 2.(d) to devote at least 50% of CMT's programming to music video clips will result in a significant increase in programming flexibility for the service. In regard to the proposed amendment to

condition of licence 2.(c), as set out in the above-noted policy, the 10% limit applies to “live” professional sports. The Commission has amended that condition of licence accordingly.

17. CMT’s exhibition requirements set out in condition of licence 3.(b) relate to the development and production of Canadian country music videos, and are tied to the nature of service conditions of licence of which the Commission has approved the deletion. Accordingly, the Commission considers it appropriate to grant the request to delete condition of licence 3.(b).
18. In regard to expenditure requirements, continuing to require that a portion of CMT’s expenditures on Canadian programming be tied to the creation of content, including promotional content, for the music industry is in line with the transitional approach of Broadcasting Regulatory Policy 2015-86. Accordingly, it finds that requiring Corus to allocate 11% of the previous year’s gross revenues of the service to the development and production of Canadian music videos is reasonable. However, requiring continued funding for the production of content that it may no longer offer on CMT (i.e., country music) would be overly restrictive. Consequently, the Commission has deleted the reference to “country music” from condition of licence 12.
19. Although Broadcasting Regulatory Policy 2015-86, through the elimination of genre exclusivity, has introduced significant regulatory flexibility, other key changes, including those relating to the broadcast of Canadian programming and to CPE requirements, will be addressed at the time of licence renewal.
20. In light of all of the above, the Commission **approves** the request by Corus Entertainment Inc., on behalf of Country Music Television Ltd., to amend the broadcasting licence for CMT by deleting the nature of service conditions of licence 2.(a), and 2.(d) through 2.(f). The service’s **condition of licence** limiting the broadcast of live professional sports programming shall read as follows:

The licensee shall devote not more than 10% of the programming broadcast during the broadcast month to live professional sports programming, which falls under program category 6(a) Professional sports.

21. Further, the Commission **approves** the request to delete CMT’s condition of licence 3.(b) relating to the exhibition of Canadian programming and to amend the service’s condition of licence 3.(a) relating to the broadcast of Canadian music videos. The amended **condition of licence** shall now read as follows:

In each broadcast year the licensee shall devote no less than 60% of the broadcast day and no less than 50% of the evening broadcast period to the exhibition of Canadian programs.

22. Finally, the Commission **denies** Corus’s request to delete condition of licence 12 relating to allocating revenues to the development and production of Canadian country music videos. Instead, the Commission has amended that **condition of licence** to read as follows:

In each broadcast year, the licensee shall allocate no less than 11% of the previous year's gross revenue to the development and production of Canadian music videos.

Secretary General

Related documents

- *Let's Talk TV: The way forward – Creating compelling and diverse Canadian programming*, Broadcasting Regulatory Policy CRTC 2015-86, 12 March 2015
- *Corus Entertainment Inc. – Group-based licence renewals*, Broadcasting Decision CRTC 2011-446, 27 July 2011

**This decision is to be appended to the licence.*