



## Broadcasting Decision CRTC 2006-698

Ottawa, 21 December 2006

### **Société de télédiffusion du Québec**

Across Canada

*Application 2006-0916-7*

*Broadcasting Public Notice CRTC 2006-96*

*28 July 2006*

### **Société de télédiffusion du Québec (Télé-Québec) – Amendment to Télé-Québec’s advertising code of conduct**

*In this decision, the Commission **approves** the amendments proposed by the Société de télédiffusion du Québec to the Télé-Québec advertising code of conduct to increase the maximum amount of advertising it may broadcast from 8 to 12 minutes per hour, to remove the current restriction prohibiting the broadcast of over 800 minutes of advertising material per week, and to delete any reference to regional and local advertising and to sponsorships.*

#### **The application**

1. The Commission received an application from the Société de télédiffusion du Québec (the Société) to amend its advertising code of conduct to increase the maximum amount of advertising it may broadcast from 8 to 12 minutes per hour. The Société also proposed to amend Télé-Québec’s advertising code of conduct to remove the current restriction prohibiting the broadcast of over 800 minutes of advertising material per week and to delete any reference to regional and local advertising and to sponsorships.<sup>1</sup>

#### **Independent production and partnerships**

2. The Société noted that the current hourly 8-minute advertising cap restricts its opportunities for television production partnerships with television broadcasters authorized to air 12 minutes of advertising material each clock hour. The applicant further noted that it intends to assign, in 2006-2007, more than 95% of Télé-Québec’s programming production to independent producers. Independent producers often contract for program broadcasting rights with several broadcasters in order to fund their

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<sup>1</sup> In Broadcasting Public Notice CRTC 2006-96, 28 July 2006, the Commission indicated that it had received an application to amend the condition of licence of the television programming undertaking CIVM-TV Montréal; however, the application actually proposed to amend Télé-Québec’s advertising code of conduct to increase the maximum amount of advertising it may broadcast from 8 to 12 minutes per hour, to remove the current restriction prohibiting the broadcast of over 800 minutes of advertising per week and to delete any reference to regional and local advertising and to sponsorships.

productions and ensure that they are profitable, and this requires the co-operation of several broadcasters, most of whom are authorized to air 12 minutes of advertising an hour.

3. The Société also noted that the financial structure of the programs it acquires provides for advertising to be inserted during broadcasting and that, to make these programs profitable, it is often possible to insert advertising messages therein.
4. With respect to the weekly 800-minute cap on advertising, the Société noted that this cap was established at Télé-Québec's last licence renewal, when Télé-Québec was broadcasting only 17 hours of programming daily. It pointed out that Télé-Québec now broadcasts 18.5 hours per day and on average airs 6.5 minutes of advertising each hour, meaning that 842 minutes of advertising could currently be broadcast in a week.
5. The Société added that the 800-minute cap does not allow it to compensate for time reserved for paid announcements and limits the promotion of its cultural activities. According to the Société, the cap should be removed from its advertising code of conduct to allow it to manage its advertising minutes more effectively.

#### **Investment of additional revenues in independent production**

6. The Société pointed out that because of its audience data, its Canadian Television Fund envelope will be reduced by \$1 million next year. The Société also noted that, given Télé-Québec's cultural and educational mandate, its advertising revenues originate from sources that are complementary to those of other French-language television broadcasters.
7. The Société estimates that if this application is approved, it could generate additional revenues of between \$1 million and \$2 million. According to the Société, Télé-Québec's advertising revenues for 2006 totalled \$9 million, while French-language television revenues for the same period totalled \$581 million, meaning that Télé-Québec's share represents less than 1.6 per cent of the French-language advertising market.
8. Furthermore, if the application is approved, the Société committed to reinvest all these additional revenues in independent production. Télé-Québec would also maintain its commitment not to broadcast commercial messages during programming for children between 2 and 11 years old, point-of-view documentaries and repertory films.

#### **Regional and local advertising**

9. Lastly, the Société noted that its request to delete any reference to regional and local advertising and sponsorships from Télé-Québec's advertising code of conduct stems from the fact that it has ceased broadcasting regional and local advertising since it moved away from the regional dimension of the programming aired by the network.

## **Intervention**

10. The Commission received one intervention opposing the application. Mr. Christian Merten, a viewer, noted that, originally, Télé-Québec was not allowed to air any commercial messages. Mr. Merton therefore opposed the request to increase air time for advertising material.
11. The applicant did not respond to the intervention.

## **The Commission's analysis and determinations**

12. The Commission carefully examined the application and considered the arguments made by the licensee and the intervener. The Commission notes that no television broadcaster opposed the application.
13. The Commission notes that over the years the Société has filed numerous applications seeking authorization to broadcast advertising. The Société was authorized to broadcast prestige sponsorship messages on Télé-Québec in 1978 and paid public announcements in 1982. In 1985, in *Société de radio-télévision du Québec*, Decision CRTC 85-609, 31 July 1985, the Commission authorized the Société to broaden the types and content of the advertising it broadcasts to allow for the promotion of companies and their products and services. In that decision, the Commission directed Télé-Québec to file a statement on the acceptance standards and criteria it would follow regarding the sale of air-time so that this information could be placed on the public file. On 28 October 1985, Télé-Québec provided the Commission with the first draft of its advertising code, which stipulated, among other things, that the time devoted to the broadcast of advertising messages was not to exceed six minutes per hour. In 2001, in *Licence renewal for the television network Télé-Québec and for CIVM-TV Montréal and its transmitters*, Decision CRTC 2001-256, 7 May 2001, the Commission authorized Télé-Québec to amend its advertising code of conduct to increase the time devoted to the broadcast of advertising from six to eight minutes per hour.
14. In this instance, the Commission considers that approval of Télé-Québec's proposed amendment will provide the applicant greater flexibility, allowing it to produce and acquire the programming it needs to fulfil its educational and cultural mandate. Télé-Québec will also be able to pursue television production partnerships with other television broadcasters authorized to air 12 minutes of advertising per hour, who obviously wish to acquire programs allowing for the insertion of these advertising minutes.
15. The Commission is persuaded that the advertising revenues forecast by the Société demonstrate that its share of the French-language advertising market is still modest. Accordingly, the Commission considers that the increase requested by the Société will not significantly impact the French-language television advertising market.

16. The Commission also notes the Société's commitment to reinvest all additional advertising revenues in independent production and considers that this measure will benefit the entire independent production sector.
17. In light of the above, the Commission **approves** the application by the Société de télédiffusion du Québec to amend Télé-Québec's advertising code of conduct to increase the maximum amount of advertising it may broadcast from 8 to 12 minutes per hour.
18. The Commission also **approves** the proposed amendments to Télé-Québec's advertising code of conduct to remove the current restriction prohibiting the broadcast of over 800 minutes of advertising per week. This amendment will assist the licensee in managing its advertising minutes more effectively and enable it to take full advantage of the maximum allowable 12 minutes per hour, which would not be possible if the weekly 800-minute cap were to be maintained.
19. The Commission also **approves** the request by the Société de télédiffusion du Québec to delete any reference to regional and local advertising and to sponsorships from Télé-Québec's advertising code of conduct to reflect the fact that Télé-Québec no longer breaks away from its network for regional programming.
20. The Commission notes the Société's commitment not to broadcast commercial messages during programming for children from 2 to 11 years of age, point-of-view documentaries and repertory films.
21. Finally, the Société is directed to file a revised version of Télé-Québec's advertising code of conduct that reflects the amendments authorized today by the Commission, within 90 days of the publication of this decision. The revised code will then be added to Télé-Québec's public file.
22. The Commission also intends to review Télé-Québec's advertising practices during the public proceedings associated with the next renewal of its licences.

Secretary General

*This decision is to be appended to each licence. It is available in alternative format upon request, and may also be examined in [PDF format](#) or in [HTML](#) at the following Internet site: <http://www.crtc.gc.ca>*