



## Broadcasting Notice of Consultation CRTC 2009-173-1

Additional reference: 2009-173

Ottawa, 17 April 2009

### **Call for comments on a proposed exemption order for terrestrial broadcasting distribution undertakings serving fewer than 20,000 subscribers – Additional information and correction**

#### **Additional information**

1. Further to Broadcasting Notice of Consultation 2009-173, the Commission received a request for further information regarding the impact of the proposed exemption order on Part I broadcasting licence fees.
2. In this regard, the Commission notes that, in previous situations, it has discussed the impact of its exemption orders on fees. The Commission also considers it useful to note that Part I broadcasting licence fees, which would have been collected from the broadcasting distribution undertakings (BDUs) that will be entitled to seek exemption from licensing requirements, will have to be redistributed to other fee-payers once the exemption order comes into force.
3. For the 2008-2009 fiscal year, the amount of Part I licence fees assessed to those undertakings that will be eligible to seek an exemption from licensing requirements amounted to approximately \$1.25 million or, approximately 4.6% of total Part I licence fees assessed by the Commission in that fiscal year. The Commission intends that the exemption order will come into force before the commencement of the 2010-2011 fiscal year, such that the Part I licence fee impact will be in effect when invoices for that year are sent.
4. The percentage increase in the 2010-2011 fiscal year in Part I licence fees for radio, television and distribution undertakings is expected to be smaller than the percentage indicated above. The impact may be slightly higher for Satellite Relay Distribution Undertakings (SRDUs) and specialty and pay television programming undertakings as a result of the secondary recipient rule explained in paragraph the following paragraph.
5. In *Broadcasting Licence Fee Regulations, 1997*, the definition of “fee revenue” does not include any amount received by a licensee from another licensee, other than the amounts required from the Canadian Broadcasting Corporation (CBC) for the sale of air time (the “secondary recipient rule”). For certain fee-payers, including SRDUs and specialty and pay television programming undertakings, who receive amounts from BDUs that will be entitled to exemption from licensing requirements, there will be a slightly higher percentage increase in their Part I licence fees because of an increase in their “fee revenue” as a result of the secondary recipient rule. However, it is impossible to accurately estimate the percentage or dollar value increase. This is due to the fact that the

Commission does not have a breakdown of affiliation payments made by cable BDUs to individual SRDUs, pay television services and specialty television services. However, it is expected that the actual dollar value of the increase would be relatively minor.

6. In providing this supplementary information, the Commission wishes to emphasize that the process commenced by Broadcasting Notice of Consultation 2009-173 is not intended to deal with the appropriate threshold for exemption of BDUs since this issue was determined in Broadcasting Public Notice 2008-100. Instead, the aim of the process is to seek comments on the appropriateness of the proposed conditions of exemption, set out in the appendix to Broadcasting Notice of Consultation 2009-173, which will implement the Commission's determinations.

### **CPAC and House of Commons programming service – Correction**

7. The Commission notes that in Broadcasting Notice of Consultation 2009-173 it inadvertently omitted certain provisions related to the distribution of a second version of the Cable Public Affairs Channel Inc. (CPAC) and the federal parliamentary service in the official language of the minority. Accordingly, the Commission corrects the proposed exemption order by inserting the new sections 18(h) and (i), as follows:

(h) if the undertaking is operating in a francophone market, a second version of the licensed public affairs programming service of CPAC and the federal parliamentary service exempted pursuant to the *Parliamentary and Provincial or Territorial Legislature Proceedings Exemption Order*, as may be amended from time to time, including the main audio channel of those services in the English language, which may be distributed as part of the basic service or on a discretionary basis; and

(i) if the undertaking is operating in an anglophone market, a second version of the licensed public affairs programming service of CPAC and the federal parliamentary service exempted pursuant to the *Parliamentary and Provincial or Territorial Legislature Proceedings Exemption Order*, as may be amended from time to time, including the main audio channel of those services in the French language and an auxiliary audio channel of those services in the French language, which may be distributed as part of the basic service or on a discretionary basis.

Secretary General

#### **Related documents**

- *Call for comments on a proposed exemption order for terrestrial broadcasting distribution undertakings serving fewer than 20,000 subscribers*, Broadcasting Notice of Consultation CRTC 2009-173, 1 April 2009
- *Broadcasting Licence Fees – Part I*, Broadcasting Order CRTC 2009-137, 12 March 2009

- *To all cable broadcasting distribution undertakings (BDUs) that serve between 2,000 and 6,000 subscribers, and to all satellite relay distribution undertakings, pay television services and specialty television services that receive affiliation payments from exempted cable BDUs, Broadcasting Circular CRTC 2004-461, 14 June 2004*
- *Exemption order respecting cable broadcasting distribution undertakings that serve between 2,000 and 6,000 subscribers; and Amendment to the Broadcasting Distribution Regulations, Broadcasting Public Notice CRTC 2004-39, 14 June 2004*
- *Exemption order respecting cable systems having fewer than 2,000 subscribers, Public Notice CRTC 2001-121, 7 December 2001*

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