



Broadcasting Notice of Consultation CRTC 2010-623

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Ottawa, 26 August 2010

Call for comments on contributions by broadcasting distribution undertakings to local expression

The Commission calls for comments on questions relating to the most effective mechanism to maintain the current amount of contributions by broadcasting distribution undertakings to local expression.

Introduction

1. In Broadcasting Regulatory Policy 2010-622, also issued today, the Commission has determined that the current amount of contributions by broadcasting distribution undertakings (BDUs) to local expression, which has increased from \$67 million in 1999 to approximately \$122 million in 2009, is sufficient to provide an appropriate level of funding to the community television sector. The Commission has also determined that further increases to total contributions to local expression are not warranted at this time, and states its intention to introduce a mechanism to maintain contributions to local expression at their current levels.
2. Under the *Broadcasting Distributions Regulations*, licensed BDUs must contribute 5% of their gross revenues derived from broadcasting activities to Canadian programming. Licensed BDUs that distribute their own community programming on a community channel may allocate up to 2% of their required contribution to fund the operation of that community channel, while the balance of the contribution is directed to the support of Canadian programming through the Canada Media Fund (CMF) and other certified independent production funds.¹
3. The Commission is of the view that the current 5% contribution to Canadian programming remains appropriate. As a result, any proposal that seeks to vary the overall 5% contribution to Canadian expression will be considered as falling outside the scope of this proceeding. However, in light of the Commission's decision to maintain the contributions to local expression at current levels, the Commission seeks comment on the following **determination** set out in Broadcasting Regulatory Policy CRTC 2010-622:

The maximum dollar contribution to local expression by each terrestrial BDU licensee will be based on the amount contributed by the licensee during the broadcast year ending 31 August 2010 (the 2010 contribution level). This amount will be adjusted yearly for inflation based on the annual Canadian

¹ See the guidelines in this regard set out in Public Notice 1997-98.

consumer price index (CPI), as reported for the period ending 31 December of the preceding calendar year.

Given the likelihood that the revenues of terrestrial BDUs will continue to grow, once the 2010 contribution level (adjusted annually for inflation) represents 1.5% of the licensee's gross revenues derived from broadcasting activities, the allowable allocation to local expression will revert to a percentage formula (i.e., 1.5% of a BDU's gross revenues derived from broadcasting activities).

The difference will be directed to Canadian programming initiatives.

4. In light of the above, the Commission seeks responses to the following questions:
 - (i) **What is the most effective and administratively simple mechanism by which to maintain total contributions to community programming by licensed BDUs at current levels?**
 - (ii) **Should the reversion to the percentage of revenues formula be applied on an undertaking or group basis? In the case of the latter, once an ownership group's aggregate contributions represent 1.5% of revenues, all undertakings within that group would revert to the 1.5% allowable contribution.**
 - (iii) **What is the most appropriate use for the resulting difference? Please provide details and a rationale in support of your proposal.**
5. The Commission recognizes the impact that new entrants and changes in structure or size may have on establishing and adjusting the yearly allocation to local expression, and the potential challenges that the Commission could face in establishing fair and transparent contribution levels for systems that have undergone changes in structure and size. Accordingly, the Commission also seeks responses to the following questions:
 - (iv) **What is an appropriate methodology for determining the contribution amounts of new entrants and systems that have undergone changes in structure and size?**
 - (v) **Are there additional factors that need to be taken into account in implementing a set contribution amount?**

Call for comments

6. Parties are invited to prepare their submission to this proceeding, which must be filed no later than **30 September 2010**.

7. The Commission will not formally acknowledge comments. It will, however, fully consider all comments and they will form part of the public record of the proceeding, provided that the procedure for filing set out below has been followed.

Procedures for filing comments

8. Interested parties can file their comments to the Secretary General of the Commission in only one of the following formats:

by using the
[Broadcasting interventions/comments form]

OR

by mail to
CRTC, Ottawa, Ontario K1A 0N2

OR

by fax at
819-994-0218

9. Submissions longer than five pages should include a summary.
10. Each paragraph of the submission should be numbered. In addition, where the comment is filed by electronic means, the line *****End of document***** should be entered following the last paragraph of the document, as an indication that the document has not been damaged during electronic transmission.

Important notice

11. All information that parties provide as part of this public process, except information granted confidentiality, whether sent by postal mail, facsimile, e-mail or through the Commission's website at www.crtc.gc.ca, becomes part of a publicly accessible file and will be posted on the Commission's website. This information includes personal information, such as full names, e-mail addresses, postal/street addresses, telephone and facsimile numbers and any other personal information parties provide.
12. The personal information that parties provide will be used and may be disclosed for the purpose for which the information was obtained or compiled by the Commission or for a use consistent with that purpose.
13. Documents received electronically or otherwise will be put on the Commission's website in their entirety exactly as received, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.
14. The information that parties provide to the Commission as part of this public process is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the web page of this particular public process. As a

result, a general search of the Commission's website with the help of either its own search engine or a third-party search engine will not provide access to the information that was provided as part of this public process.

15. The Commission encourages interested parties to monitor the public examination file and the Commission's website for additional information that they may find useful when preparing their comments.

Examination of documents

16. A list of all comments will also be available on the Commission's website. An electronic version of all comments submitted will be accessible from this list. To access the list, select "Lists of interventions/comments" under "Public Proceedings" from the Commission's website.
17. The public may examine public comments and related documents at the following Commission offices during normal business hours.

Location of Commission offices

Toll-free telephone: 1-877-249-2782

Toll-free TDD: 1-877-909-2782

Les Terrasses de la Chaudière
Central Building
1 Promenade du Portage, Room 206
Gatineau, Quebec
J8X 4B1
Tel.: 819-997-2429
Fax: 819-994-0218

Regional offices

Metropolitan Place
99 Wyse Road
Suite 1410
Dartmouth, Nova Scotia
B3A 4S5
Tel.: 902-426-7997
Fax: 902-426-2721

205 Viger Avenue West
Suite 504
Montréal, Quebec
H2Z 1G2
Tel.: 514-283-6607

55 St. Clair Avenue East
Suite 624
Toronto, Ontario
M4T 1M2
Tel.: 416-952-9096

Kensington Building
275 Portage Avenue
Suite 1810
Winnipeg, Manitoba
R3B 2B3
Tel.: 204-983-6306
Fax: 204-983-6317

2220 - 12th Avenue
Room 620
Regina, Saskatchewan
S4P 0M8
Tel.: 306-780-3422

10405 Jasper Avenue
Suite 520
Edmonton, Alberta
T5J 3N4
Tel.: 780-495-3224

530-580 Hornby Street
Vancouver, British Columbia
V6C 3B6
Tel.: 604-666-2111
Fax: 604-666-8322

Secretary General

Related documents

- *Community Television Policy*, Broadcasting Regulatory Policy CRTC 2010-622, 26 August 2010
- *Contributions to Canadian Programming by Broadcasting Distribution Undertakings*, Public Notice CRTC 1997-98, 22 July 1997