



Broadcasting Decision CRTC 2010-792

Route reference: 2010-551

Ottawa, 26 October 2010

CTV Television Inc. and GlassBOX Television Inc., on behalf of a wholly owned subsidiary to be incorporated

Across Canada

Applications 2010-0949-9 and 2010-0955-6, received 7 and 8 June 2010

Public Hearing in Saskatoon, Saskatchewan

6 October 2010

travel + escape – Corporate reorganization (acquisition of assets), and transfer of ownership and control

1. The Commission **approves**, subject to the condition set out in paragraph 9, applications by CTVglobemedia Inc. (CTVgm) and by GlassBOX Television Inc. (GlassBOX), on behalf of a corporation that will be wholly owned by CTV Television Inc. (CTV Television), for a two-step transaction involving the ownership and control of the national English-language Category 1 specialty television undertaking known as travel + escape. The Commission did not receive any interventions in connection with these applications.

Step 1 (application 2010-0949-9)

2. As the first step, CTVgm, on behalf of a corporation to be incorporated (Newco), which will be wholly owned by CTV Television, will acquire, as part of a corporate reorganization, the assets of travel + escape from CTV Television. CTV Television is a wholly owned subsidiary of CTV Inc. which, in turn, is wholly owned by CTVgm. Accordingly, this transaction will not affect the effective control of travel + escape, which will continue to be exercised by CTVgm.
3. Upon surrender of the current licence issued to CTV Television Inc., the Commission will issue a new licence to Newco. The licence will expire 31 August 2011, the current expiry date, and will be subject to the **conditions** set out in the current licence.

Step 2 (application 2010-0955-6)

4. The second step will be a change to the ownership and effective control of Newco from CTV Television to GlassBOX. GlassBOX is a corporation controlled by its board of directors pursuant to the Amended and Restated Securityholders' Agreement dated 21 May 2010.
5. This transaction will be effected through the transfer of all of the issued and outstanding shares of Newco to GlassBOX. As a result of this transaction, effective control of Newco will be exercised by GlassBOX.

6. The share purchase price of this transaction, based on the terms of the purchase and sale agreement, is \$10 million.

Tangible benefits

7. As set out in *Building on success - A policy framework for Canadian television*, Public Notice CRTC 1999-97, 11 June 1999, the Commission generally expects applicants to make clear and unequivocal commitments to provide tangible benefits representing 10% of the value of a transaction, as accepted by the Commission. Such benefits should be incremental in nature and be directed to the communities served and to the broadcasting system as a whole.
8. GlassBOX proposed a tangible benefits package totalling \$1 million over seven years following approval of the transaction, allocated as follows:
 - \$850,000 to a self-directed fund to be known as the GlassBOX Travel Multiscreen Fund. This fund will finance travel-related audiovisual content development, from concept to screen, by travel writers and emerging producers.
 - \$150,000 for social benefit initiatives, allocated in the following manner:
 - \$50,000 to the National Screen Institute;
 - \$65,000 in scholarships for students in media training programs and awards to students at media-related events and festivals; and
 - \$35,000 to nextMEDIA Banff.

GlassBox confirmed that none of the benefits expenditures would be directed to administration fees.

9. The Commission considers that this benefits package is acceptable, subject to the **condition** that the applicant confirm, within 30 days of the date of this decision, that benefits expenditures for the GlassBOX Travel Multiscreen Fund will be directed to independent producers.
10. In order to ensure incrementality, only expenditures over and above those required under the service's Canadian programming expenditure condition of licence will be considered when determining if the licensee has fulfilled the tangible benefits obligations set out above. The Commission expects the tangible benefits expenditures to be distributed in an equitable manner over the seven-year period.
11. The Commission requires that GlassBOX submit annual reports, in addition to its annual returns, reporting on its progress regarding the fulfillment of the above-mentioned tangible benefits.

Secretary General

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

Appendix to Broadcasting Decision CRTC 2010-792

Condition of approval, requirement, conditions of licence and expectation for the national English-language Category 1 specialty television undertaking known as travel + escape

Condition of approval

The applicant must confirm, within 30 days of the date of this decision, that benefits expenditures for the GlassBOX Travel Multiscreen Fund will be directed to independent producers.

Requirement

The Commission requires that GlassBOX submit annual reports, in addition to its annual returns, reporting on its progress regarding the fulfillment of the tangible benefits commitments set out in this decision.

Conditions of licence

The licence will be subject to the following conditions, as well as those set out both in *Introductory statement – Licensing of new digital pay and specialty services*, Public Notice CRTC 2000-171, 14 December 2000, and in the licence to be issued.

Nature of service

1. (a) The licensee shall provide a national English-language Category 1 specialty television service that is dedicated entirely to travel or travel-related programming.

(b) The programming must be drawn exclusively from the following categories, as set out in Item 6 of Schedule I to the *Specialty Services Regulations, 1990*:

- 1 News
- 2(a) Analysis and interpretation
 - (b) Long-form documentary
- 5(b) Informal education/recreation and leisure
- 7(c) Specials, mini-series or made-for-TV feature films
 - (d) Theatrical feature films aired on TV
- 8(a) Music and dance other than music video programs or clips
 - (b) Music video clips
- 9 Variety
- 11 General entertainment and human interest
- 12 Interstitials
- 13 Public service announcements
- 14 Infomercials, promotional and corporate videos

(c) No more than 5% of all programming broadcast during each broadcast week shall be drawn from category 7(d). All theatrical feature films must have themes related to travel, and be limited to one such film per week.

(d) No more than 5% of all programming broadcast during each broadcast week shall be drawn from category 8(b).

Exhibition of Canadian programs

2. In each broadcast year or portion thereof, the licensee shall devote to the distribution of Canadian programs the following percentages of the broadcast day and the evening broadcast period:

	Broadcast day	Evening broadcast period
Year one	53%	53%
Year two	55%	55%
Year three	60%	60%
Year four	60%	60%
Year five	65%	65%
Year six	65%	65%
Year seven	70%	70%

In accordance with the Commission's position on Canadian programming expenditures as set out in *New Flexibility With Regard to Canadian Program Expenditures by Canadian Television Stations*, Public Notice CRTC 1992-28, 8 April 1992, in *The Reporting of Canadian Programming Expenditures*, Public Notice CRTC 1993-93, 22 June 1993, in *Additional Clarification Regarding the Reporting of Canadian Programming Expenditures*, Public Notice CRTC 1993-174, 10 December 1993, and in *Incentives for English-language Canadian television drama*, Broadcasting Public Notice CRTC 2004-93, 29 November 2004, as may be amended from time to time:

(a) In each broadcast year following the first year of operation, the licensee shall expend on Canadian programs not less than 53% of the previous broadcast year's gross advertising, infomercial and subscription revenues;

(b) In each broadcast year following the first year of operation, excluding the final year, the licensee may expend an amount on Canadian programs that is up to ten percent less than the minimum required expenditure for that year set out in or calculated in accordance with this condition; in such case, the licensee shall expend in the next year of the licence term, in addition to the minimum required expenditure for that year, the full amount of the previous year's underexpenditure;

(c) In each broadcast year following the first year of operation, where the licensee expends an amount on Canadian programs that is greater than the minimum required expenditure for that year set out in or calculated in accordance with this condition, the licensee may deduct:

(i) from the minimum required expenditure for the next year of the licence term, an amount not exceeding the amount of the previous year's overexpenditure; and

(ii) from the minimum required expenditure for any subsequent year of the licence term, an amount not exceeding the difference between the overexpenditure and any amount deducted under paragraph (i) above.

(d) Notwithstanding paragraphs (b) and (c) above, during the licence term, the licensee shall expend on Canadian programs, at a minimum, the total of the minimum required expenditures set out in or calculated in accordance with the licensee's condition of licence.

4. In addition to the 12 minutes of advertising material during any clock hour in a broadcast day permitted by condition of licence, the licensee may broadcast such additional minutes of advertising material calculated in accordance with *Incentives for English-language Canadian television drama*, Broadcasting Public Notice CRTC 2004-93, 29 November 2004, as may be amended from time to time.

5. The licensee is authorized to make available for distribution a version of its service in high definition (HD) format, provided that not less than 95% of the video and audio components of the upgraded and standard definition versions of the service are the same, exclusive of commercial messages and of any part of the service carried on a subsidiary signal. Further, all of the programming making up the 5% allowance shall be provided in HD.

Definition

The term "broadcast day" shall be defined as the 24-hour period beginning at midnight each day.

Expectation

The Commission expects the tangible benefits expenditures to be distributed in an equitable manner over the seven-year period.