



Broadcasting Decision CRTC 2012-243

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Route reference: 2011-525

Additional references: 2011-525-1, 2011-525-2 and 2011-525-3

Ottawa, 26 April 2012

V Interactions inc.

Across Canada

Application 2011-0484-3, received 6 July 2011

Public hearing in Montréal and Québec, Quebec

5 December 2011

V Interactions inc. – Review of certain conditions of licence

The Commission reviews certain conditions of licence for V Interactions inc.’s television stations and network.

Introduction

1. The Commission received an application by V Interactions inc. (V Interactions) seeking to review certain conditions of licence for its television programming undertakings CFJP-DT Montréal, CFAP-DT Québec, CFKM-DT Trois-Rivières, CFKS-DT Sherbrooke and CFRS-DT Saguenay, Quebec, as well as those for the licence for the V Interactions network.
2. The Commission received interventions in support of the application, interventions in opposition as well as comments, to which V Interactions replied. The public record for this proceeding can be found on the Commission’s website at www.crtc.gc.ca under “Public proceedings.”
3. In *Change in the effective control of TQS inc. and licence renewals of the television programming undertakings CFJP-TV Montréal, CFJP-DT Montréal, CFAP-TV Québec, CFKM-TV Trois-Rivières, CFKS-TV Sherbrooke, CFRS-TV Saguenay and of the TQS network*, Broadcasting Decision CRTC 2008-129, 26 June 2008 (Broadcasting Decision 2008-129), the Commission approved an application to change the effective control of TQS inc. (TQS) through the transfer of all the issued and outstanding shares of 3947424 Canada inc., the parent corporation of TQS, then held by Cogeco Radio-Télévision inc. (60%) and CTV Television Inc. (40%), to Remstar Broadcasting Inc. In addition, the Commission renewed the broadcasting licences for the above-mentioned stations from 1 September 2008 to 31 August 2015.
4. In light of the technical bankruptcy situation of TQS at the time, the Commission exceptionally imposed conditions of licence with reduced requirements with respect

to the broadcast of local programming, including local news, as well as to Canadian priority programming. The Commission also announced that it intended to re-examine these conditions of licence in the context of a public hearing to renew the licences for the French-language television services.

The application

5. V Interactions requested that its current requirements for local programming levels be maintained, but that the reference period used for assessing compliance be changed so as to base the assessment on a yearly average rather than the broadcast week.
V Interactions argued that this would give it some flexibility to reduce the broadcast of local programming and news on holidays and over the winter holiday period.
6. With respect to priority programming, V Interactions indicated that it wished to maintain its current commitments, as well as maintain program categories 8(a) Music and dance, 8(b) music video clips, 8(c) music video programs and 9 Variety as priority programming. V Interactions noted that program categories 8(a), 8(b), 8(c) and 9 allow it to showcase French-language artists and that the Canada Media Fund (CMF) therefore encourages investment in these categories.
7. V Interactions noted that the financial situation of its stations remains fragile. According to the licensee, while the network has become profitable for the first time since the acquisition of TQS, V Interactions continues to deal with the consequences of TQS's technical bankruptcy. In addition, V Interactions raised concerns regarding uncertainties in the regulatory framework, notably with the Local Programming Improvement Fund (LPIF) and the CMF.
8. With respect to its programming strategy, V Interactions stated that it was focussed on the principle of counter-programming. Consequently, its stations broadcast newscasts at times when no other network does. When the French-language stations of TVA Group Inc. (TVA Group) and of the Canadian Broadcasting Corporation broadcast their newscasts, V Interactions' stations broadcast entertainment programs.

Interventions

Local programming

9. The Fédération nationale des communications (FNC) and the Canadian Union of Public Employees (CUPE) categorically opposed V Interactions' request for more flexibility with respect to local programming, and argued rather that the licensee be required to increase its requirements.
10. The FNC noted that V Interactions does not produce its own news. According to the FNC, this subcontracting to independent producers jeopardizes the licensee's ability to comply with its conditions of licence, which require V Interactions to "produce and broadcast" its news programming.

11. For its part, CUPE requested that the existing condition of licence be made more stringent to ensure that the local programming that CFAP-DT broadcasts consists of programs solely intended for viewers in the region of Québec, rather than programs produced in Québec but intended for the national market.
12. CUPE also argued that V Interactions' current financial situation was not the result of external market conditions, but rather V Interactions' choice of programming, including its current local news programming, which CUPE deems to be insufficient.
13. For their part, the Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ), the Association des producteurs de films et de télévision du Québec (APFTQ) and Bell Media Inc. (Bell Media) supported V Interactions' requests, citing its ongoing precarious financial situation.

Priority programming

14. The APFTQ, ADISQ and Bell Media, as well as the Union des artistes (UDA), the Société des auteurs de radio, télévision et cinéma (SARTEC) and the Association des réalisateurs et réalisatrices du Québec (ARRQ) in a joint submission (UDA/SARTEC/ARRQ) agreed that V Interactions should maintain its current commitments relating to priority programming. The interveners were of the view that V Interactions should continue to benefit from a degree of regulatory flexibility in light of its precarious financial situation.
15. Further, ADISQ welcomed V Interactions' application to maintain programming drawn from program categories 8(a), 8(b), 8(c) and 9 as priority programming or programs of national interest.
16. ADISQ and UDA/SARTEC/ARRQ suggested that priority programming commitments be replaced by an equivalent condition of licence. They submitted that V Interactions exceeded the expectations of the Commission in this matter and that its financial situation is improving. The interveners also indicated that television dramas are of particular importance to francophone culture and added that the Commission could thus harmonize its requirements for V Interactions, TVA Group and Astral Media Inc.

Applicant's reply

17. V Interactions proposed various commitments to address the concerns raised by the interveners, as well as those raised by the Commission during the hearing.
18. With respect to local newscasts, V Interactions stated that those broadcast by its stations would all be original. In this respect, where newscasts are rebroadcast in their entirety, V Interactions committed to not consider those rebroadcasts for the purposes of calculating the number of hours provided for in the conditions of licence for each station.

19. In order that its local newscasts adequately reflect the communities served by its stations, V Interactions committed to ensure that no less than 50% of the content of local newscasts is comprised of news segments directed specifically at the audience served by each station.
20. V Interactions committed to designate, by no later than 30 January 2012, a person who will be in charge of the news broadcast on V and who will work closely on a daily basis with producers who produce the stations' newscasts. This person's mandate will be not only to ensure compliance with the conditions of licence and commitments for the broadcast of news, but also to evaluate the newscasts broadcast on each station and to intervene with the producers when adjustments and corrections are required to meet the requirements of V Interactions. In consultation with producers, this person will also be required to develop innovative formulas for its news programs in order to attract a larger portion of V Interactions' target audience, despite the modest resources that the network is able to commit to news as compared to its competitors.
21. V Interactions committed to file an annual report with the Commission on 30 November of each year regarding its compliance with its conditions of licence and commitments concerning the broadcast of local news over the previous broadcast year.
22. V Interactions also expressed its willingness to increase by 30 minutes each week the level of news required to be broadcast according to its current conditions of licence for each of its stations, starting in September 2012. However, this commitment is conditional on the continuation of the LPIF, on maintaining the current annual LPIF contributions paid to V Interactions under the allocation rules adopted by the Commission, as well as on V Interactions' ability to finance a reasonable portion of the additional expenditures required for the proposed increased level of production in accordance with these allocation rules.
23. Finally, with respect to the requested amendment to the conditions of licence regarding local programming and local news, V Interactions proposed to make its calculations on a monthly rather than an annual basis.

Commission's analysis and decisions

24. The Commission notes that this process represents a review solely of V Interactions' conditions of licence regarding local programming and priority programming. In light of the expectation set out in Broadcasting Decision 2008-129 that the licensee can improve its news offering for the remainder of its licence terms, the Commission maintains the same conditions of licence with respect to local programming and priority programming until 31 August 2015. The Commission also notes V Interactions' additional commitments as set out above.

Local programming

25. At the hearing, the Commission asked V Interactions to submit logger tapes of all newscasts aired during the course of one broadcast week by each of its stations. Analysis of these newscasts revealed that while complying with its conditions of licence concerning local news, V Interactions' stations broadcast on average only a few minutes of local segments originating in the markets in which the newscasts are broadcast. The Commission notes in particular that, for the sample week, the newscasts of the stations in Québec, Saguenay, Sherbrooke and Trois-Rivières contained no segments covering local arts and shows or local sports.
26. The Commission notes, however, that V Interactions' commitments will allow a considerable increase in the broadcast of segments of local news per broadcast week, as shown in the table below:

Impact of the commitments

	2008-2011		2012-2014 (proposed commitment)	
Station	Quantity of newscast programming as required by condition of licence (per broadcast week)	Quantity of local news segments broadcast during the week of 28 November to 4 December 2011	Quantity of newscast programming to be required by condition of licence and commitment (per broadcast week)	Projected quantity of local news segments (per broadcast week)*
CFJP-DT Montréal	2 hours	34 minutes	2.5 hours	60 minutes
CFAP-DT Québec	2 hours	15 minutes	2.5 hours	60 minutes
CFRS-DT Saguenay	1 hour	16 minutes	1.5 hours	36 minutes
CFKS-DT Sherbrooke	1 hour	17 minutes	1.5 hours	36 minutes
CFKM-DT Trois-Rivières	1 hour	16 minutes	1.5 hours	36 minutes

* Calculation based on the broadcast of an average of 12 minutes of advertising per hour.

27. The Commission nonetheless considers it appropriate to continue to apply the calculation of hours of local programming on a weekly basis, consistent with the criteria of the LPIF. Thus, the Commission maintains the status quo in this regard.
28. The Commission is of the view that the wording used in the conditions of licence for V Interactions' stations and network, namely "produce and broadcast," does not restrict the use of an independent producer for the production of programming covered under the conditions of licence. The Commission notes, however, that the

licensee must take full responsibility for the programs it broadcasts, as set out in section 3(1)(h) of the *Broadcasting Act*.

Priority programming

29. The Commission notes that V Interactions exceeds its current commitments in regard to the broadcast of priority programming. Accordingly, the Commission considers it appropriate to maintain the status quo with respect to V Interactions' commitments regarding the broadcast of priority programming as shown in the following table:

Hours per broadcast week	Broadcast year
2 hours	2008–2009, 2009–2010, 2010–2011
3 hours	2011–2012, 2012–2013
4 hours	2013–2014
5 hours	2014–2015

30. In conclusion, the Commission commends V Interactions for its efforts and expects the licensee to fulfill all of its commitments for the remainder of the licence term.

Secretary General

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