



Broadcasting Decision CRTC 2018-307

PDF version

References: 2017-365, 2017-365-1 and 2017-365-2

Ottawa, 23 August 2018

Vues & Voix

Across Canada

Public record for this application: 2017-0643-3

Public hearing in the National Capital Region

30 April 2018

Canal M – Licence renewal and renewal of mandatory distribution order

*The Commission **renews** the broadcasting licence for the national French-language audio programming undertaking Canal M from 1 September 2018 to 31 August 2023.*

*Further, the Commission **renews** the order for mandatory distribution of Canal M on the digital basic service, pursuant to section 9(1)(h) of the Broadcasting Act.*

Application

1. Vues & Voix filed an application to renew the broadcasting licence for the national French-language audio programming undertaking Canal M, which expires 31 August 2018, subject to its existing conditions of licence. Canal M provides a unique reading and news service that benefits Canadians who are visually impaired.
2. Vues & Voix is a not-for-profit organization controlled by its board of directors.
3. The licensee also requested continued mandatory distribution of the service on the digital basic service of cable and satellite providers (BDUs) in Francophone markets, pursuant to an order issued under section 9(1)(h) of the *Broadcasting Act* (the Act). The licensee requested an increase to Canal M's regulated per subscriber monthly wholesale rate from \$0.02 to \$0.04.
4. Additionally, subject to the approval of its request for mandatory distribution, the licensee agreed to file, by condition of licence, an annual report relating to expenditures on Canadian programming and its exhibition.
5. The Commission received numerous interventions from individuals and organizations supporting the application, as well as three opposing interventions and a number of general comments.

Issues

6. After examining the application in light of applicable regulations and policies, the Commission considers that the issues to be addressed are the following:
 - mandatory distribution under section 9(1)(h) of the Act; and
 - a proposed increase to Canal M's regulated per subscriber monthly wholesale rate from \$0.02 to \$0.04.

Mandatory distribution

7. Canal M broadcasts full readings of news, editorials and other articles published in newspapers, magazines and other periodicals for Francophone Canadians who are blind, partially sighted or print-restricted. The Commission is of the view that the licensee has demonstrated that its audio programming service will continue to give access for these people to a large amount of content and information that would otherwise be inaccessible to them, thus meeting an extraordinary need among its intended audience and helping them to better participate in Canadian society. As such, the Commission considers that the service contributes in an exceptional manner to achieving the objectives of the Act and the basic service.
8. The Commission also recognizes that due to the service's limited commercial potential, the licensee's business plan and implementation of its specific programming commitments are dependent on its distribution on the digital basic service.
9. Accordingly, the Commission is satisfied that Canal M continues to meet the criteria for mandatory distribution on the digital basic service set out in paragraph 11 of Broadcasting Regulatory Policy 2010-629 and has granted the licensee's request in Broadcasting Order 2018-308, also issued today.

Rate increase

10. The licensee submitted that this increase was justified by its plans to significantly increase its programming in order to provide Francophones with a service equivalent to that offered by the English-language service AMI-audio.
11. The licensee stated that extra funding is needed to allow Canal M to meet its existing production targets and that, at the current rate, it would not always be possible for it to do so. The licensee also submitted that the only way it can currently afford to meet its targets is through the use of 400 volunteers. It noted that while its current programming responds to a large part of its listeners' needs, it has received many requests from listeners for more and different content, especially live content, which would not be feasible with a volunteer workforce.
12. The licensee indicated that the additional funding would be used for the following:

- providing five paid work terms to recent graduates with a disability, which would give them the opportunity to create the new programming made possible with the enhanced budget;
 - providing two weekly programs in Langue des signes québécoise on YouTube and other platforms;
 - creating partnerships with content producers in Toronto and Moncton to receive news coverage and programming from these regions;
 - improving its communication efforts through the purchase of advertising and promotional material, regional tours, programs in front of an audience, participation in fairs and the ad hoc services of a public relations officer; and
 - hiring an additional broadcast technician, editor-in-chief, production director and a coach to train interns.
13. In addition, the rate increase would cover certain general costs, such as additional telephone lines, office supplies, work spaces and the creation of a training space.
14. In their written submissions, the BDUs argued that rate parity between Canal M and AMI-audio is an insufficient basis on which to request a rate increase. They noted that the Commission rejected such a request in the context of the service's previous licence renewal application because after analyzing the licensee's financial performance and projections, it determined that the applicant did not provide sufficient evidence to demonstrate that the rate increase was necessary. The BDUs argued that the same determination should be reached by the Commission in this case.
15. At the hearing, the BDUs were asked to comment on the licensee's view that Francophone Canadians who are blind or partially sighted should be provided with a service equivalent to that offered by AMI-audio to Anglophone Canadians. The BDUs replied that they had addressed the issue of parity in relation to the wholesale rate and had not assessed the service itself based on parity.
16. For its part, the Public Interest Advocacy Centre suggested that the service's wholesale rate be set at \$0.03 instead of the requested \$0.04 to evaluate what Canal M can undertake with a more modest increase.

Commission's analysis and decision

17. The Commission is of the view that Canal M's stated goals of (a) creating new programming that will be more representative of members of the Francophone community who are visually impaired by including programming dealing specifically with accessibility in rural regions and outside of Quebec, including live programming, and (b) seeking parity in the level of service offered with the

English-language service AMI-audio are important to the fulfillment of the objectives of the Act, including section 3(1)(d)(iii) relating to reflecting the linguistic duality of Canadian society.

18. Further, taking into consideration projected declines in subscriber numbers over the next licence term, the Commission finds that the proposed rate increase from \$0.02 to \$0.04 should allow Canal M to meet its production targets, as well as develop the service to provide content that is comparable to what is available in English-language markets.
19. The Commission also shares the licensee's view that relying on volunteers to produce content may hinder the achievement of a stable programming quality level and that having the resources necessary to hire permanent staff and paid interns would allow Canal M's programming to better serve its listeners.
20. Finally, the Commission considers that the public interest in seeing an improved offering of content on the service justifies the likely impact of the proposed wholesale rate increase on the BDUs' capacity to offer a viable and affordable basic service to consumers.
21. Based on the preceding, the Commission **approves** the licensee's proposed increase to Canal M's regulated per subscriber monthly wholesale rate from \$0.02 to \$0.04, effective 1 September 2018.

Publication of financial information

22. The Commission's general practice is to publish only partial financial information for services without distribution rights that are not owned by vertically integrated entities. However, despite the fact that Canal M is licensed as an audio programming undertaking, 9(1)(h) services benefit from mandatory distribution and the Commission sets wholesale tariffs for them, which are paid for by all BDU subscribers. In order to ensure that these services are transparent in the disbursement of the funds that are received, the Commission finds that the publication of complete financial information for these services is in the public interest. Accordingly, the Commission will publish the same information for audio programming undertakings with mandatory distribution as it has for 9(1)(h) discretionary services in the past.

Conclusion

23. In light of all of the above, the Commission **renews** the broadcasting licence for the national, French-language audio programming undertaking Canal M from 1 September 2018 to 31 August 2023. The terms and **conditions of licence** are set out in the appendix to this decision.
24. The Commission also **approves** the licensee's request for continued mandatory distribution for a five-year term pursuant to Broadcasting Order 2018-308, also issued today.

25. The mandatory distribution order associated with this service formerly contained a provision authorizing distribution licensees to increase the basic monthly fee to be paid by their subscribers by no more than the amount required under the order for the distribution of the service. However, since the Commission no longer regulates retail rates for BDU services except for basic service and since section 17.1 of the *Broadcasting Distribution Regulations* already addresses this matter, the Commission has not retained this provision in the renewed mandatory distribution order effective 1 September 2018.

Secretary General

Related documents

- *Distribution of Canal M by licensed broadcasting distribution undertakings*, Broadcasting Order CRTC 2018-308, 23 August 2018
- *Applications for the renewal of services with mandatory distribution on the basic service pursuant to section 9(1)(h) of the Broadcasting Act – Notice of hearing*, Broadcasting Notice of Consultation CRTC 2017-365, 17 October 2017
- *Criteria for assessing applications for mandatory distribution on the digital basic service*, Broadcasting Regulatory Policy CRTC 2010-629, 27 August 2010

This decision is to be appended to the licence.

Appendix to Broadcasting Decision CRTC 2018-307

Terms, conditions of licence and encouragement for the national, French-language audio programming undertaking Canal M

Terms

The licence will take effect 1 September 2018 and expire 31 August 2023.

Conditions of licence

1. The licensee shall adhere to the provisions of Part 1.1 of the *Radio Regulations, 1986*.
2. The licensee shall broadcast no more than four minutes of advertising in any clock hour.

For the purpose of this condition of licence, “clock hour” shall have the same meaning as set out in the *Television Broadcasting Regulations, 1987*.

3. By November 30 of each year and in a manner and form prescribed by the Commission, the licensee shall file with the Commission a report on its expenditures on Canadian programming and its exhibition.

Encouragement

In accordance with *Implementation of an employment equity policy*, Public Notice CRTC 1992-59, 1 September 1992, the Commission encourages the licensee to consider employment equity issues in its hiring practices and in all other aspects of its management of human resources.