



Broadcasting Decision CRTC 2018-310

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Reference: Part 1 licence renewal application posted on 27 November 2017

Ottawa, 23 August 2018

Ag-Com Productions Ltd.

Across Canada

Public record for this application: 2017-0811-6

The Rural Channel – Licence renewal

*The Commission **renews** the broadcasting licence for the national, English-language discretionary service The Rural Channel from 1 September 2018 to 31 August 2023.*

Application

1. Ag-Com Productions Ltd. (Ag-Com Productions) filed an application to renew the broadcasting licence for the national, English-language specialty Category B service The Rural Channel. The current licence expires 31 August 2018.
2. The applicant confirmed that it would adhere to the standard requirements for discretionary services set out in Appendix 2 to Broadcasting Regulatory Policy 2016-436. However, it requested that it be granted an exception to standard condition of licence 17, which relates to described video, until the service reaches 300,000 subscribers.
3. The applicant also proposed to devote at least 10% of the previous year's gross annual revenues to Canadian programming expenditures (CPE).

Interventions

4. The Commission received a comment from the Shaw Rocket Fund regarding children's programming and a joint intervention filed by Rogers Media Inc., Corus Entertainment Inc. and Bell Media Inc. arguing that the described video requirements imposed on all independently owned services are onerous. The applicant did not reply to the interventions.

Commission's analysis and decisions

Described video requirements

5. Ag-Com Productions requested an exception to standard condition of licence 17, which sets out the described video requirements for discretionary services. Since Ag-Com Productions has not previously been subject to a described video requirement, the condition of licence would come into effect at the beginning of

year 4 of its licence term. At that point, the licensee would be required to provide either four hours per week of described video for programming drawn from certain program categories,¹ or, if it broadcasts fewer than four hours of programming drawn from those categories, provide described video for all of the programming from those categories that it does broadcast.

6. The Commission considers that it would be premature to provide an exception to this condition of licence since the licensee has expressed a willingness to adhere to the condition of licence once it reaches 300,000 subscribers and, in any case, the requirement would not be in effect for the first three years of the licence term. Further, most of the programs aired by Ag-Com Productions are not drawn from the program categories mentioned above.
7. Accordingly, the Commission **denies** the applicant's request for an exception to standard condition of licence 17 set out in Appendix 2 to Broadcasting Regulatory Policy 2016-436.

Canadian programming expenditures

8. Taking into consideration the service's historical expenditures on Canadian programming, the Commission considers Ag-Com Productions' proposed 10% CPE level to be consistent with Broadcasting Regulatory Policy 2015-86. Accordingly, **conditions of licence** reflecting these commitments are set out in the appendix to this decision.
9. The Commission considers it appropriate to adopt an incentive to encourage the reflection of Indigenous peoples in the broadcasting system. Specifically, the licensee will receive a 50% credit towards its CPE requirements for expenditures on Canadian programming produced by Indigenous producers, up to a maximum (expenses plus credit) of 10% of the licensee's overall CPE requirement when combined with the credit discussed below regarding official language minority community (OLMC) reflection. Only programming costs counting towards CPE as defined in Public Notice 1993-93 will be considered eligible for the credit.
10. The Commission is also of the view that a similar credit could encourage greater onscreen reflection of OLMCs in the broadcasting system. Consequently, the licensee will receive a 25% credit against its CPE requirements for expenditures on Canadian programming produced by OLMC producers, up to a maximum (expenses plus credit) of 10% of the licensee's overall CPE requirement when combined with the credit discussed in the preceding section on Indigenous reflection. Once again, only programming costs counting towards CPE as defined in Public Notice 1993-93 will be considered eligible for the credit. Further, the OLMC producer must be an independent producer as defined by the Commission and (i) if in the province of

¹ Described video requirements apply to programming drawn from the following program categories set out in Item 6 of Schedule 1 to the *Discretionary Services Regulations*, as amended from time to time: 2(b) Long-form documentary, 7 Drama and comedy, 9 Variety and 11(a) General entertainment and human interest and 11(b) Reality television, and/or to programming targeting preschool children (0-5 years of age) and children (6-12 years of age).

Quebec, the original language of the production must be English or (ii) if outside of the province of Quebec, the original language of the production must be French.

11. Accordingly, **conditions of licence** reflecting these determinations are set out in the appendix to this decision.

Non-compliance

12. The licensee was required by condition of licence to devote not less than 35% of the broadcast year and of the evening broadcast period to the broadcast of Canadian programs.
13. According to the program logs submitted by the licensee, it did not meet the requirements regarding the broadcast of Canadian programs over the 2015-2016 broadcast year.
14. The licensee explained that there was confusion regarding the requirements and that it began filing 18-hour logs instead of 24-hour logs in the 2015-2016 broadcast year by mistake. With the exception of this instance of apparent non-compliance, the licensee has exceeded the minimum Canadian content requirement in the last three years of its licence term when logs were filed correctly.
15. The Commission is satisfied with the licensee's explanations and the steps it took to ensure compliance in the future. Accordingly, the Commission does not consider it necessary to impose any remedial measures but reminds the licensee of the importance of filing accurate logs.

Conclusion

16. In light of the above, the Commission **renews** the broadcasting licence for the national, English-language discretionary service The Rural Channel² from 1 September 2018 to 31 August 2023. The terms and **conditions of licence** are set out in the appendix to this decision.

Reminders

17. Section 8 of the *Discretionary Services Regulations* requires, among other things that, except as otherwise provided under a condition of its licence, a licensee shall provide to the Commission, within 30 days after the end of each month, the program log or record of its programming for the month.
18. The Commission reminds the licensee that the program logs must be accurate and must be kept in a form that is acceptable to the Commission.

Secretary General

² In Broadcasting Regulatory Policy 2015-86, the Commission announced that it would consolidate television programming service licences into three broad categories. According to this simplified approach, specialty Category B services are now designated as discretionary services.

Related documents

- *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016
- *Let's Talk TV: The way forward – Creating compelling and diverse Canadian programming*, Broadcasting Regulatory Policy CRTC 2015-86, 12 March 2015
- *The reporting of Canadian programming expenditures*, Public Notice CRTC 1993-93, 22 June 1993

This decision is to be appended to the licence.

Appendix to Broadcasting Decision CRTC 2018-310

Terms, conditions of licence, expectations and encouragements for the national, English-language discretionary service The Rural Channel

Terms

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

Conditions of licence

1. The licensee shall adhere to the conditions of licence set out in Appendix 2 to *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016, as well as to the conditions set out in the broadcasting licence for the undertaking.
2. The licensee shall, in each broadcast year, devote not less than 10% of the previous year's gross annual revenues of the undertaking to the acquisition of or investment in Canadian programming.
3. Subject to condition 4, the licensee may claim, in addition to its expenditures on Canadian programming:
 - a. a 50% credit against its Canadian programming expenditure requirements for expenditures made on Canadian programming produced by an Indigenous producer and claimed as Canadian programming expenditures during that broadcast year;
 - b. a 25% credit against its Canadian programming expenditure requirements for expenditures made on Canadian programming produced by an official language minority community producer and claimed as Canadian programming expenditures during that broadcast year. The licensee may claim the credit if:
 - i. the programming is produced in the province of Quebec and the original language of production is English; or
 - ii. the programming is produced outside the province of Quebec and the original language of production is French.
4. The licensee may claim the credits calculated in accordance with condition 3 until the expenditures made on Canadian programming produced by Indigenous producers and by official language minority community producers, including credits, reach a combined maximum of 10% of the Canadian programming expenditure requirement for the undertaking.
5. In regard to expenditures on Canadian programming:

- (a) In each broadcast year of the licence term, excluding the final year, the licensee may expend an amount on Canadian programming that is up to 5% less than the minimum required expenditure for that year calculated in accordance with condition of licence 2; in such case the licensee shall expend in the next broadcast year of the licence term, in addition to the minimum required expenditure for that year, the full amount of the previous year's under-expenditure.
- (b) In each broadcast year of the licence term, excluding the final year, where the licensee expends an amount for that year on Canadian programming that is greater than the minimum required expenditure, the licensee may deduct that amount from the minimum required expenditure in one or more of the remaining years of the licence term.
- (c) Notwithstanding paragraphs (a) and (b) above, during the licence term, the licensee shall expend on Canadian programming, at a minimum, the total of the minimum required expenditures calculated in accordance with condition of licence 2.
6. In the two years following the end of the previous licence term, the licensee shall report and respond to any Commission enquiries relating to the expenditures on Canadian programming made by the licensee for that term.
7. The licensee is responsible for any failure to comply with the requirements relating to expenditures on Canadian programming that occurred during the previous licence term.

Definitions

For purposes of these conditions:

“Indigenous producer” means an individual who self-identifies as Indigenous, which includes First Nations, Métis or Inuit, and is a Canadian citizen or resides in Canada, or an independent production company in which at least 51% of the controlling interest is held by one or more individuals who self-identify as Indigenous and are Canadian citizens or reside in Canada. In regard to the definition of “independent production company,” “Canadian” includes a person who self-identifies as Indigenous and resides in Canada, whereas “Canadian company” includes a production company in which at least 51% of the controlling interest is held by one or more individuals who self-identify as Indigenous and reside in Canada.

“Official language minority community producer” means a company that meets the definition of “independent production company” and that:

- a. if operating in the province of Quebec, produces original English-language programming, or

- b. if operating outside of the province of Quebec, produces original French-language programming.

Expectations

The standard expectations applicable to this licensee are set out in Appendix 2 to *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016.

Encouragements

The standard encouragements applicable to this licensee are set out in Appendix 2 to *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016.