



Broadcasting Decision CRTC 2020-115

PDF version

Reference: 2019-358

Ottawa, 3 April 2020

Groupe V Média inc., on behalf of MusiquePlus inc.
Montréal, Quebec

Public record for these applications: 2019-0677-8 and 2019-0678-6

Public hearing in Montréal, Quebec

12 February 2020

MusiquePlus – Change in ownership and licence amendment

*The Commission **approves** the application by Groupe V Média inc. (V Média), on behalf of MusiquePlus inc. (MusiquePlus), for authority to change the ownership of MusiquePlus.*

*The Commission also **approves** the application by V Média, on behalf of MusiquePlus, to amend certain conditions of licence for the discretionary services ELLE Fictions and MAX.*

The rationale underlying this decision and the resulting approvals will be published at a later date.

Application

1. Groupe V Média inc. (V Média), on behalf of MusiquePlus inc. (MusiquePlus), filed applications for authority to change the ownership of MusiquePlus and to amend certain conditions of licence of the discretionary services ELLE Fictions and MAX, held by MusiquePlus.
2. MusiquePlus is a wholly owned subsidiary of V Média, which also holds V Interactions inc. (V Interactions), the licensee of the French-language television network called V and of the French-language television stations CFAP-DT Québec, CFJP-DT Montréal, CFRS-DT Saguenay, CFKS-DT Sherbrooke and CFKM-DT Trois-Rivières (the V Stations). The V Stations and the French-language discretionary services ELLE Fictions and MAX form the designated group called Groupe V Média (Groupe V).
3. These applications are non-severable from the application 2019-0648-9 filed by Bell Canada (Bell) for authority to change the ownership and effective control of V Interactions. The Commission has approved that application in Broadcasting Decision 2020-116.
4. V Média is a corporation held by Groupe Remstar inc. (45.14%), Fiducie Seismikmax (9.86%), Caisse de dépôt et de placement du Québec (15%), Fonds de solidarité des travailleurs du Québec (F.T.Q.) (15%) and Investissement Québec (15%) (collectively, the Shareholders). Maxime Rémillard exercises effective control of

V Média as the unique shareholder of Groupe Remstar inc. and as the trustee of Fiducie Seismikmax.

5. Prior to the transaction, a new corporation will be created (MusiquePlus, on behalf of a corporation to be incorporated (OBCI)), which will be held by the Shareholders according to the current shareholder structure of V Média. The change in ownership consists of the transfer of MusiquePlus shares, currently held by V Média, to MusiquePlus, OBCI).
6. Following the transaction, MusiquePlus will be the wholly owned subsidiary of MusiquePlus, OBCI, which will be held by the Shareholders according to the current shareholder structure of V Média.
7. A service management agreement has been entered into by Bell and MusiquePlus regarding the provision of advertising sales representation services and technical support services for the discretionary services ELLE Fictions and MAX. The Commission determines that this agreement does not change the effective control of MusiquePlus and of the discretionary services ELLE Fictions and MAX, which will continue to be exercised by Maxime Rémillard, notwithstanding the reorganization and the conclusion of the service management agreement.
8. Accordingly, the Commission **approves** the application for the change in ownership of MusiquePlus. This decision is based on the examination of the proposed transaction in accordance with the regulatory framework, which will be more fully described as part of the publication of the rationale underlying this decision.

Amendment to certain conditions of licence for the discretionary services included in the MusiquePlus Group

9. In Broadcasting Decision 2017-146, the Commission determined that the group of services included in Groupe V Média would be comprised of the V Stations and the French-language discretionary services ELLE Fictions and MAX. The Commission notes that, in Broadcasting Decision 2020-116, it has approved the change in ownership and effective control of the V Stations, which will form part of the New French-language Bell Media Group, effective 1 September 2020. Accordingly, the V Stations will not be included in Groupe V, which will only be comprised of the discretionary services ELLE Fictions and MAX.
10. The Commission **approves** the application by V Média, on behalf of MusiquePlus, to amend certain conditions of licence to reflect the composition of the new group that will be created.
11. Accordingly, the Commission **approves** the creation of a new group, the MusiquePlus Group, which will only be comprised of the discretionary services ELLE Fictions and MAX, as set out in Appendix 1 to this decision.

Canadian programming expenditures and programs of national interest

12. The Commission considers it appropriate to maintain the Canadian programming expenditures (CPE) threshold at 35% of the previous broadcast year's gross revenues. It

also considers it appropriate to maintain the programs of national interest (PNI) expenditures threshold at 10% of the previous broadcast year's gross revenues.

13. The MusiquePlus Group will be able to use a part of the CPE and PNI expenditure surpluses accumulated by Groupe V when it operated the V Stations in order to meet its requirements by the end of the current licence term, which ends 31 August 2022. As determined in Broadcasting Decision 2020-116, a portion of these surpluses will be attributed to MusiquePlus in the context of the sale of the V Stations to Bell.
14. In light of CPE and PNI expenditure surpluses accumulated by Groupe V and the distribution of certain of its surpluses to the discretionary services operated by Musique Plus, the Commission **directs** MusiquePlus to file, by no later than **30 November 2020**, as a condition of approval, a document relating to the distribution of surpluses between V Média and MusiquePlus. This document shall indicate:
 - the exact amount in CPE surpluses and PNI expenditure surpluses accumulated by Groupe V as of 31 August 2020;
 - the exact amount in CPE surpluses and PNI expenditure surpluses used by the V Stations and the discretionary services ELLE Fictions and MAX, if applicable, during the broadcast year ending 31 August 2020; and
 - the exact amount of CPE surpluses and PNI expenditure surpluses that will be available as of 1 September 2020 for the MusiquePlus Group and for the New French-language Bell Media Group.

Conclusion

15. The Commission **approves** the application by Groupe V Média inc., on behalf of MusiquePlus inc., for authority to change the ownership of MusiquePlus inc. The Commission also **approves** the application by Groupe V Média inc., on behalf of MusiquePlus inc., to amend the conditions of licence of the discretionary services ELLE Fictions and MAX.
16. The rationale underlying this decision and the resulting approvals will be published at a later date.

Secretary General

Related documents

- *V Interactions inc. – Change in ownership and effective control*, Broadcasting Decision CRTC 2020-116, 3 April 2020
- *Groupe V Média inc. – Licence renewals for French-language network, television stations and services*, Broadcasting Decision CRTC 2017-146, 15 May 2017

This decision is to be appended to each licence.

Appendix 1 to Broadcasting Decision CRTC 2020-115

Discretionary services that are included in the MusiquePlus Group

Licensee	Name of service
MusiquePlus inc.	ELLE Fictions
	MAX

Appendix 2 to Broadcasting Decision CRTC 2020-115

Terms, conditions of licence, expectations and encouragements applicable to the French-language discretionary services included in the MusiquePlus Group

Terms

The licences will take effect 1 September 2020 and expire 31 August 2022.

Conditions of licence

1. The licensee shall adhere to the standard conditions of licence for discretionary services as 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.
2. In each broadcast year, the licensee shall devote at least 35% of the broadcast day to the broadcast of Canadian programs.

Canadian programming expenditures

3. In accordance with *A group-based approach to the licensing of private television services*, Broadcasting Regulatory Policy CRTC 2010-167, 22 March 2010, the licensee shall in each broadcast year devote to the acquisition of or investment in Canadian programming at least 35% of the previous year's gross revenues of the undertaking.
4. The licensee shall devote to original, French-language programs:
 - a) at least 50% of the expenditures outlined in condition of licence 3 in the second year of the licence term (2018-2019 broadcast year);
 - b) at least 75% of the expenditures outlined in condition of licence 3 in the remaining years of the licence term (2019-2020 through 2021-2022 broadcast years).
5. For the 2018-2019 broadcast year and until the end of the licence term, the licensee shall allocate in each broadcast year 0.17% of the previous broadcast year's gross revenues of the undertaking to MUSICACTION. These expenditures can be counted by the licensee for the purpose of fulfilling its Canadian programming expenditure requirement, which includes expenditures on programs of national interest.
6. The licensee may count expenditures made for the acquisition of or investment in Canadian programming by one or more undertakings of the MusiquePlus Group in the same broadcast year towards fulfilling the requirement set out in condition 3 as long as these expenditures are not used by those undertakings towards fulfilling their own Canadian programming expenditure requirement.

7. Subject to condition 6, the licensee may claim, in addition to its expenditures on Canadian programming:
 - a) a 50% credit against its Canadian programming expenditure 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 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.
8. The licensee may claim the credits calculated in accordance with condition 7 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 MusiquePlus Group.

Programs of national interest

9. The licensee shall in each broadcast year devote to the acquisition of or investment in programs of national interest at least 10% of the previous year's gross revenues of the undertaking.
10. The licensee may count expenditures made for the acquisition of or investment in programs of national interest by one or more undertakings of the MusiquePlus Group in the same broadcast year towards fulfilling the requirement set out in condition 9 as long as these expenditures are not used by those undertakings towards fulfilling their own programs of national interest expenditure requirement.
11. At least 75% of the expenditures in condition 9 must be made to an independent production company.
12. The licensee shall, by 30 November of each year, provide for the previous broadcast year a report in a form acceptable to the Commission that contains information on the programs that were broadcast by all undertakings of the MusiquePlus Group in regard to:
 - a) programs of national interest;
 - b) the use of Indigenous and official language minority community producers, specifying notably for each: the number of producers they meet with each year; the projects commissioned, including projects in development, in

production and completed; the budgets and the total Canadian programming expenditures devoted to such projects; and any other information the Commission requires to this effect; and

- c) access that women have to key leadership positions, by providing information regarding the employment of women in key creative leadership positions in the productions broadcast, as well as any other information the Commission requires to this effect.

Over- and under-expenditures

13. Subject to condition 14, the licensee shall, for each broadcast year, make sufficient expenditures such that the undertakings that form the MusiquePlus Group collectively devote

- a) 35% of the previous year's gross revenues of the undertakings from the MusiquePlus Group to the acquisition of or investment in Canadian programming; and
- b) 10% of the previous year's gross revenues of the undertakings from the MusiquePlus Group to the acquisition of or investment in programs of national interest.

14. In each broadcast year of the licence term, excluding the final year,

- a) the licensee, in concert with the other undertakings that form the MusiquePlus Group, may expend an amount on Canadian programming and/or on programs of national interest that is up to 5% less than the minimum required expenditure for that year calculated in accordance with conditions 13a) and 13(b), respectively; in such case, the licensee shall ensure that the undertakings that form the MusiquePlus Group 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) where the licensee, in concert with the other undertakings that form the MusiquePlus Group, expends an amount for that year on Canadian programming or programs of national interest that is greater than the minimum required expenditure calculated in accordance with conditions 13a) and 13b) respectively, the licensee, or another undertaking from the MusiquePlus Group, may deduct that amount from the total minimum required expenditure in one or more of the remaining years of the licence term.
- c) Notwithstanding conditions 14a) and 14b), during the licence term, the licensee shall ensure that the undertakings that form the MusiquePlus Group expend on Canadian programming and programs of national interest, at a minimum, the total of the minimum required expenditures calculated in accordance with conditions 13a) and 13b).

Licensee's obligations with respect to the MusiquePlus Group

15. 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, including programs of national interest, made the licensee and by the MusiquePlus Group for that term.
16. The licensee is responsible for any failure to comply with the requirements relating to expenditures on Canadian programming, including programs of national interest, that occurred during the previous licence term.

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.

The Commission expects the licensee to ensure that the programs broadcast by the services adequately reflect all regions of Quebec, including those outside Montréal, as well as all regions of Canada. The Commission also expects the licensee to provide producers working in these regions with an opportunity to produce programs intended for these services.

Encouragements

The standard encouragement applicable to this licensee is 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.

Definitions

As an exception to the definition of “broadcast day” 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, the term “broadcast day” refers to the 24-hour period beginning each day at 6 a.m. or any other period approved by the Commission.

“Independent production company” means a Canadian company (i.e., a company carrying on business in Canada, with a Canadian business address, owned and controlled by Canadians) whose business is the production of film, videotape or live programs for distribution and in which the licensee and any company related to the licensee owns or controls, directly or indirectly, in aggregate, less than 30% of the equity.

“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.

“MusiquePlus Group” means the group of undertakings set out in Appendix 1 to *MusiquePlus – Change in ownership and licence amendment*, Broadcasting Decision CRTC 2020-115, 3 April 2020.

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

- i. if operating in the province of Quebec, produces original English-language programming, or
- ii. if operating outside of the province of Quebec, produces original French-language programming.

“Programs of national interest” means Canadian programs drawn from categories 2(b) Long-form documentary, 7 Drama and comedy and all related subcategories, 8(a) Music and dance other than music video programs or clips, 8(b) Music video clips, 8(c) Music video programs and 9 Variety.