



Broadcasting Notice of Consultation CRTC 2024-164

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Ottawa, 23 July 2024

Public record: 1011-NOC2024-0164

Call for comments on the Independent Local News Fund

Deadline for submission of comments: 6 September 2024

Deadline for submission of replies: 23 September 2024

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Summary

Local television news is important for Canadians to stay informed and involved in their communities. However, it is expensive to produce and difficult to sustain by market forces alone. While large companies benefit from being able to re-direct funds towards television news, independent television broadcasters have no such flexibility and are facing declining revenue and increased costs.

In 2016, the Commission established the Independent Local News Fund (ILNF) specifically to support television stations that offer local news and information and do not benefit from being part of a larger vertically integrated company. More recently, through its decision on base contributions by online streaming services issued on 4 June 2024, the Commission announced that the new funding would be directed to areas of immediate need in the Canadian broadcasting system, including local news. This decision will make more funds available to the ILNF as of the 2024-25 broadcast year.

The goal of this consultation is to address the proposed increase to the funding of the ILNF along with an application filed by Corus Entertainment Inc. to receive funding from the ILNF for its Global television stations.

All interested persons are invited to participate in this proceeding. The deadline for the receipt of comments is **6 September 2024**. The deadline for the receipt of replies is **23 September 2024**. Only parties that file comments may file a reply to matters raised during the comment phase.

Background

1. Private television stations, particularly at the local level, are important sources for the gathering and production of locally relevant and reflective news and information. In implementing the *Broadcasting Act*, the Commission must consider the importance of sustainable support by the entire Canadian broadcasting system for news and

current events programming, including a broad range of original local and regional news and community programming. The *Online Streaming Act*, which amended the *Broadcasting Act*, added a policy objective to ensure that Canadians have access to strong, high-quality and diverse local and national news programming on television, radio and online in Canada.

2. However, the production of high-quality news and analysis has become more difficult. This is a particular concern for Canada's independent television broadcasters. These broadcasters face reduced advertising revenues and increased costs. This has resulted in pressures on local news gathering, production and dissemination across all Canadian media. Notably, independent television broadcasters are facing unique challenges as they cannot benefit from larger corporate revenues or cross-subsidies from other affiliated businesses.
3. In this context, while independent television broadcasters may benefit from the implementation of the *Online News Act* to a certain extent, this does not eliminate the need for the Independent Local News Fund (ILNF).
4. More specifically, Google LLC (Google) submitted an application to the Commission to be exempted from the *Online News Act* after reaching an agreement with the Canadian Journalism Collective on 6 June 2024. Under that agreement, \$100 million in inflation-adjusted annual funding would be distributed to Canadian news businesses who could be designated as eligible under the *Online News Act*. However, under regulations made by government, no more than 30% of the funding could be made available to private broadcasters. The Commission called for comment on Google's application in Online News Notice of Consultation 2024-143.
5. The purpose of this notice is to launch a focused review of the ILNF regulatory framework and activities, in light of the following:
 - In Broadcasting Regulatory Policy 2024-121, the Commission proposed to make orders that would require certain online undertakings with annual contribution revenues of \$25 million or more to make an initial base contribution of 1.5% of their annual revenues from Canadian activities to the ILNF; and
 - Corus Entertainment Inc. (Corus) has filed an application requesting that the Commission find that its Global stations¹ are eligible for funding from the ILNF.

¹ CHAN-DT Vancouver and its transmitters, CHBC-DT Kelowna and its transmitters, CICT-DT Calgary, CISA-DT Lethbridge, CITV-DT Edmonton and its transmitter, CFRE-DT Regina, CFSK-DT Saskatoon, CKND-DT Winnipeg and its transmitter, CIII-DT-41 Toronto and its transmitters, CHEX-DT Peterborough (Licensee: 591987 B.C. Ltd.), CHEX-TV-2 Oshawa (Licensee: 591987 B.C. Ltd.), CKWS-DT Kingston and its transmitter, CKWS-DT-1 Brighton (Licensee: 591987 B.C. Ltd.), CKMI-DT-1 Montréal and its transmitters, CHNB-DT Saint John and its transmitters, and CIHF-DT Halifax and its transmitters.

6. This proceeding will be limited to the ILNF and more specifically to the two issues set out above, with a larger proceeding on broader considerations about Canada's news programming to follow as indicated in the Commission's [Regulatory plan to modernize Canada's broadcasting framework](#).

Current regulatory framework

7. The ILNF has been available to support the production of locally reflective news and information by private independent television stations since 2017. Licensed broadcasting distribution undertakings (BDUs) must contribute to the ILNF.² All private conventional television stations that provide locally reflective news and information and that do not belong to a group that owns both programming services and BDUs are eligible to receive ILNF funding. In the 2022-2023 broadcast year, this resulted in contributions of \$17,812,587 toward the production of locally reflective news by private independent stations.
8. On the other hand, vertically integrated (VI) broadcasting groups have several ways to support local news on their affiliated television stations. They can transfer a part of the contributions made by their BDUs to Canadian programming to support local news programming. These transfers totalled \$41,903,000 in 2023.
9. The Canadian Association of Broadcasters (CAB) administers the ILNF and allocates funds according to the following three guidelines which were updated in Broadcasting Decision 2021-203:
 - two thirds will be distributed in proportion to each eligible station's share of total expenditures on locally reflective news and information over the previous three broadcast years;³
 - one third will be distributed in proportion to the total number of hours of locally reflective news and information broadcast by each eligible station over the previous three broadcast years; and
 - no station or group of stations operated by the same licensee in a given market will receive more than 12% of the funding in any given year.

Impacts of base contributions and Corus's application on the ILNF

Impact of base contributions on the ILNF

10. In Broadcasting Regulatory Policy 2024-121, the Commission proposed conditions of service to require certain online undertakings to allocate 1.5% of the annual contribution revenues derived from their Canadian audio-visual activities to the ILNF. That decision recognized the importance of news, particularly news produced by independent broadcasters.

² See sections 35 and 53 of the *Broadcasting Distribution Regulations*.

³ The broadcast year begins on 1 September and ends on the following 31 August.

11. These additional contributions will significantly increase the amount of funding being distributed by the ILNF (by an estimated \$42 million annually)⁴ which will provide critical support to local independent news broadcasters. The additional funding may also create opportunities to improve the ILNF. To that end, the Commission is prepared to explore in the current proceeding whether the eligibility criteria should be revised to include independent news providers not currently eligible, and whether incentives could be established to ensure that recipients provide high-quality news to Canadians in a manner that meets their needs.
12. The Commission also considers it appropriate to explore whether the ILNF could be revised to ensure additional support for certain elements of news, such as French-language news and information or news produced by independent television stations operating in underserved communities.
13. At this time, the Commission is not proposing to expand eligible recipients to include VI broadcasters. Any submissions received in this proceeding addressing eligibility for ILNF funding by such broadcasters will be used to inform the Commission's broader news proceeding.
14. The Commission therefore invites interested persons to respond to the following questions:

Q.1 Currently only private conventional television stations that provide locally reflective news and information are eligible to receive ILNF funding. Should the Commission revise the current criteria to permit access to the ILNF by a broader range of audiovisual news providers? If so, which eligibility criteria should the Commission use?

Q.2 Local stations have always produced news to meet audience needs. However, this programming is becoming difficult to produce and the quality of news that viewers receive may suffer as a result. Are there any incentives or measures that the Commission should put in place to ensure that funds received from the ILNF are focussed on the production and broadcast of high-quality locally reflective news? Which platforms (traditional and/or online) should the Commission prioritize? What types of incentives would best further the broader distribution of local news and how should the Commission assess their impact?

Q.3 Should there be a mechanism to ensure that a certain proportion of ILNF funding is allocated to support the creation of French-language news? If so, what should that proportion be?

Q.4 Should the allocation method favour recipients operating in rural, remote, and underserved communities? If so, how?

⁴ The estimate is based on Canadian broadcasting revenues from applicable online services reported in the 2022-2023 broadcast year.

Impact of Corus's application on the ILNF

15. When the Commission created the ILNF in Broadcasting Regulatory Policy 2016-224, it also established a mechanism to support the creation of local news by VI broadcasters. Under this mechanism, VI BDUs may allocate part of their mandatory contributions to Canadian programming to the production of local news on related local television stations. At the time, Corus was affiliated with Shaw Communications Inc. (Shaw) and, through this mechanism, Corus's Global stations received support from Shaw between 2017 and 2023.
16. In Broadcasting Decision 2022-76, the Commission approved an application by Rogers Communications Inc. (Rogers), on behalf of Shaw, for authority to transfer the effective control of the broadcasting undertakings licensed to Shaw or its subsidiaries to Rogers or its subsidiaries. Rogers confirmed that it would use the contributions that Shaw allocated to Corus's Global television stations to fund local news on its Citytv stations. Consequently, Corus is no longer receiving allocations from Shaw or any other BDU.
17. Corus now operates as an independent broadcaster. As a result, Corus has filed an application (2023-0300-9) seeking confirmation that the 15 Global television stations that it operates are eligible for funding from the ILNF. The Commission will add submissions related to that application to the public record for this proceeding.
18. While the Commission is of the preliminary view that Corus' Global stations should be eligible to receive funding from the ILNF, it is also concerned about the impact of the addition to the list of ILNF recipients of services like those that belong to Corus. As noted earlier, the funds are distributed based on an allocation method taking into consideration each eligible station's total expenditures on locally reflective news over the previous three years as well as the total number of hours of locally reflective news broadcast by the station over the same period. This ensures that the funds received by ILNF recipients are proportionate to the level of locally reflective news that they produce.
19. Under the current allocation method, the addition of stations like those that belong to Corus could affect the amount of funding available to existing recipients as the current model for allocating funding was not developed to accommodate the type and number of stations owned by an ownership group as large as Corus.
20. Currently, the funds to be received by each station are calculated based on the station's expenditures and exhibition of local news from the previous 3 years with a 12% cap for a station or group of stations that is operated by the same licensee in a given market in any given year. This ensures that smaller independent television stations receive a reasonable level of funding while at the same time ensuring that larger independent stations do not receive a disproportionate amount of funding. The Commission's objective is to ensure that high quality local news is created for as many communities as possible. A fair allocation of ILNF funding would support that objective.

21. The Commission therefore considers that it should review the existing allocation method for ILNF funding. The Commission is of the view that the CAB should continue to administer and distribute the funds to independent television stations. Moreover, the allocation method should be fair, efficient, and streamlined to avoid administrative burden to all current or potential future ILNF recipients as one of the outcomes of this process. The goal is to have the additional funds from certain online contributors and the contributions from licensed BDUs dispersed in the 2024-25 fiscal year.
22. In light of the above, the Commission invites interested persons to respond to the following questions:

Q.5 The ILNF's goal is to promote the creation and distribution of high quality locally reflective news in markets served by its recipients. If stations like those owned by Corus or other services are added to the list of recipients of the ILNF, how should the Commission ensure that the distribution of funding is equitable among all recipients? What other criteria should the Commission consider in its allocation method if it decides to change the current method in place?

Q.6 Should the Commission maintain a cap on the amount of funding that can be obtained from the ILNF? Is the cap still relevant per station or should the Commission apply a cap per ownership group?

Q.7 What other measures should the Commission put in place to ensure that ILNF funds are fairly distributed across recipients?

Q.8 Would it be appropriate to impose the same measures regarding news and journalistic practices that are currently in effect for conventional television stations on all ILNF recipients, including any additional recipients that may be deemed eligible for ILNF funding?

Measuring success

23. In this proceeding, the Commission will consider various potential changes to the ILNF with the objective that the fund continues to support the production of high-quality locally reflective news that responds to audience needs. To measure the achievement of that outcome, the Commission wishes to consider if it would be appropriate to impose a reporting requirement to ensure that ILNF allocations are well dispensed and that they serve the public interest. This may include measures to ensure that expenditures are incremental to the current exhibition and expenditure requirements for locally reflective news.
24. The Commission will also consider whether it is necessary to impose conditions of service related to the provision of news that is of high quality on ILNF recipients. To achieve this goal, existing recipients adhere to Radio Television Digital News Association of Canada's Code of Journalistic Ethics, the CAB Equitable Portrayal Code, and the Journalistic Independence Code, which are administered by the

Canadian Broadcast Standards Council (CBSC). The Commission would be interested in parties' views on whether all receiving ILNF funding should be required to adhere to those codes and who should verify compliance.

25. The Commission therefore invites interested persons to respond to the following questions:

Q.9 Currently, the ILNF administered by the CAB must file and make publicly available on its website reports detailing the amounts received and distributed on 30 November of each year. Further, ILNF recipients must file and make publicly available on their websites reports detailing how the funds received have been used to meet the ILNF's objectives. Considering the possible additional funding, should the Commission consider whether additional measures are needed to monitor the success of the ILNF? If so, please provide the measures as well as the rationale. Please also address how frequently additional reports should be filed to increase transparency and to evaluate trends while not unduly increasing the administrative burden on ILNF recipients.

Q.10 Current ILNF recipients are members of the CBSC and are required to comply with the Radio Television Digital News Association of Canada's Code of Journalistic Ethics, the CAB's Equitable Portrayal Code and the Journalistic Independence Code. Should all ILNF recipients, including any that may be added further to this process, be required to comply with those codes? If so, who should be responsible for ensuring compliance?

Call for comments

26. The Commission invites comments that address the issues and questions set out above as well as on other matters related to the ILNF. The Commission will accept comments that it receives on or before **6 September 2024**. The deadline for the receipt of replies is **23 September 2024**. Only parties that file comments may file a reply to matters raised during the comment phase. This requirement applies to all interested persons.

Procedure

27. *The Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure* (the Rules of Procedure)⁵ apply to the present proceeding. (The Rules of Procedure set out, among other things, the rules for content, format, filing and service of interventions, answers, replies and requests for information; the procedure for filing confidential information and requesting its disclosure; and the conduct of public hearings. Accordingly, the procedure set out below must be read in conjunction with the Rules of Procedure and related documents, which can be found on the Commission's website under "[Statutes and Regulations](#)." The guidelines set out in Broadcasting and Telecom Information Bulletin 2010-959 provide information

⁵ SOR/2010-277, 26 November 2010, as amended from time to time.

to help interested persons and parties understand the Rules of Procedure so that they can more effectively participate in Commission proceedings.

28. The Commission encourages interested persons and parties to monitor the record of the proceeding, available on the Commission's website, for additional information that they may find useful when preparing their submissions.
29. Submissions longer than five pages should include a summary. Each paragraph of all submissions should be numbered, and the line *****End of document***** should follow the last paragraph. This will help the Commission verify that the document has not been damaged during electronic transmission.
30. Pursuant to Broadcasting and Telecom Information Bulletin 2015-242, the Commission expects incorporated entities and associations, and encourages all Canadians, to file submissions for Commission proceedings in accessible formats (for example, text-based file formats that allow text to be enlarged or modified or read by screen readers). To help in this regard, the Commission has posted on its website guidelines for preparing documents in accessible formats.
31. Submissions must be filed by sending them to the Secretary General of the Commission using only one of the following means:

by completing the

[\[Intervention/comment/answer form\]](#)

or

by mail to

CRTC, Ottawa, Ontario K1A 0N2

or

by fax at

819-994-0218

32. Parties who send documents electronically must ensure that they will be able to prove, upon Commission request, that filing, or where required, service of a particular document was completed. Accordingly, parties must keep proof of the sending and receipt of each document for 180 days after the date on which the document is filed or served. The Commission advises parties who file or serve documents by electronic means to exercise caution when using email for the service of documents, as it may be difficult to establish that service has occurred.
33. In accordance with the Rules of Procedure, a document must be received by the Commission and all relevant parties by 5 p.m. Vancouver time (8 p.m. Ottawa time) on the date it is due. Parties are responsible for ensuring the timely delivery of their submissions and will not be notified if their submissions are received after the

deadline. Late submissions, including those due to postal delays, will not be considered by the Commission and will not be made part of the public record.

34. The Commission will not formally acknowledge submissions. It will, however, fully consider all submissions, which will form part of the public record of the proceeding, provided that the procedure for filing set out above has been followed.

Important notice

35. All information that parties provide as part of this public process, except information designated confidential, whether sent by postal mail, fax, email or through the Commission's website at www.crtc.gc.ca, becomes part of a publicly accessible file and will be posted on the Commission's website. This information includes personal information, such as full names, email addresses, postal/street addresses, telephone, and fax numbers, etc.
36. The personal information that parties provide will be used and may be disclosed for the purpose for which the information was obtained or compiled by the Commission, or for a use consistent with that purpose.
37. Documents received electronically or otherwise will be put on the Commission's website in their entirety exactly as received, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.
38. The information that parties provide to the Commission as part of this public process is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the web page of this particular public process. As a result, a general search of the Commission's website with the help of either its own search engine or a third-party search engine will not provide access to the information that was provided as part of this public process.

Availability of documents

39. Links to comments, replies and answers/final replies filed for this proceeding, as well as other documents referred to in this notice, are available on the Commission's "[Consultations and hearings: have your say](#)" page.
40. Documents are available upon request during normal business hours by contacting:

Documentation Centre
Examinationroom@crtc.gc.ca
Tel.: 819-997-4389
Fax: 819-994-0218

Client Services
Toll-free telephone: 1-877-249-2782
Toll-free TTY: 1-877-909-2782

Secretary General

Related documents

- *Call for comments – Application for exemption from the Online News Act by Google*, Online News Notice of Consultation CRTC 2024-143, 27 June 2024
- *The Path Forward – Supporting Canadian and Indigenous content through base contributions*, Broadcasting Regulatory Policy CRTC 2024-121, 4 June 2024
- *Shaw Communications Inc. – Change of ownership and effective control*, Broadcasting Decision CRTC 2022-76, 24 March 2022
- *The Independent Local News Fund – Revision to the allocation method*, Broadcasting Decision CRTC 2021-203, 15 June 2021
- *Policy framework for local and community television*, Broadcasting Regulatory Policy CRTC 2016-224, 15 June 2016
- *Filing submissions for Commission proceedings in accessible formats*, Broadcasting and Telecom Information Bulletin CRTC 2015-242, 8 June 2015
- *Guidelines on the CRTC Rules of Practice and Procedure*, Broadcasting and Telecom Information Bulletin CRTC 2010-959, 23 December 2010