



## Broadcasting Notice of Consultation CRTC 2009-411

Additional references: 2009-70, 2009-70-1, 2009-70-2, 2009-113, 2009-113-1, 2009-113-2 and 2009-279

Ottawa, 6 July 2009

### Notice of Hearing

**29 September 2009**

**Gatineau, Quebec**

**Policy proceeding on a group-based approach to the licensing of television services and on certain issues relating to conventional television**

**Deadline for submission of interventions/comments: 10 August 2009**

*The Commission will hold a public hearing commencing on 29 September 2009 at 9:30 a.m. at the Conference Centre, Phase IV, 140 Promenade du Portage, Gatineau, Quebec to consider a group-based approach to the licensing of conventional television and discretionary services and certain policy issues relating to conventional television.*

*The Commission invites written comments and proposals, along with rationale and supporting evidence, on the issues raised in this notice, which include:*

- *the modalities and conditions for group-based licensing that would provide the necessary criteria to consider upcoming applications for group-based seven-year licence renewals;*
- *revenue support for conventional broadcasters; and*
- *possible digital transition models.*

*The deadline for written comments is 10 August 2009.*

### Introduction

1. In Broadcasting Decision [2009-279](#), the Commission set out its initial decisions regarding licence renewal applications for private conventional television stations. It also stated that it would hold a policy proceeding in the fall of 2009 whose scope would include, but not necessarily be limited to, the following policy issues:
  - determining the modalities and conditions for group-based licensing to be employed at the 2010 English-language broadcaster and 2011 French-language broadcaster licence renewals;

- providing revenue support for conventional broadcasters by:
    - investigating alternative support mechanisms for local programming;
    - protecting the integrity of Canadian broadcaster signals; and
    - exploring a mechanism for establishing, through negotiation, fair market value for the signals of the conventional television stations distributed by broadcasting distribution undertakings (BDUs);
  - elaborating further details regarding possible digital transition models; and
  - establishing whether regulatory restraints for expenditures on non-Canadian programming and on minimum levels of spending on Canadian programming by English-language television broadcasters are required and determining which regulatory mechanisms would be most effective.
2. The objective of this public process is to establish an overall regulatory framework that will provide all broadcast groups with the flexibility to adapt to the rapidly changing communications environment, while ensuring that the Canadian broadcasting system is distinctly Canadian in its content.
3. This objective can only be advanced if the Commission and stakeholders are mindful of:
- the important role of Canadian creative talent and production in the broadcasting system;
  - the different conditions under which English- and French-language broadcasting operate and the different requirements that those may have while sharing common aspects;
  - the role of public and educational broadcasters in an evolving communications environment.
4. In this regard, the Commission expects stakeholders to participate in this process to assist in addressing the policy issues at hand and, specifically, how broadcasters can:
- adopt concrete and measurable commitments to the production, programming and airing of local content; and
  - achieve a focused and systematic approach to community involvement and reflection, emulating the approach of local radio, which continues to be successful through challenging times.

### **Modalities and conditions for group-based licensing**

5. In Broadcasting Decision 2009-279, the Commission announced that it would renew for one-year licence terms the conventional television stations operated by CTV Television Inc., Canwest Television Limited Partnership and Sun TV Company and the Citytv stations operated by Rogers Broadcasting Limited (Rogers). This will allow the Commission to consider these stations at the group-based (conventional and discretionary services) licence renewal hearing to take place in the spring of 2010.
6. In the same decision, the Commission also announced that it would issue a two-year licence for TVA Group Inc. (TVA) television stations in order to allow the Commission to consider the next group-based licence renewal for TVA at the same time as the Commission reviews the licence obligations of TQS inc. and the French-language television services operated by the Canadian Broadcasting Corporation.
7. As announced in Broadcasting Notice of Consultation 2009-70, the present proceeding will examine how to structure and conduct group-based conventional and discretionary television licence renewals. The Commission aims to establish a comprehensive framework that will take into account the systemic changes in the broadcasting industry, including those relating to the horizontal and vertical integration that has taken place throughout its sectors.
8. Though the structure of the corporate groups that will be involved in the upcoming group-based licence renewal processes, for the most part, reflect a conventional and/or specialty structure, the Commission is envisioning that the framework developed would be applied to other groups which have a different combination of services, such as groups consisting of more discretionary services than conventional stations or groups consisting of programming undertakings, including video-on-demand (VOD) and pay-per-view services, and distribution undertakings. In addition, the framework should be adaptable to recognize and address the different conditions under which the English- and French-language markets operate. Accordingly, the Commission invites all parties to raise issues specific to their unique circumstances when responding to the questions posed in this notice.
9. Through group-based licence renewals, the Commission aims to move away from a framework in which the renewal of conventional television licences is assessed independently of pay and specialty services and instead to harmonize the rules governing these services and take a more technology-neutral approach. Such an approach will allow the Commission to consider factors including, but not limited to, the total audience reached by a broadcasting group, the totality of its revenues and the totality of its programming commitments and obligations.
10. While greater flexibility may have a positive impact on the viability of the Canadian television industry, it is also appropriate that this flexibility should result in greater support for Canadian programming, including original programming, particularly in categories that continue to be under-represented in the Canadian broadcasting system, such as drama and documentaries.

11. To that end, the Commission is seeking comments on the following issues within the context of a group-based licensing approach:
- the appropriateness of a group-based Canadian programming expenditure (CPE) requirement;
  - the establishment of appropriate exhibition obligations in a group-based scenario, including obligations relating to original and under-represented programming; and
  - the appropriate level of Canadian independent production.
12. The Commission anticipates that VOD services, and in particular subscription VOD services that resemble traditional linear television, will play an increasingly important role in the near-to-mid-term, especially as its availability grows.<sup>1</sup> BDUs operating these services are exploring the potential to use on-demand platforms as an alternative to the provision of distant signals.<sup>2</sup> In this context, the Commission deems it appropriate to consider the role that VOD may play in the overall contribution by broadcasting groups in supporting the production and exhibition of Canadian programming.
13. The current policy framework for VOD undertakings is the subject of a process initiated in Broadcasting Public Notice 2008-101. Given that the contribution of VOD services in the context of a group-based approach is now being considered as part of this proceeding, the comments submitted in response to Broadcasting Public Notice 2008-101 have been added to the record for this proceeding for consideration and context.

**Group-based Canadian programming expenditure requirement**

14. The imposition of CPE requirements is not uniform throughout the Canadian television sector. In the current regulatory framework, most pay and specialty services have CPE obligations. Since the 1999 television policy (Public Notice 1999-97), conventional television services have not had a requirement for a minimum level of Canadian expenditure. VOD undertakings are currently obligated to make a contribution to programming funds.
15. Various stakeholders, particularly representatives of the creative sector, have made a correlation between the removal of spending requirements for conventional television stations and a decline in the number of Canadian drama productions as well as a sharp rise in the proportion of expenditures on non-Canadian programming.

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<sup>1</sup> The Commission notes that VOD services are now available to well over 50% of large BDU customers as a result of the ongoing transition to digital television.

<sup>2</sup> Rogers presentation, second day of the 27 April 2009 public hearing on licence renewals for private conventional television stations.

16. In considering a group-based approach, the Commission is of the view that it would be appropriate and necessary that all elements within a group contribute financially to the creation and acquisition of Canadian programming.
17. The Commission has noted industry assertions that permitting greater flexibility to allocate CPE obligations across platforms could result in higher-budget productions that may attract larger Canadian audiences and may have significant export potential.
18. Accordingly, the Commission will be considering how a single, group-based CPE requirement would be applied holistically and with flexibility to count expenditures across all platforms of integrated corporate undertakings, including VOD, where appropriate.
19. The Commission is seeking responses, with detailed rationale and supporting evidence, to the following questions:
  - a) Would it be appropriate to implement a single, flexible CPE requirement for integrated corporate undertakings? If not, what would be an appropriate minimum CPE for each service that makes up the group and should transferability be permitted among the services? Should there be exclusions when considering minimum spending levels (such as sports or news services)?
  - b) If required, by what method could the Commission set such a CPE requirement for integrated corporate undertakings? If there is a need to transition VOD contributions from that of payments to programming funds to a new common CPE requirement, how should that be accomplished?
  - c) What measures might be required under such a framework to ensure appropriate financial support for the production of programs of national interest, such as dramas and documentaries?

#### **Group-based exhibition obligations**

20. Similar to the situation with CPE obligations, the imposition of exhibition requirements is not uniform within the television sector by service or by type of service. Specifically, conventional television stations are required to:
  - devote not less than 60% of the broadcast year and not less than 50% of the evening broadcast period (6 p.m. to midnight) to Canadian programs; and
  - at a minimum, broadcast, in each broadcast year, an average of eight hours per week between 7 p.m. and 11 p.m. of Canadian programs in the priority program categories, including drama, documentaries and music/variety.

21. Canadian content exhibition requirements for discretionary services vary according to the nature of the programming provided. As for VOD undertakings, they are currently required to ensure that, at all times:
- not less than 5% of the English-language and not less than 8% of the French-language feature films available in their inventory are Canadian; and
  - not less than 20% of other programming available in the inventory is Canadian.
22. With the objective of harmonizing the rules governing the services under consideration in a group-based framework and to provide greater regulatory flexibility, the Commission is considering imposing group-based exhibition requirements that would be applied across the services owned by one ownership group.
23. It is the Commission's preliminary view that regardless of the challenges facing the television sector, all services owned by a group should broadcast an appropriate amount of Canadian programming.
24. The Commission is seeking responses, with detailed rationale and supporting evidence, to the following questions:
- a) How can the various exhibition requirements currently in effect be simplified, streamlined or amalgamated?
  - b) By what method could the Commission establish flexible exhibition requirements for integrated corporate undertakings and what should they be? Should there be a minimum level established for each service within a group? If so, what should it be?
  - c) What measures might be required under such a framework to ensure appropriate exhibition of programs of national interest, such as dramas and documentaries?

#### **Appropriate level of independent production**

25. Large English-language television groups are expected to ensure that at least 75% of the priority programming they broadcast is produced by independent production companies; for its part, TVA is expected to allocate minimum annual expenditures for independently-produced French-language programming.
26. A few specialty services have obligations related to the broadcast of independent production and these requirements have been determined on a case-by-case basis.
27. In establishing group-based CPE and exhibition requirements, the Commission is mindful that a balance needs to be struck between supporting the independent production sector and providing broadcasters the flexibility to control the rights of programming that they broadcast.

28. With that in mind, Commission is seeking responses, with detailed rationale and supporting evidence, to the following questions:
- a) One measure to ensure the place of Canadian independent creative talent and production in the broadcasting system could be the imposition of a spending and/or exhibition requirement related to independently-produced programming. Would such an expenditure and/or exhibition requirement be appropriate and if so, what would be the appropriate level? Should minimum levels be established for specific programming categories and if so, what should those levels be and how should they be determined?
  - b) What other measures might be required under such a framework to ensure there continues to be a diversity of programming?

**Group-based licensing: a proposed model**

29. In the interest of focusing the discussion on group-based licensing, a conceptual model for group-based licensing is included as an appendix to this notice. Interested parties are invited to comment on the model, taking into account the issues raised above, and to consider the following:
- a) Is this a feasible framework to apply to groups? If not, the Commission would welcome alternative proposals with rationale for the changes.

**Revenue support for conventional broadcasters**

30. The Commission is confident that conventional broadcasters can develop successful business models if supported by revenue streams that are predictable and that reflect the value of the programming they broadcast.
31. As noted earlier, the Commission envisions three different potential revenue streams, which are discussed below.

**Alternative support mechanisms for local programming**

32. In Broadcasting Public Notice 2008-100, the Commission established the Local Programming Improvement Fund (LPIF) to support local programming in non-metropolitan markets. In that notice, the Commission established the level of BDU contribution to the LPIF at 1% of gross revenues. Further, the Commission determined that access to the fund would be conditional upon incremental spending on local programming by broadcasters. As a result of the impact of the economic downturn on conventional broadcasters, the Commission reviewed the terms and conditions of the LPIF<sup>3</sup> and, in Broadcasting Regulatory Policy 2009-406, announced the provisional terms and conditions for the LPIF that would address the impact of the current economic situation. As part of this review, the requirement for incremental spending on local programming was removed, and the required contribution by BDUs was raised to 1.5% of gross revenues.

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<sup>3</sup> Broadcasting Notices of Consultation 2009-70 and 2009-70-1.

33. These new terms and conditions are only intended to be in effect for the upcoming broadcast year. It is the Commission's intention to review the terms and conditions of the LPIF for implementation on a longer-term basis and determine whether it should revert to the initial terms and conditions set out in Broadcasting Public Notice 2008-100.
34. In this context, the Commission is seeking responses, with detailed rationale and supporting evidence, to the following question:
- a) The Commission has waived the requirement for incremental local spending and has increased BDU contribution levels for the upcoming broadcast year. It intends to revert to the initial criteria set out in Broadcasting Public Notice 2008-100. Please comment on the appropriateness of this approach.

**Integrity of Canadian broadcaster signals**

35. Canada is unique in that it allows the distribution of non-Canadian conventional signals throughout its broadcasting system. This poses challenges to maintaining the integrity of the Canadian program rights market and to the ability of broadcasters to contribute to and achieve the objectives of the *Broadcasting Act*. Currently, there are mechanisms in place to protect broadcasters' signal integrity, including the simultaneous substitution and mandatory carriage regimes. However, further safeguards may be required.
36. Accordingly, the Commission is seeking responses, with detailed rationale and supporting evidence, to the following questions:
- a) In addition to the current mechanisms, such as simultaneous substitution and mandatory carriage, are there other mechanisms that could be implemented to ensure the integrity of Canadian broadcaster signals?
  - b) Should the carriage of the U.S. 4+1 signals (CBS, NBC, ABC, FOX and the non-commercial PBS network) be contingent on the successful negotiation of fair market value for Canadian signals?

**Negotiated, fair market value for conventional signals**

37. In Broadcasting Public Notice 2007-53 and again in Broadcasting Public Notice 2008-100, the Commission elected not to grant fee for carriage to conventional broadcasters but did provide broadcasters with the right to negotiate the terms under which their distant signals will be retransmitted. The Commission is now of the view that a negotiated solution for compensation for the free market value of local conventional television signals is also appropriate.<sup>4</sup>

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<sup>4</sup> During the 27 April 2009 public hearing for the licence renewals for private conventional television stations, the Commission placed on the public record a discussion paper on the valuation of broadcaster signals in order to provide context to discussions relating to the LPIF. Following that hearing, a technical working group made up of members of the broadcasting industry examined the methodology and definitions used in the discussion paper and strived to foster a common understanding of the technical points surrounding this matter. The resulting report does not contain any recommendations with respect to the issue of value for signals, but instead summarizes the discussions of the technical working group. This report has been placed on the public record for the present proceeding.

38. The Commission expects that these negotiations will be completed before the long-term renewal of licences and that they will take place in a way that ensures that Canadians will not lose access to programming services. In the absence of negotiated agreements, the Commission will provide resolution through binding arbitration.
39. The Commission is now seeking comments on what mechanism should be used for establishing a negotiated, fair value for conventional signals. To that end, the Commission is seeking responses, with detailed rationale and supporting evidence, to the following questions:
- a) What regulatory measures are needed to facilitate fair negotiations?
  - b) What methodology and criteria should be used for determining the fair market value of a conventional signal?
  - c) Are there any other considerations that the Commission should take into account?
  - d) What safeguards need to be established so that the negotiations are successful and are restricted to the issue of a negotiated fair market value for the conventional signal being distributed?
  - e) What is the appropriate method, if required, to achieve resolution through binding arbitration?

### **Details regarding possible digital transition models**

40. In Broadcasting Public Notice 2007-53, the Commission established 31 August 2011 as the date for the transition from analog to digital over-the-air (OTA) television in Canada. In March 2009, the Commission received an independent consultant firm's report which provided a [\*Cost Estimate of Digital Television \(DTV\) Conversion for Canada\*](#).

#### **The hybrid model**

41. Due to the cost of implementing OTA DTV transmitters, the current economic climate, and high BDU penetration in most markets, most broadcasters have indicated that they do not intend to convert all analog OTA transmitters to digital. As a result, Canadians likely face a hybrid solution, whereby larger markets will continue to be served by digital OTA signals and smaller markets will receive conventional signals via BDUs. Communities that lose some or all of their conventional OTA choices will continue to be served by other means.
42. The Commission affirms its commitment to ensure that, wherever possible, all Canadians will retain access to their existing local conventional television services. This may be accomplished through OTA transmission or via cable or satellite BDUs.

43. In Broadcasting Regulatory Policy 2009-406, the Commission established a baseline group of markets mandated to convert to digital. These have been established on the basis that in any market containing at least two television stations, the stations will be required to convert to digital OTA transmission.
44. While the Commission encourages the industry to continue its adoption of high definition programming, broadcasters may wish to explore opportunities, such as multiplexing of standard definition OTA signals, to further extend coverage.
45. In light of the above, the Commission is seeking responses, with detailed rationale and supporting evidence, to the following questions:
- a) Is the Commission's preliminary list of markets mandated to convert to digital complete or should further stations be added to this list?
  - b) What system should be put in place to allow existing OTA viewers with analog television sets to receive the new digital television signals?
  - c) Where a conventional television station does not implement a digital OTA transmitter but provides its signal to BDUs via direct feed, how should its regulatory obligations and privileges, such as simultaneous substitution and mandatory carriage, be determined?
  - d) Under what circumstances might some conventional television services not be required to convert to digital OTA transmission?

**Satellite delivery model**

46. At the 27 April 2009 public hearing, Bell Canada (Bell) proposed to make available local and regionally relevant television stations to all Canadians via satellite distribution at no monthly charge. Shaw Communications Inc. subsequently made a similar proposal. The number of local stations distributed via satellite would increase under both proposals, all of which would be available to other BDUs free of charge for distribution on equivalent terms and conditions.
47. The Commission has consolidated information related to the proposals. These documents are available through the "Related documents" link for the 27 April 2009 public hearing. The Commission sees merit in the proposals and finds it appropriate to further explore this model.
48. As a principle, the Commission is of the view that the consumer should not be responsible for paying the associated costs of this alternative model for signal delivery.
49. Accordingly, the Commission is seeking responses, with detailed rationale and supporting evidence, to the following questions:

- a) What are the costs to provide a service of this nature, including costs for customer equipment and ongoing maintenance? Who should be responsible for these costs?
- b) What are the costs of providing signals by direct feed to satellite uplink centres and to BDUs carrying a given station's signal on a priority basis?
- c) Is an offset to LPIF contributions by those BDUs offering a service of this nature, as was proposed by Bell during the 27 April 2009 public hearing, appropriate? Should the offset only apply to ongoing service or also to initial installation, antenna and set-top box?
- d) What criteria should be used to determine which signals are provided to Canadians in this model (for example, minimum local programming threshold, virtual contours of a station, etc.)?
- e) What steps should be taken to ensure that all local conventional television stations are available via satellite to consumers?

**Appropriate minimum levels of spending on Canadian programming by English-language conventional television broadcasters**

- 50. In Broadcasting Decision 2009-279, the Commission determined that, based on evidence presented to the Commission at the 27 April 2009 public hearing and based on the scheduling and the acquisition of programming—both domestic and foreign—for the upcoming broadcast year, the imposition of a 1:1 ratio requirement at this time would be impracticable and inappropriate. However, the Commission noted that the concerns it identified in Broadcasting Notice of Consultation 2009-70 remained and was of the view that the 1:1 ratio requirement, or some other regulatory measure to ensure that an appropriate proportion of the financial resources of English-language television licensees is devoted to Canadian programming, should be explored in the context of this proceeding.
- 51. Accordingly, the Commission is seeking responses, with detailed rationale and supporting evidence, to the following question:
  - a) In the context of a group-based approach, for English-language broadcasters, which would be a more effective mechanism: (i) requiring a 1:1 ratio between Canadian and non-Canadian programming expenditures; (ii) requiring Canadian programming expenditures based on a percentage of group revenues as discussed in paragraph 18 and 19; or (iii) another method?

**Other matters**

- 52. The Commission encourages the public to continue to check the public file for this public proceeding as additional documents may be added prior to the close of the comment period.

53. The Commission draws the attention of interested parties to a report by the House of Commons Standing Committee on Canadian Heritage entitled: [\*Issues and Challenges Related to Local Television\*](#).

### **Public proceeding**

54. The Commission will hold a public hearing commencing on **29 September 2009 at the Conference Centre, Phase IV, 140 Promenade du Portage, Gatineau, Quebec** to address the matters set out in this notice.
55. The Commission invites written comments that address the issues and questions set out above. The deadline for filing written comments is **10 August 2009**.
56. The Commission will only accept submissions that it receives on or before the prescribed date noted above.
57. Following the oral public hearing, interested parties may have an opportunity to file brief final written comments.
58. Parties wishing to appear at the public hearing must state their request on the first page of their written submissions. Parties requesting appearance must provide clear reasons, on the first page of their submissions, as to why the written submission is not sufficient and why an appearance is necessary. The Commission will subsequently inform parties whether their request to appear has been granted. While submissions will not otherwise be acknowledged, they will be considered by the Commission and will form part of the public record of the proceeding, provided the procedures set out herein have been followed.

### **Procedures for filing comments**

59. Interested parties can file their comments to the Secretary General of the Commission:

- **by using the**  
[Broadcasting Intervention/Comments Form](#)

OR

- **by mail to**  
CRTC, Ottawa, Ontario K1A 0N2

OR

- **by fax at**  
819-994-0218

60. Submissions longer than five pages should include a summary.
61. Please number each paragraph of your submission. In addition, please enter the line \*\*\*End of document\*\*\* following the last paragraph. This will help the Commission verify that the document has not been damaged during transmission.

**Important notice**

62. Note that all information that you provide as part of this public process, except information granted confidentiality, whether sent by postal mail, facsimile, e-mail or through the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca), becomes part of a publicly accessible file and will be posted on the Commission's website. This information includes your personal information, such as your full name, e-mail address, postal/street address, telephone and facsimile number(s), and any other personal information you provide.
63. The personal information you 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.
64. Documents received electronically or otherwise will be put on the Commission's website in their entirety exactly as you send them, 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.
65. Please note that the information you 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 webpage of this particular public process. As a result, a general search of our website with the help of either our own search engine or a third-party search engine will not provide access to the information which was provided as part of this public process.
66. The Commission encourages interested parties to monitor the public examination file and the Commission's website for additional information that they may find useful when preparing their comments.

**Examination of public comments and related documents at the following Commission offices during normal business hours**

Toll-free telephone: 1-877-249-2782

Toll-free TDD: 1-877-909-2782

Central Building  
Les Terrasses de la Chaudière  
1 Promenade du Portage, Room 206  
Gatineau, Quebec K1A 0N2  
Tel.: 819-997-2429  
Fax: 819-994-0218

Metropolitan Place  
 99 Wyse Road  
 Suite 1410  
 Dartmouth, Nova Scotia B3A 4S5  
 Tel.: 902-426-7997  
 Fax: 902-426-2721

205 Viger Avenue West  
 Suite 504  
 Montréal, Quebec H2Z 1G2  
 Tel.: 514-283-6607

55 St. Clair Avenue East  
 Suite 624  
 Toronto, Ontario M4T 1M2  
 Tel.: 416-952-9096

Kensington Building  
 275 Portage Avenue  
 Suite 1810  
 Winnipeg, Manitoba R3B 2B3  
 Tel.: 204-983-6306  
 TDD: 204-983-8274  
 Fax: 204-983-6317

2220 - 12<sup>th</sup> Avenue  
 Suite 620  
 Regina, Saskatchewan S4P 0M8  
 Tel.: 306-780-3422

10405 Jasper Avenue  
 Suite 520  
 Edmonton, Alberta T5J 3N4  
 Tel.: 780-495-3224

530-580 Hornby Street  
 Vancouver, British Columbia V6C 3B6  
 Tel.: 604-666-2111  
 TDD: 604-666-0778  
 Fax: 604-666-8322

Secretary General

**Related documents**

- *Policy determinations resulting from the 27 April 2009 public hearing, Broadcasting Regulatory Policy CRTC 2009-406, 6 July 2009*

- *Renewal of the broadcasting licences for private conventional television stations considered at the 27 April 2009 Gatineau public hearing – Initial decisions and scope of subsequent policy proceeding*, Broadcasting Decision CRTC [2009-279](#), 15 May 2009
- *Call for comments on a proposed regulatory framework for video-on-demand undertakings* – Notice of consultation, Broadcasting Public Notice CRTC [2008-101](#), 30 October 2008
- *Regulatory frameworks for broadcasting distribution undertakings and discretionary programming services* – Regulatory policy, Broadcasting Public Notice CRTC 2008-100, 30 October 2008
- *Determinations regarding certain aspects of the regulatory framework for over-the-air television*, Broadcasting Public Notice 2007-53, 17 May 2007
- *Building on success – A policy framework for Canadian television*, Public Notice CRTC 1999-97, 11 June 1999

*This document is available in alternative format upon request and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>.*

## Appendix to Broadcasting Notice of Consultation CRTC 2009-411

### Television services: Contributions to Canadian programming

#### Existing framework

	Canadian content	Expenditure requirements	Priority programming*	Independent Production
Conventional television stations	60%	No	8 hours per week	75% of priority programming (English-language)  \$20 million / year (TVA)
Discretionary services**				
Analog	60%	42%	No	Some services as per specific conditions of licence.
Category 1	50%	45%	No	
Category 2	35%	No	No	
Pay television	30%	32%	No	
Pay-per-view/ video-on-demand	***	5%	No	

\* Includes drama, documentaries, music and dance, variety, regionally-produced programs and entertainment magazines.

\*\* Canadian content exhibition and expenditure requirements for discretionary services vary according to the nature of the programming provided. The percentages shown are minimum averages by type of service. Pay-per-view and video-on-demand services contribute 5% of their revenues to programming funds.

\*\*\* These services are required to ensure that, at all times, not less than 5% of the English-language and not less than 8% of the French-language feature films available in their inventory are Canadian, and not less than 20% of other programming available in the inventory is Canadian.

### Conceptual model

	Canadian content	Expenditure requirements	Programming of national interest	Independent production
<i>Corporate groups</i>				
Conventional television	Minimum average 55% across all services; minimum 35% on each service	Minimum average % of revenues	Minimum hours per week of original programming in certain programming categories, e.g.: drama and documentaries on a group basis.	Exhibition and/or expenditure (CPE) requirements on a group basis.
Discretionary services		OR		
Analog Category 1 Category 2		50% of program budget across all services		
Pay /Pay-per-view/ Video-on-demand	Minimums for program categories?	Minimums for program categories?	Minimums for program categories?	Minimums for program categories?
<i>Independents</i>				
Analog/category 1	55%	45%	As per specific conditions of licence.	As per specific conditions of licence.
Category 2	35%	No		