Broadcasting Decision CRTC 2020-154

PDF version

References: 2019-358, 2019-358-1 and 2020-116

Ottawa, 19 May 2020

Bell Canada, on behalf of V Interactions inc.
Montréal, Québec, Trois-Rivières, Saguenay and Sherbrooke, Quebec

Public record for this application: 2019-0648-9
Public hearing in Montréal, Quebec
12 February 2020

V Interactions inc. – Change in ownership and effective control

In Broadcasting Decision 2020-116, the Commission ***approved, subject to certain amendments described in that decision****, an application by Bell Canada, on behalf of V Interactions inc., for authority to change the ownership and effective control of V Interactions inc. and to integrate, effective 1 September 2020, the V Stations into the French-language Bell Media Group. The Commission determined that with the regulatory requirement imposed by the Commission, the transaction would be in the public interest. However, for exceptional reasons, the rationale underlying the Commission's decision and the resulting approvals were not published by the Commission in that decision.*

The Commission imposes on the New French-language Bell Media Group, effective 1 September 2020, a Canadian programming expenditures threshold of 40% of the previous broadcast year's gross revenues. The Commission also imposes on the New French-language Bell Media Group a programs of national interest expenditure threshold of 18% of the previous broadcast year's gross revenues.

The present decision does not replace Broadcasting Decision 2020-116, but completes it. It sets out the rationale underlying that decision and the resulting approvals.

Correction to *V Interactions inc. – Change in ownership and effective control*, Broadcasting Decision CRTC 2020-116, 3 April 2020

1. The Commission became aware of errors in Appendix 2 to Broadcasting Decision 2020-116, specifically in paragraphs 4, 24 and 25 of the conditions of licence applicable to the conventional television stations operated by the French-language Bell Media Group as well as the Appendix 3, specifically in paragraphs 1, 4 and 16 of the conditions of licence applicable to the discretionary services operated by the French-language Bell Media Group. The conditions of licence set out in paragraphs 4, 24 and 25 of Appendix 2 and paragraphs 1, 4 and 16 of Appendix 3 to this decision reflect these corrections.

Application

2. Bell Canada (Bell), on behalf of V Interactions inc. (V Interactions) filed an application for authority to change the ownership and effective control of V Interactions. This application was approved by the Commission, subject to certain modifications, set out in Broadcasting Decision 2020-116.

3. V Interactions is wholly-held by Groupe V Média inc. (V Média), which also holds MusiquePlus inc. (MusiquePlus). V Interactions is the licensee of the French-language television network called V and of five French-language television stations, namely, CFAP-DT Québec, CFJP-DT Montréal, CFRS-DT Saguenay, CFKS-DT Sherbrooke and CFKM-DT Trois-Rivières (the V Stations). MusiquePlus, for its part, is the licensee of the French-language discretionary services ELLE Fictions and MAX. V Média is a corporation held by several shareholders: Groupe Remstar inc. (Remstar) (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%) et Investissement Québec (15%) (collectively, the Shareholders). Maxime Rémillard exercises effective control of V Média as the unique shareholder of Remstar and as the trustee of Fiducie Seismikmax.

4. V Média filed applications on behalf of MusiquePlus (see Broadcasting Decision 2020-115) that are non-severable from this application and conditional upon approval of this application, to change the ownership of MusiquePlus and to amend certain conditions of licence for the discretionary services ELLE Fictions and MAX. The corporate reorganization of MusiquePlus will allow Bell to acquire V Média and to exclude MusiquePlus from the transaction.

5. Following this corporate reorganization, V Média will amalgamate with its subsidiary V Interactions to form a corporation, the name of which is to be determined (VFusion). All of the issued and outstanding shares of VFusion will then be acquired by Bell, which would transfer them to Bell Media Inc. (Bell Media). Bell Media is wholly owned subsidiary of Bell, which is effectively controlled by BCE Inc., a widely held public corporation controlled by its board of directors.

6. The Commission received 108 interventions in support of Bell’s application and three in opposition, as well as 14 interventions commenting the application.

Approval of the application, public interest and creation of the New French-language Bell Media Group

7. In Broadcasting Decision 2020-116, the Commission found that the transaction served the public interest. Accordingly, it **approved** the application to change the ownership and effective control of V Interactions, with certain changes set out in the decision. The Commission also **approved** the integration of the V Stations into the French-language Bell Media Group, effective 1 September 2020, to create the New French-language Bell Media Group. The composition of the New French-language Bell Media Group, effective 1 September 2020, is set out in Appendix 1 to Broadcasting Decision 2020-116 and to this decision.

8. The Commission indicated that its decision was based on an examination of the proposed transaction in accordance with the regulatory framework, which will be further described as part of the publication of the rationale underlying this decision.

9. The Commission's analysis and the rationale underlying Broadcasting Decision 2020-116 are more fully explained below.

Regulatory framework

10. Section 5(1) of the *Broadcasting Act* (the Act) specifies that the Commission's mandate is to regulate and supervise all aspects of the Canadian broadcasting system with a view to implementing the broadcasting policy for Canada, set out in subsection 3(1) of the Act. The public interest in reflected in numerous objectives of the Act.

11. The present transaction has an impact on the following objectives set out in section 3(1) of the Act:

> (d) the Canadian broadcasting system should
>
> > (i) serve to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada,
> >
> > (ii) encourage the development of Canadian expression by providing a wide range of programming that reflects Canadian attitudes, opinions, ideas, values and artistic creativity, by displaying Canadian talent in entertainment programming and by offering information and analysis concerning Canada and other countries from a Canadian point of view,
> >
> > (iii) through its programming and the employment opportunities arising out of its operations, serve the needs and interests, and reflect the circumstances and aspirations, of Canadian men, women and children, including equal rights, the linguistic duality and multicultural and multiracial nature of Canadian society and the special place of aboriginal peoples within that society.
> >
> > […]
>
> (e) each element of the Canadian broadcasting system shall contribute in an appropriate manner to the creation and presentation of Canadian programming;
>
> (f) each broadcasting undertaking shall make maximum use, and in no case less than predominant use, of Canadian creative and other resources in the creation and presentation of programming, unless the nature of the service provided by the undertaking, such as specialized content or format or the use of languages other than French and English, renders that use impracticable, in which case the undertaking shall make the greatest practicable use of those resources;
>
> (g) the programming originated by broadcasting undertakings should be of high standard;
>
> […]

(i) the programming provided by the Canadian broadcasting system should

(i) be varied and comprehensive, providing a balance of information, enlightenment and entertainment for men, women and children of all ages, interests and tastes,

(ii) be drawn from local, regional, national and international sources,

(iii) include educational and community programs,

(iv) provide a reasonable opportunity for the public to be exposed to the expression of differing views on matters of public concern, and

(v) include a significant contribution from the Canadian independent production sector.

12. The review of the applications that relate to changes in ownership or effective control is an essential element of the Commission's regulatory and supervisory mandate. In this regard, the *Television Broadcasting Regulations, 1987* require that all broadcasting licensees obtain prior Commission approval before concluding a transaction that would result in a change in the effective control of a broadcasting undertaking.

13. The Commission must examine each application on its merits, based on the circumstances specific to the application. In addition, the Commission must be assured that approval of a proposed transaction furthers the public interest as defined in the objectives set out in section 3(1) of the Act.

14. Finally, as indicated in Broadcasting Regulatory Policy 2014-459 (the Tangible Benefits Policy), the applicant must demonstrate that its proposal would yield a clear benefit to the broadcasting system as a whole and to the community served by the undertaking to be acquired. In that policy, the Commission specified that it does not solicit competing applications for changes to the ownership or effective control of broadcasting undertakings. Therefore, the onus is on the applicant to demonstrate that the application is in the public interest, that it is consistent with the overall objectives of the Act, and that the benefits of the transaction, both tangible and intangible, are commensurate with the size and nature of the transaction.

Commission's analysis and decisions

15. After examining the record for this application in light of applicable regulations and policies, the Commission considers that the issues it must address are the following:

- the impact on the broadcasting system;
- local programming and local news;
- Canadian programming expenditures;

- programs of national interest;
- accessibility; and
- the value of the transaction and the tangible benefits.

Impact on the broadcasting system

16. In order to determine if the transaction would serve the public interest, the Commission considered a wide set of factors set out in the Act, including the nature of programming and the services provided to the communities served, as well as regional, social, cultural, economic and financial considerations. The Commission must be persuaded that the proposed transaction benefits Canadians and the broadcasting system.

Bell's position

17. In support of its application, Bell submitted that the acquisition of the V Stations would enable the emergence of another strong and diversified French-language broadcaster within the Canadian broadcasting system, which would contribute to Canadian programming and cultural expression.

18. It also submitted that following the transaction, three media companies would share the French-language television market in Quebec, specifically, Quebecor Media Inc. (Quebecor),[1] Société Radio-Canada (SRC) and Bell Media, all three of which would operate all of the conventional television stations and discretionary services in the French-language market. According to Bell, the transaction would contribute in particular to promoting a competitive balance between Quebecor and Bell.

19. Bell noted that the V Stations Bell incurred significant losses over the last two years and that further losses are expected for the current year. According to Bell, these losses are impossible for V Média to bear and are starting to impact its other services. It indicated that it has the size and the importance to ensure that the success of the V Stations. Bell added that the transaction would bring a level of stability to the V Stations and would allow for the creation of synergies with the discretionary services of the French-language Bell Media Group by offering it opportunities to develop, produce and promote high quality French-language Canadian programs with bigger budgets.

20. Bell added that the transaction and the investments stemming from the transaction would allow it to strengthen its relationships with the French-language production sector by creating another well-endowed broadcasting partner. Bell further added that by owning both conventional television stations and discretionary services, it would provide the best possible visibility to original French-language programming.

21. Bell also submitted that the transaction would have a positive impact on news programming produced by the V Stations. It specified that the news programming on the V Stations is

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[1] Quebecor owns TVA Group Inc., the licensee of the network and conventional television stations TVA.

currently limited given that V Média does not have sufficient resources to produce news in-house and must call on a third party. Bell stated that it is recognzied as an information leader in the English-language market and that it could use its expertise for the French-language market. Bell committed to produce news in-house and to increase the duration of news bulletins.

22. Moreover, Bell stated that the transaction is in compliance with Broadcasting Public Notice 2008-4 (the Diversity of Voices Policy). Specifically, it submitted that with Commission approval of the acquisition of the V Stations, it would own only one French-language conventional television station in each market served by the V Stations. In addition, Bell noted that it does not own newspapers in the respective markets and, therefore, that cross-media ownership is not an issue in regard to the present transaction.

23. Finally, Bell noted that with the acquisition of the V Stations, Bell's new French-language designated group (the New French-language Bell Media Group) would hold a 22% audience share in the national French-language market, which is much less than the 35% threshold set out in the Diversity of Voices Policy, in regard to which a detailed analysis of the transaction is necessary. It submitted that the transaction is in line with the regulatory framework and with all of the factors that are set out in the Act and that the Commission must take into account in its analysis.

V Interactions' position

24. At the public hearing, V Interactions indicated that the transaction is the best solution for ensuring not only the viability of the V Stations', but also the viability of the television industry in Quebec. Specifically, it submitted that the significant consolidation in the French-language television environment and the erosion of the advertising revenues outside of the Montréal market have directly affected the V Stations. V Interactions indicated that a denial from the Commission would weaken Groupe V Média (Groupe V) in its entirety, including its two discretionary services.

Interventions

25. A large majority of interveners (108 interveners out of 125), including producers, business partners, chambers of commerce, advertising agencies, clients and individuals, expressed support without reservation for the transaction. Among them, several filed a letter of support reiterating some of Bell's arguments.

26. Certain interveners emphasized that it is important for the producers to have many potential partners. They also stressed the positive impact that the transaction would have on the production of local news in the markets served by the V Stations and their appreciation of the Bell's advertising placements. Several interveners also mentioned Bell's many partnerships with companies, foundations and not-for-profit organizations in Quebec.

27. Three interveners opposed the transaction, specifically Quebecor, Leclerc Communication inc. (Leclerc Communication) and the Public Interest Advocacy Centre (PIAC). These interveners submitted that the transaction would not serve the public interest.

28. Quebecor and PIAC submitted that Bell already holds a dominant position not only in the Canadian market in general, but also in the French-language market. In their view, the proposed transaction would only strengthen this dominant position. They also expressed the view that approval of the application would create many negative consequences for the broadcasting system as a whole.

29. In support of its position that Bell is a dominant undertaking, Quebecor noted Bell's importance at the national level and submitted that the Commission should focus its analysis on the Canada-wide market. It stated that Bell generates a large portion of Canada's television advertising revenues, and that Bell's television revenues, as well as its total revenues, are far higher than those of its competitors. It also indicated that Bell is already the broadcasting undertaking that reaches the most Canadian viewers. Accordingly, in Quebecor's view, should the Commission approve the proposed transaction, Bell's dominant position in the Canadian broadcasting system would be exacerbated.

30. For its part, PIAC noted Bell's dominant position, and indicated that Bell owns a large number of media services and that it is a vertically integrated undertaking with numerous media assets at its disposal.

31. Quebecor, PIAC and Leclerc Communication expressed concerns regarding the negative impacts that the transaction could have on the revenues of other broadcasters, at a time when the advertising revenues are decreasing. Quebecor and PIAC submitted that the transaction would give Bell a significant advantage given that, because of its size and the variety of its media assets, Bell could dictate the advertising rates and control the resulting revenues. They considered that Bell could offer low advertising rates for the V Stations to reach agreements at the national level for its conventional television stations in the English-language market. Leclerc Communication, for its part, stated that the transaction would have a negative impact on the advertising revenues of radio stations in competition with Bell's radio stations, jeopardizing the viability of local independent radio stations. Specifically, it submitted that Bell could offer low rates for advertising broadcast on its radio stations by combining them with advertising broadcast on the V Stations.

32. In addition, Quebecor and PIAC stated that the transaction would give Bell a significant advantage in regard to the acquisition of programming. In their view, Bell could enter into multiplatform agreements for French- and English-language programming, thereby increasing its negotiating power. Accordingly, these interveners argued that the providers would no longer have to deal with two separate undertakings to cover the French- and English-language markets, given that Bell would hold a dominant position in the two markets. Quebecor added that the commercial power of Bell would favour the acquisition of "premium" content (for example, movies and series from large Hollywood distributors), which, in its view, could not be replaced by other types of content. It also stated that Bell could use the acquisition of English-language rights to force content providers to combine this content with French-language content.

33. Certain interveners from the cultural community who filed comments supported the transaction, but requested that Bell make a greater contribution to the Canadian broadcasting system. Most of these interveners requested that the Commission impose requirements that

are higher than those proposed by Bell in regard to Canadian programming expenditures (CPE), expenditures on programs of national interest (PNI) and the broadcast of news. These concerns will be addressed in greater detail in the following sections.

34. Other interveners identified specific issues. Two interveners expressed concerns over the lack of measures that would allow for the separation of the newsrooms of the V Stations from those of other Bell services. One individual who intervened noted the importance of covering local news and producing news bulletins in-house, and suggested that the newsrooms of the V Stations remain separate from that of the English-language television station CFCF-DT Montréal (CTV Montréal). The other intervener, the Conseil provincial du secteur des communications (CPSC) of the Canadian Union of Public Employees, expressed concern over the fact that Bell would own two television stations in Montréal, although in two different language markets, and several radio stations. It submitted that conditions specific to Bell's cross-media ownership should be added to the broadcasting licences for the New French-language Bell Media Group in order to protect the diversity of editorial voices, should the transaction be approved.

35. In order for the transaction to strengthen Bell's relations with the French-language production environment, the ministère de la Culture et des Communications du Québec (MCCQ) indicated that it would expect Bell to maintain a management team in Quebec to supervise the operations of its expanded French-language television group. According to the MCCQ, Bell's management team should be easily accessible for all Quebec producers.

36. The majority of interveners agreed that following the transaction, Bell would be in compliance with the thresholds set out in the Diversity of Voices Policy. In this regard, several interveners submitted that the transaction should have a positive impact on the diversity of voices. These interveners noted Bell's desire to invest in an in-house news production service, thereby increasing the quality and quantity of local news, and forcing existing players to improve their methods and diversify their investments. Accordingly, in their view, the proposed transaction would contribute to improving the diversity of editorial voices in the French-language news media environment.

37. However, PIAC and Quebecor submitted that the transaction would have a negative impact on the diversity of voices. According to PIAC, due to the loss of an independent player, the number of doors on which the producers would be able to knock would decrease. It added that the same content would be broadcast on more platforms, resulting in a decrease in the content offered to viewers and a reduction in the diversity of content. Quebecor submitted that the increase in Bell's revenues would be at the expense of the other broadcasters, which would have fewer resources to devote to programming and news.

38. Further, the Independent Broadcast Group noted that the transaction demonstrates the inability of an independent broadcaster, such as V Média, to ensure the profitability of conventional television stations, which demonstrates the impact of vertical integration on independent broadcasters.

39. TELUS Communications Inc. (TELUS) expressed concerns regarding the trend towards concentration in the Canadian broadcasting system. It submitted that regulatory framework

relating to vertical integration (Broadcasting Regulatory Policy 2011-601) and the Wholesale Code (Broadcasting Regulatory Policy 2015-438) are constantly being called into question by vertically-integrated undertakings. Further, TELUS stated that the Commission must pay special attention to the undue preference that Bell could confer to its undertakings in regard to access to advertising on the V Stations, should the transaction be approved. TELUS indicated that the Commission should add a condition of licence requiring the licensee to provide commercially reasonable access to the advertising availabilities for non-related broadcasting undertakings and telecommunications service providers.

Bell's reply

40. In its reply, Bell noted the numerous interventions in support of its application, in particular those from the arts community. Bell added that following to the transaction, it would have to face many financial challenges, but that the V Stations would have a better chance of viability in the long term.

41. In regard to the impact on the revenues of other broadcasters, Bell argued that the market that is relevant for an examination of the competitive factor and the repercussions of the transaction is the French-language market and not the Canada-wide market. It added that Quebecor is trying to reinvent the parameters for the Commission's analysis by requesting an analysis of Bell's situation at the national level.

42. According to Bell, Quebecor erred when it stated that Bell's status in the English-language market will give it a significant advantage in the French-language market. Bell indicated that the two markets are operated independently and that the potential synergies between its English-language television assets and the V Stations are limited. More specifically, in regard to advertising markets, Bell submitted that national advertisers purchase their advertising for each market separately since the advertising campaigns and content are different.

43. Further, Bell submitted that what matters is not the size of the company, but the popularity of its services. In this regard, Bell stated that Quebecor holds an advantageous position in the French-language market in Quebec due to its media assets portfolio as well as the audience share for TVA services, which is twice as high compared to that of its closest competitor.

44. In regard to the impact of the transaction on the advertising rates, Bell stated that its strength in the French-language market is not due to synergies with its English-language assets, but rather to its capacity to bring together television viewers across Quebec's media ecosystem. It added that the transaction would not lead to any reduction in advertising rates in the markets served by V Stations given that, according to Bell, it is market share that dictates rates. Furthermore, the advertising inventory for television, which is limited, is not subject to a rate decrease. Finally, Bell indicated that making offers combined with discounts is not part of its commercial practices.

45. In regard to access to programming, Bell stated that although there is an interest for foreign popular programming coming from the United States and elsewhere that is dubbed in French, is not the most watched programming by viewers in the Quebec French-language television market. In fact, the French-language television market is characterized by a significant demand for French-language original programming. It added that the most watched programs

are mainly French-language original productions broadcast by TVA and the SRC. Further, Bell indicated that other large broadcasting groups are competing to acquire the broadcast rights for the Canadian market and that those rights can be bought separately for the French-language market. Finally, Bell noted the emergence of a global rights market, in which the rights are increasingly sold on a global scale, without distinct Canadian rights, and that all Canadian broadcasters, including Bell, have to face these types of challenges.

46. Moreover, Bell stated during the public hearing that should the Commission approve the transaction, the headquarters for the V Stations and the discretionary services of the French-language Bell Media Group would remain in Montréal. It added that all decisions relating to production and programming are and would continue to be made independently from its Montréal offices. During the public hearing, Bell confirmed that it is not opposed to the Commission imposing this as a commitment.

47. Finally, in regard to TELUS's intervention regarding Commission's policies, Bell indicated that it filed its application in accordance with the Commission's current policies and that it should be evaluated on this basis. Bell added that reviewing the regulatory policies in the context of a specific acquisition process would be very detrimental to the parties. In regard to access to advertising inventory, Bell argued that this allegation is unfounded as the issue was previously addressed in the context of the 2017 licence renewals for large ownership groups. At the time, the Commission did not take any measures in this regard despite the representations made by TELUS.

Commission's analysis

48. The Commission considers that in assessing the impact of the transaction on the Canadian broadcasting system, it is appropriate to focus on the impact of the transaction on the following:

- the viability of the V Stations;
- the players in the broadcasting system; and
- the diversity of voices.

Impact on the viability of the V Stations

49. Conventional television stations are at the heart of the Canadian broadcasting system. In Broadcasting Regulatory Policy 2015-86, the Commission set out its vision for conventional television and its importance for the Canadian broadcasting system. It stated that conventional television contributed significantly to the development of Canadian content, specifically to local news during prime time and entertainment programming.

50. The Commission notes the precarious financial situation of the V Stations. Their revenues have declined significantly since 2016, from $63.9 million in 2016 to $37.7 million in 2019. This decline led to cumulative losses before interest and taxes of $16.4 million over the last three years, including $9.9 million in the 2018-2019 fiscal year.

51. The Commission notes that Bell is a large and financially solid company and can absorb the losses of the V Stations. It also notes that due to a number of factors, including the erosion of advertising revenues outside the Montréal market, the viability of the V Stations is threatened and their survival in certain regions is uncertain. In addition, Bell recognizes that the financial stabilization of the V Stations is a challenge and does not forecast that they will become profitable in the short term. In Bell's view, the V Stations would constitute an important part of its operations in Quebec. In fact, Bell noted during the public hearing that the V Stations would complete its assets folder, by permitting advertisers to bring together viewers or potential clients throughout the ecosystem. V Média also stated that the V Stations occupy a unique position in the market because they succeed in attracting young people to conventional television. For these reasons, the Commission considers that Bell will want to ensure the V Stations' survival.

52. The Commission also considers that Bell should be in a position to improve the V Stations' financial situation. Specifically, Bell should be in a position to increase the advertising revenues of the V Stations due to the size of its undertakings, which will allow the advertisers to create advertising campaigns on numerous platforms.

53. Bell also intends to invest in quality programming, which will allow for increases in the audience shares for the V Stations, which could subsequently be monetized by increasing the advertising revenues in particular.

54. The Commission considers that Bell could benefit from synergies in order to reduce the V Stations' spending, notably in regard to administration, sales, advertising or technical services.

55. In light of the above, the Commission finds that the transaction would have a positive impact on the viability of the V Stations, which will allow them to continue contributing to the central role of conventional television in the Canadian broadcasting system, specifically by broadcasting high quality Canadian programming while producing news in-house.

Impact on players in the broadcasting system

56. The Commission notes the interventions from Quebecor and PIAC, in which they requested that the transaction be analyzed from a Canada-wide perspective. However, the Commission finds that it would be appropriate to assess the impact of the transaction on the French-language market, the linguistic market in which the services operate.

57. In fact, the linguistic duality of Canada led to the development of two distinct markets in the broadcasting system. This duality is recognized in section 3(1)(c) of the Act, which specifies that English- and French-language broadcasting, while sharing common aspects, operate under different conditions and may have different requirements. Many policies implemented by the Commission distinguish between the English- and French-language television markets.

58. As such, In the Diversity of Voices Policy, the Commission established, as a function of the linguistic market, specific thresholds to be respected, in regard to the number of services in a market, cross ownership, and the audience shares of broadcasting undertakings.

59. The Commission also noted the difference between the French- and English-language markets in Broadcasting Regulatory Policy 2015-86. In that policy, the Commission noted that the English- and French-language markets had to face significant challenges that affected the ability of the Canadian broadcasting system to meet the objectives set out by the Act, from which came the need for regulatory intervention. The Commission indicated that Francophone Canadians prefer Canadian programming in their own language and that the offer does not meet demand. In fact, the Canada’s French-language market is small and struggles to support an independent production industry. In addition, international sales presents another challenge. However, French-language Canadian programming benefits from domestic promotion and a star system.

60. In light of the differences between the English- and French-language markets, the Commission determined that broadcast companies that operate French- and English-language services should be treated differently and could be subject to different requirements. Thus, when the broadcasting licences of the large French-language groups were renewed, those groups were subject to CPE and PNI expenditures thresholds that were different from those of their English-language counterparts.

61. In addition, the Commission finds that if it were to adopt the approach proposed by Quebecor and PIAC, this would run counter to its policies and to its general practice of evaluating transactions according to the regulatory framework in place at the time of application. Accordingly, the Commission has evaluated the present transaction and its impact on the French-language market.

62. In regard to the impact of the transaction on the French-language market, the Commission notes that Quebecor and Leclerc Communication are the only broadcasters to oppose the transaction. In spite of this, the Commission recognizes that the proposed transaction would have an impact on the French-language market and should intensify competition between Bell, Quebecor and the SRC, each of which would own conventional television stations and discretionary services.

63. However, the Commission considers that even if the increase in the revenues of the V Stations outpaces Bell’s projections, the increase would have a limited impact on the broadcasting system as it would represent only a small portion of the total advertising revenues of the French-language market. Furthermore, the Commission is of the view that Quebecor and the SRC, as major broadcasters in the French-language, would be the players that would principally feel the impact of the transaction. In the Commission’s view, these broadcasters have numerous assets at their disposal that would enable them to compete with Bell in the French-language market.

64. More specifically, in regard to Quebecor, the Commission notes the popularity and the audience shares of the services operated by TVA. The Commission further notes that, like Bell, Quebecor is a diversified company with a presence in the telecommunications and cable sectors. Quebecor considers that its position in the French-language advertising market and the numerous synergies available between its various media assets should allow it to handle increased competition. As for the SRC, the many programs that it broadcasts are among the most popular in the market and it has at its disposal a level of financial due to the

parliamentary appropriations it receives, which should allow it to withstand competition from Bell.

65. In regard to advertising rates, the Commission recognizes that Bell could provide advertisers with cross-selling opportunities that would combine advertising on several different media platforms. However, the Commission has not received any evidence to show that Bell would offer anticompetitive rates for its radio stations in order to secure revenue for other media assets. The Commission also notes that Quebecor and the SRC account for a significant portion of audience shares, which should allow them to continue exercising an influence over advertising rates.

66. In regard to the possible repercussions of the transaction on the revenues of radio stations operating in markets served by the V Stations, the Commission notes that as is the case with television services, advertising revenues of radio stations depend on their audience share. In addition, the television and radio stations in these markets generate the majority of their revenues from different sources (national advertising revenues for conventional television stations and local advertising for radio stations). As such, the Commission considers that the financial impact of the proposed transaction on the radio stations should not be undue.

67. Finally, in regard to the acquisition of programming content by different broadcasters, the Commission PIAC's and Quebecor's statements that Bell would be able to sign multiplatform agreements for both English-language and French-language programming. However, as demonstrated by Quebecor in its intervention, the Commission is of the view that this practice already exists. Furthermore, the Commission considers that Quebecor has not demonstrated how the broadcast of such programming is crucial to remaining competitive in the French-language television market. In fact, series and programs produced in Quebec in the French language obtain for the most part the highest audience shares in this market. In addition, in Broadcasting Regulatory Policy 2015-86, the Commission noted this practice and stated that it has always required that programming services be made available to all broadcasting distribution undertakings (BDUs), and that they not be exclusive to any one BDU. The Commission added that this ensures that most Canadians have access to programs for which the rights were bought on an exclusive basis.

68. In regard to TELUS's request that Bell be subject to a condition of licence ensuring access to its advertising inventory, the Commission notes that TELUS has not filed for inclusion on the public record any additional evidence demonstrating that imposing such a condition is necessary. The Commission considers that the different mechanisms that it has put in place to limit the possibility that broadcasters engage in anticompetitive behaviour, including the provisions relating to undue preference found in various regulations (the *Broadcasting Distribution Regulations*, the *Discretionary Services Regulations*, the *Television Broadcasting Regulations, 1987*) are appropriate and that the imposition of additional obligations is not necessary in these circumstances.

69. Finally, during the public hearing, Bell stated that if the Commission approves the transaction, the headquarters of the V Stations and the discretionary services of the French-language Bell Media Group's would remain in Montréal. It noted that Bell Media would maintain a management team in Quebec and that this team would manage all of its

French-language television services. Bell added that all decisions relating to production and programming are taken independently at its Montréal offices and that this would continue to be the case if the transaction is approved. In addition, Bell confirmed that it does not object to the Commission imposing a commitment in this regard. Consequently, in Broadcasting Decision 2020-116, the Commission noted Bell's commitment to maintain commercial property for the management team in Montréal, to be responsible for the above-noted French-language programming. An expectation to this effect is set out in Appendix 2 of this decision.

70. In light of the above, the Commission finds that the proposed transaction would not have an undue negative impact on the players within the Canadian broadcasting system.

Impact on diversity of voices

71. In the Diversity of Voices Policy, the Commission specified that in a given market, a person may own only one conventional television station in a same language. The Commission also indicated that it does not generally approve applications for a change in the effective control of broadcasting undertakings that would result in the ownership or control, by one person, of a local radio station, a local television station and a local newspaper serving the same market. In addition, the Commission noted that as a general rule, it will not approve a change in effective control that would result in the control, by one person, of a dominant position in the delivery of television services to Canadians that would impact on the diversity of programming available to television audiences. More specifically, the Diversity of Voices Policy sets out that:

- as a general rule, the Commission will not approve transactions that would result in the control by one person of more than 45% of the total television audience share – including audiences to both discretionary and [over-the-air] services;

- the Commission will carefully examine all transactions that would result in the control by one person of between 35% and 45% of the total television audience share – including audiences to both discretionary and [over-the-air] services; and

- barring other policy concerns, the Commission will process expeditiously all transactions that would result in the control by one person of less than 35% of the total television audience share – including audiences to both discretionary and [over-the-air] services.

72. Following the transaction, Bell would hold a 22% share of the French-language television market, below the 35% threshold that would, in accordance with the Policy, would make it necessary to conduct a detailed analysis of the transaction. In addition, Bell would own in these markets only one conventional television station and no local newspaper.

73. The Commission recognizes that the V Stations, currently operated by an independent broadcaster, would be owned by a vertically integrated company that has a variety of broadcasting services.

74. The Commission considers, however, that the V Stations' ability to survive as independent stations is uncertain given their precarious financial situation. During the public hearing, V Média confirmed that it had few options to ensure the viability of the V Stations, and stated that it had become impossible for it to operate a network of conventional stations as an independent, non-integrated group.

75. In addition, the Commission considers that the impact on the diversity of voices would be limited, as people in markets served by the V Stations would continue to have access to a number of editorial voices, including TVA, the SRC and Cogeco.

76. The Commission also finds it appropriate to consider Bell's commitments regarding the in-house production of local newscasts, as well as requirements imposed by the Commission relating to the broadcast of news. The Commission considers that because of these commitments and requirements, the V Stations should constitute a stronger editorial voice, particularly in light of Bell's intention to hire journalists based in the markets served. In addition, the synergies that Bell would be able to implement with its radio stations for gathering information and producing journalistic content should equally allow it to improve to the quality of the newscasts broadcast on the V Stations.

77. The Commission also notes that the loss of the V Stations as an independent window would allow for the creation of a new player with conventional stations and discretionary services that would be able to invest in larger-scale programming, which V Média would only be able to do with difficulty given its financial difficulties. Furthermore, this transaction would not include the acquisition of ELLE Fictions and MAX by Bell, which means that these discretionary services would continue to independently acquire Canadian productions.

78. In light of the above, the Commission finds that the transaction complies with the thresholds and requirements set out in the Diversity of Voices Policy and that it should have a positive impact on the diversity of voices in the French-language market.

79. Finally, in regard to measures to be put into place for ensuring the separation of newsrooms, the Commission indicated in Broadcasting Public Notice 2008-5 that it had doubts about the effectiveness of requirements for such a separation. It added that it would not be appropriate to restrict interactions between journalists working for a single owner while interactions between journalists working for different often occur. The Commission is of the view that it should limit as much as possible its involvement in newsroom management, as it could be seen as interfering and as impeding the free circulation of information.

80. One of the benefits of the transaction to the public interest relates to the synergies Bell would be able to create with respect to the production of journalistic content. For these reasons, the Commission finds that it would not be appropriate to put in place safeguards to ensure the separation of Bell's newsrooms.

Local programming and local news

81. In Broadcasting Regulatory Policy 2016-224 (Local Television Policy), the Commission set out regulatory measures to ensure that Canadians continue to have access to local programming that reflects their needs and interests.

82. Specifically, the measures adopted in that policy included the following:

- requiring that local television stations maintain historical exhibition and expenditure levels for locally reflective news and information;
- that the local programming requirements for commercial French-language stations would continue to be assessed on a case-by-case basis, using a benchmark minimum of 5 hours of local programming per week, which may be drawn from any program category;
- requiring that a minimum level of local programming be devoted to local news, to ensure that Canadians continue to benefit from local reflection in the form of local news; and
- requiring all licensees to broadcast a minimum level of local news and to allocate a percentage of their previous year's revenues to such programming, with the exhibition and expenditure levels to be determined at licence renewal based on historical levels.

83. In that same policy, the Commission indicated that in order to be considered as locally reflective, news programming must meet all of the following criteria:

- the subject matter relates specifically to the market a station is licensed to serve;
- it portrays an onscreen image of the market by, for example, including its residents or officials or featuring coverage of its municipal or provincial government; and
- it is produced by the station's staff or by independent producers specifically for the station.

84. In the context of the acquisition of the V Stations in 2008 (see Broadcasting Decision 2008-129), the Commission granted Remstar a level of flexibility in regard to its conditions of licence relating to local programming for its Montréal and Québec stations, in light of historical expenditures and projections provided. The Commission determined that the established threshold would allow for the creation of a balance between the needs of the population needs and the licensee's capacity to meet those needs. Therefore, the Commission imposed the following exhibition requirement:

- 15 hours of local programming per broadcast week for the Montréal station, of which at least 2 hours would be devoted to local programming;[2] and

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[2] Category 1 includes newscasts, and headlines. It also includes programs on local, regional, national and international events. Such programs can include weather and sports coverage, community news, as well as other related elements or segments contained in "News programs."

- 10 hours of local programming per broadcast week for the Québec station, of which at least 2 hours would be devoted to local programming.

85. When the Commission last renewed the licences for the V Stations, in Broadcasting Decision 2017-146 (the first licence renewal for the V Stations under the group-based approach), it imposed on the Trois-Rivières, Saguenay and Sherbrooke stations an increase in their local programming requirements such that they broadcast 5 hours of local programming per broadcast week, including 2 hours 30 minutes of locally reflective news. However, for the Montréal and Québec stations, the Commission decreased the requirement imposed for the previous licence term and imposed on those stations the same requirements imposed on the three other V Stations. The Commission took into account historical expenditures and the projections provided by Remstar and considered that the situation for Groupe V's did not justify the imposition of requirement that was higher than the minimum specified in the Local Television Policy for these stations. In the Commission's view, the number of hours proposed for these stations was sufficient to strike a balance between the needs of the population and Groupe V's capacity to meet them.

Bell's position

86. Bell proposed to maintain the V Stations' current conditions of licence and to produce news bulletins in-house. It also committed to devote 90 minutes per day from Monday to Friday and 30 minutes per day on weekends to the broadcast of local news in the Montréal and Québec markets (8 hours and 30 minutes per week for each station). For the Trois-Rivières, Saguenay and Sherbrooke stations, Bell committed to devote 60 minutes per day from Monday to Friday and 30 minutes per day on weekends to the broadcast of local news (6 hours per week for each station). Bell added that 50% of the content broadcast on each of these stations would be locally reflective news.

87. Bell stated that it intends to invest a significant amount of money in its digital information platforms so that viewers may access news content when they want, where they want and how they want.

Interventions

88. The CPSC stated that it is satisfied with Bell's intention to produce newscasts in-house. It considered, however, that the proposed thresholds fall well below the obligations imposed on competing TVA Group stations in the same market. In its view, the minimum programming threshold for the V Stations is not justified, given Bell's size and financial resources. For this reason, it suggested a return to the previous local programming requirements set out in Broadcasting Decision 2008-129 (acquisition of V Stations in 2008). Finally, it proposed that the Montreal station be required to broadcast 6 hours of locally reflective news per broadcast week and the Québec's station, 4 hours and 15 minutes.

89. The MCCQ and the Fédération nationale des communications (FNC-CSN) requested that the Commission impose Bell's commitments as conditions of licence. In addition, the Association québécoise de la production médiatique (AQPM) requested that a significant portion of the local programming be devoted to content categories other than local news,

and that these programs be produced by independent producers from the communities served by each station.

90. PIAC indicated that the Commission should impose a condition of licence requiring a minimum number of hours of first-run local programming in order to limit rebroadcasts. However, it did not proposed a number of hours of such programming.

Bell's reply

91. In reply to the interventions, Bell indicated that it would be difficult to convert the commitments into conditions of licence due to the financial situation of the V Stations. It added that should the transaction be approved, the V Stations would no longer have access to $3 million in funding from the Independent Local News Fund (ILNF), given that the funding is intended for independent stations. In addition, Bell stated that it intends to diversify its information content by hiring journalists in each of the markets served by the V Stations. They would seek out members of the community to reflect their local reality through topics that are relevant to the V Stations and to those stations' editorial choices.

92. During the hearing, Bell specified that it would aim to produce news in-house starting in January 2021. It also indicated that while there would be some collaboration between the V Stations and its CTV network, journalists and editorial choices should be distinct for the two networks.

Commission's analysis and decision

93. In Broadcasting Decision 2017-143, the introductory decision for the renewal of licences of large French-language ownership groups, the Commission stated that local programming, particularly local news, is of great importance to Canadians and continues to be a primary source of news and information. It added that news and analysis produced and distributed through the broadcasting system are essential components of the Canadian democratic system and contribute to the trust that Canadians place in it. The Commission further noted that the privileges granted to local television stations to have their signal distributed on the basic service, to solicit local advertising and to request simultaneous substitution come with the responsibility to offer local programming, much of which consists of news and analysis.

94. Several intervenors expressed concerns regarding Bell's proposal that the current conditions of licence for the V Stations be maintained. They expressed the view that the minimum threshold imposed on the V Stations is no longer adequate in light of Bell's size and the financial resources at its disposal.

95. In Broadcasting Decision 2017-143, the Commission indicated that requirements for commercial French-language stations would continue to be evaluated on a case-by-case basis. In this regard, the Commission specified that the particular circumstances leading to the programming and local news requirements set out in the context of the 2017 renewals are no longer justified in the context of Bell's present acquisition application.

96. As indicated in Broadcasting Decision 2017-143, the regulatory requirements imposed by the Commission as part of the licence renewals conferred both obligations and benefits,

such that licensees could take advantage of the flexibility they need to create compelling and diverse programming within an increasingly dynamic broadcasting system. The Commission considers that there are arguments for both maintaining the current conditions of licence and increasing imposed requirements.

97. Bell’s financial position is much more solid than that of V Média. Bell is in a position to draw from possible synergies with its CTV network, as well as with its radio stations and various media assets, which should allow it to improve the financial situation of the V Stations.

98. As such, the Commission notes that Bell, as a vertically integrated company, is more similar to Quebecor than to an independent player such as V Média. However, given the current requirements for the Montréal and Québec stations, TVA Group must broadcast at least 25 hours of local programming in the Montréal market and 18 hours in the Québec market. Maintaining the current broadcasting thresholds for the V Stations in these markets would create a significant disparity in the requirements imposed on the two groups.

99. In addition, after reviewing the logs of the V Stations, the Commission notes that at this time, the Montréal and Québec V Stations surpass the minimum required local programming threshold by more than 2 hours per broadcast week. More precisely, the stations broadcast a total of 7 hours and 30 minutes of local programming per broadcast week. The two stations also surpass the required threshold for locally reflective news by more than 1 hour per broadcast week. As such, despite its precarious financial situation, it seems that Groupe V’ is in a position to offer a greater number of hours of local programming and of locally reflective news on its Montréal and Québec stations that what is required under its current conditions of licence.

100. For the Trois-Rivières, Saguenay and Sherbrooke stations, Bell proposed to maintain the current requirements, specifically, to broadcast in each market 5 hours of local programming per week, of which 2 hours and 30 minutes would be locally reflective news. The Commission considers that although Bell did not offer to be subject to more stringent requirements, it did offer to produce news in-house, which V Média’s does not do at this time. The Commission therefore considers that Bell’s proposal should contribute to improving the quality of local news in these markets.

101. However, the Commission notes that the V Stations remain in a precarious financial situation. Moreover, as previously indicated, Bell intends to considerably improve the quality of the V Stations’ news, even without increasing the number of hours of news broadcast, by providing redesigned newscasts.

102. In addition, as noted by Bell during the public hearing, TVA is by far the most popular news network in the French-language market, ahead of the SRC. Groupe V has only small audience shares. As such, the Commission considers that Bell would need time to arrive at carving out a place and establishing itself in the French-language conventional television market.

103. The Commission has also takes into consideration the fact that Bell would lose access to the ILNF and that the V Stations would therefore lose an annual source funding. The ILNF, announced in Broadcasting Regulatory Policy 2016-224, replaced the Small Market Local Production Fund. It is devoted to the support of the production, by private independent television stations, of news and information that reflects the local reality. As an independent broadcaster, V Media had access to the ILNF, as did other private conventional television stations that provide news and that do not belong to a vertically integrated group. As Bell owns distribution undertakings, it does not have access to this fund. However, in accordance with the Local Television Policy, Bell is authorized to redirect a portion of its contribution to local expression to its local stations. As such, Bell could redirect a portion of the amounts devoted to local expression in order to compensate for the shortfall in INLF funding for the V Stations. However, this funding would not represent additional revenue for Bell, but only for the V Stations.

104. Finally, the Commission notes that if it were to increase the requirements set out in V Stations' conditions of licence relating to local programming in September 2020, Bell would have only a few months to implement fully operational newsrooms in the markets served. The Commission considers that it may be difficult for Bell to comply with increased requirements as of its first year of operation as the New French-language Bell Media Group.

105. In light of the above, the Commission finds that it would be appropriate to adopt an incremental approach for the imposition of conditions of licence relating to local programming for the V Stations. In this regard, the Commission imposes the following **conditions of licence** for CFAP-DT Québec and CFJP-DT Montréal:

- For the 2020-2021 broadcast year: 5 hours of local programming per broadcast week, of which 2 hours and 30 minutes must be locally reflective programming for the Montréal and Québec markets;

- For the 2021-2022 broadcast year: 8 hours and 30 minutes of local programming per broadcast week, of which 4 hours and 15 minutes must be locally reflective programming for the Montréal and Québec markets.

106. The Commission notes that, for the 2020-2021 broadcast year, Bell committed to broadcast 8 hours and 30 minutes of local programming per broadcast week, of which 4 hours and 15 minutes would be locally reflective programming, for the Montréal and Québec markets.

107. For the stations in Trois-Rivières, Saguenay and Sherbrooke, the Commission imposes, for the 2020-2021 and 2021-2022 broadcast years, a requirement to broadcast 5 hours of local programming, of which 2 hours and 30 minutes must be locally reflective programming for each market. The Commission notes that Bell committed to broadcast 6 hours of local programming for each of these markets, of which 3 hours would be locally reflective programming.

108. The Commission considers that an incremental requirement for the stations in Montréal and Québec, as well as maintaining the thresholds established for the other stations, will allow for Bell to take the steps necessary to create newsrooms, start producing in-house news

bulletins, and assess the impact on the audience shares and revenues. This period of time will also allow it to implement redesigned newscasts and reach the numbers of hours proposed in its commitment for each market.

109. The Commission will have the opportunity to re-examine these requirements at the next licence renewals for the French-language Bell Media Group, which will be in 2022.

Canadian programming expenditures

110. Section3(1)(s) of the Act specifies that private networks and programming undertakings should, to an extent consistent with the financial and other resources available to them, contribute significantly to the creation and presentation of Canadian programming, and be responsive to the evolving demands of the public.

111. For several years now, the Commission has used CPE as a tool to ensure support for the production of Canadian content. It set out a minimum CPE requirement for each designated ownership group based on their revenues and historical expenditures. To help these groups quickly adapt to a constantly changing environment, the Commission gave them the flexibility necessary to allocate their CPE among their licensed services.

112. When it last renewed their licences in Broadcasting Decisions 2017-144 and 2017-146, the Commission imposed on the Bell Media Group and on Groupe V a CPE threshold of 35% of the previous broadcast year's gross revenues of all the undertakings that form part of its designated group.

Bell's position

113. Bell submitted that since the Bell Media Group's current condition of licence relating to CPE is identical to that of Groupe V, the acquisition of the V Stations and their addition to the New French-language Bell Media Group should not have an impact on the CPE threshold for the New French-language Bell Media Group. In addition, Bell argued that it needs time and flexibility until the next licence renewals to ensure the success of the V Stations and to invest in the development of quality original programs. Accordingly, it proposed to maintain the 35% CPE threshold for the French-language Bell Media Group.

Interventions

114. AQPM, the Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ), On Screen Manitoba et la Table de concertation de l'industrie du cinéma et de la télévision de la Capitale nationale proposed that the Commission increase the CPE requirements for the New French-language Bell Media Group to 40% of the previous broadcast year's gross revenues. They all noted that the 35% CPE threshold granted to Groupe V did not correspond to the group's average historical expenditures for the three years prior to the previous licence renewal, and that the Commission had at that time taken into account Groupe V's financial situation when it imposed this threshold.

115. The FNC-CSN proposed a CPE threshold of 36%, for the same reasons cited by the other interveners, and noted that Bell is in a better financial situation than V Média. In its

calculation that led it to propose a 36% threshold, FCN-CSN took the average of its suggested 40% threshold for the V Stations and the 35% requirement currently imposed on the discretionary services of the French Language Bell Media Group, taking into consideration their proportional revenues.

116. Further, certain interveners, such as AQPM, MCCQ, the Alliance québécoise des techniciens et des techniciennes de l’image et du son (AQTIS), the Association des réalisateurs et réalisatrices du Québec (ARRQ), the Société des auteurs de radio, télévision et cinéma (SARTEC) and the Union des artistes (UDA) requested a restriction on the sharing of CPE between the discretionary services and the conventional television stations that form part of the same designated group.

Bell’s reply

117. In reply to the interventions, Bell argued that even though Groupe V benefited from a level of flexibility in regard to its CPE when its licences were last renewed, the V Stations’ financial situation continued to deteriorate, and it needs flexibility to build new, original programming. According to Bell, the exceptional circumstances surrounding the last licence renewals continue to exist today. In addition, Bell stated that it needs time to enter the French-language conventional television market, which is dominated by Quebecor and whose TVA network has generated significant audience shares for several years.

118. At the hearing, in reply to a question regarding the difference between the 35% CPE threshold that it proposed to maintain and the 45% threshold imposed on TVA, Bell replied that TVA was well established in the market, while the V Stations were unprofitable. It admitted, however, that since it holds different assets, which allows it to generate revenues from different sources, its business risk is less than that for Remstar.

Commission’s analysis

119. In Broadcasting Decision 2017-146, the Commission stated that given Groupe V’s financial situation, too high a threshold could be problematic for the group. It noted in particular that V Média did not carry the same competitive weight in the French-language broadcasting ecosystem as did other groups, and that it received a performance envelope from the Canada Media Fund (CMF) that was smaller than that of the other groups.

120. For these reasons, the Commission imposed on Groupe V a CPE threshold of 35% of its gross revenues from the previous broadcast year, which was less than the group’s historical expenditures. The Commission notes that the reasons for preserving Groupe V’s position as an independent player would not apply to Bell following the transaction.

121. As indicated by certain interveners, the Commission notes that the 35% CPE threshold proposed by Bell is significantly less than that of the TVA Group, which is 45%. The Commission considers that a 35% threshold would create an imbalance between the two groups, while the composition of the groups and their assets portfolio in the French-language market would be similar.

122. Further, according to annual returns filed by Groupe V for the 2017-2018 and 2018-2019 broadcast years, Groupe V's services accumulated a CPE surplus. Although the exact amount of the surplus is not yet known, Bell and V Média confirmed at the hearing that a portion of the surplus could be used by the New French-language Bell Media Group to meet its CPE requirements. Bell could absorb a minimum requirement higher than the 35% threshold that it proposed in order to ensure that a substantial part of its revenue continues to be invested in original Canadian programming. In addition, the Commission considers that Bell would have the means to mitigate the business risks associated with the transaction, taking into account the synergies stemming from its new assets portfolio.

123. The Commission notes that if it imposes on the New French-language Bell Media Group a CPE threshold of 45% of its gross revenues from the previous broadcast year based on the V Stations' historical expenditures, Bell would only have two years to meet this threshold before the end of the current licence term. Given the V Stations' current financial situation and given that revenues of conventional television stations have declined over several years, the Commission considers that it could be difficult for Bell to meet such requirements and refocus the programming strategy for all of its services in such a short period of time. The Commission therefore considers that a threshold slightly below Groupe V's historical expenditures would offer a level of flexibility, and would provide Bell with the time and flexibility necessary to gain foothold in the French-language conventional television market.

124. As such, the imposition of a 40% CPE threshold would allow the New French-language Bell Media Group to benefit from a level of flexibility during the transition period, while taking into account the proposals from a number of interveners. In addition, the imposition of a 40% threshold would narrow the gap between the CPE requirements for the New French-language Bell Media Group and those for the TVA Group.

125. In light of the above, The Commission imposes on the New French-language Bell Media Group, effective 1 September 2020, a CPE threshold of 40% of the previous broadcast year's gross revenues. The Commission notes that it will be in a position to assess Bell's performance relating to this requirement at the time of the next licence renewals for large designated groups.

126. In accordance with the principles set out in Broadcasting Regulatory Policy 2010-167, Bell will benefit from the flexibility allowing it to allocate its CPE among the different services that form part of its designated group. However, following on the requirements imposed on the other French-language in the context of the 2017 licence renewals, a maximum of 25% of the CPE required from the V Stations may be allocated to the discretionary services of the New French-language Bell Media Group. A **condition de licence** to that effect is set out in Appendix 2 to this decision.

Programs of national interest

127. To meet the objectives of the Act, in particular those set out in sections 3(1)(d)(ii) et 3(1)(i), the Commission established, in Broadcasting Regulatory Policy 2010-167, a group-based approach for the large English-language private television ownership groups. In

Broadcasting Regulatory Policy 2015-86, the Commission encouraged the French-language television services to take advantage of this approach.

128. In the group-based approach, the Commission determined that a PNI expenditure requirement was necessary to ensure that the services continued to offer a wide variety of programs, particularly for the program categories that are the most expensive to produce and the most difficult to make profitable. Further, the Commission stressed that PNI were the best vehicles to promote Canadian values and stories. In addition, in order to meet the objectives of the Act relating to the independent production sector, the Commission indicated that a minimum of 75% of the designated groups' expenditures for the production of PNI should be devoted to programs produced by independent production companies.

129. In light of the costs incurred by the imposed requirements, the Commission allowed the large French-language groups at the time of their last licence renewals, as it did for the English-language groups, to allocate their expenditures among their different services so that they may adapt rapidly to the needs of consumers and of the market. The Commission also found that the PNI expenditure threshold should be based on the designated groups' historical expenditures.

130. In Broadcasting Regulatory Policy 2015-86, the Commission indicated that it would take into account the specific circumstances for each French-language service, including its inclusion in ownership groups of various sizes and situations, in determining their level of financial contribution to Canadian programming. It is in that perspective that the different PNI expenditure requirements for the French-language groups were established during the last licence renewals for the services in 2017, and the reason for which the Commission was flexible in regard to the conditions of licence imposed on Groupe V in Broadcasting Decision 2017-146. Taking into account the group's particular situation, the Commission established a PNI expenditure threshold of 10%.

131. In regard to the French-language Bell Media Group, in Broadcasting Decision 2017-144, the Commission established a PNI expenditure threshold of 18%.

Bell's position

132. Bell proposed to amend the New French-language Bell Media Group's condition of licence relating to PNI expenditures. Specifically, it proposed to use a proportional calculation in order to combine the expenditure threshold for the current group, i.e. 18%, with that applicable to the V Stations, i.e. 10%. As such, according to Bell, a PNI expenditure threshold of 16.5% for the New French-language Bell Media Group would be appropriate.

133. Bell stated that this threshold would grant the New French-language Bell Media Group more flexibility to develop and implement programming strategies.

Interventions

134. Several interveners proposed that the minimum PNI expenditure threshold for the New French-language Bell Media Group be maintained at 18%. They considered that in the context where the V Stations are owned by Bell, a reduction in PNI expenditure

requirements would no longer be applicable. However, FNC-CSN indicated that it agrees with Bell's proposal to establish the threshold at 16.5%.

135. In addition, many interveners, including AQPM, the Alliance des producteurs francophones du Canada, the ADISQ, the CDIP and On Screen Manitoba, requested that the requirement to devote 75% of the PNI expenditures to independent producers be maintained for Bell's new designated group. Certain interveners also requested that 2.5% of total PNI expenditures be directed to official language minority communities (OLMCs).

Bell's reply

136. In reply to the interventions received, Bell stated that its proposal to combine the PNI expenditure thresholds of the two current groups would give the flexibility necessary for the New French-language Bell Media Group to develop and implement a new programming schedule for the V Stations, while allowing it to rectify their financial situation. Bell added that the increase of the minimum PNI expenditure threshold from 10% to 18% would have significant repercussions on the New French-language Bell Media Group, given that expenditures allocated to Canadian programs other than PNI should be allocated to PNI expenditures, which would impact other Canadian programming initiatives.

137. In addition, Bell argued that it committed to increase the number of hours of local programming for each station and that it proposed to produce news bulletins in-house. It stated that any increase in PNI expenditures would therefore reduce the V Stations' capacity to invest in programs that are not part of a PNI category, and in particular, local news.

138. Finally, Bell noted that the licences for the V Stations will expire on 31 August 2022. The Commission will therefore have the opportunity at that time to examine the PNI expenditure requirements and to assess those requirements while at the same time taking into account the V Stations' financial situation following their integration into the New French-language Bell Media Group.

139. In reply to the interveners who proposed that 75% of the PNI expenditures be devoted to independent producers, Bell indicated that a minimum of 75% of those expenditures would be directed to independent production companies.

140. In regard to OLMCs, Bell indicated that its development and production managers make the necessary effort to meet with OLMC producers at their offices, in the regions, or, occasionally, at industry gatherings (conventions, conferences, markets, etc.). Further, Bell noted that that same proposal was presented during the last licence renewal process for the large ownership groups and that instead of imposing a specific requirement relating to OLMCs, the Commission established a CPE credit to encourage the acquisition of programs from independent OLMC producers.

Commission's analysis and decision

141. In Broadcasting Decision 2017-143, the Commission indicated that individually imposed requirements cannot be viewed in isolation, but rather must be viewed as part of a whole, as the Commission might have come to a different set of determinations had a particular

requirement been changed or deleted. In addition, the Commission demonstrated flexibility by imposing a PNI expenditure requirement of 10% on Groupe V at its last licence renewals. As indicated above, the specific circumstances that led to the PNI threshold imposed on Groupe V would not be the same following the transaction. By accepting Bell's proposal to simply make a weighted average of the PNI expenditures for Groupe V and the French-language Bell Media Group, the Commission would deviate from the principles set out in Broadcasting Decision 2017-143.

142. Furthermore, should the Commission adopt Bell's proposal, it would use an approach that differs from that used in Broadcasting Decision 2019-6, in which the Commission approved the acquisition of the discretionary services Évasion and Zeste by Quebecor. In fact, in that decision, the Commission imposed the same PNI expenditure threshold on the two discretionary services as that currently in effect for the TVA Group, even though the two acquired services had no PNI expenditure requirements. The Commission considered that the addition of both services to the TVA Group benefited the Canadian broadcasting system, given that it would bring investments into the system and provide additional support to the creation of Canadian programs, and particularly PNI and original programs.

143. At the public hearing, Bell stated that the context surrounding the acquisition of Évasion and Zeste by Quebecor and the context of the present proposed transaction are very different since Bell does not own a conventional television station in the French-language market, while in the case of the acquisition of the discretionary services Évasion and Zeste by Quebecor, the licensee already owned many discretionary services. The Commission considers, however, that the reasons set out in Broadcasting Decision 2019-6 remain valid and relevant for the present transaction, as the transaction serves the public interest and contributes towards achieving the objectives for the Canadian broadcasting system as set out in the Act.

144. Under the group-based approach, the PNI expenditure threshold must be based on the groups' historical expenditures. After analyzing the PNI historical expenditures for the V Stations and the French-language Bell Media Group, the Commission established an expenditure average of 19.5% across the two groups, which is considerably higher than the threshold proposed by Bell.

145. In addition, Bell would have to make significant changes to the V Stations' programming to meet such a high PNI expenditure requirement, which would require a period of transition. The Commission recognizes that reorienting the programming strategy of a television network requires planning over many years, and that since that there are just over two years left to the V Stations and Bell's licence terms, it could be difficult for Bell to adhere to a PNI expenditure threshold of 19.5%.

146. In reply to the proposal from many interveners to impose a PNI expenditure requirement of 18%, Bell indicated that if the Commission imposes this threshold, it would probably result in money being directed to PNI at the expense of expenses allocated to news. During the public hearing, it nevertheless noted that it is committed to investing in French-language original programming, but that its contribution was limited due to its French-language current assets portfolio, which consists of discretionary services.

147. The Commission considers that adding V Stations to the French-language Bell Media Group would allow Bell to have access to another very important audience in the French-language market, that for conventional television. In addition, PNI are in demand in the French-language market, and conventional television stations such as the V Stations are generally more favourable to the broadcast of such programs since they offer conventional programming targeting a wider audience. Despite their financial problems, V Stations exceeded their PNI expenditure requirement during three consecutive years. The French-language Bell Media Group currently consists exclusively of discretionary services and is able to meet its minimum PNI expenditure requirement of 18%, even if that type of service is generally less favourable to the broadcast of PNI, given that such services generally offer programming targeting a specific audience.

148. Moreover, Bell receives CMF funding, which increases its ability to invest in more costly programs, such as PNI. For the 2019-2020 broadcast year, the French-language Bell Media Group received ten times more money from the CMF that did Group V.

149. Finally, the Commission is satisfied with Bell's reply to the interventions regarding the expenditures directed to independent producers. In regard to the proposal by certain interveners that 2.5% of the PNI expenditures be devoted to producers from OLMCs, the Commission considers that the measure put in place during the last licence renewals in 2017, which consists of granting a CPE credit to groups to support independent OLMC producers, is appropriate and addresses the interveners' concerns. The Commission notes that it is too early to determine whether the licensees have used this measure, and considers that it would be preferable to examine this issue at the next licence renewal in 2022.

150. In light of the above, the Commission imposes on the New French-language Bell Media Group a PNI expenditure threshold of 18% of the previous broadcast year's gross revenues.

151. Pursuant to the equity purchase agreement signed on 19 July 2019, Bell will be able to use a part of the CPE and PNI expenditure surpluses accumulated by the V Stations to meet its requirements by the end of the current licence term, which expires 31 August 2022.

152. In light of CPE and PNI expenditure surpluses accumulated by the V Stations while they were operated within Groupe V and in light of the allotment of certain of these surpluses to the discretionary services operated by Musique Plus, the Commission **orders** Bell 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 that were 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 in CPE surpluses and PNI expenditure surpluses that will be available as of 1 September 2020 for MusiquePlus and for the New French-language Bell Media Group.

Accessibility – Described video

153. In Broadcasting Decision 2017-146, the Commission imposed on the V Stations the standard requirements for television stations, set out in Appendix 1 to Broadcasting Regulatory Policy 2016-436. Accordingly, the V Stations are subject to a condition of licence requiring them to provide four hours of described video per broadcast week.

154. Broadcasters that form part of vertically-integrated entities are subject to greater obligations. As an exception to condition of licence 14 of the standard requirements, since 1 September 2019, they must provide described video for all programming that is broadcast from 7 p.m. to 11 p.m. (prime time), seven days a week, for certain program categories. The French-language Bell Media Group is subject to this condition of licence.

Bell's position

155. Bell agreed that the described video condition of licence for the French-language Bell Media Group should also be imposed on the V Stations. However, Bell proposed that this condition of licence only come into effect in the 2020-2021 broadcast year, on 1 September 2020, in order to take into account the time it takes for the Commission to review the present application.

Commission's analysis

156. Given that an implementation of the condition of licence relating to described video for V Stations on 1 September 2019 would be retroactive, the Commission considers that an implementation date of 1 September 2020 would be appropriate.

157. In light of the above, the Commission replaces condition of licence 14 of the standard requirements to which the New French-language Bell Media Group with the following **condition of licence**:

> The licensee shall provide described video for all English- and French-language programming that is broadcast during prime time (i.e., from 7 p.m. to 11 p.m.), and that is drawn from program categories 2(b) Long-form documentary, 7 Drama and comedy, 9 Variety, 11(a) General entertainment and human interest and 11(b) Reality television, and/or is programming targeting preschool children (0-5 years of age) and children (6-12 years of age).

Value of the transaction and tangible benefits

158. In the Tangible Benefits Policy, the Commission determined that it would be appropriate to require that tangible benefits generally be provided as part of changes in effective control of all radio and television services. For the purpose of calculating the value of tangible benefits, the Commission takes into account the value of the transaction as a whole,

including the purchase price as well as the value of gross debt, working capital to be transferred at closing, ancillary agreements and any leases assumed by the purchaser for real property (buildings, studios and offices) and transmission facilities. The value of leases is calculated over five years. These elements are then added to the purchase price, where relevant.

Value of the transaction

159. In its supplemental brief, Bell proposed a value of the transaction of $25,204,508. This amount includes the purchase price of $20,000,000, the assumed leases valued at $4,550,165, and an adjustment relating to working capital, valued at $654,343. In reply to questions from Commission staff, Bell agreed to add the value of a lease that was omitted, valued at $21,600, as well as the value of a discount on management fees to MusiquePlus for the first year of the service management agreement, valued at $2,000,000.

160. Bell also confirmed that there could be an adjustment to the sales price based on surplus CPE, but that this surplus would not be determined before the close of the transaction. According to the service management agreement, the price adjustment could be as much as $3,000,000. Bell stated that the Commission could examine the adjustment at the close of the transaction and modify the tangible benefits based on the final value of the transaction.

161. Finally, at the Commission’s request, Bell filed the calculation of an adjustment to the working capital as of 31 August 2019, which amounts to $2,266,870 rather than $654,343, based on the projections made in June 2019. Bell submitted, however, that the working capital fluctuates over the course of a year and that, at the close of the transaction, it should be fairly similar to that calculated in June 2019. Bell did not present any arguments or explanations in support of the above.

Commission’s analysis and decision

162. The Commission’s practice is to establish the value of the transaction in the decision. This allows for easier follow-ups for the funding recipients and avoiding additional processes. Further, V Média confirmed at the hearing that the possibility for the adjustment amount to be less than $3,000,000 was almost non-existent. Accordingly, the Commission has added an amount of $3,000,000 to the value of the transaction.

163. In regard to the adjustment to the working capital, the Commission notes that the calculation proposed by Bell is based on interim financial statements and that it constitutes a projection from June 2019, filed when the annual financial statements for 2019 were not available. According to the document that Bell filed based on financial statements for 31 August 2019, the working capital amounts to $2,266,870.

164. The Commission’s practice is to include the amounts from the most recent financial statements. Bell did not explain why the working capital fluctuated over the course of the year, and did not explain why the working capital should not be similar to that calculated in June 2019. Accordingly, based on the most recent financial statements, those of August 2019, the Commission considers that the adjustment to the working capital should be $2,266,870.

165. However, based on the purchase agreement that establishes the adjustment to the purchase price, the value of the adjustments is reduced by $500,000. As it considers appropriate to include items that increase the purchase price when calculating the value of the transaction, the Commission considers that it is also appropriate to include those that decrease the value. As such, the Commission has decreased the value of the transaction by $500,000 in order to take into account this item.

166. Accordingly, the Commission determines that the value of the transaction amounts $31,338,635, as set out in the table below:

Item	Value proposed by Bell	Value determined by the Commission
Price paid for the shares	$20,000,000	$20,000,000
Working capital adjustment	$654,343	$2,266,870
Negotiated mutual adjustment		($500,000)
Adjustment for surplus CPE		$3,000,000
Value of assumed leases		$4,571,765
Discount on management fees	$2,000,000	$2,000,000
Value of the transaction	**$27,226,108**	**$31,338,635**

Tangible benefits

167. In the Tangible Benefits Policy, the Commission indicated that the payment of tangible benefits serves the public interest by, among other things, increasing the quantity and quality of Canadian programming, and by providing increased support for the creation, distribution and promotion of Canadian programming. This policy sets out that 80% of tangible benefits stemming from a change in the effective control of a television undertaking is to be directed to production funds. Of this amount, a minimum of 60% must be allocated to the CMF and a maximum of 40% can be directed to certified independent production funds. Further, 20% of this amount may be directed to discretionary initiatives, as long as they do not serve the applicant’s interests.

Bell’s position

168. Bell proposed a tangible benefits package of $2,520,451, which corresponds to 10% of the value of the transaction indicated in its application, and to allocate 60% of this amount to the CMF and 40% to the Bell Fund. Given that the transaction involves French-language assets, Bell proposed to devote all of the tangible benefits to French-language original programming initiatives.

Interventions

169. Several interveners expressed support for Bell's proposal to devote the entirety of the tangible benefits to French-language initiatives. In this regard, AQPM requested that the Commission require, as a condition of approval, that Bell file an agreement between the CMF and the Bell Fund confirming that the funds coming from the tangible benefits package will finance French-language original productions.

170. In addition, several interveners requested changes to the tangible benefits package. PIAC submitted that it would be reasonable to require Bell to direct 1% of all tangible benefits that are allocated to the Bell Fund ($252,045) to the Broadcasting Participation Fund (0.5%) and the Broadcasting Accessibility Fund (0.5%). According to the intervener, the public interest would be better protected and served by this proposal.

171. La Table de concertation de l'industrie du cinéma et de la télévision de la Capitale Nationale stated that it would like to see a portion of the tangible benefits package be devoted specifically to the production of fictional feature films given that movies have occupied a privileged place in the program schedule for the V Stations. It therefore requested that 20% of the tangible benefits stemming from this transaction be allocated to the Harold Greenberg Fund. As for the remainder of the tangible benefits package, it proposed that 48% be allocated to the CMF and 32%, to the Bell Fund. It also requested that 10% of the funds from the tangible benefits package be used to finance original audiovisual productions produced in the Québec region.

172. On Screen Manitoba requested that the programs conceived, written and produced by creators through tangible benefits come from across Canada.

173. The CPSC proposed a reallocation of the tangible benefits package in order to allow the transaction to support independent local news in Quebec.

174. The AQTIS, the ARRQ, the SARTEC, the UDA, the Directors Guild of Canada and On Screen Manitoba considered that the tangible benefits package should be paid by no later than 31 August 2022, thus over a three-year period, rather than over the seven-year period specified in the Tangible Benefits Policy. According to these interveners, Bell has the financial resources to expedite the payment.

175. The Writers Guild of Canada submitted that the money stemming from tangible benefits should be distributed equitably among language markets in future transactions.

Bell's reply

176. Bell indicated that its proposal is consistent with the principles and guidelines set out in the Tangible Benefits Policy. At the hearing, it stated that its proposal was intended to simplify the allocation of funds, given the limited size of the block of tangible benefits. In addition, in reply to the intervention from the AQPM, Bell committed to reach an agreement with the CMF so that the funds allocated to the CMF would be directed to French-language original productions.

Commission's analysis and decision

177. Bell’s proposal is consistent with the Tangible Benefits Policy. Specifically, the proposed tangible benefits package represents 10% of the value of the transaction, and the funds would be allocated between the CMF and the Bell Fund, paid over a seven-year period.

178. Based on the revised value of the transaction as calculated by the Commission above, the Commission **directs** Bell to pay tangible benefits amounting to $3,133,863, corresponding to 10% of the revised value of the transaction, to be paid in equal amounts over seven consecutive broadcast years and allocated between the CMF (60%) and the Bell Fund (40%).

179. In addition, the Commission **directs** Bell to file, by no later than **30 June 2020**, an agreement between the CMF and the Bell Fund attesting that the tangible benefits stemming from the present transaction will exclusively serve French-language initiatives.

Conclusion

180. In light of all of the above, the Commission finds that the transaction would serve the public interest by contributing to the achievement of the above-noted objectives set out in section 3(1) of the Act. In fact, the Commission considers that the transaction would have a positive impact on the viability of the V Stations, allowing them to contribute to the Canadian broadcasting system by providing programming that reflects Canadian attitudes, opinions, ideas and values. Further, the transaction would allow for the introduction of a second private broadcaster in the French-language market with the resources necessary to invest in high quality and big budget Canadian French-language programs. The Commission notes that Bell’s commitment to produce news bulletins in-house and that the requirements imposed by the Commission in regard to the broadcast of local news will have a positive impact on the diversity of voices and will provide the public with opportunities to learn about different opinions on topics of interest. The Commission also considers that the CPE and PNI expenditure thresholds imposed on the New French-language Bell Media Group will allow the New French-language Bell Media Group to contribute to the Canadian broadcasting system in order to display both Canadian talent in entertainment programming and Canadian resources – creative and otherwise –for the creation and presentation of their programming.

181. Finally, the Commission notes that the amount of $3,133,863 in tangible benefits paid over seven years will result in measurable improvements for the communities served by the V Stations by increasing the quantity and quality of Canadian programming and by supporting creators in the creation, distribution and promotion of Canadian programming.

182. The Commission **approves** the integration of the V Stations into the French-language Bell Media Group, effective 1 September 2020. As of that date, the regulatory requirements and amendments to the conditions of licence noted in Appendices 2 and 3 to this decision will take effect and will apply to the New French-language Bell Media Group, with the exceptions of conditions of licence for which a later effective date is indicated. Accordingly, the regulatory requirements and **conditions of licence** that the V Stations have been subject to as part of Groupe V will remain in effect until 31 August 2020.

183. The Commission **directs** Bell to submit, by no later than **30 June 2020**:

- an application to amend Appendix 1 to Broadcasting Decision 2017-144 in order to add the V Stations to the list of services that are included in the French-language Bell Media Group;
- an application for an amendment to the conditions of licence that will apply to the network and the V Stations once they are integrated into the New French-language Bell Media Group, in order to reflect the regulatory requirements imposed in this decision effective 1 September 2020, as indicated in Appendix 2 to this decision; and
- an application to amend the conditions of licence that will be applicable to Bell Media's discretionary services in order to reflect the regulatory requirements imposed in this decision effective 1 September 2020 and to reflect the necessary amendments for the discretionary services following the inclusion of the V Stations in the New French-language Bell Media Group, as indicated in Appendix 3 to this decision.

Secretary General

Related documents

- *V Interactions inc. – Change in ownership and effective control*, Broadcasting Decision CRTC 2020-116, 3 April 2020
- *MusiquePlus – Change in ownership and licence amendment*, Broadcasting Decision CRTC 2020-115, 3 April 2020
- *Zeste and Évasion – Change in ownership and effective control*, Broadcasting Decision CRTC 2019-6, 14 January 2019
- *Groupe V Média inc. – Licence renewals for French-language network, television stations and services*, Broadcasting Decision 2017-146, 15 May 2017
- *Bell Media Inc. – Licence renewals for French-language television services*, Broadcasting Decision CRTC 2017-144, 15 May 2017
- *Renewal of licences for the television services of large French-language ownership groups – Introductory decision*, Broadcasting Decision 2017-143, 15 May 2017
- *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016
- *Policy framework for local and community television*, Broadcasting Regulatory Policy CRTC 2016-224, 15 June 2016
- *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015
- *Let's Talk TV - The way forward - Creating compelling and diverse Canadian programming*, Broadcasting Regulatory Policy CRTC 2015-86, 12 March 2015
- *Simplified approach to tangible benefits and determining the value of the transaction*, Broadcasting Regulatory Policy CRTC 2014-459, 5 September 2014

- *Regulatory framework relating to vertical integration*, Broadcasting Regulatory Policy CRTC 2011-601, 21 September 2011
- *A group-based approach to the licensing of private television services*, Broadcasting Regulatory Policy CRTC 2010-167, 22 March 2010
- *Change in the effective control of TQS inc. and licence renewals of the television programming undertakings CFJP-TV Montréal, CFJP-DT Montréal, CFAP-TV Québec, CFKM-TV Trois-Rivières, CFKS-TV Sherbrooke, CFRS-TV Saguenay and of the TQS network*, Broadcasting Decision CRTC 2008-129, 26 June 2008
- *Journalistic Independence Code*, Broadcasting Public Notice CRTC 2008-5, 15 January 2008
- *Diversity of voices* – Regulatory policy, Broadcasting Public Notice CRTC 2008-4, 15 January 2008

This decision is to be appended to each licence.

Appendix 1 to Broadcasting Decisions CRTC 2020-116 and CRTC 2020-154

Services that are included in the French-language Bell Media Group

Network

Licensee	Name of service
V Interactions inc.	V Montréal

Television stations

Licensee	Call sign and locality
V Interactions inc.	CFAP-DT Québec
	CFJP-DT Montréal
	CFKM-DT Trois-Rivières
	CFKS-DT Sherbrooke
	CFRS-DT Saguenay

Discretionary services

Licensee	Name of service
Bell Media Inc.	Canal D
	Canal Vie
	Cinépop
	Investigation
	Super Écran
	VRAK
	Z
Le Réseau des sports (RDS) inc.	RDS Info

Appendix 2 to Broadcasting Decision CRTC 2020-116 and 2020-154

Terms, conditions of licence, expectations and encouragements for the network and the conventional television stations of the French-language Bell Media Group

Terms

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

Conditions of licence for the network and conventional television stations of the French-language Bell Media Group

1. The licensee shall adhere to the standard conditions of licences set out in Appendix 1 to *Standard requirements for television stations, discretionary services and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016, with the exception of condition of licence **14**, which is replaced by the following:

   The licensee shall provide described video for all English- and French-language programming that is broadcast during prime time (i.e., from 7 p.m. to 11 p.m.), and that is drawn from program categories 2(b) Long-form documentary, 7 Drama and comedy, 9 Variety, 11(a) General entertainment and human interest and 11(b) Reality television, and/or is programming targeting preschool children (0-5 years of age) and children (6-12 years of age).

Canadian programming expenditures

2. 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 40% of the previous year's gross revenues of the undertaking.
3. The licensee may count expenditures made for the acquisition of or investment in Canadian programming by one or more television stations from the Bell Media Group in the same broadcast year towards fulfilling the requirement set out in condition **2** as long as these expenditures are not used by those undertakings towards fulfilling their own Canadian programming expenditure requirement.
4. The licensee may count expenditures made for the acquisition of or investment in Canadian programming by one or more discretionary services from the Bell Media Group in the same broadcast year towards fulfilling a combined maximum of 25% of the requirement set out in condition 2 as long as these expenditures are not used by those discretionary services towards fulfilling their own Canadian programming expenditure requirement.
5. The licensee shall devote to original French-language programming:

   a) at least 50% of the expenditures in condition 2 in the second year of the licence term (2018-2019 broadcast year); and

   b) at least 75% of the expenditures in condition 2 in the remaining years of the licence term (2019-2020 through 2021-2022 broadcast years).

6. 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.

7. Subject to condition **8**, 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 programing 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 Bell's French-language 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 18% 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 from Bell's French-language 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 expenditure requirement regarding programs of national interest.

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 from Bell's French-language Group in regard to:

- programs of national interest;

- 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

- 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 Bell Media Group collectively devote:

    a) 40% of the previous year's gross revenues of the undertakings from the Bell Media Group to the acquisition of or investment in Canadian programming; and

    b) 18% of the previous year's gross revenues of the undertakings from the Bell Media Group to the acquisition of or investment in programs of national interest.

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

    a) the licensee, in concert with the other undertakings that form Bell's French-language 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 **13b)**, respectively; in such case, the licensee shall ensure that the undertakings that form Bell's French-language 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 Bell's French-language 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 Bell's French-language 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 Bell's French-language 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 Bell Media Group

15. In the two years following the end of the previous licence term, the licensee shall report and respond to any enquiries by the Commission relating to the expenditures on Canadian programming, including programs of national interest, made by the licensee and by Bell's French-language Group for that term.

16. The licensee shall be 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.

17. In regard to the operation of the undertakings that form Bell's French-language Group:

    a) Subject to conditions **17b)** and **17c)**, the licensee shall operate the television station and that station shall remain part of Bell's French-language Group for the duration of the licence term.

    b) Should the licensee wish to operate the television station outside Bell's French-language Group or cease operations, the licensee shall apply to the Commission for that station to be removed from Bell's French-language Group no later than 120 days prior to operating outside the station Bell's French-language Group or ceasing operations.

    c) The licensee shall ensure that the list of undertakings that form Bell's French-language Group is accurate at all times.

18. In accordance with paragraph 90 of *Policy framework for local and community television*, Broadcasting Regulatory Policy CRTC 2016-224, 15 June 2016, the television station is hereby designated a "designated local television station." The station shall maintain this designation for the licence term so long as all the television stations from Bell's French-language Group remain in operation.

Repurposing the 600 MHz frequency band

19. With respect to repurposing the 600 MHz frequency band in Canada:

    The licensee is authorized to operate its television station and transmitters according to contours and technical parameters that differ from those approved in its most recent application and/or listed on its licence, to the extent that these new contours and technical parameters have been approved by the Department of Industry (the Department) as a result of the Department's repurposing initiative of the 600 MHz frequency band as set out in *Decision on Repurposing the 600 MHz Band*, SLPB-004-15, 14 August 2015 and its April 2017 *Digital Television (DTV) Allotment Plan*, *Digital Television (DTV) Transition Schedule* and the Broadcasting Procedures and Rules entitled *BPR-11 – Broadcasting Television Application Procedures During the 600 MHz Transition*.

    a) For the purposes of the *Broadcasting Distribution Regulations*, the licensee is deemed to be operating its television station and transmitters under the contours and technical parameters approved by the Commission and in effect on **15 May 2017**.

b) The above authorizations are valid only if the Commission receives confirmation from the Department that the revised contours and technical parameters resulting from the Department's repurposing initiative of the 600 MHz frequency band satisfy the requirements of the *Radiocommunication Act* and the regulations made thereunder, and that a broadcasting certificate has been or will be issued to the licensee in respect of the revised parameters.

Locally reflective news

20. In accordance with *Renewal of licences for the television services of large French-language ownership groups – Introductory decision*, Broadcasting Decision CRTC 2017-143, 15 May 2017,and consistent with the definition of "locally reflective news" set out in paragraphs 56 to 58 of *Policy framework for local and community television*, Broadcasting Regulatory Policy CRTC 2016-224, 15 June 2016, the licensee shall in each broadcast year devote to the acquisition of or investment in locally reflective news at least 5% of the previous year's gross revenues of the undertaking.

21. The licensee may count expenditures made for the acquisition of or investment in locally reflective news by one or more television stations from Bell's French-language Group in the same broadcast year towards fulfilling the requirement set out in condition **20** as long as these expenditures are not used by those television stations towards fulfilling their own locally reflective news expenditure requirement.

22. Subject to condition **23**, the licensee shall, for each broadcast year, make sufficient expenditures such that the television stations from Bell's French-language Group collectively devote to the acquisition of or investment in locally reflective news at least 5% of the previous year's gross revenues.

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

    a) the licensee, in concert with the other television stations from Bell's French-language Group, may expend an amount on locally reflective news that is up to 5% less than the minimum required expenditure for that year calculated in accordance with condition **22**; in such case, the licensee shall ensure that the television stations from Bell's French-language 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 television stations from Bell's French-language Group, expends an amount for that year on locally reflective news that is greater than the minimum required expenditure calculated in accordance with condition **22**, 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 conditions **23(a)** and **23(b)**, during the licence term, the licensee shall ensure that the television stations from Bell's French-language Group expend on locally reflective news the total of the minimum required expenditures calculated in accordance with condition **22**.

Conditions of licence specific to CFJP-DT Montréal and CFAP-DT Québec

24. Consistent with *Policy framework for local and community television*, Broadcasting Regulatory Policy CRTC 2016-224, 15 June 2016, for the 2020-2021 broadcast year, the licensee shall, for each market:

    a) broadcast at least 5 hours of local programming in each broadcast week;

    b) broadcast at least 2 hours and 30 minutes of locally reflective news in each broadcast week.

    For the 2021-2022 broadcast year :

    a) the licensee shall, for each market, broadcast at least 8 hours and 30 minutes of local programming in each broadcast week.

    b) the licensee shall, for each market, broadcast at least 4 hours and 15 minutes of locally reflective news in each broadcast week.

Conditions of licence specific to CFKM-DT Trois-Rivières, CFKS-DT Sherbrooke and CFRS-DT Saguenay

25. Consistent with the definition of "locally reflective news" set out in paragraphs 56 to 58 of *Policy framework for local and community television*, Broadcasting Regulatory Policy CRTC 2016-224, 15 June 2016, the licensee shall, for each market:

    a) broadcast at least 5 hours of local programming in each broadcast week.

    b) broadcast at least 2 hours and 30 minutes of locally reflective news in each broadcast week.

Competitive safeguards

26. The licensee shall not include or enforce any provision in or in connection with an affiliation agreement that is designed to prevent or create incentives that would effectively prevent another programming undertaking or broadcasting distribution undertaking from launching or distributing another licensed programming service.

27. The licensee shall provide a minimum of 90 days' written notice of the impending launch of a new programming service to all broadcasting distribution undertakings. Such notice shall be accompanied by an offer that sets out the general terms of carriage of the programming service to be launched.

28. The licensee shall not:

    a. require an unreasonable rate (e.g., not based on fair market value);

    b. require a party with which it is contracting to accept terms or conditions for the distribution of programming on a traditional or ancillary platform that are commercially unreasonable;

    c. require an excessive activation fee or minimum subscription guarantee;

    d. impose, on an independent party, a “most favoured nation” clause or any other condition that imposes obligations on that independent party by virtue of a vertically integrated entity or an affiliate thereof entering into an agreement with any vertically integrated entity or any affiliate thereof, including its own.

    The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

29. When negotiating a wholesale rate for a programming service based on fair market value, the licensee shall take into consideration the following factors:

    a) historical rates;

    b) penetration levels and volume discounts;

    c) the packaging of the service;

    d) rates paid by unaffiliated broadcasting distributors for a programming service;

    e) rates paid for programming services of similar value to consumers;

    f) the number of subscribers that subscribe to a package in part or in whole due to the inclusion of the programming service in that package;

    g) the retail rate charged for the service on a stand-alone basis;

    h) the retail rate for any packages in which the service is included.

    The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

30. If the licensee has not renewed an affiliation agreement that it signed with a licensed or exempted Canadian television programming undertaking or a broadcasting distribution undertaking within 120 days preceding the expiry of the agreement and if the other party has confirmed its intention to renew the agreement, the licensee shall submit the matter to the Commission for dispute resolution pursuant to sections 12 to 15 of the *Broadcasting Distribution Regulations*.

The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

31. The licensee shall not:

    a) require minimum penetration or revenue levels that force distribution of a service on the basic tier or in a package that is inconsistent with the service's theme or price point;

    b) refuse to make programming services available on a stand-alone basis (i.e., requiring the acquisition of a program or service in order to obtain another program or service);

    c) impose terms that prevent an unrelated distributor from providing a differentiated offer to consumers.

    The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

32. The licensee shall not refuse to make available or condition the availability of or carriage terms for any of its licensed programming services to any broadcasting distribution undertaking (BDU) on whether that BDU agrees to carry any other separately licensed programming service, provided that this condition does not prevent or limit the right or ability of the licensee to offer BDUs multiservice or other discounts, promotions, rebates or similar programs.

    The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

33. The licensee shall negotiate with broadcasting distribution undertakings (BDUs) for non-linear multiplatform rights to the content broadcast on the licensee's programming service at the same time as linear rights for its programming service and provide those rights to BDUs on a timely basis and on commercially reasonable terms.

    For certainty, nothing in this condition of licence shall prevent or otherwise restrict the licensee from requesting compensation in exchange for making such non-linear rights available to BDUs.

    The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

34. The licensee shall file with the Commission all affiliation agreements to which it is a party with a television programming undertaking or broadcasting distribution undertaking within five days following the execution of the agreement by the parties.

> The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

Expectations

The standard expectations applicable to this licensee are set out in Appendix 1 to *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016.

The Commission expects Bell to retain a business place and a decision centre in Quebec.

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 encouragements applicable to this licensee are set out in Appendix 1 to *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016.

Definitions

"Bell Media Group" means the group of undertakings set out in Appendix 1 to this decision.

"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.

"Locally reflective news" means programming that meets the criteria set out in paragraphs 56 to 58 of *Policy framework for local and community television*, Broadcasting Regulatory Policy CRTC 2016-224, 15 June 2016.

“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.

“Original French-language program” means a Canadian program produced in French and broadcast for the first time in the French-language market, which excludes dubbed Canadian programs.

“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.

Appendix 3 to Broadcasting Decision CRTC 2020-116 and 2020-154

Terms, conditions of licence, expectations and encouragements applicable to the discretionary services that form part of the French-language Bell Media Group

Terms

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

Conditions of licence applicable to all discretionary services that form part of the Bell Media French-language Group

1. With the exception of the services identified for conditions of licence **27** and **28** below, the licensee shall adhere to the standard conditions of licence set out in Appendix 2 to the *Standard requirements for television stations, discretionary services and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016, with the exception of condition **17**, which is replaced by the following:

   The licensee shall provide described video for all English-and French-language programming that is broadcast during prime time (i.e., from 7 p.m. to 11 p.m.), and that is drawn from program categories 2(b) Long-form documentary, 7 Drama and comedy, 9 Variety, 11(a) General entertainment and human interest and 11(b) Reality television, and/or is programming targeting preschool children (0-5 years of age) and children (6-12 years of age).

2. In each broadcast year, the licensee shall devote at least 35% of the broadcast day to the exhibition 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 40% 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 in condition **3** in the second year of the licence term (2018-2019 broadcast year); and

   b. at least 75% of the expenditures in condition **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 television stations from Bell Media 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 television stations towards fulfilling their own Canadian programming expenditure requirement.

7. Subject to condition **8**, 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:

      1. the programing is produced in the province of Quebec and the original language of production is English; or

      2. 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 Bell's French-language 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 18% 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 from Bell's French-language 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 expenditure requirement regarding programs of national interest.

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 from Bell’s French-language Group in regard to:

   - programs of national interest;
   - 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
   - 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 Bell’s French-language Group collectively devote:

    a) 40% of the previous year’s gross revenues of the undertakings from Bell’s French-language Group to the acquisition of or investment in Canadian programming; and

    b) 18% of the previous year’s gross revenues of the undertakings from Bell’s French-language Group to the acquisition of or investment in programs of national interest.

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

    a) the licensee, in concert with the other undertakings that form Bell’s French-language 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 **13(a)** and **13(b)**, respectively; in such case, the licensee shall ensure that the undertakings that form Bell’s French-language 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 Bell’s French-language 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 **13(a)** and **13(b)**, respectively, the licensee or another undertaking from Bell’s French-language 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 **14(a)** and **14(b)**, during the licence term, the licensee shall ensure that the undertakings that form Bell’s French-language 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 **13(a)** and **13(b)**.

Licensee’s obligations with respect to Bell’s French-language Group

15. In the two years following the end of the previous licence term, the licensee shall report and respond to any enquiries by the Commission relating to the expenditures on Canadian programming, including programs of national interest, made by the licensee and by Bell’s French-language Group for that term.

16. The licensee shall be 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.

    a) With respect to the operations of the businesses that make up the Bell’s French-language Group: Subject to conditions **16b)** and **16c)**, the licensee continues to be part of the Bell’s French-language Group for the full licence term.

    b) Should the licensee wish to operate a discretionary service outside Bell’s French-language Group, the licensee shall apply to the Commission for that service to be removed from Bell’s French-language Group no later than 120 days prior to operating outside the station Bell’s French-language Group.

    c) The licensee shall ensure that the list of undertakings that form Bell’s French-language Group is accurate at all times.

Competitive safeguards

17. The licensee shall not include or enforce any provision in or in connection with an affiliation agreement that is designed to prevent or create incentives that would effectively prevent another programming undertaking or broadcasting distribution undertaking from launching or distributing another licensed programming service.

18. The licensee shall provide a minimum of 90 days’ written notice of the impending launch of a new programming service to all broadcasting distribution undertakings. Such notice shall be accompanied by an offer that sets out the general terms of carriage of the programming service to be launched.

19. The licensee shall not:

    a. require an unreasonable rate (e.g., not based on fair market value);

    b. require a party with which it is contracting to accept terms or conditions for the distribution of programming on a traditional or ancillary platform that are commercially unreasonable;

    c. require an excessive activation fee or minimum subscription guarantee;

    d. impose, on an independent party, a “most favoured nation” clause or any other condition that imposes obligations on that independent party by virtue of a vertically integrated entity or an affiliate thereof entering into an agreement with any vertically integrated entity or any affiliate thereof, including its own.

    The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

20. When negotiating a wholesale rate for a programming service based on fair market value, the licensee shall take into consideration the following factors:

    a. historical rates;

    b. penetration levels and volume discounts;

    c. the packaging of the service;

    d. rates paid by unaffiliated broadcasting distributors for a programming service;

    e. rates paid for programming services of similar value to consumers;

    f. the number of subscribers that subscribe to a package in part or in whole due to the inclusion of the programming service in that package;

    g. the retail rate charged for the service on a stand-alone basis;

    h. the retail rate for any packages in which the service is included.

    The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

21. If the licensee has not renewed an affiliation agreement that it signed with a licensed or exempted Canadian television programming undertaking or a broadcasting distribution undertaking within 120 days preceding the expiry of the agreement and if the other party has confirmed its intention to renew the agreement, the licensee shall submit the matter to the Commission for dispute resolution pursuant to sections 12 to 15 of the *Broadcasting Distribution Regulations*.

The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

22. The licensee shall not:

    a. require minimum penetration or revenue levels that force distribution of a service on the basic tier or in a package that is inconsistent with the service's theme or price point;

    b. refuse to make programming services available on a stand-alone basis (i.e., requiring the acquisition of a program or service in order to obtain another program or service);

    c. impose terms that prevent an unrelated distributor from providing a differentiated offer to consumers.

    The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

23. The licensee shall not refuse to make available or condition the availability of or carriage terms for any of its licensed programming services to any broadcasting distribution undertaking (BDU) on whether that BDU agrees to carry any other separately licensed programming service, provided that this condition does not prevent or limit the right or ability of the licensee to offer BDUs multiservice or other discounts, promotions, rebates or similar programs.

    The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

24. The licensee shall negotiate with broadcasting distribution undertakings (BDUs) for non-linear multiplatform rights to the content broadcast on the licensee's programming service at the same time as linear rights for its programming service and provide those rights to BDUs on a timely basis and on commercially reasonable terms.

    For certainty, nothing in this condition of licence shall prevent or otherwise restrict the licensee from requesting compensation in exchange for making such non-linear rights available to BDUs.

    The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

25. The licensee shall file with the Commission all affiliation agreements to which it is a party with a television programming undertaking or broadcasting distribution undertaking within five days following the execution of the agreement by the parties.

    The application of the foregoing condition of licence is suspended so long as the Wholesale Code, set out in the appendix to *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, is in effect.

Additional condition of licence for Super Écran

27. The service is authorized to offer the number of multiplexed channels it operated as of 2 November 2016. With respect to each multiplexed channel, the licensee shall adhere to the Canadian programming requirements set out in its conditions of licence. The licensee may not offer new multiplex channels.

Additional condition of licence for VRAK

28. As an exception to condition of licence **18** of the standard conditions of licence for discretionary services set out in Appendix 2 to the *Standard requirements for television stations, discretionary services, and on-demand services*, Broadcasting Regulatory Policy CRTC 2016-436, 2 November 2016, with respect to the broadcast of advertising material:

    a) Except as provided in paragraphs b) and c), the licensee shall not broadcast more than 12 minutes of advertising material during each clock hour.

    b) Where a program occupies time in two or more consecutive clock hours, the licensee may exceed the maximum number of minutes of advertising material allowed in those clock hours if the average number of minutes of advertising material in the clock hours occupied by the program does not exceed the maximum number of minutes that would otherwise be allowed per clock hour.

    c) In addition to the 12 minutes of advertising material referred to in paragraph a), the licensee may broadcast partisan political advertising during an election period.

    d) The licensee shall not distribute any paid advertising material other than national paid advertising.

    e) The licensee shall not distribute any advertisement during a program whose audience mainly consists of children 0 to 5 years of age.

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 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.

Definitions

"Bell's French-language Group" means the group of undertakings set out in Appendix 1 to this decision.

"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.

"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.

"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.